

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 27 December 2024

Money Market

System liquidity fluctuated during the week, initially bolstered by derivatives inflows, the signature bonus, and other disbursements from the CBN. This led to a significant easing of interbank rates, with the Overnight Policy Rate (OPR) and Overnight Rate (O/N) dropping to 26.93% and 27.71%, respectively. Midweek, liquidity tightened due to CRR debit activities despite FAAC disbursements, but rates continued to ease slightly. By week's end, improved liquidity from FGN bond coupons and NTB maturities caused the OPR to close at 26.50% (-5.29% w/w) and O/N at 27.11% (-5.22% w/w).

Outlook: The interbank rates are expected to stay at current levels; however, following the late settlement of the NTB auction, we anticipate that liquidity will open lower next week.

Treasury Bills

The Treasury Bills market saw mixed sentiments during the week, with offers concentrated on the 30 September and 2 December 2025 OMO bills, while demand favored May, November, and December 11, 2025 bills despite limited supply. Activity slowed midweek as market participants shifted focus to the holiday season. By week's end, attention turned to the NTB auction, where the DMO offered and sold c.₦332.53 billion against c.₦663.17 billion in subscriptions. Stop rates remained steady, except for the 1-year paper, which rose by 10bps to 22.90%. The average mid-rate stayed at 23.15%.

Outlook: We anticipate moderate activity in the Treasury Bills market next week, as participants focus on house-keeping activities to close out the year.

FGN Bonds

The local bonds market experienced a quiet week, with investor interest focused on the mid-to-long end of the curve. Selective demand targeted the April 2029, February 2031, and April 2037 maturities, though trading volumes remained subdued. Interest persisted in the February 2031 paper midweek. By the week's close, cherry-picking activity was observed across the belly to the tail end of the curve. Overall, the average mid-yield rose by 3bps w/w to settle at 19.55%.

Outlook: The FGN Bonds market is expected to be calm next week as participants conclude the year with housekeeping activities.

Eurobonds Markets

The Eurobond market experienced a subdued week, reflecting mixed sentiments across SSA and North African papers. Festive holiday anticipation influenced investor activity, leading to limited trading volumes and a bearish undertone midweek. By the week's end, mild mixed sentiments persisted, with most participants having closed their books for the year. Activity remained low across the African curves, and the average mid-yield for Nigerian Eurobonds edged up by 2bps w/w to close at 9.54%.

Outlook: We expect the Eurobond market to remain quiet next week. Trading volumes are likely to be light, and prices are expected to fluctuate within a narrow range.

BENCHMARK T-BILLS DISCOUNT RATES			
	27-Dec-24	20-Dec-24	Change in Rates
90 days	24.78%	24.78%	→ 0.00%
181 days	22.37%	22.37%	→ 0.00%
328 days	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 27-Dec-2024

BENCHMARK FGN BOND YIELDS			
	27-Dec-24	20-Dec-24	Change in Yield
5 yrs: 14.55% 26-Apr-2029	21.18%	21.16%	↑ 0.02%
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 27-Dec-2024

NFEM RATE (\$/₦)		Diff.
27-Dec-24	1,535.00	
20-Dec-24	1,542.00	↓ (7.00)

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
27-Dec-24	736.36	↑ 1,113.86
20-Dec-24	(377.50)	

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.61
AIICO BALANCED FUND	14.90
AIICO EUROBOND FUND	7.36

As of December 23, 2024

BENCHMARK FGN EUROBOND YIELDS			
	27-Dec-24	20-Dec-24	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	8.98%	8.94%	↑ 0.04%
10 yrs: NGERIA 7.375% 09/29/33	9.72%	9.74%	↓ -0.02%
15 yrs: NGERIA 7.696% 23/02/38	10.19%	10.15%	↑ 0.04%
30 yrs: NGERIA 8.25% 09/29/51	10.42%	10.41%	↑ 0.01%
8.75% ETI 06/17/31*	8.75%	8.84%	↓ -0.09%

Source: FBN UK Runs for 27-Dec-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)	40.85 (+24.11% YTD as of 24-Dec-24)
Monetary Policy Rate	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*74.17 (+1.23 w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The bulls maintained dominance in the Nigerian equity market this week, buoyed by buying interest in MTNN, FBNH, NB, OKOMUOIL, and UBA. The All-Share Index rose by 99bps w/w, closing at 102,133.30 points, while market capitalization reached ₦61.91 trillion. MTNN gained 10.54% following NCC's approval of tariff hikes for telecom operators. One of the key events this week was Access Corporation becoming the first Nigerian entity to exceed the CBN's ₦500bn regulatory threshold.

Outlook: We expect activity in the Nigerian equity market to wane next week as participants close out their books for the year.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced improved liquidity and relative stability throughout the week. Transactions were executed within a range of \$/₦1,532.00 to \$/₦1,550.00. Enhanced liquidity supported a modest appreciation of the Naira, which strengthened by 45bps w/w to close at \$/₦1,535.00.

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

Commodities

Oil prices settled at a 1% gain, reflecting a weekly gain in low trading volume ahead of year-end. This gain was buoyed by a larger-than-expected drawdown from U.S. crude inventories last week. Brent crude was valued at approximately \$74.17 per barrel, while WTI hovered around \$70.60. Gold prices slipped as elevated U.S. Treasury yields diminished non-yielding bullion's allure in a holiday-thinned week. Markets were focused on President-elect Donald Trump's return to office and the potential impact of his inflationary policies on the Fed's 2025 outlook. Gold was valued at approximately \$2,615.99 per ounce.

Outlook: We anticipate mild volatility next week.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
MTNN	194.00	↑ 10.54%	↑ 691.56	↑ 68.87%
FBNH	28.10	↑ 4.85%	↑ 85.70	↑ 8.53%
NB	32.50	↑ 12.07%	↑ 66.05	↑ 6.58%
OKOMUOIL	403.70	↑ 10.00%	↑ 64.29	↑ 6.40%
FIDELITYBK	17.15	↑ 7.19%	↑ 61.20	↑ 6.09%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
OANDO	67.35	↓ -3.09%	↓ 49.09	↓ -4.89%
NASCON	31.00	↓ -4.32%	↓ 6.81	↓ -0.68%
ETERN	28.50	↓ -3.23%	↓ 2.28	↓ -0.23%
LIVESTOCK	3.90	↓ -4.88%	↓ 1.10	↓ -0.11%
DAARCOMM	0.58	↓ -6.45%	↓ 0.88	↓ -0.09%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.05%	↑ 0.99%	↑ 4.74%	↑ 36.59%
NSE Banking Index	↓ -1.16%	↑ 1.97%	↑ 6.80%	↑ 21.80%
NSE Insurance Index	↑ 2.31%	↑ 7.87%	↑ 36.89%	↑ 107.64%
NSE Industrial Goods Index	↑ 0.01%	↑ 0.09%	↑ 1.11%	↑ 31.47%
NSE Consumer Goods Index	↑ 0.15%	↑ 3.13%	↑ 7.36%	↑ 52.20%
NSE Oil & Gas Index	↓ -0.21%	↓ -0.12%	↑ 13.80%	↑ 159.81%

Source: NGX, Bloomberg, AIICO Capital

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