

DATE: Thursday, 16 January 2025

MARKET COMMENTARY

System Liquidity

The liquidity within the interbank system showed some improvement, although it continues to be negative. Consequently, in the absence of any significant catalysts, interbank rates remained elevated. Specifically, the Overnight Policy Rate (OPR) experienced a slight decline of 4 bps, settling at 32.21%. Meanwhile, the Overnight Rate (O/N) decreased by 3 bps, reaching a level of 32.64%.

Outlook: We anticipate that interbank rates will remain at current levels.

Treasury Bills

The Treasury bills market maintained its positive momentum as investors sought to capitalize on relatively appealing yields. Continued interest was observed across specific maturities, with most of the demand skewed to the long end of the curve. However, there were only a limited number of matching offers from participants looking to realize gains from these rates. Overall, the average mid-rate for benchmark NTB declined by 10 bps, concluding at 22.63%.

Outlook: We anticipate mixed sentiments tomorrow as investors prepare for next week's NTB auction.

FGN Bonds

The local bond market experienced improved activity, particularly at the mid-to-long end of the yield curve. Notable demand was observed on Feb 2031 and Feb 2034 papers, while offers were seen on June 2038 and June 2053 papers. However, overall activity diminished as sellers emerged, prompted by the release of the Q1 2025 FGN bond issuance calendar by the DMO. This calendar includes three offerings: a re-opening of the bond maturing on April 17, 2029; a re-opening of the bond maturing on February 21, 2031; and a newly issued bond maturing in January 2035. In summary, trading volume remained subdued, with a limited number of transactions occurring. The average mid-yield rose by 23 bps, settling at 20.00%.

Outlook: We anticipate a cautious theme tomorrow.

Eurobonds

The Eurobond market exhibited a mixed to bearish trend, as the majority of participants capitalized on the declining yields following a two-day bullish phase to realize gains on their holdings. Notable sell-offs were observed in the Sub-Saharan Africa (SSA) and North African papers across the curve. Additionally, US Retail Sales increased by 0.4% in December, reaching \$729.2 billion, as reported by the US Census Bureau on Thursday. This figure fell short of November's 0.8% increase and did not meet market expectations of a 0.6% rise. As a result, the average mid-yield for Nigerian bonds rose by 7 bps, settling at 9.33%.

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

BENCHMARK T-BILLS DISCOUNT RATES

	16-Jan-25	15-Jan-25	Change in Rates
84 DAYS	21.14%	21.47%	↓ -0.33%
175 DAYS	21.80%	22.29%	↓ -0.49%
357 DAYS	21.41%	21.53%	↓ -0.12%

Source: FMDQ DQL for 16-Jan-2025

BENCHMARK FGN BOND YIELDS

	16-Jan-25	15-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.43%	21.42%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	21.40%	20.86%	↑ 0.54%
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 16-Jan-2025

NFEM (\$/₦)

		Diff.
15-Jan-25	1,549.2019	
15-Jan-25	1,549.2019	→ 0.0000

Source: FMDQ

SYS. LIQ. (₦'BN)

		Diff.
16-Jan-25	(190.50)	
15-Jan-25	(249.32)	↑ 58.82

Source: CBN

NAME OF FUND

EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	22.18
AIICO BALANCED FUND	1.31
AIICO EUROBOND FUND	6.93

As of January 15, 2025

BENCHMARK FGN EUROBOND YIELDS				
	16-Jan-25	15-Jan-25	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	8.95%	8.84%	↑	0.11%
10 YRS: NGERIA 7.375% 09/29/31	9.54%	9.45%	↑	0.09%
15 YRS: NGERIA 7.696% 23/02/31	10.04%	9.92%	↑	0.12%
30 YRS: NGERIA 8.25% 09/29/51	10.29%	10.21%	↑	0.08%
8.75% ETI 06/17/31*	8.55%	8.55%	→	0.00%

Source: FBN UK Runs for 16-Jan-2025

MACRO INDICATORS	
GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
INFLATION (DECEMBER'2024)	34.80% (Nov24: 34.60%)
EXTERNAL RESERVE (US\$BILLION)	40.42 (+22.82% YTD as of 15-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*81.29 (-0.70 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market experienced a rebound today, with the NGX All-Share Index (NGX-ASI) increasing by 9 bps to close at 102,183.06 points. Additionally, the market capitalization rose to ₦62.30 trillion. This positive performance was largely attributed to buying interest in DANGCEM and DANGSUGAR, despite observed sell-offs in ARADEL. Among the five main indices, three showed positive performances, with the Industrial Goods index leading the gains at 1.39%. Conversely, the Insurance and Oil & Gas indices experienced declines.

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

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) witnessed improved liquidity, with transactions executed within \$/₦1,500.00 and \$/₦1,570.00.

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

Commodities

Oil prices experienced a decline after reaching multi-month highs a day prior, influenced by U.S. President Joe Biden's recent sanctions against Russia and a larger-than-expected decrease in U.S. crude oil inventories. Brent crude was priced at \$81.29 per barrel, while WTI was c.\$78.68. In contrast, gold prices increased to a level not seen in over a month, following recent U.S. economic data that put downward pressure on Treasury yields. This shift was prompted by a softer reading of core inflation this week, which heightened expectations for a more accommodating monetary policy from the Federal Reserve. Gold was trading at around \$2,718.00 per ounce.

Outlook: We expect the volatility to continue to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
NNFM	54.45	4.95	↑ 10.00%
DANGSUGAR	40.50	3.65	↑ 9.91%
JOHNHOLT	9.30	0.83	↑ 9.80%
TIP	2.80	0.25	↑ 9.80%
OMATEK	0.90	0.08	↑ 9.76%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
LIVESTOCK	5.40	-0.60	↓ -10.00%
EUNISELL	15.62	-1.73	↓ -9.97%
NEIMETH	3.12	-0.34	↓ -9.83%
REGALINS	0.68	-0.07	↓ -9.33%
HONYFLOUR	9.21	-0.94	↓ -9.26%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.09%	↓ -3.17%	↓ -0.72%	↓ -0.72%
NSE BANKING INDEX	↑ 0.22%	↓ -0.64%	↑ 3.07%	↑ 3.07%
NSE INSURANCE INDEX	↓ -1.27%	↓ -11.26%	↓ -0.96%	↓ -0.96%
NSE INDUSTRIAL GOODS INDEX	↑ 1.39%	↓ -8.19%	↓ -8.15%	↓ -8.15%
NSE CONSUMER GOODS INDEX	↑ 0.20%	↑ 0.58%	↑ 1.09%	↑ 1.09%
NSE OIL & GAS INDEX	↓ -2.49%	↓ -1.90%	↓ -2.66%	↓ -2.66%

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