

Daily Financial Market Update

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AICO CAPITAL

MARKET COMMENTARY

Money Market

Opening system liquidity increased by 144.73% to ₦126.66 billion long today, buoyed by bilateral swap maturities. However, the Open Repo Rate increased by 308bps to 19.08%, and the Overnight Rate soared by 283bps to 19.83%.

Outlook: We expect rates to nudge higher tomorrow, as the NTB auction funding should impact liquidity.

Treasury Bills

In today's session, the bulk of activity was concentrated at the primary market, due to the massive increase in offer size from c.₦417.06 billion to ₦1 trillion. At the backdrop of the calm session was bearish sentiment, as quotes repriced higher, suggesting market anticipation for a higher stop rate, considering the intended allotment. Consequently, the average mid-yield increased by 229bps to settle at 15.34%.

Outlook: Market is expected to reprice higher in yields tomorrow, given the drastic uptick in stop rates at the end of today's NTB auction.

FGN Bonds

In light of jitters around the NTB auction today, the FGN local bonds market traded cautiously, although, with minimal cherry-picking activity on selected papers, including the 2038, 2049 and 2053 maturities. At the closing bell, market settled slightly bullish, as the average mid-yield decreased by c.27bps to close at 16.27%.

Outlook: We expect sentiment in the treasury bills market to partly impact the bonds market tomorrow, particularly the short-dated papers.

Eurobonds

The Eurobonds market posted a bullish sentiment across major African papers, due to positive country-specific catalysts, amidst lingering U.S dovish outlook in the medium to long term. The Central Bank of Nigeria's quick fix to significantly clear foreign-currency backlog as well as recent policy to drastically ease the spontaneous CRR debits, supported foreign investors' optimism. Egypt's persistent and gradual increase in its external reserves sends positive signals to investors. Kenya's open tender to repurchase the June 2024 paper sparked buying interests across the yield curve. Overall, the Nigeria's average mid-yield fell by 6bps to settle at 9.73%.

Outlook: We expect the bullish sentiment to linger tomorrow at similar pace.

Date	Sys. Liq. (₦bn)	Diff.
7-Feb-24	126.66	↑ 74.91
6-Feb-24	51.76	

Source: CBN

AICO Money Market Fund (AMMF)

(As of 6th February 2024)	13.2685%
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)	33.17 (-10.55% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*79.01 (+0.53% d/d)

Source: NBS,CBN, AICO Capital

Benchmark T-Bills Discount Rates

	07-Feb-24	06-Feb-24	Change in Rates
64 days	7.52%	7.52%	(0.00%)
155 days	11.02%	11.02%	(0.00%)
274 days	12.10%	12.10%	(0.00%)

Source: FMDQ DQL for 07 February 2024

Benchmark FGN Bond Yields

	07-Feb-24	06-Feb-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	16.02%	16.02%	(0.00%)
10 yrs: 12.50% 27-Apr-2032	14.70%	14.70%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	16.80%	17.01%	+0.21%
30 yrs: 12.98% 27-Mar-2050	16.15%	16.15%	(0.00%)

Source: FMDQ DQL for 07 February 2024

Benchmark FGN Eurobond Yields

	07-Feb-24	06-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.03%	9.11%	+0.08%
10 yrs: NGERIA 7.875 02/16/32	9.97%	10.07%	+0.10%
15 yrs: NGERIA 7.696 23/02/38	10.24%	10.28%	+0.04%
30 yrs: NGERIA 9.248 01/21/49	10.31%	10.36%	+0.05%
7.125% ECOTRAN 16/02/26	9.34%	9.34%	(0.00%)

Source: FBN UK Runs for 07 February 2024

Nigerian Equities

The Nigerian bourse witnessed a much lesser activity in today's session, as market players tilted interests to the fixed income market, given the expectation for a repricing at profitable levels. Meanwhile, the All-Share Index (ASI) ranged in today's session, after hitting 0.40% at mid-day, market eased to close relatively flat at 102,106.31 points from 102,108.05 points yesterday, while the year-to-date return settled at 36.55% from 36.56% yesterday. The total market capitalization remained unchanged at c. ₦55.87 trillion.

Accordingly, trading activity was negative, with a 30.81% decline in total volume and a 15.68% decline in total value. TRANSCORP led the volume chart with 39.90 million units while GTCO led the value charts with ₦1.02 billion. The Banking, and Industrial Indices declined by 1.45% and 0.10%, respectively, while the Consumer Index gained 1.32% and the Oil & Gas Index flattened.

Outlook: *We expect a similar momentum tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by 1.05% (or ₦15.11) to \$/₦1,418.78 from \$/₦1,433.78 recorded yesterday.

Outlook: *We expect volatility to persist.*

Commodities

Crude oil futures increased for a third day as U.S. production this year is expected to grow less than expected, easing worries that the market is oversupplied. Brent crude was reported at \$79.01 per barrel, and West Texas Intermediate (WTI) at \$73.71 per barrel, as at printing time. Gold increased to \$2,055.30 per ounce as of printing time.

Outlook: *We expect geopolitical tensions to continue to weigh on crude oil prices.*

Top 5 Equity Advancers					
Name (Symbol)	Closing Price	Gain(N)		% Change	
MEYER	5.72	0.52	↑	10.00%	
TRIPPLEG	4.13	0.37	↑	9.84%	
JULI	0.84	0.07	↑	9.09%	
CORNERST	2.23	0.18	↑	8.78%	
AFRIPRUD	8.75	0.70	↑	8.70%	

Source: NGX, AIICO Capital

Top 5 Equity Decliners					
Name (Symbol)	Closing Price	Loss(N)		% Change	
AIICO	1.18	-0.13	↓	-9.92%	
CADBURY	21.90	-2.30	↓	-9.50%	
GUINEAINS	0.51	-0.05	↓	-8.93%	
TANTALIZER	0.42	-0.04	↓	-8.70%	
HONYFLOUR	4.01	-0.30	↓	-6.96%	

Source: NGX, AIICO Capital

ers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ 0.00%	↑ 0.94%	↑ 0.94%	↑ 36.55%
NSE Banking Index	↓ -1.45%	↑ 5.90%	↑ 5.90%	↑ 2.32%
NSE Insurance Index	↓ -1.49%	↑ 6.86%	↑ 6.86%	↑ 30.02%
NSE Industrial Goods Index	↓ -0.10%	↓ -3.40%	↓ -3.40%	↑ 100.79%
NSE Consumer Goods Index	↑ 1.32%	↑ 7.33%	↑ 7.33%	↑ 33.44%
NSE Oil & Gas Index	→ 0.00%	↑ 0.03%	↑ 0.03%	↑ 20.00%

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