

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity was majorly positive this week, improving from last week's negative position of ₦186.43 billion short to ₦404.09 billion long, bolstered by FAAC credits. As a result, the Open Repo Rate (OPR) and Overnight Rate (O/N) shed 800bps and 826bps to 15.75% and 16.23%, respectively, week-on-week.

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

Treasury Bills

The treasury bills market witnessed significant buying interest this week across the curve, albeit most of the activity skewed to the long end of the curve, particularly Aug and Nov 2024 papers. Despite the midweek liquidity crunch, the week concluded with more buy-side interest, resulting in a c.44bps contraction in the average mid-rate to 9.25% week-on-week.

Outlook: We expect market activity to be skewed towards the NTB auction next week.

FGN Bonds

Activity in the bonds market was bullish overall, owing to heightened demand for selected papers, especially the 2025, 2026, 2038 and 2053 papers. The latter saw significant buying to end the week due to short covering amid speculation of the retirement of the 2053 paper ahead of December's FGN bond auction. Consequently, the average mid-yield declined by c.11bps to close at 15.78% week-on-week.

Outlook: We expect the mixed activity to resurface next week.

Eurobonds

The Eurobonds market had a positive week, with a minor setback caused by mild hawkish comments from certain Fed speakers. Notably, their statements highlighted the uncertainty regarding the completion of the Fed's rate hikes, leaving room for further increases if inflationary pressures endure. Also, President Biden and US Treasury Secretary Yellen acknowledged the persistence of high prices, emphasizing ongoing efforts to address inflation and economic challenges.

Nonetheless, the week ended on a bullish note, despite a mixed economic picture revealed by key US data, including modest figures for Consumer Spending MoM and Core PCE Price Index YoY slightly below expectations. Overall, the average mid-yield across the Nigerian curve declined by 28bps to settle at 10.44%, week-on-week.

Outlook: We expect the major US economic data to impact market sentiment next week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 29th November 2023)	13.5298%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (N'bn)	Diff.
1-Dec-23	404.09	↑ 590.51
24-Nov-23	-186.43	

Source: CBN

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)	33.04 (-10.89% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*74.71 (-1.10% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	01-Dec-23	30-Nov-23	Change in Rates
55 days	5.00%	6.84%	+1.84%
160 days	9.87%	9.45%	(0.42%)
279 days	11.97%	12.34%	+0.37%

Source: FMDQ DQL for 01 Dec 2023 and 24 Nov 2023

Benchmark FGN Bond Yields			
	01-Dec-23	30-Nov-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	14.31%	15.45%	+1.14%
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 01 Dec 2023 and 24 Nov 2023

Benchmark FGN Eurobond Yields			
	01-Dec-23	30-Nov-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.79%	9.98%	+0.19%
10 yrs: NGERIA 7.875 02/16/32	10.58%	10.89%	+0.31%
15 yrs: NGERIA 7.696 23/02/38	10.89%	11.21%	+0.32%
30 yrs: NGERIA 9.248 01/21/49	11.24%	11.40%	+0.16%
7.125% ECOTRAN 16/02/26	12.31%	12.13%	(0.18%)

Source: FBN UK Runs for 01 Dec 2023 and 24 Nov 2023

Nigerian Equities

The bargain hunting on banking names and bellwether stocks including FBNH (+10.75%), SEPLAT (+10.00%), and NESTLE (+9.52%) drove the market to close on a bullish note, with the All-Share Index (ASI) appreciating by 0.27% week-on-week, reaching 71,419.87 points, and the Year-to-Date (YTD) return settling at 39.35%.

Notably, the NGX Banking and Oil & Gas Indices recorded positive gains of 1.92% and 5.97%, respectively, while the Industrial and Consumer Goods Indices declined by 1.23% and 0.47%, week-on-week. In terms of trading volume, UNIVINSURE led with 289.32 million units, while GTCO topped the value charts with ₦5.63 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 ₦132.30 (or 16.64%) to \$/₦927.19 compared to \$/₦794.89 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Crude oil prices were mixed this week, as players anticipated OPEC+ resolution on oil cut. Brent fell by 1.10% to \$74.71 per barrel, while WTI appreciated by 5.56% to US\$79.74 per barrel in the latest report. Gold prices appreciated by 3.31% to US\$2,069.30 per ounce at the time of the 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
MECURE	12.99	3.78	↑ 41.04%
NNFM	36.00	7.15	↑ 24.78%
THOMASWY	2.50	0.42	↑ 20.19%
NSLTECH	0.64	0.09	↑ 16.36%
SUNUASSUR	1.26	0.13	↑ 11.50%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
OMATEK	0.78	-0.21	↓ -21.21%
GUINEAINS	0.27	-0.07	↓ -20.59%
DAARCOMM	0.31	-0.08	↓ -20.51%
UNITYBNK	1.54	-0.30	↓ -16.30%
NEIMETH	1.87	-0.36	↓ -16.14%

Source: NGX, AIICO Capital

Tickers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.08%	↑ 0.27%	↑ 0.08%	↑ 39.35%
NSE Banking Index	↑ 1.14%	↑ 1.92%	↑ 1.14%	↑ 81.21%
NSE Insurance Index	↓ -1.10%	↓ -2.03%	↓ -1.10%	↑ 71.74%
NSE Industrial Goods Index	↓ -0.06%	↓ -1.23%	↓ -0.06%	↑ 15.71%
NSE Consumer Goods Index	↓ -0.08%	↓ -0.47%	↓ -0.08%	↑ 93.75%
NSE Oil & Gas Index	↑ 0.05%	↑ 5.97%	↑ 0.05%	↑ 126.42%

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