

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

Today, system liquidity experienced a decline, moving into negative territory with an opening figure of c. ₦6.59 billion. This marks a substantial decrease of c.104% compared to the previous day's opening liquidity of ₦173.77 billion. Nonetheless, both the Open Repo Rate (OPR) and the Overnight Rate (O/N) saw downward adjustments by c.11bps and c.38bps to 15.97%, and 16.79%, respectively.

Outlook: *e expect the rates to maintain similar levels at tomorrow's session.*

Treasury Bills

In the treasury bills market, there were subtle buy-side interests, primarily focused on February, July, August, and November 2024 papers. The overall activity level remained limited, attributed to tight system liquidity. Consequently, the average mid-rate showed minimal change, staying relatively flat at 9.56%.

Outlook: *We anticipate a mixed session tomorrow.*

FGN Bonds

The bonds market witnessed a bullish theme, with few buying cares observed across 2025, 2026, 2036, 2038 and 2053 papers. Consequently, the average mid-yield experienced c.19bps decline to print at 15.80%.

Outlook: *We expect the buy-side interest to persist, particularly on the 2038 and 2053 papers.*

Eurobonds

It was a sea of greens in the Eurobonds market, amid substantial buying activity, particularly across the African curves, aligning with notable movements in U.S. Treasuries (USTs). This trend was partly influenced by billionaire investor Bill Ackman's speculation that the Federal Reserve would initiate interest rate cuts earlier than what the markets had anticipated, possibly as early as Q1 2024. Additionally, a signal from a Federal Reserve member suggested a potential conclusion to the theme of rate hikes. Consequently, the average mid-yield across Nigerian papers declined by c.31bps to settle at 10.46%.

Outlook: *We expect the strong buying to persist in the interim, as investors ramp up on the attractively priced papers in preparation of the expected rate cuts.*

Date	Sys. Liq. (₦'bn)	Diff.
29-Nov-23	(6.59)	↓(180.36)
28-Nov-23	173.77	

Source: CBN

AICO Money Market Fund (AMMF)

(As of 28th November 2023)	13.5530%
Added Benefit	Personal accident insurance cover

Macro Indicators

GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (October 2023)	27.33% (Sep'23: 26.72%)
External Reserve (US\$'billion)	33.07 (-10.82% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*81.93 (+0.09% d/d)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	29-Nov-23	28-Nov-23	Change in Rates
57 days	5.00%	5.00%	(0.00%)
162 days	9.87%	9.86%	(0.01%)
281 days	11.97%	11.97%	(0.00%)

Source: FMDQ DQL for 29 November 2023

Benchmark FGN Bond Yields			
	29-Nov-23	28-Nov-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	14.31%	14.31%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	16.13%	16.13%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	16.87%	16.87%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	17.49%	17.49%	(0.00%)

Source: FMDQ DQL for 29 November 2023

Benchmark FGN Eurobond Yields			
	29-Nov-23	28-Nov-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.78%	10.11%	+0.33%
10 yrs: NGERIA 7.875 02/16/32	10.55%	10.92%	+0.37%
15 yrs: NGERIA 7.696 23/02/38	10.93%	11.23%	+0.30%
30 yrs: NGERIA 9.248 01/21/49	11.21%	11.44%	+0.23%
7.125% ECOTRAN 16/02/26	12.22%	12.28%	+0.06%

Source: FBN UK Runs for 29 November 2023

Nigerian Equities

The Nigerian stock market rebounded from previous day's losses, driven by notable gains in large-cap stocks such as SEPLAT (+10%) and NESTLE (9.52%), which offset broader market weaknesses. However, banking stocks like GTCO (-0.13%), UBA (-0.23%), ZENITHBANK (-0.43%), ACCESSCORP (-0.56%), FBNH (-2.02%), and STANBIC (-1.51%) experienced significant rotations by some FPIs amidst recent recapitalization talks by the CBN governor. Local investors reduced positions in OANDO (-2.17%) and DANGSUGAR (-1.50%), the latter affected by regulatory delays in M&A plans. Trading activity decreased with a 32.55% decline in total volume (₦360.60 million) but a 17.66% increase in total value traded (₦6.61 billion). GTCO led both the volume and value charts with c.56.90 million units traded and ₦2.19 billion in value.

Sector-wise, there was an overall bullish trend, with positive performances in Oil and Gas (6.06%), Insurance (1.17%), and Consumer Goods (0.89%), while the Industrial goods index remained relatively flat, and the Banking index declined by 0.56%.

Outlook: We expect the bullish theme to ease slightly tomorrow.

Foreign Exchange

In the foreign exchange market, FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) witnessed an appreciation of 5.72%. The exchange rate moved from \$/₦881.88 recorded yesterday to \$/₦831.47.

Outlook: The Naira volatility is expected to persist amid current demand and supply dynamics.

Commodities

Oil prices remained relatively stable as investors shifted their focus to an OPEC+ meeting determining output policy. Simultaneously, supply disruptions caused by the Black Sea storm and decreased U.S. inventories spurred buying interest. At the time of the report, Brent crude oil prices reached \$81.93 per barrel, while West Texas Intermediate (WTI) stood at US\$76.76 per barrel. In a separate development, Gold maintained its bullish trend in the short term, benefiting from a declining dollar index amid expectations that the Federal Reserve might refrain from further interest rate hikes and potentially consider rate cuts in the spring. Spot gold experienced a slight increase, reaching \$2,041.80 per ounce at the report's time.

Outlook: We expect oil prices to remain volatile as the market anticipates the all-important OPEC+ meeting this week.

Top 5 Equity Advancers			
Name (Symbol)	Closing Price	Gain(N)	% Change
SEPLAT	2310.10	210.00	↑ 10.00%
MEYER	3.59	0.32	↑ 9.79%
SUNUASSUR	1.49	0.13	↑ 9.56%
NESTLE	1150.00	100.00	↑ 9.52%
WAPIC	0.71	0.06	↑ 9.23%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
GUINEAINS	0.27	-0.03	↓ -10.00%
OMATEK	0.73	-0.08	↓ -9.88%
ABBEYBDS	1.68	-0.18	↓ -9.68%
NEIMETH	1.82	-0.19	↓ -9.45%
TANTALIZER	0.53	-0.05	↓ -8.62%

Source: NGX, AIICO Capital

ickers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.34%	↑ 0.40%	↑ 2.96%	↑ 39.09%
NSE Banking Index	↓ -0.56%	↑ 2.86%	↑ 4.85%	↑ 79.91%
NSE Insurance Index	↑ 1.17%	↑ 0.53%	↑ 9.65%	↑ 75.10%
NSE Industrial Goods Index	↑ 0.00%	↓ -1.20%	↓ -2.00%	↑ 15.69%
NSE Consumer Goods Index	↑ 0.89%	↓ -0.29%	↓ -0.31%	↑ 94.53%
NSE Oil & Gas Index	↑ 6.06%	↑ 6.06%	↑ 12.00%	↑ 126.63%

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