

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

The NTB and FGN bond auction debits during the week dampened system liquidity by c.-224.40% from ₦76.83 billion to -₦95.58 billion week-on-week. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 308bps and 367bps to 22.25% and 23.25%, respectively, week-on-week.

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

Treasury Bills

At the beginning of the week, the treasury bills exhibited a slightly bullish bias, particularly on the long-dated paper. At mid-week, the Debt Management Office (DMO) offered c.₦13.58 billion but sold c.₦263.58 billion across the three tenors, representing nearly 20 times the offer. The stop rates declined across the three tenors by 275bps (6.25%), 200bps (11.00%) and 225bps (13.50%), for the 91-Day, 182-Day, and 364-Day papers, respectively. After the auction, the market yield trended downwards, with increased bidders across the curve. As a result, the treasury bills market closed the week bullish, as average yield nosedived by 146bps w/w to close the week at 8.18%.

Outlook: We envision a mixed activity next week.

FGN Bonds

This week, the bonds market reversed its bearish course, following the plunge in stop rates at the auction. At the beginning of the week, the DMO sold a total of ₦273.62 billion across 4 tenors, despite offering ₦360.00 billion. The stop rates on the 2029, 2033, 2038 and 2053 papers declined by 50bps (15.50%), 100bps (16.00%), 100bps (16.50%) and 85bps (17.15%), respectively, while the total bid/cover ratio was c.3.24x. As a result, secondary market was bolstered with buy-side interest across several papers. After a slight relief towards the end of the week, the market reignited the bullish bias afterwards and at the last day of trading. To quantify, average mid-yield sank by c.70bps, to 14.94% w/w.

Outlook: We expect market to express a mixed-to-bullish bias next week.

Eurobonds

The Eurobond market was tossed by the US CPI data and the policy decision of major central banks. The market began the week on a quiet note but posted a slight bullish reaction after the US inflation printed lower at 3.10% y/y in November, from 3.20% in October. Moving on, the bullish theme intensified after the US Federal Reserve decided to maintain interest rate and signalled at least three rate cuts by 2024. Afterwards, the ECB and BoE also held rate unchanged without clear expectation on policy pivots. Overall, the average mid-yield across the Nigerian curve declined by 52bps to settle at 9.76%, w/w.

Outlook: We expect the bullish posture to linger in the interim, while subsequent economic indicators continue to erupt temporal reactions.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 14th December 2023)	14.1930%
Added Benefit		Personal accident insurance cover

Date	Sys. Liq. (N'bn)	Diff.
15-Dec-23	-95.58	
8-Dec-23	76.83	↓ (172.42)

Source: CBN

Macro Indicators	
GDP (Q3 2023)	+2.54% (Q2: 2023 +2.51% y/y)
Inflation (November'2023)	28.20% (Oct'23: 27.33%)
External Reserve (US\$'billion)	32.85 (-11.42% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*76.23 (+0.51% w/w)

Source: NBS,CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	15-Dec-23	08-Dec-23	Change in Rates
83 days	5.85%	6.95%	+1.10%
174 days	7.53%	10.37%	+2.84%
328 days	12.35%	13.35%	+1.00%

Source: FMDQ DQL for 15 Dec 2023 and 08 Dec 2023

Benchmark FGN Bond Yields			
	15-Dec-23	08-Dec-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	13.07%	13.76%	+0.69%
10 yrs: 12.50% 27-Apr-2032	14.77%	14.73%	(0.04%)
20 yrs: 13.00% 21-Jan-2042	15.53%	16.70%	+1.17%
30 yrs: 12.98% 27-Mar-2050	16.16%	16.90%	+0.74%

Source: FMDQ DQL for 15 Dec 2023 and 08 Dec 2023

Benchmark FGN Eurobond Yields			
	15-Dec-23	08-Dec-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.15%	9.80%	+0.65%
10 yrs: NGERIA 7.875 02/16/32	9.89%	10.43%	+0.54%
15 yrs: NGERIA 7.696 23/02/38	10.31%	10.85%	+0.54%
30 yrs: NGERIA 9.248 01/21/49	10.56%	11.07%	+0.51%
7.125% ECOTRAN 16/02/26	11.54%	12.50%	+0.96%

Source: FBN UK Runs for 15 Dec 2023 and 08 Dec 2023

Nigerian Equities

The banking and telecommunication sectors were the top bullish movers this week. Overall, the All-Share Index (ASI) appreciating by 1.18% week-on-week, reaching 72,389.23 points, and the Year-to-Date (YTD) return settling at 41.24%.

Notably, the NGX Banking, Industrial and Consumer Goods Indices recorded positive gains of 5.32%, 0.22% and 0.37%, respectively, while the Oil & Gas Index declined by 0.27%, week-on-week. In terms of activity, ACCESSCORP led both the volume and value trades with 263.86 million units and ₦5.81 billion.

Outlook: We expect the bullish sentiment to ease next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦209.19 (or 19.03%) to \$/₦889.86 compared to \$/₦1,099.05 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

The bullish forecast from the International Energy Agency on oil demand and the US policy pivot announcement at the last FOMC meeting were the key highlight in the oil market and could lead oil prices to close higher this week – first weekly gain in two months. As of report time, Brent crude has gained +1.77% to \$77.18 per barrel, while WTI has appreciated by 1.31% to US\$72.16 per barrel. Similarly, Gold prices has appreciated by 2.03% to US\$2,055.40 per ounce at the time of the report.

Outlook: We expect the volatility to persist next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
INFINITY	2.82	1.05	↑ 59.32%
SCOA	1.74	0.39	↑ 28.89%
DAARCOMM	0.46	0.10	↑ 27.78%
JOHNHOLT	2.23	0.38	↑ 20.54%
DEAPCAP	0.70	0.09	↑ 14.75%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
NSLTECH	0.63	-0.12	↓ -16.00%
ETERNA	11.55	-1.55	↓ -11.83%
THOMASWY	2.95	-0.37	↓ -11.14%
JULI	0.65	-0.07	↓ -9.72%
NEM	5.35	-0.55	↓ -9.32%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.09%	↑ 1.18%	↑ 1.43%	↑ 41.24%
NSE Banking Index	↓ -0.72%	↑ 5.32%	↑ 14.80%	↑ 105.70%
NSE Insurance Index	↑ 0.82%	↑ 0.86%	↓ -3.45%	↑ 67.66%
NSE Industrial Goods Index	↑ 0.00%	↑ 0.22%	↓ -2.85%	↑ 12.47%
NSE Consumer Goods Index	↑ 0.36%	↑ 0.37%	↑ 0.35%	↑ 94.58%
NSE Oil & Gas Index	↑ 0.94%	↓ -0.27%	↓ -0.80%	↑ 124.51%

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