

Weekly Financial Market Update

AICO CAPITAL
www.aicocapital.com

f t in @ /aicocapitalng

MARKET COMMENTARY

Money Market

Given the drought in major inflows, opening system liquidity slid to a negative territory at ₦280.63 billion short, from ₦215.74 billion last week Friday. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) expanded by 406bps and 541bps to 24.25% and 25.20%, respectively.

Outlook: We expect interbank rates to decline next week, as FAAC monthly credit should bolster system liquidity.

Treasury Bills

The treasury bills market started the week (pre-auction) with weak buy-side interests on selected papers. At the auction, the DMO offered and sold c.₦303.22 billion across 3 tenors. The stop rates for the 91, 182 and 364-day papers increased by 19bps, 210bps and 417bps to 5.19%, 8.00% and 13.97% respectively, compared to the previous auction. The bid/cover ratio of 5.09x meant that the auction was met with enthusiasm. Furthermore, post-auction market sentiments was bullish, as ample demand was observed on the newly issued 1-year paper. Overall, the average mid-rate increased by 95bps to 7.94%, week-on-week.

Outlook: We expect bargain hunting to continue next week, on the back of expected liquidity inflows coupled with attractive rates across tenors.

FGN Bonds

Activity in the local bonds market was mixed in the first half of the week, although, less aggressive. Afterwards, market stayed quiet, with a bearish undertone observed on some papers. Overall, average yield increased by 16bps to 14.13%, week-on-week.

Outlook: We expect to see some cherry-picking next week, albeit, on a less aggressive note.

Eurobonds

The Eurobonds market extended its bullish momentum this week, save for today, as market reacted swiftly to Powell's hawkish speech at the Jackson Hole Symposium today, in addition to jitters from the massive expansion of the BRICS with key oil producing countries. Nevertheless, market settled bullish, as average yield lost 22bps to 10.91%, week-on-week.

Outlook: expect the bearish bias linked to Powell's speech to dissolve at early next week, while market cautiously watch out for other economic indicators like the US GDP, PCE Price Index and employment data towards the end of the week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 24th August 2023)	11.7139%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
25-Aug-23	-280.63	↓ (496.37)
18-Aug-23	215.74	

Source: CBN

Macro Indicators	
GDP (Q2 2023)	+2.51% (Q1: 2023 +2.31% y/y)
Inflation (May'2023)	24.08% (Jun'23: 22.79%)
External Reserve (US\$'billion)	33.75 (-8.98% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*84.12 (-0.80% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	25-Aug-23	18-Aug-23	Change in Rates
76 days	6.77%	6.77%	(0.00%)
167 days	7.77%	7.77%	(0.00%)
321 days	9.45%	9.45%	(0.00%)

Source: FMDQ DQL for 25 Aug 2023 and 18 Aug 2023

Benchmark FGN Bond Yields			
	25-Aug-23	18-Aug-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.05%	13.07%	+0.02%
10 yrs: 12.50% 27-Apr-2032	14.61%	13.85%	(0.76%)
20 yrs: 13.00% 21-Jan-2042	15.04%	15.04%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.45%	15.30%	(0.15%)

Source: FMDQ DQL for 25 Aug 2023 and 18 Aug 2023

Benchmark FGN Eurobond Yields			
	25-Aug-23	18-Aug-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.19%	10.62%	+0.43%
10 yrs: NGERIA 7.875 02/16/32	10.93%	11.77%	+0.84%
15 yrs: NGERIA 7.696 23/02/38	11.19%	11.45%	+0.26%
30 yrs: NGERIA 9.248 01/21/49	11.36%	11.58%	+0.22%
7.125% ECOTRAN 16/02/26	12.31%	12.28%	(0.03%)

Source: FBN UK Runs for 25 Aug 2023 and 18 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 1.29% to close at 65,558.91 points, while year-to-date return settled at c 27.92%. Buying interest on DANGSUGAR (+35.71%), and BUAFOODS (+17.94%) drove the positive trend this week.

The NGX Consumer Goods Index appreciated by 11.58. While the NGX Banking, Industrial, and Oil & Gas Indices depreciated by 3.57%, 0.25%, and 1.69%, week-on-week. TRANSCORP led the volume charts with 444.20 million units while MTNN led the value charts with c. ₦ 9.18 billion, this week.

Outlook: We expect a mixed activity next week.

Foreign Exchange

FMDQ's I & E rate depreciated by ₦38.90 (5.26%) to \$/₦778.42 compared to \$/₦739.52 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices heads towards a bearish close, due to downbeat in China's economy, disappointing US PMI data and persisted hawkish comment by Fed's Chair, Jerome Powell, at the Jackson Hole symposium this week. As of writing time, Brent oil prices depreciated by c. 0.80% to \$84.12 per barrel, week-on-week, while WTI depreciated by c 1.87% week-on-week to settle at US\$79.73pb. Spot Gold appreciated by c. 0.90% to US\$1,933.8 per ounce as of report time.

Outlook: We expect the bearish sentiment to phase off next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
ABCTRANS	0.68	0.20	↑ 41.67%
TRANSCORP	5.80	1.64	↑ 39.42%
DANGSUGAR	47.50	12.50	↑ 35.71%
THOMASWY	1.70	0.41	↑ 31.78%
CWG	5.00	1.20	↑ 31.58%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
TANTALIZER	0.29	-0.11	↓ -27.50%
REDSTAREX	2.89	-0.61	↓ -17.43%
DAARCOMM	0.27	-0.05	↓ -15.63%
GUINEAINS	0.25	-0.04	↓ -13.79%
JAIZBANK	1.44	-0.23	↓ -13.77%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.24%	↑ 1.29%	↑ 1.90%	↑ 27.92%
NSE Banking Index	↑ 0.14%	↓ -3.57%	↓ -3.95%	↑ 54.19%
NSE Insurance Index	↑ 0.12%	↓ -0.25%	↑ 3.97%	↑ 55.48%
NSE Industrial Goods Index	↑ 0.02%	↓ -0.01%	↑ 0.22%	↑ 18.62%
NSE Consumer Goods Index	↑ 1.08%	↑ 11.58%	↑ 17.43%	↑ 70.23%
NSE Oil & Gas Index	↑ 0.26%	↓ -1.69%	↓ -4.16%	↑ 93.01%

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.