

# Weekly Financial Market Update

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## MARKET COMMENTARY

### Money Market

Opening system liquidity fell by 15.97% to ₦448.75 billion today, from ₦532.88 billion last week Friday. The Open Repo Rate (OPR) remained unchanged at 1.00%, while the Overnight Rate (O/N) rate fell by 3bps to 1.70%, week-on-week.

**Outlook:** We expect interbank rates to nudge upward next week.

### Treasury Bills

Activities in the treasury bills market was decorated with optimism across several papers, including March, July & September 2024 papers. Ahead of the NTB auction, the buying interest exacerbated, as market players foresaw a decline in stop rates on the back of short supply against healthy system liquidity, which was reflected in the bid to cover ratio at 8.78x. The DMO offered and allotted c.₦36.56 billion across 3 tenors. The stop rates for the 91, 182 and 364-day papers declined by 132bps, 144bps and 212bps to 3.67%, 5.11% and 9.25%, respectively. Further, demand subsided and offers pushed yield upward towards the end of the week. Nevertheless, the market settled on a bullish note, as average yield plunged by 40bps to settle at 5.87%.

**Outlook:** Yield should trend upward next week, due to the expected decline in liquidity levels after the bond auction settlement.

### FGN Bonds

The FGN local bond market was characterised with mixed bias across several papers especially the 2026, 2028, 2029 and 2053 papers. Overall, the average yield increased by 2bps to 14.37% week-on-week.

**Outlook:** We expect market sentiments to be dictated by the outcome of the bond auction next week, where the DMO would be offering ₦360.00 billion worth of bonds across the 2029, 2033, 2038, and 2053 papers.

### Eurobonds

The Hamas-Israel war triggered fear in the Eurobonds market with mild selloffs across the Africa curves at the beginning of the week. Afterwards, the market maintained its bullish theme all through the week, save for Friday, where few selling interests were observed across the curve amid higher-than-expected US CPI data (3.70% vs Est. 3.60%). Although, Core CPI, which excludes volatile food and energy prices, slowed to 4.1%, marking its lowest reading since September 2021.

During the week, Egypt's inflation rate climbed to its highest at 38.0% in September, Angola's inflation accelerated to 15.01% in August, marking its 10-month high, while Ghana eased for the second month to a one-year low of 38.1% in September 2023, down from August's 40.1%. Kenya's Central Bank confirms its intention to buy back \$500 million Eurobonds, in a bid to address concerns regarding its ability to repay its debt. Average yield settled at 11.89%.

**Outlook:** We expect the market to be swayed by speeches from the Fed officials as well as country-specific developments.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 12th October 2023)	11.9285%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
13-Oct-23	448.75	↓ (84.13)
6-Oct-23	532.88	

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	*89.63 (+5.97% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	13-Oct-23	06-Oct-23	Change in Rates
55 days	3.92%	3.92%	(0.00%)
148 days	4.95%	6.65%	+1.70%
300 days	8.44%	10.37%	+1.93%

Source: FMDQ DQL for 13 Oct 2023 and 06 Oct 2023

Benchmark FGN Bond Yields			
	13-Oct-23	06-Oct-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.25%	13.58%	+0.33%
10 yrs: 12.50% 27-Apr-2032	15.10%	14.98%	(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 13 Oct 2023 and 06 Oct 2023

Benchmark FGN Eurobond Yields			
	13-Oct-23	06-Oct-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	11.44%	12.39%	+0.95%
10 yrs: NGERIA 7.875 02/16/32	12.00%	12.59%	+0.59%
15 yrs: NGERIA 7.696 23/02/38	12.24%	12.79%	+0.55%
30 yrs: NGERIA 9.248 01/21/49	12.30%	12.61%	+0.31%
7.125% ECOTRAN 16/02/26	12.78%	12.74%	(0.04%)

Source: FBN UK Runs for 13 Oct 2023 and 06 Oct 2023

### Nigerian Equities

The Nigerian bourse closed the week on a positive note. The NGX All Share Index gained 1.12% to close at 67,200.69 points, while the year-to-date return settled at approximately 31.12%. Buying interests in BUACEMENT (+12.55%) and DANGSUGAR (7.44%) supported the bullish performance this week.

The NGX Industrial, Consumer and Oil & Gas Indices appreciated by 0.92%, 1.39%, and 0.33% week-on-week. While the Banking Index depreciated by 0.78% on a week-on-week basis. ACCESSCORP led the volume chart with 177.22 million units while SFSREIT led the value charts with ₦4.32 billion.

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

### Foreign Exchange

FMDQ's I & E rate depreciated by ₦23.01 (or 3.10%) to \$/₦764.86 compared to \$/₦741.85 recorded last week.

**Outlook:** We expect the volatility to persist next week.

### Commodities

Crude oil prices were majorly supported by the geopolitical tensions between Israel and Palestine, and US sanctions on Russia's crude oil sales, despite Saudi Arabia's pledge to stabilize the market. As of writing time, Brent oil prices appreciated by c.5.97% to \$89.63 per barrel, week-on-week, while WTI appreciated by c 4.55% week-on-week to US\$86.56pb. Similarly, Spot Gold gained c.4.88% to US\$1,935.7 per ounce as of report time.

**Outlook:** We expect oil prices to remain elevated next week.

#### Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
THOMASWY	2.80	0.66	↑ 30.84%
ABCTrans	0.80	0.15	↑ 23.08%
CHIPLC	1.15	0.13	↑ 12.75%
BUACEMENT	105.80	11.80	↑ 12.55%
MCNICHOLS	0.66	0.06	↑ 10.00%

Source: NGX, AIICO Capital

#### Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
PRESTIGE	0.45	-0.05	↓ -10.00%
ROYALEX	0.47	-0.05	↓ -9.62%
PRESCO	182.00	-19.20	↓ -9.54%
FTNCOCOA	1.64	-0.16	↓ -8.89%
DAARCOMM	0.21	-0.02	↓ -8.70%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.10%	↑ 1.12%	↑ 1.23%	↑ 31.12%
NSE Banking Index	↑ 0.10%	↓ -0.78%	↑ 0.64%	↑ 60.59%
NSE Insurance Index	↑ 0.67%	↑ 0.92%	↓ -2.21%	↑ 58.72%
NSE Industrial Goods Index	→ 0.00%	↑ 5.03%	↑ 3.58%	↑ 14.77%
NSE Consumer Goods Index	↑ 0.64%	↑ 1.39%	↑ 1.56%	↑ 95.28%
NSE Oil & Gas Index	↓ -0.02%	↑ 0.33%	↑ 0.33%	↑ 98.29%

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