

DATE: Wednesday, 11 December 2024

MARKET COMMENTARY

System Liquidity

System liquidity remained negative as more deposit money banks (DMBs) continued to rely heavily on the Central Bank of Nigeria's (CBN's) standing lending facility (SLF) window to fund their operations. Consequently, interbank rates remained elevated. In particular, the Overnight Policy Rate (OPR) increased by 0.34% to 32.41%, while the Overnight Rate (O/N) decreased slightly by 0.10% to 32.72%.

Outlook: We expect interbank rates to remain elevated in the absence of a significant increase in inflows.

Treasury Bills

The Treasury bills market experienced a quiet session as the focus was primarily on the NTB auction, where ₦275.71 billion was offered across 91, 182, and 364-day papers. However, there was some interest in the 04 Dec 2025 paper. Overall, the average mid-rate for the benchmark NTB papers settled at 23.13%.

Outlook: We anticipate that the results of the NTB auction will drive market sentiment tomorrow.

FGN Bonds

The local bonds market experienced a subdued trading session. However, the highlight of the day was DMO releasing the FGN bond auction circular for December 2024, which announced the reopening of the April 2029 and February 2031 bonds with an offering of ₦60 billion on each maturity. The average mid-yield closed at 19.43%.

Outlook: We expect mixed sentiments among market participants ahead of the auction. Some participants may take a wait-and-see approach.

Eurobonds

The Eurobonds market exhibited mixed sentiments today. Investors focused on US inflation data, which rose 2.7% y/y (Est. 2.7%), up from 2.6% in October and 2.4% in September. The monthly gain was 0.3%, the highest since April. Rent, food, and energy all increased. "Core inflation" (excluding food and energy) remained at 3.3%. This indicates that there has been little progress in inflation since July 2024. Overall, the average mid-yield for Nigerian bonds declined marginally to close at 9.24%.

Outlook: The focus now shifts to tomorrow's US PPI data as the market seeks further guidance on inflation and its potential impact on monetary policy.

BENCHMARK T-BILLS DISCOUNT RATES			
	11-Dec-24	10-Dec-24	Change in Rates
92 DAYS	24.05%	24.05%	→ 0.00%
176 DAYS	22.49%	22.49%	→ 0.00%
344 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 11-Dec-2024

BENCHMARK FGN BOND YIELDS			
	11-Dec-24	10-Dec-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.71%	19.71%	→ 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 11-Dec-2024

NFEM (\$/₦)		Diff.
11-Dec-24	1,545.00	
10-Dec-24	1,525.00	↑ 20.00

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
11-Dec-24	(1,265.95)	
10-Dec-24	(1,284.91)	↑ 18.96

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.02
AIICO BALANCED FUND	12.79
AIICO EUROBOND FUND	7.32

As of December 10, 2024

BENCHMARK FGN EUROBOND YIELDS			
	11-Dec-24	10-Dec-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.58%	8.65%	↓ -0.07%
10 YRS: NGERIA 7.375% 09/29/33	9.45%	9.41%	↑ 0.04%
15 YRS: NGERIA 7.696% 23/02/38	9.81%	9.83%	↓ -0.02%
30 YRS: NGERIA 8.25% 09/29/51	10.16%	10.16%	→ 0.00%
8.75% ETI 06/17/31*	8.84%	8.84%	→ 0.00%

Source: FBN UK Runs for 11-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)	40.38 (+22.68% YTD as of 09-Dec-24)
MONETARY POLICY RATE	27.25%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*72.99 (+0.58 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market sustained its positive performance today, as the NGX-ASI and market capitalization increased by 0.31% to close at 98,509.68 points and ₦59.71 trillion, respectively. This upward trend was driven by price increases in ARADEL and CONOIL, which outweighed the selloffs in JBERGER. Consequently, the year-to-date growth of the ASI now stands at 31.74%. All major indices recorded gains, led by the Oil & Gas index.

Outlook: We expect mixed sentiments tomorrow.

Foreign Exchange

The Naira opened slightly higher but closed the day marginally weaker than the previous day. Trades ranged between \$/₦1,515.00 and \$/₦1,557.00. Overall, the Naira depreciated by 1.31% to close at \$/₦1,545.00.

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

Commodities

The price of oil increased by 1% as market participants anticipated an increase in demand from China, the leading importer of oil, following Beijing's recent plans to stimulate economic growth. Brent crude was approximately \$72.99 per barrel, and WTI was around \$69.40. Similarly, gold gained after an inflation report met expectations, increasing the likelihood of a Federal Reserve rate cut next week. Gold traded at c.\$2,714.83 per ounce.

Outlook: We anticipate that geopolitical and macroeconomic factors will continue to influence market sentiment. Investors are awaiting the release of U.S. Producer Price Index (PPI) data for further guidance on monetary policy.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
CONOIL	352.00	32.00	↑ 10.00%
RTBRISCOE	2.42	0.22	↑ 10.00%
AFRIPRUD	14.30	1.30	↑ 10.00%
GOLDBREW	7.18	0.65	↑ 9.95%
NEM	10.70	0.95	↑ 9.74%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
JBERGER	155.25	-17.25	↓ -10.00%
NSLTECH	0.57	-0.06	↓ -9.52%
MULTIVERSE	5.45	-0.45	↓ -7.63%
HMCALL	4.95	-0.32	↓ -6.07%
HONYFLOUR	4.70	-0.28	↓ -5.62%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.31%	↑ 0.34%	↑ 1.03%	↑ 31.74%
NSE BANKING INDEX	↑ 0.06%	↑ 0.22%	↑ 1.05%	↑ 15.24%
NSE INSURANCE INDEX	↑ 2.34%	↑ 6.91%	↑ 13.92%	↑ 72.80%
NSE INDUSTRIAL GOODS INDEX	↑ 0.15%	↓ -1.40%	↑ 1.28%	↑ 31.68%
NSE CONSUMER GOODS INDEX	↑ 0.04%	↑ 0.09%	↑ 0.37%	↑ 42.29%
NSE OIL & GAS INDEX	↑ 2.59%	↑ 6.09%	↑ 9.81%	↑ 150.69%

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