

Actionable Market Insights, delivered daily.

AIICO CAPITAL

DATE: Thursday, 19 December 2024

MARKET COMMENTARY

System Liquidity

System liquidity improved as additional FAAC inflows were credited to the system. However, the system remained in a deficit. As a result, interbank rates remained elevated, with the Overnight Policy Rate (OPR) recorded at 32.29% and the Overnight Rate (O/N) at 32.79%.

Outlook: We expect interbank rates to remain high, pending further FAAC inflows.

Treasury Bills

The Treasury Bills market saw a bearish theme in the mid-to-long end of the yield curve. Offers were primarily observed for the May, October, November, and December 2025 securities, with very little demand to match. However, a few trades were executed as some traders aimed for attractive pricing levels. Overall, the average mid-rate for benchmark NTB papers ended at 23.25%.

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

FGN Bonds

The local bonds market experienced a quiet session due to a lack of strong investor demand. Some activity was noted in the mid-to-long-term bonds, especially in the Feb 31s, Feb 34s, and Jun 53s. Overall, the average mid-yield settled at 19.52%.

Outlook: We expect the same sentiment to persist tomorrow.

Eurobonds

The Eurobond markets in Nigeria, Angola, and Egypt experienced notable declines as investors adopted a risk-off approach due to global economic uncertainties and reduced demand for high-yield assets. This shift in risk appetite is attributed to concerns over slowing growth, geopolitical tensions, and tighter financial conditions. Meanwhile, U.S. Treasury yields reached a seven-month high after the Fed's unexpected hawkish stance, reducing their 2025 rate cut projections from four to two. Overall, the average mid-yield for Nigerian bonds increased by 7 bps to close at 9.45%.

Outlook: We anticipate mixed market sentiments as investors seek new trading levels in frontier markets.

BENCHMARK T-BILLS DISCOUNT RATES			
	19-Dec-24	18-Dec-24	Change in Rates
84 DAYS	24.05%	24.05%	→ 0.00%
168 DAYS	22.49%	22.49%	→ 0.00%
336 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 19-Dec-2024

BENCHMARK FGN BOND YIELDS			
	19-Dec-24	18-Dec-24	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.16%	21.16%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	20.85%	20.85%	→ 0.00%
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 19-Dec-2024

BENCHMARK FGN EUROBOND YIELDS			
	19-Dec-24	18-Dec-24	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	8.87%	8.80%	↑ 0.07%
10 YRS: NIGERIA 7.375% 09/29/33	9.67%	9.57%	↑ 0.10%
15 YRS: NIGERIA 7.696% 23/02/38	10.09%	9.99%	↑ 0.10%
30 YRS: NIGERIA 8.25% 09/29/51	10.34%	10.31%	↑ 0.03%
8.75% ETI 06/17/31*	8.93%	8.93%	→ 0.00%

Source: FBN UK Runs for 19-Dec-2024

NFEM (\$/N)		Diff.
19-Dec-24	1,540.00	
18-Dec-24	1,545.00	↓ (5.00)

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
19-Dec-24	(700.53)	
18-Dec-24	(1,016.39)	↑ 315.85

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.85
AIICO BALANCED FUND	13.37
AIICO EUROBOND FUND	7.33

As of December 17, 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)	40.76 (+23.85% YTD as of 18-Dec-24)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.67 (-0.32 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended today's trading session positively, with the NGX-ASI and market capitalization rising by 77 bps to close at 101,248.02 points and ₦61.37 trillion, respectively. This gain was driven by increases in the share prices of HONYFLOUR, UACN, ARADEL, NB, NESTLE, TRANSCOHOT, and FBNH, which countered losses in BUACEMENT. The year-to-date growth of the ASI now stands at 35.41%. Most sectors performed well, with four out of five indices in the green. The Insurance Index led with a 3.79% rise, while the Industrial Goods Index fell by 0.63%.

Outlook: We expect the same sentiment to persist tomorrow.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced a degree of stability today, with enhanced liquidity noted. Trades were conducted from \$/₦1,531.00 to \$/₦1,550.00. Overall, the Naira appreciated by 32 bps, closing at \$/₦1,540.00.

Outlook: We expect the Naira to continue trading within a similar range.

Commodities

Oil prices experienced a slight increase, buoyed by a decrease in U.S. crude inventories. However, gains were capped as the U.S. Federal Reserve indicated a slowdown in interest rate cuts for 2025, which might constrain economic growth, lower fuel demand, and bolster the dollar. Brent crude was priced at about \$73.67 per barrel, while WTI was around \$71.09. Meanwhile, gold prices remained stable, with earlier gains wiped out as U.S. data hinted at the Fed's cautious policy stance ahead, trading near \$2,589.43 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
ARADEL	730.40	66.40	↑ 10.00%
HONYFLOUR	5.50	0.50	↑ 10.00%
UACN	27.50	2.50	↑ 10.00%
MRS	175.60	15.91	↑ 9.96%
NAHCO	41.95	3.80	↑ 9.96%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
TANTALIZER	1.57	-0.17	↓ -9.77%
MULTIVERSE	5.10	-0.55	↓ -9.73%
JOHNHOLT	5.88	-0.63	↓ -9.68%
CAVERTON	2.26	-0.19	↓ -7.76%
OMATEK	0.63	-0.05	↓ -7.35%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↑ 0.77%	↑ 2.52%	↑ 3.84%	↑ 35.41%
NSE BANKING INDEX	↑ 0.73%	↑ 2.18%	↑ 3.03%	↑ 17.50%
NSE INSURANCE INDEX	↑ 3.79%	↑ 9.34%	↑ 25.58%	↑ 90.49%
NSE INDUSTRIAL GOODS INDEX	↓ -0.63%	↓ -0.56%	↑ 1.33%	↑ 31.75%
NSE CONSUMER GOODS INDEX	↑ 0.69%	↑ 2.33%	↑ 3.03%	↑ 46.07%
NSE OIL & GAS INDEX	↑ 0.32%	↑ 0.68%	↑ 13.58%	↑ 159.31%

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