

Actionable Market Insights, delivered daily.

AIICO CAPITAL

MARKET COMMENTARY

DATE: Thursday 12 September | 2024

Money Market

The liquidity status in the financial market further deteriorated, but the Open Repo Rate (OPR) and Overnight Rate (O/N) decreased by 23bps and 11bps to 31.00% and 31.53%, respectively.

Outlook: We expect a similar theme tomorrow.

Treasury Bills

The treasury bills market was bearish today, with selling interests dominating the curve, especially for the newest 1-year paper. Offers were observed in the range of 18.20% to 18.40%, although only a few trades were completed. In general, the average mid-rate increased by 42 bps to 19.22%.

Outlook: Given the tight market liquidity, we anticipate the week closing on a mixed to bearish note.

FGN Bonds

The local FGN bond market had a relatively flat performance, although there were pockets of interest in selected papers (June 2033, Feb 2034, 2042, and 2053). Overall, the average mid-yield closed 3bps higher, settling at 18.48%.

Outlook: We expect a quiet session tomorrow.

Eurobonds

Bullish sentiments dominated the African Eurobonds market, with significant buying interest in Nigeria, Angola, and Egypt bonds. This can be attributed to the steady rise in oil prices and investors' anticipation of a rate cut at the upcoming Fed meeting. As a result, the average mid-yield across the Nigerian curve dropped by 20 bps to 9.91%.

Outlook: We expect the market to trade mixed to bullish sentiments.

BENCHMARK T-BILLS DISCOUNT RATES			
	12-Sep-24	11-Sep-24	Change in Rates
91 DAYS	16.42%	16.45%	↓ -0.03%
182 DAYS	18.13%	18.21%	↓ -0.08%
357 DAYS	18.40%	18.40%	→ 0.00%

Source: FMDQ DQL for 12-Sep-2024

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

Source: FMDQ DQL for 12-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	12-Sep-24	11-Sep-24	Change in Yield
5 YRS: NGERIA 6 1/2 11/28/27	8.87%	9.25%	↓ -0.38%
10 YRS: NGERIA 7.875 02/16/32	10.27%	10.46%	↓ -0.19%
15 YRS: NGERIA 7.696 23/02/38	10.63%	10.76%	↓ -0.13%
30 YRS: NGERIA 9.248 01/21/49	10.54%	10.70%	↓ -0.16%
7.125% ECOTRAN 16/02/26*	10.02%	9.81%	↑ 0.21%

Source: FBN UK Runs for 12-Sep-2024

NAFEM RATE (\$/N)			Diff.
12-Sep-24	1,649.76		
11-Sep-24	1,558.75	↑	91.01

Source: FMDQ

SYS. LIQ. (N'BN)			Diff.
12-Sep-24	(591.26)		
11-Sep-24	(507.93)	↓	(83.33)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.50
AIICO BALANCED FUND	8.09
AIICO EUROBOND FUND	6.37

As of 11th 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)	36.73 (+11.60% YTD)
MONETARY POLICY RATE	26.75%
CASH RESERVE REQUIREMENT (CRR)	45.00%
BRENT CRUDE PRICE US\$/BBL	*72.58 (+1.92 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended today positively, with the NGX-ASI increasing by 0.32% to reach 97,025.17 points. Notable gains were seen in FBNH (+10.00%), NESTLE (+9.88%), and OANDO (+3.66%), driving the year-to-date ASI return to 29.76%. The Banking sector led the gains, while Oil and Gas and Insurance recorded losses. Market breadth slightly decreased to 1.22x.

Outlook: *We expect the week to end on a mixed note.*

Foreign Exchange

At the NAFEM window today, the naira depreciated against the USD by 5.84%, closing at \$/₦1,649.76.

Outlook: *We expect volatility to persist.*

Commodities

U.S. crude oil rose by more than 2% to surpass \$69 per barrel on Thursday as Hurricane Francine disrupted oil production in the Gulf of Mexico before hitting Louisiana. Brent prices increased by 2.79% to \$72.58, while WTI prices climbed by 3.30% to \$69.45. Gold prices surged by over 1% to reach a record high on Thursday due to expectations of an interest rate reduction by the Federal Reserve following indications of a slowing U.S. economy. Currently, gold is trading at around \$2,582.00 per ounce.

Outlook: *We anticipate that the bullish trend in the oil market will continue, and gold will continue to gain strength.*

TOP 5 EQUITY ADVANCERS			
	CLOSING		
NAME (SYMBOL)	PRICE	GAIN(N)	% CHANGE
CAVERTON	2.31	0.21	↑ 10.00%
FBNH	26.40	2.40	↑ 10.00%
FLOURMILL	49.55	4.50	↑ 9.99%
RTBRISCOE	3.32	0.30	↑ 9.93%
NESTLE	890.00	80.00	↑ 9.88%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
	CLOSING		
NAME (SYMBOL)	PRICE	LOSS(N)	% CHANGE
DAARCOMM	0.72	-0.07	↓ -8.86%
ETERNA	32.15	-2.85	↓ -8.14%
UNIVINSURE	0.36	-0.03	↓ -7.69%
SOVRENINS	0.63	-0.04	↓ -5.97%
INTBREW	4.45	-0.25	↓ -5.32%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.32%	↑ 0.85%	↑ 0.46%	↑ 29.76%
NSE BANKING INDEX	↑ 1.52%	↑ 2.92%	↑ 2.22%	↓ -2.33%
NSE INSURANCE INDEX	↓ -0.41%	↓ -0.77%	↓ -4.28%	↑ 26.22%
NSE INDUSTRIAL GOODS INDEX	↑ 0.00%	↓ -0.18%	↓ -0.19%	↑ 41.85%
NSE CONSUMER GOODS INDEX	↑ 0.55%	↑ 0.33%	↓ -0.96%	↑ 39.11%
NSE OIL & GAS INDEX	↓ -0.63%	↑ 2.05%	↑ 3.81%	↑ 85.23%

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