

Actionable Market Insights, delivered daily.



DATE: Thursday, 31 October 2024

MARKET COMMENTARY

System Liquidity

System liquidity remained positive and improved despite today's foreign exchange (FX) settlement. As a result, funding rates eased significantly. Specifically, the Overnight Policy Rate (OPR) decreased by 3.71% to 21.14%, while the Overnight Rate (O/N) fell by 3.55% to 21.45%.

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

Treasury Bills

The treasury bills market concluded the month on a mixed note, with sideways interests across specific maturities. Overall, the average mid-rate for the benchmark NTB rose by 9 bps, closing at 21.56%.

Outlook: We expect a relatively quiet start to the new month.

FGN Bonds

The local bonds market experienced a relatively bullish theme, although trading volumes were limited. The primary interest was focused on February 2031, May 2033, February 2034, and June 2053 bonds. Overall, the average mid-yield decreased by 4 bps, settling at 19.02%.

Outlook: We expect a similar play tomorrow.

Eurobonds

The Eurobond market faced a severe downturn today, as the African curves felt the impact of disappointing quarterly results from major technology companies. The S&P 500 fell by 1.4%, while the Nasdaq Composite declined by 2.3%. Both indexes are on pace for a second consecutive day of losses. Microsoft's shares dropped by 5.5% after the tech giant's revenue forecast let down investors, overshadowing a positive quarterly earnings report. Meta Platforms experienced a 4% decline after the parent company of Facebook fell short of Wall Street's user growth expectations and warned of a significant increase in capital expenditures for 2025. As a result, the average mid-yield for Nigerian bonds rose by 22 bps, closing at 9.64%.

Outlook: The US jobs report will take priority tomorrow, so we expect a mixed start to the new month.

BENCHMARK T-BILLS DISCOUNT RATES			
	31-Oct-24	30-Oct-24	Change in Rates
84 DAYS	20.86%	20.86%	→ 0.00%
175 DAYS	23.53%	23.53%	→ 0.00%
329 DAYS	19.74%	19.74%	→ 0.00%

Source: FMDQ DQL for 31-Oct-2024

BENCHMARK FGN BOND YIELDS			
	31-Oct-24	30-Oct-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	20.40%	20.40%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	19.98%	20.20%	↓ -0.22%
20 YRS: 15.45% 21-JUN-2038	19.57%	19.57%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.97%	17.00%	↓ -0.03%

Source: FMDQ DQL for 31-Oct-2024

BENCHMARK FGN EUROBOND YIELDS			
	31-Oct-24	30-Oct-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	9.29%	9.07%	↑ 0.22%
10 YRS: NGERIA 7.375% 09/29/33	9.95%	9.74%	↑ 0.21%
15 YRS: NGERIA 7.696% 23/02/38	10.25%	10.09%	↑ 0.16%
30 YRS: NGERIA 8.25% 09/29/51	10.46%	10.31%	↑ 0.14%
8.75% ETI 06/17/31*	9.08%	8.82%	↑ 0.26%

Source: FBN UK Runs for 31-Oct-2024

NAFEM RATE (\$/N)		Diff.
31-Oct-24	1,675.49	
30-Oct-24	1,631.17	↑ 44.32

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
31-Oct-24	466.59	
30-Oct-24	357.27	↑ 109.32

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.30
AIICO BALANCED FUND	11.45
AIICO EUROBOND FUND	7.10

As of October 30, 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)	39.77 (+20.83% YTD as of 30-Oct-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.10 (+0.70 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market closed the month on a bearish note, with selling pressure prevailing despite the earnings reports released by several companies. The NGX-ASI decreased by 38 bps to 97,651.23 points, and the market capitalization fell to ₦59.17 trillion. This decline was primarily driven by sell-offs in ARADEL, TRANSCORP, and FBNH, which outweighed the buying interest in ZENITHBANK, GTCO, and CONOIL. Sector performance was mixed: the Banking, Insurance, and Oil & Gas indices saw gains, while the Industrial Goods and Consumer Goods sectors experienced declines.

Outlook: We expect a calm start to the new month, albeit with a mixed undertone.

Foreign Exchange

The Naira declined on the last day of the month, with a 2.72% decrease in its value against the USD at the NAFEM window, closing at \$/₦ 1,675.49.

Outlook: We anticipate that the volatility will continue.

Commodities

Oil prices increased by 1% following a previous day's surge driven by stronger-than-expected fuel demand in the U.S. and news that the OPEC+ group may postpone a proposed rise in output. Brent crude rose to \$73.10, while WTI climbed to \$69.07. On the other hand, gold prices fell as they consolidated after reaching an all-time high. However, ongoing safe-haven interest linked to a tight U.S. presidential election has kept the metal on course for its fourth consecutive monthly gain, with prices hovering around \$2,751.40 per ounce.

Outlook: We expect this sentiment to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
SUNUASSUR	2.09	0.19	↑ 10.00%
EUNISELL	5.11	0.46	↑ 9.89%
UPL	3.38	0.30	↑ 9.74%
CORNERST	2.74	0.24	↑ 9.60%
PRESTIGE	0.59	0.05	↑ 9.26%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
VERITASKAP	1.44	-0.16	↓ -10.00%
ARADEL	495.10	-55.01	↓ -10.00%
NSLTECH	0.60	-0.06	↓ -9.09%
RTBRISCOE	3.05	-0.30	↓ -8.96%
BETAGLAS	45.40	-3.55	↓ -7.25%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.38%	↓ -1.55%	↓ -0.92%	↑ 30.60%
NSE BANKING INDEX	↑ 0.28%	↓ -0.20%	↑ 4.78%	↑ 10.30%
NSE INSURANCE INDEX	↑ 1.12%	↑ 0.87%	↑ 4.01%	↑ 39.02%
NSE INDUSTRIAL GOODS INDEX	↓ -0.09%	↓ -3.62%	↓ -9.31%	↑ 27.29%
NSE CONSUMER GOODS INDEX	↓ -0.06%	↓ -0.35%	↓ -0.75%	↑ 38.44%
NSE OIL & GAS INDEX	↑ 1.27%	↑ 1.35%	↑ 15.90%	↑ 121.22%

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