

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

For the most part of the week, system liquidity reported a deficit balance, with today's balance at -₦93.57 billion from -₦964.76 billion recorded last Friday. This was despite inflows from FAAC credit. Hence, the Open Repo Rate (OPR) rose by 225 bps to 27.16%, while the Overnight Rate (O/N) expanded by 244 bps to 28.19% week-on-week.

Outlook: We expect interbank rates to shoot higher next week, given the huge OMO issuance at the close of the week, despite the negative liquidity balance.

Treasury Bills

The treasury bills market closed the week bearish, as the average mid-rate increased by c.126bps week-on-week, to settle at 17.06%. To expatiate, market traded bullish at the start of the week, and sailed calmly as market awaited the interest rate decision by the monetary committee. The MPC decided to raise the monetary policy rate by 400bps to 22.75%. Accordingly, market yield trended higher in most trading sessions, despite some cherry-picking activities. The week concluded with OMO bills auction, where the CBN offered ₦500.00 billion bills but sold ₦1,056.30 billion, of which 96% was sold from the 361-Day paper. In addition, the stop rates across the short, medium, and long-dated papers were higher than the previous auction; Short: 19.00% (vs 10.00%), Mid: 19.50%, (vs 13.50%) and Long: 21.50% (vs 17.50%).

Outlook: We expect the treasury bills market to stay bearish next week, coupled with the expectation for a higher rate at next week's NTB auction. The DMO would be offering NTB worth ₦337.89 billion.

FGN Bonds

The hike in interest rate led to an upward movement in yields in the FGN local bonds market this week. To mention, buyers showed interest before and after the MPC meeting, albeit, less aggressively, while the backdrop remained bearish. Consequently, average mid-yield increased by 24bps to settle at 17.50%.

Outlook: We expect yields to trend higher next week, given the twin impact of MPC rate hike and dampened liquidity.

Eurobonds

This week, activities in the Eurobonds market was mixed. Although, market settled slightly bullish, after the mid-week bearish theme driven by expectation for a higher US Core PCE Price Index. To quantify, average mid-yield declined by 8bps to settle at 9.69%.

Outlook: We expect market to be impacted by Factory Orders and Employment data next week.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 28th February 2024)	13.7743%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
1-Mar-24	-93.57	↑ 871.19
23-Feb-24	-964.76	

Source: CBN

Macro Indicators	
GDP (Q4 2023)	+3.46% (Q3: 2023 +2.54% y/y)
Inflation (January 2024)	29.90% (Dec'23: 28.92%)
External Reserve (US\$'billion)	33.68 (+2.32% YTD)
Monetary Policy Rate	22.75%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*83.33 (+2.10% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	01-Mar-24	23-Feb-24	Change in Rates
69 days	14.69%	13.62%	(1.07%)
160 days	15.30%	15.30%	(0.00%)
342 days	18.18%	17.71%	(0.47%)

Source: FMDQ DQL for 01 Mar 2024 and 23 Feb 2024

Benchmark FGN Bond Yields			
	01-Mar-24	23-Feb-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	17.79%	16.70%	(1.09%)
10 yrs: 12.50% 27-Apr-2032	17.73%	15.76%	(1.97%)
20 yrs: 13.00% 21-Jan-2042	17.52%	17.78%	+0.26%
30 yrs: 12.98% 27-Mar-2050	18.01%	17.88%	(0.13%)

Source: FMDQ DQL for 01 Mar 2024 and 23 Feb 2024

Benchmark FGN Eurobond Yields			
	01-Mar-24	23-Feb-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.11%	9.10%	(0.01%)
10 yrs: NGERIA 7.875 02/16/32	9.78%	10.00%	+0.22%
15 yrs: NGERIA 7.696 23/02/38	10.11%	10.23%	+0.12%
30 yrs: NGERIA 9.248 01/21/49	10.16%	10.25%	+0.09%
7.125% ECOTRAN 16/02/26	10.46%	10.13%	(0.33%)

Source: ZENITH UK Runs for 01 Mar 2024 and 23 Feb 2024

Nigerian Equities

The Nigerian stock market observed significant losses this week, driven by the MPC's aggressive policy tightening and worrisome information revealed in some companies in the Industrial, Telecom, and Consumer Goods Sectors. Notably, MTNN (-18.91%), NESTLE (-18.18%), BAUCEMENT (-10.00%), and CONOIL (-10.00%) led the significantly contributed to the bearish performance. Consequently, the All-Share Index (ASI) witnessed a week-on-week decline of 1.23%, closing at 98,751.98 points. The year-to-date return settled at 32.07%, with market capitalization reported at ₦54.04 billion.

Further, TRANSCORP led the volume charts with 218.81 million units, while UBA led the value chart with ₦4.67 billion, respectively. Across the sectors, the Banking and Industrial Indices lost 0.69% and 3.87%, while the Consumer Goods and Oil & Gas Indices declined by 2.62%, & 1.55%, respectively, week-on-week.

Outlook: We expect the bearish momentum to persist in affected sectors, while cautious trading lingers in the banking sector pending the release of Q4'2023 financials.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦117.25 (or 7.04%) to \$/₦1,548.25 compared to \$/₦1,665.50 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices crossed \$80 a barrel for the first time in nearly four months, ahead of OPEC+ decision on rate cut. Brent crude increased by 3.25% week-on-week to \$84.27 per barrel, while WTI soared by 5.60% to \$80.77 per barrel over the same period. Conversely, Gold started March on a positive note, with prices rising to a four-week high due to expectation for US rate cut. As of the latest update, the price of gold has surged by 1.96% to \$2,089.50 per ounce during this timeframe.

Outlook: We expect the oil prices to remain elevated next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
JULI	3.75	1.41	↑ 60.26%
PZ	33.75	7.25	↑ 27.36%
STERLINGNG	5.00	0.65	↑ 14.94%
UNIVINSURE	0.40	0.05	↑ 14.29%
CONHALLPLC	1.40	0.15	↑ 12.00%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
MTNN	200.70	-46.80	↓ -18.91%
NESTLE	900.00	-200.00	↓ -18.18%
SUNUASSUR	1.71	-0.38	↓ -18.18%
CWG	6.00	-0.80	↓ -11.76%
ETERNA	15.65	-1.90	↓ -10.83%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -1.23%	↓ -3.27%	↓ -1.23%	↑ 32.07%
NSE Banking Index	↑ 2.59%	↓ -0.69%	↑ 2.59%	↓ -2.86%
NSE Insurance Index	↑ 1.12%	↓ -3.40%	↑ 1.12%	↑ 15.56%
NSE Industrial Goods Index	↓ -3.44%	↓ -3.87%	↓ -3.44%	↑ 73.96%
NSE Consumer Goods Index	↑ 0.38%	↓ -2.62%	↑ 0.38%	↑ 45.33%
NSE Oil & Gas Index	↓ -0.85%	↓ -1.55%	↓ -0.85%	↑ 23.85%

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