

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

Opening system liquidity worsened to ₦131.46 billion short, compared with ₦125.04 billion short, recorded yesterday. As a result, the Open Repo Rate (OPR) increased by 189bps to 20.00%, while the Overnight Rate (O/N) expanded by 197bps to 22.80%.

Outlook: We expect interbank rates remain elevated in the interim.

Treasury Bills

Activity in the treasury bills market traded on a bearish note today, despite some buyside interests noticed on the long-dated papers, particularly August and September (2024) maturities. At the end of today's session, average mid-rate soared by 26bps to 8.22%, day-on-day.

Outlook: We expect market players to trade cautiously tomorrow, ahead of the NTB auction, where the DMO would offer ₦152.20 billion worth of treasury bills.

FGN Bonds

The local bonds market was slightly active today, with buyside interest settling mostly on the 2053 papers. Bids nudged upward, above auctioned rates. Thus, average yield increased by 6bps to 14.29%, day-on-day.

Outlook: We expect a similar performance tomorrow.

Eurobonds

The Eurobonds market traded mixed across board, as crude oil price touched \$92pb. Overall, average yield increased by 10bps to settle at 11.23%.

Outlook: We expect sentiment to be influenced by the US CPI data tomorrow. As of writing time, market expect the US CPI data to print 3.6% y/y in August, from 3.2% y/y in July.

| Date | Sys. Liq. (₦'bn) | Diff. |
|-----------|------------------|----------|
| 12-Sep-23 | -131.46 | ↓ (6.42) |
| 11-Sep-23 | -125.04 | |

Source: CBN

| AIICO Money Market Fund (AMMF) | |
|---------------------------------------|-----------------------------------|
| Net Yield (As at 11th September 2023) | 11.6881% |
| 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 | | | |
|----------------------------------|-----------|-----------|-----------------|
| | 12-Sep-23 | 11-Sep-23 | Change in Rates |
| 58 days | 4.00% | 4.00% | (0.00%) |
| 149 days | 5.48% | 5.48% | (0.00%) |
| 317 days | 11.55% | 11.00% | (0.55%) |

Source: FMDQ DQL for 12 September 2023

| Benchmark FGN Bond Yields | | | |
|-----------------------------|-----------|-----------|-----------------|
| | 12-Sep-23 | 11-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% | 14.76% | (0.02%) |
| 20 yrs: 13.00% 21-Jan-2042 | 15.57% | 15.25% | (0.32%) |
| 30 yrs: 12.98% 27-Mar-2050 | 15.81% | 15.35% | (0.46%) |

Source: FMDQ DQL for 12 September 2023

| Benchmark FGN Eurobond Yields | | | |
|-------------------------------|-----------|-----------|-----------------|
| | 12-Sep-23 | 11-Sep-23 | Change in Yield |
| 5 yrs: NGERIA 6 1/2 11/28/27 | 10.63% | 10.51% | (0.12%) |
| 10 yrs: NGERIA 7.875 02/16/32 | 11.31% | 11.26% | (0.05%) |
| 15 yrs: NGERIA 7.696 23/02/38 | 11.57% | 11.48% | (0.09%) |
| 30 yrs: NGERIA 9.248 01/21/49 | 11.69% | 11.62% | (0.07%) |
| 7.125% ECOTRAN 16/02/26 | 12.26% | 11.99% | (0.27%) |

Source: FBN UK Runs for 12 September 2023

Nigerian Equities

The Nigerian's bourse closed on a bearish note, as the NGX ASI lost c.0.80%, to settle at 66,760.20 points, while year-to-date return settled at c.30.26%. Selling interests in DANGSUGAR (-9.96%) and major banking names drove the negative performance today.

The NGX Banking Index depreciated by 2.60%, while the Consumer Goods Index depreciated by 1.72%, respectively. The Industrial Index increased by 0.03% and the Oil and Gas Index closed flat. TRANSCORP led the volume with 87.83 million units, while DANGSUGAR led the value charts with ₦1.37 billion.

Outlook: *We expect the bearish sentiment to persist tomorrow.*

Foreign Exchange

FMDQ's I & E rate appreciated to \$/₦742.10, compared with \$/₦773.50 recorded.

Outlook: *We expect rates to decline in the short-term.*

Commodities

Oil prices remained elevated today, supported by a tighter supply outlook, and as producer group OPEC said major economies were faring better than expected despite rising interest rates. Brent oil prices appreciated by c.1.85% to \$92.32pb, day-on-day, while WTI appreciated by c. 2.22% day-on-day to settle at US\$89.21pb. Spot Gold depreciated by c.0.65% day-on-day to close at US\$1,934.60 per ounce as of report time.

Outlook: *We expect oil prices to remain steady in the interim.*

Top 5 Equity Advancers

| Name (Symbol) | Closing Price | Gain(N) | % Change |
|---------------|---------------|---------|----------|
| CHELLARAM | 3.19 | 0.29 | 10.00% |
| CWG | 6.93 | 0.63 | 10.00% |
| VITAFOAM | 24.70 | 2.20 | 9.78% |
| OANDO | 9.25 | 0.80 | 9.47% |
| WEMABANK | 5.12 | 0.42 | 8.94% |

Source: NGX, AIICO Capital

Top 5 Equity Decliners

| Name (Symbol) | Closing Price | Loss(N) | % Change |
|---------------|---------------|---------|----------|
| REGALINS | 0.36 | -0.04 | -10.00% |
| ETRANZACT | 8.10 | -0.90 | -10.00% |
| NASCON | 47.00 | -5.20 | -9.96% |
| DANGSUGAR | 52.00 | -5.75 | -9.96% |
| UNITYBNK | 1.09 | -0.12 | -9.92% |

Source: NGX, AIICO Capital

| | W-o-W | MTD | YTD |
|----------------------------|----------|----------|-----------|
| NGX ASI | ↓ -0.80% | ↓ -2.30% | ↑ 30.26% |
| NSE Banking Index | ↓ -2.60% | ↓ -8.08% | ↑ 56.44% |
| NSE Insurance Index | ↓ -2.31% | ↓ -4.35% | ↑ 45.54% |
| NSE Industrial Goods Index | ↑ 0.03% | ↓ -0.62% | ↑ 20.07% |
| NSE Consumer Goods Index | ↓ -1.72% | ↓ -4.40% | ↑ 81.34% |
| NSE Oil & Gas Index | → 0.00% | ↓ -0.22% | ↑ 102.91% |

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