

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity declined this week, significantly tied to CBN's debits across banks who failed to meet the 65% minimum Loan to Deposit Ratio requirement. For context, system liquidity declined by 47.96% from ₦683.56 billion recorded at close of last week to ₦355.74 billion long. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) ascended by 493bps and 543bps to 5.83% and 6.83%, respectively.

Outlook: We expect interbank rates to trade at similar levels next week, pending any significant inflows.

Treasury Bills

A sizeable portion of trades were executed on long-dated papers this week. Most trading sessions witnessed heightened activities on the one-year paper, especially the 25-July 2024 maturity, where rates fell to low 9% levels from c.10% levels in the secondary market last week Friday. Nevertheless, average yield increased by 18bps to 7.20%, week-on-week.

Outlook: We expect activities to be tilted towards the NTB auction, as the DMO would be offering ₦153.99bn worth of treasury bills.

FGN Bonds

The local bonds market displayed a mixed trend this week. Market started on a calm note, switched to a bullish theme, and subsequently trended bearish. Most activities were seen on the 2053 paper, as well as 2050, 2049, 2027 and 2026 papers. Overall, market closed on a bullish note, as average yield declined by 19bps to 13.79% week-on-week.

Outlook: We expect activity to wane next week, in the absence of any significant jitters.

Eurobonds

The Eurobonds market started the week with positive sentiment, although, market became bearish for the most part of the week, with additional sell pressures linked to Fitch's downgrade of US debt rating. Meanwhile, the total jobs added by both the US private and public sectors for the month of July fell shy of market expectation. Despite the relief seen today, market settled on a bearish note, as yield increased by 11bps to 10.25%, week-on-week.

Outlook: We expect market activities to be cantered on US inflation data next week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 3rd August 2023)	11.6619%
Added Benefit		Personal accident insurance cover
Date	Sys. Liq. (N'bn)	Diff.
4-Aug-23	355.75	↓ (327.81)
28-Jul-23	683.56	

Source: CBN

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4: 2022 +3.52% y/y)
Inflation (May'2023)	22.79% (May'23: 22.41%)
External Reserve (US\$'billion)	33.96 (-8.41% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*84.99 (+0.94% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	04-Aug-23	28-Jul-23	Change in Rates
34 days	4.13%	4.13%	(0.00%)
97 days	5.25%	5.25%	(0.00%)
251 days	8.00%	8.00%	(0.00%)

Source: FMDQ DQL for 04 Aug 2023 and 28 Jul 2023

Benchmark FGN Bond Yields			
	04-Aug-23	28-Jul-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.54%	12.55%	+0.01%
10 yrs: 12.50% 27-Apr-2032	13.48%	13.48%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	14.57%	14.57%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.05%	14.89%	(0.16%)

Source: FMDQ DQL for 04 Aug 2023 and 28 Jul 2023

Benchmark FGN Eurobond Yields			
	04-Aug-23	28-Jul-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.72%	9.40%	(0.32%)
10 yrs: NGERIA 7.875 02/16/32	10.17%	10.12%	(0.05%)
15 yrs: NGERIA 7.696 23/02/38	10.57%	10.63%	+0.06%
30 yrs: NGERIA 9.248 01/21/49	10.85%	10.78%	(0.07%)
7.125% ECOTRAN 16/02/26	11.57%	10.68%	(0.89%)

Source: FBN UK Runs for 04 Aug 2023 and 28 Jul 2023

Nigerian Equities

The Nigerian equity market closed on a bullish note, week on week, as the Nigerian Stock Exchange All Share Index (NGX ASI) appreciated by c 0.43% to close at 65,198.08 points, while year-to-date return settled at c 27.21%. Buying interest on DANGSUGAR (+25.00%), and NB (+16.44%) drove the positive trend this week.

The NGX Industrial and Consumer Goods Indices appreciated by 0.23%, and 2.27%, respectively, while the NGX Banking and Oil & Gas Index depreciated by 2.13% and 0.68% week-on-week. AIICO led the volume charts with 336.55 million units, while MTNN led the value charts c. ₦ 3.75 billion, this week.

Outlook: We expect the positive posture to wane next week.

Foreign Exchange

FMDQ's I & E rate appreciated by ₦34.75 to \$/₦743.07 compared to \$/₦777.82 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices hovered above \$80 per barrel this week, as Saudi Arabia's voluntary output cut continued to impact the market. Brent oil prices appreciated by c. 0.94% to \$85.79 per barrel, week-on-week, while WTI appreciated by c 2.20% week-on-week to settle at US\$82.21pb. Spot Gold appreciated by c. 0.93% to US\$1,978.60 per ounce as of report time.

Outlook: We expect oil prices to cling to its \$80pb levels next week, pending any alternating catalyst.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
SUNUASSUR	0.93	0.33	↑ 55.00%
CHELLARAM	3.39	1.06	↑ 45.49%
ABBEYBDS	1.46	0.36	↑ 32.73%
DANGSUGAR	37.50	7.50	↑ 25.00%
SKYAVN	28.15	4.85	↑ 20.82%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
JOHNHOLT	1.47	-0.73	↓ -33.18%
OMATEK	0.34	-0.15	↓ -30.61%
SOVRENINS	0.50	-0.20	↓ -28.57%
ETERNA	21.10	-7.70	↓ -26.74%
IKEJAHOTEL	2.42	-0.55	↓ -18.52%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.10%	↑ 0.43%	↑ 1.34%	↑ 27.21%
NSE Banking Index	↓ -0.40%	↓ -2.13%	↑ 0.43%	↑ 61.22%
NSE Insurance Index	↑ 0.71%	↑ 2.95%	↑ 4.23%	↑ 55.86%
NSE Industrial Goods Index	↑ 0.04%	↑ 0.23%	↑ 0.26%	↑ 18.66%
NSE Consumer Goods Index	↑ 0.77%	↑ 2.27%	↑ 3.75%	↑ 50.40%
NSE Oil & Gas Index	↓ -0.52%	↓ -0.68%	↓ -1.08%	↑ 99.22%

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