

DATE: Wednesday, 08 January 2025

MARKET COMMENTARY

System Liquidity

System liquidity opened lower following the settlement of the OMO auction winnings. However, interbank rates decreased due to a lack of funding pressure. The Overnight Policy Rate (OPR) fell by 90bps to close at 27.00%, while the Overnight Rate (O/N) declined by 1.10% to settle at 27.50%.

Outlook: We anticipate interbank rates to rise tomorrow as the market settles the NTB auction winnings.

Treasury Bills

The Treasury bills market experienced a calm atmosphere as most participants shifted their focus to the NTB primary market auction. However, some activity was noted at both the short and long ends of the curve, particularly for the March, April, and December 2025 securities, although the trading volumes were limited. Overall, the average mid-rate for the benchmark NTB papers closed the day at 22.99%.

Outlook: We expect a mixed to positive outlook following the results of the NTB auction. The stop rate for the 364-day paper decreased by 27.8 bps, settling at 22.622%. Meanwhile, the stop rates for the 91-day and 182-day papers remained unchanged at 18.00% and 18.50%, respectively.

FGN Bonds

The local bonds market remained quiet, although there was some demand for the April 2032 bonds, while offers were seen at the long end of the curve, particularly for the June 2053 bonds. However, there were wide bid/ask spreads. Overall, the average mid-yield settled at 19.71%.

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

Eurobonds

The Eurobond market concluded today's session on a bearish note, with sovereign bonds from Sub-Saharan Africa and North Africa experiencing a sell-off. Lingering concerns about inflation and uncertainty regarding potential policy changes under the incoming Trump administration negatively impacted market sentiment. As a result, the average mid-yield for Nigerian bonds increased by 4 bps, closing at 9.42%.

Outlook: We anticipate a mixed theme in tomorrow's session as investors analyze the FOMC's last meeting minutes for guidance on interest rate trajectory.

BENCHMARK T-BILLS DISCOUNT RATES			
	08-Jan-25	07-Jan-25	Change in Rates
92 DAYS	24.10%	24.10%	→ 0.00%
183 DAYS	22.29%	22.29%	→ 0.00%
316 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 08-Jan-2025

BENCHMARK FGN BOND YIELDS			
	08-Jan-25	07-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 08-Jan-2025

NFEM (\$/N)		Diff.
8-Jan-25	1,539.40	
7-Jan-25	1,534.16	↑ 5.23

Source: FMDQ

SYS. LIQ. (N'BN)		Diff.
8-Jan-25	459.79	
7-Jan-25	797.66	↓ (337.87)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.89
AIICO BALANCED FUND	0.68
AIICO EUROBOND FUND	6.92

As of January 07, 2025

BENCHMARK FGN EUROBOND YIELDS			
	08-Jan-25	07-Jan-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.95%	8.91%	↑ 0.04%
10 YRS: NGERIA 7.375% 09/29/33	9.56%	9.54%	↑ 0.02%
15 YRS: NGERIA 7.696% 23/02/38	10.05%	9.98%	↑ 0.07%
30 YRS: NGERIA 8.25% 09/29/51	10.29%	10.27%	↑ 0.02%
8.75% ETI 06/17/31*	8.55%	8.46%	↑ 0.09%

Source: FBN UK Runs for 08-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)	40.91 (+24.31% YTD as of 07-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*76.68 (-0.37 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market saw a recovery today, with the NGX All-Share Index (NGX-ASI) rising by 80 bps to end at 104,230.73 points, and the market capitalization reaching ₦63.55 trillion. This positive performance was fueled by increased buying activity in MTNN, TRANSCORP, and FBNH. In other sectors, the insurance companies displayed a mix of sentiments, with buying interest noted in AIICO, LINKAGE, and MANSARD, while selloffs persisted in SUNUASSUR, CORNERST, and UNIVINSURE. Among the five main indices, three posted positive returns, with the Banking index leading the way with a gain of 0.55%, whereas both the Insurance and Oil & Gas indices saw declines.

Outlook: We expect a mixed theme tomorrow.

Foreign Exchange

The NFEM maintained a stable position today, supported by enhanced liquidity. The market was fully bid as suppliers aimed to sell their proceeds at better prices. Transactions occurred within a range of \$/₦1,537.00 to \$/₦1,545.00. Ultimately, the NFEM settled at ₦1,539.3976, indicating a depreciation of 34 bps in comparison to the previous day.

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

Commodities

Oil prices declined as the dollar gained strength but received some support from a reduction in supplies from Russia and other OPEC nations, along with a decrease in U.S. crude inventories. Brent crude was priced at \$76.68 per barrel, and WTI was around \$73.94. Similarly, gold prices increased, reaching a near four-week high after a weaker-than-expected private employment report for December reassured some market participants that the U.S. Federal Reserve might be less cautious about lowering rates this year. It traded at c.\$2,663.79 per ounce.

Outlook: We expect the volatility to continue to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
TRANSCORP	49.50	4.50	↑ 10.00%
MTNN	220.00	20.00	↑ 10.00%
HONYFLOUR	8.29	0.75	↑ 9.95%
AIICO	1.88	0.17	↑ 9.94%
LIVINGTRUST	4.81	0.43	↑ 9.82%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
SUNUASSUR	9.01	-1.00	↓ -9.99%
UNIVINSURE	0.71	-0.07	↓ -8.97%
NSLTECH	0.68	-0.06	↓ -8.11%
CONHALLPLC	3.40	-0.21	↓ -5.82%
CILEASING	4.01	-0.24	↓ -5.65%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.80%	↑ 1.02%	↑ 1.27%	↑ 1.27%
NSE BANKING INDEX	↑ 0.55%	↑ 1.72%	↑ 2.00%	↑ 2.00%
NSE INSURANCE INDEX	↓ -0.27%	↑ 3.35%	↑ 13.17%	↑ 13.17%
NSE INDUSTRIAL GOODS INDEX	↑ 0.01%	↑ 0.24%	↑ 0.22%	↑ 0.22%
NSE CONSUMER GOODS INDEX	↑ 0.09%	↓ -0.11%	↑ 0.04%	↑ 0.04%
NSE OIL & GAS INDEX	↓ -0.13%	↓ -0.78%	↓ -0.82%	↓ -0.82%

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