

# Daily Financial Market Update

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## MARKET COMMENTARY

### Money Market

The NTB auction debit caused a significant decline in opening system liquidity, plunging to a deficit of ₦390.63 billion today, down from the positive opening balance of ₦126.66 billion yesterday. Thus, the Open Repo Rate increased by 542bps to 24.50%, and the Overnight Rate soared by 596bps to 25.79%.

**Outlook:** *We expect rates to stay elevated tomorrow.*

### Treasury Bills

The Treasury bills market initially showed a modestly bearish trend during the early trading hours. However, as the day unfolded, there was a resurgence of bids, particularly for the newly issued 1-year paper, initially at 17.00% levels before eventually settling below 17.00%. Investors sought to capitalize on the appealingly priced papers. Overall, the average mid-rate experienced a decrease of c.112 bps, closing at 14.18%.

**Outlook:** *We expect the market to trade sideways tomorrow.*

### FGN Bonds

The local bonds market endured a mixed posture with wide bid-ask spreads. Although there was some interest noted in the 2038 and 2053 papers, executed volumes remained limited. Thus, the average mid-yield nudged by c.36bps to close at 16.63%.

**Outlook:** *We expect a similar occurrence in tomorrow's session.*

### Eurobonds

In today's session, the Eurobonds market continued its bullish trend, with buying interest evident across the yield curve. However, Kenya's bonds experienced a bearish tone following yesterday's surge in demand due to a repurchase tender offer. Conversely, North African bonds maintained a bullish sentiment, while South Africa saw minor selling activity. Overall, Nigeria's average mid-yield declined by 6 basis points, closing at 9.67%.

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

Date	Sys. Liq. (₦'bn)	Diff.
8-Feb-24	-390.63	↓(517.29)
7-Feb-24	126.66	

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	*80.80 (+1.01% d/d)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	08-Feb-24	07-Feb-24	Change in Rates
63 days	12.45%	7.52%	(4.93%)
154 days	15.00%	11.02%	(3.98%)
273 days	12.10%	12.10%	(0.00%)

Source: FMDQ DQL for 08 February 2024

Benchmark FGN Bond Yields			
	08-Feb-24	07-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%	16.80%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	16.15%	16.15%	(0.00%)

Source: FMDQ DQL for 08 February 2024

Benchmark FGN Eurobond Yields			
	08-Feb-24	07-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.99%	9.03%	+0.04%
10 yrs: NGERIA 7.875 02/16/32	9.90%	9.97%	+0.07%
15 yrs: NGERIA 7.696 23/02/38	10.18%	10.24%	+0.06%
30 yrs: NGERIA 9.248 01/21/49	10.19%	10.31%	+0.12%
7.125% ECOTRAN 16/02/26	9.35%	9.34%	(0.01%)

Source: FBN UK Runs for 08 February 2024

## Nigerian Equities

The Nigerian equity market exhibited a bearish sentiment today, as ASI lost 0.86% to settle at 101, 227.66 points while the year-to-date return contracted to c.35.86% and total market capitalization was valued at ₦55.39 trillion. To buttress, STERLINGNG, NASCON, TRANSCORP, and DANGCEM significantly impacted the pull-back.

Overall, trading activity was positive, with a 39.91% increase in total volume and a 11.97% increase in total value. UNIVINSURE led the volume chart with 42.77 million units while ZENITHBANK led the value charts with ₦1.12 billion. The Banking, and Industrial Indices declined by 2.33% and 0.30%, respectively, while the Consumer Goods and Oil & Gas Indices shed 1.90% and 0.49%, respectively.

**Outlook:** *We expect a similar momentum tomorrow.*

## Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by 5.55% (or ₦78.69) to \$/₦1,497.47 from \$/₦1,418.78 recorded yesterday.

**Outlook:** *We expect volatility to persist.*

## Commodities

Crude oil futures prices rose for the fourth day in a row after the U.S. killed a militant commander in Iraq and Israel rejected a ceasefire proposal by Hamas. Brent crude reached \$80.72 per barrel, while West Texas Intermediate (WTI) stood at \$75.27 per barrel at the time of reporting. Additionally, the price of gold surged to \$2,045.60 per ounce at the same 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	6.29	0.57	↑	9.97%
JULI	0.92	0.08	↑	9.52%
TANTALIZER	0.44	0.02	↑	4.76%
REDSTAREX	3.85	0.15	↑	4.05%
LASACO	2.63	0.09	↑	3.54%

Source: NGX, AIICO Capital

Top 5 Equity Decliners				
Name (Symbol)	Closing Price	Loss(N)		% Change
CONHALLPLC	1.44	-0.16	↓	-10.00%
UNITYBNK	2.52	-0.28	↓	-10.00%
STERLINGNG	5.31	-0.59	↓	-10.00%
NASCON	58.50	-6.50	↓	-10.00%
ETERNA	19.90	-2.20	↓	-9.95%

Source: NGX, AIICO Capital

ers	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.86%	↓ -1.53%	↑ 0.07%	↑ 35.38%
NSE Banking Index	↓ -2.33%	↓ -4.07%	↑ 3.43%	↓ -0.06%
NSE Insurance Index	↓ -4.19%	↑ 0.20%	↑ 2.38%	↑ 24.58%
NSE Industrial Goods Index	↓ -0.30%	↓ -4.03%	↓ -3.69%	↑ 100.19%
NSE Consumer Goods Index	↓ -1.90%	↑ 0.87%	↑ 5.28%	↑ 30.89%
NSE Oil & Gas Index	↓ -0.49%	↓ -0.48%	↓ -0.46%	↑ 19.41%

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