

# Actionable Market Insights, Delivered Weekly.

**AIICO CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 08 November 2024

### Money Market

System liquidity opened with a credit of ₦398.31 billion but saw a significant decrease of ₦923.80 billion, to close in a deficit of ₦525.49 billion. This sharp decline was primarily due to the settlement of OMO auctions totaling ₦1.447 trillion and net CRR debits. Despite substantial Remita inflows credited to the system, these funding activities pushed the market into a deficit position. Thus, the Overnight Policy Rate increased by 12.73% to 31.95%, while the Overnight Rate surged by 12.80% to 32.48% week-on-week.

**Outlook:** Next week, we anticipate that rates will stay elevated, even with the inflows from SWAP maturities and FGN bond coupons.

### Treasury Bills

The Treasury bills market began the week quietly with minimal trading activity as investors awaited the midweek NTB auction. Prior to this, the CBN announced an OMO auction, offering ₦300 billion but ultimately selling over ₦1.4 trillion in the longest-dated paper, significantly draining system liquidity. The midweek NTB auction saw stop rates for the 91, 182, and 364-day papers rise compared to the previous auction, with the DMO selling more than allotted for the first time in a while. Post-auction, mixed to bullish sentiments emerged as investors aimed to secure funds at attractive yields, particularly in the newly issued 1-year paper. Consequently, the average mid-rate for benchmark NTB papers increased by 52 bps, closing at 21.93%.

**Outlook:** We anticipate that mixed sentiments will continue, with investors selectively targeting attractive yields.

### FGN Bonds

The local bonds market experienced fluctuating trading patterns, with mixed sentiments at the beginning of the week. However, it turned bearish following the OMO and NTB auctions, especially due to the rise in stop rates at the NTB auction. Interest was primarily focused on the Feb 2031, May 2033, Feb 2034, and Jun 2053 papers. Consequently, the average mid-yield for benchmark bonds increased by 16 bps week-on-week, settling at 19.05%.

**Outlook:** We expect sentiments to remain sideways next week.

### Eurobonds Markets

The Eurobonds market experienced volatility this week. Early calmness gave way to bullish sentiments following the U.S. elections, where Donald Trump emerged victorious. This, combined with a 25 bps rate cut at the FOMC meeting, drove a strong bullish bias. Nigerian and Angolan papers, along with other African bonds like Egypt's, saw gains of up to \$2. Towards the end of the week, some profit-taking occurred after a period of sustained buying interest. Consequently, the average mid-yield for Nigerian bonds fell by 45 bps to 9.26% week-on-week.

**Outlook:** We anticipate that mixed sentiments will continue, with increased profit-taking likely at the beginning of the week.

#### BENCHMARK T-BILLS DISCOUNT RATES

	08-Nov-24	01-Nov-24	Change in Rates	
90 days	22.97%	20.86%	↑	2.11%
181 days	22.34%	23.53%	↓	-1.19%
349 days	20.30%	19.74%	↑	0.56%

Source: FMDQ DQL for 08-Nov-2024

#### BENCHMARK FGN BOND YIELDS

	08-Nov-24	01-Nov-24	Change in Yield	
5 yrs: 14.55% 26-Apr-2029	19.75%	20.41%	↓	-0.66%
10 yrs: 19.00% 21-Feb-2034	20.05%	19.98%	↑	0.07%
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 08-Nov-2024

#### NAFEM RATE (\$/₦)

	Rate	Diff.
8-Nov-24	1,678.87	
1-Nov-24	1,666.72	↑ 12.15

Source: FMDQ

#### SYS. LIQ. (₦'BN)

	Rate	Diff.
8-Nov-24	(525.49)	
1-Nov-24	398.31	↓ (923.80)

Source: CBN

#### NAME OF FUND

#### EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	21.92
AIICO BALANCED FUND	11.64
AIICO EUROBOND FUND	7.14

As of November 07, 2024

BENCHMARK FGN EUROBOND YIELDS			
	08-Nov-24	01-Nov-24	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	8.83%	9.36%	↓ -0.53%
10 yrs: NGERIA 7.375% 09/29/33	9.53%	10.05%	↓ -0.52%
15 yrs: NGERIA 7.696% 23/02/38	9.96%	10.36%	↓ -0.40%
30 yrs: NGERIA 8.25% 09/29/51	10.16%	10.56%	↓ -0.40%
8.75% ETI 06/17/31*	8.74%	8.99%	↓ -0.25%

Source: FBN UK Runs for 08-Nov-2024

MACRO INDICATORS	
GDP (Q2 2024)	+3.19% (Q1: 2023 +2.98% y/y)
Inflation (August'2024)	32.70% (Aug'24: 32.15%)
External Reserve (US\$ billion)	40.08 (+21.77% YTD as of 07-Nov-24)
Monetary Policy Rate	27.25%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*73.90 (+0.54 w/w)

Source: NBS,CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market faced a tough start this week. There were early losses across ARADEL, MTNN, and OANDO, while a rally from FIDELITYBK and tier-1 banks (except GTCO) gave a brief moment of positive trading, however the downward trend returned midweek. There were also gains on some Oil & Gas stocks like ARADEL and CONOIL, but these were not enough to lift the market, which still closed down 0.20% week-over-week to 97,236.19 points. This puts the market capitalization at ₦58.92 trillion. Trading highlights included ARADEL's two-day limit-up close as well as five major off-market deals, like 2.49bn SOVRENINS and 3.9mn DANGCEM.

**Outlook:** We expect the mixed trading sentiment to persist next week, with sideways trading on specific stocks.

## Foreign Exchange

This week, dollar liquidity improved in the NAFEM market, but the interbank market remained under pressure due to high foreign exchange demand, with trades ranging between \$/₦1,591.60 and \$/₦1,705.00. The CBN intervened once, selling approximately \$51 million at ₦1,640.00. Despite this, the naira depreciated by 0.73% over the week, closing at \$/₦1,678.87 in the NAFEM window.

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

## Commodities

Oil prices dropped as fears about Hurricane Rafael's impact on U.S. Gulf infrastructure eased and new Chinese economic stimulus emerged. Despite reversing nearly 1% gains from the previous day, Brent and WTI are still set to end the week 2% higher. Investors are also considering how President-elect Donald Trump's policies might influence oil supply and demand. Brent traded around \$73.90 per barrel, WTI at \$70.40, and gold at \$2,695.20 per ounce, marking its steepest weekly decline in over five months.

**Outlook:** We anticipate that the volatility will continue into next week.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
ACCESSCORP	24.65	↑ 11.54%	↑ 166.46	↑ 85.00%
UBA	31.00	↑ 6.90%	↑ 125.62	↑ 64.15%
CONOIL	260.00	↑ 37.35%	↑ 90.10	↑ 46.01%
ETI	26.00	↑ 7.44%	↑ 60.66	↑ 30.98%
ZENITHBANK	42.00	↑ 1.82%	↑ 43.25	↑ 22.08%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
OANDO	69.95	↓ -21.97%	↓ 449.76	↓ -229.67%
MTNN	169.00	↓ -3.42%	↓ 224.29	↓ -114.53%
TRANSCORP	43.90	↓ -4.04%	↓ 138.10	↓ -70.52%
GTCO	53.60	↓ -3.07%	↓ 91.89	↓ -46.92%
NB	27.00	↓ -3.57%	↓ 18.87	↓ -9.64%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.32%	↓ -0.20%	↓ -0.43%	↑ 30.04%
NSE Banking Index	↓ -0.16%	↑ 2.81%	↑ 4.00%	↑ 14.71%
NSE Insurance Index	↓ -0.10%	↑ 0.11%	↑ 0.26%	↑ 39.38%
NSE Industrial Goods Index	↓ -0.02%	↓ -0.02%	↓ -0.04%	↑ 27.24%
NSE Consumer Goods Index	↓ -0.01%	↑ 0.02%	↑ 0.25%	↑ 38.79%
NSE Oil & Gas Index	↑ 1.37%	↑ 5.43%	↑ 5.35%	↑ 133.07%

Source:NGX, Bloomberg, AIICO Capital

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