

Daily Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity deteriorated further, starting at a deficit of ₦1.31 trillion compared to yesterday's ₦641.23 billion. This decline was primarily attributed to the settlement of the Nigerian Treasury Bills (NTB) auction, resulting in c.₦1.59 trillion being withdrawn from the system. Consequently, the Open Repo Rate and Overnight Rate increased by c.100 bps and c.108 bps to 25.50% and 26.50%, respectively.

Outlook: We expect rates to stay elevated in the interim.

Treasury Bills

Activity in the treasury bills market exhibited a mixed performance, with a slight bullish sentiment prevailing. Initially, auction winners sought to capitalize on their gains, particularly in the recently issued 182 and 364-day papers, partly due to constraints in securing funding to maintain their positions over an extended period. However, as the day progressed, there was a resurgence of interest from the buy-side, selectively targeting attractively priced securities. Overall, the average mid-rate increased by c.99bps to settle at 15.09%.

Outlook: Tomorrow's session is expected to post a similar theme, albeit leaning more to a bearish stance ahead of next week's MPC meeting.

FGN Bonds

The FGN local bond market endured mixed to bearish sentiments, marked by prevalent selling activities notably seen in the 2034, 2038, and 2053 papers. Nevertheless, some buyers cautiously selected high-yielding securities. Ultimately, the average mid-yield edged up by 21bps to settle at 17.34%.

Outlook: We expect a bearish bias in tomorrow's session.

Eurobonds

The Eurobonds market slightly recovered in today's trading session with noticeable buy-side interest across the curve, given the cautious approach to rate cut as disclosed by the minutes of the last FOMC meeting. Consequently, Nigeria's average mid-yield declined by 4bps to close at 9.81%.

Outlook: We expect activity to ease tomorrow, due to the absence of significant market-moving events.

Date	Sys. Liq. (₦bn)	Diff.
22-Feb-24	-1,309.31	↓(668.08)
21-Feb-24	-641.23	

Source: CBN

AIICO Money Market Fund (AMMF)	
(As of 21st February 2024)	13.6287%
Added Benefit	Personal accident insurance cover

Macro Indicators	
GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (January 2024)	29.90% (Dec'23: 28.92%)
External Reserve (US\$ billion)	33.39 (+1.45% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*83.43 (-0.16% d/d)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	22-Feb-24	21-Feb-24	Change in Rates
77 days	14.67%	13.96%	(0.71%)
154 days	15.95%	13.75%	(2.20%)
294 days	16.95%	16.23%	(0.72%)

Source: FMDQ DQL for 22 February 2024

Benchmark FGN Bond Yields			
	22-Feb-24	21-Feb-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	16.70%	16.50%	(0.20%)
10 yrs: 12.50% 27-Apr-2032	15.76%	15.76%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	17.78%	17.78%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	17.88%	17.88%	(0.00%)

Source: FMDQ DQL for 22 February 2024

Benchmark FGN Eurobond Yields			
	22-Feb-24	21-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.14%	9.18%	+0.04%
10 yrs: NGERIA 7.875 02/16/32	10.03%	10.08%	+0.05%
15 yrs: NGERIA 7.696 23/02/38	10.29%	10.35%	+0.06%
30 yrs: NGERIA 9.248 01/21/49	10.30%	10.33%	+0.03%
7.125% ECOTRAN 16/02/26	9.98%	9.97%	(0.01%)

Source: ZENITH UK Runs for 22 February 2024

Nigerian Equities

The Nigerian equity market resumed its bearish course today, given the dominance of the bears over the bulls (28 decliners vs 20 advancers). To quantify, the All-Share Index (ASI) shed 0.12% to settle at 101,239.10 points, with the year-to-date return settling at 35.39% and total market capitalization valued at ₦55.40 trillion.

Trading activity was relatively weaker compared to yesterday's, with -16.43% and -24.54% in total volume and value traded, respectively. FBNH led both the volume and value charts, recording 31.86 million units traded valued at ₦917.27 million. Across sectors the Industrial sector gained 0.04% while the Oil & Gas Index flattened. In contract, the Banking and Consumer Goods Indices declined by 0.44% and 0.08%, respectively.

Outlook: *We expect a similar momentum tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by 1.86% (or ₦28.73) to \$/₦1,571.31 from \$/₦1,542.58 recorded yesterday.

Outlook: *We expect volatility to persist.*

Commodities

Oil prices increased, as signs point to tightening global crude market. Brent crude reached \$83.18 per barrel, while West Texas Intermediate (WTI) stood at \$78.12 per barrel at the time of reporting. The price of gold increased to \$2,031.30 per ounce at the same time.

Outlook: *We expect the fluctuation to linger, as geopolitical conflicts remain in the picture.*

Top 5 Equity Advancers			
Name (Symbol)	Closing Price	Gain(N)	% Change
OMATEK	0.77	0.07	↑ 10.00%
SUNUASSUR	2.09	0.19	↑ 10.00%
JULI	2.13	0.19	↑ 9.79%
CAVERTON	1.84	0.16	↑ 9.52%
NEM	6.60	0.55	↑ 9.09%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
DAARCOMM	0.72	-0.08	↓ -10.00%
WEMABANK	7.80	-0.86	↓ -9.93%
PZ	24.60	-2.70	↓ -9.89%
ACADEMY	1.74	-0.19	↓ -9.84%
MORISON	1.85	-0.20	↓ -9.76%

Source: NGX, AIICO Capital

Index	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.12%	↓ -2.75%	↑ 0.08%	↑ 35.39%
NSE Banking Index	↓ -0.44%	↓ -2.03%	↑ 0.56%	↓ -2.83%
NSE Insurance Index	↓ -0.22%	↓ -9.46%	↓ -1.59%	↑ 19.74%
NSE Industrial Goods Index	↑ 0.04%	↓ -7.94%	↓ -12.94%	↑ 80.96%
NSE Consumer Goods Index	↓ -0.08%	↑ 4.00%	↑ 15.36%	↑ 43.42%
NSE Oil & Gas Index	→ 0.00%	↓ -0.31%	↑ 4.88%	↑ 25.80%

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