

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

The market grappled with negative system liquidity over the course of the week. At the end of the week, opening system liquidity stood at -₦52.97 billion, from -₦527.96 billion estimated last week Friday. Although, the Open Repo Rate (OPR) and Overnight Rate (O/N) contracted by 452bps and 442bps to 17.58% and 18.83% week-on-week.

Outlook: We expect interbank rates to be mixed next week, amid FAAC credits and FGN bond auction funding.

Treasury Bills

Activity in the treasury bills market was relatively minimal this week, as most investors shifted their attention to the NTB auction. At the auction, the DMO offered c.₦231.82 billion and sold same. Moreso, the 91-Day, 182-Day and 364-Day papers were issued at 5.00%, 7.15% and 11.54%, respectively, implying a corresponding 256bps, 293bps and 314.1bps higher than the previous auction. Despite the surge in rates, market was stirred moderately, given that the stop rates were at similar levels with the secondary market rates. Towards the end of the week, the market laid bearish with a relaxing posture. Thus, the average mid-rate increased slightly by 2bps to 6.96% week-on-week.

Outlook: : We expect next week's activity to pace on a mixed note.

FGN Bonds

The FGN bond market was spurred by the January 2024 bond offer circular, which revealed a total offer of ₦360.00 billion (₦90.00 billion each) from the re-issuance of the 2027, 2029, 2033 and 2038 papers. In effect, this meant that the 2053 paper has been retired while the 2027 paper becomes the shortest dated auction paper, relative to the previous auction. Afterwards, market reaction was initially mixed, with buyside at the long-dated papers, and selling interests around the short end and belly of the curve. Subsequently, the yield curve was retraced higher following the NTB action result and the CBN governor's hawkish speech as regards a jumbo rate hike this year. At the close of the week, market closed bearish, as the average mid-yield rose by 52bps to 14.73% week-on-week.

Outlook: We expect the local bonds market to be stirred by the result of the bond auction scheduled for next week.

Eurobonds

The Eurobonds market traded sideways in the first half of the week. At mid-week, sentiment was bullish ahead of US's GDP growth rate for Q4 while the S&P's Flash services and manufacturing PMI printed higher than both the preceding period and market estimate. However, market toned bearish towards the end of the week, buoyed by the stronger-than-expected US GDP growth rate at 3.30% (Est. 2.0%) from 4.90% in Q3'2024. Also, the ECB's policy meeting concluded at holding rate at 4.50%, without a hint on rate cut. In Africa, the World Bank approved \$300mn in funding to help Ghana's economic recovery. Overall, Nigerian curve closed slightly bullish, as average mid-yield declined by 2bps to settle at 9.85%.

Outlook: The US Employment data is expected to be the highlight for investors next week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 24th January 2024)	13.2541%
Added Benefit		Personal accident insurance cover

Date	Sys. Liq. (₦'bn)	Diff.
26-Jan-24	-52.97	↑ 474.99
19-Jan-24	-527.96	

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)	33.35 (-10.05% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*81.99 (+4.37% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	26-Jan-24	19-Jan-24	Change in Rates
76 days	2.07%	2.06%	(0.01%)
167 days	3.26%	3.22%	(0.04%)
286 days	12.64%	4.73%	(7.91%)

Source: FMDQ DQL for 26 Jan 2024 and 19 Jan 2024

Benchmark FGN Bond Yields			
	26-Jan-24	19-Jan-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.49%	12.72%	(0.77%)
10 yrs: 12.50% 27-Apr-2032	14.30%	13.81%	(0.49%)
20 yrs: 13.00% 21-Jan-2042	15.39%	14.90%	(0.49%)
30 yrs: 12.98% 27-Mar-2050	15.25%	15.15%	(0.10%)

Source: FMDQ DQL for 26 Jan 2024 and 19 Jan 2024

Benchmark FGN Eurobond Yields			
	26-Jan-24	19-Jan-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.13%	9.13%	(0.00%)
10 yrs: NGERIA 7.875 02/16/32	9.96%	9.96%	(0.00%)
15 yrs: NGERIA 7.696 23/02/38	10.38%	10.38%	(0.00%)
30 yrs: NGERIA 9.248 01/21/49	10.53%	10.53%	(0.00%)
7.125% ECOTRAN 16/02/26	9.29%	9.29%	(0.00%)

Source: FBN UK Runs for 26 Jan 2024 and 19 Jan 2024

Nigerian Equities

The Nigerian equity market witnessed some profit taking in the banking stocks this week. However, the strong rally in DANGCEM (28.82%), SEPLAT (21.00%) and BUACEMENT (20.98%) restrained the impact of the bears and stirred the All-Share-Index (ASI) bullish, to cross 100,000 mark, after crossing 90,000 points last week. Consequently, the ASI gained 8.32% w/w, while the Year-to-Date return settled at 36.95% and market capitalization climbed to ₦56.04 trillion.

All indices closed on a bullish note, except the Banking Index, which recorded a 1.63% loss week-on-week. The Oil & Gas, Industrial, and Consumer Goods Indices appreciated by 11.57%, 23.20%, and 5.29%, respectively. TRANSCORP led the volume charts with 288.33 million units, while UBA led the value charts with ₦6.88 billion.

Outlook: We expect players to trade cautiously next week, given the absence of buy-side interest on ASI-heavy DANGCEM towards the end of the week, and the slight, however, persistent pull back in the banking sector noticed this week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦10.55 (or 1.17%) to \$/₦891.90 compared to \$/₦902.45 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are on pace for a weekly gain as U.S. economic growth and stimulus in China raise hopes for more robust crude demand this year. As of the latest data, Brent rose by +4.37% week-on-week to \$81.99 per barrel, while WTI increased by 4.48% to US\$76.70 per barrel. Meanwhile, Gold depreciated by 0.28% week-on-week, settling at US\$2,023.60 per ounce at the time of this report.

Outlook: We expect oil price to remain elevated next week, pending a bearish jitters.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
TRIPPLEG	2.83	0.69	↑ 32.24%
DANGCEM	694.10	155.30	↑ 28.82%
SUNUASSUR	2.25	0.45	↑ 25.00%
JAPAUFGOLD	3.08	0.58	↑ 23.20%
SEPLAT	3074.60	533.60	↑ 21.00%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
VERITASKAP	0.59	-0.18	↓ -23.38%
TIP	2.30	-0.64	↓ -21.77%
CADBURY	22.95	-6.05	↓ -20.86%
DEAPCAP	0.80	-0.19	↓ -19.19%
MCNICHOLS	1.48	-0.32	↓ -17.78%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.25%	↑ 8.32%	↑ 36.95%	↑ 36.95%
NSE Banking Index	↑ 1.19%	↓ -1.63%	↑ 13.89%	↑ 13.89%
NSE Insurance Index	↑ 2.82%	↓ -4.10%	↑ 35.35%	↑ 35.35%
NSE Industrial Goods Index	↑ 0.01%	↑ 23.20%	↑ 96.43%	↑ 96.43%
NSE Consumer Goods Index	↑ 0.71%	↑ 5.29%	↑ 30.33%	↑ 30.33%
NSE Oil & Gas Index	↑ 0.10%	↑ 11.57%	↑ 23.03%	↑ 23.03%

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