

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

This week, coupon inflows and FGN 2024 bond maturity impacted the financial system, as system liquidity improved to ₦791.69 billion from ₦2,221.81 billion recorded last Friday. Nonetheless, the Open Repo Rate (OPR) increased by 47 bps to 30.29%, while the Overnight Rate (O/N) expanded by 7 bps to 31.07% week-on-week.

Outlook: We expect interbank rates to push higher next week, as Bond auction funding should impact market liquidity.

Treasury Bills

The treasury bills market expressed mixed sentiments this week. At the early part of the week, most activities were centred around the 06 June 2024, 13 June 2024, 28 Jan 2025, 20 Feb 2025 and 06 Mar 2025 papers. At mid-week, the DMO offered and sold c.₦161.49 billion across the usual tenors, with total bid/cover of 9.27x. Also, the stop rates for the 91, 182 and 364-day papers declined by 100.01bps, 100bps and 36.60 bps to 16.2399%, 17.0000% and 21.1240%, respectively. Post auction, trades were consummated on select papers, particularly the long-dated papers at 19.00% levels. Overall, market settled bearish, as average mid-yield increased by 43bps to close at 16.42%.

Outlook: Next week, jitters are expected to be skewed towards the CBN's policy decision.

FGN Bonds

While market liquidity continued to impact the quietly mixed sentiment in the FGN bonds market, the coupon and FGN March 2024 bond maturity drove the buying interests that were pronounced at the second half of the week. Buying interests were mostly noticed on 2027, Feb 2034 and 2038 papers. In addition, the much-anticipated FGN bond circular was released this week, where the DMO intends to raise ₦150.00 billion each from 2027 (new issue), 2031 and 2034 papers. Thereafter, market digested the notice and positioned ahead of next week's auction. Overall, market closed bullish this week, with 16bps decline in average mid-yield to 17.80%.

Outlook: The Bond auction result is expected to impact activities next week, including system liquidity and the outcome of MPC meeting.

Eurobonds

The Eurobonds market was swayed by key U.S inflation data and crude oil price. The first part of the week witnessed a bearish theme, following higher than expected CPI print at 3.20% y/y (Est. 3.10%) from 3.10% in January. Further into the week, the surge in oil price jerked a reversal across African papers. However, higher US PPI data drove another round of selloff towards the end of the week. Domestic jitters revolved around rumours about Nigeria's proposed Eurobonds issuance, and investors' anticipation for Ghana's debt restructuring. Most African Eurobond markets settled bearish, particularly for Nigeria, as average mid-yield increased by 45bps to 10.03%.

Outlook: The focus for investors next week is the Fed's meeting. Although, market is widely expecting a hold stance, while attention should be given more to the forward guidance.

AIIICO Money Market Fund (AMMF)		
Net Yield	(As at 14th March 2024)	13.6332%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
15-Mar-24	-791.70	↑ 1,430.12
8-Mar-24	-2,221.81	

Source: CBN

Macro Indicators

GDP (Q4 2023)	+3.46% (Q3: 2023 +2.54% y/y)
Inflation (February'2024)	31.70% (Jan'24: 29.90%)
External Reserve (US\$'billion)	34.41 (+4.57% YTD)
Monetary Policy Rate	22.75%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*82.15 (-1.68% w/w)

Source: NBS, CBN, AIIICO Capital

Benchmark T-Bills Discount Rates	15-Mar-24	08-Mar-24	Change in Rates
83 days	16.00%	16.57%	+0.57%
174 days	17.41%	17.41%	(0.00%)
328 days	20.30%	19.45%	(0.85%)

Source: FMDQ DQL for 15 Mar 2024 and 08 Mar 2024

Benchmark FGN Bond Yields	15-Mar-24	08-Mar-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.11%	17.81%	(0.30%)
10 yrs: 12.50% 27-Apr-2032	18.72%	18.71%	(0.01%)
20 yrs: 13.00% 21-Jan-2042	18.68%	18.69%	+0.01%
30 yrs: 12.98% 27-Mar-2050	18.30%	18.34%	+0.04%

Source: FMDQ DQL for 15 Mar 2024 and 08 Mar 2024

Benchmark FGN Eurobond Yields	15-Mar-24	08-Mar-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.22%	8.91%	(0.31%)
10 yrs: NGERIA 7.875 02/16/32	10.16%	9.69%	(0.47%)
15 yrs: NGERIA 7.696 23/02/38	10.47%	10.04%	(0.43%)
30 yrs: NGERIA 9.248 01/21/49	10.53%	10.09%	(0.44%)
7.125% ECOTRAN 16/02/26	10.21%	10.18%	(0.03%)

Source: ZENITH UK Runs for 15 Mar 2024 and 08 Mar 2024

Nigerian Equities

The Nigerian equity market closed bullish this week, as the All-Share Index gained 3.17%, to close at 105,085.25 points. The bullish momentum was stirred up by the banking sectors, as the earnings release draws near with optimistic expectations. The year-to-date return hit 40.54%, with market capitalization reported at ₦59.42 billion.

All sectors closed in the green except oil & gas index which dipped -0.22% w/w. Thus, the Banking, Industrial and Consumer Goods Indices gained 12.84%, 0.20% and 1.41%, respectively, week-on-week. Meanwhile, TRANSCORP led the total volume traded with 262.13 million units, while UNILEVER led the value traded with ₦11.66 billion.

Outlook: We expect the bullish sentiment to persist next week, albeit on a milder note.]

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦24.65 (or 1.51%) to \$/₦1,602.75 compared to \$/₦1,627.40 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices head to weekly gain as crude market expected to tighten. Brent crude increased by 3.79% week-on-week to \$82.15 per barrel, while WTI increased by 3.76% to \$80.95 per barrel over the same period. As of the latest update, the price of gold has declined by 1.00% to \$2,163.50 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
JBERGER	72.60	17.00	↑ 30.58%
OMATEK	0.80	0.15	↑ 23.08%
MTNN	267.80	46.40	↑ 20.96%
NEM	6.65	1.15	↑ 20.91%
GTCO	48.45	7.35	↑ 17.88%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
INTENEGINS	1.22	-0.46	↓ -27.38%
SUNUASSUR	1.27	-0.30	↓ -19.11%
LASACO	2.00	-0.34	↓ -14.53%
CONHALLPLC	1.33	-0.20	↓ -13.07%
SKYAVN	22.95	-2.55	↓ -10.00%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.99%	↑ 3.71%	↑ 5.11%	↑ 40.54%
NSE Banking Index	↑ 2.73%	↑ 12.84%	↑ 14.14%	↑ 8.07%
NSE Insurance Index	↑ 0.22%	↑ 2.52%	↓ -1.74%	↑ 12.28%
NSE Industrial Goods Index	↑ 0.03%	↑ 0.20%	↓ -1.70%	↑ 77.09%
NSE Consumer Goods Index	↑ 0.20%	↑ 1.41%	↑ 0.56%	↑ 45.59%
NSE Oil & Gas Index	↓ -0.11%	↓ -0.22%	↓ -1.07%	↑ 23.58%

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