

Daily Financial Market Update

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AIICO CAPITAL

MARKET COMMENTARY

Money Market

Opening System liquidity decreased to c. ₦229.11 billion long, compared with the opening balance of ₦278.44 billion long, recorded last week Friday. Consequently, both the Open Repo Rate (OPR) and the Overnight Rate (O/N) remained unchanged at 12.75% and 13.25% respectively. **We expect the interbank rates to maintain similar levels tomorrow.**

Treasury Bills

The treasury bills market resumed the week bullish, with most of the action concentrated on the short end of the curve, specifically July 2023 to Nov 2023 papers around 1.3% to 2.00% levels. Thus, the average mid-rate closed c. 5.38%. **We expect a similar play at tomorrow's session.**

FGN Bonds

The local bonds market witnessed a bullish theme today, as investors traded sentiments around the recently released June 2023 FGN bond issuance calendar where the following bonds: 2032s, 2042s and 2050s, were replaced with new issues of 2033 (10-year), 2038 (15-year) and 2053 (30-year) papers. In addition, there were some positivity amongst market players about the fuel subsidy removal. Most of the activity were across 2028, 2037, 2042, 2049 and 2050 papers, with as much as 15bps lost across the last 3 papers. Overall, the average mid-yield closed c.8bps lower to settle at 13.74%. **We anticipate sustained rally across the far-mid to long dated papers.**

Eurobonds

The Eurobonds market was in a sea of greens today, with the Nigerian curve leading the park following President Bola Ahmed Tinubu's declaration yesterday to remove fuel subsidy, thus saving the government as much as 10 billion dollars. This positivity reverberated across the other SSA and North African curves, with support also coming from the breakthrough recorded as regards the US debt ceiling agreement. Also, the World Bank today approved a \$1 billion loan to Kenya to support the East African nation's economy. **We expect the bullish theme to persist in the interim.**

Macro Indicators

GDP (Q4 2022)	+3.52% (Q3 2022: +2.25% y/y)
Inflation	22.22% (Mar'23: 22.04%)
External Reserve (US\$'billion)	35.16 (-5.19% YTD)
Monetary Policy Rate	18.50%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*75.76(-1.70% d/d)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates

	30-May-23	26-May-23	Change in Rates
9 days	5.50%	5.50%	(0.00%)
163days	6.00%	6.00%	(0.00%)
317 days	7.31%	7.90%	+0.59%

Source: FMDQ DQL for 30 May 2023

Benchmark FGN Bond Yields

	30-May-23	26-May-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.54%	12.55%	+0.01%
10 yrs: 12.50% 27-Apr-2032	14.90%	14.90%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.50%	15.45%	(0.05%)
30 yrs: 12.98% 27-Mar-2050	15.55%	15.66%	+0.11%

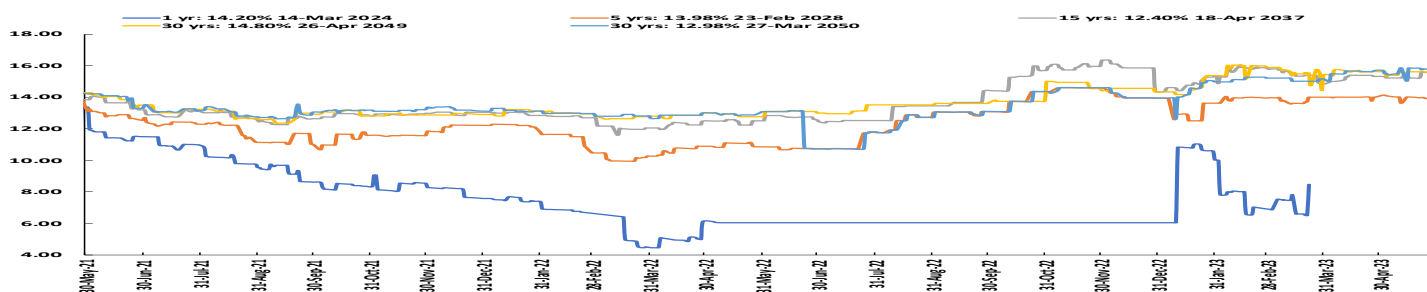
Source: FMDQ DQL for 30 May 2023

Benchmark FGN Eurobond Yields

	30-May-23	26-May-23	Change in Yield
1 yr: NGERIA 6 3/8 07/12/23	4.07%	6.22%	+2.15%
5 yrs: NGERIA 6 1/2 11/28/27	10.53%	11.12%	+0.59%
10 yrs: NGERIA 7.875 02/16/32	11.66%	12.10%	+0.44%
15 yrs: NGERIA 7.696 23/02/38	12.01%	12.37%	+0.36%
30 yrs: NGERIA 9.248 01/21/49	12.15%	12.46%	+0.31%
7.125% ECOTRAN 16/02/26	13.51%	14.07%	+0.56%

Source: FBN UK Runs for 30 May 2023

Benchmark Bond Yields



Nigerian Equities

The Nigerian equity market closed on a bullish note, as the Nigerian Stock Exchange All Share Index (NGX ASI) gained c.5.22% to close at 55,738.35 points, while year-to-date return settled at c 8.76%. Observably, buying interest in ACCESSCORP (0.95%), and GTCO (1.90%) drove the positive trend today. The NGX Banking, Industrial Goods, Consumer Goods and Oil & Gas Indices all appreciated in value by 8.20%, 6.08%, 6.48% and 4.04% respectively. ACCESSCORP led both the volume charts and value charts today with c. 199.62 million units and c. ₦ 2.45 billion, respectively. **We expect the bullish posture to linger tomorrow, as investors continue to trade positive sentiment around the new government's policies.**

Foreign Exchange

FMDQ's Nigerian Autonomous Foreign Exchange Fixing (NAFEX) rate appreciated to ₦464.50/US\$1.00 from ₦464.51/US\$1.00 recorded last week Friday. **We expect the NAFEX rate to hover at similar levels tomorrow.**

Commodities

Oil dipped on Tuesday as worries about the United States' debt ceiling agreement dampened the market's risk-on mood, while inconsistent statements from key producers muddled the supply outlook ahead of their conference this weekend. As of report time, Brent oil prices depreciated by c. 1.70% to \$75.76pb, day-on-day, while WTI depreciated by c 1.38% day-on-day to settle at US\$71.67pb. Spot Gold appreciated by c. 0.72% day-on-day to close at US\$1,977.20per ounce as of report time. **We expect Oil prices to decline because of U.S. debt negotiations.**

AIICO Money Market Fund (AMMF)

Net Yield (As at 29th May 2023)	12.0473%
Added Benefit	Personal accident insurance cover

Top 5 Equity Advancers

Name (Symbol)	Closing Price	Gain(N)	% Change
JAIZBANK	1.10	0.10	↑ 10.00%
NB	42.35	3.85	↑ 10.00%
ETERNA	7.70	0.70	↑ 10.00%
TRANSCOHOTEL	8.25	0.75	↑ 10.00%
FCMB	4.62	0.42	↑ 10.00%

Source: NGX, AIICO Capital

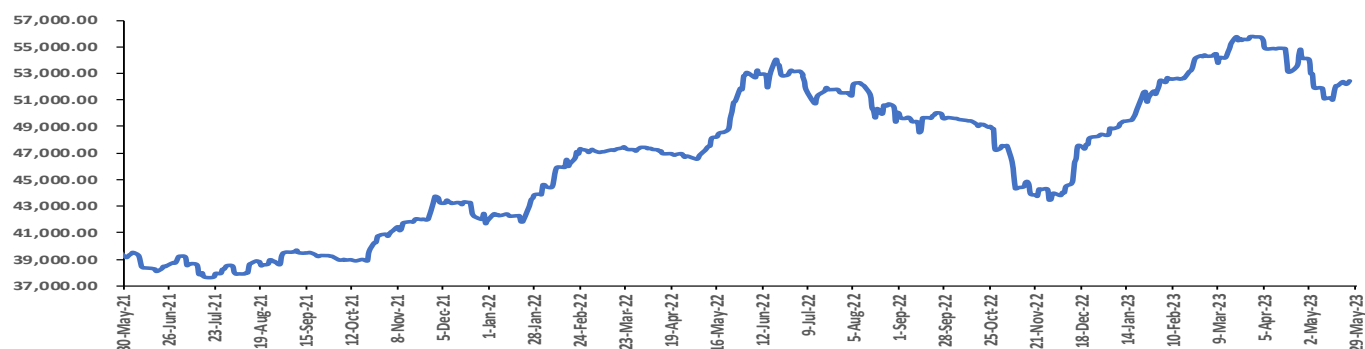
Top 5 Equity Decliners

Name (Symbol)	Closing Price	Loss(N)	% Change
IKEJAHOTEL	2.16	-0.24	↓ -10.00%
NCR	2.76	-0.30	↓ -9.80%
TANTALIZER	0.23	-0.02	↓ -8.00%
INTENEGINS	1.20	-0.09	↓ -6.98%
CHIPLC	0.57	-0.04	↓ -6.56%

Source: NGX, AIICO Capital

		W-o-W	MTD	YTD
NGX ASI	↑ 5.22%	↑ 5.92%	↑ 6.36%	↑ 8.76%
NSE Banking Index	↑ 8.20%	↑ 11.56%	↑ 22.50%	↑ 28.54%
NSE Insurance Index	↑ 2.29%	↑ 4.57%	↑ 16.30%	↑ 22.98%
NSE Industrial Goods Index	↑ 6.08%	↑ 5.31%	↑ 1.87%	↑ 3.73%
NSE Consumer Goods Index	↑ 6.48%	↑ 8.98%	↑ 12.86%	↑ 41.07%
NSE Oil & Gas Index	↑ 4.04%	↑ 8.05%	↑ 16.76%	↑ 26.80%

NSE All Share Index



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