

# Actionable Market Insights, Delivered Weekly.

**AIICO  
CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 04 October 2024

### Money Market

System liquidity started with a credit balance of around ₦709 billion but dropped by over ₦1.4 trillion. This decrease was caused by various factors including CBN's FX intervention settlements, CRR activities, and OMO auction settlements, despite some inflows from different sources, particularly Remita inflows, Swap maturities, FGN bond coupon inflows and FCT Signature bonus, among others. As a result, the interbank rates notably rose, with the Open Repo Rate (OPR) and the Overnight Rate (O/N) increasing by 2.54% and 2.80% to 32.23% and 32.77% respectively.

**Outlook:** We expect the interbank rates to remain elevated next week.

### Treasury Bills

The Treasury Bills market witnessed some activity this week, with a bearish tone driven by selling pressure on mid-to-long tenors, especially March, May, and September bills. Limited transactions occurred due to insufficient bids, but selling pressure increased yields by 23bps, particularly on the September bills. The CBN conducted an OMO auction, offering ₦500 billion across different maturities, with the entire subscription going to the 362-day bill at a stop rate of 24.32%. The total sale was ₦731.14 billion. Overall, the average mid-rate across benchmark NTB papers increased by 37 bps week-on-week, reaching 20.84%.

**Outlook:** We expect a cautious start to the week as participants switch focus to the upcoming NTB auction.

### FGN Bonds

The local FGN Bonds market had a relatively quiet week with mixed to bullish sentiments. Market activities were mainly focused on the New Apr 2029, Feb 2031, May 2033, Mar 2050, and Jun 2053 maturities, as investors showed selective interest in these bonds due to their attractive levels. Overall, the average mid-yield declined by 19 bps week-on-week to 18.75%.

**Outlook:** We expect the mixed sentiments to persist next week.

### Eurobonds Markets

The Eurobonds market started the week mixed to bearish as investors reassessed Middle East tensions and interest rate movements and awaited the jobs report. However, the market closed positively following a stronger-than-expected September employment report, which showed 254,000 new jobs, exceeding the forecast of 147,000. This reinforced optimism about the US labor market, with steady nonfarm payroll growth, stable unemployment, and rising wages indicating economic strength. Key sectors are expanding to meet increasing demand. Consequently, the average mid-yield on the Nigerian bond curve fell by 8bps to 9.41% week-on-week.

**Outlook:** We expect the positive sentiment to continue, albeit with caution.

#### BENCHMARK T-BILLS DISCOUNT RATES

	04-Oct-24	27-Sep-24	Change in Rates
83 days	17.78%	17.78%	→ 0.00%
174 days	21.80%	20.35%	↑ 1.45%
335 days	18.51%	18.51%	→ 0.00%

Source: FMDQ DQL for 04-Oct-2024

#### BENCHMARK FGN BOND YIELDS

	04-Oct-24	27-Sep-24	Change in Yield
5 yrs: 14.55% 26-Apr-2029	19.46%	18.17%	↑ 1.29%
10 yrs: 19.00% 21-Feb-2034	20.20%	20.20%	→ 0.00%
20 yrs: 15.45% 21-Jun-2038	18.00%	17.15%	↑ 0.85%
30 yrs: 15.70% 21-Jun-2053	16.73%	16.60%	↑ 0.13%

Source: FMDQ DQL for 04-Oct-2024

#### BENCHMARK FGN EUROBOND YIELDS

	04-Oct-24	27-Sep-24	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	8.93%	9.10%	↓ -0.17%
10 yrs: NGERIA 7.375% 09/29/33	9.75%	9.77%	↓ -0.02%
15 yrs: NGERIA 7.696% 23/02/38	10.11%	10.15%	↓ -0.04%
30 yrs: NGERIA 8.25% 09/29/51	10.39%	10.42%	↓ -0.03%
8.75% ETI 06/17/31*	8.17%	8.26%	↓ -0.09%

Source: FBN UK Runs for 04-Oct-2024

#### NAFEM RATE (\$/₦)

	4-Oct-24	27-Sep-24	Diff.
	1,631.21	1,540.78	↑ 90.43

Source: FMDQ

#### SYS. LIQ. (₦BN)

	4-Oct-24	27-Sep-24	Diff.
	(1,425.74)	698.14	↓ (2,123.88)

Source: CBN

#### NAME OF FUND

#### EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	21.76
AIICO BALANCED FUND	10.18
AIICO EUROBOND FUND	6.82

As of October 03, 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)	38.58 (+17.21% YTD as of 03-Oct-24)
Monetary Policy Rate	27.25%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*79.19 (+6.85 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The local stock market had a bearish week, with the All-Share Index declining by 95 bps week-on-week to close at 97,520.54 points. The decline was driven by selling pressure on stocks like DANGCEM, BUACEMENT, FBNH, FIDELITYBK, and DANGSUGAR. Despite some buying interest in SEPLAT, UBA, and GTCO, the overall trend was negative. SEPLAT gained 21% due to Exxon Mobil's asset sale approval, while profit-taking affected FIDELITYBK. Other notable events included McCure's equity stake acquisition by Zrosk Investment, Ecobank's bond offering, and ACCESSCORP being marked down for a ₦0.45 dividend.

**Outlook:** We anticipate cautious trading next week.

## Foreign Exchange

The naira saw increased volatility at the NAFEM window, depreciating by 5.87% w/w to ₦1,631.21/\$, despite a \$53m intervention by the central bank. During the week, the CBN announced the introduction of an Electronic Foreign Exchange Matching System (EFEMS) to enhance governance and transparency and enable a market-driven exchange rate. EFEMS will be implemented by December 1, 2024, with a 2-week test run in November for all interbank FX transactions.

**Outlook:** We expect the volatility to persist next week.

## Commodities

Oil prices surged to their highest in two years following President Joe Biden's comments about potential Israeli strikes on Iran's crude facilities in response to Tehran's missile attack. Brent crude rose by 9.47% to \$79.19 per barrel, while WTI climbed 10.15% to \$75.51 per barrel. Meanwhile, gold prices dropped by 18bps to \$2,669.40 per ounce, as a stronger-than-expected U.S. jobs report boosted the dollar, tempering expectations for a Federal Reserve rate cut.

**Outlook:** We expect the trend to persist next week.

### Top 5 Equity Advancers W-o-W

Ticker	Px	% Change	Points	% Mov
SEPLAT	4,964.70	↑ 21.00%	↑ 931.13	↑ 99.25%
UBA	27.35	↑ 6.21%	↑ 100.49	↑ 10.71%
GTCO	49.1	↑ 3.59%	↑ 91.89	↑ 9.79%
ACCESSCORP	20	↑ 4.92%	↑ 61.28	↑ 6.53%
JBERGER	150	↑ 7.14%	↑ 29.38	↑ 3.13%

Source: NGX, AIICO Capital

### Top 5 Equity Decliners W-o-W

Ticker	Px	% Change	Points	% Mov
DANGCEM	478.8	↓ -10.00%	↓ 1,664.91	↓ -177.47%
BUACEMENT	110	↓ -3.42%	↓ 242.55	↓ -25.85%
FBNH	25	↓ -11.19%	↓ 207.66	↓ -22.13%
FIDELITYBK	13	↓ -13.33%	↓ 106.43	↓ -11.34%
DANGSUGAR	30.6	↓ -12.20%	↓ 94.81	↓ -10.11%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.47%	↓ -0.95%	↑ 0.97%	↑ 30.42%
NSE Banking Index	↑ 0.11%	↓ -0.74%	↑ 8.12%	↑ 3.30%
NSE Insurance Index	↓ -1.25%	↑ 3.81%	↑ 3.08%	↑ 35.93%
NSE Industrial Goods Index	↑ 0.11%	↓ -6.84%	↓ -7.01%	↑ 32.16%
NSE Consumer Goods Index	↓ -0.47%	↑ 0.34%	↓ -0.30%	↑ 40.04%
NSE Oil & Gas Index	↑ 3.49%	↑ 7.29%	↑ 14.77%	↑ 104.78%

Source: NGX, Bloomberg, AIICO Capital

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