

# Actionable Market Insights, delivered daily.

**AIICO CAPITAL**

## MARKET COMMENTARY

DATE: Wednesday 11 September | 2024

### Money Market

System liquidity worsened today. Thus, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 13bps and 11bps to 31.23% and 31.64%, respectively.

**Outlook:** We expect interbank rates to hover at similar levels tomorrow.

### Treasury Bills

The treasury bills market closed relatively flat today, as most participants focused on the NTB auction. At the auction, the DMO sold the exact amount offered (c.N161.88 billion). The rates for the 91-day, 182-day, and 364-day closed at 16.63% (-37bps), 17.00% (-50bps), and 18.59% (-35bps), respectively. Overall, the average mid-rate settled at 18.80%.

**Outlook:** We anticipate the activity to be mixed to bullish, supported by the NTB auction results.

### FGN Bonds

The local FGN bonds market had a quiet session today, albeit with a bearish undertone. Offers continue to tick higher across the curve amid a scarcity of bids. As a result, the average mid-yield closed 23bps higher to settle at 18.45%.

**Outlook:** We expect a mixed trading session tomorrow.

### Eurobonds

The African Eurobonds market ended negatively due to the US CPI report for August, which presented a mixed picture of the U.S. economy. Although the overall inflation rate has decreased to 2.5% (compared to an expected 2.6%), underlying price pressures are still noticeable, especially in the housing market. Core inflation (MoM) rose from 0.2% to 0.3%, strengthening expectations of a 25bps rate cut at the upcoming FOMC meeting. As a result, the average mid-yield across the Nigerian curve increased by 25 bps to 10.11%.

**Outlook:** We expect the market to trade mixed sentiment tomorrow.

BENCHMARK T-BILLS DISCOUNT RATES			
	11-Sep-24	10-Sep-24	Change in Rates
85 DAYS	17.30%	17.30%	→ 0.00%
176 DAYS	18.21%	18.21%	→ 0.00%
358 DAYS	18.40%	18.30%	↑ 0.10%

Source: FMDQ DQL for 11-Sep-2024

BENCHMARK FGN BOND YIELDS			
	11-Sep-24	10-Sep-24	Change in Yield
5 YRS: 16.2884% 17-MAR-2027	19.13%	19.12%	↑ 0.01%
10 YRS: 12.50% 27-APR-2032	18.02%	18.02%	→ 0.00%
20 YRS: 13.00% 21-JAN-2042	17.25%	17.49%	↓ -0.24%
30 YRS: 12.98% 27-MAR-2050	16.80%	16.80%	→ 0.00%

Source: FMDQ DQL for 11-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	11-Sep-24	10-Sep-24	Change in Yield
5 YRS: NIGERIA 6 1/2 11/28/27	9.25%	9.15%	↑ 0.10%
10 YRS: NIGERIA 7.875 02/16/32	10.46%	10.22%	↑ 0.24%
15 YRS: NIGERIA 7.696 23/02/38	10.76%	10.57%	↑ 0.19%
30 YRS: NIGERIA 9.248 01/21/49	10.70%	10.60%	↑ 0.10%
7.125% ECOTRAN 16/02/26*	9.81%	9.81%	→ 0.00%

Source: FBN UK Runs for 11-Sep-2024

NAFEM RATE (\$/₦)		Diff.
11-Sep-24	1,558.75	
10-Sep-24	1,637.59	↑ (78.84)

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
11-Sep-24	(507.93)	
10-Sep-24	(251.49)	↓ (256.44)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	21.65
AIICO BALANCED FUND	7.76
AIICO EUROBOND FUND	6.33

As of 9th September 2024

MACRO INDICATORS	
GDP (Q2 2024)	+3.19% (Q1: 2023 +2.98% y/y)
INFLATION (JULY'2024)	33.40% (Jun'24: 34.19% )
EXTERNAL RESERVE (US\$'BILLION)	36.64 (+11.33% YTD)
MONETARY POLICY RATE	26.75%
CASH RESERVE REQUIREMENT (CRR)	45.00%
BRENT CRUDE PRICE US\$/BBL	*70.76 (+1.57 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The local stock market ended the trading day with a slight decline, with the NGX-ASI dropping by 0.09% to 96,715.04 points. Profit-taking in certain stocks influenced The market's performance, resulting in a year-to-date ASI return of 29.34%. Transaction levels were mixed, with traded volume increasing by 49.81% and traded value falling by 22.90%. A total of 600.03 million shares worth ₦8.80 billion were traded. Most major sectors saw gains, with the Oil and Gas Index being the top gainer, rising by 1.73%. Conversely, the Insurance Index fell by 1.44%. Market breadth fell to 1.28x from the previous day, with 32 stocks advancing and 25 declining.

**Outlook:** *We expect the bearish bias to persist.*

## Foreign Exchange

The Naira appreciated against the USD by 4.81%, settling at \$/₦1,558.75.

**Outlook:** *We expect volatility to persist.*

## Commodities

Crude oil futures hit their lowest levels since December 2021 after OPEC revised its demand forecast lower. Brent prices dropped 3.05% to \$69.44, while WTI prices fell 3.49% to \$66.31. Gold prices remained above \$2,500 as market participants awaited U.S. inflation data for insights on potential On Wednesday, U.S. crude oil surged over 2%, recovering from a nearly three-year low. Brent prices rose 2.27% to \$70.76, while WTI prices climbed 0.69% to \$69.14. Gold prices remained stable as the dollar and Treasury yields strengthened following U.S. inflation data, trading at around \$2,544.40 per ounce rate cuts by the Federal Reserve.

**Outlook:** *We expect the volatility to persist.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
CAVERTON	2.10	0.19	↑ 9.95%
REDSTAREX	3.85	0.34	↑ 9.69%
UPDC	1.48	0.13	↑ 9.63%
BERGER	20.50	1.75	↑ 9.33%
CONOIL	168.00	14.00	↑ 9.09%

**Source:** *NGX, AIICO Capital*

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
CWG	5.40	-0.60	↓ -10.00%
NNFM	43.50	-4.80	↓ -9.94%
ACADEMY	2.63	-0.29	↓ -9.93%
LEARNAFRCA	3.36	-0.37	↓ -9.92%
SCOA	1.73	-0.19	↓ -9.90%

**Source:** *NGX, AIICO Capital*

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.09%	↑ 0.18%	↑ 0.14%	↑ 29.34%
NSE BANKING INDEX	↑ 0.64%	↑ 0.56%	↑ 0.69%	↓ -3.79%
NSE INSURANCE INDEX	↓ -1.44%	↓ -0.26%	↓ -3.89%	↑ 26.74%
NSE INDUSTRIAL GOODS INDEX	↑ 0.01%	↓ -0.20%	↓ -0.19%	↑ 41.85%
NSE CONSUMER GOODS INDEX	↑ 0.27%	↓ -0.61%	↓ -1.50%	↑ 38.35%
NSE OIL & GAS INDEX	↑ 1.73%	↑ 2.76%	↑ 4.47%	↑ 86.39%

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