

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity opened the week at c. ₦812.76 billion. However, system liquidity fell by 78.39% week-on-week to ₦186.43 billion, compared to last week Friday, due to intermittent CRR debits and OMO auction funding. Thus, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 233bps and 290bps to 16.58% and 17.90%, respectively, week-on-week.

Outlook: We expect Interbank rates to stay elevated next week.

Treasury Bills

The treasury bills market exhibited an unusual trend, particularly in the primary market. The DMO offered c. ₦56.56 billion and allotted same, despite 20.16x of the offered papers. At the end of the auction, the stop rates for the 91-Day, 182-Day and 364-Day papers plunged by 456bps, 578bps and 384bps to 2.440%, 4.220% and 8.399%, respectively compared to the previous auction. In the same day, the CBN auctioned ₦300.00 billion worth OMO bills, but sold ₦357.20 billion and at 10.50%, 14.00% and 17.75% across the 97-Day, 181-Day, and 363-Day papers, respectively. In the secondary market, it was a bullish affair due to the strong demand observed across the curve, though offers were limited. The week then ended on bearish note, as most players sold their papers to raise liquidity to fund their obligations. Overall, the average mid-rate lost 83bps to 5.85%, week-on-week.

Outlook: : We expect a mixed affair next week.

FGN Bonds

The first half of the week was characterised with bullish sentiments. After the OMO auction result and the CRR debits, activities turned choppy and traded mixed to bearish in the second half of the week. Ultimately, the average mid-yield declined by 35bps to settle at 14.05%, week-on-week.

Outlook: We expect market players to trade cautiously in anticipation of the release of Q1 2024 FGN borrowing plan.

Eurobonds

The Eurobonds market was swayed sideways for the most part of the week. Market settled on a bullish note, amidst the 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. The average mid-yield across the Nigerian curve declined by 31bps to settle at 9.72%, week-on-week.

Outlook: Market is expected to post a mixed sentiment next week, in the absence of any strong catalyst.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 11th January 2024)	13.7285%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
12-Jan-24	186.43	↓ (676.39)
5-Jan-24	862.82	

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)	33.07 (-10.77% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*78.46 (+0.51% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	12-Jan-24	05-Jan-24	Change in Rates
90 days	2.06%	3.88%	+1.82%
181 days	3.22%	6.52%	+3.30%
300 days	4.73%	10.21%	+5.48%

Source: FMDQ DQL for 12 Jan 2024 and 05 Jan 2024

Benchmark FGN Bond Yields			
	12-Jan-24	05-Jan-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.73%	13.03%	+0.30%
10 yrs: 12.50% 27-Apr-2032	13.48%	14.14%	+0.66%
20 yrs: 13.00% 21-Jan-2042	14.90%	14.95%	+0.05%
30 yrs: 12.98% 27-Mar-2050	15.15%	15.64%	+0.49%

Source: FMDQ DQL for 12 Jan 2024 and 05 Jan 2024

Benchmark FGN Eurobond Yields			
	12-Jan-24	05-Jan-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.03%	9.35%	+0.32%
10 yrs: NGERIA 7.875 02/16/32	9.88%	10.12%	+0.24%
15 yrs: NGERIA 7.696 23/02/38	10.14%	10.35%	+0.21%
30 yrs: NGERIA 9.248 01/21/49	10.36%	10.72%	+0.36%
7.125% ECOTRAN 16/02/26	9.35%	10.23%	+0.88%

Source: FBN UK Runs for 12 Jan 2024 and 05 Jan 2024

Nigerian Equities

The Nigerian equity market experienced an interesting bullish momentum, with positive sentiment touching across most tickers. Although, despite the uniformed profit taking, market reversed its course, as some investors bought into the pull back. Consequently, the All-Share Index (ASI) expanded by 4.24% w/w to settle at 83,042.96 points, yielding a Year-to-Date (YTD) return of 11.06%.

All Indices closed on a bullish note, except the Oil & Gas Index which lost 1.61%, w/w. Thus, the Banking, Industrial, and Consumer Goods Indices appreciated by 5.10%, 4.80%, and 9.60%, w/w respectively. This week, TRANSCORP led the total volume traded with 673.35 million units while the UBA led the value's chart with ₦10.18 billion.

Outlook: We expect market sentiment to remain bullish, while investors' stay cautious for a possible bearish bias.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦2.43 (or 2.43%) to \$/₦890.54 compared to \$/₦869.39 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Market was hugely impacted by Saudi Arabia's action to slash its prices. As a result, Oil prices are heading to a bearish close, despite the strikes against Iran-backed Houthis. As of writing, Brent has declined by +0.46% w/w to \$78.40 per barrel, and WTI fell by 1.10% w/w to US\$73.00 per barrel. Although Gold has closed higher by 0.25% w/w to US\$2,055.00 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
CADBURY	24.05	7.15	↑ 42.31%
VERITASKAP	0.53	0.15	↑ 39.47%
JBERGER	56.50	14.00	↑ 32.94%
TIP	1.84	0.44	↑ 31.43%
JAIZBANK	3.02	0.72	↑ 31.30%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
DAARCOMM	0.90	-0.39	↓ -30.23%
TOTAL	346.50	-38.50	↓ -10.00%
NEM	5.75	-0.60	↓ -9.45%
CWG	8.10	-0.83	↓ -9.29%
MAYBAKER	5.49	-0.46	↓ -7.73%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.54%	↑ 4.24%	↑ 11.06%	↑ 11.06%
NSE Banking Index	↑ 0.54%	↑ 5.10%	↑ 15.92%	↑ 15.92%
NSE Insurance Index	↑ 0.89%	↑ 7.63%	↑ 22.79%	↑ 22.79%
NSE Industrial Goods Index	↓ -0.07%	↑ 4.80%	↑ 8.55%	↑ 8.55%
NSE Consumer Goods Index	↑ 2.36%	↑ 9.60%	↑ 14.42%	↑ 14.42%
NSE Oil & Gas Index	↑ 0.19%	↓ -1.61%	↑ 1.34%	↑ 1.34%

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