

Weekly Financial Market Update



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MARKET COMMENTARY

Money Market

At the beginning of the week, system liquidity stood at c. ₦351.51 billion. However, as the week progressed, it shifted to a positive position, thanks to inflows from SWAP maturities, CRR refunds, and FGN Bond coupons. Despite the settlement of the FGN bond auction, system liquidity ended the week at c. ₦52.77 billion surplus, a significant improvement from the c. ₦791.69 billion deficit recorded the previous Friday. As a result, the Open Repo Rate (OPR) decreased by 407 bps to 26.22%, while the Overnight Rate (O/N) dropped by 378 bps to 27.29% on a week-on-week basis.

Outlook: We expect interbank rates to ease further next week, given the expectation of FAAC inflows.

Treasury Bills

This week, activities in the treasury bills market witnessed little volatility but traded sideways, with most interests skewed towards the belly and long end of the curve, influenced by changes in liquidity conditions and anticipation surrounding the MPC meeting. Towards the latter part of the week, improved liquidity prompted investors to seek opportunities predominantly in the medium and long-term segments. Consequently, the market concluded on a bullish note, with the average mid-yield decreasing by 65 bps to settle at 15.77%.

Outlook: Market concerns for the upcoming week are expected to revolve around CBN's policy decision the NTB auction, with the DMO set to offer ₦161.33 billion.

FGN Bonds

At the FGN Bond auction that took place earlier this week, total bids reached ₦615.01 billion, with ₦475.67 billion in competitive bids allocated, slightly surpassing the offer size of ₦450.00 billion. The new 2027 paper was issued at a rate of 19.94%, while the stop rates for the 2031 and 2034 papers were set at 20.00% and 20.45%, respectively, marking increases of 150 bps and 145 bps compared to previous rates. Following the upward adjustment in stop rates, market yields moved higher, with cautious investor participation observed ahead of the MPC meeting scheduled for next week. As a result, the market closed on a bearish note this week, with the average mid-yield rising by 129 basis points to 19.09%.

Outlook: We expect the outcome of the MPC meeting to impact the direction of market.

Eurobonds

At the outset of the week, the African Eurobonds market displayed cautious activity, with investors closely monitoring the US Federal Reserve's policy decision. Subsequently, sentiment shifted towards bullish territory, in line with expectations for the Fed to maintain its current stance, which indeed materialized. Additionally, the forward guidance suggested the Federal Reserve's willingness to implement rate cuts in the near future, despite higher-than-anticipated US CPI figures in January and February. Meanwhile, the Bank of England's rate-setters voted 8-1 to keep borrowing costs steady at 5.25%, with two officials previously advocating for rate hikes altering their positions. In Egypt, Finance Minister Mohamed Maait revealed the government's objective to reduce the debt-to-GDP ratio to below 80% within the next three years. Overall, the majority of African Eurobond markets experienced bullish trends, notably Nigeria, where the average mid-yield decreased by 65 bps to 9.38%.

Outlook: In the coming week, we expect sentiment to recede to country-specific drivers, with slight reaction to US economic updates, particularly the US Core PCE Index scheduled to be release Friday, 28th of March.

AIICO Money Market Fund (AMMF)		
Net Yield (As at 21st March 2024)	15.1173%	
Added Benefit	Personal accident insurance cover	
Date	Sys. Liq. (N'bn)	Diff.
22-Mar-24	52.77	844.47
15-Mar-24	-791.70	
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)	34.32 (+4.29% 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, AIICO Capital		

Benchmark T-Bills Discount Rates			
	22-Mar-24	15-Mar-24	Change in Rates
76 days	16.25%	16.00%	(0.25%)
167 days	16.40%	17.41%	+1.01%
321 days	17.95%	20.30%	+2.35%
Source: FMDQ DQL for 22 Mar 2024 and 15 Mar 2024			
Benchmark FGN Bond Yields			
	22-Mar-24	15-Mar-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	20.30%	18.11%	(2.19%)
10 yrs: 12.50% 27-Apr-2032	19.89%	18.72%	(1.17%)
20 yrs: 13.00% 21-Jan-2042	18.68%	18.68%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	18.30%	18.30%	(0.00%)
Source: FMDQ DQL for 22 Mar 2024 and 15 Mar 2024			
Benchmark FGN Eurobond Yields			
	22-Mar-24	15-Mar-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.30%	9.22%	+0.92%
10 yrs: NGERIA 7.875 02/16/32	9.54%	10.16%	+0.62%
15 yrs: NGERIA 7.696 23/02/38	10.02%	10.47%	+0.45%
30 yrs: NGERIA 9.248 01/21/49	10.13%	10.53%	+0.40%
7.125% ECOTRAN 16/02/26	9.78%	10.21%	+0.43%
Source: ZENITH UK Runs for 22 Mar 2024 and 15 Mar 2024			

Nigerian Equities

The Nigerian equity market displayed a mixed performance over the course of this week, with notable volatility observed in the banking sector, particularly affecting stocks such as UBA, FBNH, ACCESSCORP, GTCO, and ZENITHBANK, among others. Overall, the market concluded on a bearish note, as reflected in the All-Share Index's decline of 0.42% to settle at 104,647.37 points. This downturn was primarily influenced by sell-offs in MTNN (12.25%), NASCON (-7.81%), and NB (-6.04%), among others. The year-to-date return reached 39.95%, with market capitalization standing at ₦59.17 trillion.

The Banking Industrial and Oil & Gas Indices appreciated by 4.19%, 0.58%, and 0.41%, respectively, while Consumer Goods index lost 0.37%. UBA led in total volume traded with 209.44 million units, while FBNH led in value traded with ₦7.48 billion.

Outlook: We expect the mixed sentiment to persist next week, while market keep tabs with the earnings results.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦171.26 (or 10.69%) to \$/₦1,431.49 compared to \$/₦1,602.75 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices were little changed today, with global benchmark Brent hovering above \$85 per barrel, as the possibility of a ceasefire in Gaza gained traction. As of print time, Brent crude increased by 0.46% week-on-week to \$85.73 per barrel, while WTI decreased by 0.05% to \$81.00 per barrel over the same period. As of the latest update, the price of gold has gained 0.37% to \$2,169.40 per ounce during this timeframe.

Outlook: We expect the volatility to persist next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
ABCTRANS	7.86	2.89 ↑	58.15%
NEM	9.65	3.00 ↑	45.11%
LIVESTOCK	1.50	0.28 ↑	22.95%
NGXGROUP	2.42	0.41 ↑	20.40%
THOMASWY	2.18	0.36 ↑	19.78%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
JBERGER	60.15	-12.45 ↓	-17.15%
DAARCOMM	0.67	-0.11 ↓	-14.10%
DEAPCAP	0.63	-0.09 ↓	-12.50%
MTNN	235.00	-32.80 ↓	-12.25%
ROYALEX	0.71	-0.08 ↓	-10.13%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.25%	↓ -0.42%	↑ 4.67%	↑ 39.95%
NSE Banking Index	↓ -0.36%	↑ 4.19%	↑ 18.92%	↑ 12.59%
NSE Insurance Index	↑ 4.59%	↑ 8.92%	↑ 7.03%	↑ 22.30%
NSE Industrial Goods Index	↑ 0.01%	↑ 0.58%	↓ -1.13%	↑ 78.11%
NSE Consumer Goods Index	↓ -0.08%	↓ -0.37%	↑ 0.19%	↑ 45.06%
NSE Oil & Gas Index	↑ 0.25%	↑ 0.41%	↓ -0.66%	↑ 24.09%

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