

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

After a positive opening balance at the start of the week, the sale of ₦260.55 billion worth of OMO bills drained the system liquidity, resulting in a deficit balance. However, liquidity improved towards the end of the week, with a 313.55% week-on-week increase from ₦19.61 billion last Friday to ₦81.10 billion today. Nevertheless, the Open Repo Rate (OPR) increased by 175bps to 28.00%, while the Overnight Rate (O/N) increased by 155 bps to 28.63% when compared to the previous week.

Outlook: Interbank rates should notch higher next week.

Treasury Bills

At the beginning of this week, the CBN conducted an OMO auction, offering ₦500 billion but only selling ₦260.65 billion due to weak subscription of ₦286.65 billion. The short- and medium-term papers decreased slightly to 18.99% and 19.48%, respectively, while the stop rate on the long-term paper increased by c.37.50bps to 21.50% when compared to the previous auction. Later in the week, the DMO offered ₦179.36 billion at the NTB auction but allotted ₦274.67 billion, representing a total bid/cover of 3.33x. The stop rates for the three papers remained unaltered at 16.24%, 17.00%, and 20.70% when compared to the last auction. Post auction, several trades were executed in the secondary market, with notable interest on the long-dated papers, specifically the newly issued 8-May-2025. The buying interest was sustained across several papers till the end of the week, supported by unmet bids at the primary market. As a result, the market closed bullish, with the average mid-yield declining by 45bps to 19.45%.

Outlook: We anticipate a mixed session next week, as potential tightness in liquidity could offset the recent buying interest.

FGN Bonds

This week, the local FGN bonds market continued its bullish trend, but with less intensity. Several bonds, including the New Mar 2027, New Apr 2029, 2031, Feb 2034, 2038, 2049, and 2053 maturities, saw an increase in buying interest. However, towards the end of the week, buying interest slowed down as traders became more cautious ahead of next week Monday's FGN bond auction. Despite this, the overall market remained bullish, and the average mid-yield decreased by 11 bps to 18.43%.

Outlook: Next week, we expect the outcome of the bond auction to partly impact the direction of the market.

Eurobonds

The Eurobond market had a bullish start in the first half of the week, thanks to positive signals from Fitch's upward revision of Nigeria's outlook, which was based on recent economic reforms. However, the latter part of the week saw a mixed performance as market participants adjusted to the latest economic data from the US. Overall, the average mid-yield increased by 4 bps W-o-W, settling at 9.69%.

Outlook: We expect investors to pay close attention to the US Inflation data for April next week, considering the steady uptick recorded in the first 3 months of the year.

AICO Money Market Fund (AMMF)

Net Yield (As at 8th May 2024) 14.9043%

Date	Sys. Liq. (₦'bn)	Diff.
10-May-24	81.10	
3-May-24	19.61	↑ 61.49

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)	32.37 (-1.65% YTD)
Monetary Policy Rate	24.75%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*83.25 (-6.98% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates

	10-May-24	03-May-24	Change in Rates
90 days	18.15%	18.15%	↔ 0.00%
181 days	18.44%	19.30%	↓ -0.86%
321 days	20.50%	21.35%	↓ -0.85%

Source: FMDQ DQL for 10 May 2024 and 03 May 2024

Benchmark FGN Bond Yields

	10-May-24	03-May-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.46%	18.45%	↑ 0.01%
10 yrs: 12.50% 27-Apr-2032	19.31%	19.25%	↑ 0.06%
20 yrs: 13.00% 21-Jan-2042	17.59%	18.69%	↓ -1.10%
30 yrs: 12.98% 27-Mar-2050	17.65%	18.33%	↓ -0.68%

Source: FMDQ DQL for 10 May 2024 and 03 May 2024

Benchmark FGN Eurobond Yields

	10-May-24	03-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.58%	8.57%	↑ 0.01%
10 yrs: NGERIA 7.875 02/16/32	9.94%	9.88%	↑ 0.06%
15 yrs: NGERIA 7.696 23/02/38	10.37%	10.34%	↑ 0.03%
30 yrs: NGERIA 9.248 01/21/49	10.24%	10.24%	↔ 0.00%
7.125% ECOTRAN 16/02/26*	8.11%	8.11%	↔ 0.00%

Source: ZENITH UK Runs for 10 May 2024 and 03 May 2024

Nigerian Equities

The Nigerian Equity market settled bearish, despite the mixed trend observed during the week. While some investors displayed buying interests on PRESCO (+15.31%) and OANDO (+12.15%), the selling interests on TRANSCORP (-10.64%), AIRTELAFRI (-10.32%), and NB (-8.20%) weighed on the broad market. Consequently, the All-Share Index depreciated by 1.36%, w/w to close at 98,233.76 points. The year-to-date return and market capitalization moderated to 31.37% and ₦55.56 trillion, respectively.

The Industrial Index increased by 0.07% w/w. In contrast, the Banking, Consumer and Oil & Gas Indices declined by 0.07%, 1.18%, and 0.33%, respectively, week-on-week. UBA led both the total volume charts and values charts with 443.68 million units and N11.63 billion, respectively.

Outlook: We expect the mixed sentiment to resurface next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦65.91 (or 4.71%) to \$/₦1,466.31 compared to \$/₦1,400.40 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

This week, oil price was impacted by recent development in geopolitical tensions, US surprise stockpile decline, and higher Chinese imports. Overall, Brent oil increased slightly by 0.02% to \$82.98 per barrel, while WTI increased by 0.38% to 78.41 per barrel. Additionally, the price of gold also increased by 2.87% to \$2,374.80 per ounce, as of writing time.

Outlook: We expect the volatility to persist.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
TANTALIZER	0.46	0.10	↑ 27.78%
FTNCOCOA	1.62	0.27	↑ 20.00%
PRESKO	291.50	38.70	↑ 15.31%
MAYBAKER	6.90	0.90	↑ 15.00%
TIP	2.30	0.30	↑ 15.00%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
PZ	27.75	-10.25	↓ -26.97%
MCNICHOLS	0.91	-0.23	↓ -20.18%
NSLTECH	0.49	-0.10	↓ -16.95%
INTBREW [BLS]	4.05	-0.73	↓ -15.27%
MANSARD	5.13	-0.76	↓ -12.90%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.02%	↓ -1.36%	↑ 0.08%	↑ 31.37%
NSE Banking Index	↑ 0.53%	↓ -0.07%	↑ 8.58%	↓ -6.83%
NSE Insurance Index	↓ -1.82%	↓ -1.01%	↓ -0.04%	↑ 18.62%
NSE Industrial Goods Index	↑ 0.01%	↑ 0.07%	↓ -0.28%	↑ 72.95%
NSE Consumer Goods Index	↓ -0.29%	↓ -1.18%	↓ -1.43%	↑ 38.06%
NSE Oil & Gas Index	↓ -0.33%	↓ -0.33%	↓ -1.01%	↑ 20.77%

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