

Actionable Market Insights, delivered daily.

AIICO CAPITAL

DATE: Monday, 14 October 2024

MARKET COMMENTARY

System Liquidity

Opening system liquidity plunged further into negative territory, bolstered by Friday's OMO sale of over ₦900 billion. Nonetheless, the Open Repo Rate (OPR) and the Overnight Rate (O/N) declined by 17 bps and 33 bps to 32.19% and 32.67%, respectively.

Outlook: *We anticipate the rates will stay high due to the liquidity crunch.*

Treasury Bills

The treasury bills market opened the week on a bearish note as tight market liquidity spurred selling interest across the short and mid-dated papers. Thus, the average mid-rate for the benchmark NTB papers closed at 21.14%.

Outlook: *We anticipate that the bearish sentiment will continue.*

FGN Bonds

The local FGN bonds market experienced a bearish trend for most of the day as yields continued to rise across the board. There was significant interest in the May 2033 papers, which traded between 20.95% and 21.00% before settling at 20.80% due to renewed investor interest. Overall, the average mid-yield increased by 17 bps, settling at 19.17%.

Outlook: *We expect the same sentiment to persist tomorrow.*

Eurobonds

The Eurobonds market started the week with a bullish theme, with increased buying interest in Nigerian, Angolan, and Egyptian papers. As a result, the average benchmark yield for Nigerian bonds decreased by 7 bps, settling at 9.23%.

Outlook: *We expect the same sentiment to persist.*

BENCHMARK T-BILLS DISCOUNT RATES			
	14-Oct-24	11-Oct-24	Change in Rates
87 DAYS	20.77%	20.77%	→ 0.00%
178 DAYS	21.60%	21.60%	→ 0.00%
346 DAYS	19.27%	19.27%	→ 0.00%

Source: FMDQ DQL for 14-Oct-2024

BENCHMARK FGN BOND YIELDS			
	14-Oct-24	11-Oct-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.49%	19.48%	↑ 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 14-Oct-2024

BENCHMARK FGN EUROBOND YIELDS			
	14-Oct-24	11-Oct-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.79%	8.86%	↓ -0.07%
10 YRS: NGERIA 7.375% 09/29/33	9.57%	9.66%	↓ -0.09%
15 YRS: NGERIA 7.696% 23/02/38	9.91%	10.01%	↓ -0.10%
30 YRS: NGERIA 8.25% 09/29/51	10.19%	10.27%	↓ -0.08%
8.75% ETI 06/17/31*	8.82%	8.82%	→ 0.00%

Source: FBN UK Runs for 14-Oct-2024

NAFEM RATE (\$/N)		Diff.
14-Oct-24	1,552.92	
11-Oct-24	1,641.27	↓ (88.35)

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
14-Oct-24	(2,331.19)	
11-Oct-24	(702.83)	↓ (1,628.36)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	21.76
AIICO BALANCED FUND	10.95
AIICO EUROBOND FUND	6.86

As of October 13, 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)	38.67 (+17.49% YTD as of 10-Oct-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*77.52 (-1.65 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market started the week positively, with the NGX-ASI increasing by 62 bps to 98,215.13 points. The market capitalization also saw a significant rise mainly due to the listing of Aradel Holdings Plc's 4,344,844,360 Ordinary Shares. This positive performance was driven by increased share prices of ARADEL, DANGSUGAR, OANDO, GTCO, and FBNH, resulting in a year-to-date ASI growth of 31.35%. Sector performance was bullish primarily, with gains in Banking, Insurance, and Consumer Goods indices, while the Oil and Gas and Industrial Goods sectors experienced slight losses.

Outlook: *We expect the market to experience mixed sentiments tomorrow.*

Foreign Exchange

At the NAFEM window, the naira's value increased by 5.38% against the USD, resulting in an exchange rate of \$1 to ₦1,552.92.

Outlook: *We expect the volatility to persist.*

Commodities

Oil prices declined following OPEC's third consecutive reduction in its 2024 demand forecast. Brent prices dropped by 1.92% to \$77.52, while WTI prices fell by 2.13% to \$73.95. Gold prices also softened as China's extensive economic stimulus measures, the largest bullion consumer, did not boost investor confidence. Moreover, a rally in the U.S. dollar to two-month highs restricted the upward momentum, with gold reaching \$2,665.80 per ounce.

Outlook: *We expect the sentiment to persist.*

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
WAPIC	0.88	0.08	↑ 10.00%
TIP	2.14	0.19	↑ 9.74%
CONHALLPLC	1.52	0.13	↑ 9.35%
MECURE	11.00	0.90	↑ 8.91%
NASCON	32.00	2.00	↑ 6.67%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
VITAFOAM	20.00	-2.00	↓ -9.09%
TANTALIZER	0.55	-0.05	↓ -8.33%
INTENEGINS	1.47	-0.10	↓ -6.37%
NSLTECH	0.61	-0.04	↓ -6.15%
GUINEAINS	0.46	-0.03	↓ -6.12%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.62%	↑ 0.52%	↓ -0.35%	↑ 31.35%
NSE BANKING INDEX	↑ 0.36%	↑ 0.02%	↓ -1.05%	↑ 4.16%
NSE INSURANCE INDEX	↑ 0.29%	↑ 0.88%	↑ 2.08%	↑ 36.44%
NSE INDUSTRIAL GOODS INDEX	↓ -0.01%	↑ 0.00%	↓ -5.97%	↑ 31.97%
NSE CONSUMER GOODS INDEX	↑ 0.24%	↓ -1.41%	↓ -0.62%	↑ 38.62%
NSE OIL & GAS INDEX	↓ -0.02%	↑ 1.33%	↑ 8.95%	↑ 107.95%

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