

DATE: Monday, 27 January 2025

MARKET COMMENTARY

System Liquidity

Interbank liquidity continued to improve today, leading to a further easing in interbank rates. Specifically, the Overnight Policy Rate (OPR) fell by 0.42% to 26.58%, while the Overnight Rate (O/N) decreased by 0.33% to 27.17%.

Outlook: Interbank liquidity is expected to remain strong, as the OMO maturities of c.₦335 billion will provide additional support.

Treasury Bills

The Treasury bills market opened the week with robust demand for long-term securities, driven by attractive rates amid ample liquidity. The 1-year NTB attracted notable bids around 20.90% - 21.10%, though limited selling due to a wide bid-ask spread resulted in few executed trades. Some interest was observed in short-term April bills, but trading remained minimal. Consequently, the average mid-rate for benchmark NTBs remained stable at 22.44%.

Outlook: We expect mixed sentiments in tomorrow's session.

FGN Bonds

The bond market began the week on a calm note, as market participants focused on the FGN bond auction, where the DMO offered ₦450 billion across three maturities: April 2029, February 2031, and a new issue maturing in January 2035. A slight bearish trend was observed in the February 2031 and May 2033 securities; however, overall trading activity remained minimal. As a result, the average yield remained steady at 20.15%.

Outlook: In light of the recent FGN bond auction results, where the DMO successfully sold ₦606.46 billion, exceeding the offered size of ₦450 billion, we anticipate a mixed to bearish market activity moving forward.

Eurobonds

The Eurobond market began the week on a bearish trend, following a widespread sell-off across the Sub-Saharan Africa and North African regions. This downturn was influenced by pronounced negative sentiments in the technology sector, particularly related to artificial intelligence (AI) equities. Concerns regarding the emergence of a more cost-effective AI model from China, potentially threatening the market dominance of US technology companies, contributed to the overall pessimism. Consequently, the average mid-yield for Nigerian bonds increased by 6 bps to close at 9.42%.

Outlook: We anticipate a recovery in major yield curves tomorrow, as investors may cherry-pick the attractive yields.

BENCHMARK T-BILLS DISCOUNT RATES			
	27-Jan-25	24-Jan-25	Change in Rates
87 DAYS	23.69%	23.69%	→ 0.00%
178 DAYS	21.80%	21.80%	→ 0.00%
346 DAYS	21.40%	21.40%	→ 0.00%

Source: FMDQ DQL for 27-Jan-2025

BENCHMARK FGN BOND YIELDS			
	27-Jan-25	24-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.55%	21.89%	↓ -0.34%
10 YRS: 19.00% 21-FEB-2034	21.35%	21.41%	↓ -0.06%
20 YRS: 15.45% 21-JUN-2038	19.35%	19.45%	↓ -0.10%
30 YRS: 15.70% 21-JUN-2053	17.78%	17.78%	→ 0.00%

Source: FMDQ DQL for 27-Jan-2025

NFEM (\$/₦)		Diff.
27-Jan-25	1,534.5483	
24-Jan-25	1,533.2630	↑ 1.2853

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
27-Jan-25	401.95	
24-Jan-25	211.80	↑ 190.15

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.88
AIICO BALANCED FUND	2.45
AIICO EUROBOND FUND	6.89

As of January 24, 2025

BENCHMARK FGN EUROBOND YIELDS				
	27-Jan-25	24-Jan-25	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	9.09%	9.00%	↑	0.09%
10 YRS: NGERIA 7.375% 09/29/31	9.68%	9.63%	↑	0.05%
15 YRS: NGERIA 7.696% 23/02/31	10.10%	10.07%	↑	0.03%
30 YRS: NGERIA 8.25% 09/29/51	10.37%	10.32%	↑	0.05%
8.75% ETI 06/17/31*	8.83%	8.74%	↑	0.09%

Source: FBN UK Runs for 27-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)	39.95 (+21.39% YTD as of 24-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*76.50 (-2.00 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market commenced the week on a bullish note, as the NGX All-Share Index rose by 79 bps, concluding at 104,418.95 points, while the market capitalization reached ₦64.40 trillion. This notable performance was fueled by heightened buying interest in notable banks such as ACCESSCORP, FBNH, UBA, FIDELITYBK, ZENITHBANK, and GTCO, along with significant interest in NESTLE, PRESCO, and MTNN, despite sell-offs observed in TRANSCOHOT and OANDO. In terms of sector performance, among the five major indices, only two sectors demonstrated positive performance, with the Banking Index leading the gainers, achieving an impressive increase of 4.71%. Conversely, the Insurance, Industrial Goods, and Oil & Gas indices experienced declines.

Outlook: We expect the market to experience mixed sentiments in tomorrow's session.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) exhibited enhanced liquidity, with transactions fluctuating between \$/₦1,530.00 and \$/₦1,537.00. As a result, the naira experienced a slight depreciation of 8 bps, concluding at \$/₦1,534.5483.

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

Commodities

Oil prices declined by c.3%, reaching a two-week low, primarily due to losses in technology and energy sectors on Wall Street. This downturn followed news of increasing interest in the low-cost artificial intelligence model developed by the Chinese startup DeepSeek. Brent crude traded around \$76.50 per barrel, while WTI was priced around \$72.60. Similarly, gold prices experienced a drop of over 1%, pulling back from near-record highs observed in the previous session. This decline is attributed to investors liquidating their bullion positions amid a broader market sell-off triggered by heightened interest in DeepSeek's AI innovations. Gold traded around c.\$2,736.75 per ounce.

Outlook: We expect the volatility to persist.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
BETAGLAS	65.00	5.90	↑ 9.98%
RTBRISCOE	2.77	0.25	↑ 9.92%
ACCESSCORP	27.80	2.50	↑ 9.88%
CHELLARAM	4.47	0.40	↑ 9.83%
SKYAVN	36.40	3.25	↑ 9.80%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
MRS	180.90	-20.10	↓ -10.00%
TRANSCOHOT	114.65	-12.70	↓ -9.97%
EUNISELL	11.40	-1.26	↓ -9.95%
JOHNHOLT	7.50	-0.80	↓ -9.64%
CAVERTON	2.12	-0.22	↓ -9.40%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.79%	↑ 2.00%	↑ 1.45%	↑ 1.45%
NSE BANKING INDEX	↑ 4.71%	↑ 8.87%	↑ 12.08%	↑ 12.08%
NSE INSURANCE INDEX	↓ -0.95%	↓ -4.17%	↑ 0.84%	↑ 0.84%
NSE INDUSTRIAL GOODS INDEX	↓ -0.03%	↓ -0.09%	↓ -8.08%	↓ -8.08%
NSE CONSUMER GOODS INDEX	↑ 1.74%	↑ 0.97%	↑ 2.19%	↑ 2.19%
NSE OIL & GAS INDEX	↓ -0.89%	↓ -1.71%	↓ -3.42%	↓ -3.42%

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