

# Actionable Market Insights, delivered daily.



## MARKET COMMENTARY

DATE: Thursday, 26 September 2024

### System Liquidity

Opening system liquidity improved today, supported by FGN Sukuk 2024 maturity. However, the interbank rates closed higher due to the OMO auction sale during the day. Specifically, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 169 bps and 172 bps to 21.97% and 22.67%, respectively.

**Outlook:** We expect the interbank rates to be elevated tomorrow due to the recent OMO auction sale, though the anticipated FGN coupons should support system liquidity.

### Treasury Bills

The treasury bills market experienced a downward trend, with more people selling than buying, especially for the newly issued 1-year bill (25-Sep-2025). This trend became more pronounced after the CBN conducted an OMO auction and sold ₦252.90 billion of the 362-day bills despite offering ₦500 billion across 3 different tenors. As a result, the average interest rate for the benchmark NTB increased by 22 bps to 20.46%.

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

### FGN Bonds

The local FGN bonds market remained bearish, with yields increasing on selected papers (specifically the 2031 and May 2033 papers). Most participants remained pessimistic due to the recent interest rate hike. However, towards the close of the market, a few buyers resurfaced. As a result, the average mid-yield rose by 6 bps to close at 18.79%.

**Outlook:** We expect a similar play at tomorrow's session, though coupon inflows should drive some buying interest.

### Eurobonds

The Eurobonds market experienced a pullback from its recent bullish run, with selling interests in Nigeria and Angola driven by lower oil prices and some profit takings. The average benchmark yield across Nigerian papers declined by 9 bps to 9.46%. In other news, the US economy grew at an annualized rate of 3% in the second quarter of 2024, unchanged from the second estimate and above an upwardly revised 1.6% expansion in the first quarter.

**Outlook:** Tomorrow, the focus will shift to the Fed's preferred inflation measure, PCE data.

BENCHMARK T-BILLS DISCOUNT RATES			
	26-Sep-24	25-Sep-24	Change in Rates
91 DAYS	17.78%	17.39%	↑ 0.39%
182 DAYS	20.35%	20.35%	→ 0.00%
343 DAYS	18.51%	18.50%	↑ 0.01%

Source: FMDQ DQL for 26-Sep-2024

BENCHMARK FGN BOND YIELDS			
	26-Sep-24	25-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 26-Sep-2024

BENCHMARK FGN EUROBOND YIELDS			
	26-Sep-24	25-Sep-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	9.07%	8.92%	↑ 0.15%
10 YRS: NGERIA 7.375% 09/29/3	9.79%	9.65%	↑ 0.14%
15 YRS: NGERIA 7.696% 23/02/3	10.11%	10.01%	↑ 0.10%
30 YRS: NGERIA 8.25% 09/29/51	10.41%	10.36%	↑ 0.05%
8.75% ETI 06/17/31*	8.10%	8.26%	↓ -0.16%

Source: FBN UK Runs for 26-Sep-2024

NAFEM RATE (\$/N)		Diff.
26-Sep-24	1,576.10	
25-Sep-24	1,667.42	↓ (91.32)

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
26-Sep-24	572.23	
25-Sep-24	352.39	↑ 219.85

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.48
AIICO BALANCED FUND	9.68
AIICO EUROBOND FUND	6.82

As of September 25, 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)	37.78 (+14.80% YTD as of 24-Sep-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*71.35 (-2.14 d/d)

Source: NBS,CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market witnessed a mixed to bearish theme, with selling pressure on MTNN and OKOMUOIL contributing to the bearish trend. The All Share Index (ASI) closed at 98,523.56, marking a 47-basis point decline from the previous day. Overall, the sector performance was bearish, as the Banking, Industrial Goods, and Oil & Gas indices declined while the Consumer Goods and Insurance indices advanced.

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

## Foreign Exchange

At the NAFEM window, the Naira appreciated by 5.48% against the USD, closing at \$1 to ₦1,576.10.

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

## Commodities

Oil prices fell by nearly 3% due to a report stating that Saudi Arabia plans to increase production later this year. At the time of the report, Brent prices dropped by 2.87% to \$71.35, while WTI prices declined by 3.27% to \$67.21. On the other hand, gold prices continued to rise, reaching \$2,694.30 per ounce.

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

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING		
	PRICE	GAIN(N)	% CHANGE
FTNCOCOA	1.79	0.16	↑ 9.82%
ELLAHLAKES	4.48	0.40	↑ 9.80%
DEAPCAP	1.01	0.09	↑ 9.78%
REGALINS	0.63	0.05	↑ 8.62%
RTBRISCOE	3.20	0.24	↑ 8.11%

*Source: NGX, AIICO Capital*

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING		
	PRICE	LOSS(N)	% CHANGE
CAVERTON	2.97	-0.32	↓ -9.73%
CADBURY	17.85	-1.85	↓ -9.39%
ABCTRANS	1.15	-0.11	↓ -8.73%
MCNICHOLS	1.75	-0.15	↓ -7.89%
OKOMUOIL	363.00	-29.98	↓ -7.63%

*Source: NGX, AIICO Capital*

	D-o-D	W-o-W	MTD	YTD
NGXASI	↓ -0.47%	↑ 0.53%	↑ 2.01%	↑ 31.76%
NSE BANKING INDEX	↓ -0.40%	↑ 2.59%	↑ 9.35%	↑ 4.48%
NSE INSURANCE INDEX	↑ 0.57%	↑ 4.45%	↓ -0.14%	↑ 31.69%
NSE INDUSTRIAL GOODS INDEX	↓ -0.05%	↓ -0.06%	↓ -0.20%	↑ 41.83%
NSE CONSUMER GOODS INDEX	↑ 0.21%	↑ 0.28%	↑ 0.17%	↑ 40.70%
NSE OIL & GAS INDEX	↓ -0.13%	↑ 3.36%	↑ 6.61%	↑ 90.22%

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