

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity maintained a positive level all through the week and recorded +361.65% increase from ₦186.90 billion last week to ₦862.82 billion. As a result, the Open Repo Rate (OPR) and Overnight Rate (O/N) contracted by 81bps and 57bps to 14.25% and 14.90%, respectively, week-on-week.

Outlook: We expect Interbank rates to ease next week.

Treasury Bills

The treasury bills market was enthused with reoccurring buyside interests across the full spectrum of the curve, supported by robust system liquidity. Moreso, the bullish bias was more pronounced on the long-dated papers. Accordingly, market closed the week bullish, as average mid-rate shed 165bps to 6.68%, w/w.

Outlook: We expect attention to be tilted towards the treasury bills auction next week, as the DMO would be offering only ₦56.56 billion.

FGN Bonds

The average mid-yield in the FGN local bonds market witnessed a decline of c.41bps to settle at 14.40%, w/w. This was preceded by sessions of several bidders, with limited offers, especially on papers like the 2032, 2033, 2037, 2038 and 2053 maturities.

Outlook: We expect the bargain hunting to linger, but at a watchful pace.

Eurobonds

The Eurobonds market was mostly impacted by the unclear guidance from the U.S Federal Reserve on rate cuts timing, which was later unveiled in the FOMC's minutes of the last meeting (held on Dec 13th, 2023). As a result, selling interest persisted for the most part of the week, with only a few buyers. Consequently, market closed on a bearish note, as the average mid-yield across the Nigerian curve increased by 61bps to settle at 10.04%, week-on-week.

Outlook: Market is expected to trade with caution at the early part of next week, as market anticipates the U.S CPI data.

AiICO Money Market Fund (AMMF)

Net Yield	(As at 29th December 2023)	14.1559%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
5-Jan-24	862.82	↑ 675.92
29-Dec-23	186.90	

Source: CBN

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 (-10.90% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*76.23 (+0.51% w/w)

Source: NBS, CBN, AiICO Capital

Benchmark T-Bills Discount Rates

	05-Jan-24	29-Dec-23	Change in Rates
62 days	2.91%	2.91%	(0.00%)
153 days	5.43%	5.43%	(0.00%)
307 days	10.21%	10.21%	(0.00%)

Source: FMDQ DQL for 05 Jan 2024 and 29 Dec 2023

Benchmark FGN Bond Yields

	05-Jan-24	29-Dec-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.03%	13.04%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.14%	14.20%	+0.06%
20 yrs: 13.00% 21-Jan-2042	14.95%	15.45%	+0.50%
30 yrs: 12.98% 27-Mar-2050	15.64%	16.09%	+0.45%

Source: FMDQ DQL for 05 Jan 2024 and 29 Dec 2023

Benchmark FGN Eurobond Yields

	05-Jan-24	29-Dec-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.35%	8.85%	(0.50%)
10 yrs: NGERIA 7.875 02/16/32	10.12%	9.46%	(0.66%)
15 yrs: NGERIA 7.696 23/02/38	10.35%	9.90%	(0.45%)
30 yrs: NGERIA 9.248 01/21/49	10.72%	10.21%	(0.51%)
7.125% ECOTRAN 16/02/26	10.23%	9.79%	(0.44%)

Source: FBN UK Runs for 05 Jan 2024 and 29 Dec 2023

Nigerian Equities

The Nigerian equity market jolted a surprise bullish rally in the 4-day trading sessions this week with 1.63%, 2.04%, 0.62% and 2.11%, between January 2nd and 5th. This suggests strategic investor positioning ahead of the 2023 fiscal year earnings report. The robust buying interest spanned across all sectors, including bellwether stocks like FIDELITYBK (+30.88%), PRESCO (+19.17%), MTNN (+7.95%) and AIRTELAFRI (+5.99%), with a pronounced focus on the banking index (+10.29%). Consequently, the All-Share Index (ASI) expanded by 6.54% w/w to settle at 79,664.66 points, yielding a Year-to-Date (YTD) return of 6.54%.

All Indices closed in the green. The Industrial, Consumer Goods and Oil & Gas Indices posted gains of 10.29%, 4.40%, and 3.00%, w/w respectively. Noteworthy in trading activities, FIDELITYBK led both the total volume traded with 305.75 million units and value trades with 3.99 billion.

Outlook: We expect the ASI to cross 80,000 points next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦37.72 (or 4.16%) to \$/₦869.39 compared to \$/₦907.11 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices gained this week, following the intensifying geopolitical tensions in the Middle East, even as U.S. Secretary of State Antony Blinken prepared to visit the Middle East to try and prevent the Israel-Gaza conflict from widening. As of writing, Brent has appreciated by +2.05% w/w to \$78.62 per barrel, and WTI gained 2.65% w/w to US\$73.55 per barrel. However, Gold has declined by 0.17% w/w to US\$2,068.20 per ounce at the time of this report.

Outlook: We expect the volatility to persist next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
TRANSCORP	12.66	4.00	46.19%
IKEJAHOTEL	8.77	2.77	46.17%
UNITYBNK	2.35	0.73	45.06%
AIICO	1.15	0.35	43.75%
LINKASSURE	1.15	0.35	43.75%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CILEASING	3.38	-2.22	-39.64%
SCOA	1.63	-0.35	-17.68%
CHAMPION	3.66	-0.49	-11.81%
CADBURY	16.90	-2.10	-11.05%
MECURE	10.80	-1.20	-10.00%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 2.11%	↑ 6.54%	↑ 6.54%	↑ 6.54%
NSE Banking Index	↑ 3.62%	↑ 10.29%	↑ 10.29%	↑ 10.29%
NSE Insurance Index	↑ 4.39%	↑ 14.08%	↑ 14.08%	↑ 14.08%
NSE Industrial Goods Index	↑ 1.10%	↑ 3.58%	↑ 3.58%	↑ 3.58%
NSE Consumer Goods Index	↑ 1.02%	↑ 4.40%	↑ 4.40%	↑ 4.40%
NSE Oil & Gas Index	→ 0.00%	↑ 3.00%	↑ 3.00%	↑ 3.00%

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