

# Weekly Financial Market Update

**AICO CAPITAL**
[www.aiocapital.com](http://www.aiocapital.com)

f t in @ /aiocapitalng

## MARKET COMMENTARY

### Money Market

After which system liquidity opened at ₦215.74 billion this week, the bond auction settlement mopped up system liquidity to ₦33.55 billion. However, liquidity improved to levels around ₦170 billion towards the end of the week. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) soared by 1,819bps and 1,699bps to 20.19% and 19.79%, respectively.

**Outlook:** System liquidity should improve next week, as FAAC and FGN bond coupon inflows should bolster the status.

### Treasury Bills

The trend in the treasury bills market this week was mixed. Activities in the first half of the week was weak, with a bearish backdrop evident around the long-dated papers. Subsequently, investors cherry-picked papers mostly at the short-dated of the curve, ensued by improved liquidity. Consequently, average yield fell by 180bps to 6.99%, week-on-week.

**Outlook:** We expect the liquidity status of the market to have a significant impact on stop rates at next week's NTB auction.

### FGN Bonds

The DMO conducted the second bond auction in Q3'2023, with stop rates significantly higher than the previous auction. The 2029s, 2033s, 2038s and 2053s recorded +135bps, +140bps, +110bps and +155bps to close at 13.85%, 15.00%, 15.20% and 15.85%, respectively.

Post-auction, market was bearish, with sell offs dominating at the short-dated papers. Thereafter, some buyers showed some buy interest, giving the attractive yield levels. Overall, bonds market closed bearish as average yield increased by 23bps to 13.97%, week-on-week.

**Outlook:** Next week, we anticipate a mixed to bullish theme, driven by the anticipated liquidity.

### Eurobonds

The Eurobonds market had a mixed theme overall this week. It started off with a spillover effect on the back of the revelations in the recently released CBN's financials. At mid-week, market rerouted its bias to a positive rally, in response to the \$3 billion loan between NNPC and Afrexim bank, as this is expected to allay fears linked to the availability of foreign currencies, to ease repatriation for foreign investors and increase FX supply for local transactions in the interim. Nevertheless, average yield settled at 11.13%, (+8bps) week-on-week.

**Outlook:** While we expect the US PMI data and domestic moving-events to impact activities in the early part of next week, the Jackson Hole Summit should take its toll on the market at the tail end of the week..

AllICO Money Market Fund (AMMF)		
Net Yield	(As at 17th August 2023)	11.8440%
Added Benefit	Personal accident insurance cover	
Date	Sys. Liq. (N'bn)	Diff.
18-Aug-23	215.74	0.00
11-Aug-23	215.74	

Source: CBN

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4: 2022 +3.52% y/y)
Inflation (May'2023)	24.08% (Jun'23: 22.79%)
External Reserve (US\$'billion)	33.83 (-8.76% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*83.85 (+3.41% w/w)

Source: NBS, CBN, AllICO Capital

Benchmark T-Bills Discount Rates			
	18-Aug-23	11-Aug-23	Change in Rates
83 days	6.77%	5.25%	(1.52%)
174 days	7.77%	6.88%	(0.89%)
328 days	9.45%	9.31%	(0.14%)

Source: FMDQ DQL for 18 Aug 2023 and 11 Aug 2023

Benchmark FGN Bond Yields			
	18-Aug-23	11-Aug-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.07%	12.52%	(0.55%)
10 yrs: 12.50% 27-Apr-2032	13.85%	13.85%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.04%	15.04%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.30%	15.12%	(0.18%)

Source: FMDQ DQL for 18 Aug 2023 and 11 Aug 2023

Benchmark FGN Eurobond Yields			
	18-Aug-23	11-Aug-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.62%	10.40%	(0.22%)
10 yrs: NGERIA 7.875 02/16/32	11.77%	10.62%	(1.15%)
15 yrs: NGERIA 7.696 23/02/38	11.45%	10.92%	(0.53%)
30 yrs: NGERIA 9.248 01/21/49	11.58%	11.10%	(0.48%)
7.125% ECOTRAN 16/02/26	12.28%	11.48%	(0.80%)

Source: FBN UK Runs for 18 Aug 2023 and 11 Aug 2023

## Nigerian Equities

The Nigerian equity market closed on a bearish note, week on week, as the Nigerian Stock Exchange All Share Index (NGX ASI) depreciated by c 0.93% to close at 64,721.09 points, while year-to-date return settled at c 26.28%. Selling interest on AIRTELAFRI (-5.30%), and SEPLAT (-1.35%) drove the negative trend this week.

The NGX Industrial and Consumer Goods Indices appreciated by 0.37% and 2.39%, respectively. While the NGX Banking and Oil & Gas Indices depreciated by 2.06% and 1.13%, week-on-week. FBNH led both the volume charts and value charts with 272.66 million units and c. ₦ 5.25 billion, this week.

**Outlook:** We expect market to continue trade sideways but should be skewed more to the bears.

## Foreign Exchange

FMDQ's I & E rate appreciated by ₦1.80 (0.15%) to \$/₦739.52 compared to \$/₦740.60 recorded last week.

**Outlook:** We expect the volatility to persist next week.

## Commodities

Sluggish Chinese economic figures drove oil prices download. Although, market regain some of its losses after the country's bank unexpectedly cut interest rate. Brent oil prices depreciated by c. 3.41% to \$83.85 per barrel, week-on-week, while WTI depreciated by c 3.05% week-on-week to settle at US\$80.29pb. Spot Gold depreciated by c. 1.27% to US\$1,921.8 per ounce as of report time.

**Outlook:** We expect the fall in oil prices to ease next week.

### Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
CWG	3.80	0.78	↑ 25.83%
TIP	1.16	0.22	↑ 23.40%
JOHNHOLT	1.45	0.25	↑ 20.83%
LINKASSURE	0.98	0.15	↑ 18.07%
PRESTIGE	0.54	0.08	↑ 17.39%

Source: NGX, AIICO Capital

### Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
SUNUASSUR	0.82	-0.33	↓ -28.70%
GUINEAINS	0.29	-0.10	↓ -25.64%
NEM	5.40	-0.60	↓ -10.00%
UNITYBNK	1.29	-0.14	↓ -9.79%
ETERNA	17.85	-1.85	↓ -9.39%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.42%	↓ -0.93%	↑ 0.60%	↑ 26.28%
NSE Banking Index	↑ 0.06%	↓ -2.06%	↓ -0.40%	↑ 59.90%
NSE Insurance Index	↑ 0.04%	↓ -0.73%	↑ 4.23%	↑ 55.86%
NSE Industrial Goods Index	↑ 1.56%	↑ 0.37%	↑ 0.24%	↑ 18.64%
NSE Consumer Goods Index	↓ -0.16%	↑ 2.39%	↑ 5.25%	↑ 52.57%
NSE Oil & Gas Index	↓ -0.72%	↓ -1.13%	↓ -2.51%	↑ 96.34%

### Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital products designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance. AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.