

DATE: Tuesday, 14 January 2025

## MARKET COMMENTARY

### System Liquidity

System liquidity improved due to OMO maturities and substantial Remita inflows, although it remained in negative territory. Despite this, interbank rates stayed elevated. Specifically, the Overnight Policy Rate (OPR) decreased by 12 bps to close at 31.96%, while the Overnight Rate (O/N) dropped by 33 bps, settling at 32.25%.

**Outlook:** We expect interbank rates to remain elevated unless a significant catalyst emerges.

### Treasury Bills

The Treasury bills market maintained its bullish momentum, with demand primarily focused on the long end of the curve, particularly for papers maturing between November 2024 and January 2026. There was also some interest on the short end of the curve. Overall, the average mid-rate for benchmark NTB papers decreased by 19 bps, closing at 22.73%.

**Outlook:** We anticipate that the same sentiment will continue tomorrow.

### FGN Bonds

The local bonds market continued to face bearish pressures, with offers predominantly seen in mid-dated papers and select long-dated bonds. Selling interests were mainly concentrated in the February 2031, May 2033, February 2034, and June 2053 papers. Overall, trading volume remained low, with only a few transactions recorded. The average mid-yield settled at 19.76%.

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

### Eurobonds

The Eurobond market opened stronger today, with bullish sentiments across African sovereigns, leading to a rebound after several days of sell-offs. This recovery was driven by discussions within President-elect Donald Trump's incoming economic team about gradually increasing tariffs to enhance negotiating leverage while avoiding a spike in inflation. Additionally, December's Producer Price Index (PPI) (YoY) came in at 3.3%, below the expected 3.5%, indicating softer-than-anticipated inflationary pressures. Despite a strong labor market and the president-elect's economic policies, market participants remain cautious about the potential for the Federal Reserve to raise interest rates soon. Consequently, the average mid-yield for Nigerian bonds decreased by 12 bps, settling at 9.47%.

**Outlook:** The market's focus will now shift to the upcoming US CPI data, scheduled for release tomorrow, to gain further economic insights.

BENCHMARK T-BILLS DISCOUNT RATES			
	14-Jan-25	13-Jan-25	Change in Rates
86 DAYS	21.47%	21.47%	→ 0.00%
177 DAYS	22.29%	22.29%	→ 0.00%
359 DAYS	21.69%	21.95%	↓ -0.26%

Source: FMDQ DQL for 14-Jan-2025

BENCHMARK FGN BOND YIELDS			
	14-Jan-25	13-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.42%	21.42%	→ 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	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 14-Jan-2025

NFEM (\$/₦)		Diff.
14-Jan-25	1,547.6695	
13-Jan-25	1,546.8530	↑ 0.8165

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
14-Jan-25	(20.24)	
13-Jan-25	(388.68)	↑ 368.44

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.96
AIICO BALANCED FUND	1.69
AIICO EUROBOND FUND	6.94

As of January 12, 2025

BENCHMARK FGN EUROBOND YIELDS				
	14-Jan-25	13-Jan-25	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	9.10%	9.17%	↓	-0.07%
10 YRS: NGERIA 7.375% 09/29/31	9.66%	9.78%	↓	-0.12%
15 YRS: NGERIA 7.696% 23/02/31	10.12%	10.24%	↓	-0.12%
30 YRS: NGERIA 8.25% 09/29/51	10.37%	10.46%	↓	-0.09%
8.75% ETI 06/17/31*	8.65%	8.46%	↑	0.19%

Source: FBN UK Runs for 14-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)	40.75 (+23.82% YTD as of 10-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*80.57 (-0.46 d/d)

Source: NBS,CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market continued its bearish trend, with the NGX All-Share Index (NGX-ASI) dropping by 1.66% to close at 103,622.09 points. Market capitalization also fell to ₦63.18 trillion, driven mainly by selloffs in DANGCEM and MTNN. Among the five main indices, only the Oil & Gas index posted a positive performance, while the Industrial Goods index led the declines, falling by 4.99%.

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

## Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced moderate liquidity, with transactions ranging between \$/₦1,545.00 and \$/₦1,560.00. By the end of the day, the NFEM closed at \$/₦1,547.6695, reflecting a depreciation of 5 bps from the previous trading day.

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

## Commodities

Oil prices declined after reaching four-month highs, as the market assessed the impact of new U.S. sanctions on Russian oil exports to major buyers like India and China. Brent crude was quoted at \$80.57 per barrel, while WTI hovered around \$78.58. Conversely, gold prices remained nearly steady, with market participants exercising caution ahead of key U.S. inflation data that could provide further insights into the U.S. interest rate trajectory. Gold traded at approximately \$2,663.29 per ounce.

**Outlook:** We expect the volatility to continue to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
NNFM	45.10	4.10	↑ 10.00%
LIVESTOCK	6.10	0.55	↑ 9.91%
ACADEMY	3.22	0.29	↑ 9.90%
UPL	4.81	0.43	↑ 9.82%
NEIMETH	3.15	0.28	↑ 9.76%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
HONYFLOUR	9.54	-1.06	↓ -10.00%
DANGCEM	431.00	-47.78	↓ -9.98%
JBERGER	139.80	-15.50	↓ -9.98%
SOVRENINS	1.12	-0.12	↓ -9.68%
PRESTIGE	1.17	-0.12	↓ -9.30%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -1.66%	↑ 0.22%	↑ 0.68%	↑ 0.68%
NSE BANKING INDEX	↓ -0.10%	↑ 1.37%	↑ 2.83%	↑ 2.83%
NSE INSURANCE INDEX	↓ -2.80%	↓ -8.43%	↑ 3.91%	↑ 3.91%
NSE INDUSTRIAL GOODS INDEX	↓ -4.99%	↓ -5.14%	↓ -4.94%	↓ -4.94%
NSE CONSUMER GOODS INDEX	↓ -0.27%	↓ -0.05%	↓ -0.10%	↓ -0.10%
NSE OIL & GAS INDEX	↑ 0.29%	↑ 0.38%	↓ -0.31%	↓ -0.31%

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