

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Wednesday, 25 September 2024

System Liquidity

Opening system liquidity declined today due to debits for the FGN bond auction. The interbank rates showed mixed numbers, with the Open Repo Rate (OPR) decreasing by 5 bps to 20.28%, while the Overnight Rate (O/N) increased by 7 bps to 20.95%.

Outlook: We expect the rates to stay at a similar level tomorrow.

Treasury Bills

The treasury bills market had a quiet session as participants shifted their focus to the NTB auction. However, the market sentiment was bearish, with yields rising following yesterday's benchmark interest rate hike. As a result, the average mid-rate across the benchmark NTB papers increased by 48 bps to 20.26%.

Outlook: We expect the NTB auction result to influence market direction tomorrow.

FGN Bonds

The local FGN bonds market experienced a bearish trend, with yields rising notably on the 2031 and May 2033 papers in response to yesterday's interest rate decision. As a result, the average mid-yield rose by 33bps to close at 18.73%.

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

Eurobonds

The African Eurobonds market sustained its bullish theme, with buying interest recorded across the notable curves—Nigeria, Angola, and Egypt. However, the buying subsided as the market drew to a close. Overall, the average benchmark yield across the Nigerian papers declined by 2bps to 9.37%.

Outlook: We expect the same sentiment to persist tomorrow, even as participants look forward to the US' Q2 2024 Final GDP Reading.

BENCHMARK T-BILLS DISCOUNT RATES			
	25-Sep-24	24-Sep-24	Change in Rates
92 DAYS	17.39%	17.39%	→ 0.00%
183 DAYS	20.35%	20.35%	→ 0.00%
344 DAYS	18.50%	18.40%	↑ 0.10%

Source: FMDQ DQL for 25-Sep-2024

BENCHMARK FGN BOND YIELDS			
	25-Sep-24	24-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 25-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	25-Sep-24	24-Sep-24	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	8.92%	8.89%	↑ 0.03%
10 YRS: NIGERIA 7.375% 09/29/31	9.65%	9.77%	↓ -0.12%
15 YRS: NIGERIA 7.696% 23/02/31	10.01%	10.05%	↓ -0.04%
30 YRS: NIGERIA 8.25% 09/29/51	10.36%	10.37%	↓ -0.01%
8.75% ETI 06/17/31*	8.26%	8.26%	→ 0.00%

Source: FBN UK Runs for 25-Sep-2024

NAFEM RATE (\$/N)			Diff.
25-Sep-24	1,667.42		
24-Sep-24	1,658.48	↑	8.94

Source: FMDQ

SYS. LIQ. (N'BN)			Diff.
25-Sep-24	352.39		
24-Sep-24	403.83	↓	(51.45)

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) AS OF 23-SEP-24	37.71 (+14.57% YTD)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.49 (-1.55 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market continued its upward trend, with the NGX-ASI rising by 0.42% to reach 98,987.42 points. This positive performance was driven by increased buying of OANDO, UBA, and SEPLAT stocks, which outweighed the selling of FBNH and FIDELITYBK stocks, possibly in reaction to the increased CRR. The sector performance was mixed, with the Industrial Goods, Consumer Goods, and Oil & Gas indices advancing while the Banking and Insurance indices experienced a decline.

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

Foreign Exchange

The Naira's value declined by 0.54% compared to the USD at the NAFEM window, ending at a rate of \$1 to ₦1667.42.

Outlook: *We expect the volatility to persist.*

Commodities

Oil prices experienced a decline of over 1% as investors re-evaluated whether China's recent stimulus measures would effectively boost its economy and increase fuel demand as the largest importer of crude oil. At the time of reporting, Brent prices dropped by 2.26% to \$73.49, while WTI prices rose by 2.56% to \$69.71. Conversely, gold surged to a new high due to expectations of another substantial interest rate cut by the U.S. Federal Reserve. Currently, gold is showing an increase of 0.81% at \$2,677.60 per ounce.

Outlook: *We expect the volatility to be sustained.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
SEPLAT	4103.10	373.01	↑ 10.00%
FLOURMILL	60.50	5.50	↑ 10.00%
ELLAHLAKES	4.08	0.37	↑ 9.97%
HONYFLOUR	5.01	0.45	↑ 9.87%
ABCTrans	1.26	0.11	↑ 9.57%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
MULTIVERSE	9.10	-1.00	↓ -9.90%
CAVERTON	3.29	-0.36	↓ -9.86%
MANSARD	5.50	-0.40	↓ -6.78%
FBNH	29.00	-2.00	↓ -6.45%
FIDELITYBK	15.35	-1.05	↓ -6.40%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.42%	↑ 0.77%	↑ 2.49%	↑ 32.38%
NSE BANKING INDEX	↓ -0.70%	↑ 1.99%	↑ 9.79%	↑ 4.90%
NSE INSURANCE INDEX	↓ -0.35%	↑ 3.26%	↓ -0.70%	↑ 30.94%
NSE INDUSTRIAL GOODS INDEX	↑ 0.03%	↓ -0.06%	↓ -0.14%	↑ 41.91%
NSE CONSUMER GOODS INDEX	↑ 0.50%	↓ -0.18%	↓ -0.04%	↑ 40.41%
NSE OIL & GAS INDEX	↑ 3.27%	↑ 3.36%	↑ 6.75%	↑ 90.46%

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission and is licensed to provide fund and portfolio management services in Nigeria.