

Weekly Financial Market Update

AICO CAPITAL
www.aiocapital.com

f t in @ /aiocapitalng

MARKET COMMENTARY

Money Market

System liquidity staggered around the positive territory, due to support from coupon inflows. It improved to ₦65.64bn long from -₦317.53bn recorded last week Friday. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) both lost over 2,000bps to close at 2.58% and 3.30%, week,-on-week, respectively.

Outlook: The monthly FAAC credit in additions to Inflows from FGN bond coupons on 2025s, 2035s and 2050s is expected to support system liquidity which should ease rates.

Treasury Bills

Market participants exerted interests at the tail end of the curve at the start of the week. At mid-week, interests spanned towards the mid region (Nov 2023, Mar 2024, Aug 2024, and Sept 2024 papers) of the spectrum and was subdued as the week sailed to a close. Nonetheless, average yield increased by 9bps to settle at 7.85%, week-on-week.

Outlook: The treasury bills auction scheduled for next week is expected to be the key event for the market. The DMO would be offering ₦177.12 billion worth of treasury bills.

FGN Bonds

The FGN local bonds opened the market on a quiet note, although, switched to a mild bullish sentiment across several papers like the 2029, 2033, 2049, 2050, and 2053 maturities. The bids seen on these papers collided with the bearish bias across the curve which painted a mixed narrative and was subtly sustained till the end of the week. Consequently, average yield shed 25bps to 14.08%, week-on-week.

Outlook: We expect the mixed sentiment to persist next week, pending any stronger market catalyst.

Eurobonds

The Eurobonds market experienced turbulence driven by the outcome of the US Federal Open Market Committee (FOMC) meeting and cues from Jerome Powell's speech. Initially, a bearish bias prevailed, but shortly before the Federal Reserve's announcement to hold rates at 5.50%, some buyside interests emerged. Subsequently, Powell's remarks hinting at a prolonged period of rate stability rekindled bearish sentiments, culminating in an overall market closure on a bearish note. Overall, market closed on a bearish note, as average yield increased by 22bps to settle at 11.30%, week-on-week.

Outlook: We expect the US economic data to drive market sentiment next week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 21st September 2023)	11.6131%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
22-Sep-23	65.64	
15-Sep-23	-317.53	↑ 383.17

Source: CBN

Macro Indicators	
GDP (Q2 2023)	+2.51% (Q1: 2023 +2.31% y/y)
Inflation (May'2023)	25.80% (Jul'23: 24.08%)
External Reserve (US\$'billion)	33.29 (-10.22% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*94.05 (+0.13% w/w)

Source: NBS,CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	22-Sep-23	15-Sep-23	Change in Rates
76 days	4.91%	4.42%	(0.49%)
167 days	7.51%	6.55%	(0.96%)
321 days	11.00%	11.90%	+0.90%

Source: FMDQ DQL for 22 Sep 2023 and 15 Sep 2023

Benchmark FGN Bond Yields			
	22-Sep-23	15-Sep-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.61%	13.62%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.90%	14.78%	(0.12%)
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 22 Sep 2023 and 15 Sep 2023

Benchmark FGN Eurobond Yields			
	22-Sep-23	15-Sep-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.95%	10.44%	(0.51%)
10 yrs: NGERIA 7.875 02/16/32	11.35%	11.16%	(0.19%)
15 yrs: NGERIA 7.696 23/02/38	11.62%	11.43%	(0.19%)
30 yrs: NGERIA 9.248 01/21/49	11.73%	11.58%	(0.15%)
7.125% ECOTRAN 16/02/26	12.59%	12.29%	(0.30%)

Source: FBN UK Runs for 22 Sep 2023 and 15 Sep 2023

Nigerian Equities

In the Nigerian stock market, a mixed bias characterized the week's performance. The first half of the week witnessed a modest bullish trend, buoyed by buying interests in prominent stocks such as AIRTELAFRI, OANDO, and UBA. However, a mid-week reversal occurred, with pressure on banking stocks and profit-taking activities surrounding OANDO, exacerbated by selling sentiments in the oil & gas sector due to news regarding the partial return of fuel subsidy. The NGX All Share Index (NGX ASI) depreciated marginally by approximately 0.02% to close at 67,324.59 points, while the year-to-date return settled at approximately 31.36%. DANGSUGAR (-12.31%) and DANGCEM (-8.49%) were among the prominent decliners driving the negative trend this week.

Amidst this backdrop, the NGX Consumer Goods Index displayed resilience by appreciating by 1.09%, contrasting with the depreciation observed in the NGX Banking, Industrial, and Oil & Gas Indices, which posted declines of 2.65%, 5.06%, and 1.47%, respectively, on a week-on-week basis. UNIVINSURE emerged as the volume leader with an impressive 1.66 billion units, while UBA claimed the top spot in the value charts with approximately ₦4.46 billion in trading volume for the week.

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

Foreign Exchange

FMDQ's I & E rate appreciated by ₦12.45 (1.64%) to \$/₦747.46 compared to \$/₦759.91 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices stayed elevated for the most part of the week, although, slipped downwards ahead of the US Fed's policy decision. As of writing time, Brent oil prices appreciated by c. 0.13% to \$94.05 per barrel, week-on-week, while WTI depreciated by c 0.19% week-on-week to US\$90.60pb. Spot Gold appreciated by c.0.10% to US\$1,948.1 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
OANDO	11.85	4.15 ↑	53.90%
CHELLARAM	3.86	0.96 ↑	33.10%
NNFM	15.25	3.20 ↑	26.56%
CHAMS	1.31	0.27 ↑	25.96%
JOHNHOLT	1.65	0.34 ↑	25.95%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
GUINEAINS	0.23	-0.13 ↓	-36.11%
TANTALIZER	0.30	-0.16 ↓	-34.78%
ABCTRANS	0.81	-0.32 ↓	-28.32%
OMATEK	0.47	-0.11 ↓	-18.97%
IKEJAHOTEL	2.50	-0.55 ↓	-18.03%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -1.39%	↓ -1.20%	↑ 1.17%	↑ 31.36%
NSE Banking Index	↑ 0.75%	↓ -2.65%	↑ 7.57%	↑ 66.52%
NSE Insurance Index	↑ 2.20%	→ 0.00%	↓ -1.69%	↑ 52.12%
NSE Industrial Goods Index	↓ -4.77%	↓ -5.06%	↓ -3.99%	↑ 14.28%
NSE Consumer Goods Index	↑ 0.11%	↑ 1.09%	↑ 4.86%	↑ 89.28%
NSE Oil & Gas Index	↑ 0.28%	↓ -1.47%	↓ -1.53%	↑ 100.12%

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.