

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

Throughout the week, the overall liquidity in the system remained deficient due to an overallocation of treasury bills at the primary market. Notwithstanding, the liquidity balance received a slight boost towards the end of the week from some FAAC credit and FGN bond coupon inflows. Specifically, today's opening system liquidity was reported at ₦606.76 billion, indicating a positive turnaround from last Friday's ₦903.91 billion. Overall, the Open Repo Rate (OPR) experienced an increase of 86 bps to 30.25%, while the Overnight Rate (O/N) saw a rise of 100 bps to 31.25% as compared to the previous week.

Outlook: We expect interbank rates to hover at similar levels next week.

Treasury Bills

The week commenced with a cautious but mixed posture as buying interests scouted for longer tenors. In contrast, selling interests were skewed towards the short-dated papers, even with an aggressive bearish backdrop that suggested market expectations for higher stop rates in the auction. Eventually, the NTB sold the three papers at 16.24%, 17.00%, and 20.70%, maintaining the same rates issued in the last auction. In terms of supply, the DMO offered ₦142.57 billion but sold ₦362.45 billion despite ₦757.85 billion in total subscriptions. At post-auction, activity collided with some FAAC credits, which bolstered buy-side interests across the curve. However, the bullish bias subsided while sellers attempted dominance towards the end of the week. Overall, the market settled bullish with a decline of 60bps w/w in average mid-rate from 19.55% last week to 18.95% at the close of this week.

Outlook: We anticipate a mixed sentiment next week without any significant driver.

FGN Bonds

The local FGN bonds market witnessed a positive week, as investors showed interest in particular papers. Most investors skewed their demand to the Feb 2034 paper. Towards the end of the week, there was a slight decrease in demand. Despite this, the average mid-yield dropped by 6 bps week-on-week to 18.64%.

Outlook: We expect the mixed trend to persist next week.

Eurobonds

The Eurobond market had a mixed bias this week as players struggled to create a clear narrative amid surprises in US economic data and domestic factors. At the beginning of the week, the market traded positively, but gains were erased towards the end of the week due to the lower-than-expected US GDP growth rate of 1.60% in Q1'2024, which was below the market estimate of 2.20% and the previous quarter's 3.40%. In addition, the US Core PCE Index slightly decreased to 2.70% (from the estimated 2.80%), while the monthly PCE Index remained unchanged at 0.30% compared to the previous data. As a result, activity was calm, and African papers recovered earlier losses for the week. The market closed the week flat, with an average mid-yield of 9.83%.

Outlook: As talks continue regarding Stagflation in the US, all eyes will be on the upcoming FOMC meeting, scheduled for May 1st next week.

Date	Sys. Liq. (₦bn)	Diff.
26-Apr-24	-606.76	
19-Apr-24	-903.91	↑ 297.15

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)	32.11 (-2.41% YTD)
Monetary Policy Rate	24.75%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*89.77 (+2.84% w/w)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates

	26-Apr-24	19-Apr-24	Change in Rates
90 days	18.05%	23.35%	↓ -5.30%
181 days	18.73%	22.40%	↓ -3.67%
335 days	21.35%	21.00%	↑ 0.35%

Source: FMDQ DQL for 26 Apr 2024 and 19 Apr 2024

Benchmark FGN Bond Yields

	26-Apr-24	19-Apr-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.45%	18.56%	↓ -0.11%
10 yrs: 12.50% 27-Apr-2032	19.65%	19.80%	↓ -0.15%
20 yrs: 13.00% 21-Jan-2042	18.69%	18.69%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	18.33%	18.33%	→ 0.00%

Source: FMDQ DQL for 26 Apr 2024 and 19 Apr 2024

Benchmark FGN Eurobond Yields

	26-Apr-24	19-Apr-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.73%	8.68%	↑ 0.05%
10 yrs: NGERIA 7.875 02/16/32	10.03%	10.03%	→ 0.00%
15 yrs: NGERIA 7.696 23/02/38	10.52%	10.47%	↑ 0.05%
30 yrs: NGERIA 9.248 01/21/49	10.42%	10.44%	↓ -0.02%
7.125% ECOTRAN 16/02/26*	8.96%	9.49%	↓ -0.53%

Source: ZENITH UK Runs for 26 Apr 2024 and 19 Apr 2024

Nigerian Equities

The Nigerian Equity market experienced a decline this week, with the banking index being the worst hit, returning -3.10% w/w. Some of the major companies that witnessed a decline across the board were OANDO (-19.57%), FBNH (-16.26%), NESTLE (-11.63%), MTNN (-9.82%), and TOTAL (-7.22%). As a result, the All-Share Index fell by 1.39% week-on-week, closing at 98,176.76 points. The year-to-date return and market capitalization stood at 31.30% and ₦55.51 trillion, respectively.

The Consumer Goods and Oil and Gas indices lost 1.15% and 1.41%, respectively, while the Industrial Goods Index gained 0.38% week-on-week. UBA led the total volume charts with 204.13 million units, while GTCO topped the value chart with ₦5.76 billion in value.

Outlook: We expect a similar trajectory next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦169.24 (or 14.47%) to \$/₦1,339.23 compared to \$/₦1,169.99 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

Oil prices remained stable today, although they are expected to end the week higher after two weeks of losses. This is due to positive remarks from a top U.S. official about economic growth and supply concerns linked to conflicts in the Middle East. Brent crude rose by 2.59% to \$89.55 per barrel, while WTI increased by 1.11% to \$84.06 per barrel during the same period. However, the price of gold fell by 2.71% to \$2,348.30 per ounce in the same week.

Outlook: We expect the volatility to persist.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
SUNUASSUR	1.25	0.25	↑ 25.00%
CAP	28.85	4.85	↑ 20.21%
LIVESTOCK	1.66	0.21	↑ 14.48%
JAPAULGOLD	1.91	0.24	↑ 14.37%
UNILEVER	15.10	1.50	↑ 11.03%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
OANDO	9.25	-2.25	↓ -19.57%
SOVRENINS	0.36	-0.08	↓ -18.18%
THOMASWY	1.78	-0.36	↓ -16.82%
FBNH	20.35	-3.95	↓ -16.26%
WEMABANK	6.25	-0.90	↓ -12.59%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.02%	↓ -1.39%	↓ -6.13%	↑ 31.27%
NSE Banking Index	↑ 0.52%	↓ -3.10%	↓ -25.75%	↓ -14.79%
NSE Insurance Index	↓ -0.53%	↑ 0.02%	↓ -5.97%	↑ 18.66%
NSE Industrial Goods Index	↓ 0.00%	↑ 0.38%	↓ -2.83%	↑ 73.45%
NSE Consumer Goods Index	↓ -0.35%	↓ -1.15%	↓ -2.50%	↑ 40.07%
NSE Oil & Gas Index	→ 0.00%	↓ -1.41%	↓ -1.69%	↑ 22.00%

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