

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity experienced a decrease this week due to Cash Reserve Ratio (CRR) and Nigerian Treasury Bills (NTB) auction debits. Liquidity declined by 10.48%, moving from ₦345.46 billion to ₦317.32 billion. As a result, the Open Repo Rate (OPR) and Overnight Rate (O/N) saw week-on-week increases of 41bps and 89bps, reaching 16.58% and 17.58%, respectively.

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

Treasury Bills

The treasury bills market exhibited a mixed performance this week. Trading at the early part of the week was relatively calm with a bearish sentiment linked to expectations of increased stop rates at the primary market. Following the NTB auction, rates for the 91, 182, and 364-day papers rose significantly by 100.10bps, 200bps, and 375bps, reaching 7.0000%, 11.0000%, and 16.7500%, respectively, compared to the previous auction. Subsequently, the market experienced mixed to bullish trading with some investors selectively choosing the attractively priced newly issued 1-year paper (07-Nov-2024). Overall, the market closed relatively bullish, with the average mid-rate decreasing by 34bps to 11.67% for the week.

Outlook: We expect market to remain mixed next week.

FGN Bonds

The local bonds market witnessed mixed sentiments at the beginning of the week, but it shifted to a quiet theme as investors awaited the NTB auction results. Following a notable increase in stop rates, especially for the 1-year paper, yields across the bond curve adjusted upward. This adjustment was particularly pronounced for on-the-run papers, as investors positioned themselves for an expected uptick in yields at the upcoming Monday auction. As a result, the average mid-yield increased by 43 basis points, settling at 16.03% week-on-week.

Outlook: We expect market's focus to tilt towards the bond auction next week, where the DMO will be offering ₦360.00 billion across 4 maturities.

Eurobonds

The Eurobond market experienced a mixed to bearish performance this week. Although gains were achieved at the beginning of the week, they were offset by bearish sentiment driven by the slump in oil price and hawkish narratives in the speeches delivered by ECB President Lagarde and Fed Chair Powell towards the end of the week. Nonetheless, the Nigerian curve fell by 4bps to settle at 11.32%, 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.

AIIICO Money Market Fund (AMMF)		
Net Yield	(As at 9th November 2023)	13.2412%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
10-Nov-23	317.32	↓ (37.14)
3-Nov-23	354.46	

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)	33.41 (-9.91% 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, AIIICO Capital

Benchmark T-Bills Discount Rates			
	10-Nov-23	03-Nov-23	Change in Rates
76 days	9.14%	13.00%	+3.86%
181 days	13.53%	13.53%	(0.00%)
300 days	14.12%	14.12%	(0.00%)

Source: FMDQ DQL for 10 Nov 2023 and 03 Nov 2023

Benchmark FGN Bond Yields			
	10-Nov-23	03-Nov-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	15.05%	15.01%	(0.04%)
10 yrs: 12.50% 27-Apr-2032	15.60%	15.55%	(0.05%)
20 yrs: 13.00% 21-Jan-2042	16.51%	16.27%	(0.24%)
30 yrs: 12.98% 27-Mar-2050	16.94%	16.85%	(0.09%)

Source: FMDQ DQL for 10 Nov 2023 and 03 Nov 2023

Benchmark FGN Eurobond Yields			
	10-Nov-23	03-Nov-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.83%	10.10%	(0.73%)
10 yrs: NGERIA 7.875 02/16/32	11.41%	10.93%	(0.48%)
15 yrs: NGERIA 7.696 23/02/38	11.75%	11.29%	(0.46%)
30 yrs: NGERIA 9.248 01/21/49	11.96%	11.53%	(0.43%)
7.125% ECOTRAN 16/02/26	13.31%	12.84%	(0.47%)

Source: FBN UK Runs for 10 Nov 2023 and 03 Nov 2023

Nigerian Equities

The Nigerian equity market sustained a bullish trajectory this week, with buy-side interest on FBNH (+12.36%) and BUACEMENT (+6.47%). The NGX All Share Index appreciated by 0.93% to close at 70,849.38 points, while the year-to-date return settled at approximately 38.24%.

All Indices closed in the green this week. The NGX Banking and Consumer Goods Indices gained 1.17% and 0.35%, week-on-week, respectively, while Industrial and Oil & Gas Indices gained 2.73% and 2.91%, on a week-on-week basis. JAIZBANK led the volume charts with 350.76 million units while STANBIC led the value charts with ₦7.27 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

Oil prices slumped this week, majorly impacted by demand worries in the United States and China. Brent oil prices declined by 4.27% to \$81.18 per barrel week-on-week, and WTI declined by 2.05% week-on-week to US\$78.86 per barrel at the time of this report. Similarly, Spot Gold fell by 2.47% to US\$1,949.90 per ounce, as of writing time.

Outlook: We expect oil prices to remain at its elevated levels in the interim.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
JAPAULGOLD	1.98	0.71	↑ 55.91%
RTBRISCOE	0.60	0.17	↑ 39.53%
MECURE*	3.92	0.96	↑ 32.43%
GLAXOSMITH	16.05	3.65	↑ 29.44%
PZ	23.00	3.00	↑ 15.00%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CAVERTON	1.33	-0.21	↓ -13.64%
TIP	1.02	-0.12	↓ -10.53%
NNFM	18.00	-2.00	↓ -10.00%
MULTIVERSE	2.90	-0.30	↓ -9.38%
CADBURY	14.40	-1.35	↓ -8.57%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.04%	↑ 0.93%	↑ 2.33%	↑ 38.24%
NSE Banking Index	↓ -1.12%	→ 0.00%	↑ 0.50%	↑ 72.46%
NSE Insurance Index	↑ 0.64%	→ 0.00%	↑ 5.08%	↑ 67.80%
NSE Industrial Goods Index	↓ -2.63%	→ 0.00%	↓ -2.29%	↑ 15.35%
NSE Consumer Goods Index	↑ 0.30%	→ 0.00%	↑ 0.04%	↑ 95.22%
NSE Oil & Gas Index	↓ -2.26%	→ 0.00%	→ 0.00%	↑ 102.35%

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