

# Weekly Financial Market Update

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## MARKET COMMENTARY

### Money Market

Throughout the week, system liquidity remained predominantly positive. Today, It was buoyed by the FAAC monthly credit injection, as opening system liquidity soared by 517.30% to ₦405.20 billion, climbing from ₦65.64 billion last week Friday. Consequently, the Open Repo Rate (OPR) increased by 12 basis points to 2.70%, while the Overnight Rate (O/N) rose by 10 basis points to 3.40% week-on-week.

**Outlook:** We anticipate lower interbank rates next week, propelled by enhanced liquidity in the financial system.

### Treasury Bills

The treasury bills market experienced sideways movement this week, driven by considerations regarding the timing of the FAAC credit in relation to the NTB auction. Initially, there was strong buying interest early in the week, but this sentiment turned mildly bearish building up to the NTB auction. At the auction, the stop rates for the 91, 182, and 364-day papers decreased by 15bps, 45bps, and 161bps to 4.99%, 6.55%, and 11.37%, respectively, compared to the previous auction. The DMO offered and allocated approximately ₦177.12 billion across the three tenors with a bid-cover ratio of 4.44x. Subsequently, the market adopted a bullish tone that extended into today's session, with notable demand for long-dated papers. As a result, the average yield dropped by 312bps, settling at 4.72% week-on-week.

**Outlook:** We expect lower yields in the treasury bills market next week, driven by the improved system liquidity.

### FGN Bonds

The FGN local bond market displayed mixed performance this week, with a predominant presence of selling interests and weakened bidding activity. Consequently, the average yield rose by 12 basis points to reach 14.20% week-on-week.

**Outlook:** We expect to see some cherry-picking next week.

### Eurobonds

The Eurobonds market commenced the week with a sense of tranquillity, largely devoid of significant market turbulence. However, as the week progressed, bearish sentiments gained traction, influenced by lacklustre US economic indicators. Also, the US Gross Domestic Product (GDP) maintained a steady 2.1% annualized rate for Q2'2023, aligning with economists' forecasts, while Q1'2023 witnessed a slight uptick, rising from 2.0% to 2.2%. Ultimately, the market concluded the week on a bearish note, with the average yield climbing by 22 basis points to rest at 11.30% week-on-week. In the Nigerian curve, the notable selloffs was driven predominantly by the worsening FX currency crisis despite the surge in Oil prices.

**Outlook:** The impending challenge for the market lies in the upcoming release of US jobs data scheduled for next week.

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.
29-Sep-23	405.20	339.56
22-Sep-23	65.64	

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)	33.29 (-10.33% 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			
	29-Sep-23	22-Sep-23	Change in Rates
69 days	3.92%	4.91%	+0.99%
160 days	6.65%	7.51%	+0.86%
314 days	11.11%	11.00%	(0.11%)

Source: FMDQ DQL for 29 Sep 2023 and 22 Sep 2023

Benchmark FGN Bond Yields			
	29-Sep-23	22-Sep-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.59%	13.61%	+0.02%
10 yrs: 12.50% 27-Apr-2032	14.98%	14.90%	(0.08%)
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 29 Sep 2023 and 22 Sep 2023

Benchmark FGN Eurobond Yields			
	29-Sep-23	22-Sep-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	11.36%	11.61%	+0.25%
10 yrs: NGERIA 7.875 02/16/32	11.76%	11.90%	+0.14%
15 yrs: NGERIA 7.696 23/02/38	11.90%	12.16%	+0.26%
30 yrs: NGERIA 9.248 01/21/49	12.04%	12.20%	+0.16%
7.125% ECOTRAN 16/02/26	12.63%	12.76%	+0.13%

Source: FBN UK Runs for 29 Sep 2023 and 22 Sep 2023

### Nigerian Equities

This week, the Nigerian bourse suffered a steady decline, with selloffs crunching the banking, industrial and oil & gas indices. To quantify, the NGX All Share Index lost 1.24% to close at 66,382.14 points, while the year-to-date return settled at approximately 29.52%. OANDO (-33.76%), BUACEMENT (11.08%), and ACCESSCORP (-8.70%) dove the negative performance this week.

The NGX Banking Index, Industrial and Oil & Gas Index depreciated by 4.17%, 3.04% and 1.24% week-on-week. While the Consumer Good Index gained 6.70% on a week-on-week basis. ACCESSCORP emerged as both the top volume and value traded with 230.28 million and ₦3.61 billion, respectively for the week.

**Outlook:** We expect the bearish bias to ease next week.

### Foreign Exchange

FMDQ's I & E rate depreciated by ₦7.81 (or 1.04%) to \$/₦755.27 compared to \$/₦747.46 recorded last week.

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

### Commodities

After the persistent increase, oil prices retraced at the start of the week, following the partly easing of Russia's oil export ban. Thereafter, market ranged for some period and drove upward towards the end of the week. As of writing time, Brent oil prices appreciated by c.2.28% to \$95.40 per barrel, week-on-week, while WTI appreciated by c 1.23% week-on-week to US\$91.44pb. In contrast, Spot Gold depreciated by c.3.79% to US\$1,871.1 per ounce as of report time.

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

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

Name (Symbol)	Closing Price	Gain(N)	% Change
BETAGLAS	60.90	14.20	↑ 30.41%
IKEJAHOTEL	3.25	0.75	↑ 30.00%
CWG	8.65	1.65	↑ 23.57%
CHIPLC	1.26	0.21	↑ 20.00%
CORNERST	1.61	0.24	↑ 17.52%

Source: NGX, AIICO Capital

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

Name (Symbol)	Closing Price	Loss(N)	% Change
OANDO	7.85	-4.00	↓ -33.76%
FTNCOCOA	1.51	-0.37	↓ -19.68%
SUNUASSUR	0.90	-0.15	↓ -14.29%
UNITYBNK	0.95	-0.15	↓ -13.64%
BUACEMENT	85.50	-10.65	↓ -11.08%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.10%	↓ -1.40%	↓ -0.25%	↑ 29.52%
NSE Banking Index	↑ 1.40%	↓ -4.17%	↑ 3.08%	↑ 59.57%
NSE Insurance Index	↓ -0.43%	↑ 6.70%	↑ 4.90%	↑ 62.31%
NSE Industrial Goods Index	↓ -2.80%	↓ -3.04%	↓ -6.91%	↑ 10.80%
NSE Consumer Goods Index	↑ 2.26%	↑ 1.59%	↑ 6.53%	↑ 92.28%
NSE Oil & Gas Index	→ 0.00%	↓ -1.24%	↓ -2.75%	↑ 97.63%

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