

# Weekly Financial Market Update

**AICO CAPITAL**
[www.aiocapital.com](http://www.aiocapital.com)

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## MARKET COMMENTARY

### Money Market

At the beginning of the week, the liquidity in the system showed a positive trend, although it briefly turned into a deficit after a significant auction of OMO Bills during the week. The opening balance rose from ₦45.32 billion last week to ₦347.14 billion today. Consequently, the Open Repo Rate (OPR) decreased by 518 bps to 22.11%, while the Overnight Rate (O/N) dropped by 521 bps, ending at 23.00% compared to the previous week.

**Outlook:** We expect interbank rates to hover at close range.

### Treasury Bills

The week commenced with positive system liquidity, which stimulated interest in buying within the treasury bills market. However, the market sentiment turned bearish following the announcement of an OMO Bills auction. The Central Bank of Nigeria (CBN) offered a total of ₦500.00 billion worth of OMO Bills across various maturity periods. Despite bids totalling ₦1.2 trillion, the CBN sold ₦676.65 billion, surpassing the offered amount by 35.33%. The stop rates for short- and medium-term bills remained steady at 19.00% and 19.50%, respectively, compared to the previous auction. However, there was a decline of approximately 37.5 bps in the stop rate for long-term bills, decreasing to 21.125% from 21.50% previously. The bearish sentiment persisted throughout the week after the auction. By the week's end, the average mid-rate rose by 195 bps, closing at 17.84%.

**Outlook:** We expect market to start the week softly bullish and partly dictated by the NTB auction in the holiday-shortened week ahead.

### FGN Bonds

The FGN local bonds market started the week with increased buying activity driven by ample liquidity. As the week progressed, the DMO released the Q2'2024 FGN bonds calendar, which included the reintroduction of the 2031 and 2034 bonds and the introduction of a new 2029 bond. Despite this, the market undermined the possibility of further rise in stop rates, as buying interest spread across various maturities, including 2028, 2029, 2031, 2033, and February 2034 bonds. As a result, the market ended the week on a bullish note, with the average mid-yield decreasing by 19 bps to close at 18.75%.

**Outlook:** We expect the bullish bias to linger in the holiday-shortened week ahead.

### Eurobonds

During this week, the African Eurobonds market started with a bearish tone, influenced by a rise in JOLTS Job Openings to 8.76 million from 8.75 million in the previous period. Subsequently, there was a surge in selling activity, leading to robust buying interest across the yield curve. However, the week ended with notable selling pressure following the release of the US Nonfarm Payroll data, which showed the addition of 303,000 jobs (against an estimated 212,000) and an unemployment rate of 3.80% (against an estimated 3.90%), compared to the previous figures of 270,000 jobs and 3.90%, respectively. Overall, the Nigerian Eurobonds market concluded on a bearish note, with an average mid-yield increase of 23 basis points to 9.46%.

**Outlook:** The major catalyst to watch next week is the US Inflation data for March and the speeches of some Fed officials.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 28th March 2024)	15.7672%

Date	Sys. Liq. (N'bn)	Diff.
5-Apr-24	347.14	↑ 301.82
29-Mar-24	45.32	

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)	33.51 (+1.81% YTD)
Monetary Policy Rate	24.75%
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			
	05-Apr-24	28-Mar-24	Change in Rates
83 days	16.41%	14.90%	(1.51%)
174 days	16.28%	16.42%	+0.14%
321 days	18.55%	18.55%	(0.00%)

Source: FMDQ DQL for 05 Apr 2024 and 28 Mar 2024

Benchmark FGN Bond Yields			
	05-Apr-24	28-Mar-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.05%	19.83%	+0.78%
10 yrs: 12.50% 27-Apr-2032	19.91%	19.90%	(0.01%)
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 05 Apr 2024 and 28 Mar 2024

Benchmark FGN Eurobond Yields			
	05-Apr-24	28-Mar-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.28%	8.19%	(0.09%)
10 yrs: NGERIA 7.875 02/16/32	9.62%	9.47%	(0.15%)
15 yrs: NGERIA 7.696 23/02/38	10.14%	9.98%	(0.16%)
30 yrs: NGERIA 9.248 01/21/49	10.21%	10.12%	(0.09%)
7.125% ECOTRAN 16/02/26*	9.36%	9.80%	+0.44%

Source: ZENITH UK Runs for 05 Apr 2024 and 28 Mar 2024

### Nigerian Equities

Profit-taking in banking stocks, including FBNH (14.21%) and GTCO (-8.57%) among others, led to a loss of ₦622.93 billion in market capitalization in the Nigerian equity market. Consequently, the All-Share Index dropped by 1.08% week-on-week to settle at 103,437.67 points, with year-to-date return and market capitalization standing at 38.33% and ₦58.49 trillion, respectively.

Among sectors, the Banking and Industrial Indices saw declines of 6.73% and 0.27% week-on-week, while the Consumer Goods Index recorded a 0.60% increase. The Oil & Gas sector remained relatively stable. ABBEYBDS led both total volume charts with 1.40 billion units, while ZENITHBANK topped the value chart with ₦15.33 billion in value.

**Outlook:** We expect a bullish performance next week.

### Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦58.34 (or 4.46%) to \$/₦1,251.05 compared to \$/₦1,309.39 recorded at the close of last week.

**Outlook:** We expect exchange rate to stabilize in the near term.

### Commodities

Oil prices surged to their highest levels in five months and are set for a weekly increase amidst escalating tensions in the Middle East, marked by Israel closing embassies due to threats from Iran. The most recent data shows Brent crude rising by 4.37% week-on-week to \$91.30 per barrel, while WTI saw a 4.74% increase to \$87.11 per barrel over the same period. Additionally, the price of gold rose by 4.80% week-on-week, reaching \$2,245.80 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
ABCTRANS	3.19	0.59	22.69%
NEM	2.12	0.36	20.45%
LIVESTOCK	6.55	1.05	19.09%
NGXGROUP	2.22	0.30	15.63%
THOMASWY	2.77	0.35	14.46%

Source: NGX, AIICO Capital

#### Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
FBNH	30.50	-5.05	-14.21%
STERLINGNG	4.70	-0.70	-12.96%
JBERGER	58.50	-7.50	-11.36%
CWG	6.75	-0.75	-10.00%
CILEASING	3.70	-0.40	-9.76%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.29%	↓ -1.08%	↓ -1.08%	↑ 38.33%
NSE Banking Index	↓ -1.78%	↓ -6.73%	↓ -6.73%	↑ 7.04%
NSE Insurance Index	↓ -0.55%	↓ -0.85%	↓ -0.85%	↑ 25.12%
NSE Industrial Goods Index	↓ -0.07%	↓ -0.27%	↓ -0.27%	↑ 78.02%
NSE Consumer Goods Index	→ 0.00%	↑ 0.60%	↑ 0.60%	↑ 44.52%
NSE Oil & Gas Index	→ 0.00%	→ 0.00%	→ 0.00%	↑ 24.09%

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