

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity clinged at closed range bands for most part the week but declined by 39.36% this week. Nevertheless, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 383bps and 683bps to 2.00% and 2.80%, respectively.

Outlook: We expect interbank rates to trade at similar levels next week but may spike if the DMO sells more than offered at Monday's FGN bond auction.

Treasury Bills

The first half of the week in the treasury bills market expressed a bullish and mixed trend. At the treasury bills market, the DMO sold c.₦153.98 billion across 3 tenors, in line with the offered size. The stop rates for the 91, 182 and 364-day papers declined by 100bps, 210bps and 235bps to 5.00%, 5.90% and 9.80% respectively, compared to the previous auction. Afterwards, a bearish theme stroked the market, following the announcement of the first OMO auction this year, wherein the closing rates printed significantly higher (10.00%, 12.98% and 14.49% across the 96-, 187- and 362-day papers respectively) relative to the NTB auction stop rates. Consequently, average yield expanded by 129bps to 8.79%, week-on-week.

Outlook: We expect activities to stay calm next week, pending any major driver.

FGN Bonds

The local bonds market somewhat kept the powder dry ahead of the auction scheduled for next week (August 14). Given the mild buying and selling interests, average yield fell by 4bps to settle at 13.74%, week-on-week.

Outlook: We expect market to be stirred by the bond auction result next week.

Eurobonds

The Eurobonds market was mixed this week, with alternating shocks from US July CPI at 3.20% y/y (vs Est. 3.30%) and the latest insights into the debt and FX reserve management of the Central Bank of Nigeria, as unveiled in the Apex bank's financial statement for 2022, which has been concealed since 2016. The disturbing data on the country's FX reserve ignited yields to soar by 43bps in today's session. Overall, average yield increased by 55bps to settle at 10.25%, week-on-week.

Outlook: We expect the market to continue to respond to the country-specific catalysts.

| AICO Money Market Fund (AMMF) | | |
|-------------------------------|-----------------------------------|----------|
| Net Yield | (As at 10th August 2023) | 11.7073% |
| Added Benefit | Personal accident insurance cover | |

| Date | Sys. Liq. (N'bn) | Diff. |
|-----------|------------------|------------|
| 11-Aug-23 | 215.74 | ↓ (140.01) |
| 4-Aug-23 | 355.75 | |

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) | 33.94 (-8.49% YTD) |
| Monetary Policy Rate | 18.75% |
| Cash Reserve Requirement (CRR) | 32.50% |
| Brent Crude Price US\$/bbl | *86.45 (+0.24% w/w) |

Source: NBS, CBN, AICO Capital

| Benchmark T-Bills Discount Rates | | | |
|----------------------------------|-----------|-----------|-----------------|
| | 11-Aug-23 | 04-Aug-23 | Change in Rates |
| 27 days | 4.13% | 4.13% | (0.00%) |
| 90 days | 5.25% | 5.25% | (0.00%) |
| 244 days | 8.00% | 8.00% | (0.00%) |

Source: FMDQ DQL for 11 Aug 2023 and 04 Aug 2023

| Benchmark FGN Bond Yields | | | |
|-----------------------------|-----------|-----------|-----------------|
| | 11-Aug-23 | 04-Aug-23 | Change in Yield |
| 5 yrs: 16.2884% 17-Mar-2027 | 12.52% | 12.54% | +0.02% |
| 10 yrs: 12.50% 27-Apr-2032 | 13.85% | 13.48% | (0.37%) |
| 20 yrs: 13.00% 21-Jan-2042 | 15.04% | 14.57% | (0.47%) |
| 30 yrs: 12.98% 27-Mar-2050 | 15.12% | 15.05% | (0.07%) |

Source: FMDQ DQL for 11 Aug 2023 and 04 Aug 2023

| Benchmark FGN Eurobond Yields | | | |
|-------------------------------|-----------|-----------|-----------------|
| | 11-Aug-23 | 04-Aug-23 | Change in Yield |
| 5 yrs: NGERIA 6 1/2 11/28/27 | 10.40% | 9.72% | (0.68%) |
| 10 yrs: NGERIA 7.875 02/16/32 | 10.62% | 10.17% | (0.45%) |
| 15 yrs: NGERIA 7.696 23/02/38 | 10.92% | 10.57% | (0.35%) |
| 30 yrs: NGERIA 9.248 01/21/49 | 11.10% | 10.85% | (0.25%) |
| 7.125% ECOTRAN 16/02/26 | 11.48% | 11.57% | +0.09% |

Source: FBN UK Runs for 11 Aug 2023 and 04 Aug 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 0.20% to close at 65,325.37 points, while year-to-date return settled at c 27.46%. Buying interest on GUINNESS (+10.00%), and ZENITHBANK (+2.64%) drove the positive trend this week.

The NGX Banking appreciated by 1.26%. While the NGX Industrial, Consumer Goods and Oil & Gas Index depreciated by 0.39%, 0.92% and 0.32% week-on-week. STERLINGNG led the volume charts with 773.76 million units, while SEPLAT led the value charts c. ₦ 3.90 billion, this week.

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

Foreign Exchange

FMDQ's I & E rate appreciated by ₦24.47 to \$/₦740.60 compared to \$/₦743.07 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

The attack on Russia's crucial oil export facility supported oil price surge. Brent oil prices appreciated by c. 0.24% to \$86.45 per barrel, week-on-week, while WTI depreciated by c 0.74% week-on-week to settle at US\$82.21pb. Spot Gold depreciated by c. 1.52% to US\$1,946.10 per ounce as of report time.

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

Top 5 Equity Advancers W-o-W

| Name (Symbol) | Closing Price | Gain(N) | % Change |
|---------------|---------------|---------|----------|
| GUINEAINS | 0.39 | 0.13 | ↑ 50.00% |
| TIP | 0.94 | 0.22 | ↑ 30.56% |
| CHELLARAM | 4.40 | 1.01 | ↑ 29.79% |
| SUNUASSUR | 1.15 | 0.22 | ↑ 23.66% |
| CORNERST | 1.18 | 0.21 | ↑ 21.65% |

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

| Name (Symbol) | Closing Price | Loss(N) | % Change |
|---------------|---------------|---------|-----------|
| JOHNHOLT | 1.20 | -0.27 | ↓ -18.37% |
| DANGSUGAR | 33.00 | -4.50 | ↓ -12.00% |
| RTBRISCOE | 0.43 | -0.05 | ↓ -10.42% |
| NASCON | 36.90 | -4.10 | ↓ -10.00% |
| CAP | 19.80 | -2.20 | ↓ -10.00% |

Source: NGX, AIICO Capital

| | D-o-D | W-o-W | MTD | YTD |
|----------------------------|----------|----------|----------|----------|
| NGX ASI | ↑ 0.18% | ↑ 0.20% | ↑ 1.54% | ↑ 27.46% |
| NSE Banking Index | ↑ 0.01% | ↑ 1.26% | ↑ 1.69% | ↑ 63.25% |
| NSE Insurance Index | → 0.00% | → 0.00% | ↑ 4.23% | ↑ 55.86% |
| NSE Industrial Goods Index | ↓ -0.05% | ↓ -0.39% | ↓ -0.13% | ↑ 18.20% |
| NSE Consumer Goods Index | ↑ 0.00% | ↓ -0.92% | ↑ 2.79% | ↑ 49.01% |
| NSE Oil & Gas Index | → 0.00% | ↓ -0.32% | ↓ -1.39% | ↑ 98.59% |

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