

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity stayed negative this week and worsened to -₦317.53bn today from -₦73.44 billion last week Friday. As a result, the Open Repo Rate (OPR) and Overnight Rate (O/N) expanded by 581bps and 567bps to 23.64% and 24.42%, respectively.

Outlook: We expect rates to ease slightly next week, as FGN bond coupons on 2027s and 2036s papers should support system liquidity.

Treasury Bills

The treasury bills market started the week on a bearish note, alongside cautious activity due to the NTB and FGN local bonds auction. Approaching the treasury bill auction, the bearish momentum dissolved while buying interest kicked in and was sustained further. At the auction, the DMO offered and allotted c.₦152.20 billion across 3 tenors. The stop rates for the 91 and 364-day papers soared by 200bps and 43bps to 6.50% and 12.98% respectively, while the rate for the 182-day paper remained the same at 7.00%, compared to the previous auction. Thus, the average yield increased by 11bps to settle at 7.76%, week-on-week.

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

FGN Bonds

The FGN local bonds yields trended higher after the bond auction on Monday. At the auction, the DMO sold a total of ₦251.50 billion across 4 tenors out of the ₦360.00 billion offered. Although, the total subscription printed lower than offered size, at ₦290.99 billion while market bid was 1.16x. The rates on the 2029, 2033, 2038 and 2053 papers soared by 65bps, 45bps, 35bps and 40bps, respectively. Market maintained a bearish backdrop with mild activity till mid-week but witnessed a bullish rally towards the end of the week due to expected inflows from bond coupon. Overall, average yield increased by 13bps to 14.33%, week-on-week.

Outlook: We expect the bearish bias to ease slightly, as coupon inflows should spur some buy-side interest next week.

Eurobonds

The Eurobonds market expressed mixed sentiments towards major catalysts, this week. The surge in crude oil prices and August's US CPI report, fuelled major sentiments this week. Towards the end of the week, the bulls dominated following the ease in US Core CPI at 4.3% y/y in August from 4.7% y/y in July. Overall, market closed on a bearish note, as average yield increased by 9bps to settle at 11.08%, week-on-week.

Outlook: We expect the US interest rate decision to be the major highlight for the market next week.

Date	Sys. Liq. (₦bn)	Diff.
15-Sep-23	-317.53	↑ 26.81
14-Sep-23	-344.34	

Source: CBN

AIICO Money Market Fund (AMMF)	
Net Yield (As at 12th September 2023)	11.6475%
Added Benefit	Personal accident insurance cover

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4 2022: +3.52% y/y)
Inflation	24.08% (May'23: 22.41%)
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	*89.00 (+0.51% d/d)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	15-Sep-23	14-Sep-23	Change in Rates
55 days	4.00%	4.00%	(0.00%)
146 days	5.48%	5.48%	(0.00%)
314 days	11.49%	11.49%	(0.00%)

Source: FMDQ DQL for 15 September 2023

Benchmark FGN Bond Yields			
	15-Sep-23	14-Sep-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.03%	13.03%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	14.78%	14.78%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.57%	15.57%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.83%	15.83%	(0.00%)

Source: FMDQ DQL for 15 September 2023

Benchmark FGN Eurobond Yields			
	15-Sep-23	14-Sep-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.44%	10.44%	(0.00%)
10 yrs: NGERIA 7.875 02/16/32	11.18%	11.18%	(0.00%)
15 yrs: NGERIA 7.696 23/02/38	11.43%	11.43%	(0.00%)
30 yrs: NGERIA 9.248 01/21/49	11.52%	11.52%	(0.00%)
7.125% ECOTRAN 16/02/26	12.28%	12.28%	(0.00%)

Source: FBN UK Runs for 15 September 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 1.10% to close at 67,395.74 points, while year-to-date return settled at c 31.50%. Selling interest on DANGSUGAR (-10.83%), and ZENITHBANK (-10.01%) drove the negative trend this week.

All sectors closed in the red. The NGX Banking and Consumer Goods Indices appreciated by 3.24% and 1.84%, respectively. While the NGX Industrial and Oil & Gas Indices depreciated by 0.28%, and 2.02%, week-on-week. UBA led both the volume and value charts with 529.59 million units and c. ₦ 8.23 billion, this week.

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

Foreign Exchange

FMDQ's I & E rate depreciated by ₦34.52 (4.78%) to \$/₦759.91 compared to \$/₦722.39 recorded last week.

Outlook: We expect rates volatility to persist.

Commodities

Oil prices stayed elevated this week as market continue to bake the prolong crude oil production cut by OPEC+. As of writing time, Brent oil prices appreciated by c. 3.30% to \$93.64 per barrel, week-on-week, while WTI appreciated by c 3.25% week-on-week to US\$90.35pb. Spot Gold appreciated by c.0.31% to US\$1,948.8 per ounce as of report time.

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

Top 5 Equity Advancers

Name (Symbol)	Closing Price	Gain(N)	% Change
CHAMS	1.10	0.10	↑ 10.00%
CUTIX	2.43	0.22	↑ 9.95%
CORNERST	1.40	0.12	↑ 9.38%
CAVERTON	1.41	0.11	↑ 8.46%
UCAP	17.30	1.30	↑ 8.13%

Source: NGX, AIICO Capital

Top 5 Equity Decliners

Name (Symbol)	Closing Price	Loss(N)	% Change
CONOIL	89.10	-9.90	↓ -10.00%
MRS	98.55	-10.90	↓ -9.96%
ABCTRANS	0.75	-0.08	↓ -9.64%
TANTALIZER	0.38	-0.04	↓ -9.52%
NEIMETH	1.55	-0.16	↓ -9.36%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	→ 0.00%	↓ -1.19%	↑ 31.38%
NSE Banking Index	→ 0.00%	↓ -3.70%	↑ 64.72%
NSE Insurance Index	→ 0.00%	↓ -2.15%	↑ 48.85%
NSE Industrial Goods Index	→ 0.00%	↓ -0.19%	↑ 20.14%
NSE Consumer Goods Index	→ 0.00%	↓ -2.20%	↑ 83.12%
NSE Oil & Gas Index	→ 0.00%	↓ -0.22%	↑ 102.66%

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