

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity was supported by bilateral swap maturities during the week, despite NTB auction funding. For context, system liquidity increased from ₦307.65 billion to ₦117.33 billion at the close of this week. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 470bps and 420bps to 15.15% and 17.00% week-on-week.

Outlook: We expect interbank rates to hover at similar levels.

Treasury Bills

This week's primary catalyst was the NTB auction, with the DMO revising the offer size to ₦1 trillion from c.₦417.06 billion. Market sentiment turned bearish ahead of the auction, anticipating a rise in stop rates. Eventually, the DMO sold ₦1 trillion, driving rates for the 91, 182, and 364-Day papers to 17.24%, 18.00%, and 19.00% respectively from 5.00%, 7.15% and 11.54% recorded at the previous auction. Post-auction, secondary market rates were repriced, resulting in a 285-bps increase in the average mid-rate to 14.38%.

Outlook: We expect a mixed activity next week.

FGN Bonds

Events in the treasury bills market influenced the FGN local bond market. The week started with a bearish tone, though less intense. Subsequent days saw mixed sentiment, with focus on specific papers. Notably, trading activity centered on the 2029, 2037, 2038, 2049, and 2053 papers. The average mid-yield rose by 79 bps week-on-week to reach 16.54%.

Outlook: We expect a similar sentiment next week.

Eurobonds

The Eurobonds market started off bearish, following Jerome Powell's affirmation on three rate cuts this year, in an interview with CBS. Subsequently, market sentiment partly tilted to a bullish theme due to market-friendly policies, including the CBN's fulfilment of foreign-currency obligation amongst others. In addition, Egypt's persistent and gradual increase in its external reserves sends positive signals to investors, while Kenya's open tender to repurchase the June 2024 paper sparked buying interests across the yield curve. Overall, market settled on a bullish note as average mid-yield fell by 14bps to settle at 9.64%.

Outlook: We expect the U.S core inflation report to determine the direction of the market next week.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 8th February 2024)	13.4138%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
9-Feb-24	117.33	
2-Feb-24	-307.65	↑ 424.98

Source: CBN

Macro Indicators	
GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (December'2023)	28.20% (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	*81.72 (+5.68% w/w)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	06-Feb-24	30-Jan-24	Change in Rates
90 days	13.96%	7.20%	(6.76%)
160 days	14.95%	9.65%	(5.30%)
300 days	16.36%	13.40%	(2.96%)

Source: FMDQ DQL for 09 Feb 2024 and 02 Feb 2024

Benchmark FGN Bond Yields			
	06-Feb-24	30-Jan-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	16.02%	15.54%	(0.48%)
10 yrs: 12.50% 27-Apr-2032	14.70%	14.70%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	16.80%	15.49%	(1.31%)
30 yrs: 12.98% 27-Mar-2050	16.15%	16.15%	(0.00%)

Source: FMDQ DQL for 09 Feb 2024 and 02 Feb 2024

Benchmark FGN Eurobond Yields			
	06-Feb-24	30-Jan-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.91%	9.06%	+0.15%
10 yrs: NGERIA 7.875 02/16/32	9.85%	9.92%	+0.07%
15 yrs: NGERIA 7.696 23/02/38	10.15%	10.34%	+0.19%
30 yrs: NGERIA 9.248 01/21/49	10.21%	10.44%	+0.23%
7.125% ECOTRAN 16/02/26	9.36%	9.17%	(0.19%)

Source: FBN UK Runs for 09 Feb 2024 and 02 Feb 2024

Nigerian Equities

The Nigerian equity market experienced profit taking for the most part of the week, with slight buyside interests on tickers with upside potentials. Thus, the ASI declined by 2.45% w/w, while the Year-to-Date return settled at 36.22% and market capitalization was reported at ₦55.74 trillion. The banking and Industrial Indices drove the market to close bearish this week.

To quantify, the Industrial and Consumer Goods Indices declined 4.16% and 0.14%, respectively, week-on-week, while Banking and Oil & Gas Indices shed 6.86% and 0.40%, respectively, w/w. FBNH led both the volume and value charts with 403.17 million units and ₦10.73 billion.

Outlook: We expect the bearish sentiment to persist next week, as investors should continue to take profit while awaiting dividend declaration.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦34.44 (or 2.40%) to \$/₦1,435.53 compared to \$/₦1,435.53 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are poised to post a weekly again as hopes for a ceasefire in the Israel-Hamas war appeared to fade. As of the latest data, Brent fell by 7.56% week-on-week to \$77.23 per barrel, while WTI declined by 7.49% to US\$72.17 per barrel. Meanwhile, Gold appreciated by 1.78% week-on-week, settling at US\$2,053.30 per ounce at the time of this report.

Outlook: We expect oil price to remain elevated next week, pending a bearish jitter.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
MEYER	6.91	2.61	↑ 60.70%
JULI	1.01	0.31	↑ 44.29%
GEREGU	675.90	107.90	↑ 19.00%
CORNERST	2.23	0.33	↑ 17.37%
MAYBAKER	7.04	0.74	↑ 11.75%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
ETERNA	17.95	-4.15	↓ -18.78%
ABBEYBDS	2.44	-0.55	↓ -18.39%
UNITYBNK	2.31	-0.50	↓ -17.79%
MBENEFIT	0.61	-0.13	↓ -17.57%
STERLINGNG	5.58	-1.02	↓ -15.45%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.62%	↓ -2.45%	↑ 0.70%	↑ 36.22%
NSE Banking Index	↑ 1.34%	↓ -6.86%	↑ 4.81%	↑ 1.28%
NSE Insurance Index	↑ 2.69%	↓ -1.48%	↑ 5.13%	↑ 27.92%
NSE Industrial Goods Index	↑ 0.02%	↓ -4.16%	↓ -3.67%	↑ 100.23%
NSE Consumer Goods Index	↑ 0.72%	↓ -0.14%	↑ 6.04%	↑ 31.83%
NSE Oil & Gas Index	↑ 0.09%	↓ -0.40%	↓ -0.37%	↑ 19.52%

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