

# Daily Financial Market Update

**AICO CAPITAL**
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## MARKET COMMENTARY

### Money Market

System liquidity opened significantly lower than yesterday's balance, and from ₦46.67 billion long to ₦709.36 billion short. Accordingly, the Open Repo Rate (OPR) and Overnight Rate (O/N) expanded by 770bps to 21.85% and 720bps to 22.60%, respectively.

**Outlook:** We expect the interbank rates to stay elevated in the short-term.

### Treasury Bills

After yesterday's auction, the secondary market has continued to witness buying interests, largely concentrated on the long-dated paper. On that note, the average mid-rate fell by 29bps to settle at 4.35%.

**Outlook:** We expect a similar bullish momentum in tomorrow's session.

### FGN Bonds

The FGN local bonds market was modestly mixed, with bullish theme on the short end of the curve, while selling interests was dominant on the long end of the curve. Overall, activity settled on a bullish note, as the average mid-yield shed c. 8bps to 13.88%.

**Outlook:** We expect the mixed sentiment to resurface, pending any surprises.

### Eurobonds

The Eurobonds market maintain its bullish momentum across African papers with interests stirring all sides of the curve. Market stayed bullish amid higher-than-expected inflation print in the US, with CPI growing at 3.40% y/y in December (Est. 3.2% y/y) from 3.10% y/y in November. In addition, the monthly core CPI at 0.30% m/m also printed stronger than market estimate (0.20% m/m) and the preceding month (0.10% m/m). In Africa, Ghana received a draft term sheet on debt relief from its official creditors that is sufficient for the International Monetary Fund (IMF) to disburse \$600 million. Consequently, the Nigerian Eurobonds paper closed bullish as average mid-yield declined by 12bps to settle at 9.85%.

**Outlook:** We expect market to remain bullish, while keeping tabs on fresh insight from any officials of the Federal Reserve.

Date	Sys. Liq. (₦bn)	Diff.
11-Jan-24	-709.36	↓(756.03)
10-Jan-24	46.67	

Source: CBN

AIICO Money Market Fund (AMMF)	
(As of 10th January 2024)	12.6357%
Added Benefit	Personal accident insurance cover

Macro Indicators	
GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (November'2023)	28.20% (Oct'23: 27.33%)
External Reserve (US\$ billion)	33.04 (-10.91% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*78.38 (+2.06% d/d)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	11-Jan-24	10-Jan-24	Change in Rates
56 days	1.61%	1.30%	(0.31%)
147 days	2.77%	4.14%	+1.37%
301 days	4.73%	5.69%	+0.96%

Source: FMDQ DQL for 11 January 2024

Benchmark FGN Bond Yields			
	11-Jan-24	10-Jan-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.02%	13.02%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	13.72%	14.14%	+0.42%
20 yrs: 13.00% 21-Jan-2042	14.72%	14.72%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.41%	15.41%	(0.00%)

Source: FMDQ DQL for 11 January 2024

Benchmark FGN Eurobond Yields			
	11-Jan-24	10-Jan-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.28%	9.48%	+0.20%
10 yrs: NGERIA 7.875 02/16/32	9.95%	10.05%	+0.10%
15 yrs: NGERIA 7.696 23/02/38	10.31%	10.39%	+0.08%
30 yrs: NGERIA 9.248 01/21/49	10.45%	10.56%	+0.11%
7.125% ECOTRAN 16/02/26	9.48%	9.82%	+0.34%

Source: FBN UK Runs for 11 January 2024

## Nigerian Equities

Nigerian Equity market eased its bullish rally with selloffs that led the ASI to fall by 1.40%, settling at 81,024.38 points, while YTD return settled at +9.70% with a total market capitalization of ₦44.89 trillion. Market was characterised by profit taking across several tickers, with sizeable selloffs observed on banking stocks, especially the tier 1 banks. Activity was positive with 16.42% increase in total volume and a 2.82% rise in total value traded.

TRANSCORP topped the volume chart with 117.64 million units, while GTCO led in value at ₦3.28 billion. The Banking and Oil & Gas Indices depreciated by 7.79%, and 0.40%, respectively, while the Industrial and Consumer Goods gained loss 1.39% and 2.45%, respectively.

**Outlook:** *We expect the bullish bias to linger.*

## Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by 0.66% (or ₦7.19) to \$/₦1,082.32 from \$/₦1,089.51 recorded yesterday.

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

## Commodities

Oil steadied today, giving up most of its earlier gains, as Middle East supply concerns arising from the Israel-Hamas war and the shutdown of a top Libyan oilfield balanced rising U.S. output and worries about weak economic growth. Brent crude was reported at \$78.43 per barrel, and West Texas Intermediate (WTI) at \$73.25 per barrel, as at printing time. Gold prices increased to \$2,033.30 per ounce from the previous day, as of printing time.

**Outlook:** *We expect oil prices to hover around \$70 pb levels in the interim.*

Top 5 Equity Advancers				
Name (Symbol)	Closing Price	Gain(N)		% Change
GUINEAINS	0.44	0.04	↑	10.00%
ROYALEX	0.99	0.09	↑	10.00%
JBERGER	56.50	5.10	↑	9.92%
CADBURY	21.90	1.95	↑	9.77%
TIP	1.69	0.15	↑	9.74%

Source: NGX, AIICO Capital

Top 5 Equity Decliners				
Name (Symbol)	Closing Price	Loss(N)		% Change
ABBEYBDS	2.73	-0.30	↓	-9.90%
IKEJAHOTEL	7.83	-0.86	↓	-9.90%
CAVERTON	1.87	-0.20	↓	-9.66%
DAARCOMM	0.87	-0.09	↓	-9.38%
NPFMCRFBK	1.98	-0.17	↓	-7.91%

Source: NGX, AIICO Capital

Tickers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.70%	↑ 5.87%	↑ 10.46%	↑ 10.46%
NSE Banking Index	↑ 2.73%	↑ 8.32%	↑ 15.30%	↑ 15.30%
NSE Insurance Index	↑ 0.51%	↑ 11.36%	↑ 21.70%	↑ 21.70%
NSE Industrial Goods Index	↑ 0.22%	↑ 6.03%	↑ 8.63%	↑ 8.63%
NSE Consumer Goods Index	↑ 0.39%	↑ 8.16%	↑ 11.79%	↑ 11.79%
NSE Oil & Gas Index	↑ 0.37%	↓ -1.80%	↑ 1.15%	↑ 1.15%

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