

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity remained negative, opening at -₦172.43 billion, compared with Friday's opening balance of -₦307.65 billion. Consequently, the Open Repo Rate increased by 190bps to 22.10%, and the Overnight Rate expanded by 170bps to 22.90%.

Outlook: We expect rates to stay elevated, pending any major inflows.

Treasury Bills

Activity in the treasury bills market was bearish, as selling interest dominated amid the recent hawkish posture by the CBN. In addition, ahead of this week's NTB auction, the DMO revised the NTB offer size from c.₦417.06 billion to ₦1 trillion, fuelling the notion that the trajectory for yields is on the uptrend. However, by close of trading, few bids resurfaced to cherry-pick the available offers. Overall, the average mid-yield soared by 186bps to settle at 13.38%.

Outlook: We expect market to trade cautiously tomorrow, ahead of Wednesday's NTB auction.

FGN Bonds

The FGN local bonds market also sustained significant selling interest, particularly across the 2029, 2037, 2038 and 2053 papers, as investors reacted to the revised NTB auction calendar and tight market liquidity. Towards close of trading, some demand was observed by real money players, as they cherry-picked the attractive offers. Generally, the average mid-yield increased by 76bps to 16.44%.

Outlook: We expect the bearish bias to persist.

Eurobonds

The Eurobonds market endured a bearish theme today, following Jerome Powell's affirmation on three rate cuts this year, in an interview with CBS over the weekend. Thus, the market interpreted the tone with selling interests across major papers in the SSA region, although the Egypt curve continued to trade bullish, driven by positive sentiments regarding their recent deal with IMF. Overall, the Nigeria's average mid-yield increased by 16bps to settle at 9.94%.

Outlook: We expect the speaking engagement of members of the Federal Reserve to continue to impact the market, subject to country-specific jitters.

Date	Sys. Liq. (₦bn)	Diff.
5-Feb-24	-172.43	↑135.22
2-Feb-24	-307.65	

Source: CBN

AiCO Money Market Fund (AMMF)

(As of 2nd February 2024)	13.1896%
Added Benefit	Personal accident insurance cover

Macro Indicators

GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (December'2023)	28.92% (Nov'23: 28.20%)
External Reserve (US\$ billion)	33.35 (-10.06% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*76.87 (-0.59% d/d)

Source: NBS, CBN, AiCO Capital

Benchmark T-Bills Discount Rates			
	05-Feb-24	02-Feb-24	Change in Rates
66 days	6.44%	5.10%	(1.34%)
157 days	8.89%	8.53%	(0.36%)
276 days	12.10%	13.30%	+1.20%

Source: FMDQ DQL for 05 February 2024

Benchmark FGN Bond Yields			
	05-Feb-24	02-Feb-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	15.54%	15.54%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	14.70%	14.70%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	17.01%	15.49%	(1.52%)
30 yrs: 12.98% 27-Mar-2050	16.15%	16.15%	(0.00%)

Source: FMDQ DQL for 05 February 2024

Benchmark FGN Eurobond Yields			
	05-Feb-24	02-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.27%	9.06%	(0.21%)
10 yrs: NGERIA 7.875 02/16/32	10.19%	9.92%	(0.27%)
15 yrs: NGERIA 7.696 23/02/38	10.50%	10.34%	(0.16%)
30 yrs: NGERIA 9.248 01/21/49	10.48%	10.44%	(0.04%)
7.125% ECOTRAN 16/02/26	9.34%	9.17%	(0.17%)

Source: FBN UK Runs for 05 February 2024

Nigerian Equities

The Nigerian bourse settled on a bearish note today, with a slight bullish bias on selected papers. Selling interest in NB (-2.56) and FBNH (-0.76%) drove the market to close bearish, as ASI lost 0.73% to settle at 103, 659.81 points while the year-to-date return declined to 38.63% and total market capitalization printed at ₦56.72 trillion.

Trading activity was negative, with a 10.81% decline in total volume and a 17.67% decline in total value. FBNH led both the volume and value charts with 332.30 million units and ₦8.95 billion. The Banking, and Consumer Indices declined by 2.30% and 0.03%, respectively, while the Industrial and Oil & Gas Indices closed relatively flat.

Outlook: *We expect a similar momentum tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by 1.09% (or ₦15.67) to \$/₦1,419.86 from \$/₦1,435.53 recorded last Friday.

Outlook: *We expect volatility to persist.*

Commodities

Oil prices fell today as the Federal Reserve moves carefully on interest rate cuts, and the U.S. pushes for an extended pause in the Israel-Hamas War. Brent crude was reported at \$76.97 per barrel, and West Texas Intermediate (WTI) at \$71.75 per barrel, as at printing time. Gold increased to \$2,034.80 per ounce as of printing time.

Outlook: *We expect the bearish sentiment to persist in the interim.*

Top 5 Equity Advancers				
Name (Symbol)	Closing Price	Gain(N)		% Change
MAYBAKER	6.93	0.63	↑	10.00%
CADBURY	22.00	2.00	↑	10.00%
DAARCOMM	0.77	0.07	↑	10.00%
MEYER	4.73	0.43	↑	10.00%
CORNERST	2.09	0.19	↑	10.00%

Source: NGX, AIICO Capital

Top 5 Equity Decliners				
Name (Symbol)	Closing Price	Loss(N)		% Change
ABBEYBDS	2.70	-0.29	↓	-9.70%
LIVESTOCK	1.87	-0.20	↓	-9.66%
FIDELITYBK	11.60	-1.20	↓	-9.37%
JAIZBANK	2.67	-0.23	↓	-7.93%
MTNN	274.00	-16.00	↓	-5.52%

Source: NGX, AIICO Capital

ers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.73%	↓ -0.97%	↑ 2.48%	↑ 38.63%
NSE Banking Index	↓ -2.30%	↓ -5.73%	↑ 9.94%	↑ 6.23%
NSE Insurance Index	↑ 2.67%	↓ -0.59%	↑ 9.56%	↑ 33.31%
NSE Industrial Goods Index	↑ 0.00%	↓ -0.28%	↑ 0.51%	↑ 108.92%
NSE Consumer Goods Index	↓ -0.03%	↑ 1.52%	↑ 6.16%	↑ 31.98%
NSE Oil & Gas Index	→ 0.00%	↓ -2.35%	↑ 0.03%	↑ 20.00%

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