

DATE: Thursday, 23 January 2025

MARKET COMMENTARY

System Liquidity

Interbank liquidity showed a marginal improvement but continued to operate at a deficit, affected by the net NTB settlement debit of around ₦518.93 billion, which constrained market liquidity despite substantial statutory inflows. As a result, interbank rates edged upward, with the Overnight Policy Rate (OPR) rising by 0.92% to 30.50% and the Overnight Rate (O/N) increasing by 1.11% to settle at 31.67%.

Outlook: Interbank rates are expected to stay at their current levels unless there are significant changes in the market.

Treasury Bills

The Treasury bills market experienced heightened activity today, driven by the outcome of yesterday's NTB auction. The stop rate for the 1-year paper saw a substantial decline of 82.2 bps, closing at 21.80%. Meanwhile, the rates for the 91-day and 182-day papers held steady at 18.00% and 18.50%, respectively. A notable shift in investor interest was evident in the newly issued paper maturing on 22 January 2026, which recorded a drop of c.100 bps. Furthermore, strong demand was observed for the December 2025 and 8 January 2026 bills. Consequently, the average mid-rate for benchmark NTBs declined to 22.46%.

Outlook: We anticipate that the bullish sentiment will continue, although it may do so in a less aggressive manner.

FGN Bonds

The bond market experienced a quiet session, as participants remained cautious ahead of Monday's FGN bond auction. Despite the overall subdued atmosphere, there were some trades observed in the mid part of the curve, especially for one of the on-the-run papers, the Feb 2031 paper. Although only a few transactions took place during the session, the overall average mid-yield saw a decline, settling at 20.21%. Notably, the DMO released the January 2025 FGN Bond Offer Circular today, announcing a total offer of ₦450 billion across three bond issues. This includes ₦100 billion for the re-opened April 2029 bond, ₦150 billion for the re-opened February 2031 bond, and ₦200 billion for the new January 2035 bond.

Outlook: We anticipate the same sentiment to persist tomorrow.

Eurobonds

The Eurobond market continued to experience bearish momentum, with notable selling interests in bonds from oil-producing countries such as Nigeria and Angola. Additionally, there was profit-taking activity observed in Egyptian bonds. As a result, the average mid-yield for Nigerian bonds increased by 5 bps, settling at 9.41%.

Outlook: We anticipate mixed sentiments tomorrow, with potential cherry-picking activity at attractive yields, particularly among oilers, following the decline in oil prices.

BENCHMARK T-BILLS DISCOUNT RATES			
	23-Jan-25	22-Jan-25	Change in Rates
91 DAYS	23.69%	23.69%	→ 0.00%
182 DAYS	21.80%	21.80%	→ 0.00%
350 DAYS	21.40%	21.40%	→ 0.00%

Source: FMDQ DQL for 23-Jan-2025

BENCHMARK FGN BOND YIELDS			
	23-Jan-25	22-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.89%	21.89%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	21.41%	21.41%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	19.45%	19.50%	↓ -0.05%
30 YRS: 15.70% 21-JUN-2053	17.78%	17.78%	→ 0.00%

Source: FMDQ DQL for 23-Jan-2025

NFEM (\$/₦)		Diff.
23-Jan-25	1,550.4787	
22-Jan-25	1,551.9172	↓ (1.4385)

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
23-Jan-25	(148.28)	
22-Jan-25	(193.55)	↑ 45.27

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.04
AIICO BALANCED FUND	1.76
AIICO EUROBOND FUND	6.92

As of January 22, 2025

BENCHMARK FGN EUROBOND YIELDS				
	23-Jan-25	22-Jan-25	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	9.10%	9.04%	↑	0.06%
10 YRS: NGERIA 7.375% 09/29/31	9.67%	9.60%	↑	0.07%
15 YRS: NGERIA 7.696% 23/02/31	10.12%	10.05%	↑	0.07%
30 YRS: NGERIA 8.25% 09/29/51	10.37%	10.33%	↑	0.04%
8.75% ETI 06/17/31*	8.74%	8.64%	↑	0.10%

Source: FBN UK Runs for 23-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)	40.04 (+21.64% YTD as of 22-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*78.10 (-1.00 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market maintained its bearish momentum, albeit with mixed sentiments observed across various stocks. The NGX All-Share Index declined by 5 bps, closing at 102,788.20 points, while the market capitalization settled at ₦63.14 trillion. This negative performance can largely be attributed to selling pressures in MTNN and ARADEL. Conversely, buying interest was noted in TRANSCORP and several banking stocks, including GTCO, UBA, ZENITHBANK, and FCMB. In terms of sector performance, among the five major indices, only the Banking Index recorded an increase, achieving a positive performance of 1.04%. In contrast, the Insurance Index experienced the most significant decline, falling by 1.23%.

Outlook: We anticipate the market to continue to trade with mixed sentiments.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) demonstrated improved liquidity, with transactions occurring within a range of \$/₦1,548.00 to \$/₦1,558.00. Ultimately, the naira appreciated by 9 bps, settling at \$/₦1,550.4787.

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

Commodities

Oil prices declined by over 1%, prompted by U.S. President Donald Trump's call for Saudi Arabia and OPEC to reduce costs during his speech at the World Economic Forum. Brent crude was trading at \$78.10 per barrel, while West Texas Intermediate (WTI) was around \$74.44. In a similar vein, gold prices softened as the dollar gained ground, consolidating after reaching a more than three-month high in the previous session. The market remained attentive to Trump's policies, with gold valued at c.\$2,752.48 per ounce.

Outlook: We expect that uncertainty over how proposed tariffs and energy policies will affect global economic growth and energy demand will continue to weigh on prices.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
SCOA	3.60	0.32	↑ 9.76%
DAARCOMM	0.84	0.07	↑ 9.09%
MAYBAKER	9.00	0.70	↑ 8.43%
PRESTIGE	1.41	0.09	↑ 6.82%
REDSTAREX	5.05	0.24	↑ 4.99%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
MORISON	3.61	-0.40	↓ -9.98%
CILEASING	3.91	-0.43	↓ -9.91%
IKEJAHOTEL	12.30	-1.20	↓ -8.89%
NEIMETH	3.44	-0.32	↓ -8.51%
SUNUASSUR	5.50	-0.48	↓ -8.03%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.05%	↑ 0.59%	↓ -0.13%	↓ -0.13%
NSE BANKING INDEX	↑ 1.04%	↑ 1.84%	↑ 4.97%	↑ 4.97%
NSE INSURANCE INDEX	↓ -1.23%	↑ 5.06%	↑ 4.05%	↑ 4.05%
NSE INDUSTRIAL GOODS INDEX	→ 0.00%	↑ 0.02%	↓ -8.13%	↓ -8.13%
NSE CONSUMER GOODS INDEX	↓ -0.81%	↓ -1.32%	↓ -0.25%	↓ -0.25%
NSE OIL & GAS INDEX	↓ -0.36%	↑ 0.11%	↓ -2.55%	↓ -2.55%

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