

Actionable Market Insights, delivered daily.

AIICO CAPITAL

MARKET COMMENTARY

DATE: Wednesday, 02 October 2024

System Liquidity

System liquidity opened lower today compared to the previous day. As a result, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 94 bps and 96 bps to 28.98% and 29.68%, respectively.

Outlook: We anticipate that interbank rates will increase tomorrow as the CBN plans to sell ₦500 billion worth of OMO securities.

Treasury Bills

The treasury bills market closed bearish, with most selling interests focused on select maturities, particularly 27-Mar-2025, 10-Apr-2025, and Sept-2025. Overall, the average mid-rate for the benchmark NTB increased by 36 bps to 20.83%.

Outlook: We expect the rates to trend higher due to the expected OMO auction.

FGN Bonds

The local FGN bonds market activity was bullish, with buying interest in specific maturities. In particular, a few players demanded the new Apr 2029, Feb 2031, May 2033, Mar 2050, and Jun 2053 bonds. As a result, the average mid-yield decreased slightly to close at 18.91%.

Outlook: We expect a mixed theme tomorrow.

Eurobonds

The Eurobonds market started the month on a bearish note, with selling interests across the major African curves. Overall, the average benchmark yield across Nigerian papers increased by 3 bps to 9.50%.

Outlook: The market will closely monitor the upcoming jobs report and the situation in the middle east.

BENCHMARK T-BILLS DISCOUNT RATES

	02-Oct-24	30-Sep-24	Change in Rates
85 DAYS	17.78%	17.78%	→ 0.00%
176 DAYS	21.53%	21.10%	↑ 0.43%
337 DAYS	18.51%	18.51%	→ 0.00%

Source: FMDQ DQL for 02-Oct-2024

BENCHMARK FGN BOND YIELDS

	02-Oct-24	30-Sep-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	18.18%	18.17%	↑ 0.01%
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 02-Oct-2024

BENCHMARK FGN EUROBOND YIELDS

	02-Oct-24	30-Sep-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	9.07%	9.07%	→ 0.00%
10 YRS: NGERIA 7.375% 09/29/33	9.80%	9.75%	↑ 0.05%
15 YRS: NGERIA 7.696% 23/02/38	10.13%	10.13%	→ 0.00%
30 YRS: NGERIA 8.25% 09/29/51	10.44%	10.42%	↑ 0.02%
8.75% ETI 06/17/31*	8.33%	8.34%	↓ -0.01%

Source: FBN UK Runs for 02-Oct-2024

NAFEM RATE (\$/N)

		Diff.
2-Oct-24	1,669.15	
30-Sep-24	1,541.94	↑ 127.21

Source: FMDQ

SYS. LIQ. (N'BN)

		Diff.
2-Oct-24	291.91	
30-Sep-24	707.32	↓ (415.41)

Source: CBN

NAME OF FUND

EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	23.16
AIICO BALANCED FUND	9.67
AIICO EUROBOND FUND	6.82

As of September 30, 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)	38.06 (+15.64% YTD as of 27-Sep-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.94 (+2.12 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian Equity market started the month with a bearish start, as the NGX-ASI dropped by 33bps to 98,232.39 points, and market capitalization declined to ₦56.44 trillion. Profit-taking in OANDO, UBA, FBNH, ACCESSCORP, MTNN, and GTCO contributed to this decline, reducing the year-to-date ASI growth to 31.37%. While three sectors posted gains, the Banking and Oil and Gas sectors recorded losses.

Outlook: *We expect a mixed play tomorrow.*

Foreign Exchange

The Naira's volatility continued at the beginning of the month, as it depreciated by 8.25% against the USD at the NAFEM window, closing at \$1 to ₦1,669.15.

Outlook: *We anticipate that the volatility will continue.*

Commodities

Oil prices rose by over 1% but came off session highs as a bearish U.S. inventory build offset support from escalating tensions in the Middle East. At the time of the report, Brent prices had increased by 0.45% to \$73.94, while WTI prices saw an increase of 0.60% to \$70.26. Gold prices eased after rallying in the previous session due to an escalation in the Middle East conflict. Traders were waiting for more clues on U.S. interest rates. Gold reached \$2,670.90 per ounce.

Outlook: *We expect the volatility to persist.*

TOP 5 EQUITY ADVANCERS			
	CLOSING		
NAME (SYMBOL)	PRICE	GAIN(N)	% CHANGE
INTBREW	4.41	0.40	↑ 9.98%
MEYER	8.52	0.77	↑ 9.94%
VERITASKAP	1.66	0.15	↑ 9.93%
TRIPPLEG	4.99	0.45	↑ 9.91%
DEAPCAP	1.34	0.12	↑ 9.84%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
	CLOSING		
NAME (SYMBOL)	PRICE	LOSS(N)	% CHANGE
ELLAHLAKES	3.99	-0.44	↓ -9.93%
CAVERTON	2.18	-0.24	↓ -9.92%
ABCTRANS	1.04	-0.11	↓ -9.57%
LIVESTOCK	2.72	-0.27	↓ -9.03%
CONHALLPLC	1.41	-0.11	↓ -7.24%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.33%	↓ -0.76%	↓ -0.33%	↑ 31.37%
NSE BANKING INDEX	↓ -2.01%	↓ -1.66%	↓ -2.01%	↑ 3.16%
NSE INSURANCE INDEX	↑ 0.97%	↑ 3.07%	↑ 0.97%	↑ 34.95%
NSE INDUSTRIAL GOODS INDEX	↑ 0.02%	↓ -1.08%	↑ 0.02%	↑ 40.37%
NSE CONSUMER GOODS INDEX	↑ 1.07%	↑ 0.41%	↑ 1.07%	↑ 40.98%
NSE OIL & GAS INDEX	↓ -0.13%	↑ 0.08%	↓ -0.13%	↑ 90.62%

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