

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

This week, system liquidity experienced a significant decrease, mainly due to the debits from the FGN Bond auction, with minimal coupon inflows from the FGN 2037s bond towards the end of the week. Consequently, the opening system liquidity by the end of the week was reported at ₦903.91 billion, down from ₦67.38 billion the previous week. Despite this, the Open Repo Rate (OPR) declined by 28 bps to 29.39%, while the Overnight Rate (O/N) increased by 18 bps, reaching 30.25% compared to the previous week.

Outlook: We expect interbank rates to hover at elevated levels next week, pending the influx of FAAC credits.

Treasury Bills

The treasury bills market ended the week on a bearish note following a period of mixed trading. Initially, the market saw limited activity in the first half of the week, characterized by a bearish sentiment due to rising yields caused by liquidity constraints. Consequently, selling pressure affected the short and mid sections of the yield curve. However, buying interest improved in the latter half of the week, particularly favouring short and long-dated papers. As a result, the average mid-rate rose by c.247 bps W-o-W, reaching 19.55% at the close of the week.

Outlook: We expect next week's activity to be centred around the NTB auction, where the DMO would be offering ₦142.57 billion across the three tenors.

FGN Bonds

At the start of the week, the DMO offered ₦450.00 billion worth of bonds spanning Apr 2029 (NEW), Feb 2031, and Feb 2034 maturities. However, demand surged, resulting in sales of c.₦626.81 billion across these three tenors, with total subscriptions exceeding ₦920.09 billion. Following this activity, the market adopted a subdued tone due to limited liquidity in the system. Towards the end of the week, positive sentiment emerged because of FGN coupon inflows, sparking buying interest in various bond maturities including the 2029, 2031, 2034, and 2053 papers. Consequently, the market closed on a bullish note, with the average mid-yield decreasing by 5 bps to 18.70%.

Outlook: We anticipate a mixed trend next week.

Eurobonds

The Eurobond market maintained sideways trajectory throughout the week before ending on a bearish note. This bearish shift was prompted by the release of US retail sales data for March, which exceeded expectations, registering a growth of 0.70% compared to the anticipated 0.30%. The bearish sentiment persisted for the duration of the week, but the market managed to recover some ground towards the end, experiencing bullish sentiment across the curve. Nonetheless, the average mid-yield on Nigerian Eurobonds rose by 24 bps, closing at 9.83%. **Outlook:** Next week, the direction of the market will likely be influenced by key economic indicators such as the U.S. S&P flash services and manufacturing PMI, GDP figures, and the Core PCE Index. Additionally, market participants will closely monitor geopolitical tensions in the Middle East.

AICO Money Market Fund (AMMF)

Net Yield (As at 18th April 2024) 15.4159%

Date	Sys. Liq. (N'bn)	Diff.
19-Apr-24	-903.91	
12-Apr-24	67.39	↓971.30

Source: CBN

Macro Indicators

GDP (Q4 2023)	+3.46% (Q3: 2023 +2.54% y/y)
Inflation (March'2024)	33.20% (Feb'24: 31.70%)
External Reserve (US\$'billion)	32.12 (-2.40% YTD)
Monetary Policy Rate	24.75%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*87.17 (-3.63% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates

	19-Apr-24	12-Apr-24	Change in Rates
97 days	23.35%	16.56%	↑ 6.79%
188 days	22.40%	17.05%	↑ 5.35%
342 days	21.00%	19.06%	↑ 1.94%

Source: FMDQ DQL for 19 Apr 2024 and 12 Apr 2024

Benchmark FGN Bond Yields

	19-Apr-24	12-Apr-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.56%	19.06%	↓ -0.50%
10 yrs: 12.50% 27-Apr-2032	19.80%	19.84%	↓ -0.04%
20 yrs: 13.00% 21-Jan-2042	18.69%	18.68%	↑ 0.01%
30 yrs: 12.98% 27-Mar-2050	18.33%	18.30%	↑ 0.03%

Source: FMDQ DQL for 19 Apr 2024 and 12 Apr 2024

Benchmark FGN Eurobond Yields

	19-Apr-24	12-Apr-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.68%	8.41%	↑ 0.27%
10 yrs: NGERIA 7.875 02/16/32	10.03%	9.82%	↑ 0.21%
15 yrs: NGERIA 7.696 23/02/38	10.47%	10.28%	↑ 0.19%
30 yrs: NGERIA 9.248 01/21/49	10.44%	10.28%	↑ 0.16%
7.125% ECOTRAN 16/02/26*	9.49%	9.30%	↑ 0.19%

Source: ZENITH UK Runs for 19 Apr 2024 and 12 Apr 2024

Nigerian Equities

The Nigerian Equity market closed bearish this week, with persistent selloffs in the banking tickers. Consequently, the All-Share Index declined by 2.71% week-on-week to settle at 99,539.75 points, with year-to-date return and market capitalization standing at 33.12% and ₦56.30 trillion, respectively.

The Banking, Industrial and Consumer Goods Indices shed 11.46%, 2.71% and 0.96% week-on-week, while the Oil & Gas Index flattened. ACCESSCORP led total volume charts with 210.85 million units, while ZENITHBANK topped the value chart with ₦5.42 billion in value.

Outlook: *The bearish trend is expected to ease next week.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦27.61 (or 2.42%) to \$/₦1,169.99 compared to \$/₦1,142.38 recorded at the close of last week.

Outlook: We expect volatility to remain subdued next week.

Commodities

Oil prices are poised to register a weekly decline, with traders showing little concern that Israel's retaliatory strike on Iran will escalate into a broader conflict affecting crude supplies. Brent crude dropped by 3.63% week-on-week to \$87.17 per barrel, while WTI experienced a 3.18% decrease to \$82.94 per barrel during the same period. Meanwhile, the price of gold increased by 1.42% week-on-week, reaching \$2,407.80 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
MORISON	3.72	1.16	↑ 45.31%
GUINNESS	55.00	5.00	↑ 10.00%
ACADEMY	1.91	0.17	↑ 9.77%
PRESTIGE	0.61	0.05	↑ 8.93%
THOMASWY	2.14	0.17	↑ 8.63%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
GTCO	33.50	-7.90	↓ -19.08%
UNITYBNK	1.62	-0.38	↓ -19.00%
LIVESTOCK	1.45	-0.34	↓ -18.99%
JAPAUFGOLD	1.67	-0.38	↓ -18.54%
CHAMS	1.70	-0.34	↓ -16.67%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.31%	↓ -2.71%	↓ -4.80%	↑ 33.12%
NSE Banking Index	↓ -2.77%	↓ -11.46%	↓ -23.38%	↓ -12.07%
NSE Insurance Index	↑ 0.38%	↓ -2.80%	↓ -5.99%	↑ 18.64%
NSE Industrial Goods Index	→ 0.00%	↓ -2.71%	↓ -3.19%	↑ 72.79%
NSE Consumer Goods Index	↓ -0.03%	↓ -0.96%	↓ -1.36%	↑ 41.71%
NSE Oil & Gas Index	→ 0.00%	→ 0.00%	↓ -0.28%	↑ 23.75%

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