

Actionable Market Insights, delivered daily.



DATE: Tuesday, 17 December 2024

MARKET COMMENTARY

System Liquidity

Liquidity in the system showed some improvement but was still negative. Consequently, interbank rates remained high, with the Overnight Policy Rate (OPR) and the Overnight Rate (O/N) settling at 32.33% and 32.75%, respectively.

Outlook: We anticipate that rates will stay high in the short term, pending FAAC credits.

Treasury Bills

The Treasury bill market had a quiet session with few transactions consummated due to the liquidity shortage. Thus, the average mid-rate for the benchmark NTB papers ended at 23.34%.

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

FGN Bonds

The local bonds market experienced a calm session following yesterday's FGN bond auction. The DMO allotted c. ₦211.15 billion across two maturities, with marginal rates of 21.15% (APR 2029) and 22.00% (FEB 2031), respectively. There was minimal trading on the February 2034 bond and sideways interest in the April 2029 bond. Overall, the average mid-yield increased by 9 bps, closing at 19.51%.

Outlook: We anticipate that activity will remain varied tomorrow.

Eurobonds

The Eurobonds market ended negatively, reflecting low interest in SSA and North African securities. Investors adopted a general risk-off attitude as economic data presented a mixed picture of the U.S. economy. Retail sales for November surpassed predictions, climbing 0.7% compared to the anticipated 0.5%, indicating strength in consumer spending. Conversely, industrial production fell unexpectedly by 0.1%, falling short of forecasts for a 0.3% increase. Overall, the average mid-yield for Nigerian bonds rose by 10 bps to close at 9.38%.

Outlook: Participants are expected to exercise caution, even as investors turn their attention to tomorrow's FOMC meeting, where a 25-bps rate cut is anticipated along with a pause in January, with only two more rate cuts projected for 2025.

BENCHMARK T-BILLS DISCOUNT RATES			
	17-Dec-24	16-Dec-24	Change in Rates
86 DAYS	24.05%	24.05%	→ 0.00%
170 DAYS	22.49%	22.49%	→ 0.00%
338 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 17-Dec-2024

BENCHMARK FGN BOND YIELDS			
	17-Dec-24	16-Dec-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.15%	19.72%	↑ 1.43%
10 YRS: 19.00% 21-FEB-2034	20.85%	21.36%	↓ -0.51%
20 YRS: 15.45% 21-JUN-2038	19.02%	19.02%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.99%	16.99%	→ 0.00%

Source: FMDQ DQL for 17-Dec-2024

BENCHMARK FGN EUROBOND YIELDS			
	17-Dec-24	16-Dec-24	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.80%	8.65%	↑ 0.15%
10 YRS: NGERIA 7.375% 09/29/33	9.55%	9.50%	↑ 0.05%
15 YRS: NGERIA 7.696% 23/02/38	9.99%	9.91%	↑ 0.08%
30 YRS: NGERIA 8.25% 09/29/51	10.31%	10.24%	↑ 0.07%
8.75% ETI 06/17/31*	8.84%	8.93%	↓ -0.09%

Source: FBN UK Runs for 17-Dec-2024

NFEM (\$/N)		Diff.
17-Dec-24	1,550.00	
16-Dec-24	1,550.00	→ 0.00

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
17-Dec-24	(896.39)	
16-Dec-24	(1,347.81)	↑ 451.42

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.36
AIICO BALANCED FUND	13.39
AIICO EUROBOND FUND	7.33

As of December 16, 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 (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.12 (-1.02 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended the trading session positively, with the NGX-ASI increasing by 13 bps to reach 100,050.94 points and the market capitalization rising to ₦60.64 trillion. This growth was driven by the share price increases of MRS, ARADEL, STANBIC, and GTCO, which compensated for the selloff in OANDO. Year-to-date, the ASI has grown by 33.80%. Most sectors performed well, particularly the Insurance Index, which rose by 1.56%, while the Consumer and Industrial Goods indices saw slight declines.

Outlook: We expect some mixed activity tomorrow.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced heightened activity today, with improved liquidity. Transactions were conducted within \$/₦1,510.00 to \$/₦1,560.00.

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

Commodities

Oil prices decreased as China's economic figures raised concerns about demand, while investors stayed cautious ahead of the U.S. Federal Reserve's decision on interest rates. Brent crude was approximately priced at \$73.12 per barrel, whereas WTI was around \$70.27. Similarly, Gold faced downward pressure from a strengthening U.S. dollar and rising Treasury yields as investors concentrated on the Federal Reserve's last policy meeting of the year, with increasing expectations for a gradual pace of rate cuts in 2025. Gold was trading close to \$2,636.89 per ounce.

Outlook: We expect geopolitical and macroeconomic factors to continue to affect market sentiment.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
WAPIC	1.54	0.14	↑ 10.00%
MRS	145.20	13.20	↑ 10.00%
CAVERTON	2.38	0.21	↑ 9.68%
LASACO	2.79	0.24	↑ 9.41%
ROYALEX	0.72	0.06	↑ 9.09%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
CUTIX	2.25	-0.25	↓ -10.00%
TANTALIZER	1.67	-0.18	↓ -9.73%
DAARCOMM	0.53	-0.04	↓ -7.02%
OANDO	68.50	-4.45	↓ -6.10%
FTNCOCOA	1.76	-0.11	↓ -5.88%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↑ 0.13%	↑ 1.88%	↑ 2.61%	↑ 33.80%
NSE BANKING INDEX	↑ 0.19%	↑ 0.60%	↑ 1.59%	↑ 15.86%
NSE INSURANCE INDEX	↑ 1.56%	↑ 5.37%	↑ 17.29%	↑ 77.91%
NSE INDUSTRIAL GOODS INDEX	↓ -0.02%	↑ 0.84%	↑ 1.98%	↑ 32.59%
NSE CONSUMER GOODS INDEX	↓ -0.15%	↑ 1.92%	↑ 2.25%	↑ 44.95%
NSE OIL & GAS INDEX	↑ 0.06%	↑ 5.44%	↑ 12.85%	↑ 157.64%

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission and is licensed to provide fund and portfolio management services in Nigeria.