

# Weekly Financial Market Update

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## MARKET COMMENTARY

### Money Market

System liquidity improved at the start of the week but declined towards the end of the week due to the NTB auction settlement. Overall, system liquidity declined by 80.99% from ₦404.09 billion to ₦76.83 billion week-on-week. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 342bps and 326bps to 19.17% and 19.58%, respectively, week-on-week.

**Outlook:** We expect interbank rates stay elevated next week, as bond auction funding should mop off liquidity.

### Treasury Bills

The treasury bills market displayed subdued activity in the initial part of the week, marked by minor sell-offs, suggesting a potential increase in stop rates at the NTB auction scheduled for the week. Nevertheless, the results of the NTB auction showed a mixed picture, as the stop rates for the 91-day and 182-day papers both rose by 100 bps to 9.0000% and 13.0000%, respectively, while the stop rate for the 364-day paper decreased by 100 bps to 15.7500%. The DMO offered c.₦104.36 billion, but the allotment surpassed expectations, reaching c.₦604.36 billion across three tenors, reflecting an oversubscription of 5.79 times the offer.

Following the auction, unmet bids filtered into the secondary market, although sellers were prevalent, leading to an upward adjustment in rates driven by profit-taking. In summary, the average mid-rate recorded a week-on-week increase of 39 bps, reaching 9.64%.

**Outlook:** We expect market activity to be skewed towards the NTB auction next week, as the DMO would be offering treasury bills worth ₦13.58 billion.

### FGN Bonds

The local bonds market commenced the week with subdued activity, but as the week unfolded, buy-side engagement gained momentum, particularly focusing on the short end of the curve (2025s-2029s), 2036s, and 2053s. Despite the disclosure in the December auction offer circular indicating the DMO's intention to reissue the on-the-run papers (2029, 2033, 2038, and 2053), the 2053s witnessed a decline of more than 30bps. Consequently, the market concluded the week on a bullish note, as the average mid-yield dipped by c.14bps, closing at 15.64% on a week-on-week basis.

**Outlook:** We expect activity to be skewed towards the FGN local bonds auction next week.

### Eurobonds

The Eurobond market witnessed sustained buy-side interest, particularly in Sub-Saharan Africa (SSA) and North African papers. However, towards the end of the week, the bullish bias eased, amid the release of US employment data. Specifically, the US Non-farm Payroll added 199k jobs in November, from 150k jobs in October, while unemployment rate fell to 3.70% from 3.90%. Overall, the average mid-yield across the Nigerian curve declined by 15bps to settle at 10.29%, week-on-week.

**Outlook:** Next week's focus should be centred around the US Consumer Price Index and the final FOMC meeting for the year 2023.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 7th December 2023)	13.8370%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
8-Dec-23	76.83	
1-Dec-23	404.09	↓ (327.25)

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)	32.88 (-11.34% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*75.97 (-3.65% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	08-Dec-23	07-Dec-23	Change in Rates
48 days	5.00%	5.00%	(0.00%)
153 days	9.87%	9.87%	(0.00%)
272 days	11.97%	11.97%	(0.00%)

Source: FMDQ DQL for 08 Dec 2023 and 01 Dec 2023

Benchmark FGN Bond Yields			
	08-Dec-23	07-Dec-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.76%	14.31%	+0.55%
10 yrs: 12.50% 27-Apr-2032	14.73%	16.14%	+1.41%
20 yrs: 13.00% 21-Jan-2042	16.70%	16.87%	+0.17%
30 yrs: 12.98% 27-Mar-2050	16.90%	17.49%	+0.59%

Source: FMDQ DQL for 08 Dec 2023 and 01 Dec 2023

Benchmark FGN Eurobond Yields			
	08-Dec-23	07-Dec-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.80%	9.79%	(0.01%)
10 yrs: NGERIA 7.875 02/16/32	10.43%	10.58%	+0.15%
15 yrs: NGERIA 7.696 23/02/38	10.85%	10.89%	+0.04%
30 yrs: NGERIA 9.248 01/21/49	11.07%	11.24%	+0.17%
7.125% ECOTRAN 16/02/26	12.50%	12.31%	(0.19%)

Source: FBN UK Runs for 08 Dec 2023 and 01 Dec 2023

## Nigerian Equities

The Nigerian Equity market was largely mixed this week. The first part of the week observed selloffs mostly on the industrial and oil & gas sector, like BUACEMENT and OANDO. At mid-week, market sentiment was bullish, particularly on the banking stocks, including FBNH and ACCESSCORP. However, profit taking pared the early gains in the subsequent sessions. Overall, the All-Share Index (ASI) appreciating by 0.17% week-on-week, reaching 71,541.74 points, and the Year-to-Date (YTD) return settling at 39.59%.

Notably, the NGX Banking and Consumer Goods Indices recorded positive gains of 7.78% and 0.05%, respectively, while the Industrial and Oil & Gas Indices declined by 3.01% and 0.58%, week-on-week. In terms of trading volume, UNIVINSURE led with 193.3 million units, while AIRTELAFRI topped the value charts with ₦7.41 billion.

**Outlook:** *We expect the bullish sentiment to ease next week.*

## Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦171.86 (or 18.54%) to \$/₦1,099.05 compared to \$/₦927.19 recorded last week.

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

## Commodities

The worsened demand outlook for China impacted Crude oil prices this week, despite effectiveness of an extension in OPEC+ cuts. Brent fell by -3.69% to \$75.97 per barrel, while WTI depreciated by 3.79% to US\$71.26 per barrel in the latest report. Gold prices depreciated by 2.48% to US\$2,019.7 per ounce at the time of the report.

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

### Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
MULTIVERSE	9.39	3.58	↑ 61.62%
THOMASWY	3.32	1.24	↑ 59.62%
MECURE	13.00	3.79	↑ 41.15%
NSLTECH	0.75	0.20	↑ 36.36%
NNFM	38.50	9.65	↑ 33.45%

Source: NGX, AIICO Capital

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

Name (Symbol)	Closing Price	Loss(N)	% Change
UNITYBNK	1.40	-0.44	↓ -23.91%
OMATEK	0.80	-0.19	↓ -19.19%
ABBEYBDS	1.54	-0.32	↓ -17.20%
MCNICHOLS	0.69	-0.14	↓ -16.87%
DEAPCAP	0.61	-0.12	↓ -16.44%

Source: NGX, AIICO Capital

Tickers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.12%	↑ 0.17%	↑ 0.25%	↑ 39.59%
NSE Banking Index	↑ 3.24%	↑ 7.78%	↑ 9.01%	↑ 95.32%
NSE Insurance Index	↓ -2.56%	↓ -3.21%	↓ -4.27%	↑ 66.24%
NSE Industrial Goods Index	↓ -0.64%	↓ -3.01%	↓ -3.07%	↑ 12.22%
NSE Consumer Goods Index	→ 0.00%	↑ 0.05%	↓ -0.02%	↑ 93.86%
NSE Oil & Gas Index	↓ -0.57%	↓ -0.58%	↓ -0.53%	↑ 125.11%

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