

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity was impacted by CRR debit and OMO auction funding this week. Accordingly, liquidity declined by 58.26% from ₦894.18 billion to ₦354.46 billion this week. Nevertheless, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 177bps and 194bps, to 16.17% and 16.69% week-on-week, respectively.

Outlook: We expect interbank rates to maintain its double-digit levels next week.

Treasury Bills

This week, the treasury bills market witnessed an upsurge in yields, on the back of two (2) OMO auctions with stop rates at 17.50% and 17.98%, respectively for the longest dated OMO papers. Some buy-side interests were observed on Tuesday after the first OMO auction (held on Monday) drove yield upward. After the second OMO auction (held on Wednesday), activity was mixed as some investors cherry-picked the attractively repriced treasury bills. At the closing bell today, the average mid-rate soared from 5.87% last week to 12.01% this week.

Outlook: We expect market to be skewed to the NTB auction next week, where the DMO would be issuing ₦310.13 worth of treasury bills.

FGN Bonds

The local bonds market maintained a mixed-to-bearish theme this week, with increased offers across the yield curve. Specifically, the short end surged by more than 50bps, while the belly and long dated papers traded mixed sentiments. Overall, average mid-yield expanded to 15.60% week-on-week.

Outlook: We expect the local bonds market to trade sideways next week.

Eurobonds

The SSA and MENA Eurobond markets had a notably bullish week, rebounding from previous week's losses. This positive trend was primarily influenced by decisions from the US Federal Reserve and Bank of England to maintain interest rates, alongside favourable economic indicators like lower Euro Area inflation and weaker-than-expected US employment figures. To close the week, US Nonfarm payrolls increased by 150,000, falling short of the consensus forecast of 170,000, with the US unemployment rate rising to 3.9%, the highest since January 2022. Thus, the Nigerian curve fell by 101bps to 11.73%, week-on-week.

Outlook: We expect the market to continue to trade on a mixed to bullish note, even as sentiments shift to country-specific factors.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 2nd November 2023)	13.4094%
Added Benefit		Personal accident insurance cover
Date	Sys. Liq. (₦'bn)	Diff.
3-Nov-23	354.46	
27-Oct-23	849.19	↓ (494.73)

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)	33.31 (-10.18% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*93.44 (+2.81% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	03-Nov-23	27-Oct-23	Change in Rates
83 days	13.00%	6.50%	(6.50%)
188 days	13.53%	7.01%	(6.52%)
307 days	14.12%	9.20%	(4.92%)

Source: FMDQ DQL for 02 Nov 2023 and 27 Oct 2023

Benchmark FGN Bond Yields			
	03-Nov-23	27-Oct-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	15.01%	14.00%	(1.01%)
10 yrs: 12.50% 27-Apr-2032	15.55%	15.22%	(0.33%)
20 yrs: 13.00% 21-Jan-2042	16.27%	15.57%	(0.70%)
30 yrs: 12.98% 27-Mar-2050	16.85%	16.32%	(0.53%)

Source: FMDQ DQL for 02 Nov 2023 and 27 Oct 2023

Benchmark FGN Eurobond Yields			
	03-Nov-23	27-Oct-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.10%	11.18%	+1.08%
10 yrs: NGERIA 7.875 02/16/32	10.93%	11.93%	+1.00%
15 yrs: NGERIA 7.696 23/02/38	11.29%	12.07%	+0.78%
30 yrs: NGERIA 9.248 01/21/49	11.53%	12.28%	+0.75%
7.125% ECOTRAN 16/02/26	12.84%	13.07%	+0.23%

Source: FBN UK Runs for 02 Nov 2023 and 27 Oct 2023

Nigerian Equities

The highlight in the Nigerian equity market was the bargain hunting seen on UBA, GEREGU and AIRTELAFRI. The week kicked off with strong buy-side interest for UBA and GEREGU. Subsequently, strong bullish momentum was observed on AIRTELAFRI, raking 10% in two consecutive days, causing the ASI to cross the 70,000 points to peak at 70,581.76 points. Overall, the NGX All Share Index appreciated by a whopping 4.56% to close at 70,196.77 points, while the year-to-date return settled at approximately 36.97%. Buying interests in AIRTELAFRI (+27.85%) was the major bullish mover this week.

All Indices closed in the green this week except the Oil & Gas Index which closed flat. The NGX Banking and Consumer Goods Indices gained 2.67% and 0.47%, week-on-week, respectively, while Industrial and Consumer Goods Index gained 0.73% on a week-on-week basis. JAIZBANK led the volume charts with 336.27 million units while UBA led the value charts with ₦6.78 billion.

Outlook: We expect the bullish bias to ease next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦13.80 (or 1.75%) to \$/₦776.14 compared to \$/₦789.94 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

At the beginning of the week, oil prices dipped due to tensions related to conflicts between Israel and Hamas. However, they gradually rebounded following increased OPEC output and the Federal Reserve's decision to maintain interest rates unchanged. Nevertheless, oil prices closed on a bearish note, with Brent oil prices falling by 5.65% to \$85.37 per barrel week-on-week, and WTI declining by 5.14% week-on-week to US\$81.14 per barrel at the time of this report. Meanwhile, Spot Gold saw a modest gain of 0.19%, reaching US\$2,002.30 per ounce.

Outlook: We expect oil prices to trend slightly higher next week

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
MBENEFIT	0.53	0.12	↑ 29.27%
JAPAULGOLD	1.27	0.28	↑ 28.28%
AIRTELAFRI	1790.00	389.90	↑ 27.85%
OMATEK	0.56	0.12	↑ 27.27%
CADBURY	15.75	3.15	↑ 25.00%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
RTBRISCOE	0.43	-0.07	↓ -14.00%
BETAGLAS	59.95	-7.00	↓ -10.46%
MEYER	2.74	-0.30	↓ -9.87%
ABBEYBDS	1.86	-0.20	↓ -9.71%
LEARNAFRCA	2.98	-0.32	↓ -9.70%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.22%	↑ 4.56%	↑ 5.75%	↑ 36.97%
NSE Banking Index	↓ -0.82%	↑ 2.67%	↑ 8.08%	↑ 72.46%
NSE Insurance Index	↓ -0.26%	↑ 7.96%	↑ 3.39%	↑ 67.80%
NSE Industrial Goods Index	↓ -1.65%	↑ 0.73%	↑ 4.11%	↑ 15.35%
NSE Consumer Goods Index	↑ 0.37%	↑ 0.47%	↑ 1.53%	↑ 95.22%
NSE Oil & Gas Index	→ 0.00%	→ 0.00%	↑ 2.38%	↑ 102.35%

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