

Actionable Market Insights, Delivered Weekly.



MARKET COMMENTARY

DATE: Friday | 30 August 2024

Money Market

Despite the two consecutive OMO auctions with a total auction debit of ₦1.63 trillion, system liquidity maintained a significantly positive balance. As a result, the Open Repo Rate (OPR) and the Overnight Rate (O/N) decreased by 767 bps and 611 bps to 18.11% and 20.06% respectively, compared to the previous week, this was also supported by the major change by the CBN on the operationalization of the Standing Lending Facility (SLF) and Standard Deposit Facility.

Outlook: We expect system liquidity to gradually diminish next week, in the absence of any major flows.

Treasury Bills

The treasury bills market trended bullish this week, supported by improved system liquidity from residual FAAC credits and partially by the two consecutive marginal declines in OMO bills stop rates.

At the first OMO auction, the CBN sold ₦869.46 billion, with the stop rate on the 1-year paper at 21.89%. Thereafter, the CBN sold ₦758.00 billion, with a stop rate on the 1-year paper at 21.87%.

Overall, the average mid-rate declined by 134 bps week-on-week, settling at 18.47%.

Outlook: We expect a cautious trading next week, as market anticipate the NTB auction, where the DMO would be offering ₦233.31 billion.

FGN Bonds

This week, the local bonds market maintained a bullish posture across several papers, particularly on the May 2033, Feb 2034 and 2053 maturities. Consequently, the average mid-yield decreased by 43 bps to 18.96% on a week-on-week basis.

Outlook: We anticipate a mixed to bullish bias next week.

Eurobonds Markets

The Eurobonds market experienced lower volatility and fewer surprises this week, with minimal impact from economic data such as the US Jobless Claims, GDP growth rate, and US PCE Price Index. Consequently, the average mid-yield on the Nigerian curve decreased by 29 bps week-on-week to 9.94%.

Outlook: Next week, we expect players to position ahead of the US ADP Employment data and Non-Farm Payroll.

Benchmark T-Bills Discount Rates			
	30-Aug-24	23-Aug-24	Change in Rates
97 days	18.92%	19.09%	↓ -0.17%
188 days	19.65%	21.13%	↓ -1.48%
328 days	19.43%	19.55%	↓ -0.12%

Source: FMDQ DQL for 30 Aug 2024 and 23 Aug 2024

Benchmark FGN Bond Yields			
	30-Aug-24	23-Aug-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.41%	20.03%	↓ -0.62%
10 yrs: 12.50% 27-Apr-2032	18.00%	18.52%	↓ -0.52%
20 yrs: 13.00% 21-Jan-2042	17.49%	17.50%	↓ -0.01%
30 yrs: 12.98% 27-Mar-2050	16.99%	18.62%	↓ -1.63%

Source: FMDQ DQL for 30 Aug 2024 and 23 Aug 2024

Benchmark FGN Eurobond Yields			
	30-Aug-24	23-Aug-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.71%	8.88%	↓ -0.17%
10 yrs: NGERIA 7.875 02/16/32	9.85%	10.08%	↓ -0.23%
15 yrs: NGERIA 7.696 23/02/38	10.30%	10.46%	↓ -0.16%
30 yrs: NGERIA 9.248 01/21/49	10.38%	10.57%	↓ -0.19%
7.125% ECOTRAN 16/02/26*	9.38%	8.88%	↑ 0.50%

Source: FBNH UK Runs for 30 Aug 2024 and 23 Aug 2024

AIICO Money Market Fund (AMMF)

Net Yield (As at 29th August 2024) 21.3118%

	NAFEM RATE (\$/N)	Diff.
30-Aug-24	1,598.56	
23-Aug-24	1,570.14	↑ 28.42

Source: FMDQ

Date	Sys. Liq. (₦'bn)	Diff.
30-Aug-24	624.28	
23-Aug-24	1,224.40	↓ (600.12)

Source: CBN

Macro Indicators

GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (Jul'2024)	33.40% (Jun'24: 34.19%)
External Reserve (US\$'billion)	36.32 (+10.36% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*78.80 (-0.28% w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended the week on a positive note, with the ALL-Share Index rising by 0.63% week-on-week to settle at 96,579.54 points, up from 95,973.45 points the previous week. The year-to-date return was 29.16%, and the market capitalization closed the week at ₦55.48 trillion.

Outlook: We expect similar trajectory next week.

Foreign Exchange

The Naira appreciated against the USD by 0.62% week-on-week, reaching ₦1,570.14/\$.

Outlook: We expect market to trade within ₦1500-1600 levels next week.

Commodities

At the start of the week, crude oil prices soared due to reports of production stoppages in Libya. However, as more information became available about the actual impact on production, the prices began to stabilize. Brent oil decreased by 0.28% to \$78.80 per barrel, while WTI declined by 1.26% to \$73.89 per barrel. Additionally, the price of gold dropped by 0.02% to \$2,545.70 per ounce.

Outlook: We expect a mixed trend next week.

Top 5 Equity Advancers W-o-W			
Name (Symbol)	Closing Price	Gain(N)	% Change
OANDO	76.90	29.05	↑ 60.71%
DEAPCAP	0.88	0.32	↑ 57.14%
MCNICHOLS	1.55	0.56	↑ 56.57%
DAARCOMM	0.73	0.26	↑ 55.32%
NSLTECH	0.66	0.23	↑ 53.49%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W			
Name (Symbol)	Closing Price	Loss(N)	% Change
TRANSPOWER	335.20	-37.20	↓ -9.99%
MTNN	180.00	-19.80	↓ -9.91%
UPL	2.30	-0.24	↓ -9.45%
UCAP	18.20	-1.55	↓ -7.85%
EUNISELL	3.00	-0.20	↓ -6.25%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.18%	↑ 0.63%	↓ -1.22%	↑ 29.16%
NSE Banking Index	↑ 1.05%	↑ 1.96%	↑ 6.96%	↓ -4.45%
NSE Insurance Index	↓ -0.55%	↑ 5.76%	↑ 11.46%	↑ 31.86%
NSE Industrial Goods Index	↑ 0.05%	↑ 0.08%	↓ -13.06%	↑ 42.12%
NSE Consumer Goods Index	↓ -0.25%	↑ 3.48%	↑ 4.31%	↑ 40.47%
NSE Oil & Gas Index	↑ 2.50%	↑ 8.50%	↑ 22.39%	↑ 78.43%

Source: NGX, Bloomberg, AIICO Capital

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