

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 15 November 2024

Money Market

The week started with system liquidity showing a deficit of c.₦60 billion, remaining negative throughout most of the week. However, by the week's end, it improved to a positive balance of ₦396.75 billion. This recovery was primarily attributed to significant remita inflows and an FGN Bond coupon payment of around ₦143 billion, which helped balance out the debits associated with the CBN FX interventions and CRR activities. As a result, the Overnight Policy Rate fell by 5.86% to 26.09%, while the Overnight Rate decreased by 5.60% to 26.88% compared to the previous week.

Outlook: Next week, we expect rates to remain at current levels, barring any significant debits.

Treasury Bills

The Treasury bills market experienced mixed sentiments throughout the week. There was notable interest in mid- and long-dated papers, particularly those maturing in April, May, and November 2025. As a result, the average mid-rate for benchmark NTB papers rose by 3 bps, closing the week at 21.96%.

Outlook: We expect a cautious trading approach, albeit with a mixed undertone, ahead of next week's NTB auction.

FGN Bonds

The local bonds market experienced a relatively calm week, with notable sideways interest observed in the bonds maturing in February 2031, May 2033, February 2034, and June 2053. Overall, the average mid-yield for benchmark bonds increased by 2 bps week-on-week, settling at 19.07%.

Outlook: The focus will now shift to Monday's FGN bond auction, where the DMO plans to offer ₦120 billion across the April 2029 and February 2031 papers.

Eurobonds Markets

This week, the Eurobonds market saw fluctuations but concluded on a bearish trend, largely influenced by Fed Chair Jerome Powell's comments about the lack of urgency for aggressive rate cuts due to stable economic conditions. Consequently, U.S. Treasury yields increased alongside October's Retail Sales data, which showed a 0.4% rise in consumer spending. In the African sovereign bond market, prices declined amid notable sell-offs, though some investors engaged in selective buying. The average mid-yield for Nigerian bonds rose by 36 bps to 9.62%.

Outlook: We expect the sentiments to persist, although some investors will continue to cherry-pick the high yields.

BENCHMARK T-BILLS DISCOUNT RATES			
	15-Nov-24	08-Nov-24	Change in Rates
83 days	22.97%	22.97%	→ 0.00%
174 days	22.39%	22.34%	↑ 0.05%
342 days	20.30%	20.30%	→ 0.00%

Source: FMDQ DQL for 15-Nov-2024

BENCHMARK FGN BOND YIELDS			
	15-Nov-24	08-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 15-Nov-2024

BENCHMARK FGN EUROBOND YIELDS			
	15-Nov-24	08-Nov-24	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	9.22%	8.83%	↑ 0.39%
10 yrs: NGERIA 7.375% 09/29/33	10.01%	9.53%	↑ 0.48%
15 yrs: NGERIA 7.696% 23/02/38	10.32%	9.96%	↑ 0.36%
30 yrs: NGERIA 8.25% 09/29/51	10.51%	10.16%	↑ 0.35%
8.75% ETI 06/17/31*	9.00%	8.74%	↑ 0.26%

Source: FBN UK Runs for 15-Nov-2024

NAFEM RATE (\$/₦)		Diff.
15-Nov-24	1,652.25	
8-Nov-24	1,678.87	↓ (26.62)

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
15-Nov-24	396.75	
8-Nov-24	(525.49)	↑ 922.24

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.62
AIICO BALANCED FUND	12.00
AIICO EUROBOND FUND	7.27

As of November 14, 2024

MACRO INDICATORS	
GDP (Q2 2024)	+3.19% (Q1: 2023 +2.98% y/y)
Inflation (August'2024)	33.88% (Sep'24: 32.70%)
External Reserve (US\$/billion)	40.24 (+22.25% YTD as of 13-Nov-24)
Monetary Policy Rate	27.25%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*71.58 (-2.32 w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

After a mixed performance all week, the Nigerian stock market made a strong recovery, concluding the week positively. The NGX ASI increased by 50 bps to finish at 97,722.28 points, with the market capitalization reaching ₦59.21 trillion. This upward trend was driven by notable increases in major stocks such as FLOURMILLS, WAPCO, and GTCO, among others. The ASI now boasts a year-to-date return of 30.69%. All five tracked indices ended on a high note, with the Insurance Index leading gains at 2.16%.

Outlook: We anticipate the positive performance to continue into next week, although we may see some mixed sentiments.

Foreign Exchange

This week, the market showed good liquidity, with the CBN actively selling c.\$190 million. Additionally, a notable influx of foreign portfolio investor capital was directed towards high-yielding government securities. As a result, the Naira strengthened by 1.59% compared to the USD, ending the week at \$/₦1,652.25.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are heading for a weekly decline due to an oversupply and a strong dollar impacting the market. Brent crude is priced at approximately \$71.58 per barrel, while WTI is around \$67.61. In a similar trend, gold prices are set for their largest weekly drop in more than three years, as anticipation of less aggressive interest rate reductions by the U.S. Federal Reserve strengthened the dollar, reducing gold's appeal to investors. Currently, gold is trading at about \$2,566.90 per ounce.

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

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
UBA	33.45	↑ 7.90%	↑ 153.88	↑ 31.44%
GTCO	56.00	↑ 4.48%	↑ 129.72	↑ 26.50%
FLOURMILL	78.65	↑ 22.89%	↑ 110.32	↑ 22.54%
WAPCO	42.00	↑ 9.38%	↑ 106.50	↑ 21.76%
ZENITHBANK	43.30	↑ 3.10%	↑ 74.96	↑ 15.31%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
OANDO	62.65	↓ -10.44%	↓ 166.66	↓ -34.05%
BUACEMENT	95.50	↓ -2.35%	↓ 143.04	↓ -29.23%
NESTLE	850.00	↓ -3.95%	↓ 50.95	↓ -10.41%
STANBIC	57.95	↓ -1.53%	↓ 21.42	↓ -4.38%
DANGSUGAR	30.00	↓ -2.60%	↓ 17.85	↓ -3.65%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.50%	↑ 0.50%	↑ 0.07%	↑ 30.69%
NSE Banking Index	↑ 0.72%	↑ 2.32%	↑ 6.41%	↑ 17.38%
NSE Insurance Index	↑ 2.16%	↑ 2.84%	↑ 3.11%	↑ 43.34%
NSE Industrial Goods Index	↑ 1.70%	↓ -0.20%	↓ -0.23%	↑ 26.99%
NSE Consumer Goods Index	↑ 0.63%	↑ 0.60%	↑ 0.85%	↑ 39.62%
NSE Oil & Gas Index	↑ 1.32%	↓ -0.29%	↑ 5.04%	↑ 132.38%

Source: NGX, Bloomberg, AIICO Capital

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