

# Actionable Market Insights, Delivered Weekly.

**AIICO  
CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 11 October 2024

### Money Market

This week, system liquidity ended in a deficit due to various factors, such as CBN FX interventions, net CRR debits, CBN SWAP rollovers, and OMO auction settlements. The CBN's OMO auction at the week's end led to a ~33% rate closure. Additionally, CBN's CRR activities further exacerbated the illiquidity, resulting in a significant rise in interbank rates, with OPR and O/N increasing by 13bps and 23bps to 32.36% and 33.00%, respectively.

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

### Treasury Bills

The Treasury bills market was mostly quiet this week, with bearish sentiments due to the liquidity crunch in the interbank market.

This week, an NTB auction was conducted, with ₦81.904 being offered and sold, with subscriptions totaling ₦273.278bn. Stop rates were printed at 17.00%, 17.50%, and 19.864% across the 91,182 and 364-day papers, respectively. The CBN also conducted an OMO auction at the end of the week, offering ₦300bn; however, subscription and allotment totaled ₦908.23bn and ₦905.23bn, respectively. Overall, the average mid-rate across benchmark NTB papers increased by 30 bps week-on-week, reaching 21.14%.

**Outlook:** We expect the mixed-to-bearish sentiment to persist as the CBN continues to maintain its tightening stance.

### FGN Bonds

The local FGN Bonds market had mixed to bearish trading this week, with higher offer yields across the curve. Most of the activity focused on specific maturities such as Apr 2029, Feb 2031, May 2033, Mar 2050, and Jun 2053 bonds.

At the end of the week, the DMO released the Q4 FGN bonds issuance calendar, indicating that only two papers are expected to be issued for the rest of the year: APR 2029 and FEB 2031. Overall, the average mid-yield increased by 25 bps week-on-week to 19.00%.

**Outlook:** We anticipate mixed sentiments, with the expected FGN bond coupon of ₦193.92bn to stimulate mild buying.

### Eurobonds Markets

The Eurobonds market had a mixed to bullish performance this week. Initially, African papers showed bullish sentiments, but profit-taking ahead of the release of US Sep CPI data led to a bearish bias. The US CPI data exceeded expectations, with headline inflation at 2.40% y-o-y (Est. 2.30%) and Core inflation at 3.30% (Est. 3.20%), causing a mild bearish bias. However, renewed investor sentiment surfaced towards the close of the week. The major highlight was the issuance of Ecobank Transnational Incorporated (ETI) - 144a/Reg S Us\$-Denominated Benchmark 5-Year (2029) Senior Unsecured Notes at a 10.125% yield, which attracted substantial investor demand to conclude the week.

Overall, the average mid-yield on the Nigerian bond curve fell by 11bps to 9.30% week-on-week.

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

#### BENCHMARK T-BILLS DISCOUNT RATES

	11-Oct-24	04-Oct-24	Change in Rates	
90 days	20.77%	17.78%	↑	2.99%
181 days	21.60%	21.80%	↓	-0.20%
349 days	19.27%	18.51%	↑	0.76%

Source: FMDQ DQL for 11-Oct-2024

#### BENCHMARK FGN BOND YIELDS

	11-Oct-24	04-Oct-24	Change in Yield	
5 yrs: 14.55% 26-Apr-2029	19.48%	19.46%	↑	0.02%
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 11-Oct-2024

#### BENCHMARK FGN EUROBOND YIELDS

	11-Oct-24	04-Oct-24	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	8.86%	8.93%	↓	-0.07%
10 yrs: NGERIA 7.375% 09/29/33	9.66%	9.75%	↓	-0.09%
15 yrs: NGERIA 7.696% 23/02/38	10.01%	10.11%	↓	-0.10%
30 yrs: NGERIA 8.25% 09/29/51	10.27%	10.39%	↓	-0.12%
8.75% ETI 06/17/31*	8.82%	8.17%	↑	0.65%

Source: FBN UK Runs for 11-Oct-2024

#### NAFEM RATE (\$/N)

	11-Oct-24	04-Oct-24	Diff.	
	1,641.27	1,631.21	↑	10.06

Source: FMDQ

#### SYS. LIQ. (N'BN)

	11-Oct-24	04-Oct-24	Diff.	
	(702.83)	(1,425.74)	↑	722.91

Source: CBN

#### NAME OF FUND

	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	21.97
AIICO BALANCED FUND	10.75
AIICO EUROBOND FUND	6.89

As of October 08, 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 (CRR)	50.00%
Brent Crude Price US\$/bbl	*79.17 (-0.02 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The All-Share Index recorded a marginal 9bps w/w gain this week, bolstered by bargain hunting in SEPLAT, FIDELITYBK, FBNH, and JBERGER, offsetting declines in OANDO and UBA. UBA faced significant selloffs despite its approaching dividend qualification, while offshore interest boosted ZENITHBANK and GTCO. Key market events included Ecobank's \$400 million note issuance, the suspension of Transcorp's shares for reconstruction, a major off-market trade of TANTALIZER, and Access Bank's approval to establish a banking subsidiary in Namibia.

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

## Foreign Exchange

This week, the interbank NAFEM market remained stable, experiencing increased dollar liquidity. The central bank intervened by selling an estimated \$50 million at \$1,540.00. Despite this, the Naira depreciated by 0.62% w/w against the USD, closing at \$1,641.27 at the NAFEM window.

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

## Commodities

Oil prices increased for the second consecutive week as Israel prepares to respond to Iran. Brent crude rose by 0.40% to \$79.17 per barrel, and WTI increased by 0.32% to \$75.75 per barrel. Gold prices also rose following U.S. inflation data, strengthening the possibility of rate cuts this year and keeping the dollar from reaching recent highs. Additionally, demand for gold as a safe-haven asset due to the tensions in the Middle East caused gold prices to rise by 11 bps to \$1,672.40 per ounce.

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

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

Ticker	Px	% Change	Points	% Mov
SEPLAT	5,217.20	↑ 5.09%	↑ 272.88	↑ 316.97%
FIDELITYBK	14.7	↑ 13.08%	↑ 90.46	↑ 105.08%
FBNH	26	↑ 4.00%	↑ 65.92	↑ 76.57%
JBERGER	164	↑ 9.33%	↑ 41.14	↑ 47.79%
MTNN	191	↑ 0.37%	↑ 26.17	↑ 30.40%

Source: NGX, AIICO Capital

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

Ticker	Px	% Change	Points	% Mov
OANDO	70	↓ -7.28%	↓ 125.57	↓ 145.86%
UBA	26.5	↓ -3.11%	↓ 53.39	↓ 62.01%
STANBIC	57	↓ -1.64%	↓ 22.61	↓ 26.26%
WAPCO	36.25	↓ -2.03%	↓ 22.19	↓ 25.77%
ACCESSCORP	19.7	↓ -1.50%	↓ 19.58	↓ 22.75%

Source: NGX, AIICO Capital

### D-o-D

### W-o-W

### MTD

### YTD

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.13%	↑ 0.09%	↓ -0.97%	↑ 30.54%
NSE Banking Index	↑ 1.06%	↑ 0.47%	↓ -1.41%	↑ 3.79%
NSE Insurance Index	↓ -0.05%	↑ 0.08%	↑ 1.78%	↑ 36.04%
NSE Industrial Goods Index	↑ 0.01%	↓ -0.13%	↓ -5.96%	↑ 31.99%
NSE Consumer Goods Index	↓ -0.18%	↓ -1.25%	↓ -0.86%	↑ 38.29%
NSE Oil & Gas Index	→ 0.00%	↑ 1.57%	↑ 8.97%	↑ 107.99%

Source: NGX, Bloomberg, AIICO Capital

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