

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity experienced a shortfall over the week, primarily influenced by the funding of the FGN bond auction. To provide context, there was a 74.96% week-on-week decline in system liquidity, decreasing from ₦317.32 billion to ₦79.46 billion. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) saw significant expansions of 425bps and 462bps, reaching 20.83% and 22.20%, respectively, week-on-week.

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

Treasury Bills

The treasury bills market commenced the week on a calm note, characterized by mild activity on select papers. Subsequently, a prevailing bullish sentiment dominated across the yield curve and persisted throughout the week. Notably, the longest dated paper (07-Nov-2024) traded at levels below 15%. Thus, this robust demand led to a decrease in the average mid-rate by c.51bps, settling at 11.15% week-on-week.

Outlook: We expect market activity to be centred around the NTB auction next week, as the DMO will be offering treasury bills worth ₦211.71 billion.

FGN Bonds

This week, the aftermath of the FGN local bond auction triggered a bearish theme, evident in the upward shift of the yield curve following the substantial surge in stop rates. The DMO allotted ₦434.50 billion worth of bonds, surpassing the ₦360.00 billion offered by approximately 20.69%. Notably, the stop rates on the 2029, 2033, 2038, and 2053 papers witnessed significant increases of 110bps, 125bps, 170bps, and 140bps, respectively. Subsequent trading sessions in the secondary market continued on a bearish trajectory, albeit with intermittent support from occasional buyers. Consequently, the average mid-yield recorded an uptick of c.34bps to close at 16.37% week-on-week.

Outlook: We expect activity to trend sideways next week.

Eurobonds

Following the mixed activity in the early part of the week, the lower-than-expected US CPI data sparked optimism across major African Eurobonds, sustaining buy-side interests till the end of the week. This sentiment suggests a potential hold stance by the US Federal Reserve at its next meeting. Notably, US inflation for October grew at 3.20% (against an estimate of 3.30%), down from 3.70% in September. As a result, the Nigerian Eurobonds market concluded the week on a bullish note, with the average mid-yield rate decreasing by 50 basis points to settle at 10.82% week-on-week.

Outlook: We expect the minutes of the last FOMC meeting to provide clarity on the Fed's short-term plans.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 16th November 2023)	13.6280%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
17-Nov-23	79.46	↓ (237.86)
10-Nov-23	317.32	

Source: CBN

Macro Indicators	
GDP (Q2 2023)	+2.51% (Q1: 2023 +2.31% y/y)
Inflation (October 2023)	27.33% (Sep'23: 26.72%)
External Reserve (US\$'billion)	33.32 (-10.15% 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, AIICO Capital

Benchmark T-Bills Discount Rates			
	17-Nov-23	10-Nov-23	Change in Rates
69 days	8.43%	9.14%	+0.71%
174 days	11.52%	13.53%	+2.01%
293 days	14.12%	14.12%	(0.00%)

Source: FMDQ DQL for 17 Nov 2023 and 10 Nov 2023

Benchmark FGN Bond Yields			
	17-Nov-23	10-Nov-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	15.45%	15.05%	(0.40%)
10 yrs: 12.50% 27-Apr-2032	15.61%	15.60%	(0.01%)
20 yrs: 13.00% 21-Jan-2042	16.76%	16.51%	(0.25%)
30 yrs: 12.98% 27-Mar-2050	17.64%	16.94%	(0.70%)

Source: FMDQ DQL for 17 Nov 2023 and 10 Nov 2023

Benchmark FGN Eurobond Yields			
	17-Nov-23	10-Nov-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	10.30%	10.83%	+0.53%
10 yrs: NGERIA 7.875 02/16/32	10.91%	11.41%	+0.50%
15 yrs: NGERIA 7.696 23/02/38	11.28%	11.75%	+0.47%
30 yrs: NGERIA 9.248 01/21/49	11.51%	11.96%	+0.45%
7.125% ECOTRAN 16/02/26	12.30%	13.31%	+1.01%

Source: FBN UK Runs for 17 Nov 2023 and 10 Nov 2023

Nigerian Equities

The Nigerian bourse touched a new high this week. To elucidate, the equity market started the week with a bearish bias, due to the sizeable selloffs on BUACEMENT. Although, subsequent trading sessions ended on a bullish note, leading the ASI index to peak at 71,112.99 points, precisely today. The buy-side interests on OANDO, and NB contributed to the positive sentiment. Further, the NGX All Share Index gained 0.37%, while the year-to-date return settled at approximately 38.75%.

The NGX Consumer Goods and Oil & Gas Indices appreciated by 0.24% and 2.61%, week-on-week, respectively, while banking and Industrial Indices lost 0.04% and 1.18%, on a week-on-week basis. JULI led the volume charts with 171.74 million units while UBA led the value charts with ₦1.66 billion.

Outlook: We expect the bullish sentiment to resurface next week, although, on a cautious note.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦15.61 (or 2.01%) to \$/₦791.75 compared to \$/₦776.14 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

The trajectory of global crude oil prices embarked on a bullish journey early in the week following the International Energy Agency's upward revision of demand growth forecasts. However, as the week unfolded, oil prices faced a downturn due to weakened demand from China. The oil market is poised for a bearish week, with Brent oil experiencing a 2.58% decline to \$79.33 per barrel week-on-week, and WTI losing 3.37% to US\$78.86 per barrel as of the latest report. In contrast, Gold prices enjoyed a sustained bullish momentum throughout the week, driven by expectations of a potential pause in the US Federal Reserve's rate hikes. Spot Gold appreciated by 2.47%, reaching US\$1,985.60 per ounce at the time of this report.

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
DEAPCAP	0.48	0.17	↑ 54.84%
CILEASING	4.98	1.65	↑ 49.55%
MECURE	5.73	1.81	↑ 46.17%
OMATEK	0.87	0.23	↑ 35.94%
NNFM	23.90	5.90	↑ 32.78%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
JAPAUFGOLD	1.70	-0.28	↓ -14.14%
BETAGLAS	54.00	-5.95	↓ -9.92%
TIP	0.92	-0.10	↓ -9.80%
REDSTAREX	3.00	-0.28	↓ -8.54%
MBENEFIT	0.48	-0.04	↓ -7.69%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.12%	↑ 0.37%	↑ 2.71%	↑ 38.75%
NSE Banking Index	→ 0.00%	↓ -0.04%	↑ 1.64%	↑ 74.41%
NSE Insurance Index	↑ 1.40%	↑ 0.91%	↑ 5.48%	↑ 68.44%
NSE Industrial Goods Index	↓ -0.04%	↓ -1.18%	↓ -0.81%	↑ 17.10%
NSE Consumer Goods Index	↓ -0.07%	↑ 0.24%	↑ 0.30%	↑ 95.71%
NSE Oil & Gas Index	↑ 3.71%	↑ 2.61%	↑ 5.60%	↑ 113.67%

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