

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

This week, system liquidity remained at negative levels and was further exacerbated by the FGN local bonds auction settlement of about ₦682.07 billion (Non-competitive allotment inclusive). By the end of the week, the opening system liquidity dropped from ₦81.10 billion last week Friday to -₦622.46 billion today. As a result, the Open Repo Rate (OPR) increased by 196 bps to 29.96%, and the Overnight Rate (O/N) increased by 205 bps to 30.68% compared to the previous week.

Outlook: Interbank rates are expected to stay elevated next week.

Treasury Bills

The treasury bills market experienced a relatively calm week. There was a mixed sentiment, with more selling at the beginning of the week and buying towards the end. The mid and long-dated papers were the most active. By the end of the week, the market ended bearish, with the average mid-yield increasing by 23bps to 19.69%.

Outlook: We expect the outcome of the MPC meeting and treasury bills auction result to dictate the direction of market next week.

FGN Bonds

At the recent FGN bond auction, the DMO offered ₦450.00 billion across the 2029, 2031, and 2033 (New) papers. However, the DMO ended up issuing a total of ₦682.07 billion, with ₦380.77 billion allotted to competitive bidders and the remaining ₦301.30 billion allotted to non-competitive bidders. Most of the allotment was skewed to the New 2033 paper, accounting for c.68.05% of the total issuance, and was issued at 19.89%. Furthermore, the 2029 and 2031 papers were issued at 19.29% and 19.74%, respectively, representing a marginal decline of 1bp compared to the previous auction. Post-auction trading was mixed to bearish throughout the latter part of the week, leading to an overall increase in the average mid-yield by 6 bps to 18.23%.

Outlook: The policy decision by the MPC would largely impact market sentiment next week.

Eurobonds

The Eurobond market had a mixed start to the week, but later turned bullish due to a slight moderation in US inflation numbers, which boosted market optimism. US CPI decreased slightly to 3.40% y/y in April and 0.30% m/m, in line with estimates and slightly lower than the previous data. However, profit taking reversed the bullish sentiment by the end of the week, leading to a modest decrease in the average mid-yield by 6 basis points, closing the week at 9.63%.

Outlook: Next week, we expect jitters around Fed's speaking engagements and the minutes of May's FOMC meeting to drive market sentiment.

AICO Money Market Fund (AMMF)

Net Yield (As at 14h May 2024) 16.7576%

Date	Sys. Liq. (₦'bn)	Diff.
17-May-24	-622.46	
10-May-24	81.10	↓ (703.56)

Source: CBN

Macro Indicators

GDP (Q4 2023)	+3.46% (Q3: 2023 +2.54% y/y)
Inflation (April' 2024)	33.69% (Mar'24: 33.20%)
External Reserve (US\$'billion)	32.61 (-0.92% 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

	17-May-24	10-May-24	Change in Rates
83 days	18.15%	18.15%	→ 0.00%
174 days	18.44%	18.44%	→ 0.00%
314 days	20.50%	20.50%	→ 0.00%

Source: FMDQ DQL for 17 May 2024 and 10 May 2024

Benchmark FGN Bond Yields

	17-May-24	10-May-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.46%	18.46%	→ 0.00%
10 yrs: 12.50% 27-Apr-2032	19.68%	19.31%	↑ 0.37%
20 yrs: 13.00% 21-Jan-2042	17.59%	17.59%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.65%	↓ -0.15%

Source: FMDQ DQL for 17 May 2024 and 10 May 2024

Benchmark FGN Eurobond Yields

	17-May-24	10-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.59%	8.58%	↑ 0.01%
10 yrs: NGERIA 7.875 02/16/32	9.89%	9.94%	↓ -0.05%
15 yrs: NGERIA 7.696 23/02/38	10.33%	10.37%	↓ -0.04%
30 yrs: NGERIA 9.248 01/21/49	10.19%	10.24%	↓ -0.05%
7.125% ECOTRAN 16/02/26*	7.58%	8.11%	↓ -0.53%

Source: ZENITH UK Runs for 17 May 2024 and 10 May 2024

Nigerian Equities

The Nigerian Equity market extended its bearish sentiment this week, with a continuous sell down on banking stocks, in addition to the decline in the Oil & Gas sector, driven by a -10% on SEPLAT during the week. Overall, the All-Share Index depreciated by 0.11%, week-on-week to close at 98,125.73 points. The year-to-date return and market capitalization moderated to 31.23% and ₦55.56 trillion, respectively.

Consequently, the Banking, Consumer Goods and Oil & Gas Indices declined by 5.31%, 1.29% and 6.49%, respectively, week-on-week. Meanwhile, the Industrial Goods Index gained 0.01%, week-on-week. ACCESSCORP led the total volume charts with 150.25 million units this week, while AIRTELAFRI topped the values charts with N6.67 billion.

Outlook: We expect a similar trend next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦31.02 (or 2.12%) to \$/₦1,497.33 compared to \$/₦1,466.31 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

Oil closed positive this week, on hopes of firmer demand, and decline in US stockpile. Overall, Brent oil increased by 0.94% to \$83.57 per barrel, while WTI increased by 1.64% to 79.54 per barrel. The price of gold also increased by 1.31% to \$2,406.20 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
INTENEGINS	1.65	0.17	↑ 11.49%
MCNICHOLS	1.00	0.09	↑ 9.89%
CUSTODIAN	10.20	0.90	↑ 9.68%
JBERGER	79.30	6.90	↑ 9.53%
AIRTELAFRI	2150.00	177.00	↑ 8.97%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
PZ	21.60	-6.15	↓ -22.16%
NEM	8.45	-1.90	↓ -18.36%
ETERNA	11.15	-2.50	↓ -18.32%
UBA	21.85	-4.55	↓ -17.23%
TIP	1.95	-0.35	↓ -15.22%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.03%	↓ -0.11%	↓ -0.03%	↑ 31.23%
NSE Banking Index	↑ 1.09%	↓ -5.31%	↑ 2.82%	↓ -11.78%
NSE Insurance Index	↓ -2.38%	↓ -3.98%	↓ -4.02%	↑ 13.90%
NSE Industrial Goods Index	↓ -0.01%	↑ 0.01%	↓ -0.27%	↑ 72.98%
NSE Consumer Goods Index	↑ 0.10%	↓ -1.29%	↓ -2.70%	↑ 36.28%
NSE Oil & Gas Index	↓ -0.27%	↓ -6.49%	↓ -7.43%	↑ 12.93%

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