

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity fluctuated between ₦245 billion and ₦600 billion this week, supported by coupon inflows from the 2037 paper but decreased due to the bond auction settlement. As a result, liquidity dropped by 45.07% from last week to ₦246.50 billion, leading to a 50bps increase in the Open Repo Rate (OPR) and a 53bps increase in the Overnight Rate (O/N) to 1.50% and 2.20% week-on-week, respectively.

Outlook: We expect interbank rates to remain at low single digit, bolstered by coupon expectations from 2029s, 2032s and 2049s next week.

Treasury Bills

This week, the treasury bills market exhibited subdued mixed sentiments, with limited activity seen in selected papers such as March, July, August, and September 2024. Overall, the average mid-rate remained stable at 5.87% week-on-week.

Outlook: We expect the focus to tilt to the NTB auction next week, where the DMO will issue ₦108.13 billion worth of treasury bills.

FGN Bonds

During this week's FGN bond auction, the DMO successfully sold a combined ₦334.74 billion in 2029, 2033, 2038, and 2053 bonds, with a notable average increase of c.33.34bps in stop rates. Subsequently, the market traded mixed sentiments after the auction, weakening toward week's end, resulting in a substantial 63bps expansion in the average mid-yield to reach 15.00% week-on-week.

Outlook: We expect the mixed to bearish sentiment to persist amid lack of clarity on yield direction.

Eurobonds

The Eurobonds market sustained a robust bearish tone throughout the week, influenced by the Federal Reserve's hawkish stance, stronger-than-expected US economic indicators, Middle East geopolitical concerns, and other global headwinds. Toward the week's end, a few buyers expressed interest due to attractive yield levels. Nevertheless, the market concluded the week on a bearish note as average yield surged by 66bps to 12.55%.

Outlook: We expect US economic indicators to further unmask the status of the economic situation, and likely policies that could be set. Also, the domestic drivers should remain at the centre stage of investors' decisions.

Alico Money Market Fund (AMMF)		
Net Yield	(As at 16th October 2023)	11.6968%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
20-Oct-23	246.50	↓ (202.25)
13-Oct-23	448.75	

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)	33.24 (-10.36% 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, Alico Capital

Benchmark T-Bills Discount Rates			
	20-Oct-23	13-Oct-23	Change in Rates
48 days	3.92%	3.92%	(0.00%)
139 days	4.95%	4.95%	(0.00%)
293 days	9.12%	8.44%	(0.68%)

Source: FMDQ DQL for 20 Oct 2023 and 13 Oct 2023

Benchmark FGN Bond Yields			
	20-Oct-23	13-Oct-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.23%	13.25%	+0.02%
10 yrs: 12.50% 27-Apr-2032	15.10%	15.10%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.57%	15.57%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.82%	15.83%	+0.01%

Source: FMDQ DQL for 20 Oct 2023 and 13 Oct 2023

Benchmark FGN Eurobond Yields			
	20-Oct-23	13-Oct-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	11.44%	11.44%	(0.00%)
10 yrs: NGERIA 7.875 02/16/32	12.00%	12.00%	(0.00%)
15 yrs: NGERIA 7.696 23/02/38	12.24%	12.24%	(0.00%)
30 yrs: NGERIA 9.248 01/21/49	12.30%	12.30%	(0.00%)
7.125% ECOTRAN 16/02/26	12.78%	12.78%	(0.00%)

Source: FBN UK Runs for 20 Oct 2023 and 13 Oct 2023

Nigerian Equities

The Nigerian bourse closed the week on a negative note. The NGX All Share Index depreciated by 0.42% to close at 66,915.41 points, while the year-to-date return settled at approximately 30.56%. Buying interests in UBA (+8.26%) and DANGSUGAR (4.61%) impacted the bearish performance this week.

The NGX Industrial, Consumer and Oil & Gas Indices depreciated by 0.07%, 0.46%, and 0.02% week-on-week. While the Banking Index gained 3.52% on a week-on-week basis. UBA led both the volume and value chart with 179.78 million units and ₦3.34 billion, respectively.

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

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦43.41 (or 5.68%) to \$/₦808.27 compared to \$/₦764.86 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Although the United States relaxed sanctions on Venezuela to increase global oil supply, Middle East geopolitical tensions had a more substantial impact this week, causing crude oil prices to trend upward. At the time of this report, Brent oil prices rose by approximately 2.81% to \$93.44 per barrel week-on-week, and WTI saw a 2.85% increase to US\$90.19 per barrel. In a similar vein, Spot Gold gained around 2.97%, reaching US\$1,999.1 per ounce.

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	3.63	0.83	↑ 29.64%
DAARCOMM	0.23	0.02	↑ 9.52%
JBERGER	36.00	3.00	↑ 9.09%
UBA	19.00	1.45	↑ 8.26%
LEARNAFRCA	3.30	0.20	↑ 6.45%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
SOVRENINS	0.33	-0.07	↓ -17.50%
CADBURY	12.60	-2.40	↓ -16.00%
STANBIC	69.55	-10.45	↓ -13.06%
FLOURMILL	28.20	-3.80	↓ -11.88%
OKOMUOIL	236.80	-26.20	↓ -9.96%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.27%	↓ -0.42%	↑ 0.80%	↑ 30.56%
NSE Banking Index	↑ 0.12%	↑ 3.52%	↑ 4.18%	↑ 66.25%
NSE Insurance Index	↑ 0.08%	↓ -0.96%	↓ -3.15%	↑ 57.19%
NSE Industrial Goods Index	↑ 0.00%	↓ -0.07%	↑ 3.51%	↑ 14.69%
NSE Consumer Goods Index	↓ -0.56%	↓ -0.46%	↑ 1.10%	↑ 94.39%
NSE Oil & Gas Index	→ 0.00%	↓ -0.02%	↑ 0.31%	↑ 98.25%

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