

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

Inflows from FAAC credit boosted system liquidity by 226.00% from its negative territory last week Friday to ₦353.60 billion long. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined drastically from 24.25% and 25.20%, to 1.67% and 2.42%, respectively.

Outlook: We expect interbank rates to hover around single digit levels next week.

Treasury Bills

The treasury bills market was mixed this week, as buy-side interests remained persistent as well as offers on selected maturities across the curve like the February and August 2024 papers. Overall, the average mid-rate shed 46bps to settle at 7.47%, week-on-week.

Outlook: We expect next week's activities to be concentrated on NTB auction, as the DMO would be offering ₦214.74 billion worth of treasury bills.

FGN Bonds

Overall, activities in the local bonds market were mixed, although, with occasional calmness. Precisely, activities mostly revolved around 2025, 2026, 2027, 2037, and 2053 papers. Overall, average yield inched up marginally by 1bp to 14.14%, week-on-week.

Outlook: We expect similar activities next week, in the absence of any jitters.

Eurobonds

The Eurobonds market started off bullish after the UK bank holiday. However, momentum rerouted to a bearish theme, due to the knock-on impact of the military coup in Gabon and weakened US economic data. Towards the end of the week, we saw slight buy-side interests on attractively priced papers. In the end, market closed bearish, as average yield expanded by 20bps to 11.11%, week-on-week.

Outlook: We expect the unfolding economic data of the United States to continue to drive activities, next week, with increasing market expectation for a 25bps by the US in September meeting.

AllCO Money Market Fund (AMMF)		
Net Yield	(As at 30th August 2023)	10.9063%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
1-Sep-23	353.60	634.23
25-Aug-23	-280.63	

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)	33.94 (-8.44% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*87.95 (+4.11% w/w)

Source: NBS, CBN, AllCO Capital

Benchmark T-Bills Discount Rates			
	01-Sep-23	25-Aug-23	Change in Rates
69 days	3.50%	6.77%	+3.27%
160 days	6.38%	7.77%	+1.39%
314 days	11.00%	9.45%	(1.55%)

Source: FMDQ DQL for 01 Sep 2023 and 25 Aug 2023

Benchmark FGN Bond Yields			
	01-Sep-23	25-Aug-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.04%	13.05%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.75%	14.61%	(0.14%)
20 yrs: 13.00% 21-Jan-2042	15.04%	15.04%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.35%	15.45%	+0.10%

Source: FMDQ DQL for 01 Sep 2023 and 25 Aug 2023

Benchmark FGN Eurobond Yields			
	01-Sep-23	25-Aug-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.41%	10.19%	+0.78%
10 yrs: NGERIA 7.875 02/16/32	10.99%	10.93%	(0.06%)
15 yrs: NGERIA 7.696 23/02/38	11.34%	11.19%	(0.15%)
30 yrs: NGERIA 9.248 01/21/49	11.45%	11.36%	(0.09%)
7.125% ECOTRAN 16/02/26	11.96%	12.31%	+0.35%

Source: FBN UK Runs for 01 Sep 23 and 25 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 1.47% to close at 67,527.19 points, while year-to-date return settled at c 31.76%. Buying interest on DANGSUGAR (+27.37%), and NASCON (+24.25%) drove the positive trend this week. **STANBIC reported 121.6% y/y increase in PAT in H1'23, while GTCO presented 262% y/y jump in PAT in H1'23.**

All Indices closes in the green today. The NGX Consumer Goods Index appreciated by 7.58. While the NGX Banking, Industrial, and Oil & Gas Indices depreciated by 5.11%, 0.80%, and 5.36%, 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 appreciated by ₦38.04 (4.86%) to \$/₦740.38 compared to \$/₦778.42 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices heads towards a bullish close, due to negative sentiment on US crude supplies, and China's struggling economy. As of writing time, Brent oil prices appreciated by c. 4.11% to \$87.95 per barrel, week-on-week, while WTI appreciated by c 6.35% week-on-week to US\$84.90pb. Spot Gold appreciated by c.1.24% to US\$1,964.0 per ounce as of report time.

Outlook: We expect the bullish sentiment to linger next week, albeit, on a less aggressive pace.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
OMATEK	0.46	0.16	↑ 53.33%
NAHCO	25.95	7.65	↑ 41.80%
ABCTRANS	0.95	0.27	↑ 39.71%
CHIPLC	1.15	0.32	↑ 38.55%
THOMASWY	2.17	0.47	↑ 27.65%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CWG	4.01	-0.99	↓ -19.80%
JOHNHOLT	1.31	-0.22	↓ -14.38%
PRESTIGE	0.42	-0.06	↓ -12.50%
MAYBAKER	4.85	-0.65	↓ -11.82%
IKEJAHOTEL	3.00	-0.40	↓ -11.76%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 1.47%	↑ 3.00%	↑ 1.47%	↑ 31.76%
NSE Banking Index	↑ 4.69%	↑ 5.11%	↑ 4.69%	↑ 62.06%
NSE Insurance Index	↑ 1.29%	↑ 0.80%	↑ 1.29%	↑ 56.73%
NSE Industrial Goods Index	↑ 1.63%	↑ 1.98%	↑ 1.63%	↑ 20.97%
NSE Consumer Goods Index	↑ 1.46%	↑ 7.58%	↑ 1.46%	↑ 83.13%
NSE Oil & Gas Index	↑ 0.07%	↑ 5.36%	↑ 0.07%	↑ 103.36%

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