

Actionable Market Insights, delivered daily.



DATE: Tuesday, 07 January 2025

MARKET COMMENTARY

System Liquidity

System liquidity opened notably higher due to inflows from CRR refunds and OMO maturities (c.₦300 billion) today. To regulate the money supply, the CBN offered and sold a total of ₦500 billion in an OMO auction today. As a result, interbank rates rose, with the Overnight Policy Rate (OPR) increasing by 1.40% to close at 27.90%, while the Overnight Rate (O/N) climbed by 1.60% to settle at 28.60%.

Outlook: We expect interbank rates to continue to trade around the same levels.

Treasury Bills

The Treasury bills market began quietly, influenced by an OMO auction announcement. As trading progressed, demand surged, especially for short-to-mid maturities. The 25th Dec bill saw strong interest, closing around 21.90%. The CBN's first OMO auction of the year offered ₦500 billion and was oversubscribed by ₦1.1 trillion, with stop rates for 350-day and 364-day bills at 23.81% and 23.84%, respectively. Overall, the average mid-rate for the benchmark NTB papers ended the day at 23.02%.

Outlook: We anticipate a cautious theme tomorrow as participants focus on the NTB auction, where the DMO will offer ₦515 billion across the usual tenors.

FGN Bonds

The domestic bonds market stayed mostly subdued as traders were focused on the OMO auction. Interest was noted in the May 2033 maturity, which traded around 21.15%. However, trading volume was low because of the wide bid/ask spreads. As a result, the average mid-yield stayed fairly stable at 19.68%.

Outlook: We expect the same sentiment to continue in tomorrow's session.

Eurobonds

The Eurobond market started the trading session positively but ended on a downtrend, with selling pressure noted across the African curves. Investors are positioning themselves in anticipation of important economic data and policy signals that may influence the Fed's perspective. Attention is turned toward the ADP employment report scheduled for Wednesday, which should offer insights into the labor market's condition. Compounding the anticipation, speeches from various Fed officials and the minutes from the December meeting, which are set to be released later this week, will likely clarify the central bank's view on future interest rate changes. Overall, the average mid-yield for Nigerian bonds rose by 10 bps to close at 9.38%.

Outlook: We expect a mixed theme in tomorrow's session.

BENCHMARK T-BILLS DISCOUNT RATES			
	07-Jan-25	06-Jan-25	Change in Rates
93 DAYS	24.10%	24.10%	→ 0.00%
184 DAYS	22.29%	22.29%	→ 0.00%
317 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 07-Jan-2025

BENCHMARK FGN BOND YIELDS			
	07-Jan-25	06-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.21%	21.21%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	20.86%	20.86%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	19.02%	19.02%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	16.98%	16.98%	→ 0.00%

Source: FMDQ DQL for 07-Jan-2025

NFEM (\$/₦)		Diff.
7-Jan-25	1,534.16	
6-Jan-25	1,533.61	↑ 0.56

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
7-Jan-25	797.66	
6-Jan-25	476.24	↑ 321.42

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.17
AIICO BALANCED FUND	0.91
AIICO EUROBOND FUND	6.95

As of January 06, 2025

BENCHMARK FGN EUROBOND YIELDS			
	07-Jan-25	06-Jan-25	Change in Yield
5 YRS: NIGERIA 8.375% 03/24/29	8.91%	8.80%	↑ 0.11%
10 YRS: NIGERIA 7.375% 09/29/33	9.54%	9.42%	↑ 0.12%
15 YRS: NIGERIA 7.696% 23/02/38	9.98%	9.90%	↑ 0.08%
30 YRS: NIGERIA 8.25% 09/29/51	10.27%	10.19%	↑ 0.08%
8.75% ETI 06/17/31*	8.46%	8.55%	↓ -0.09%

Source: FBN UK Runs for 07-Jan-2025

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)	40.92 (+24.33% YTD as of 06-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*77.05 (-0.36 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market experienced a setback today, with the NGX All-Share Index (NGX-ASI) falling by 24 bps to close at 103,398.82 points, while the market capitalization stood at ₦63.05 trillion. This shift from the recent upward trend was influenced by profit-taking in ZENITHBANK and UBA, along with similar activities in insurance stocks after their recent surge. All the major indices recorded a decline, with the Insurance Index leading the losses at 7.68%.

Outlook: We expect a mixed theme tomorrow.

Foreign Exchange

The NFEM held a steady position today, bolstered by improved liquidity. Trades were executed within a range of \$/₦1,531.00 to \$/₦1,543.00. Overall, the NFEM printed at \$/₦1,534.16, reflecting a 4-bp depreciation compared to the previous day.

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

Commodities

Oil prices increased, fueled by worries about tighter supplies from Russia and Iran due to Western sanctions and anticipated greater demand from China. Brent crude was valued at \$77.05 per barrel, while WTI is priced at around \$74.25. Likewise, gold prices have retraced earlier increases, hampered by a strengthening dollar and rising Treasury yields following an increase in U.S. job openings that indicated reduced chances of significant rate cuts by the Federal Reserve. It was trading at roughly \$2,647.59 per ounce.

Outlook: We expect the volatility to continue to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
PZ	27.50	2.50	↑ 10.00%
ABBEYBDS	3.63	0.33	↑ 10.00%
LEARNAFRCA	5.44	0.49	↑ 9.90%
NCR	7.30	0.65	↑ 9.77%
NGXGROUP	29.90	2.65	↑ 9.72%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
FTNCOCOA	1.80	-0.20	↓ -10.00%
RTBRISCOE	2.70	-0.30	↓ -10.00%
VERITASKAP	1.53	-0.17	↓ -10.00%
SUNUASSUR	10.01	-1.11	↓ -9.98%
CORNERST	4.15	-0.46	↓ -9.98%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↓ -0.24%	↑ 0.46%	↑ 0.46%	↑ 0.46%
NSE BANKING INDEX	↓ -0.64%	↑ 1.44%	↑ 1.44%	↑ 1.44%
NSE INSURANCE INDEX	↓ -7.68%	↑ 13.47%	↑ 13.48%	↑ 13.48%
NSE INDUSTRIAL GOODS INDEX	↓ 0.00%	↑ 0.21%	↑ 0.21%	↑ 0.21%
NSE CONSUMER GOODS INDEX	↓ -0.38%	↓ -0.05%	↓ -0.05%	↓ -0.05%
NSE OIL & GAS INDEX	↓ -0.10%	↓ -0.69%	↓ -0.69%	↓ -0.69%

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