

DATE: Monday, 09 December 2024

MARKET COMMENTARY

System Liquidity

The week began with a deficit in system liquidity, attributed to the debit of ₦772.93 billion from the OMO auction settlement and CBN's CRR operations last Friday. This liquidity shortfall was further worsened by today's OMO auction results, where ₦1.559 trillion was sold, significantly exceeding the ₦600 billion offered. Consequently, interbank rates rose, with the Overnight Policy Rate (OPR) increasing by 3.72% to 31.39% and the Overnight Rate (O/N) climbing by 3.83% to 32.00%.

Outlook: We expect interbank rates to remain high despite tomorrow's OMO maturities of approximately c.₦101.8 billion.

Treasury Bills

The Treasury bills market began the week on a subdued note following the CBN's announcement of an OMO auction. At the auction, ₦300 billion each was offered on the 351-day and 365-day instruments. Subscription matched the allotment, totaling ₦1.559 trillion, while the stop rates were set at 23.95% for the 351-day and 23.98% for the 365-day paper. Additionally, mild interest was observed in the NTB 04 December 2025 paper. Overall, the average mid-rate for the benchmark NTB papers increased by 7bps to close at 23.03%.

Outlook: We expect the same sentiment to persist.

FGN Bonds

The local bonds market experienced a lackluster session, with minimal trading activity observed in the mid and long-dated securities, specifically the Feb 2031s and Jun 2053s. In general, the average mid-yield concluded at 19.43%.

Outlook: We expect the same sentiment to persist tomorrow.

Eurobonds

The Eurobonds market concluded today's trading session on a downward trend as investors adjusted their positions ahead of important inflation data set to be released this week, expected to influence the Federal Reserve's upcoming interest rate decision. In support of this trend, Friday's report indicated more substantial job growth in November than anticipated, even with a slight rise in the unemployment rate to 4.2%. The robustness of the labor market has maintained focus on rate policies, with markets assessing its effects on potential future monetary tightening. Consequently, the average mid-yield for Nigerian bonds rose by 3 bps to 9.19%.

Outlook: We anticipate that the same sentiment will continue to prevail.

BENCHMARK T-BILLS DISCOUNT RATES			
	09-Dec-24	06-Dec-24	Change in Rates
94 DAYS	24.05%	23.56%	↑ 0.49%
178 DAYS	22.49%	22.49%	→ 0.00%
346 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 09-Dec-2024

BENCHMARK FGN BOND YIELDS			
	09-Dec-24	06-Dec-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.71%	19.80%	↓ -0.09%
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 09-Dec-2024

NFEM (\$/₦)		Diff.
9-Dec-24	1,538.50	
6-Dec-24	1,535.00	↑ 3.50

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
9-Dec-24	(32.79)	
6-Dec-24	632.38	↓ (665.17)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.35
AIICO BALANCED FUND	12.76
AIICO EUROBOND FUND	5.74

As of December 08, 2024

BENCHMARK FGN EUROBOND YIELDS				
	09-Dec-24	06-Dec-24	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	8.62%	8.58%	↑	0.04%
10 YRS: NGERIA 7.375% 09/29/33	9.36%	9.36%	→	0.00%
15 YRS: NGERIA 7.696% 23/02/38	9.77%	9.72%	↑	0.05%
30 YRS: NGERIA 8.25% 09/29/51	10.10%	10.08%	↑	0.02%
8.75% ETI 06/17/31*	8.84%	8.75%	↑	0.09%

Source: FBN UK Runs for 09-Dec-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)	40.31 (+22.49% YTD as of 06-Dec-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*72.35 (+0.91 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market began the week with a decline, as the NGX-ASI and market capitalization dropped by 11 bps to close at 98,107.52 points and ₦59.47 trillion. This downturn was influenced by selling interest in WAPCO (-4.73%), OANDO (-3.02%), ACCESSCORP (-2.82%), and UBA (-1.18%). The year-to-date growth of the ASI now sits at 31.21%. Overall, sector performance was mainly negative, with the Insurance Index losing the most at 1.21%, while the Oil and Gas Index gained slightly by 0.44%.

Outlook: We expect mixed sentiments tomorrow.

Foreign Exchange

The Naira traded within a tight range against the USD today, with rates fluctuating between \$/₦1,524.50 and \$/₦1,554.00. The Naira received support from dollar sales by exporters, ultimately settling at \$/₦1,538.50.

Outlook: We anticipate that the Naira will continue to trade within a similar range.

Commodities

Oil prices rose approximately 2% following reports that China, the largest oil importer, is considering its first monetary policy easing since 2010 to stimulate economic growth, according to state media referencing a Politburo meeting. Brent crude is valued at \$72.35 per barrel, while WTI is around \$68.59. Meanwhile, gold prices increased as China's central bank resumed its gold purchases after a six-month hiatus, coinciding with growing expectations of an interest rate reduction at the upcoming Federal Reserve meeting. Gold is priced at about \$2,678.20 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
GOLDBREW	5.94	0.54	↑ 10.00%
NGXGROUP	27.50	2.50	↑ 10.00%
TANTALIZER	1.33	0.12	↑ 9.92%
AFRIPRUD	11.85	1.05	↑ 9.72%
WAPIC	1.17	0.10	↑ 9.35%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
NSLTECH	0.63	-0.07	↓ -10.00%
GUINEAINS	0.51	-0.05	↓ -8.93%
DEAPCAP	1.09	-0.10	↓ -8.40%
DAARCOMM	0.53	-0.04	↓ -7.02%
RTBRISCOE	2.30	-0.15	↓ -6.12%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.11%	↑ 0.38%	↑ 0.62%	↑ 31.21%
NSE BANKING INDEX	↓ -0.11%	↑ 1.11%	↑ 1.19%	↑ 15.40%
NSE INSURANCE INDEX	↓ -1.21%	↑ 6.87%	↑ 9.15%	↑ 65.56%
NSE INDUSTRIAL GOODS INDEX	↓ -0.53%	↑ 1.08%	↑ 1.98%	↑ 32.58%
NSE CONSUMER GOODS INDEX	↑ 0.02%	↓ -0.51%	↑ 0.15%	↑ 41.99%
NSE OIL & GAS INDEX	↑ 0.44%	↑ 4.92%	↑ 5.30%	↑ 140.41%

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