

Actionable Market Insights, delivered daily.

AIICO CAPITAL

DATE: Thursday, 17 October 2024

MARKET COMMENTARY

System Liquidity

Opening system liquidity improved today, with fewer players exposed to CBN's SLF window. As a result, funding rates experienced a slight decline. Specifically, the Open Repo Rate (OPR) decreased by 22 bps to 32.28%, while the Overnight Rate (O/N) fell by 32 bps to 32.58%.

Outlook: We expect the interbank rates to remain elevated.

Treasury Bills

The Treasury bill market experienced bearish sentiments due to a persistent liquidity crunch. Most activity was concentrated on the February and September 2025 maturities, with the former trading at a discount of over 23.00%. Consequently, the average mid-rate for the benchmark NTB papers rose by 46 bps, closing at 21.53%.

Outlook: We expect the same sentiment to persist tomorrow.

FGN Bonds

The local FGN bonds market continued to show a mixed trend, with sustained demand for the February 2031 bond. Bids also weakened across long-dated bonds, although sellers offered some bonds maturing in 2050 and 2053. Overall, the average mid-yield settled at 19.28%.

Outlook: We anticipate investors will trade carefully in anticipation of Monday's FGN bond auction.

Eurobonds

The Eurobonds market experienced mixed sentiments. There was sustained demand for the ETINL 2029 bond, although some profit-taking occurred in Nigeria, Angola, and Egypt sovereign papers. As a result, the average mid-yield for Nigerian bonds slightly increased to 9.32%.

Outlook: We expect the mixed theme to persist.

BENCHMARK T-BILLS DISCOUNT RATES			
	17-Oct-24	16-Oct-24	Change in Rates
84 DAYS	20.77%	20.77%	→ 0.00%
175 DAYS	21.60%	21.60%	→ 0.00%
343 DAYS	19.27%	19.27%	→ 0.00%

Source: FMDQ DQL for 17-Oct-2024

BENCHMARK FGN BOND YIELDS			
	17-Oct-24	16-Oct-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.79%	19.61%	↑ 0.18%
10 YRS: 19.00% 21-FEB-2034	20.20%	20.20%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	19.56%	19.56%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.73%	16.73%	→ 0.00%

Source: FMDQ DQL for 17-Oct-2024

BENCHMARK FGN EUROBOND YIELDS			
	17-Oct-24	16-Oct-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.93%	8.89%	↑ 0.04%
10 YRS: NGERIA 7.375% 09/29/33	9.66%	9.59%	↑ 0.07%
15 YRS: NGERIA 7.696% 23/02/38	9.99%	9.97%	↑ 0.02%
30 YRS: NGERIA 8.25% 09/29/51	10.24%	10.19%	↑ 0.05%
8.75% ETI 06/17/31*	9.48%	8.90%	↑ 0.58%

Source: FBN UK Runs for 17-Oct-2024

NAFEM RATE (\$/N)		Diff.
17-Oct-24	1,660.49	
16-Oct-24	1,659.69	↑ 0.80

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
17-Oct-24	(952.49)	
16-Oct-24	(1,979.16)	↑ 1,026.67

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.07
AIICO BALANCED FUND	10.75
AIICO EUROBOND FUND	6.69

As of October 15, 2024

MACRO INDICATORS	
GDP (Q2 2024)	+3.19% (Q1: 2023 +2.98% y/y)
INFLATION (SEPTEMBER'2024)	32.70% (Aug'24: 32.15%)
EXTERNAL RESERVE (US\$ BILLION)	38.83 (+17.99% YTD as of 15-Oct-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.82 (-0.45 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian bourse continued its downward trend, with the NGX All-Share Index (ASI) falling by 21 bps to end at 98,081.38 points. This drop was influenced by ongoing sell-offs in ARADEL, GTCO, and OANDO, which outweighed the buying interest in TRANSCOHOT and TRANSPOWER. The ASI's year-to-date growth now stands at 31.17%. While four major indices saw positive movement, the Banking Index experienced a decline of 57 bps.

Outlook: We expect a similar play tomorrow.

Foreign Exchange

The Naira further weakened by 5 bps against the USD at the NAFEM window, closing at \$/₦1,660.49.

Outlook: We expect the fluctuations to persist.

Commodities

Oil prices decreased as concerns about a potential supply disruption in the Middle East diminished, with a surplus expected in the market next year. Brent crude fell by 0.54% to \$73.82, and WTI dropped by 0.31% to \$70.17. In contrast, gold prices reached all-time highs due to uncertainty surrounding the U.S. presidential elections and the conflict in the Middle East, which drove investors toward this safe-haven asset. The monetary policy easing also contributed to higher gold prices, which hit \$2,708.50 per ounce.

Outlook: We expect the sentiment to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
GOLDBREW	3.74	0.34	↑ 10.00%
DEAPCAP	1.45	0.13	↑ 9.85%
TRANSPOWER	330.90	29.20	↑ 9.68%
JAIZBANK	2.39	0.19	↑ 8.64%
TRANSCOHOT	97.00	7.00	↑ 7.78%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
ARADEL	694.80	-77.20	↓ -10.00%
REGALINS	0.62	-0.06	↓ -8.82%
DAARCOMM	0.55	-0.04	↓ -6.78%
UACN	20.20	-1.45	↓ -6.70%
OANDO	76.00	-4.70	↓ -5.82%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.21%	↑ 0.62%	↓ -0.48%	↑ 31.17%
NSE BANKING INDEX	↓ -0.57%	↑ 0.02%	↓ -2.42%	↑ 2.73%
NSE INSURANCE INDEX	↑ 1.13%	↓ -0.38%	↑ 1.45%	↑ 35.60%
NSE INDUSTRIAL GOODS INDEX	↑ 0.08%	↑ 0.05%	↓ -5.92%	↑ 32.03%
NSE CONSUMER GOODS INDEX	↑ 0.01%	↑ 0.60%	↓ -0.09%	↑ 39.37%
NSE OIL & GAS INDEX	↑ 0.92%	↑ 1.06%	↑ 10.13%	↑ 110.19%

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