

Actionable Market Insights, delivered daily.

AIICO CAPITAL

DATE: Tuesday, 29 October 2024

MARKET COMMENTARY

System Liquidity

System liquidity remained strong, although it saw a slight decline. This stability was mainly supported by inflows from the maturity of OMO totaling ₦325 billion, which offset the settlement from the CBN's FX intervention today. Overall, both the Overnight Policy Rate (OPR) and the Overnight Rate (O/N) experienced decreases, with the OPR dropping by 79 bps and the O/N by 78 bps, closing at 26.53% and 26.95%, respectively.

Outlook: We expect the interbank rates to remain stable, barring any major catalyst.

Treasury Bills

Activity in the Treasury bills market leaned towards a bullish trend, supported by strong liquidity in the system. Market participants displayed interest in specific securities, especially those maturing in January, April, May, and October 2025. As a result, the average mid-rate for the benchmark NTB dropped by 18 bps, closing at 21.53%.

Outlook: We expect the same sentiment to persist tomorrow.

FGN Bonds

The local bonds market experienced activity in several specific papers, notably the April 2029, February 2031, May 2033, and June 2053 issues. Overall, the average mid-yield decreased by 5 bps, settling at 19.12%.

Outlook: We anticipate ongoing demand as investors continue to selectively choose the attractively priced securities.

Eurobonds

The Eurobond market exhibited mixed sentiment, primarily influenced by the ongoing effects of a sharp decline in oil prices. However, some demand resurfaced as investors selectively chose bonds across Nigeria and Angola. Furthermore, the Egyptian bond curve remained strong, with sustained demand for mid- to long-dated securities. Overall, the average mid-yield for Nigerian bonds remained relatively stable at 9.49%.

Outlook: We anticipate mixed sentiments tomorrow as the focus shifts to US Q3 2024 GDP data.

BENCHMARK T-BILLS DISCOUNT RATES			
	29-Oct-24	28-Oct-24	Change in Rates
86 DAYS	20.86%	20.86%	→ 0.00%
177 DAYS	23.53%	23.53%	→ 0.00%
331 DAYS	19.74%	19.74%	→ 0.00%

Source: FMDQ DQL for 29-Oct-2024

BENCHMARK FGN BOND YIELDS			
	29-Oct-24	28-Oct-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.82%	19.82%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	20.20%	20.20%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	19.57%	19.57%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	17.05%	17.05%	→ 0.00%

Source: FMDQ DQL for 29-Oct-2024

BENCHMARK FGN EUROBOND YIELDS			
	29-Oct-24	28-Oct-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	9.11%	9.11%	→ 0.00%
10 YRS: NGERIA 7.375% 09/29/33	9.86%	9.83%	↑ 0.03%
15 YRS: NGERIA 7.696% 23/02/38	10.15%	10.13%	↑ 0.02%
30 YRS: NGERIA 8.25% 09/29/51	10.37%	10.36%	↑ 0.01%
8.75% ETI 06/17/31*	8.99%	8.91%	↑ 0.08%

Source: FBN UK Runs for 29-Oct-2024

NAFEM RATE (\$/N)		Diff.
29-Oct-24	1,630.45	
28-Oct-24	1,670.65	↓ (40.20)

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
29-Oct-24	362.01	
28-Oct-24	369.14	↓ (7.13)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.02
AIICO BALANCED FUND	11.55
AIICO EUROBOND FUND	6.83

As of October 27, 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)	39.66 (+20.50% YTD as of 28-Oct-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*71.20 (-0.63 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market continued its downward trend this week, with the NGX-ASI falling by 66 bps to close at 98,058.07 points. The market capitalization also decreased to ₦59.42 trillion. This decline was driven mainly by sell-offs in TRANSCORP, BUACEMENT, and several banking stocks, including ACCESSCORP, STANBIC, ZENITHBANK, FIDELITYBK, and FBNH. Performance varied across sectors; while the Banking, Industrial Goods, and Consumer Goods sectors saw declines, the Insurance and Oil & Gas indices experienced modest gains.

Outlook: We expect the same sentiments to persist tomorrow.

Foreign Exchange

At the NAFEM window, the Naira appreciated by 2.41% against the USD, closing at \$/₦1,630.45.

Outlook: We anticipate that the volatility will continue.

Commodities

Oil futures declined by almost 1% in a single day, following their most significant daily drop in two years. Brent crude fell to \$71.20, while WTI was down to \$67.23. In contrast, gold prices surged to a record high, driven by uncertainties related to the U.S. presidential election and the Middle East conflict, as well as anticipations of an interest rate cut from the Federal Reserve. This enhanced the appeal of bullion, which traded at approximately \$2,781.60 per ounce.

Outlook: We expect this sentiment to continue.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
NNFM	37.40	3.40	↑ 10.00%
EUNISELL	4.23	0.38	↑ 9.87%
TIP	2.35	0.21	↑ 9.81%
LIVESTOCK	4.04	0.29	↑ 7.73%
CWG	6.35	0.30	↑ 4.96%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
CADBURY	16.40	-1.80	↓ -9.89%
ACADEMY	2.83	-0.31	↓ -9.87%
ROYALEX	0.65	-0.07	↓ -9.72%
ARADEL	550.10	-49.99	↓ -8.33%
SOVRENINS	0.57	-0.05	↓ -8.06%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.66%	↓ -0.84%	↓ -0.51%	↑ 31.14%
NSE BANKING INDEX	↓ -1.46%	↑ 2.80%	↑ 2.72%	↑ 8.13%
NSE INSURANCE INDEX	↑ 0.18%	↑ 0.73%	↑ 3.59%	↑ 38.46%
NSE INDUSTRIAL GOODS INDEX	↓ -0.33%	↓ -3.70%	↓ -9.44%	↑ 27.10%
NSE CONSUMER GOODS INDEX	↓ -0.01%	↓ -0.65%	↓ -0.58%	↑ 38.68%
NSE OIL & GAS INDEX	↑ 0.03%	↓ -0.10%	↑ 14.20%	↑ 117.96%

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