

Actionable Market Insights, delivered daily.

AIICO CAPITAL

DATE: Wednesday, 13 November 2024

MARKET COMMENTARY

System Liquidity

System liquidity declined further into negative territory. Nonetheless, the Overnight Policy Rate (OPR) declined by 10bps to 31.93%, while the Overnight Rate (O/N) fell by 12bps to 32.48%.

Outlook: We expect that interbank rates will remain at their current levels.

Treasury Bills

The Treasury bills market experienced a relatively quiet trading session; however, investors are still taking advantage of the liquidity crunch to selectively pursue high-yield offers in mid to long-dated securities. Overall, the average mid-rate for the benchmark NTB papers was 21.96%.

Outlook: We expect the same sentiment to persist tomorrow.

FGN Bonds

The local bonds market continued to see sideways interest across select maturities, specifically for the February 2031, May 2033, February 2034, and June 2053 bonds. Overall, the average mid-yield remained steady at 19.07%.

Outlook: We expect the same sentiment to persist tomorrow.

Eurobonds

The Eurobonds market continued its downtrend today, although there were some buying interests earlier in the day. However, the buying sentiment diminished after the release of US inflation numbers. To elaborate on the inflation data, the annual inflation rate in the US accelerated to 2.6% in October 2024, up from 2.4% in September, the lowest rate since February 2021 and aligned with market expectations. Meanwhile, core inflation remained steady at 3.3%, as anticipated, with monthly core inflation also holding at 0.3%, consistent with September's figures. Overall, the average mid-yield for Nigerian bonds increased by 4 bps, closing at 9.45%.

Outlook: The focus will now shift to the US PPI data and other Fed-speaking engagements.

BENCHMARK T-BILLS DISCOUNT RATES			
	13-Nov-24	12-Nov-24	Change in Rates
85 DAYS	22.97%	22.97%	→ 0.00%
176 DAYS	22.39%	22.39%	→ 0.00%
344 DAYS	20.30%	20.30%	→ 0.00%

Source: FMDQ DQL for 13-Nov-2024

BENCHMARK FGN BOND YIELDS			
	13-Nov-24	12-Nov-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.76%	19.75%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	20.05%	20.05%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	19.00%	19.00%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.98%	16.98%	→ 0.00%

Source: FMDQ DQL for 13-Nov-2024

BENCHMARK FGN EUROBOND YIELDS			
	13-Nov-24	12-Nov-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	9.11%	9.04%	↑ 0.07%
10 YRS: NGERIA 7.375% 09/29/33	9.82%	9.72%	↑ 0.10%
15 YRS: NGERIA 7.696% 23/02/38	10.16%	10.10%	↑ 0.06%
30 YRS: NGERIA 8.25% 09/29/51	10.34%	10.31%	↑ 0.03%
8.75% ETI 06/17/31*	8.91%	8.91%	→ 0.00%

Source: FBN UK Runs for 13-Nov-2024

NAFEM RATE (\$/N)		Diff.
13-Nov-24	1,645.40	
12-Nov-24	1,689.88	↓ (44.48)

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
13-Nov-24	(219.69)	
12-Nov-24	(160.29)	↓ (59.40)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.58
AIICO BALANCED FUND	11.47
AIICO EUROBOND FUND	7.16

As of November 12, 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)	40.21 (+22.16% YTD as of 12-Nov-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*72.24 (+0.11 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market rebounded today, with the NGX All-Share Index (ASI) and market capitalization gaining 16 bps. They closed at 97,418.83 points and ₦59.03 trillion, respectively. This positive performance was driven by bargain hunting in major stocks such as UBA, Zenith Bank, Access Bank, and Dangote Sugar. The year-to-date return for the ASI now stands at 30.28%. The Banking Index led the gains in sector performance, followed by the Consumer Goods and Industrial Goods sectors, respectively. However, both the Insurance and Oil & Gas indices experienced declines.

Outlook: We expect a mixed session tomorrow.

Foreign Exchange

The Naira appreciated by 2.63% against the USD at the NAFEM window, settling at \$/₦1,645.40.

Outlook: We expect the volatility to persist.

Commodities

Oil prices remained close to their lowest levels in two weeks following OPEC's revision of its outlook for global oil demand growth in 2024 and 2025, coupled with ongoing concerns over demand in China. Consequently, Brent crude stabilized at \$72.24 per barrel, while WTI was around \$68.47. Similarly, gold prices rose after falling to their lowest point in almost two months the day before, with gold now trading at approximately \$2,596.80 per ounce.

Outlook: We expect this sentiment to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING		
	PRICE	GAIN(N)	% CHANGE
INTENEGINS	1.32	0.12	↑ 10.00%
JOHNHOLT	6.39	0.58	↑ 9.98%
EUNISELL	10.91	0.98	↑ 9.88%
THOMASWY	1.90	0.17	↑ 9.71%
UPL	3.55	0.30	↑ 9.09%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING		
	PRICE	LOSS(N)	% CHANGE
REGALINS	0.45	-0.05	↓ -10.00%
DAARCOMM	0.62	-0.05	↓ -7.46%
SOVERNINS	0.59	-0.04	↓ -6.35%
NEM	8.00	-0.50	↓ -5.88%
UNIVINSURE	0.32	-0.02	↓ -5.88%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.16%	↑ 0.88%	↓ -0.24%	↑ 30.28%
NSE BANKING INDEX	↑ 1.38%	↑ 0.51%	↑ 5.09%	↑ 15.92%
NSE INSURANCE INDEX	↓ -0.58%	↑ 1.45%	↓ -0.02%	↑ 38.99%
NSE INDUSTRIAL GOODS INDEX	↑ 0.01%	↓ -0.01%	↓ -0.06%	↑ 27.21%
NSE CONSUMER GOODS INDEX	↑ 0.38%	↓ -0.59%	↓ -0.33%	↑ 37.98%
NSE OIL & GAS INDEX	↓ -0.46%	↑ 2.87%	↑ 5.05%	↑ 132.40%

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission and is licensed to provide fund and portfolio management services in Nigeria.