

# Actionable Market Insights, delivered daily.



DATE: Wednesday, 15 January 2025

## MARKET COMMENTARY

### System Liquidity

Opening system liquidity experienced a decline today, moving further into negative territory, as outflows related to foreign exchange settlements and remita transactions contributed to further depletion of liquidity. As a result, interbank rates remained elevated. Notably, the Overnight Policy Rate (OPR) rose by 29 bps to close at 32.25%, while the Overnight Rate (O/N) increased by 42 bps, settling at 32.67%.

**Outlook:** We anticipate that interbank rates will stay high unless a major catalyst arises.

### Treasury Bills

The Treasury bills market experienced a notably active session, characterized by a prevailing bullish sentiment throughout the day. Market participants continued to selectively engage across the yield curve, with significant interest observed in the March 2025, April 2025, May 2025, September 2025, November 2025, December 2025, and January 2026 bills. Substantial trading activity was recorded on the longer end of the curve, particularly for the 8 January 2026 bill, which garnered the highest level of interest. In contrast, the shorter end of the curve demonstrated limited activity due to a pronounced bid-ask spread. Overall, the average mid-rate for benchmark NTB decreased by 25 bps, settling at 22.48%.

**Outlook:** We expect that the same sentiment will persist tomorrow.

### FGN Bonds

The local bonds market displayed subdued sentiments as participants remained cautious. Nevertheless, some activity was observed on February 2031 and February 2034 papers. Overall, trading volume remained low, with only a limited number of transactions taking place. The average mid-yield concluded at 19.74%.

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

### Eurobonds

The Eurobond market concluded the session positively, driven by substantial buying interest in Angola throughout the day. Strong bids were observed in the belly and long end of the curves for both Angola and Nigeria, carrying forward momentum from the previous day. This bullish trend was influenced by the US Consumer Price Index (CPI), which increased by 2.9% y/y in December 2024, slightly above November's 2.7%. The core CPI, excluding food and energy, rose 3.2% y/y (Est. 3.3% y/y). Consequently, the average mid-yield for Nigerian bonds decreased by 22 bps, settling at 9.26%.

**Outlook:** The bullish performance is anticipated to continue into tomorrow's session.

BENCHMARK T-BILLS DISCOUNT RATES			
	15-Jan-25	14-Jan-25	Change in Rates
85 DAYS	21.47%	21.47%	→ 0.00%
176 DAYS	22.29%	22.29%	→ 0.00%
358 DAYS	21.53%	21.69%	↓ -0.16%

Source: FMDQ DQL for 15-Jan-2025

BENCHMARK FGN BOND YIELDS			
	15-Jan-25	14-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 15-Jan-2025

NFEM (\$/₦)		Diff.
15-Jan-25	1,549.2019	
14-Jan-25	1,547.6695	↑ 1.5324

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
15-Jan-25	(249.32)	
14-Jan-25	(20.24)	↓ (229.08)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.54
AIICO BALANCED FUND	13.48
AIICO EUROBOND FUND	6.93

As of January 14, 2025

BENCHMARK FGN EUROBOND YIELDS			
	15-Jan-25	14-Jan-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.84%	9.10%	↓ -0.26%
10 YRS: NGERIA 7.375% 09/29/31	9.45%	9.66%	↓ -0.21%
15 YRS: NGERIA 7.696% 23/02/31	9.92%	10.12%	↓ -0.20%
30 YRS: NGERIA 8.25% 09/29/51	10.21%	10.37%	↓ -0.16%
8.75% ETI 06/17/31*	8.55%	8.65%	↓ -0.10%

Source: FBN UK Runs for 15-Jan-2025

MACRO INDICATORS	
GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
INFLATION (DECEMBER'2024)	34.80% (Nov'24: 34.60%)
EXTERNAL RESERVE (US\$BILLION)	40.49 (+23.01% YTD as of 14-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*81.99 (+1.42 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market continued its downward trend, with the NGX All-Share Index (NGX-ASI) declining by 1.47% to close at 103,622.09 points. The market capitalization also decreased to ₦62.25 trillion, primarily due to sell-offs in DANGCEM and TRANSPOWER, despite some bargain hunting observed in DANGSUGAR and NASCON. Among the five main indices, three recorded slight positive performances, with the Consumer Goods index leading the gains at 0.99%. In contrast, the Industrial Goods index experienced the most significant decline, falling by 4.70%, while the Insurance index remained relatively unchanged.

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

## Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) exhibited moderate liquidity, with transactions executed within \$/₦1,546.75 and \$/₦1,554.00. At the conclusion of the trading day, the NFEM settled at \$/₦1,549.2019, indicating a depreciation of 10 bps day on day.

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

## Commodities

Oil prices experienced an increase of over 2%, bolstered by a significant decline in U.S. crude oil inventories and possible supply disruptions resulting from new U.S. sanctions on Russia. Meanwhile, a ceasefire agreement in Gaza moderated the extent of the gains. As of the latest reports, Brent crude was priced at \$81.99 per barrel, while WTI was around \$79.97. Similarly, gold prices continued to rise as the U.S. dollar weakened following U.S. core inflation data that came in lower than anticipated. This easing of inflationary pressures has reignited expectations that the Federal Reserve's cycle of easing may not yet be concluded. Gold traded at c.\$2,693.63 per ounce.

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

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
NASCON	38.50	3.50	↑ 10.00%
SUNUASSUR	6.71	0.61	↑ 10.00%
DANGSUGAR	36.85	3.35	↑ 10.00%
SKYAVN	33.15	3.00	↑ 9.95%
AUSTINLAZ	1.99	0.18	↑ 9.94%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
DANGCEM	387.90	-43.10	↓ -10.00%
UNIVINSURE	0.63	-0.07	↓ -10.00%
JOHNHOLT	8.47	-0.94	↓ -9.99%
TRANSPOWER	324.00	-35.88	↓ -9.97%
OMATEK	0.82	-0.09	↓ -9.89%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -1.47%	↓ -2.05%	↓ -0.81%	↓ -0.81%
NSE BANKING INDEX	↑ 0.02%	↑ 0.84%	↑ 2.85%	↑ 2.85%
NSE INSURANCE INDEX	→ 0.00%	↓ -8.18%	↑ 3.91%	↑ 3.91%
NSE INDUSTRIAL GOODS INDEX	↓ -4.70%	↓ -9.61%	↓ -9.41%	↓ -9.41%
NSE CONSUMER GOODS INDEX	↑ 0.99%	↑ 0.85%	↑ 0.89%	↑ 0.89%
NSE OIL & GAS INDEX	↑ 0.15%	↑ 0.66%	↓ -0.17%	↓ -0.17%

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