

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

Early this week, system liquidity slipped into negative territory and further deteriorated due to the impact of NTB auction funding and the sustained presence of most banks at the Standing Lending Facility (SLF) Window. The decline in system liquidity was substantial, amounting to approximately 300% week-on-week, plunging from ₦79.46 billion to ₦186.43 billion. In response to this liquidity squeeze, the Open Repo Rate (OPR) and Overnight Rate (O/N) experienced notable expansions. The OPR increased by c.292bps, reaching 23.75%, while the O/N rate surged by c.238bps, settling at 24.58% week-on-week.

Outlook: We expect interbank rates to relatively decline next week, as FAAC credit should support system liquidity.

Treasury Bills

During the first half of the week, the treasury bills market experienced heightened demand across the yield curve, coinciding with the CBN's decision to postpone the MPC meeting to an undisclosed date. As the week progressed towards the NTB auction, market activity subdued but maintained a bullish sentiment. The DMO successfully allotted approximately ₦561.71 billion at the auction, surpassing the offer size by 2.65x. The stop rate for the 364-day paper remained at 16.75%, while rates for the 91-day and 182-day papers rose by 100bps each to 8.0000% and 12.0000%, respectively. Post-auction, unmet bids flowed into the secondary market, causing rates to decline, especially for the newly issued 1-year paper, which lost over 200bps relative to the auction closing rate. The week concluded with more buy-side interest, resulting in a c.117bps contraction in the average mid-rate to 9.98% week-on-week.

Outlook: We expect market activity to exhibit a bullish trend next week, supported by the attractive treasury bills rates and FAAC inflows.

FGN Bonds

The FGN local bonds market opened the week with a bullish sentiment, particularly with buy-side interests observed across the 2026, 2028, 2029, 2038, and 2053 papers. However, as the week progressed, sentiment shifted to a mixed theme due to few profit taking. Thereafter, the week concluded with robust buy-side interest focused on the 2029 and 2053 papers, as traditional buy-side players seized the opportunity presented by attractively priced papers to invest their idle funds. Consequently, the average mid-yield declined by c.35bps to close at 16.02% week-on-week.

Outlook: We expect activity to trend sideways next week.

Eurobonds

The Eurobonds market displayed a bullish stance throughout the majority of the week, influenced in part by the Federal Reserve's less hawkish minutes. However, following the US Thanksgiving Holiday, market sentiment took a turn towards a bearish trend on the final trading day for both North African and Sub-Saharan African papers. For context, market concluded on a bullish note, as the average mid-yield rate declined by 10bps to settle at 10.72%, week-on-week.

Outlook: We expect the market to be influenced by several market-moving events and economic indicators including the outcome of the OPEC+ meeting, the speeches of Jerome Powell and other officials of the Federal Reserve, Q3'23 GDP growth rate, and U.S PCE Index.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 23rd November 2023)	13.4777%
Added Benefit		Personal accident insurance cover
Date	Sys. Liq. (N'bn)	Diff.
24-Nov-23	-186.43	↓ (265.89)
17-Nov-23	79.46	
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)	33.32 (-10.40% YTD)	
Monetary Policy Rate	18.75%	
Cash Reserve Requirement (CRR)	32.50%	
Brent Crude Price US\$/bbl	*81.86 (+1.55% w/w)	
Source: NBS, CBN, AICO Capital		

Benchmark T-Bills Discount Rates			
	24-Nov-23	17-Nov-23	Change in Rates
62 days	6.84%	8.43%	+1.59%
167 days	9.45%	11.52%	+2.07%
286 days	12.34%	14.12%	+1.78%
Source: FMDQ DQL for 24 Nov 2023 and 17 Nov 2023			

Benchmark FGN Bond Yields			
	24-Nov-23	17-Nov-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	15.45%	15.45%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	16.13%	15.61%	(0.52%)
20 yrs: 13.00% 21-Jan-2042	16.87%	16.76%	(0.11%)
30 yrs: 12.98% 27-Mar-2050	17.49%	17.64%	+0.15%
Source: FMDQ DQL for 24 Nov 2023 and 17 Nov 2023			

Benchmark FGN Eurobond Yields			
	24-Nov-23	17-Nov-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.98%	10.30%	+0.32%
10 yrs: NGERIA 7.875 02/16/32	10.89%	10.91%	+0.02%
15 yrs: NGERIA 7.696 23/02/38	11.21%	11.28%	+0.07%
30 yrs: NGERIA 9.248 01/21/49	11.40%	11.51%	+0.11%
7.125% ECOTRAN 16/02/26	12.13%	12.30%	+0.17%
Source: FBN UK Runs for 24 Nov 2023 and 17 Nov 2023			

Nigerian Equities

This week, the Nigerian Equity market experienced mixed sentiments, navigating through sell-offs in STANBIC (-7.08%) and NB (-5.00%), among others. Despite these, buying interests across various tickers propelled the market to a bullish close, with the All-Share Index (ASI) appreciating by 0.17% week-on-week, reaching 71,230.48 points, and the Year-to-Date (YTD) return settling at 38.98%. MECURE continued its bullish rally, emerging as the best-performing stock with an impressive 60.73% week-on-week gain, currently priced at ₦9.21 from its IPO value of ₦2.96.

Notably, the NGX Banking and Industrial Goods Indices recorded positive gains of 1.94% and 0.04%, respectively, while the Consumer Goods Index declined by 0.53% week-on-week. In terms of trading volume, UNIVINSURE led with 327.39 million units, while MTNN topped the value charts with ₦3.68 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 ₦3.14 (or 0.40%) to \$/₦794.89 compared to \$/₦791.75 recorded last week

Outlook: We expect the volatility to persist next week.

Commodities

Global crude oil prices were influenced by market apprehensions surrounding the OPEC+ meeting, with expectations leaning towards member countries extending output cuts. Brent oil exhibited a 1.55% appreciation, closing the week at \$81.86 per barrel, while WTI also experienced a 1.13% increase, reaching US\$76.75 per barrel in the latest report. Simultaneously, gold prices recorded a 0.77% appreciation, reaching US\$2,000.00 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	9.21	3.48	↑ 60.73%
MULTIVERSE	5.81	2.18	↑ 60.06%
UNITYBNK	1.84	0.67	↑ 57.26%
NSLTECH	0.55	0.19	↑ 52.78%
DEAPCAP	0.73	0.25	↑ 52.08%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
THOMASWY	2.08	-1.52	↓ -42.22%
ELLAHLAKES	3.40	-0.38	↓ -10.05%
STANBIC	65.00	-4.95	↓ -7.08%
ACADEMY	1.70	-0.10	↓ -5.56%
INTBREW	4.25	-0.25	↓ -5.56%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.25%	↑ 0.17%	↑ 2.88%	↑ 38.98%
NSE Banking Index	↑ 1.62%	↑ 1.94%	↑ 3.61%	↑ 77.79%
NSE Insurance Index	↓ -0.62%	↑ 4.07%	↑ 9.78%	↑ 75.30%
NSE Industrial Goods Index	↑ 0.00%	↑ 0.04%	↓ -0.77%	↑ 17.15%
NSE Consumer Goods Index	↓ -0.16%	↓ -0.53%	↓ -0.24%	↑ 94.66%
NSE Oil & Gas Index	→ 0.00%	→ 0.00%	↑ 5.60%	↑ 113.67%

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