

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

Opening system liquidity settled at ₦532.88 billion today, despite the CRR debit that nearly dampened the FAAC-enhanced liquidity during the week. In percentage terms, liquidity increased by 31.51% from ₦405.20 billion last week Friday. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) rates both declined by 170bps to 1.00% and 1.70%, week-on-week.

Outlook: We expect interbank rates to cling to single-digit levels next week.

Treasury Bills

It was a positive week for the treasury bills market, as the improved system liquidity supported strong demands for maturities across the curve. The one-year paper saw the most traction at the early part of the week while the short and medium-term papers saw rising buying interests towards the end of the week.

Outlook: We expect market activity to be skewed towards the NTB auction next week, as the DMO would be offering ₦36.56 billion.

FGN Bonds

The FGN local bond market witnessed mixed sentiment this week. The week started off with a bullish bias, then switched to a calm but a bearish backdrop at mid-week. Towards the end of the week, the market expressed mixed sentiments but at a less aggressive pace. Consequently, the average yield increased by 16 basis points to 14.35% week-on-week.

Outlook: We expect similar trajectory to spill into next week's performance.

Eurobonds

The Eurobonds market maintained its bearish course this week, since the Federal Reserve decided to hold rate with a hawkish forward guidance, which is to keep rates at elevated for a long period. After the lesser-than-expected ADP Employment data, the selloffs waned. Although, today's stronger-than-expected Non-farm payroll at +336k, which surpassed 170k estimate, drove some bullish sentiment as US economy shows resilience. In other news, Ghana and IMF staff have reached an agreement on Ghanaian authorities' economic policies and reforms that enables the West African nation to access the next tranche of a \$3 billion loan.

Outlook: We expect the US CPI data to provide more context in terms on the matter of inflation and possible rate decision for the Feds.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 28th September 2023)	11.7403%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
6-Oct-23	532.88	127.68
29-Sep-23	405.20	

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)	33.23 (-10.40% 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			
	06-Oct-23	29-Sep-23	Change in Rates
62 days	3.92%	3.92%	(0.00%)
153 days	6.65%	6.65%	(0.00%)
307 days	10.37%	11.11%	+0.74%

Source: FMDQ DQL for 06 Oct 2023 and 29 Sep 2023

Benchmark FGN Bond Yields			
	06-Oct-23	29-Sep-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.58%	13.59%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.98%	14.98%	(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 06 Oct 2023 and 29 Sep 2023

Benchmark FGN Eurobond Yields			
	06-Oct-23	29-Sep-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	12.39%	11.36%	(1.03%)
10 yrs: NGERIA 7.875 02/16/32	12.59%	11.76%	(0.83%)
15 yrs: NGERIA 7.696 23/02/38	12.79%	11.90%	(0.89%)
30 yrs: NGERIA 9.248 01/21/49	12.61%	12.04%	(0.57%)
7.125% ECOTRAN 16/02/26	12.74%	12.63%	(0.11%)

Source: FBN UK Runs for 06 Oct 2023 and 29 Sep 2023

Nigerian Equities

The Nigerian bourse closed the week on a positive note, after the tussle between the bulls and bears. For context, the NGX All Share Index gained 11.00% to close at 66,454.57 points, while the year-to-date return settled at approximately 29.66%. OANDO (+14.65%), BUACEMENT (+9.94%), and AIRTELAFRI (+8.53%) dove the positive performance this week.

The NGX Banking Index and Consumer Goods Index appreciated by 1.43%, and 0.17% week-on-week. While the Industrial Index depreciated by 1.38% on a week-on-week basis. UNIVINSURE emerged as both the top volume with 405.83 million units while BUACEMENT led the value charts with ₦4.24 billion.

Outlook: We expect the market to remain mixed next week.

Foreign Exchange

FMDQ's I & E rate depreciated by ₦13.42 (or 1.78%) to \$/₦741.85 compared to \$/₦755.27 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Demand fears stemming from macroeconomic headwinds, strong dollar and mixed supply signals led oil prices to decline this week. As of writing time, Brent oil prices depreciated by c.11.09% to \$84.74 per barrel, week-on-week, while WTI depreciated by c 8.57% week-on-week to US\$83.71pb. Similarly, Spot Gold depreciated by c.0.99% to US\$1,847.7 per ounce as of report time.

Outlook: We expect oil prices to decline at a lesser pace next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
FTNCOCOA	1.80	0.29	19.21%
RTBRISCOE	0.57	0.08	16.33%
OANDO	9.00	1.15	14.65%
AFRIPRUD	7.05	0.75	11.90%
THOMASWY	2.14	0.22	11.46%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CHIPLC	7.85	6.83	-19.05%
ABCTRANS	1.51	0.86	-17.72%
UPDCREIT	0.90	-2.60	-10.26%
CHAMPION	0.95	-2.43	-9.87%
CHELLARAM	85.50	82.02	-9.84%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.17%	↑ 0.11%	↑ 0.11%	↑ 29.66%
NSE Banking Index	↑ 0.70%	↑ 1.43%	↑ 1.43%	↑ 61.86%
NSE Insurance Index	↓ -1.54%	↓ -3.11%	↓ -3.11%	↑ 57.27%
NSE Industrial Goods Index	↓ -4.76%	↓ -1.38%	↓ -1.38%	↑ 9.28%
NSE Consumer Goods Index	↑ 0.01%	↑ 0.17%	↑ 0.17%	↑ 92.61%
NSE Oil & Gas Index	→ 0.00%	→ 0.00%	→ 0.00%	↑ 97.63%

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