

Actionable Market Insights, delivered daily.

AIICO CAPITAL

MARKET COMMENTARY

DATE: Monday, 07 October 2024

System Liquidity

Opening system liquidity improved to start the week but remained in negative territory, keeping the interbank rates elevated. Specifically, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 5bps and 4bps to 32.28% and 32.81%, respectively.

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

Treasury Bills

The treasury bills market started the week with a mixed to bearish tone due to tight system liquidity. Selling interest was evident in the mid-and long-term papers, particularly in the March 2025, April 2025, and some September 2025 papers. The average mid-rate for the benchmark NTB increased by 45 bps, settling at 21.29%.

Outlook: We expect the same sentiment to persist tomorrow.

FGN Bonds

The local FGN bonds market saw some demand for specific papers at the beginning of the day. However, towards the end of today's session, a few sellers offered specific papers, particularly those with maturity dates of Feb 2028, Feb 2031, May 2033, Apr 2049, Mar 2050, and Jun 2053. Overall, the average mid-yield settled at 18.78%.

Outlook: We expect a mixed theme tomorrow.

Eurobonds

The Eurobonds market traded sideways today, with mixed sentiments observed across the African papers. Nigeria and Egypt saw some selling interest, while Angola closed on a bullish note.

The major highlight today was the Ecobank Transnational Incorporated (ETI)—144A/REG S US\$-Denominated Benchmark 5-year Senior Unsecured Notes issuance. The yield is expected to be set at 10.375%, with an expected size of \$350 million, but the latest information indicates that the books are over \$850 million. Overall, the average benchmark yield across Nigerian papers increased by 2 basis points to 9.43%.

Outlook: This week, the focus will shift to the US FOMC minutes from the last meeting, US CPI and PPI data, and the Fed speaking events.

BENCHMARK T-BILLS DISCOUNT RATES			
	07-Oct-24	04-Oct-24	Change in Rates
94 DAYS	20.50%	17.78%	↑ 2.72%
185 DAYS	21.60%	21.80%	↓ -0.20%
353 DAYS	19.65%	18.51%	↑ 1.14%

Source: FMDQ DQL for 07-Oct-2024

BENCHMARK FGN BOND YIELDS			
	07-Oct-24	04-Oct-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.47%	19.46%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	20.20%	20.20%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	18.00%	18.00%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.73%	16.73%	→ 0.00%

Source: FMDQ DQL for 07-Oct-2024

BENCHMARK FGN EUROBOND YIELDS			
	07-Oct-24	04-Oct-24	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	9.00%	8.93%	↑ 0.07%
10 YRS: NIGERIA 7.375% 09/29/33	9.77%	9.75%	↑ 0.02%
15 YRS: NIGERIA 7.696% 23/02/38	10.11%	10.11%	→ 0.00%
30 YRS: NIGERIA 8.25% 09/29/51	10.41%	10.39%	↑ 0.02%
8.75% ETI 06/17/31*	8.33%	8.17%	↑ 0.16%

Source: FBN UK Runs for 07-Oct-2024

NAFEM RATE (\$/N)		Diff.
7-Oct-24	1,635.15	
4-Oct-24	1,631.21	↑ 3.94

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
7-Oct-24	(681.96)	
4-Oct-24	(1,425.74)	↑ 743.78

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	21.91
AIICO BALANCED FUND	10.70
AIICO EUROBOND FUND	6.95

As of October 06, 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)	38.61 (+17.30% YTD as of 04-Oct-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*80.80 (+1.61 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian bourse had a positive start, with the NGX-ASI and market capitalization increasing by 0.19%, ending at 97,706.70 points and ₦56.14 trillion, respectively. This was driven by increased interest in DANGSUGAR (+5.88%), UBA (+2.38%), OANDO (+1.99%), FBNH (+1.60%), and MTNN (+0.42%), resulting in a year-to-date ASI growth of 30.67%. The Banking sector performed best with a 0.81% gain, followed by Consumer Goods (+0.40%) and Oil and Gas (+0.22%), while the Insurance and Industrial Goods sectors saw declines of 0.50% and 0.14%, respectively.

Outlook: *We expect a mixed play tomorrow.*

Foreign Exchange

The Naira lost 0.24% of its value against the USD at the NAFEM window, ending at an exchange rate of \$1 to ₦1,635.15.

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

Commodities

The price of oil rose by more than 3% as the market anticipated a potential strike by Israel on Iran. Brent prices increased by 3.50% to \$80.80, while WTI prices increased by 3.59% to \$77.03. In contrast, gold prices decreased as the U.S. dollar remained solid, and recent employment data caused investors to lower their expectations of a significant rate cut from the Federal Reserve in November. Currently, the price of gold is at \$2,664.50 per ounce.

Outlook: *We expect the trend to persist.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
FIDELITYBK	14.30	1.30	↑ 10.00%
ABCTRANS	1.35	0.12	↑ 9.76%
LIVESTOCK	3.60	0.32	↑ 9.76%
REGALINS	0.50	0.04	↑ 8.70%
ELLAHLAKES	4.88	0.38	↑ 8.44%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
SCOA	1.71	-0.19	↓ -10.00%
BERGER	19.00	-2.10	↓ -9.95%
TRIPPLEG	2.25	-0.24	↓ -9.64%
GUINEAINS	0.44	-0.04	↓ -8.33%
THOMASWY	1.83	-0.15	↓ -7.58%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.19%	↓ -0.86%	↓ -0.86%	↑ 30.67%
NSE BANKING INDEX	↑ 0.81%	↓ -1.07%	↓ -1.07%	↑ 4.14%
NSE INSURANCE INDEX	↓ -0.50%	↑ 1.19%	↑ 1.19%	↑ 35.25%
NSE INDUSTRIAL GOODS INDEX	↓ -0.14%	↓ -5.97%	↓ -5.97%	↑ 31.97%
NSE CONSUMER GOODS INDEX	↑ 0.40%	↑ 0.79%	↑ 0.79%	↑ 40.60%
NSE OIL & GAS INDEX	↑ 0.22%	↑ 7.52%	↑ 7.52%	↑ 105.22%

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission and is licensed to provide fund and portfolio management services in Nigeria.