

# Actionable Market Insights, Delivered Weekly.

**AIICO  
CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 29 November 2024

### Money Market

System liquidity started on a low note with a deficit of c.₦ 269 billion. It stayed in a deficit for most of the week, even with substantial inflows from FAAC. However, this was insufficient to enhance market liquidity significantly due to debits from FX settlements and other outflows. As a result, interbank rates stayed high throughout the week, ultimately closing at around 29.00% by the week's end. Overall, the Overnight Policy Rate decreased by 2.94% to reach 29.25%, while the Overnight Rate fell by 2.90% to 29.91% compared to the previous week.

**Outlook:** Short-term interbank rates are anticipated to remain elevated due to weak inflows and tight liquidity.

### Treasury Bills

The Treasury bills market began positively, with significant buying interest, especially in the November 2025 papers. However, the market shifted to a more cautious approach following the MPC meeting during the week. Despite the 25bps rate hike decided by the MPC, buying sentiment remained, particularly for October and November bills. Nevertheless, executed volumes were limited due to tight market liquidity. Consequently, the average mid-rate for benchmark NTB papers dropped by 14 bps week-on-week, closing at 22.65%.

**Outlook:** Next week, we anticipate mixed sentiments as investors focus on the NTB auction, which is expected to offer c.₦583 billion across the usual tenors.

### FGN Bonds

The domestic bond market exhibited a similar trend, with initial buying interest at the beginning of the week, followed by a cautious approach ahead of the MPC meeting and renewed investor enthusiasm for specific high-yielding securities afterward, notably the Apr 2029, Feb 2031, Feb 2034, and Jun 2053 bonds. Overall, the average mid-yield for benchmark bonds decreased by 12 bps week-on-week, closing at 19.37%.

**Outlook:** We expect the same sentiments to persist, though on a weak note, due to tight market liquidity.

### Eurobonds Markets

The Eurobonds market ended the week on a somewhat mixed note, with trading activity declining after the US Thanksgiving holiday. A key highlight during the week was the US economy's solid growth in Q3, with GDP rising 2.8% and consumer spending increasing 3.5%, marking the largest gain this year. Additionally, the FOMC minutes released indicated a preference for gradual future rate cuts. In Nigeria, market sentiment suggests the issuance of two Eurobonds and a Sukuk may occur soon. Overall, the average mid-yields for Nigerian bonds fell slightly to 9.58%.

**Outlook:** We expect the proposed FGN Eurobonds to be issued next week, which should spur some volatility across the Nigerian curve.

BENCHMARK T-BILLS DISCOUNT RATES			
	29-Nov-24	22-Nov-24	Change in Rates
83 days	23.69%	23.69%	→ 0.00%
174 days	22.03%	22.25%	↓ -0.22%
328 days	21.77%	20.30%	↑ 1.47%

Source: FMDQ DQL for 29-Nov-2024

NAFEM RATE (\$/₦)		Diff.
29-Nov-24	1,672.69	
22-Nov-24	1,652.62	↑ 20.07

Source: FMDQ

BENCHMARK FGN BOND YIELDS			
	29-Nov-24	22-Nov-24	Change in Yield
5 yrs: 14.55% 26-Apr-2029	19.79%	19.77%	↑ 0.02%
10 yrs: 19.00% 21-Feb-2034	20.88%	20.05%	↑ 0.83%
20 yrs: 15.45% 21-Jun-2038	19.01%	19.00%	↑ 0.01%
30 yrs: 15.70% 21-Jun-2053	16.98%	16.98%	→ 0.00%

Source: FMDQ DQL for 29-Nov-2024

SYS. LIQ. (₦'BN)		Diff.
29-Nov-24	(237.03)	
22-Nov-24	(321.54)	↑ 84.52

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.02
AIICO BALANCED FUND	13.26
AIICO EUROBOND FUND	7.20

As of November 26, 2024

BENCHMARK FGN EUROBOND YIELDS				MACRO INDICATORS	
	29-Nov-24	22-Nov-24	Change in Yield	GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
5 yrs: NGERIA 8.375% 03/24/29	9.08%	9.08%	→ 0.00%	Inflation (October'2024)	33.88% (Sep'24: 32.70%)
10 yrs: NGERIA 7.375% 09/29/33	9.94%	10.01%	↓ -0.07%	External Reserve (US\$'billion)	40.22 (+22.21% YTD as of 28-Nov-24)
15 yrs: NGERIA 7.696% 23/02/38	10.26%	10.36%	↓ -0.10%	Monetary Policy Rate	27.25%
30 yrs: NGERIA 8.25% 09/29/51	10.54%	10.59%	↓ -0.05%	Cash Reserve Requirement (CRR)	50.00%
8.75% ETI 06/17/31*	8.83%	8.83%	→ 0.00%	Brent Crude Price US\$/bbl	*72.94 (-2.00 w/w)
Source: FBN UK Runs for 29-Nov-2024				Source: NBS,CBN, AIICO Capital	

## Nigerian Equities

The market closed bearish this week, with the All-Share Index declining by 33bps w/w to 97,506.87 points and Market capitalization printing at ₦59.10 trillion. This decline was due to selloffs in SEPLAT, MTNN, and GTCO, despite buying interest in WAPCO, OANDO, and FBNH. Investors booked profits after last week's rally, although HMCALL, DANGSUGAR, NASCON, and WAPCO drew attention. Japaul Gold saw improved sentiment after its ₦26 billion sand mining deal, while Access Bank completed its acquisition of Standard Chartered Bank's operations in Angola and Sierra Leone.

**Outlook:** We anticipate the new month will begin on a mixed note, as market participants may also be adjusting their positions in anticipation of a potential rally at year-end.

## Foreign Exchange

The interbank market saw good liquidity this week, with the Naira receiving support from inflows from foreign portfolio investors (FPIs), exporters, and the central bank's involvement in the market. The central bank reportedly sold around \$116 million at exchange rates ranging from \$/₦1,655 to \$/₦1,660. However, due to increased demand, the Naira experienced a weekly decline of 1.21%, closing at \$/₦1,672.69.

**Outlook:** We expect the volatility to persist next week.

## Commodities

Oil prices experienced a decline, ending the week down 3%, influenced by reduced concerns over supply risks from the Israel-Hezbollah conflict and the expectation of increased supply in 2025 despite OPEC+ likely extending output cuts. Brent crude was around \$72.94 per barrel, while WTI was about \$68. In contrast, Gold prices increased due to a weakening dollar and ongoing geopolitical tensions. However, bullion is still on track for its worst monthly loss since September of the previous year following a sell-off triggered by Donald Trump's victory. It traded at c.\$2,660.28 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
WAPCO	58.00	↑ 7.41%	↑ 118.33	↑ 32.99%
FBNH	26.30	↑ 3.54%	↑ 59.33	↑ 16.54%
OANDO	63.00	↑ 3.45%	↑ 47.94	↑ 13.37%
UBA	32.70	↑ 1.08%	↑ 21.98	↑ 6.13%
CONOIL	276.00	↑ 6.56%	↑ 21.67	↑ 6.04%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
SEPLAT	5,300.00	↓ -6.02%	↓ 366.90	↓ -102.29%
GTCO	52.95	↓ -3.02%	↓ 89.18	↓ -24.87%
MTNN	170.00	↓ -1.16%	↓ 74.76	↓ -20.84%
JBERGERR	155.25	↓ -10.00%	↓ 50.69	↓ -14.13%
UNILEVER	26.65	↓ -9.97%	↓ 31.13	↓ -8.68%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.28%	↓ -0.33%	↓ -0.15%	↑ 30.40%
NSE Banking Index	↑ 0.67%	↓ -0.28%	↑ 3.39%	↑ 14.05%
NSE Insurance Index	↓ -1.83%	↑ 1.23%	↑ 9.11%	↑ 51.69%
NSE Industrial Goods Index	↓ -0.15%	↑ 0.62%	↑ 2.14%	↑ 30.02%
NSE Consumer Goods Index	↑ 0.01%	↓ -0.38%	↑ 2.40%	↑ 41.77%
NSE Oil & Gas Index	↓ -2.56%	↓ -1.93%	↑ 3.20%	↑ 128.30%

Source:NGX, Bloomberg, AIICO Capital

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