

Actionable Market Insights, Delivered Weekly.



MARKET COMMENTARY

DATE: Friday | 06 September 2024

Money Market

System liquidity started the week positive but decreased during the week, following the OMO auction settlement worth ₦459.60 billion. As a result, the Open Repo Rate (OPR) increased from 18.11% to 31.25%, while the Overnight Rate (O/N) increased from 20.06% to 31.70%, compared to the previous week.

Outlook: We expect system liquidity to stay weak next week, barring any major flows.

Treasury Bills

The treasury bills market experienced a bullish trend this week, driven by a significant decrease in stop rates at the NTB auction. The DMO offered approximately ₦233.31 billion and successfully sold the entire amount, with total subscriptions reaching about 4.84 times the offer size.

Earlier in the week, the Central Bank of Nigeria (CBN) offered ₦500.00 billion but only sold bills worth ₦459.60 billion. The stop rate for the long-dated paper decreased by 7 basis points to 21.80%.

In summary, the average mid-rate decreased by 491 bps week-on-week, settling at 17.98%.

Outlook: We expect anticipate a mixed sentiment next week.

FGN Bonds

Earlier in the week, the local bond market showed a bullish trend. However, as system liquidity decreased, the momentum slowed down with a slight bearish undertone. Nonetheless, the market ended on a bullish note, with the average mid-yield dropping by 97 bps to 17.99% on a week-on-week basis.

Outlook: Next week, we expect the mixed-to-bullish sentiment to persist.

Eurobonds Markets

The Eurobonds market trended sideways this week, with a bearish bias evident in the early part of the week.

During the week, the ADP Employment data showed a 99k increase, lower than both the 114k estimate and the 111k reported in the previous month.

In addition, the US Non-Farm Payroll increased by 142k (Est. 164k) in August, after the downwardly revised 89k reported in July. The Unemployment rate also dropped marginally to 4.20% (previous – 4.3%).

Overall, the average mid-yield on the Nigerian curve increased by 25 bps week-on-week to 9.86%.

Outlook: We expect the next hurdle to be the US CPI data next week. Recall, July's year-on-year inflation increased at 2.90% from 3.00% in June, implying the fourth consecutive drop in inflation.

Benchmark T-Bills Discount Rates	06-Sep-24	30-Aug-24	Change in Rates
90 days	17.30%	18.92%	↓ -1.62%
181 days	18.21%	19.65%	↓ -1.44%
321 days	18.04%	19.43%	↓ -1.39%

Source: FMDQ DQL for 06 Sep 2024 and 30 Aug 2024

Benchmark FGN Bond Yields	06-Sep-24	30-Aug-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.11%	19.41%	↓ -0.30%
10 yrs: 12.50% 27-Apr-2032	18.01%	18.00%	↑ 0.01%
20 yrs: 13.00% 21-Jan-2042	17.49%	17.49%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	16.80%	16.99%	↓ -0.19%

Source: FMDQ DQL for 06 Sep 2024 and 30 Aug 2024

Benchmark FGN Eurobond Yields	06-Sep-24	30-Aug-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.00%	8.71%	↑ 0.29%
10 yrs: NGERIA 7.875 02/16/32	10.11%	9.85%	↑ 0.26%
15 yrs: NGERIA 7.696 23/02/38	10.55%	10.30%	↑ 0.25%
30 yrs: NGERIA 9.248 01/21/49	10.54%	10.38%	↑ 0.16%
7.125% ECOTRAN 16/02/26*	10.09%	9.38%	↑ 0.71%

Source: FBN UK Runs for 06 Sep 2024 and 30 Aug 2024

AIICO Money Market Fund (AMMF)

Net Yield (As at 5th September 2024) 21.9013%

	NAFEM RATE (\$/N)	Diff.
6-Sep-24	1,593.32	
30-Aug-24	1,598.56	↑ (5.24)

Source: FMDQ

Date	Sys. Liq. (N'bn)	Diff.
6-Sep-24	-276.66	
30-Aug-24	624.28	↓ (900.94)

Source: CBN

Macro Indicators

GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (Jul' 2024)	33.40% (Jun'24: 34.19%)
External Reserve (US\$'billion)	36.30 (+10.31% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*73.42 (-6.83% w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended the week on a negative note, with the ALL-Share Index declining by 0.15% week-on-week to settle at 96,433.53 points. The year-to-date return was 28.97%, and the market capitalization closed the week at ₦55.39 trillion.

Outlook: We expect similar trajectory next week.

Foreign Exchange

The Naira appreciated against the USD by 0.33% week-on-week, reaching ₦1,593.32/\$.

Outlook: We expect the volatility to persist next week.

Commodities

This week, crude oil prices dropped due to the decision by OPEC+ to delay a production increase, which did not alleviate concerns about supply surpassing demand. Brent oil fell by 6.83% to \$73.42 per barrel, while WTI decreased by 4.84% to \$69.99 per barrel. In addition, the price of gold rose by 0.45% to \$2,538.70 per ounce.

Outlook: We expect a mixed trend next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
IMG	35.00	8.60	↑ 32.58%
BERGER	18.75	4.45	↑ 31.12%
ETRANZACT	6.15	1.05	↑ 20.59%
UACN	20.90	3.45	↑ 19.77%
CILEASING	4.15	0.65	↑ 18.57%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
RTBRISCOE	2.57	-0.98	↓ -27.61%
FTNCOCOA	1.51	-0.34	↓ -18.38%
OMATEK	0.72	-0.16	↓ -18.18%
TIP	1.91	-0.29	↓ -13.18%
CORNERST	2.36	-0.34	↓ -12.59%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.23%	↓ -0.15%	↓ -0.15%	↑ 28.97%
NSE Banking Index	↑ 0.56%	↓ -0.12%	↓ -0.12%	↓ -4.57%
NSE Insurance Index	↓ -0.94%	↓ -4.45%	↓ -4.45%	↑ 26.00%
NSE Industrial Goods Index	↓ -0.17%	↓ -0.17%	↓ -0.17%	↑ 41.87%
NSE Consumer Goods Index	↑ 0.11%	↓ -1.17%	↓ -1.17%	↑ 38.81%
NSE Oil & Gas Index	↓ -0.20%	↑ 1.52%	↑ 1.52%	↑ 81.15%

Source: NGX, Bloomberg, AIICO Capital

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