

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Thursday, 03 October 2024

System Liquidity

System liquidity opened significantly lower today, with most participants relying on the SLF window to fund their operations. Interbank rates closed higher due to the OMO auction conducted today. Specifically, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 4.01% and 3.81% to 32.98% and 33.68%, respectively.

Outlook: We expect the interbank rates to maintain similar levels tomorrow.

Treasury Bills

The treasury bills market started the day with the OMO auction sale of ₦731.14 billion on the 362-day paper at a stop rate of 24.32%, despite the total offer size of ₦500 billion across 3 tenors. The subscription was about ₦737.14 billion.

This led to a bearish bias as offers for the short, mid-tenor, and some long-dated papers trended higher. Overall, the average mid-rate for the benchmark NTB settled at 20.84%.

Outlook: We expect a mixed to bearish play tomorrow.

FGN Bonds

The local FGN bonds market continued to show a bullish trend, with increased buying activity in certain bonds, particularly the new Apr 2029, Feb 2031, May 2033, and Mar 2050 bonds. Consequently, the average mid-yield decreased by 12 bps to close at 18.80%.

Outlook: We expect the same sentiment to persist.

Eurobonds

The Eurobonds market closed bearish, although some buying was observed on a few Nigerian and Angola papers earlier in the day. Overall, the average benchmark yield across Nigerian papers increased by 6 bps to 9.56%.

Outlook: The market will continue to assess the situation in the Middle East and focus on tomorrow's jobs report.

BENCHMARK T-BILLS DISCOUNT RATES			
	03-Oct-24	02-Oct-24	Change in Rates
84 DAYS	17.78%	17.78%	→ 0.00%
175 DAYS	21.73%	21.53%	↑ 0.20%
336 DAYS	18.51%	18.51%	→ 0.00%

Source: FMDQ DQL for 03-Oct-2024

BENCHMARK FGN BOND YIELDS			
	03-Oct-24	02-Oct-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.46%	18.18%	↑ 1.28%
10 YRS: 19.00% 21-FEB-2034	20.20%	20.20%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	18.00%	17.15%	↑ 0.85%
30 YRS: 15.70% 21-JUN-2053	16.73%	16.60%	↑ 0.13%

Source: FMDQ DQL for 03-Oct-2024

BENCHMARK FGN EUROBOND YIELDS			
	03-Oct-24	02-Oct-24	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	9.14%	9.07%	↑ 0.07%
10 YRS: NIGERIA 7.375% 09/29/33	9.89%	9.80%	↑ 0.09%
15 YRS: NIGERIA 7.696% 23/02/38	10.19%	10.13%	↑ 0.06%
30 YRS: NIGERIA 8.25% 09/29/51	10.49%	10.44%	↑ 0.05%
8.75% ETI 06/17/31*	8.41%	8.33%	↑ 0.08%

Source: FBN UK Runs for 03-Oct-2024

NAFEM RATE (\$/₦)		Diff.
3-Oct-24	1,659.26	
2-Oct-24	1,669.15	↓ (9.89)

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
3-Oct-24	(270.55)	
2-Oct-24	291.91	↓ (562.46)

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)	38.54 (+17.10% YTD as of 02-Oct-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*77.50 (+3.56 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market continued its downward trend as the NGX-ASI fell by 1.19% to 97,064.42 and market capitalization settled at ₦55.78 trillion. This decline was mainly due to price corrections in major stocks like DANGCEM (-10.00%), FBNH (-4.26%), and WAPCO (-1.76%), resulting in a year-to-date ASI growth of 29.81%. The Industrial Goods sector saw the largest impact, dropping by 5.96%, while the Consumer Goods sector fell by 0.20%. Conversely, the Oil and Gas (+3.80%), Insurance (+2.00%), and Banking (+0.03%) sectors recorded gains.

Outlook: *We expect a mixed play tomorrow.*

Foreign Exchange

The Naira slightly appreciated by 0.59% against the USD at the NAFEM window, closing at \$1 to ₦1,659.26.

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

Commodities

Today, oil prices went up and are set for a third consecutive session of increases due to concerns that Israel might target Iran's oil industry in response to Tehran's recent ballistic missile strike. At the time of the report, Brent prices had risen by 4.91% to \$77.50, while WTI prices had gone up by 5.18% to \$73.73. On the other hand, gold prices dropped due to a stronger dollar as investors lowered their expectations of a significant interest-rate cut from the U.S. Federal Reserve. The market is now awaiting Friday's payroll data for more insights into future policies. Currently, gold is trading at \$2,680.30 per ounce.

Outlook: *We expect the positive trend to persist.*

TOP 5 EQUITY ADVANCERS

NAME (SYMBOL)	CLOSING		
	PRICE	GAIN(N)	% CHANGE
SEPLAT	4513.40	410.31	↑ 10.00%
LIVESTOCK	2.99	0.27	↑ 9.93%
REGALINS	0.90	0.08	↑ 9.76%
CAVERTON	2.39	0.21	↑ 9.63%
MANSARD	5.93	0.43	↑ 7.82%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS

NAME (SYMBOL)	CLOSING		
	PRICE	LOSS(N)	% CHANGE
MCNICHOLS	1.35	-0.15	↓ -10.00%
DANGCEM	478.80	-53.20	↓ -10.00%
NSLTECH	0.61	-0.05	↓ -7.58%
CWG	6.20	-0.30	↓ -4.62%
DANGSUGAR	32.50	-1.50	↓ -4.41%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↓ -1.19%	↓ -1.48%	↓ -1.52%	↑ 29.81%
NSE BANKING INDEX	↑ 0.03%	↓ -1.23%	↓ -1.97%	↑ 3.19%
NSE INSURANCE INDEX	↑ 2.00%	↑ 4.53%	↑ 2.98%	↑ 37.65%
NSE INDUSTRIAL GOODS INDEX	↓ -5.96%	↓ -6.93%	↓ -5.94%	↑ 32.01%
NSE CONSUMER GOODS INDEX	↓ -0.20%	↓ 0.00%	↑ 0.86%	↑ 40.70%
NSE OIL & GAS INDEX	↑ 3.80%	↑ 4.02%	↑ 3.67%	↑ 97.87%

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