

Weekly Financial Market Update



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MARKET COMMENTARY

Money Market

After a positive open at the start of the week, system liquidity deteriorated significantly due to the substantial debits from the settlement of the NTB and FGN bond auction winnings. Specifically, opening system liquidity declined from ₦77.17 billion last week to -₦64.76 billion at the close of this week. Thus, the Open Repo Rate (OPR) rose by 866 bps to 24.91%, while the Overnight Rate (O/N) expanded by 882 bps to 25.75% week-on-week.

Outlook: We expect the interbank rates to ease next week, as the expected FAAC inflows and Coupon payments on 23-Feb-2028 FGN bond should improve market liquidity.

Treasury Bills

At the NTB auction this week, the DMO allotted treasury bill papers totalling ₦1.59 trillion unexpectedly, despite ₦265.99 billion offered. The 364-Day paper was issued at 19.00% discounted rate, maintaining parity with the preceding auction. However, the stop rate on the 91-Day and 182-Day papers declined slightly by 24bps to 17.00% and 50bps to 17.50%, respectively. The rest of the week traded with a mixed momentum, albeit, skewed to a bearish bias amidst tight system liquidity. At the end of the week, market settled on a bearish note, as average mid-rate increased by 152bps to settle at 15.09%.

Outlook: We expect the treasury bills market to post mixed sentiments next week with a bearish backdrop, as the focus shifts to the MPC meeting.

FGN Bonds

This week, the primary focus in the local bonds market was the FGN bonds auction. The DMO aimed to raise ₦2.50 trillion through two new issuances, namely the 2031 and 2034 bonds. However, the auction, which extended beyond its scheduled date due to lacklustre subscription on the first day, resulted in the DMO raising c.₦1.494 trillion across both bonds. The stop rates were set at 18.50% for the 2031 bonds and 19.00% for the 2034 bonds. Total subscription fell significantly short at c.₦1.90 trillion. Following the auction, the market experienced mixed to bearish sentiments as tight liquidity conditions led to limited executed trades. Consequently, the average mid-yield rose by 54 bps week-on-week, to close at 17.25%.

Outlook: While the bearish bias is expected to persist next week, investors will keep a keen eye on the decisions at the MPC meeting.

Eurobonds

Throughout the week, Eurobonds predominantly experienced a bearish trend, primarily due to apprehension preceding the release of the FOMC minutes. As the week progressed, there was a partial market recovery prompted by a cautious stance on rate cuts revealed in the minutes. Conversely, in the North African region, bullish sentiments prevailed for most of the week, propelled by a string of positive developments. Notably, news emerged of an agreement between the United Arab Emirates and Egypt to develop premium land along Egypt's Mediterranean coast, with Abu Dhabi wealth fund ADQ leading a consortium planning to invest \$35 billion. Overall, the Nigerian market settled bearish as average mid-yield increased by c. 22bps to settle at 9.77%.

Outlook: The U.S GDP data for Q4'2023, PCE Price Index and a slew of speaking engagements are expected to be at the spotlight for investors in the coming week.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 22nd February 2024)	13.6214%
Added Benefit		Personal accident insurance cover

Date	Sys. Liq. (₦'bn)	Diff.
23-Feb-24	-964.76	↓(1,041.94)
16-Feb-24	77.18	

Macro Indicators		
GDP (Q4 2023)	+3.46% (Q3: 2023 +2.54% y/y)	
Inflation (December'2023)	28.20% (Nov'23: 28.20%)	
External Reserve (US\$'billion)	33.45 (-1.62% YTD)	
Monetary Policy Rate	18.75%	
Cash Reserve Requirement (CRR)	32.50%	
Brent Crude Price US\$/bbl	*82.36 (+5.68% w/w)	

Source: NBS,CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	23-Feb-24	16-Feb-24	Change in Rates
76 days	13.62%	13.96%	+0.34%
153 days	15.15%	13.75%	(1.40%)
293 days	17.19%	16.23%	(0.96%)

Source: FMDQ DQL for 23 Feb 2024 and 16 Feb 2024

Benchmark FGN Bond Yields			
	23-Feb-24	16-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%	15.75%	(0.01%)
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 23 Feb 2024 and 16 Feb 2024

Benchmark FGN Eurobond Yields			
	23-Feb-24	16-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.10%	8.88%	(0.22%)
10 yrs: NGERIA 7.875 02/16/32	10.00%	9.78%	(0.22%)
15 yrs: NGERIA 7.696 23/02/38	10.23%	10.15%	(0.08%)
30 yrs: NGERIA 9.248 01/21/49	10.25%	10.12%	(0.13%)
7.125% ECOTRAN 16/02/26	9.38%	9.38%	(0.00%)

Source: FBN UK Rms for 23 Feb 2024 and 16 Feb 2024

Nigerian Equities

The Nigerian stock market experienced a significant downturn characterized by aggressive profit-taking across various stocks, notably OANDO (-10.98%), NB (-10.53%), DANGCEM (-10.00%), MTNN (-10.00%), and OKOMUOIL (-10.00%), among others. Consequently, the All-Share Index (ASI) witnessed a week-on-week decline of 3.44%, closing at 102,088.07 points. The year-to-date return settled at 36.53%, with market capitalization reported at ₦55.86 billion.

Further, GTCO led both the volume and value charts with 122.41 million units and ₦4.79 billion, respectively. Across the sectors, the Banking and Industrial Indices lost 2.10% and 7.94%, while the Consumer Goods and Oil & Gas Indices gained 2.01%, & 0.01%, respectively, week-on-week.

Outlook: We expect the bearish bias to persist next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦127.54 (or 8.29%) to \$/₦1,665.50 compared to \$/₦1,537.96 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are poised for a weekly decrease as the US Federal Reserve shows no urgency in reducing interest rates. Brent crude fell by 1.33% week-on-week to \$82.36 per barrel, while WTI dropped by 2.45% to \$77.25 per barrel over the same period. Conversely, gold prices are expected to end the week higher, propelled by a generally weaker US dollar and escalating tensions in the Middle East, which have boosted the appeal of the precious metal. As of the latest update, the price of gold has surged by 0.55% to \$2,035.30 per ounce during this timeframe.

Outlook: We expect the oil prices to maintain similar levels next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
JULI	2.34	0.87	↑ 59.18%
SUNUASSUR	2.09	0.31	↑ 17.42%
FBNH	31.00	3.00	↑ 10.71%
GEREGU	985.00	84.00	↑ 9.32%
PRESTIGE	0.62	0.05	↑ 8.77%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
MORISON	1.67	-0.81	↓ -32.66%
CONHALLPLC	1.25	-0.30	↓ -19.35%
STERLINGNG	4.35	-1.00	↓ -18.69%
ABCTRANS	0.75	-0.15	↓ -16.67%
GUINEAINS	0.40	-0.08	↓ -16.67%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.84%	↓ -3.44%	↑ 0.92%	↑ 36.53%
NSE Banking Index	↑ 0.67%	↓ -2.10%	↑ 1.24%	↓ -2.18%
NSE Insurance Index	↓ -0.09%	↓ -8.91%	↓ -1.68%	↑ 19.63%
NSE Industrial Goods Index	→ 0.00%	↓ -7.94%	↓ -12.94%	↑ 80.96%
NSE Consumer Goods Index	↑ 4.05%	↑ 2.01%	↑ 20.03%	↑ 49.23%
NSE Oil & Gas Index	→ 0.00%	↑ 0.01%	↑ 4.88%	↑ 25.80%

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