

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity hovered around ₦200.00bn levels for a major part of this week. However, it opened negative today at ₦73.44 billion short, implying a 120.77% decline when compared to ₦353.59 last week Friday. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) expanded astronomically by 1,616bps and 1,633bps to 17.83% and 18.75%, respectively.

Outlook: We expect rates to expand next week, as we head towards the bond auction settlement with a negative system liquidity. Although, the anticipation of some bond coupon payments may ease the liquidity strain.

Treasury Bills

The treasury bills market traded sideways at the early part of the week, with selling interest at the long end and buy-side interests at the short-dated papers. After the NTB auction, market stirred to a bullish theme, with some trades consummated on the long-end of the curve, particularly the newly issued one-year paper (05-Sep-2024). It however settled on a bearish note, as most market players sold their holdings to raise liquidity to fund their obligations. Consequently, the average soared by 46bps to settle at 7.65%, week-on-week.

Outlook: We expect the NTB auction result next week, to play a sizeable role in dictating the direction of market activities. At the auction, the DMO would be offering ₦152.21 billion worth of treasury bills.

FGN Bonds

The FGN local bonds market was mixed this week, with occasional activities observed across certain papers including the 2026, 2037, 2050, and 2053 maturities. Overall, average yield increased by 6bps to 14.20%, week-on-week.

Outlook: While the bearish sentiment is expected to surface, the FGN bond auction result should have its own share of impact with respect to the direction of the market.

Eurobonds

The Eurobonds market was swayed this week by tensions from Nigeria's Presidential Tribunal verdict, high oil prices, and stronger-than-expected unemployment data in the US. Overall, market closed on a bullish note, as average yield lost 12bps to settle at 10.99%, week-on-week.

Outlook: The next major catalyst for the market is US inflation data, which is due next and could be a surprise to the market.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 7th September 2023)	11.3023%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
8-Sep-23	-73.44	↓ (427.03)
1-Sep-23	353.60	

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)	33.95 (-8.44% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*90.85 (+2.80% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	08-Sep-23	01-Sep-23	Change in Rates
62 days	4.00%	3.50%	(0.50%)
153 days	5.48%	6.38%	+0.90%
307 days	10.49%	11.00%	+0.51%

Source: FMDQ DQL for 08 Sep 2023 and 01 Sep 2023

Benchmark FGN Bond Yields			
	08-Sep-23	01-Sep-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.03%	13.04%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.75%	14.75%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.25%	15.04%	(0.21%)
30 yrs: 12.98% 27-Mar-2050	15.35%	15.35%	(0.00%)

Source: FMDQ DQL for 08 Sep 2023 and 01 Sep 2023

Benchmark FGN Eurobond Yields			
	08-Sep-23	01-Sep-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.29%	9.41%	+0.12%
10 yrs: NGERIA 7.875 02/16/32	11.07%	10.99%	(0.08%)
15 yrs: NGERIA 7.696 23/02/38	11.39%	11.34%	(0.05%)
30 yrs: NGERIA 9.248 01/21/49	11.49%	11.45%	(0.04%)
7.125% ECOTRAN 16/02/26	11.54%	11.96%	+0.42%

Source: FBN UK Runs for 08 Sep 23 and 01 Sep 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 1.91% to close at 68,143.34 points, while year-to-date return settled at c 32.96%. Buying interest on OANDO (+38.74%), and DANGSUGAR (+6.03%) drove the positive trend this week.

The NGX Banking and Consumer Goods Indices appreciated by 5.55% and 2.24%, respectively. While the NGX Industrial and Oil & Gas Indices depreciated by 0.49%, and 0.12%, week-on-week. OANDO led the volume charts with 312.50 million units while DANGSUGAR led the value charts with c. ₦ 5.14 billion, this week.

Outlook: We expect the mixed activity to persist next week.

Foreign Exchange

FMDQ's I & E rate appreciated by ₦17.99 (2.43%) to \$/₦722.39 compared to \$/₦740.38 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices crossed \$90pb this week, as the oil giant, Saudi Arabia and Russia extended output cuts by at least 3 months. Although, market staggered periodically due to pessimism on China's economic recovery. As of writing time, Brent oil prices appreciated by c. 2.60% to \$90.85 per barrel, week-on-week, while WTI appreciated by c 2.49% week-on-week to US\$87.68pb. Spot Gold depreciated by c.1.11% to US\$1,945.20 per ounce as of report time.

Outlook: We expect oil prices to stay elevated next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
CWG	5.78	1.77	↑ 44.14%
TANTALIZER	0.46	0.13	↑ 39.39%
OANDO	7.70	2.15	↑ 38.74%
BETAGLAS	51.85	12.85	↑ 32.95%
OMATEK	0.58	0.12	↑ 26.09%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CHELLARAM	2.90	-0.67	↓ -18.77%
CORNERST	1.24	-0.16	↓ -11.43%
CHIPLC	1.02	-0.13	↓ -11.30%
MORISON	2.55	-0.28	↓ -9.89%
VITAFOAM	22.50	-2.30	↓ -9.27%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.09%	↑ 0.91%	↑ 2.40%	↑ 32.96%
NSE Banking Index	↑ 0.14%	↑ 5.55%	↑ 10.50%	↑ 71.06%
NSE Insurance Index	↓ -0.43%	↓ -2.94%	↓ -1.69%	↑ 52.12%
NSE Industrial Goods Index	↑ 0.16%	↓ -0.49%	↑ 1.13%	↑ 20.37%
NSE Consumer Goods Index	↑ 0.18%	↑ 2.24%	↑ 3.74%	↑ 87.24%
NSE Oil & Gas Index	→ 0.00%	↓ -0.12%	↓ -0.06%	↑ 103.11%

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