

# Actionable Market Insights, Delivered Weekly.

**AIICO  
CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 22 November 2024

### Money Market

System liquidity began on a strong note; however, debits due to the FGN bond (c.₦346 billion) and NTB auctions (Net withdrawal around ₦83.04 billion), along with the settlement of the CBN's FX intervention, reduced liquidity in the system, resulting in a deficit of roughly ₦321 billion at the end of the week. Consequently, the Overnight Policy Rate rose by 6.10% to 32.19%, while the Overnight Rate increased by 5.93% to 32.81% compared to the prior week.

**Outlook:** Short-term interbank rates are expected to stay high as we await FAAC credits. The recent FAAC meeting approved ₦1.41 trillion for distribution, with around ₦667 billion anticipated to enter the system.

### Treasury Bills

The Treasury bills market started off calmly but with bearish sentiment, as investors focused mainly on the NTB auction, which offered around ₦610 billion in 91, 182, and 364-day papers. The stop rates for the 91 and 182-day papers remained unchanged at 18.00% and 18.50%, respectively, while the rate for the 364-day paper increased by 50 bps to 23.50%. Following the auction, there was notable buying interest in the newly issued 1-year paper, with trades occurring between 22.70% and 22.90%. Overall, the average mid-rate for benchmark NTB papers rose by 83 bps w/w, closing the week at 22.79%.

**Outlook:** We expect to see continued interest in the newly issued 1-year paper, albeit with caution, as participants will focus on the final MPC meeting for the year.

### FGN Bonds

The local bond market started off quietly as attention shifted to the FGN bond auction. At the auction, the DMO successfully sold ₦346 billion compared to the ₦120 billion offered, with total subscriptions exceeding ₦360 billion. The 5-year (April 2029) and 7-year (February 2031) bonds settled at higher rates of 21.00% (+25bps) and 22.00% (+26bps) respectively. Post-auction activity was mixed to slightly bullish, with most trades focused on the February 2031 bond. Overall, the average mid-yield for benchmark bonds rose by 42 bps w/w, settling at 19.40%.

**Outlook:** We anticipate a tranquil beginning to the week as the focus shifts to the MPC meeting.

### Eurobonds Markets

The Eurobonds market concluded the week on a slightly negative trend, following a week characterized by mixed market sentiments influenced by the conflict between Ukraine and Russia, fluctuations in oil prices, and jobless claims data. Oil-producing countries like Nigeria and Angola, along with Egypt, experienced some price movements, although Egypt ended the week on a relatively positive note. Overall, the average mid-yield for Nigerian bonds decreased slightly by 2bps to 9.60%.

In other developments, Ivory Coast's 2025 budget draft shows a commitment to fiscal discipline, aiming for a 3% GDP deficit reduction. Meanwhile, Kenya secured a \$200 million funding boost from the African Development Bank to support its development initiatives.

**Outlook:** We anticipate some volatility in the Nigerian curve following the Senate's approval for the country to borrow \$2.2 billion from the debt market.

BENCHMARK T-BILLS DISCOUNT RATES			
	22-Nov-24	15-Nov-24	Change in Rates
90 days	23.69%	22.97%	↑ 0.72%
181 days	22.25%	22.39%	↓ -0.14%
335 days	20.30%	20.30%	→ 0.00%

Source: FMDQ DQL for 22-Nov-2024

BENCHMARK FGN BOND YIELDS			
	22-Nov-24	15-Nov-24	Change in Yield
5 yrs: 14.55% 26-Apr-2029	19.77%	19.76%	↑ 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 22-Nov-2024

NAFEM RATE (\$/N)		Diff.
22-Nov-24	1,652.62	
15-Nov-24	1,652.25	↑ 0.37

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
22-Nov-24	(321.54)	
15-Nov-24	396.75	↓ (718.29)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.03
AIICO BALANCED FUND	13.50
AIICO EUROBOND FUND	7.17

As of November 21, 2024

BENCHMARK FGN EUROBOOND YIELDS				
	22-Nov-24	15-Nov-24	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	9.08%	9.22%	↓	-0.14%
10 yrs: NGERIA 7.375% 09/29/33	10.01%	10.01%	→	0.00%
15 yrs: NGERIA 7.696% 23/02/38	10.36%	10.32%	↑	0.04%
30 yrs: NGERIA 8.25% 09/29/51	10.59%	10.51%	↑	0.08%
8.75% ETI 06/17/31*	8.83%	9.00%	↓	-0.17%

Source: FBN UK Runs for 22-Nov-2024

MACRO INDICATORS	
GDP (Q2 2024)	+3.19% (Q1: 2023 +2.98% y/y)
Inflation (October'2024)	33.88% (Sep'24: 32.70%)
External Reserve (US\$'billion)	40.28 (+22.38% YTD as of 20-Nov-24)
Monetary Policy Rate	27.25%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*74.94 (+3.36 w/w)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

Bullish sentiments kept the All-Share Index positive until Thursday. Buying interest in WAPCO, DANGSUGAR, MTNN, ZENITHBANK, FIDELITYBK, and UNILEVER offset selloffs in FBNH, ACCESSCORP, GTCO, STANBIC, UBA, PRESCO, and TRANSCORP, resulting in an 11bps w/w return (ASI: 97,829.02 points; Market Cap: 59.29 trillion). WAPCO, UNILEVER, and EUNISELL hit new highs, with EUNISELL returning 502.2% YTD. DANGSUGAR rose steadily from Wednesday to Friday. HMCALL listed 3.12 billion shares at ₦3.84. ARADEL was marked down for an ₦8.00 dividend. WAPCO reached a 52-week high at ₦61.20, settling at ₦54.00, and UNILEVER hit ₦29.60.

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

## Foreign Exchange

The market showed good liquidity this week as the CBN sold about \$55 million. However, persistent demand for foreign exchange kept the market competitive, leading suppliers to seek higher selling prices. Consequently, the Naira slightly depreciated by 2 bps against the USD, closing at \$/₦1,652.62.

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

## Commodities

Oil prices remained stable, heading toward a 5% increase for the week due to the escalation of the Ukraine conflict and anticipated higher Chinese imports in November. Brent crude is roughly \$74.94 per barrel, while WTI is approximately \$70.98. Similarly, gold prices exceeded the \$2,700 mark for the first time in a fortnight, poised for their most significant weekly increase in over a year as safe-haven demand surpassed dollar strength and lowered expectations for a U.S. rate cut next month. At present, gold is trading at about \$2,707.40 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
WAPCO	54.00	↑ 28.57%	↑ 354.99	↑ 343.38%
DANGSUGAR	35.00	↑ 16.67%	↑ 111.54	↑ 107.89%
MTNN	172.00	↑ 1.18%	↑ 74.76	↑ 72.32%
ZENITHBANK	44.30	↑ 2.31%	↑ 57.66	↑ 55.78%
FIDELITYBK	16.00	↑ 7.02%	↑ 55.87	↑ 54.05%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
FBNH	25.40	↓ -7.97%	↓ 145.03	↓ -140.29%
ACCESSCORP	22.90	↓ -7.47%	↓ 120.77	↓ -116.82%
GTCO	54.60	↓ -2.50%	↓ 75.67	↓ -73.20%
STANBIC	55.00	↓ -5.09%	↓ 70.20	↓ -67.90%
UBA	32.35	↓ -3.29%	↓ 69.09	↓ -66.83%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.17%	↑ 0.11%	↑ 0.18%	↑ 30.83%
NSE Banking Index	↓ -1.14%	↓ -2.57%	↑ 3.68%	↑ 14.36%
NSE Insurance Index	↑ 1.10%	↑ 4.54%	↑ 7.79%	↑ 49.85%
NSE Industrial Goods Index	↓ -0.46%	↑ 1.75%	↑ 1.52%	↑ 29.22%
NSE Consumer Goods Index	↑ 0.46%	↑ 1.93%	↑ 2.80%	↑ 42.31%
NSE Oil & Gas Index	↑ 0.33%	↑ 0.18%	↑ 5.24%	↑ 132.80%

Source: NGX, Bloomberg, AIICO Capital

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