

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 13 December 2024

Money Market

System liquidity experienced significant pressure throughout the week. This liquidity shortfall worsened after an OMO auction sold ₦1.559 trillion, far exceeding the ₦600 billion offered. As a result, interbank rates surged, with the Overnight Policy Rate (OPR) and Overnight Rate (O/N) rising to 32.54% and 32.92%, respectively, marking increases of 4.87% and 4.75% week-over-week. Deposit Money Banks (DMBs) heavily depended on CBN's lending facility. Additionally, a net NTB auction settlement debit of ₦252.17 billion maintained elevated funding pressures, causing liquidity to remain in deficit.

Outlook: The interbank rates are expected to remain high in the short term unless there is a significant inflow.

Treasury Bills

The Treasury bills market started the week subdued after the CBN's OMO auction, where ₦1.559 trillion was allotted at stop rates of 23.95% (351-day) and 23.98% (365-day). Mild interest emerged in the NTB 04 December 2025 paper. Activity picked up mid-week around the NTB auction offering ₦275.71 billion and newly issued one-year NTB (11 Dec 2025), but caution prevailed. The week ended bearish amid a liquidity crunch, with selling pressure on the 11 Dec 2025 paper. Overall, the average mid-rate for the benchmark NTBs rose 42bps w/w to close at 23.38%.

Outlook: We expect a cautious start next week, characterized by a mixed to bearish trend.

FGN Bonds

The local bonds market remained subdued throughout the week, with minimal trading activity focused on mid and long-dated papers like the Feb 2031s and Jun 2053s. Sideways interest was observed mid-week across select maturities, including Feb 2031, May 2033, and Feb 2034, as market participants awaited the December 2024 FGN bond auction circular. The DMO announced the reopening of the April 2029 and Feb 2031 bonds, offering ₦60 billion on each. The week ended cautiously, with a bearish tone on Feb 2031 yields. The average mid-rate increased by 3bps w/w to 19.45%.

Outlook: We anticipate a calm start next week, as the focus will shift to the FGN bonds auction, in which ₦60 billion each will be offered for both the April 2029 and February 2031 bonds.

Eurobonds Markets

The Eurobond market ended the week bearish as investors adopted a risk-off stance amid rising global economic uncertainty and tightening financial conditions. Key drivers included stronger-than-expected US inflation data (+2.7% YoY) and a 0.4% rise in the Producer Price Index, dampening hopes for near-term Federal Reserve rate cuts. Despite markets pricing a 96% probability of a 25bps cut next week, investor sentiment remained cautious. SSA and North African sovereign bonds saw broad selloffs, while mild buying interest emerged for select Nigerian corporates. Overall, the average mid-yield across Nigerian sovereign papers rose 21bps w/w to 9.37%.

Outlook: Attention will now shift to next week's FOMC meeting, the last for the year, where there is broad expectation for a 25-bp rate cut.

BENCHMARK T-BILLS DISCOUNT RATES

	13-Dec-24	06-Dec-24	Change in Rates	
90 days	24.05%	23.56%	↑	0.49%
174 days	22.49%	22.49%	→	0.00%
342 days	21.50%	21.50%	→	0.00%

Source: FMDQ DQL for 13-Dec-2024

BENCHMARK FGN BOND YIELDS

	13-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	21.36%	20.88%	↑	0.48%
20 yrs: 15.45% 21-Jun-2038	19.02%	19.01%	↑	0.01%
30 yrs: 15.70% 21-Jun-2053	16.98%	16.98%	→	0.00%

Source: FMDQ DQL for 13-Dec-2024

NFEM RATE (\$/₦)

		Diff.
13-Dec-24	1,540.00	
6-Dec-24	1,535.00	↑ 5.00

Source: FMDQ

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		Diff.
13-Dec-24	(1,499.73)	
6-Dec-24	632.38	↓ (2,132.11)

Source: CBN

NAME OF FUND

EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	23.48
AIICO BALANCED FUND	13.21
AIICO EUROBOND FUND	7.35

As of December 12, 2024

BENCHMARK FGN EUROBOND YIELDS				
	13-Dec-24	06-Dec-24	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	8.69%	8.58%	↑	0.11%
10 yrs: NGERIA 7.375% 09/29/33	9.60%	9.36%	↑	0.24%
15 yrs: NGERIA 7.696% 23/02/38	9.99%	9.72%	↑	0.27%
30 yrs: NGERIA 8.25% 09/29/51	10.27%	10.08%	↑	0.19%
8.75% ETI 06/17/31*	8.93%	8.75%	↑	0.18%

Source: FBN UK Runs for 13-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)	40.48 (+22.99% YTD as of 11-Dec-24)
Monetary Policy Rate	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*73.92 (+2.48 w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

This week, bullish sentiment prevailed in the market, supported by bargain hunting in ARADEL, MTNN, and OANDO. As a result, the All-Share Index rose by 119 bps w/w, settling at 99,377.62 points, with the market capitalization reaching ₦60.24 trillion. MTNN led the gains, approaching the 180 level, while ARADEL surged by 18.28% w/w following its acquisition of Chappal Energies. Offshore investors continued to show interest in GTCO and ZENITHBANK during a relatively quiet week for banking stocks. Key highlights included Access Bank's agreement to acquire Bidvest Bank and its expansion with Access Bank Malta Ltd. Additionally, Seplat Energy completed its MPNU acquisition, strengthening market confidence.

Outlook: We expect to see mixed sentiments unfold next week, albeit cautiously.

Foreign Exchange

The Naira traded within a tight range against the USD throughout the week, supported by dollar sales from exporters and improved liquidity. Fluctuations were observed in the Nigerian Foreign Exchange Market (NFEM), with trades ranging between \$/₦1,500.00 and \$/₦1,560.00. Mid-week, the Naira opened slightly stronger but closed marginally weaker, reflecting volatility. By week's end, the Naira depreciated by 33bps w/w to close at \$/₦1,540.00., with transactions settling between \$/₦1,520.00 and \$/₦1,549.00.

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

Commodities

Oil prices edged up, aiming for their first weekly increase since late November due to heightened supply concerns from new sanctions on Iran and Russia, despite a surplus outlook impacting the market. Brent crude stood at about \$73.92 per barrel, while WTI was around \$70.64. Meanwhile, gold prices declined but were still poised to conclude the week on a high note as focus shifted to the U.S. Federal Reserve's December meeting, where a third interest rate cut for the year is anticipated. Gold was priced at c.\$2,671.39 per ounce.

Outlook: We anticipate that the volatility will continue into next week.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
MTNN	176.00	↑ 3.47%	↑ 220.55	↑ 18.90%
OANDO	68.90	↑ 9.54%	↑ 136.98	↑ 11.74%
CONOIL	387.20	↑ 33.52%	↑ 123.88	↑ 10.62%
STANBIC	56.80	↑ 5.19%	↑ 66.63	↑ 5.71%
OKOMUOIL	367.00	↑ 9.19%	↑ 54.13	↑ 4.64%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
WAPCO	70.00	↓ -5.41%	↓ 118.33	↓ -10.14%
JBERGER	155.25	↓ -10.00%	↓ 50.69	↓ -4.34%
ACCESSCORP	24.15	↓ -2.62%	↓ 42.43	↓ -3.64%
TRANSCORP	43.50	↓ -1.14%	↓ 37.33	↓ -3.20%
UBA	33.40	↓ -1.62%	↓ 34.54	↓ -2.96%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.62%	↑ 1.19%	↑ 1.92%	↑ 32.90%
NSE Banking Index	↑ 0.63%	↑ 0.16%	↑ 1.46%	↑ 15.72%
NSE Insurance Index	↑ 1.52%	↑ 5.53%	↑ 16.60%	↑ 76.87%
NSE Industrial Goods Index	→ 0.00%	↓ -0.60%	↑ 1.90%	↑ 32.49%
NSE Consumer Goods Index	↑ 0.46%	↑ 1.01%	↑ 1.15%	↑ 43.39%
NSE Oil & Gas Index	→ 0.00%	↑ 7.61%	↑ 12.82%	↑ 157.56%

Source: NGX, Bloomberg, AIICO Capital

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