

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity stayed positive all through the week, although, liquidity declined by 69.46% from ₦611.98 billion last week to ₦186.90 billion. As a result, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 20bps and 18bps to 15.06% and 15.47%, respectively, week-on-week.

Outlook: We expect Interbank rates to ease in the interim, as expected FAAC credits should enhance liquidity in the system.

Treasury Bills

Following the yuletide holiday, the treasury bills kick-started at mid-week with the treasury bills auction, where the DMO sold ₦317.02 billion bills, despite offering ₦67.02 billion. At the end of the auction, the stop rates for the 91-Day paper increased by 75bps to 7.00%, while the stop rates for the 182, and 364-day papers declined by 100bps and 126bps to 10.0000% and 12.2400%, respectively. In the secondary market, activity was bullish, as buy-side interests dominated the long-dated papers. Overall, average mid-rate suffered 65bps to 8.33%, week-on-week.

Outlook: We expect the current sentiment to resurface next week.

FGN Bonds

The local bond market traded relatively bullish this week, as investors cherry-picked most on-the-runs maturities at attractive levels. Overall, average mid-yield declined by c.12bps, to 14.81%, week-on-week.

Outlook: We expect players to continue to trade cherry-pick on a cautious note, pending clarity on the rate expectation for 2024.

Eurobonds

The Eurobonds market exhibited a bullish sentiment this week, in the absence of any negative trigger against the Fed's dovish forward guideline. In addition to the bullish sentiment observed during the week, AFREXIM Bank supported Nigeria with \$2.25 billion to ease the nation's forex scarcity amid mounting economic challenges, an agreement signed by the Nigerian National Petroleum Company Limited (NNPC) in September. Accordingly, market closed on a bullish note, as the average mid-yield across the Nigerian curve shed 18bps to settle at 9.43%, week-on-week.

Outlook: The U.S employment data amongst other economic indicators should partly impact the market next week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 28th December 2023)	14.2507%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
29-Dec-23	186.90	↓ (425.08)
22-Dec-23	611.98	

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)	32.87 (-11.36% 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			
	29-Dec-23	22-Dec-23	Change in Rates
69 days	2.91%	5.11%	+2.20%
160 days	5.43%	7.53%	+2.10%
314 days	10.21%	11.43%	+1.22%

Source: FMDQ DQL for 29 Dec 2023 and 22 Dec 2023

Benchmark FGN Bond Yields			
	29-Dec-23	22-Dec-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.04%	13.06%	+0.02%
10 yrs: 12.50% 27-Apr-2032	14.20%	14.68%	+0.48%
20 yrs: 13.00% 21-Jan-2042	15.45%	15.45%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	16.09%	16.09%	(0.00%)

Source: FMDQ DQL for 29 Dec 2023 and 22 Dec 2023

Benchmark FGN Eurobond Yields			
	29-Dec-23	22-Dec-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.85%	9.00%	+0.15%
10 yrs: NGERIA 7.875 02/16/32	9.46%	9.67%	+0.21%
15 yrs: NGERIA 7.696 23/02/38	9.90%	10.00%	+0.10%
30 yrs: NGERIA 9.248 01/21/49	10.21%	10.31%	+0.10%
7.125% ECOTRAN 16/02/26	9.79%	10.04%	+0.25%

Source: FBN UK Runs for 29 Dec 2023 and 22 Dec 2023

Nigerian Equities

The Nigerian equity market witnessed a mixed sentiment this week, but settled on a bullish note, due to buying interests on several tickers, including MTNN (+5.60%). Consequently, the All-Share Index (ASI) expanded by 1.01% to settle at 74,773.77 points, yielding a Year-to-Date (YTD) return of 45.90%.

The Banking, Industrial and Oil & Gas Indices posted gains of 1.08%, 0.01%, and 0.37%, w/w respectively, while the Consumer Goods Index declined by 1.46%, week-on-week. Noteworthy in trading activities, JAIZBANK led in total volume traded with 109.39 million units, while GEREGU led in total value traded with ₦13.28 billion.

Outlook: We expect the mixed sentiment to persist.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦21.23 (or 2.40%) to \$/₦907.11 compared to \$/₦885.88 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are set to end 2023 about 10% lower, the first annual decline in two years, after geopolitical concerns, production cuts and global measures to rein in inflation triggered wild fluctuations in prices. As of writing, Brent has depreciated by +1.95% to \$77.53 per barrel, and WTI declined by 2.13% to US\$71.99 per barrel. However, Gold has advanced by 1.97% to US\$2,075.80 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
MULTIVERSE	18.57	4.60	↑ 32.93%
IMG	13.45	3.30	↑ 32.51%
INFINITY	6.00	1.47	↑ 32.45%
DAARCOMM	0.90	0.21	↑ 30.43%
UPDCREIT	6.40	1.45	↑ 29.29%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
DEAPCAP	0.58	-0.11	↓ -15.94%
UACN	12.85	-2.15	↓ -14.33%
RTBRISCOE	0.61	-0.06	↓ -8.96%
NAHCO	25.40	-1.45	↓ -5.40%
SUNUASSUR	1.10	-0.06	↓ -5.17%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.36%	↑ 1.01%	↑ 4.78%	↑ 45.90%
NSE Banking Index	↑ 1.12%	↑ 1.08%	↑ 19.94%	↑ 114.90%
NSE Insurance Index	↑ 2.85%	↑ 8.19%	↑ 6.24%	↑ 84.48%
NSE Industrial Goods Index	↑ 0.01%	↑ 0.01%	↓ -2.52%	↑ 12.86%
NSE Consumer Goods Index	↓ -1.42%	↓ -1.46%	↓ -1.81%	↑ 90.39%
NSE Oil & Gas Index	↑ 0.11%	↑ 0.37%	↓ -0.34%	↑ 125.54%

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