

# Weekly Financial Market Update

**AICO CAPITAL**
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## MARKET COMMENTARY

### Money Market

System liquidity improved this week from ₦95.58 billion last week to ₦611.98 billion. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 739bps and 796bps to 14.86% and 15.29%, respectively, week-on-week.

**Outlook:** We expect interbank rates to stay at similar levels next week.

### Treasury Bills

The week in the treasury bills market began calmly, with limited trades mainly on the long end of the curve. Two CBN OMO auctions were announced, offering 100bn and 300bn, respectively. The first auction saw N100.80bn sold, while the second recorded a "no sale" due to elevated bid rates. The average mid-rate rose by 81bps week-on-week, concluding at 8.98%.

**Outlook:** We expect activity to be skewed to the NTB auction, as the DMO would be offering treasury bills worth ₦67.01 billion

### FGN Bonds

The local bond market was largely mixed to bullish this week, as interests reverberated across the 2029, 2033, 2037, 2038, and 2053 papers. Notably, activity intensified from mid-week till the end of the week. Nonetheless, average mid-yield fell marginally by c.1bp, to 14.93% w/w

**Outlook:** We expect similar sentiment to resurface next week.

### Eurobonds

The Eurobonds market displayed a bullish posture throughout the week, witnessing buy-side activities across Sub-Saharan Africa (SSA) and North African papers. Despite the ongoing narrative of potential rate cuts in the upcoming year, some Federal Reserve (Fed) speakers expressed reservations, deeming it premature to initiate interest rate cuts. Noteworthy from the African perspective, Angola's withdrawal from the OPEC+ bloc amid production quota disputes prompted mild selloffs; however, the market ultimately concluded the week with gains. Overall, the average mid-yield across the Nigerian curve declined by 16bps to settle at 9.60%, w/w.

**Outlook:** We expect next week's activity to be less active, in the absence of any major jitters, coupled with the festivities.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 21st December 2023)	14.2708%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
23-Dec-23	611.98	707.56
16-Dec-23	-95.58	

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)	32.79 (-11.59% 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, AICO Capital

Benchmark T-Bills Discount Rates			
	23-Dec-23	18-Dec-23	Change in Rates
76 days	5.11%	5.85%	+0.74%
167 days	7.53%	7.53%	(0.00%)
321 days	11.43%	12.35%	+0.92%

Source: FMDQ DQL for 22 Dec 2023 and 15 Dec 2023

Benchmark FGN Bond Yields			
	23-Dec-23	18-Dec-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.06%	13.07%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.68%	14.77%	+0.09%
20 yrs: 13.00% 21-Jan-2042	15.45%	15.53%	+0.08%
30 yrs: 12.98% 27-Mar-2050	16.09%	16.16%	+0.07%

Source: FMDQ DQL for 22 Dec 2023 and 15 Dec 2023

Benchmark FGN Eurobond Yields			
	21/12/2023*	18-Dec-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.00%	9.15%	+0.15%
10 yrs: NGERIA 7.875 02/16/32	9.67%	9.89%	+0.22%
15 yrs: NGERIA 7.696 23/02/38	10.00%	10.31%	+0.31%
30 yrs: NGERIA 9.248 01/21/49	10.31%	10.56%	+0.25%
7.125% ECOTRAN 16/02/26	10.04%	11.54%	+1.50%

Source: FBN UK Runs for 21\* Dec 2023 and 15 Dec 2023

## Nigerian Equities

The Nigerian equity market demonstrated a sustained bullish trend, driven by heightened buying activity, particularly in banking stocks. Thus, this resulted in the Banking Index achieving the highest weekly appreciation at 3.35%. Notable demand extended to AIRTELAFRI, MTNN, and TRANSCORP as well, recording growth rates of 4.87%, 2.04%, and an impressive 26.44%, respectively. Consequently, the market closed the week on a bullish note, with the All-Share Index (ASI) rising by 2.26% to reach 74,023.27 points, yielding a Year-to-Date (YTD) return of 44.43%.

The Industrial and Oil & Gas Indices posted gains of 0.33% and 0.09%, while the Consumer Goods Index declined by 0.70% week-on-week. Noteworthy in trading activities, TRANSCORP led in total volume traded with 208.20 million units, and GEREGU led in total value traded with ₦8.54 billion.

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

## Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦3.98 (or 0.45%) to \$/₦885.88 compared to \$/₦889.86 recorded last week.

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

## Commodities

The Houthi militants' attack on the Red Sea, a critical international shipping route, heightened concerns about potential oil supply disruptions. Later in the week, Angola's departure from OPEC contributed to a brief pullback in oil prices. However, crude oil prices are poised for a bullish conclusion this week, with Brent crude rising by +4.38% to \$79.90 per barrel, and WTI appreciating by 4.28% to US\$74.49 per barrel. Concurrently, Gold prices have also seen an uptick, appreciating by 1.96% to US\$2,075.70 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
INFINITY	4.53	1.71	↑ 60.64%
DAARCOMM	0.69	0.23	↑ 50.00%
MULTIVERSE	13.97	4.08	↑ 41.25%
TRANSCOHOT	63.80	16.90	↑ 36.03%
TRANSCORP	8.80	1.84	↑ 26.44%

Source: NGX, AIICO Capital

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

Name (Symbol)	Closing Price	Loss(N)	% Change
ABCTRANS	0.76	-0.15	↓ -16.48%
OMATEK	0.64	-0.09	↓ -12.33%
ETRANZACT	6.05	-0.85	↓ -12.32%
SOVRENINS	0.35	-0.04	↓ -10.26%
THOMASWY	2.65	-0.30	↓ -10.17%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.36%	↑ 2.26%	↑ 3.72%	↑ 44.43%
NSE Banking Index	↓ -0.78%	↑ 3.35%	↑ 18.66%	↑ 112.60%
NSE Insurance Index	↑ 1.17%	↑ 1.70%	↓ -1.81%	↑ 70.52%
NSE Industrial Goods Index	↓ -0.04%	↑ 0.33%	↓ -2.53%	↑ 12.85%
NSE Consumer Goods Index	↓ -0.08%	↓ -0.70%	↓ -0.36%	↑ 93.21%
NSE Oil & Gas Index	→ 0.00%	↑ 0.09%	↓ -0.71%	↑ 124.71%

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