

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

At the end of the week, system liquidity remained in positive territory, despite c.₦1.19 trillion deducted from the system for NTB auction settlement. To provide context, system liquidity opened at around ₦45.32 billion today, marking a 14.12% decrease from c.₦52.77 billion recorded last Friday. Nevertheless, the Open Repo Rate (OPR) increased by 107 bps to 27.29%, while the Overnight Rate (O/N) rose by 92 bps to close at 28.21% compared to the previous week.

Outlook: We expect interbank rates to ease next week.

Treasury Bills

The week began with slight buying interest, as market participants awaited the MPC's decisions. At the MPC, the committee opted to raise the interest rate by 200 bps to 24.75%, tighten the asymmetric corridor to +100/-300 bps from +100/-700 bps around the MPR, and increase the CRR for Merchant banks to 14.00% from 10.00%. Consequently, the market adjusted rates across the curve in anticipation of higher stop rates at the NTB auction.

During the auction, the DMO allocated c.₦1.19 trillion worth of treasury bills, despite offering around ₦161.33 billion, resulting in a bid/cover ratio of 2.20x. Additionally, stop rates for the 91-Day paper increased by 0.0001% to 16.24%, while rates for the 182-Day and 364-Day papers remained unchanged at 17.00% and 21.124%, respectively. After the auction, the market traded with a bullish sentiment as unmet bids pursued various maturities in the secondary market, particularly the long end of the curve. Nonetheless, the average mid-rate increased by 12 bps W-o-W to settle at 15.89%.

Outlook: Activities is expected to trend active next week, amid a fairly liquid market.

FGN Bonds

The FGN local bonds market reacted to the MPC meeting this week. Following a cautious start on Monday, the committee's hawkish decision led to an increase in yields across the curve. However, momentum later eased, with significant bargain hunting observed for the Feb 2034 paper. Further, buying interest extended to other papers towards the end of the week, including the 2027, 2029, and 2038 maturities. Consequently, the market closed on a bullish note, with the average mid-yield decreasing by 15 bps to close at 18.94%.

Outlook: We expect a mixed theme next week.

Eurobonds

The African Eurobonds market began the week with profit-taking observed across the curve. As the week progressed, sell-offs eased and overall market momentum stabilized, lacking significant catalysts. Towards the week's end, sentiment in the SSA and North African papers showed a mixed trend, as investors awaited the release of US GDP growth rate and PCE Price Index data. Notably, Ghana Eurobonds market experienced a bullish trend, influenced by a \$300 million facility from the World Bank. Meanwhile, the final estimate of the US GDP growth rate for Q4'2023 stood at 3.40% (up from 3.20% second estimate), down from 4.90% in Q3. Overall, the Nigerian Eurobonds market closed on a bullish note, with the average mid-yield decreasing by 15 bps to 9.23%.

Outlook: Next week, several speaking engagements by the Feds and US Employment Data could meaningfully impact the market, while investors keep tabs with domestic developments.

AIICO Money Market Fund (AMMF)		
Net Yield (As at 21st March 2024)		15.1173%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'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

Early in the week, the Nigerian equity market experienced a bearish trend driven by selloffs in tickers such as MTNN, TRANSCORP, and FBNH. However, mid-week saw a decrease in selling pressure following the release of ACCESSCORP's FY 2023 financials, which showed a significant increase in Profit After Tax (PAT) of approximately 306% and announced a final dividend of ₦1.80k per share, up from ₦1.30k per share reported last year. This positive news from ACCESSCORP had a ripple effect across the banking sector, resulting in increased buying interest that offset the bearish sentiment observed earlier in the week. Consequently, the All-Share Index experienced a marginal decline of only 0.08% to settle at 104,562.06 points, while the year-to-date return and market capitalization stood at 39.84% and ₦59.12 trillion, respectively.

During the week, the Banking and Industrial Indices recorded gains of 3.41% and 0.21%, respectively, while the Consumer Goods index declined by 0.97% week-on-week. Meanwhile, the Oil & Gas sector remained relatively unchanged. GTCO led both the total volume and value charts with 208.65 million units traded and ₦10.54 billion in value.

Outlook: We expect a bullish performance next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦122.10 (or 8.53%) to \$/₦1,309.39 compared to \$/₦1,431.49 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

This week, geopolitical tensions in Eastern Europe and the Middle East disrupted crude oil supplies, leading to an increase in oil prices. Despite a rise in US crude stockpiles towards the end of the week, crude oil prices remained high. As of the latest update, Brent crude rose by 2.24% week-on-week to \$87.34 per barrel, while WTI increased by 2.48% to \$82.63 per barrel over the same period. Similarly, the price of gold saw a 3.43% increase week-on-week, reaching \$2,234.10 per ounce.

Outlook: We expect the volatility to persist next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
ABCTTRANS	7.50	1.55 ↑	26.05%
NEM	1.76	0.35 ↑	24.82%
LIVESTOCK	9.49	1.63 ↑	20.74%
NGXGROUP	1.36	0.20 ↑	17.24%
THOMASWY	1.63	0.23 ↑	16.43%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Price	Loss(N)	% Change
INTBREW	4.45	-0.74 ↓	-14.26%
DANGSUGAR	52.00	-7.00 ↓	-11.86%
GUINEAINS	0.35	-0.04 ↓	-10.26%
NNFM	48.30	-5.35 ↓	-9.97%
FTNCOCOA	1.60	-0.16 ↓	-9.09%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.27%	↓ -0.08%	↑ 4.58%	↑ 39.84%
NSE Banking Index	↑ 0.60%	↑ 3.41%	↑ 21.21%	↑ 14.76%
NSE Insurance Index	↑ 2.61%	↑ 3.19%	↑ 10.44%	↑ 26.20%
NSE Industrial Goods Index	↑ 0.12%	↑ 0.21%	↓ -0.92%	↑ 78.49%
NSE Consumer Goods Index	↑ 0.09%	↓ -0.97%	↓ -0.78%	↑ 43.66%
NSE Oil & Gas Index	→ 0.00%	→ 0.00%	↓ -0.66%	↑ 24.09%

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