

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Monday 17 September | 2024

Money Market

System liquidity improved today, although it remained in the negative territory. Inflows from OMO maturities and FGN bond coupons drove the mild improvement. As a result, the Open Repo Rate (OPR) decreased by 74 bps to 30.46%, and the Overnight Rate (O/N) decreased by 73 bps to 31.00%.

Outlook: We expect further improvement tomorrow as more coupons hit the system.

Treasury Bills

Activity in the treasury bills market was mixed to bullish. There was some selling interest in the mid-tenor papers, while the long end of the curve witnessed lower bids and offers. Consequently, the average mid-rate across the benchmark NTB papers decreased by 10 bps to 19.20%.

Outlook: We expect the same sentiment to persist tomorrow.

FGN Bonds

The local FGN bond market experienced a slightly bullish trend, with some demand observed for specific bonds (2031s, May 2033s, Feb 2034s, and 2053s). Thus, the average mid-yield decreased by 12bps, settling at 18.27%.

Outlook: We anticipate more buying interest tomorrow, supported by coupon inflows.

Eurobonds

The Eurobonds market stayed strong, particularly for Nigeria, Angola, and Egypt. However, towards the close of the market, buying slowed, and market players took a breather ahead of tomorrow's FOMC decision. On average, the mid-yield across the Nigerian curve dropped by 22 bps to 9.58%.

Outlook: We anticipate the market will trade cautiously tomorrow as the focus shifts to the Fed meeting.

BENCHMARK T-BILLS DISCOUNT RATES			
	17-Sep-24	13-Sep-24	Change in Rates
86 DAYS	16.42%	16.42%	➔ 0.00%
177 DAYS	19.45%	19.45%	➔ 0.00%
352 DAYS	18.40%	18.40%	➔ 0.00%

Source: FMDQ DQL for 17-Sep-2024

BENCHMARK FGN BOND YIELDS			
	17-Sep-24	13-Sep-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.59%	19.58%	⬆️ 0.01%
10 YRS: 19.00% 21-FEB-2034	19.60%	19.70%	⬇️ -0.10%
20 YRS: 15.45% 21-JUN-2038	17.15%	17.15%	➔ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.80%	16.80%	➔ 0.00%

Source: FMDQ DQL for 17-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	17-Sep-24	16-Sep-24	Change in Yield
5 YRS: NGERIA 6 1/2 11/28/27	8.64%	8.83%	⬇️ -0.19%
10 YRS: NGERIA 7.875 02/16/32	9.78%	10.01%	⬇️ -0.23%
15 YRS: NGERIA 7.696 23/02/38	10.26%	10.41%	⬇️ -0.15%
30 YRS: NGERIA 9.248 01/21/49	10.32%	10.43%	⬇️ -0.11%
7.125% ECOTRAN 16/02/26*	9.54%	9.60%	⬇️ -0.06%

Source: FBN UK Runs for 17-Sep-2024

NAFEM RATE (\$/N)		Diff.
17-Sep-24	1,656.49	
13-Sep-24	1,546.41	⬆️ 110.08

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
17-Sep-24	(411.38)	
13-Sep-24	(503.03)	⬆️ 91.65

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.50
AIICO BALANCED FUND	8.61
AIICO EUROBOND FUND	7.01

As of 16th September 2024

MACRO INDICATORS	
GDP (Q2 2024)	+3.19% (Q1: 2023 +2.98% y/y)
INFLATION (AUGUST'2024)	32.15% (Jul'24: 33.40%)
EXTERNAL RESERVE (US\$ BILLION)	36.81 (+11.85% YTD)
MONETARY POLICY RATE	26.75%
CASH RESERVE REQUIREMENT (CRR)	45.00%
BRENT CRUDE PRICE US\$/BBL	*73.87 (+1.12 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The local stock market started the week positively, with the NGX-ASI increasing by 0.23% to 97,685.64 points. Notable gains in stocks like FLOURMILLS, FBNH, and GEREGU contributed to the market's performance. Transaction levels also saw an uptick, with a higher volume and value of shares traded. However, three of the five major sectors experienced losses. Market sentiment, as measured by market breadth, remained neutral, with 26 stocks advancing and 26 declining.

Outlook: *We expect the same sentiment to persist tomorrow.*

Foreign Exchange

The Naira depreciated against the USD at the NAFEM window today, as it lost 7.12%, closing at \$/N1656.49.

Outlook: *We expect volatility to persist.*

Commodities

U.S. crude oil traded above \$71 per barrel on Tuesday. Optimism is growing that the Federal Reserve will cut interest rates, and production is still disrupted in the Gulf of Mexico. Brent prices increased by 1.12% to \$73.87, while WTI prices climbed by 1.45% to \$71.54. However, Gold eased slightly after reaching an all-time high in the previous session as the dollar and Treasury yields edged higher. Currently, gold is trading at around \$2,591.10 per ounce.

Outlook: *We expect the bullish trend in the oil market to continue, while gold is expected to trade slightly lower.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
FLOURMILL	59.95	5.45	↑ 10.00%
FBNH	31.90	2.90	↑ 10.00%
VITAFoAM	19.90	1.80	↑ 9.94%
CAVERTON	2.79	0.25	↑ 9.84%
HONYFLOUR	4.92	0.44	↑ 9.82%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
ETERNA	27.90	-3.10	↓ -10.00%
OANDO	80.20	-8.85	↓ -9.94%
ABBEYBDS	2.28	-0.25	↓ -9.88%
TANTALIZER	0.64	-0.07	↓ -9.86%
MECURE	8.45	-0.90	↓ -9.63%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.23%	↑ 0.91%	↑ 1.15%	↑ 30.64%
NSE BANKING INDEX	↑ 1.45%	↑ 6.47%	↑ 6.52%	↑ 1.77%
NSE INSURANCE INDEX	↓ -1.52%	↓ -1.97%	↓ -4.40%	↑ 26.06%
NSE INDUSTRIAL GOODS INDEX	↓ -0.01%	↑ 0.19%	↓ -0.01%	↑ 42.10%
NSE CONSUMER GOODS INDEX	↑ 0.94%	↑ 3.04%	↑ 1.22%	↑ 42.17%
NSE OIL & GAS INDEX	↓ -0.62%	↑ 0.22%	↑ 2.92%	↑ 83.63%

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