

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Tuesday, 24 September 2024

Money Market

Opening system liquidity improved further today as more credits entered the system. However, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 18bps and 8bps to 20.33% and 20.88%, respectively.

Outlook: We anticipate that interbank rates will increase in response to the recent MPC decision. The MPR was increased by 50bps to 27.25%, and the CRR for DMBs was increased by 500bps to 50.00%.

Treasury Bills

The treasury bills market traded bearish today as investors took position ahead of tomorrow's NTB auction. Furthermore, the selling interest heightened following the rate hike at today's penultimate MPC meeting. Thus, the average mid-rate increased by 27 bps to 19.78%.

Outlook: We anticipate a quiet session tomorrow as attention shifts to the NTB auction, where the DMO will offer T-bills worth approximately ₦227 billion.

FGN Bonds

The local FGN bonds market saw early buying interest as unmet auction bids entered the market. The buying slowed as more participants turned their attention to the MPC meeting. Following the MPC decision, the market saw a retracement with higher yields. Overall, the average mid-yield declined by 6bps to settle at 18.39%.

Outlook: We expect a mixed to bearish session tomorrow.

Eurobonds

The African Eurobonds market was buoyant today, driven by China's stimulus measures, which included a 50 basis point cut to bank reserve requirements and a reduction in the seven-day repo rate. Additionally, US housing data indicated a slight increase in house prices for July, which boosted market sentiment. However, US consumer confidence experienced a significant drop, falling to its lowest level since August 2021. Consequently, the average benchmark yield across the Nigerian papers declined by 27bps to 9.39%.

Outlook: Activity is expected to remain bullish, albeit we expect few profit-takings.

BENCHMARK T-BILLS DISCOUNT RATES			
	24-Sep-24	23-Sep-24	Change in Rates
93 DAYS	17.39%	16.42%	↑ 0.97%
184 DAYS	20.35%	19.45%	↑ 0.90%
345 DAYS	18.40%	18.40%	→ 0.00%

Source: FMDQ DQL for 24-Sep-2024

BENCHMARK FGN BOND YIELDS			
	24-Sep-24	23-Sep-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	18.16%	18.16%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	20.20%	20.20%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	17.15%	17.15%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.60%	16.60%	→ 0.00%

Source: FMDQ DQL for 24-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	24-Sep-24	23-Sep-24	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	8.89%	9.20%	↓ -0.31%
10 YRS: NIGERIA 7.375% 09/29/3	9.77%	10.05%	↓ -0.28%
15 YRS: NIGERIA 7.696% 23/02/3	10.05%	10.26%	↓ -0.21%
30 YRS: NIGERIA 8.25% 09/29/51	10.37%	10.57%	↓ -0.20%
8.75% ETI 06/17/31*	8.26%	8.34%	↓ -0.08%

Source: FBN UK Runs for 24-Sep-2024

NAFEM RATE (\$/N)			Diff.
24-Sep-24	1,658.48		
23-Sep-24	1,562.66	↑	95.82

Source: FMDQ

SYS. LIQ. (N'BN)			Diff.
24-Sep-24	403.83		
23-Sep-24	283.84	↑	120.00

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.41
AIICO BALANCED FUND	9.15
AIICO EUROBOND FUND	6.82

As of September 23, 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)	37.47 (+13.85% YTD)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*75.04 (+1.19 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market closed positively, with the NGX-ASI increasing by 0.18% to reach 98,568.59 points. Overall market sentiment was mixed, driven by bargain hunting in FIDELITYBK (which reached a new high), FBNH, and UBA, which outweighed selloffs observed in OANDO and OKOMUOIL. Sector performance varied, with the Banking Index, Insurance, and Industrial Goods Indices advancing while the Oil and Gas and Consumer Goods declined.

Outlook: *We expect mixed to bearish sentiments tomorrow amid the latest interest rate hike.*

Foreign Exchange

At the NAFEM window, the value of the Naira declined by 6.13% against the USD, reaching \$/₦1,658.48.

Outlook: *We expect the volatility to persist.*

Commodities

Today, oil prices increased due to news of monetary stimulus from top importer China and concerns about potential supply disruptions in the Middle East and the United States. Brent prices increased by 1.58% to \$75.04, and WTI prices rose by 1.44% to \$71.38. Additionally, gold reached a record high as Middle East tensions fueled its safe-haven appeal, and investors reacted to fresh cues for more U.S. interest rate cuts. Currently, gold is up by 0.81% at \$2,674 per ounce.

Outlook: *We expect the positive sentiment to persist.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
NIDF	111.70	10.10	↑ 9.94%
FBNH	31.00	2.80	↑ 9.93%
ELLAHLAKES	3.71	0.33	↑ 9.76%
FIDELITYBK	16.40	1.45	↑ 9.70%
ABCTRANS	1.15	0.10	↑ 9.52%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
OANDO	72.00	-8.00	↓ -10.00%
OKOMUOIL	376.00	-41.68	↓ -9.98%
CAVERTON	3.65	-0.40	↓ -9.88%
MULTIVERSE	10.10	-1.10	↓ -9.82%
FIDSON	15.75	-1.70	↓ -9.74%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.18%	↑ 0.90%	↑ 2.06%	↑ 31.82%
NSE BANKING INDEX	↑ 3.01%	↑ 3.80%	↑ 10.57%	↑ 5.64%
NSE INSURANCE INDEX	↑ 2.16%	↑ 4.24%	↓ -0.35%	↑ 31.40%
NSE INDUSTRIAL GOODS INDEX	↑ 0.04%	↓ -0.16%	↓ -0.17%	↑ 41.88%
NSE CONSUMER GOODS INDEX	↓ -0.28%	↓ -1.73%	↓ -0.54%	↑ 39.71%
NSE OIL & GAS INDEX	↓ -0.11%	↑ 0.44%	↑ 3.37%	↑ 84.44%

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