

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

Opening system liquidity fell to ₦268.61 billion, compared with ₦640.08 billion, recorded yesterday. This was due to the LDR shortfall statutory debits and CBN's FX intervention, As a result, the Open Repo Rate (OPR) decreased by 68bps to 1.90%, while the Overnight Rate (O/N) declined by 40bps to 2.60%.

Outlook: We expect interbank rates to hover at similar levels tomorrow.

Treasury Bills

Today's session in the treasury bills space was mixed to bullish, as early selling interests across the long end of the curve was dampened by renewed buy-side activity from traditional buy-side players, despite yesterday's bank-wide statutory debits by the CBN that reduced the market liquidity. Thus, the average mid-rate declined by c.41bps to settle at 7.60% day-on-day.

Outlook: We expect a calm session tomorrow, even as investors strategize for the new month.

FGN Bonds

The bonds market endured a lethargic theme, as most players were focused on month-end bookkeeping. However, there were few mixed interests observed across select maturities – 2033, 2037, 2038 and 2053 papers, albeit the trades executed were few and far between. Therefore, the average mid-yield remained relatively flat at c.14.09%.

Outlook: Tomorrow's activity should remain muted, albeit we expect increased level of interests next week, as investors take position ahead of the impending coupon inflows and FGN bond auction.

Eurobonds

African Eurobonds yields plunged further today, as heightened risks from the recent coup in Gabon and reports of the Afrexim bank's \$3bn loan to NNPC stalling, dampened investors' confidence. However, there were late buying interests across some of the SSA and North African papers, as few investors look to take advantage of the attractive yield levels. Overall, the average mid-yield across Nigerian papers printed at c.11.10%.

In other news, the Euro Area's yearly inflation rate exhibited stability, maintaining a level of 5.3% in August 2023. This figure stands significantly above the European Central Bank's target and surpasses the market consensus of 5.1%, as indicated by an initial assessment

Outlook: The Non-farm payrolls and Unemployment data from the US are expected to take precedence tomorrow, as the month starts in an interesting fashion.

Date	Sys. Liq. (N'bn)	Diff.
31-Aug-23	268.61	
30-Aug-23	640.08	↓371.47

AIICO Money Market Fund (AMMF)

Net Yield (As at 30th August 2023)	11.6418%
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	*84.47 (+0.06% d/d)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates

	31-Aug-23	30-Aug-23	Change in Yield
70 days	3.50%	3.50%	(0.00%)
161 days	6.38%	6.38%	(0.00%)
315 days	10.50%	10.50%	(0.00%)

Source: FMDQ DQL for 31 August 2023

Benchmark FGN Bond Yields

	31-Aug-23	30-Aug-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.05%	13.05%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	14.75%	14.61%	(0.14%)
20 yrs: 13.00% 21-Jan-2042	15.04%	15.04%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.40%	15.40%	(0.00%)

Source: FMDQ DQL for 31 August 2023

Benchmark FGN Eurobond Yields

	31-Aug-23	30-Aug-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.49%	10.28%	(0.21%)
10 yrs: NGERIA 7.875 02/16/32	11.15%	10.99%	(0.16%)
15 yrs: NGERIA 7.696 23/02/38	11.43%	11.27%	(0.16%)
30 yrs: NGERIA 9.248 01/21/49	11.54%	11.42%	(0.12%)
7.125% ECOTRAN 16/02/26	12.15%	12.13%	(0.02%)

Source: FBN UK Runs for 31 August 2023

Nigerian Equities

The Nigerian's bourse closed on a bullish note, as the NGX ASI increased by c.0.16%, to settle at 66,548.99 points, while year-to-date return settled at c.29.85%. Buying interests in STERLINGNG (0.02%), and FIDELITYBK (0.1%) drove the positive performance today.

The NGX Banking and Oil & Gas Indices appreciated by 0.33% and 5.42% respectively. While the Consumer Goods and Industrial Goods Indices depreciated by 1.14% and 0.01% respectively. STERLINGNG led the volume with 160.99 million units, DANGSUGAR led the value charts with ₦1.60 billion.

Outlook: *We expect the bullish sentiment to linger tomorrow.*

Foreign Exchange

FMDQ's I & E rate depreciated to \$/₦762.71, compared with \$/₦738.18 recorded yesterday.

Outlook: *We expect rates to remain volatile in the interim.*

Commodities

Oil prices gained as U.S. government data showed tighter-than-expected crude supplies, while concerns about the Chinese economy limited gains. Brent oil prices depreciated by c.0.14% to \$85.74pb, day-on-day, while WTI depreciated by c. 0.11% day-on-day to settle at US\$81.54pb. Spot Gold depreciated by c.0.07% day-on-day to close at US\$1,971.60 per ounce as of report time.

Outlook: *We expect oil prices to climb.*

Top 5 Equity Advancers

Name (Symbol)	Closing Price	Gain(N)	% Change
NGXGROUP	26.40	2.40	↑ 10.00%
SEPLAT	1837.00	166.20	↑ 9.95%
TRANSEXP	1.05	0.09	↑ 9.38%
UPL	2.58	0.22	↑ 9.32%
ABCTRANS	0.88	0.07	↑ 8.64%

Source: NGX, AIICO Capital

Top 5 Equity Decliners

Name (Symbol)	Closing Price	Loss(N)	% Change
MULTIVERSE	2.70	-0.30	↓ -10.00%
NASCON	50.55	-5.50	↓ -9.81%
HONYFLOUR	3.40	-0.30	↓ -8.11%
MAYBAKER	5.10	-0.40	↓ -7.27%
JAIZBANK	1.50	-0.11	↓ -6.83%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	↑ 0.16%	↑ 1.75%	↑ 3.44%
NSE Banking Index	↑ 0.33%	↓ -0.36%	↑ 3.47%
NSE Insurance Index	→ 0.00%	↑ 0.36%	↑ 0.57%
NSE Industrial Goods Index	↓ -0.01%	↑ 7.17%	↑ 24.51%
NSE Consumer Goods Index	↓ -1.14%	↑ 5.42%	↑ 5.56%
NSE Oil & Gas Index	↑ 5.42%	↑ 0.91%	↑ 103.22%

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