

Daily Financial Market Update

AICO CAPITAL
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MARKET COMMENTARY

Money Market

The money market concluded the month on a positive note, with the opening system liquidity showing a notable increase, reaching c.₦346.60 billion compared to yesterday's opening value of ₦6.59 billion. Consequently, both the Open Repo Rate (OPR) and the Overnight Rate (O/N) recorded declines of c.113bps and c.125bps to settle at 14.84%, and 15.54%, respectively.

Outlook: *We expect the interbank rates to hover at similar levels.*

Treasury Bills

The treasury bills market witnessed sustained bullish momentum to end the month, with select buying across a few papers, mostly at the short end of the curve, while mild selling was observed around the long-dated papers. Accordingly, the average mid-rate dipped by c.30bps to close at 9.25%.

Outlook: *We anticipate the new month to start on a muted note, even as investors set their focus on next week's NTB auction.*

FGN Bonds

The local FGN bonds market observed a buy-side rally on the longest-dated paper (2053), resulting in a yield fall of over 25bps. Demand was likely fueled by short covering amid speculation that the 2053 paper might not be reissued at December's auction. Some demand was also observed for 2029, 2032, and 2036 papers, although executed volumes were limited. Overall, the average mid-yield stayed relatively flat to print at 15.80%.

Outlook: *We anticipate sustained demand pressure, particularly at the long end of the curve.*

Eurobonds

The African Eurobonds markets concluded the month with a bearish tone, marked by significant selloffs attributed to the latest mildly hawkish comments from Fed's Williams and Fed's Daly. Their statements emphasized that while it's premature to determine if the Fed has completed its rate hikes, they could raise rates further if inflationary pressures persist. Additionally, President Biden and US Treasury Secretary Yellen acknowledged the persistence of high prices, underscoring the ongoing efforts needed to address inflation and economic issues. Thus, the average mid-yield across Nigerian papers increased by c.6bps to settle at 10.52%.

Crucially, key US data were released today, revealing a mixed economic picture. Notable figures included US Consumer Spending MoM at 0.2% (Forecast 0.2%, Previous 0.7%), US Initial Jobless Claims at 218k (Forecast 218k, Previous 209k), US PCE Price Index MoM at 0% (Forecast 0.1%, Previous 0.4%), and US Core PCE Price Index YoY at 3.46% (Forecast 3.5%, Previous 3.7%).

Outlook: *We expect a cautious approach going into the new month.*

| Date | Sys. Liq. (₦'bn) | Diff. |
|-----------|------------------|----------|
| 30-Nov-23 | 346.60 | ↑ 353.19 |
| 29-Nov-23 | (6.59) | |

Source: CBN

| AIICO Money Market Fund (AMMF) | |
|--------------------------------|-----------------------------------|
| (As of 29th November 2023) | 13.5298% |
| 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 | *82.94 (+1.23% d/d) |

Source: NBS, CBN, AIICO Capital

| Benchmark T-Bills Discount Rates | | | |
|----------------------------------|-----------|-----------|-----------------|
| | 30-Nov-23 | 29-Nov-23 | Change in Rates |
| 56 days | 5.00% | 5.00% | (0.00%) |
| 161 days | 9.87% | 9.87% | (0.00%) |
| 280 days | 11.97% | 11.97% | (0.00%) |

Source: FMDQ DQL for 30 November 2023

| Benchmark FGN Bond Yields | | | |
|-----------------------------|-----------|-----------|-----------------|
| | 30-Nov-23 | 29-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 | 16.14% | 16.13% | (0.01%) |
| 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 30 November 2023

| Benchmark FGN Eurobond Yields | | | |
|-------------------------------|-----------|-----------|-----------------|
| | 30-Nov-23 | 29-Nov-23 | Change in Yield |
| 5 yrs: NGERIA 6 1/2 11/28/27 | 9.91% | 9.78% | (0.13%) |
| 10 yrs: NGERIA 7.875 02/16/32 | 10.69% | 10.55% | (0.14%) |
| 15 yrs: NGERIA 7.696 23/02/38 | 10.96% | 10.93% | (0.03%) |
| 30 yrs: NGERIA 9.248 01/21/49 | 11.26% | 11.21% | (0.05%) |
| 7.125% ECOTRAN 16/02/26 | 12.30% | 12.22% | (0.08%) |

Source: FBN UK Runs for 30 November 2023

Nigerian Equities

The Nigerian stock market concluded the month on a bullish note, with a 0.11% increase, reaching 71,365.25 points. The YTD performance surged to 39.25%, contributing to a total market capitalization of approximately ₦39.1 trillion. Notable contributors to this positive trend included AIRTELAFRI (+0.56%) boosted by a US\$1.5 million foreign repatriation, ETI (+6.25%) following a 55% jump in 9-month earnings, and GTCO (+1.43%). Trading activity experienced a significant upswing, with a 49.78% increase in total volume (₦540.09 million) and a 54.95% surge in total value traded (₦10.24 billion). GTCO led both the volume and value charts with c.67.23 million units traded and ₦2.60 billion in value.

However, sector-wise, Consumer goods, Banking, Insurance, and Oil and Gas indices recorded declines of -0.83%, -0.41%, -0.32%, and -0.14%, respectively, driven by selling interests in ZENITHBANK (-2.71%), UNITYBNK (-9.68%), UNILEVER (-1.67%), DANGSUGAR (-1.69%), NASCON (-5.44%), SUNUASSU (-6.04%), and NEM (-1.67%). The Industrial goods index posted a marginal positive performance of +0.07%, attributed to WAPCO's (+1.19%) gains.

Outlook: *We expect the bullish theme to persist at tomorrow's session.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by 0.10% to \$/₦832.32 from the \$/₦831.47 recorded.

Outlook: *The volatility is expected to persist in the interim.*

Commodities

Oil prices retreated after an initial 1% gain as OPEC+ agreed to voluntary output cuts nearing 2 million barrels per day for the coming year, with individual countries announcing their cuts. Brent crude was reported at \$82.94 per barrel, and West Texas Intermediate (WTI) at \$76.66 per barrel. Gold prices edged lower to \$2,036.5 per ounce, as investors moved away from safety following the release of US inflation data. The Core Personal Consumption Expenditures (PCE) Price Index, a key inflation metric for the Federal Reserve, met expectations with a 0.2% MoM increase and a 3.5% YoY rise in October, slightly below September figures.

Outlook: *We expect oil prices to remain volatile amid mixed signals on the latest development at the OPEC+ meeting.*

| Top 5 Equity Advancers | | | | |
|------------------------|---------------|---------|---|----------|
| Name (Symbol) | Closing Price | Gain(N) | | % Change |
| NNFM | 35.20 | 3.20 | ↑ | 10.00% |
| THOMASWY | 2.28 | 0.20 | ↑ | 9.62% |
| CHAMPION | 3.50 | 0.25 | ↑ | 7.69% |
| ETI | 17.00 | 1.00 | ↑ | 6.25% |
| UPDCREIT | 4.10 | 0.20 | ↑ | 5.13% |

Source: NGX, AIICO Capital

| Top 5 Equity Decliners | | | | |
|------------------------|---------------|---------|---|----------|
| Name (Symbol) | Closing Price | Loss(N) | | % Change |
| NSLTECH | 0.65 | -0.07 | ↓ | -9.72% |
| UNITYBNK | 1.40 | -0.15 | ↓ | -9.68% |
| TANTALIZER | 0.48 | -0.05 | ↓ | -9.43% |
| DAARCOMM | 0.29 | -0.03 | ↓ | -9.37% |
| DEAPCAP | 0.59 | -0.06 | ↓ | -9.23% |

Source: NGX, AIICO Capital

| Indices | D-o-D | W-o-W | MTD | YTD |
|----------------------------|----------|----------|----------|-----------|
| NGX ASI | ↑ 0.11% | ↑ 0.44% | ↑ 3.08% | ↑ 39.25% |
| NSE Banking Index | ↓ -0.41% | ↑ 2.41% | ↑ 4.42% | ↑ 79.17% |
| NSE Insurance Index | ↓ -0.83% | ↓ -1.56% | ↑ 8.74% | ↑ 73.65% |
| NSE Industrial Goods Index | ↑ 0.07% | ↓ -1.17% | ↓ -1.93% | ↑ 15.78% |
| NSE Consumer Goods Index | ↓ -0.32% | ↓ -0.55% | ↓ -0.63% | ↑ 93.90% |
| NSE Oil & Gas Index | ↓ -0.14% | ↑ 5.92% | ↑ 11.85% | ↑ 126.31% |

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