

# Actionable Market Insights, delivered daily.



DATE: Monday, 20 January 2025

## MARKET COMMENTARY

### System Liquidity

Interbank liquidity improved slightly due to inflows from the FGN bond coupon amounting to c.₦66 billion. However, this was not enough to shift liquidity into positive territory, as most participants continued to rely on the CBN's SLF to fund their operations amid tight market liquidity. As a result, interbank rates remained elevated. Specifically, the Overnight Policy Rate (OPR) saw a slight increase of 5 bps, settling at 32.38%. Meanwhile, the Overnight Rate (O/N) remained relatively unchanged at 32.75%.

**Outlook:** After the recent FAAC meeting, a total of ₦1.424 trillion was approved for distribution among the three tiers of government. Of this amount, ₦673.84 billion is expected to be credited to the market. We anticipate that the market will remain tight until this inflow is received.

### Treasury Bills

The Treasury bills observed a general bias leaning towards the bulls. Demand was primarily focused on the March, December 2025, and January 2026 bills as market participants continued to selectively invest at attractive levels. Nonetheless, the number of executed trades was limited, even as there were only a few matching offers from those looking to take advantage of the low yields to sell off their holdings. Overall, the average mid-rate for benchmark NTBs declined by 5 bps, settling at 22.58%.

**Outlook:** We anticipate cautious trading tomorrow as investors prepare for Wednesday's NTB auction.

### FGN Bonds

The local bonds market was quiet but experienced a bearish sentiment. There were notable offers for the February 2031 and May 2033 bonds. However, due to the significant spread between the bid and ask yields, only a few trades were executed. Overall, the average mid-yield increased by 2 bps, settling at 20.11%.

**Outlook:** We anticipate the same sentiment to persist tomorrow.

### Eurobonds

The Eurobond market displayed a subdued atmosphere, influenced by the Martin Luther King Jr. holiday and the U.S. presidential inauguration that took place today. As a result, the market adopted a cautious "wait-and-see" approach. There were very few trades among local players for some Nigerian bonds, leading to an average mid-yield decline of 7 bps, which settled at 9.29%.

**Outlook:** We anticipate a cautious atmosphere tomorrow as participants will continue to reassess the effects of the new administration's policies.

BENCHMARK T-BILLS DISCOUNT RATES			
	20-Jan-25	17-Jan-25	Change in Rates
94 DAYS	23.69%	21.14%	↑ 2.55%
185 DAYS	21.80%	22.29%	↓ -0.49%
353 DAYS	21.47%	21.47%	→ 0.00%

Source: FMDQ DQL for 20-Jan-2025

BENCHMARK FGN BOND YIELDS			
	20-Jan-25	17-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.44%	21.43%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	21.40%	21.40%	→ 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 20-Jan-2025

NFEM (\$/₦)		Diff.
19-Jan-25	1,547.9989	
17-Jan-25	1,546.7212	↑ 1.2777

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
20-Jan-25	(307.56)	
17-Jan-25	(397.79)	↑ 90.23

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.30
AIICO BALANCED FUND	1.45
AIICO EUROBOND FUND	6.62

As of January 19, 2025

BENCHMARK FGN EUROBOND YIELDS				
	20-Jan-25	17-Jan-25		Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.95%	9.03%	↓	-0.08%
10 YRS: NGERIA 7.375% 09/29/31	9.52%	9.59%	↓	-0.07%
15 YRS: NGERIA 7.696% 23/02/31	10.02%	10.04%	↓	-0.02%
30 YRS: NGERIA 8.25% 09/29/51	10.28%	10.31%	↓	-0.03%
8.75% ETI 06/17/31*	8.45%	8.45%	→	0.00%

Source: FBN UK Runs for 20-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)	40.30 (+22.43% YTD as of 17-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*80.15 (-0.64 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market experienced a slight increase today, with the NGX All-Share Index (NGX-ASI) rising by 2 bps to close at 102,370.36 points. The market capitalization also saw an uptick, reaching ₦62.86 trillion. This positive performance was primarily driven by bargain hunting in stocks such as TRANSCORP, OANDO, FIDELITYBK, and WAPCO. Among the five main indices, three posted gains, with the Insurance Index leading the way with an increase of 2.12%. In contrast, the Consumer Goods and Oil & Gas indices registered declines.

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

## Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced stable liquidity, although demand has continued to push prices higher. Transactions were conducted within a range of \$/₦1,545.00 to \$/₦1,551.50. Ultimately, the NFEM closed at \$/₦1,547.9989, reflecting an 8-bps depreciation from the previous trading day.

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

## Commodities

Oil prices dropped after U.S. President Donald Trump was inaugurated for a second term. He announced that he would immediately declare a national energy emergency, vowing to fill up the strategic reserves and promote American energy exports worldwide. Brent crude was priced at \$80.15 per barrel, while West Texas Intermediate (WTI) was approximately \$76.48. In contrast, gold prices recovered from earlier losses as investors sought insights into the new administration's policies, which could provide further clues about the Federal Reserve's interest rate direction. Gold traded around \$2,697.60 per ounce.

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

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
CAVERTON	2.42	0.22	↑ 10.00%
WAPIC	2.44	0.22	↑ 9.91%
SCOA	2.72	0.24	↑ 9.68%
UPDC	1.84	0.16	↑ 9.52%
UNIVINSURE	0.69	0.06	↑ 9.52%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
EUNISELL	14.06	-1.56	↓ -9.99%
JOHNHOLT	9.20	-0.98	↓ -9.63%
NSLTECH	0.81	-0.08	↓ -8.99%
HONYFLOUR	9.15	-0.75	↓ -7.58%
PZ	23.50	-1.50	↓ -6.00%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.02%	↓ -2.84%	↓ -0.54%	↓ -0.54%
NSE BANKING INDEX	↑ 0.12%	↑ 0.01%	↑ 2.95%	↑ 2.95%
NSE INSURANCE INDEX	↑ 2.12%	↓ -1.57%	↑ 5.22%	↑ 5.22%
NSE INDUSTRIAL GOODS INDEX	↑ 0.17%	↓ -8.04%	↓ -7.99%	↓ -7.99%
NSE CONSUMER GOODS INDEX	↓ -0.46%	↑ 1.03%	↑ 1.21%	↑ 1.21%
NSE OIL & GAS INDEX	↓ -0.11%	↓ -1.15%	↓ -1.75%	↓ -1.75%

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