

DATE: Thursday, 09 January 2025

MARKET COMMENTARY

System Liquidity

System liquidity opened lower today, entering negative territory due to the net settlement of the NTB auction winnings. As a result, interbank rates rose significantly. Specifically, the Overnight Policy Rate (OPR) increased by 2.67%, closing at 29.67%, while the Overnight Rate (O/N) edged up by 3.25% to settle at 30.75%.

Outlook: We expect interbank rates to stay at their current levels unless there is a significant catalyst that causes a change.

Treasury Bills

The Treasury bills market had a positive day today, driven by strong demand for the new 1-year bill maturing on January 8, 2026. Investors who lost out at yesterday's auction sought to fill their unmet bids, which exerted downward pressure on the yield of the 1-year bill. Overall, the average mid-rate for the benchmark NTB papers decreased by 3 bps, closing at 22.96%.

Outlook: We anticipate that the same sentiment will continue tomorrow, although it may be expressed in a less aggressive manner.

FGN Bonds

The local bonds market remained quiet as traders approached the day cautiously, awaiting the release of the Q1 2025 FGN bond issuance calendar. However, some activity was noted in the February 2031 and May 2033 bonds. Overall, the trading volume was low, with only a few transactions recorded. The average mid-yield settled at 19.70%.

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

Eurobonds

The Eurobond market showed signs of recovery today, with heightened buying activity primarily in the Nigerian, Angolan, and Egyptian securities, following the previous day's sell-off, as market participants processed the minutes from the latest Federal Reserve meeting. A limited number of investors were eager to take on additional risk in the Sub-Saharan Africa and North African bond markets after the two-day decline. Consequently, the average mid-yield for Nigerian bonds fell by 10 basis points, finishing at 9.32%.

Outlook: The market will shift its focus to the US jobs data being released tomorrow for additional insights into the economic landscape and the potential actions anticipated from the Federal Reserve during their meeting later this month.

BENCHMARK T-BILLS DISCOUNT RATES

	09-Jan-25	08-Jan-25	Change in Rates
91 DAYS	24.10%	24.10%	→ 0.00%
182 DAYS	22.29%	22.29%	→ 0.00%
315 DAYS	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 09-Jan-2025

BENCHMARK FGN BOND YIELDS

	09-Jan-25	08-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.22%	21.21%	↑ 0.01%
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 09-Jan-2025

NFEM (\$/₦)

	NFEM (\$/₦)	Diff.
9-Jan-25	1,541.06	
8-Jan-25	1,539.40	↑ 1.66

Source: FMDQ

SYS. LIQ. (₦BN)

	SYS. LIQ. (₦BN)	Diff.
9-Jan-25	(86.94)	
8-Jan-25	459.79	↓ (546.73)

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

	09-Jan-25	08-Jan-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.88%	8.95%	↓ -0.07%
10 YRS: NGERIA 7.375% 09/29/33	9.44%	9.56%	↓ -0.12%
15 YRS: NGERIA 7.696% 23/02/38	10.00%	10.05%	↓ -0.05%
30 YRS: NGERIA 8.25% 09/29/51	10.21%	10.29%	↓ -0.08%
8.75% ETI 06/17/31*	8.46%	8.55%	↓ -0.09%

Source: FBN UK Runs for 09-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)	40.85 (+24.12% YTD as of 08-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CR	50.00%
BRENT CRUDE PRICE US\$/BBL	*76.56 (-0.12 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market maintained its upward trajectory today, surpassing the 105,000 mark. The NGX All-Share Index (NGX-ASI) climbed 1.25%, closing at 105,530.74 points, while the market capitalization reached ₦64.35 trillion. This strong performance was driven by continued buying interest in MTNN, TRANSCO HOT, ZENITHBANK, and TRANSCORP. However, the insurance index declined due to ongoing selloffs, despite some bargain hunting in CUSTODIAN, AIICO, and UNIVINSURE. Among the five main indices, three recorded positive returns, with the Banking index leading the gains with a 1.70% increase, while both the Insurance and Industrial Goods indices experienced declines.

Outlook: We expect the same sentiment to persist tomorrow.

Foreign Exchange

The NFEM held a stable position today, bolstered by increased liquidity. The market remained fully active as suppliers sought to sell their proceeds at better prices. Transactions took place within the range of \$/₦1,535.00 to \$/₦1,551.00. Ultimately, the NFEM closed at ₦1,541.0559, reflecting a depreciation of 11 bps compared to the previous day.

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

Commodities

Oil prices increased slightly as investors considered strong expectations for winter fuel demand despite the presence of large U.S. fuel stockpiles and ongoing macroeconomic worries. Brent crude was quoted at \$76.56 per barrel, while WTI hovered around \$73.64. In a similar fashion, Gold prices fell back due to profit-taking after reaching a near four-week high in the previous session, with attention now shifting to the jobs report set to be released on Friday for insights into the Federal Reserve's interest rate strategy for 2025. It traded at c.\$2,659.62 per ounce.

Outlook: We expect the volatility to continue to persist.

TOP 5 EQUITY ADVANCERS

NAME (SYMBOL)	CLOSING		
	PRICE	GAIN(N)	% CHANGE
MTNN	242.00	22.00	↑ 10.00%
HONYFLOUR	9.11	0.83	↑ 10.00%
UNIVINSURE	0.78	0.07	↑ 9.95%
TRANSCO HOT	127.35	11.51	↑ 9.94%
IKEJAHOTEL	13.50	1.21	↑ 9.82%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS

NAME (SYMBOL)	CLOSING		
	PRICE	LOSS(N)	% CHANGE
RTBRISCOE	2.34	-0.26	↓ -10.00%
SUNUASSUR	8.11	-0.90	↓ -9.99%
TIP	2.52	-0.27	↓ -9.68%
UPDC	1.81	-0.19	↓ -9.50%
GUINEAINS	0.91	-0.08	↓ -8.08%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 1.25%	↑ 1.88%	↑ 2.53%	↑ 2.53%
NSE BANKING INDEX	↑ 1.70%	↑ 2.36%	↑ 3.73%	↑ 3.73%
NSE INSURANCE INDEX	↓ -1.38%	↓ -5.46%	↑ 11.60%	↑ 11.60%
NSE INDUSTRIAL GOODS INDEX	↓ -0.17%	↓ -0.26%	↑ 0.05%	↑ 0.05%
NSE CONSUMER GOODS INDEX	↑ 0.46%	↓ -0.18%	↑ 0.51%	↑ 0.51%
NSE OIL & GAS INDEX	↑ 0.04%	↓ -0.25%	↓ -0.78%	↓ -0.78%

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