

# Actionable Market Insights, delivered daily.

**AIICO CAPITAL**

**DATE: Tuesday, 03 December 2024**

## MARKET COMMENTARY

### System Liquidity

System liquidity improved further today due to additional inflows. Consequently, interbank rates eased further, with the Overnight Policy Rate (OPR) decreasing by 62 bps to 26.56% and the Overnight Rate (O/N) falling by 78 bps to 27.11%.

**Outlook:** We anticipate that interbank rates will stay at current levels, barring any significant debit.

### Treasury Bills

The Treasury bills market had a calm session in anticipation of tomorrow's NTB auction, but the sentiment was bullish. Most interest centered on the 20 November 2025 paper, with trades occurring around 22.00% levels. Overall, the average mid-rate for the benchmark NTB papers decreased by 5 bps, settling at 22.51%.

**Outlook:** We anticipate a quiet session as investors shift their focus to the NTB auction, where c.₦583 billion will be offered across the usual tenors.

### FGN Bonds

The domestic bond market was relatively quiet, with a slightly bullish tone. Most of the interest was focused on the February 2031 paper. Overall, the average mid-yield remained unchanged at 19.39%.

**Outlook:** We anticipate that the same sentiment will continue tomorrow.

### Eurobonds

Today, the Eurobonds market experienced a notable bullish theme, with most buying focused on the New 6.5 and 10-year Nigerian Eurobonds. This positive sentiment extended to other sovereign bonds as well. Market optimism was strengthened by dovish remarks from Federal Reserve Governor Christopher Waller, who indicated support for a 25-bps rate cut in December. Consequently, the average mid-yield for Nigerian bonds decreased by 9 bps, settling at 9.45%.

**Outlook:** We expect the same sentiment to persist.

| BENCHMARK T-BILLS DISCOUNT RATES |           |           |                 |
|----------------------------------|-----------|-----------|-----------------|
|                                  | 03-Dec-24 | 02-Dec-24 | Change in Rates |
| 93 DAYS                          | 24.50%    | 23.69%    | ↑ 0.81%         |
| 184 DAYS                         | 22.45%    | 22.03%    | ↑ 0.42%         |
| 324 DAYS                         | 21.77%    | 21.77%    | → 0.00%         |

Source: FMDQ DQL for 03-Dec-2024

| BENCHMARK FGN BOND YIELDS  |           |           |                 |
|----------------------------|-----------|-----------|-----------------|
|                            | 03-Dec-24 | 02-Dec-24 | Change in Yield |
| 5 YRS: 14.55% 26-APR-2029  | 19.79%    | 19.79%    | → 0.00%         |
| 10 YRS: 19.00% 21-FEB-2034 | 20.88%    | 20.88%    | → 0.00%         |
| 20 YRS: 15.45% 21-JUN-2038 | 19.01%    | 19.01%    | → 0.00%         |
| 30 YRS: 15.70% 21-JUN-2053 | 16.98%    | 16.98%    | → 0.00%         |

Source: FMDQ DQL for 03-Dec-2024

| BENCHMARK FGN EUROBOND YIELDS  |           |           |                 |
|--------------------------------|-----------|-----------|-----------------|
|                                | 03-Dec-24 | 02-Dec-24 | Change in Yield |
| 5 YRS: NGERIA 8.375% 03/24/29  | 8.83%     | 9.01%     | ↓ -0.18%        |
| 10 YRS: NGERIA 7.375% 09/29/33 | 9.64%     | 9.90%     | ↓ -0.26%        |
| 15 YRS: NGERIA 7.696% 23/02/38 | 10.08%    | 10.24%    | ↓ -0.16%        |
| 30 YRS: NGERIA 8.25% 09/29/51  | 10.36%    | 10.52%    | ↓ -0.16%        |
| 8.75% ETI 06/17/31*            | 8.75%     | 8.92%     | ↓ -0.17%        |

Source: FBN UK Runs for 03-Dec-2024

| NAFEM RATE (\$/N) |          | Diff.     |
|-------------------|----------|-----------|
| 3-Dec-24          | 1,658.36 |           |
| 2-Dec-24          | 1,672.69 | ↓ (14.33) |

Source: FMDQ

| SYS. LIQ. (₦'BN) |        | Diff.    |
|------------------|--------|----------|
| 3-Dec-24         | 629.18 |          |
| 2-Dec-24         | 451.07 | ↑ 178.12 |

Source: CBN

| NAME OF FUND            | EFFECTIVE YIELD (%) |
|-------------------------|---------------------|
| AIICO MONEY MARKET FUND | 22.63               |
| AIICO BALANCED FUND     | 11.14               |
| AIICO EUROBOND FUND     | 7.11                |

As of December 02, 2024

| MACRO INDICATORS                |                                     |
|---------------------------------|-------------------------------------|
| GDP (Q3 2024)                   | +3.46% (Q2: 2024 +3.19% y/y)        |
| INFLATION (OCTOBER'2024)        | 33.88% (Sep'24: 32.70% )            |
| EXTERNAL RESERVE (US\$'BILLION) | 40.23 (+22.24% YTD as of 29-Nov-24) |
| MONETARY POLICY RATE            | 27.25%                              |
| CASH RESERVE REQUIREMENT (CRR)  | 50.00%                              |
| BRENT CRUDE PRICE US\$/BBL      | *72.93 (+0.38 d/d)                  |

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market concluded today's trading session on a downward trend, with the NGX-ASI and market capitalization decreasing by 3 bps to 97,702.56 points and ₦59.22 trillion, respectively. This decline was primarily driven by an 8.72% drop in ARADEL's share price, overshadowing the gains seen in WAPCO, FBNH, and UBA. Year-to-date, the ASI has grown by 30.67%. Most sectors ended positively, led by the Insurance Index, which rose by 2.68%, while the Consumer Goods and Oil and Gas indices faced slight losses.

**Outlook:** We expect mixed sentiments tomorrow.

## Foreign Exchange

The interbank Electronic Foreign Exchange Market saw trades executed around \$/₦1,585 and \$/₦1,678.00. In the end, the USDNGN settled at \$/₦1,658.36.

**Outlook:** We expect Naira to continue trading around a similar range.

## Commodities

Oil prices rose over 1% as investors focused on the upcoming OPEC+ meeting later this week. Brent crude was valued at \$72.93 per barrel, and WTI stood at around \$69.18. Gold prices receded after a robust U.S. labor report. However, a weaker dollar and declining Treasury yields helped mitigate losses as markets looked ahead to additional economic data to assess the Federal Reserve's interest rate strategy. The price of gold was c.\$2,641.53 per ounce.

**Outlook:** We anticipate that geopolitical and macroeconomic factors will continue to affect market sentiment.

| TOP 5 EQUITY ADVANCERS |               |         |          |
|------------------------|---------------|---------|----------|
| NAME (SYMBOL)          | CLOSING PRICE | GAIN(N) | % CHANGE |
| BETAGLAS               | 53.90         | 4.90    | ↑ 10.00% |
| GOLDBREW               | 4.07          | 0.37    | ↑ 10.00% |
| WAPCO                  | 70.15         | 6.35    | ↑ 9.95%  |
| HONYFLOUR              | 4.89          | 0.44    | ↑ 9.89%  |
| SUNNUASSUR             | 4.67          | 0.42    | ↑ 9.88%  |

Source: NGX, AIICO Capital

| TOP 5 EQUITY DECLINERS |               |         |           |
|------------------------|---------------|---------|-----------|
| NAME (SYMBOL)          | CLOSING PRICE | LOSS(N) | % CHANGE  |
| SOVRENINS              | 0.72          | -0.08   | ↓ -10.00% |
| JOHNHOLT               | 8.03          | -0.89   | ↓ -9.98%  |
| ELLAHLAKES             | 3.18          | -0.35   | ↓ -9.92%  |
| THOMASWY               | 1.73          | -0.18   | ↓ -9.42%  |
| ARADEL                 | 471.90        | -45.08  | ↓ -8.72%  |

Source: NGX, AIICO Capital

|                            | D-o-D    | W-o-W    | MTD     | YTD       |
|----------------------------|----------|----------|---------|-----------|
| NGX ASI                    | ↓ -0.03% | ↑ 0.07%  | ↑ 0.20% | ↑ 30.67%  |
| NSE BANKING INDEX          | ↑ 0.82%  | ↑ 2.48%  | ↑ 0.90% | ↑ 15.08%  |
| NSE INSURANCE INDEX        | ↑ 2.68%  | ↑ 4.47%  | ↑ 4.87% | ↑ 59.08%  |
| NSE INDUSTRIAL GOODS INDEX | ↑ 1.00%  | ↑ 1.92%  | ↑ 1.90% | ↑ 32.48%  |
| NSE CONSUMER GOODS INDEX   | ↓ -0.22% | ↑ 0.00%  | ↑ 0.45% | ↑ 42.40%  |
| NSE OIL & GAS INDEX        | ↓ -0.09% | ↓ -1.78% | ↑ 0.28% | ↑ 128.93% |

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