

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

Opening system liquidity fell by 21.56% from yesterday's balance but stayed positive. For context, system liquidity opened at ₦181.17 billion long, from ₦230.96 billion long yesterday. Nonetheless, the Open Repo Rate (OPR) declined by 75bps to 2.50%, while the Overnight Rate (O/N) lost 69bps to 3.21%.

Outlook: We expect interbank rates to remain at single-digit levels tomorrow.

Treasury Bills

The Treasury Bills market was mixed today, albeit with a relatively subdued tone. Notable activity gravitated towards the long-dated papers, specifically the September 2024 papers. Considering these nuanced movements, the average mid-rate concluded the session without significant deviation, holding steadfast at 7.85%.

Outlook: We expect a similar activity tomorrow.

FGN Bonds

Activity in the local bonds market was mixed today but settled on a bullish note. Late session buy-side interest emerged with discernible traction witnessed across specific maturity segments, including the 2029, 2033, 2049, 2050, and 2053 papers. In contrast, the 2038 bond saw a higher propensity for offers from investors. Overall, the market showcased some resilience, resulting in a 13-basis point reduction in the average mid-yield, which settled at 14.07%.

Outlook: The bullish bias should persist tomorrow, albeit at a slower pace.

Eurobonds

In the Eurobonds market today, a pervasive bearish sentiment gripped African papers, leaving rate doves disheartened as the Federal Reserve's resounding "Higher for Longer" message reverberated throughout the market. The quarterly projections delivered by Fed officials unveiled a consensus, with most foreseeing one additional hike in 2023 and a tempered easing outlook for 2024, which notably fell short of earlier expectations. In parallel financial news, the Bank of England maintained a steady stance on interest rates, opting for a hold position at 5.25%. Consequently, the average yield nudged upward by 21bps to 11.21%.

Outlook: We expect the bearish sentiment to ease tomorrow.

Date	Sys. Liq. (₦bn)	Diff.
21-Sep-23	181.17	↓(49.80)
20-Sep-23	230.96	

Source: CBN

AIICO Money Market Fund (AMMF)	
Net Yield (As at 20th September 2023)	11.5852%
Added Benefit	Personal accident insurance cover

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4 2022: +3.52% y/y)
Inflation	25.80% (July'23: 24.08%)
External Reserve (US\$'billion)	33.28 (-10.25% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*94.06 (+0.57% d/d)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	21-Sep-23	20-Sep-23	Change in Rates
77 days	4.91%	3.80%	(1.11%)
168 days	7.50%	6.77%	(0.73%)
322 days	11.00%	11.85%	+0.85%

Source: FMDQ DQL for 21 September 2023

Benchmark FGN Bond Yields			
	21-Sep-23	20-Sep-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.61%	13.61%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	14.79%	14.79%	(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 21 September 2023

Benchmark FGN Eurobond Yields			
	21-Sep-23	20-Sep-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.74%	10.53%	(0.21%)
10 yrs: NGERIA 7.875 02/16/32	11.27%	11.11%	(0.16%)
15 yrs: NGERIA 7.696 23/02/38	11.57%	11.39%	(0.18%)
30 yrs: NGERIA 9.248 01/21/49	11.67%	11.51%	(0.16%)
7.125% ECOTRAN 16/02/26	12.58%	12.43%	(0.15%)

Source: FBN UK Runs for 21 September 2023

Nigerian Equities

The Nigerian's bourse closed on a bearish note in today's session as the NGX ASI depreciated c.0.09%, to settle at 68,271.41 points, while year-to-date return settled at c.33.21%. The selling interests seen on OANDO (-9.93%), ACCESSCORP (-1.74%) and UBA (-0.58%) in today's session.

The Banking Index dragged the market to close on a negative zone, shedding 0.46%. In contrast, the NGX Industrial, Consumer Goods and Oil & Gas Indices appreciated by 0.01%, 0.05% and 0.19%, respectively. UNIVINSURE led the volume charts with 669.01 million units while OANDO led the value charts with ₦1.46 billion, respectively.

Outlook: *We expect market to be less active tomorrow.*

Foreign Exchange

FMDQ's Investors and Exporters (I&E) exchange rate appreciated to \$/₦738.00, as compared to yesterday's rate of \$/₦770.71.

Outlook: *We expect rates volatility to persist.*

Commodities

Oil prices was in its positive territory today. Brent crude oil prices appreciated by 0.37% to \$93.88 per barrel, while West Texas Intermediate (WTI) lost 0.61% to US\$90.21 per barrel as of writing time. Similarly, Spot Gold depreciated by 1.43% to US\$1,938.80 per ounce at the time of this report.

Outlook: *We expect oil prices to stay elevated.*

Top 5 Equity Advancers

Name (Symbol)	Closing Price	Gain(N)	% Change
JOHNHOLT	1.72	0.15	↑ 9.55%
OMATEK	0.46	0.04	↑ 9.52%
DAARCOMM	0.23	0.02	↑ 9.52%
MBENEFIT	0.47	0.04	↑ 9.30%
SUNUASSUR	0.96	0.08	↑ 9.09%

Source: NGX, AIICO Capital

Top 5 Equity Decliners

Name (Symbol)	Closing Price	Loss(N)	% Change
OANDO	13.15	-1.45	↓ -9.93%
LASACO	1.86	-0.20	↓ -9.71%
CHAMS	1.32	-0.14	↓ -9.59%
NNFM	15.25	-1.55	↓ -9.23%
TANTALIZER	0.32	-0.03	↓ -8.57%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	↓ -0.09%	↑ 1.39%	↑ 2.59%
NSE Banking Index	↓ -0.46%	↑ 0.34%	↑ 6.77%
NSE Insurance Index	→ 0.00%	→ 0.00%	↓ -3.43%
NSE Industrial Goods Index	↑ 0.01%	↓ -0.11%	↑ 0.82%
NSE Consumer Goods Index	↑ 0.05%	↑ 3.25%	↑ 4.75%
NSE Oil & Gas Index	↑ 0.19%	↓ -1.53%	↓ -1.80%
			↑ 33.21%
			↑ 65.29%
			↑ 48.85%
			↑ 20.01%
			↑ 89.06%
			↑ 99.56%

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