

# Actionable Market Insights, Delivered Weekly.

**AIICO CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 13 September 2024

### Money Market

System liquidity remained negative throughout the week, with most deposit money banks (DMBs) experiencing increasing exposure to the SLF window. As a result, the Open Repo Rate (OPR) and the Overnight Rate (O/N) remained high, settling at 31.20% and 31.73%, respectively.

**Outlook:** We anticipate ample system liquidity next week due to inflows from FGN bond coupons.

### Treasury Bills

The treasury bills market had a negative tone this week due to tight market liquidity. Although the NTB auction had lower stop rates, overall sentiment remained bearish, with increasing secondary market rates, particularly for mid and long-term papers.

Providing more details on the auction, the DMO offered approximately ₦161.88 billion and successfully sold the entire amount, with total subscriptions reaching about 3.48 times the offer size.

In summary, the average mid-rate increased by 132 bps week-on-week, settling at 19.30%.

**Outlook:** We expect mixed to bullish sentiments next week, supported by improved system liquidity.

### FGN Bonds

The local bonds market started the week on a bearish note, as selling pressure was observed across various maturities (2031, May 2033, Feb 2034, 2050, and 2053 papers). However, with the postponement of the FGN bond auction due to an upcoming holiday, the market ended the week positively, with renewed buying interest in select papers. Overall, the average mid-yield increased by 45 bps week-on-week to 18.38%.

**Outlook:** Next week, we anticipate the influx of coupons and the expectation of another decline in headline inflation to contribute to a positive market sentiment.

### Eurobonds Markets

Activity in the Eurobonds market was bearish at the start of the week. However, after the US headline inflation dropped to 2.5% from 2.9% and oil prices steadily rose, African bonds saw positive movement. Nigeria and Angola bonds both saw their prices increase. As a result, the average mid-yield on the Nigerian curve dropped by 6 bps week-on-week to 9.80%.

**Outlook:** Next week, all eyes will be on the FOMC meeting as investors anticipate whether the Fed will decide on a 25 or 50 basis point rate cut.

#### BENCHMARK T-BILLS DISCOUNT RATES

	13-Sep-24	06-Sep-24	Change in Rates
90 days	16.42%	17.18%	↓ -0.76%
181 days	19.45%	18.13%	↑ 1.32%
356 days	18.40%	18.04%	↑ 0.36%

Source: FMDQ DQL for 13-Sep-2024

#### BENCHMARK FGN BOND YIELDS

	13-Sep-24	06-Sep-24	Change in Yield
5 yrs: 14.55% 26-Apr-2029	19.58%	19.57%	↑ 0.01%
10 yrs: 19.00% 21-Feb-2034	19.70%	19.23%	↑ 0.47%
20 yrs: 15.45% 21-Jun-2038	17.15%	17.15%	→ 0.00%
30 yrs: 15.70% 21-Jun-2053	16.80%	16.80%	→ 0.00%

Source: FMDQ DQL for 13-Sep-2024

#### BENCHMARK FGN EUROBOND YIELDS

	13-Sep-24	06-Sep-24	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	9.31%	9.30%	↑ 0.01%
10 yrs: NGERIA 7.375% 09/28/33	10.24%	10.31%	↓ -0.07%
15 yrs: NGERIA 7.696% 23/02/38	10.49%	10.55%	↓ -0.06%
30 yrs: NGERIA 9.248% 01/21/49	10.50%	10.54%	↓ -0.04%
7.125% ECOTRAN 16/02/26*	10.02%	10.09%	↓ -0.07%

Source: FBN UK Runs for 13-Sep-2024

#### NAFEM RATE (\$/N)

		Diff.
12-Sep-24	1,649.76	
6-Sep-24	1,593.32	↑ 56.44

Source: FMDQ

#### SYS. LIQ. (N'BN)

		Diff.
13-Sep-24	(503.03)	
6-Sep-24	(276.66)	↓ (226.37)

Source: CBN

#### NAME OF FUND

#### EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	22.38
AIICO BALANCED FUND	8.27
AIICO EUROBOND FUND	6.40

As of 12 September 2024

#### 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)	36.81 (+11.85% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*71.86 (-2.12% w/w)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

This week, the local bourse experienced mixed investor participation. The All-Share Index rose by 1.06% due to bargain hunting in MTNN, OANDO, FBNH, and NESTLE. FBNH saw a 31.5% return, while NESTLE attracted offshore interest. Notably, 5,652,911 units of TRANSPOWER were traded off-market, and Japaul Gold & Ventures Plc listed 8,000,000,000 additional units. OANDO and ETERNA both reached new 52-week highs.

**Outlook:** *There will likely be varying investor attitudes toward corporate actions of banking stocks.*

## Foreign Exchange

The Naira experienced a weekly decline against the USD, depreciating by 3.54% week-on-week to reach ₦1,649.76/\$.

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

## Commodities

Oil prices surged by over \$1 per barrel on Friday, continuing their upward movement and setting crude on a path for a weekly increase. This was driven by production interruptions in the U.S. Gulf of Mexico following the evacuation of production platforms due to Hurricane Francine. On a weekly basis, Brent oil dropped by 2.12% to \$71.86 per barrel, while WTI declined by 1.50% to \$68.94 per barrel. Additionally, the price of gold climbed by 2.82% to reach \$2,610.40 per ounce.

**Outlook:** *We expect a mixed trend to persist next week.*

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
MTNN	192.2	↑ 7.37%	↑ 493.44	↑ 48.23%
FBNH	29	↑ 31.52%	↑ 458.16	↑ 44.78%
OANDO	89.05	↑ 9.40%	↑ 174.65	↑ 17.07%
NESTLE	890	↑ 9.88%	↑ 116.46	↑ 11.38%
FLOURMILL	54.5	↑ 22.47%	↑ 75.31	↑ 7.36%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
JBERGER	140	↓ -17.89%	↓ 89.62	↓ -8.76%
PZ	15.65	↓ -17.63%	↓ 24.43	↓ -2.39%
STANBIC	57.5	↓ -1.54%	↓ 21.42	↓ -2.09%
DANGSUGAR	35	↓ -2.23%	↓ 17.85	↓ -1.74%
TRANSCORP	11.2	↓ -1.32%	↓ 11.20	↓ -1.09%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.44%	↑ 1.06%	↑ 0.91%	↑ 30.34%
NSE Banking Index	↑ 2.72%	↑ 5.12%	↑ 5.00%	↑ 0.32%
NSE Insurance Index	↑ 1.41%	↑ 1.59%	↓ -2.93%	↑ 28.00%
NSE Industrial Goods Index	↑ 0.19%	↑ 0.17%	↓ 0.00%	↑ 42.12%
NSE Consumer Goods Index	↑ 1.25%	↑ 1.47%	↑ 0.28%	↑ 40.85%
NSE Oil & Gas Index	↓ -0.25%	↑ 2.00%	↑ 3.55%	↑ 84.77%

Source: NGX, Bloomberg, AIICO Capital

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