

Dear Esteemed Client:

Good evening

Global financial markets traded highly volatile today, with most benchmark indices dropping to record lows on rising fears of a lingering U.S./China trade tension and increasing risk-off sentiments. This comes as the Chinese government indicated a discontinuation to trade negotiations with the U.S., with the U.S. manufacturing data dropping to its lowest since 2016 at 50.6 in May vs 52.6 in April. Global equity indices declined with the U.S. Dow Jones Industrial Average (DIA), S & P 500, NASDAQ, German DAX, London's FTSE and Chinese SHANGHAI indices all lost ca -1.54%, -1.50%, -1.89%, -1.78%, -1.41% and -1.36% respectively while yields of treasuries of Developed economies (DMs) crashed to their lowest since 2017, with the U.S. 10yr treasuries, German 10yr treasuries, UK 10yr treasuries and French 10yr treasuries all dropping to ca +2.312%, -0.123%, +0.947% and +0.2805% respectively, on increasing flight to safety of safe-haven treasuries. Global crude oil prices also crashed, with Brent crude oil price losing ca 5% day-on-day at \$57.62 per barrel.

With growing expectation for an out-drawn U.S./China trade conflict and continued negative impact on global economic growth in 2019, we expect further rise in volatility in global financial markets, and continued rise in investors' demand for safe-haven instruments, particularly treasuries of Developed Economies (DMs) in the near term.

**1. Money Markets**

Banking system liquidity opened positive today at ca N200.6bn lower than ca N260.8bn recorded yesterday. The Central Bank of Nigeria (CBN) conducted an Open Market Operation (OMO) auction today, after 2 weeks on no offering.

**Treasury Bills**

Trading activities in the treasury bills secondary market began on a bullish note today. However, this changed after announcement of an Open Market Operation (OMO) auction by the Central Bank (CBN). Average rates gained ca +5bps day-on-day, with the 23 January 2020 maturity trading the most to close at 11.42% from 11.38%. Please find below a summary of the results of the OMO auction conducted today:

Tenor	91-Days	182-Days	357-Days
Maturity Date:	22-Aug-19	21-Nov-19	14-May-20
Amount Offered:	N 20.000 billion	N 30.000 billion	N 100.000 billion
Subscription:	N 16.690 billion	N 59.300 billion	N 297.200 billion
Amount Allotted:	N 16.180 billion	N 47.560 billion	N 296.950 billion
Range of bids:	10.7500% – 11.5900%	11.1900% – 11.9400%	11.6430% – 12.8000%
Stop Rates	11.4000%	11.6800%	12.5000%

**Bank Placements**

Open Buy Back (OBB) and Overnight (O/N) rates traded higher day-on-day at 9.86% and 10.50% from 4.57% and 5.29%. Average fixed deposit rates amongst banks monitored showed:

- tier-1 rated banks at 3.00% for 30 - 60 days tenor on N10min - N100min.
- tier-2 rated banks at 7.00% for 30 - 60 days tenor on N10min - N100min.

**2. Capital Markets**

**Bonds**

The bonds secondary market saw more activities today, with demand seen at the mid-to-long end of the curve. Average yields shed ca -38bps day-on-day, with February 2028 maturity closing at 14.10% from 14.21%.

**Eurobonds**

A very bearish trading day in the nation's Eurobonds market today, on rising volatility in the global financial markets and decline of Brent crude oil price. Sell off was seen across the yield curve, as average yields gained ca +10bps day-on-day with the January 2049 maturity closing at 8.63% from 8.49%.

**Equities**

The Nigerian equities market gained for a 6th consecutive trading day, with the Nigerian Stock Exchange All Share Index (NSE ASI) appreciating by ca +1.07% day-on-day to close at 31,477.51pts, with the market's year-to-date returns now in positive territory at +0.15%. This was largely due to gains in Dangote Cement Plc (+0.99%), MTN Nigeria Plc (+2.87%) and Guaranty Trust Bank Plc (+1.80%).

The NSE Industrial, Consumer goods and Oil & Gas indices all gained ca +82bps, +133bps and +6bps respectively, while the NSE Banking index lost -20bps. Sovereign Trust Insurance Plc led the volume chart with 280.76m units while MTN Nigeria Plc led the value chart with trades worth N5.24bn.

**3. Foreign Exchange**

The Naira remained flat against the dollar in both the interbank and parallel markets at N306.90/\$1 and N361/\$1 respectively. It remained flat against the Pound sterling and Euro at N471/£1 and N404/€1, respectively. The FMDQ Nigerian Autonomous Foreign Exchange (NAFEX) Fixing rate remained stable day-on-day at N360.42/\$1.

**4. Commodities**

Crude oil prices crashed today, on increasing U.S./China trade tensions and release of weaker Manufacturing data from the U.S., with moderating Middle East tensions. Brent crude oil price lost ca -5.11% day-on-day at \$67.36pb, while WTI lost ca -5.83% day-on-day at \$57.87pb, as at report time. Spot gold was up gained ca +0.86% at \$1,285.60 per ounce.

Top 5 Equity Advancers				Top 5 Equity Decliners			
Name (Symbol)	Price	Gain(N)	% Change	Name (Symbol)	Price	Loss(N)	% Change
LAWUNION	0.44	0.04	+10.00%	ACADEMY	0.27	-0.03	-10.00%
JAPAULOIL	0.24	0.02	+9.09%	LIVESTOCK	0.54	-0.06	-10.00%
NAHCO	3.41	0.25	+7.91%	COURTVILLE	0.21	-0.02	-8.70%
BETAGLAS	75.00	5.30	+7.60%	UCAP	2.10	-0.20	-8.70%
CONOIL	21.55	1.40	+6.95%	CHAMS	0.33	-0.03	-8.33%

Benchmark T-Bills Discount Rates			
	23-May-19	22-May-19	Change In Rates
84 Days	10.00%	10.00%	0.00% ↔
175 days	11.59%	11.54%	0.05% ↑
343 days	11.15%	12.35%	-1.20% ↓

Source: FMDQ DQL for 23 May 2019

Benchmark FGN Bond Yields			
	23-May-19	22-May-19	Change In Yield
3 yrs: 16.00% 15-Jul-2021	14.35%	14.35%	0.00% ↔
5 yrs: 15.54% 27-Apr 2023	14.35%	14.35%	0.00% ↔
10 yrs: 13.98% 23 Feb 2028	14.10%	14.21%	-0.11% ↓
20 yrs: 16.25% 18-Apr 2037	14.33%	14.36%	-0.03% ↓

Source: FMDQ DQL for 23 May 2019

Benchmark FGN Eurobond Yields			
	23-May-19	22-May-19	Change In Yield
3 yrs: NERIA 6 3/4 01/28/21	4.82%	4.72%	0.10% ↑
5 yrs: NERIA 6 3/8 07/12/23	5.53%	5.45%	0.08% ↑
10 yrs: NERIA 6 1/2 11/28/27	7.04%	6.90%	0.14% ↑
20 yrs: NERIA 7.696 02/23/38	8.03%	7.94%	0.09% ↑
30 yrs: NERIA 9.248 01/21/49	8.63%	8.49%	0.14% ↑

Source: FMDQ DQL for 23 May 2019

**Important Disclosures**

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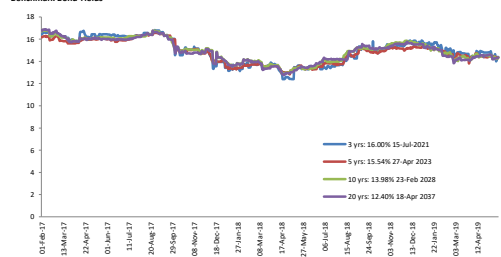
AIICO Money Market Fund (AMMF)	
Net Yield (As at current date)	13.27% per annum
Added Benefit	Personal accident insurance cover

AIICO Capital Guaranteed Income Note (GIN) Rates p.a.					
Amount (NGN)	30 Days	60 Days	90 Days	180 Days	364 Days
10,000,001 - 50,000,000	10.00	10.50	11.00	12.00	13.00
50,000,001 - 100,000,000	11.00	11.25	11.50	12.50	14.00
100,000,001 - 400,000,000	12.00	12.25	12.50	13.00	14.50

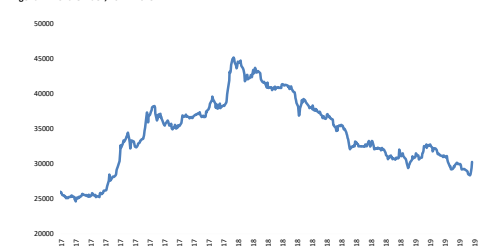
Trading Treasury Bills Rates p.a.			
Maturity Dates	Tenor (Days)	Discount Rate	Effective Yield
01-Aug-19	70	8.13%	8.26%
17-Oct-19	147	10.83%	11.32%
07-Nov-19	168	10.78%	11.34%
16-Jan-20	238	11.15%	12.02%

Select Macro-economic Indices	
Inflation % (April 2019)	11.37 (+1.07% ytd)
PMI (May 2019)	57.80
MPR (%)	13.5 (-5%/+2% around mid-point)
CRR (%)	22.5
Brent Crude Price US\$ pbbl	67.36 (-5.11% d/d)
External Reserve (US\$ billion)	45.060 (+2.21% ytd)
GDP % (Q1 2019)	+2.01% (Q4 2018: +2.38% y/y)
NSE All Share Index (ASI)	31,477.51 (+1.07% d/d; +0.15% ytd)
Market Capitalisation (N Trillion)	13.86

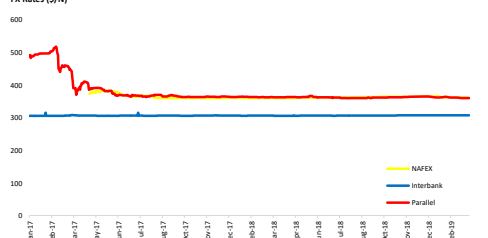
**Benchmark Bond Yields**



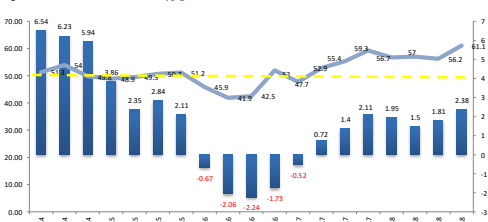
**Nigerian All Share Index, 2017 - 2019**



**FX Rates (\$/N)**



**Nigeria's Real GDP Growth Rate vs PMI (q/q)**



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