

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity remained tight for most of the week but improved on Friday to ₦170.43 billion from the -₦622.46 billion recorded the previous week. However, the Open Repo Rate (OPR) increased by 244 basis points to 32.40%, and the Overnight Rate (O/N) increased by 232 basis points to 33.00% compared to the previous week.

Outlook: The interbank rates are expected to remain at similar levels next week, as the settlement of today's OMO auction is anticipated to offset the inflows from FAAC.

Treasury Bills

The T-bills market started quietly as investors remained cautious ahead of the 2-day MPC meeting. After the MPC raised the benchmark interest rate by 150bps to 26.25%, offer yields in the secondary market adjusted upwards. However, the surprising result at the NTB auction, where the 1-year paper declined by 1bp to 20.69% while the stop rates on the 91-Day and 182-Day papers increased by 26bps and 44.90% to 16.5000% and 17.4490% respectively, led to a bullish secondary market as investors sought to fill unmet bids.

On Friday, the bullish trend eased, as offers trended upwards following the result of the OMO auction, where the CBN offered ₦500.00 billion but sold ₦1,158.21 billion (₦2 billion less than the total subscription). Furthermore, the stop rates increased by 0.99bps, 26bps, and 99bps to 18.9999%, 19.7400%, and 22.4900% for the short, medium, and long-dated papers, respectively. Consequently, the market settled bearish, as the average mid-rate increased by 61bps w/w to 20.30%.

Outlook: We expect a mixed-to-bearish sentiment next week.

FGN Bonds

The FGN local bonds market had a mixed bias across various maturities, leaning bearish due to the hawkish outcome of the MPC meeting. The CBN raised the interest rate by 150bps from 24.75% to 26.25%, while keeping other parameters unchanged. As a result, the secondary market responded with higher offer yields. However, selective trading was observed until the end of the week. Overall, the market closed bearish, with the average mid-yield increasing by 26bps w/w from 18.23% to 18.50%.

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

Eurobonds

The Eurobond market had a mixed bias this week. However, the bearish sentiment remained dominant due to the hawkish Fed minutes, which suggested that US interest rates will stay higher for a longer period. As a result, the market closed bearish, with the average mid-yield increasing by 14 basis points week-on-week to 9.77%.

Outlook: The market is expected to trade cautiously next week, with the release of US GDP for Q1 2024 and the PCE Price Index data.

AICO Money Market Fund (AMMF)

Net Yield (As at 22th May 2024) 17.0205%

Date	Sys. Liq. (₦'bn)	Diff.
24-May-24	170.43	
17-May-24	-622.46	↑ 792.89

Source: CBN

Macro Indicators

GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (April' 2024)	33.69% (Mar'24: 33.20%)
External Reserve (US\$'billion)	32.74 (-0.53% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*81.81 (-2.58% w/w)

Source: NBS, CBN, AICO Capital

Benchmark T-Bills Discount Rates

	24-May-24	17-May-24	Change in Rates
90 days	16.18%	18.50%	↓ -2.32%
181 days	19.26%	19.26%	→ 0.00%
335 days	20.30%	20.30%	→ 0.00%

Source: FMDQ DQL for 24 May 2024 and 17 May 2024

Benchmark FGN Bond Yields

	24-May-24	17-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	18.47%	18.46%	↑ 0.01%
10 yrs: NGERIA 7.875 02/16/32	19.69%	19.68%	↑ 0.01%
20 yrs: 13.00% 21-Jan-2042	17.00%	17.59%	↓ -0.59%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 24 May 2024 and 17 May 2024

Benchmark FGN Eurobond Yields

	24-May-24	17-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.65%	8.55%	↑ 0.10%
10 yrs: NGERIA 7.875 02/16/32	10.10%	9.92%	↑ 0.18%
15 yrs: NGERIA 7.696 23/02/38	10.51%	10.35%	↑ 0.16%
30 yrs: NGERIA 9.248 01/21/49	10.35%	10.19%	↑ 0.16%
7.125% ECOTRAN 16/02/26*	7.83%	7.74%	↑ 0.09%

Source: ZENITH UK Runs for 24 May 2024 and 17 May 2024

Nigerian Equities

The Nigerian Equity market extended its bearish sentiment this week, with selloffs across several banking tickers. However, the buy-side interests across the Industrial, Consumer Goods, and Oil & Gas Indices cushioned the impact on the overall market. Overall, the All-Share Index depreciated by 0.52%, week-on-week to close at 97,612.51 points. The year-to-date return and market capitalization moderated to 30.54% and ₦55.22 trillion, respectively.

Consequently, the Banking sector lost 7.35%, while the Industrial, Consumer Goods and Oil & Gas Indices increased by 0.19%, 0.31% and 0.72%, respectively, week-on-week. ACCESSCORP led both the total volume charts with 297.08 million units and the values charts with ₦5.02 billion.

Outlook: We expect a similar trend next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦14.52 (or 0.97%) to \$/₦1,482.81 compared to \$/₦1,497.33 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

Oil closed bearish this week, as the summer driving season gets underway with the Memorial Day holiday. Overall, Brent oil decreased by 2.58% to \$81.81 per barrel, while WTI fell by 3.21% to 77.49 per barrel. The price of gold also decreased by 3.20% to \$2,340.00 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
BERGER	14.90	2.55	↑ 20.65%
REGALINS	0.37	0.06	↑ 19.35%
CUTIX	3.35	0.31	↑ 10.20%
MCNICHOLS	1.10	0.10	↑ 10.00%
NESTLE	900.00	80.00	↑ 9.76%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
DEAPCAP	0.40	-0.13	↓ -24.53%
FTNCOCOA	1.20	-0.24	↓ -16.67%
TRANSCORP	10.50	-1.45	↓ -12.13%
UBA	19.20	-2.65	↓ -12.13%
UPDC	1.24	-0.16	↓ -11.43%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.37%	↓ -0.52%	↓ -0.55%	↑ 30.54%
NSE Banking Index	↓ -2.78%	↓ -7.35%	↓ -4.73%	↓ -18.26%
NSE Insurance Index	↓ -0.59%	↓ -3.78%	↓ -7.64%	↑ 9.59%
NSE Industrial Goods Index	↑ 0.01%	↑ 0.19%	↓ -0.08%	↑ 73.31%
NSE Consumer Goods Index	↓ -0.42%	↑ 0.31%	↓ -2.40%	↑ 36.71%
NSE Oil & Gas Index	→ 0.00%	↑ 0.72%	↓ -6.76%	↑ 13.75%

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