

# Actionable Market Insights, delivered daily.

**AIICO CAPITAL**

## MARKET COMMENTARY

DATE: Wednesday 18 September | 2024

### Money Market

Coupon inflows from FGN bonds mainly drove the improvement in system liquidity today. Despite fewer DMBs exposed to the SLF window, the interbank rates increased. The Open Repo Rate (OPR) rose by 82 bps to 31.28%, and the Overnight Rate (O/N) increased by 56 bps to 31.56%.

**Outlook:** We expect the interbank rates to remain elevated tomorrow, pending FAAC inflows.

### Treasury Bills

The treasury bills market experienced a bearish session, with few sellers offering selected mid- and long-dated papers. As a result, the average mid-rate across the benchmark NTB papers rose by 22 bps to 19.42%.

**Outlook:** We expect mixed sentiments tomorrow.

### FGN Bonds

Today, the local FGN bond market had two distinct periods. Earlier in the day, there was selling interest in specific bonds (2031s and May 2033 papers). However, towards the end of the market session, there was a resurgence of market bids, especially for the May 2033 paper, as investors looked to take advantage of the high yields. Overall, the average mid-yield increased by 2 bps, settling at 18.28%.

**Outlook:** We expect the buying interest to persist tomorrow.

### Eurobonds

The SSA Eurobonds closed bearish today. Most investors remained skeptical about the magnitude of the rate cut at today's FOMC meeting. However, a few buyers were interested in some Nigerian and Angola papers, picking up some of the attractive prices. On average, the mid-yield across the Nigerian curve increased by 8 bps to 9.66%.

**Outlook:** We anticipate the market will trade mixed sentiments tomorrow.

BENCHMARK T-BILLS DISCOUNT RATES			
	18-Sep-24	17-Sep-24	Change in Rates
85 DAYS	16.42%	16.42%	→ 0.00%
176 DAYS	19.45%	19.45%	→ 0.00%
351 DAYS	18.40%	18.40%	→ 0.00%

Source: FMDQ DQL for 18-Sep-2024

BENCHMARK FGN BOND YIELDS			
	18-Sep-24	17-Sep-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.60%	19.59%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	19.60%	19.60%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	17.15%	17.15%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.60%	16.80%	↓ -0.20%

Source: FMDQ DQL for 18-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	18-Sep-24	17-Sep-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	9.17%	9.06%	↑ 0.11%
10 YRS: NGERIA 7.375% 09/29/31	10.07%	9.95%	↑ 0.12%
15 YRS: NGERIA 7.696% 23/02/31	10.30%	10.26%	↑ 0.04%
30 YRS: NGERIA 8.25% 09/29/51	10.56%	10.54%	↑ 0.02%
8.75% ETI 06/17/31*	8.03%	8.19%	↓ -0.16%

Source: FBN UK Runs for 18-Sep-2024

NAFEM RATE (\$/N)		Diff.
18-Sep-24	1,539.65	
17-Sep-24	1,656.49	↑ (116.84)

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
18-Sep-24	(220.48)	
17-Sep-24	(411.38)	↑ 190.90

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.24
AIICO BALANCED FUND	7.64
AIICO EUROBOND FUND	7.01

As of 17th 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)	36.94 (+12.25% YTD)
MONETARY POLICY RATE	26.75%
CASH RESERVE REQUIREMENT (CRR)	45.00%
BRENT CRUDE PRICE US\$/BBL	*73.10 (-0.60 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The local stock market ended the day on a positive note, with the NGX-ASI increasing by 0.56% to 98,230.92 points. Notable gains were seen in GEREGU (+9.52%), FBNH (+6.27%), OANDO (+6.05%), UCAP (+2.84%), and ACCESSCORP (+2.09%). However, trading volume and value decreased by 23.34% and 19.49% respectively. The Banking sector led the gainers, rising by 1.06%, followed by the Insurance (+0.59%) and Oil and Gas (+0.35%) sectors, while the Consumer Goods (-1.06%) and Industrial Goods (-0.07%) sectors experienced losses.

**Outlook:** *We expect a similar play at tomorrow's session.*

## Foreign Exchange

The Naira strengthened against the USD at the NAFEM window today, gaining 7.05% to close at \$/N1539.65.

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

## Commodities

Oil prices edged lower in anticipation of the Federal Reserve's upcoming decision on interest rates, which is not expected to provide much support. As of the latest report, Brent prices declined by 0.77% to \$73.13, while WTI prices dropped by 1.00% to \$70.48. In contrast, gold prices rose due to a weaker dollar and investor caution ahead of the U.S. Federal Reserve's expected decision to initiate a monetary easing cycle. Currently, gold is trading at around \$2,597.70 per ounce.

**Outlook:** *We expect the volatility to persist amid the US Fed interest rate decision.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
HONYFLOUR	5.41	0.49	↑ 9.96%
MEYER	6.41	0.58	↑ 9.95%
ACADEMY	2.89	0.26	↑ 9.89%
CAVERTON	3.06	0.27	↑ 9.68%
GEREGU	1150.00	99.96	↑ 9.52%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
NNFM	39.15	-4.35	↓ -10.00%
BERGER	21.60	-2.35	↓ -9.81%
DEAPCAP	0.84	-0.09	↓ -9.68%
LIVESTOCK	2.40	-0.24	↓ -9.09%
OMATEK	0.65	-0.05	↓ -7.14%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.56%	↑ 1.57%	↑ 1.71%	↑ 31.37%
NSE BANKING INDEX	↑ 1.06%	↑ 6.91%	↑ 7.65%	↑ 2.85%
NSE INSURANCE INDEX	↑ 0.59%	↑ 0.05%	↓ -3.84%	↑ 26.80%
NSE INDUSTRIAL GOODS INDEX	↓ -0.07%	↑ 0.11%	↓ -0.08%	↑ 42.00%
NSE CONSUMER GOODS INDEX	↓ -1.06%	↑ 1.67%	↑ 0.14%	↑ 40.66%
NSE OIL & GAS INDEX	↑ 0.35%	↓ -1.13%	↑ 3.28%	↑ 84.28%

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