

Actionable Market Insights, Delivered Weekly.

AIICO
CAPITAL

MARKET COMMENTARY

DATE: Friday | 06 December 2024

Money Market

System liquidity improved significantly this week, driven by FAAC disbursements, remita inflows, and other market credits. This led to a decline in interbank rates, with the Overnight Policy Rate (OPR) and Overnight Rate (O/N) easing to 26.36% and 26.71%, respectively, midweek. However, liquidity tightened following NTB and OMO auction settlements. By week's end, OPR and O/N rates declined by 1.58% and 1.74% w/w, closing at 27.67% and 28.17%, respectively.

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 exhibited mixed-to-bullish sentiments, with thin trading volumes early in the week. Investors focused on the November 2025 papers, which traded around 22.00%. Following the NTB auction, where ₦583 billion was offered, the 364-day stop rate decreased by 57 bps to 22.93%, prompting increased secondary market activity, especially for the newly issued 1-year paper (04-Dec-2024). Later, the CBN held an OMO auction for 88, 186, and 361-day tenors, resulting in long-term subscriptions of ₦2.243 trillion and an allotment of ₦772.93 billion, with the stop rate at 22.98%, down from 24.28% previously. Overall, the average mid-rate for benchmark NTBs settled at 22.96%.

Outlook: We anticipate a cautious start next week as investors focus on the NTB auction, which is expected to offer c. ₦275.71 billion across the usual tenors.

FGN Bonds

The domestic bond market experienced quiet trading with mixed sentiments across key maturities, including April 2029, February 2031, May 2033, and February 2034. Moderate interest in the February 2031 paper persisted, though activity was subdued due to limited matching bids. The focus shifted midweek to the NTB auction, further dampening bond market activity. Overall, the market maintained a slightly bullish tone, with the average mid-rate for benchmark NTB papers settling at 19.42%.

Outlook: We expect the same sentiments to persist, though on a weak note.

Eurobonds Markets

The Eurobond market initially exhibited mixed sentiments but traded on a bullish note for most of the week, driven by robust demand for Sub-Saharan African (SSA) and North African papers. Nigeria's newly issued 6.5- and 10-year Eurobonds, launched at 9.625% and 10.375% yields, saw exceptional investor interest, with subscriptions surpassing \$9 billion. Angola benefited from U.S. President Biden's \$600 million investment pledge, while Kenya led SSA outperformance, gaining 87 cents, followed by Egypt and Nigeria, with 75- and 62-cent increases, respectively. Optimism was further fueled by dovish Federal Reserve and ECB rate cut expectations. U.S. November labor data (4.2% unemployment) reinforced this outlook, contributing to a 42bps drop in Nigeria's average mid-yield, closing at 9.16%.

Outlook: We anticipate the sentiment will continue next week unless a significant catalyst arises.

BENCHMARK T-BILLS DISCOUNT RATES

	06-Dec-24	29-Nov-24	Change in Rates	
90 days	23.56%	23.69%	↓	-0.13%
181 days	22.49%	22.03%	↑	0.46%
349 days	21.50%	21.77%	↓	-0.27%

Source: FMDQ DQL for 06-Dec-2024

BENCHMARK FGN BOND YIELDS

	06-Dec-24	29-Nov-24	Change in Yield	
5 yrs: 14.55% 26-Apr-2029	19.80%	19.79%	↑	0.01%
10 yrs: 19.00% 21-Feb-2034	20.88%	20.88%	→	0.00%
20 yrs: 15.45% 21-Jun-2038	19.01%	19.01%	→	0.00%
30 yrs: 15.70% 21-Jun-2053	16.98%	16.98%	→	0.00%

Source: FMDQ DQL for 06-Dec-2024

NAFEX RATE (\$/₦)

		Diff.
6-Dec-24	1,535.00	
29-Nov-24	1,672.69	↓ (137.69)

Source: FMDQ

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		Diff.
6-Dec-24	632.38	
29-Nov-24	(237.03)	↑ 869.41

Source: CBN

NAME OF FUND

EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	21.69
AIICO BALANCED FUND	12.58
AIICO EUROBOND FUND	5.08

As of December 05, 2024

BENCHMARK FGN EUROBOND YIELDS				MACRO INDICATORS	
	06-Dec-24	29-Nov-24	Change in Yield		
5 yrs: NGERIA 8.375% 03/24/29	8.58%	9.08%	↓ -0.50%	GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
10 yrs: NGERIA 7.375% 09/29/33	9.36%	9.94%	↓ -0.58%	Inflation (October'2024)	33.88% (Sep'24: 32.70%)
15 yrs: NGERIA 7.696% 23/02/38	9.72%	10.26%	↓ -0.54%	External Reserve (US\$'billion)	40.32 (+22.51% YTD as of 05-Dec-24)
30 yrs: NGERIA 8.25% 09/29/51	10.08%	10.54%	↓ -0.46%	Monetary Policy Rate	27.50%
8.75% ETI 06/17/31*	8.75%	8.83%	↓ -0.08%	Cash Reserve Requirement (CRR)	50.00%
Source: FBN UK Runs for 06-Dec-2024				Brent Crude Price US\$/bbl	*71.44 (-1.50 w/w)
				Source: NBS,CBN, AIICO Capital	

Nigerian Equities

This week, the Nigerian equities market experienced a resurgence in bullish sentiment, closing higher in three sessions. The All-Share Index increased by 72 bps w/w, settling at 98,210.75 points, with market capitalization reaching ₦59.53 trillion. This growth was driven by bargain hunting in stocks such as WAPCO, SEPLAT, ACCESSCORP, and UBA. WAPCO led market activity, hitting a new 52-week high of ₦76.95 before closing at ₦74.00. ACCESSCORP broke through its ₦24.00 resistance level, ending at ₦24.80. Meanwhile, GTCO experienced mixed foreign interest and local profit-taking. Additionally, FBNH recorded a significant off-market trade of 756.7 million units at ₦24.00.

Outlook: We anticipate mixed to bullish sentiments will dominate next week as participants position themselves for a potential rally.

Foreign Exchange

The CBN introduced the "BMATCH" trading platform, driving improved liquidity throughout the week. Exchange rates ranged between \$/₦1,550 and \$/₦1,693, with the Naira progressively strengthening. The Naira appreciated steadily due to increased supply from exporters and foreign portfolio investors and weak importer demand. The NAFEX rate closed the week at \$/₦1,535.00, marking a significant improvement from the previous sessions.

Outlook: We expect further appreciation in the Naira amid improved supply and weaker demand.

Commodities

Oil prices declined as experts maintained their predictions of a supply surplus in 2025, even following OPEC+'s choice to delay planned supply increases and prolong significant output reductions until the end of 2026. Brent crude traded at approximately \$71.44 per barrel, while WTI was around \$67.63. Conversely, gold prices edged higher after the November U.S. employment report, which indicated that the labor market is gradually easing, allowing the Federal Reserve to reduce interest rates again. It was priced at roughly \$2,638.89 per ounce.

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

Top 5 Equity Advancers W-o-W					Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov	Ticker	Px	% Change	Points	% Mov
WAPCO	74.00	↑ 27.59%	↑ 473.32	↑ 67.24%	OANDO	62.90	↓ -3.16%	↓ 46.80	↓ -6.65%
SEPLAT	5,700.00	↑ 7.55%	↑ 432.28	↑ 61.41%	ZENITHBANK	43.95	↓ -1.24%	↓ 31.71	↓ -4.51%
ACCESSCORP	24.80	↑ 6.90%	↑ 104.45	↑ 14.84%	ETRANZACT	6.75	↓ -10.00%	↓ 12.67	↓ -1.80%
UBA	33.95	↑ 3.82%	↑ 78.51	↑ 11.15%	STERLINGNG	4.65	↓ -4.71%	↓ 12.16	↓ -1.73%
TRANSCORP	44.00	↑ 1.15%	↑ 37.33	↑ 5.30%	FCMB	9.00	↓ -2.17%	↓ 7.27	↓ -1.03%
Source: NGX, AIICO Capital					Source: NGX, AIICO Capital				

	D-o-D		W-o-W		MTD		YTD	
NGX ASI	↑	0.10%	↑	0.72%	↑	0.72%	↑	31.34%
NSE Banking Index	↑	0.73%	↑	1.30%	↑	1.30%	↑	15.53%
NSE Insurance Index	↑	0.54%	↑	10.49%	↑	10.49%	↑	67.60%
NSE Industrial Goods Index	↑	0.04%	↑	2.52%	↑	2.52%	↑	33.29%
NSE Consumer Goods Index	↓	-0.16%	↑	0.13%	↑	0.13%	↑	41.95%
NSE Oil & Gas Index	↑	0.17%	↑	4.84%	↑	4.84%	↑	139.35%
Source:NGX, Bloomberg, AIICO Capital								

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