

DATE: Monday, 16 December 2024

MARKET COMMENTARY

System Liquidity

System liquidity remained negative despite some inflows, including the signature bonus. Consequently, interbank rates continued to be elevated, with the Overnight Policy Rate (OPR) and the Overnight Rate (O/N) closing at 32.22% and 32.81%, respectively.

Outlook: We expect rates to remain elevated in the interim, pending the expected FAAC credit of c. ₦793 billion.

Treasury Bills

The Treasury bill market saw a calm session with minimal trades executed across the long end of the curve. Overall, the average mid-rate for the benchmark NTB papers settled at 23.35%.

Outlook: We expect the market to trade mixed sentiments tomorrow.

FGN Bonds

The local bonds market experienced a subdued atmosphere as attention shifted to the FGN bond auction, where ₦60 billion each was offered for the April 2029 and February 2031 bonds. Overall, the average mid-yield closed at 19.42%.

Outlook: Today's FGN bond auction results saw a 14-bp increase in the stop rate for the April 2029 bond, which closed at 21.14%. Meanwhile, the February 2031 bond's rate remained unchanged at 22.00%. As a result, we anticipate a mixed session tomorrow.

Eurobonds

The African Eurobond market experienced a mixed closing, with notable gains from Egypt and Nigeria. In Egypt, investor interest in Eurobonds was sparked by the parliament's approval of a €1 billion financing package designed to alleviate economic challenges. This positive trend followed a rise in December's economic activity, which has diminished the likelihood of aggressive interest rate cuts by the Federal Reserve. Overall, the average mid-yield for Nigerian bonds fell by 8 bps, ending at 9.29%.

Outlook: We expect participants to be cautious, even as investors shift focus to tomorrow's retail sales data.

BENCHMARK T-BILLS DISCOUNT RATES			
	16-Dec-24	13-Dec-24	Change in Rates
87 DAYS	24.05%	24.05%	→ 0.00%
171 DAYS	22.49%	22.49%	→ 0.00%
339 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 16-Dec-2024

BENCHMARK FGN BOND YIELDS			
	16-Dec-24	13-Dec-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	19.72%	19.71%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	21.36%	20.88%	↑ 0.48%
20 YRS: 15.45% 21-JUN-2038	19.02%	19.02%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.99%	16.98%	↑ 0.01%

Source: FMDQ DQL for 16-Dec-2024

BENCHMARK FGN EUROBOND YIELDS			
	16-Dec-24	13-Dec-24	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	8.65%	8.62%	↑ 0.03%
10 YRS: NIGERIA 7.375% 09/29/33	9.50%	9.50%	→ 0.00%
15 YRS: NIGERIA 7.696% 23/02/38	9.91%	9.87%	↑ 0.04%
30 YRS: NIGERIA 8.25% 09/29/51	10.24%	10.21%	↑ 0.03%
8.75% ETI 06/17/31*	8.93%	8.84%	↑ 0.09%

Source: FBN UK Runs for 16-Dec-2024

NFEM (\$/N)			Diff.
16-Dec-24	1,550.00		
13-Dec-24	1,540.00	↑	10.00

Source: FMDQ

SYS. LIQ. (₦'BN)			Diff.
16-Dec-24	(1,347.81)		
13-Dec-24	(1,499.73)	↑	151.92

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.42
AIICO BALANCED FUND	13.37
AIICO EUROBOND FUND	7.33

As of December 15, 2024

MACRO INDICATORS	
GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
INFLATION (NOVEMBER'2024)	34.60% (Oct'24: 33.88%)
EXTERNAL RESERVE (US\$'BILLION)	40.56 (+23.25% YTD as of 13-Dec-24)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRI)	50.00%
BRENT CRUDE PRICE US\$/BBL	*74.14 (+0.22 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market began the week positively, with the NGX-ASI increasing by 55 bps to close at 99,922.63 points. This positive performance was driven by a continuation of bullish sentiments from the previous week, as investor interest remained strong in ARADEL and OANDO, offsetting selloffs in GTCO and MTNN. Year-to-date, the ASI has grown by 33.63%. Sector performance was mixed overall; the Consumer Goods and Industrial Goods indices recorded gains, while the Banking, Insurance, and Oil & Gas indices closed in the negative.

Outlook: We expect mixed sentiments tomorrow.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) saw increased activity today with enhanced liquidity. Transactions occurred within \$/₦1,520.00 to \$/₦1,555.00. Overall, the Naira fell by 0.65%, closing at \$/₦1,550.00.

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

Commodities

Oil futures declined from their peak levels in weeks, influenced by a downturn in consumer spending in China, the largest oil importer globally. Brent crude was priced at approximately \$74.14 per barrel, while WTI hovered around \$70.94. In contrast, spot gold prices rose, bolstered by persistent geopolitical tensions and falling U.S. Treasury yields, as markets anticipated the Federal Reserve's policy meeting, where a third rate cut and insights on the 2025 outlook are anticipated. Gold was trading at about \$2,655.39 per ounce.

Outlook: We anticipate that geopolitical and macroeconomic factors will continue influencing market sentiment.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
ROYALEX	0.66	0.06	↑ 10.00%
INTBREW	4.55	0.41	↑ 9.90%
GUINEAINS	0.67	0.06	↑ 9.84%
CAVERTON	2.17	0.19	↑ 9.60%
AUSTINLAZ	1.77	0.15	↑ 9.26%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
UPL	3.77	-0.41	↓ -9.81%
HMCALL	4.70	-0.50	↓ -9.62%
INTENEGINS	1.33	-0.14	↓ -9.52%
ABCTRANS	1.05	-0.10	↓ -8.70%
SOVERENINS	0.78	-0.07	↓ -8.24%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.55%	↑ 1.85%	↑ 2.48%	↑ 33.63%
NSE BANKING INDEX	↓ -0.06%	↑ 0.21%	↑ 1.40%	↑ 15.65%
NSE INSURANCE INDEX	↓ -0.96%	↑ 5.81%	↑ 15.49%	↑ 75.18%
NSE INDUSTRIAL GOODS INDEX	↑ 0.09%	↑ 0.02%	↑ 1.99%	↑ 32.61%
NSE CONSUMER GOODS INDEX	↑ 1.24%	↑ 2.24%	↑ 2.40%	↑ 45.17%
NSE OIL & GAS INDEX	↓ -0.02%	↑ 7.11%	↑ 12.79%	↑ 157.50%

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