

# Weekly Financial Market Update

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## MARKET COMMENTARY

### Money Market

System liquidity improved this week, due to bond coupon inflows and FAAC credits. Contextually, liquidity increased by 244.49% from ₦246.50 billion to ₦849.18 billion this week. Nevertheless, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 1,290bps and 1,255bps, to 14.40% and 14.75% week-on-week, respectively.

**Outlook:** We expect interbank rates to remain at similar levels next week.

### Treasury Bills

Prior to the NTB primary market auction, the treasury bills market observed buyside interests across August and September 2024 papers. However, the shocking NTB auction result, where the DMO oversupplied (by 3.42x the offer size) at c.₦370.34 billion across the three tenors, drove a late bearish affair for the rest of the week. Specifically, the stop rates for the 91, 182 and 364-day papers soared by 232.9bps, 389bps and 375bps to 5.9990%, 9.0000% and 13.0000%, respectively, compared to the previous auction. Thus, the rate curve adjusted upwards post-auction, with a handful of trades executed between 12.40%-12.60% on the newly issued 1-year paper. Overall, the average mid-rate settled at 10.31% from 5.87% recorded last week.

**Outlook:** We expect market to stay mixed next week.

### FGN Bonds

The local bonds market also had a fairly bullish start but was dampened by the sharp rise in NTB auction stop rates, causing yields to surge by more than 20bps on average post auction. Nevertheless, at the end of the week, renewed buyside interest was observed across select bond papers (2026s and 2053s), driven by attractive yields and inflows from FAAC and coupon credits. Overall, average mid-yield expanded by 22bps to 15.22% week-on-week.

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

### Eurobonds

The Eurobonds market had a mixed week, with early mild buy-side interest in Nigerian and Angolan papers due to rising oil prices, but Ghana and Egypt faced a bearish trend. Midweek, an unexpected bullish surge occurred, driven by renewed buying in SSA and MENA bonds, supported by short covering, traditional buyside players trying to lock-in at higher yields and favourable economic data. However, towards the end of the week, the market traded mixed to bullish, with sideways interests observed across African bonds. The robust 4.90% US GDP growth in Q3'23, exceeding expectations (4.30%), played a significant role, reinforcing the "higher for longer" rate narrative. Thus, the market closed the week at 11.74%, depicting 80bps pull back from last week

**Outlook:** We expect market to be swayed by US economic indicators next week, with higher expectation for NFP payroll scheduled for Friday November 3.

AIIICO Money Market Fund (AMMF)		
Net Yield	(As at 26th October 2023)	13.5279%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
27-Oct-23	849.19	↑ 602.68
20-Oct-23	246.50	

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, AIIICO Capital

Benchmark T-Bills Discount Rates			
	27-Oct-23	20-Oct-23	Change in Rates
41 days	3.92%	3.92%	(0.00%)
132 days	6.10%	4.95%	(1.15%)
286 days	8.69%	9.12%	+0.43%

Source: FMDQ DQL for 27 Oct 2023 and 20 Oct 2023

Benchmark FGN Bond Yields			
	27-Oct-23	20-Oct-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	14.00%	13.23%	(0.77%)
10 yrs: 12.50% 27-Apr-2032	15.22%	15.10%	(0.12%)
20 yrs: 13.00% 21-Jan-2042	15.57%	15.57%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	16.32%	15.82%	(0.50%)

Source: FMDQ DQL for 27 Oct 2023 and 20 Oct 2023

Benchmark FGN Eurobond Yields			
	27-Oct-23	20-Oct-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	11.18%	11.99%	+0.81%
10 yrs: NGERIA 7.875 02/16/32	11.93%	12.67%	+0.74%
15 yrs: NGERIA 7.696 23/02/38	12.07%	12.90%	+0.83%
30 yrs: NGERIA 9.248 01/21/49	12.28%	12.92%	+0.64%
7.125% ECOTRAN 16/02/26	13.07%	12.76%	(0.31%)

Source: FBN UK Runs for 27 Oct 2023 and 20 Oct 2023

### Nigerian Equities

The Nigerian bourse closed the week on a bullish note. The NGX All Share Index appreciated by 0.33% to close at 67, 136.58 points, while the year-to-date return settled at approximately 31.00%. Buying interests in GEREGU (+20.63%) and SEPLAT (3.70%) drove the bullish performance this week.

The NGX Banking and Oil & Gas Indices gained 1.04% and 2.07%, week-on-week, respectively, while Industrial and Consumer Goods Indices depreciated by 0.15% and 0.04%, respectively on a week-on-week basis. ACCESSCORP led the volume charts with 169.82 million units while UBA led the value charts with ₦3.13 billion

**Outlook:** We expect the market sentiment to persist next week.

### Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦18.33 (or 2.27%) to \$/₦789.94 compared to \$/₦808.27 recorded last week.

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

### Commodities

Oil prices are on course to close the week lower, as rise in U.S. crude stockpiles signalled waning demand, amidst Israel-Hamas tensions. At the time of this report, Brent oil prices declined by 3.75% to \$88.70 per barrel week-on-week, and WTI saw a 5.41% week-on-week decline to US\$83.95 per barrel. Spot Gold fell by 0.01% to 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
CHAMS	1.90	0.41	↑ 27.52%
GEREGU	380.00	65.00	↑ 20.63%
MULTIVERSE	3.20	0.53	↑ 19.85%
UACN	13.10	2.10	↑ 19.09%
TANTALIZER	0.34	0.05	↑ 17.24%

Source: NGX, AIICO Capital

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

Name (Symbol)	Closing Price	Loss(N)	% Change
VFDGROUP	218.20	-51.10	↓ -18.98%
CHIPLC	1.03	-0.12	↓ -10.43%
SUNUASSUR	0.99	-0.11	↓ -10.00%
NSLTECH	0.27	-0.03	↓ -10.00%
MCNICHOLS	0.56	-0.06	↓ -9.68%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.08%	↑ 0.33%	↑ 1.14%	↑ 31.00%
NSE Banking Index	↑ 0.59%	↑ 1.04%	↑ 5.27%	↑ 67.98%
NSE Insurance Index	↑ 1.13%	↓ -1.12%	↓ -4.24%	↑ 55.43%
NSE Industrial Goods Index	↓ -0.05%	↓ -0.15%	↑ 3.35%	↑ 14.52%
NSE Consumer Goods Index	↓ -0.25%	↓ -0.04%	↑ 1.06%	↑ 94.31%
NSE Oil & Gas Index	↑ 2.31%	↑ 2.07%	↑ 2.38%	↑ 102.35%

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