

# Actionable Market Insights, Delivered Weekly.

**AIICO  
CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 03 January 2025

### Money Market

This week, system liquidity experienced fluctuations. It began with significant inflows from Remita, which helped drive interbank rates lower, with the Overnight Policy Rate (OPR) falling to 26.50% and the Overnight Rate (O/N) decreasing to 27.14%. Midweek, liquidity tightened due to an OMO auction that offered ₦500 billion, along with net debits via the CRR. This increase in demand pushed interbank rates up to between 28% and 30%. Later in the week, liquidity rebounded, supported by inflows from a Signature bonus and Remita credits. Despite these fluctuations, the OPR saw a slight increase of 25 bps w/w, rising to 26.75%, while the O/N rate increased by 14 bps w/w, reaching 27.25%.

**Outlook:** The interbank rates are expected to remain stable unless significant debits occur, as liquidity will be further supported by credits of c.₦300 billion from OMO maturities.

### Treasury Bills

The Treasury Bills market traded with mixed sentiments this week. Early activity focused on the recently issued 1-year NTB (25 Dec 2025), with limited offers meeting demand. The CBN's OMO auction sold ₦500 billion across 358- and 365-day maturities at stop rates of 23.93% and 23.95%, slightly lower than prior levels. Midweek, interest in the December 2025 paper persisted, with trades at 22.00%. By week's end, activities concentrated on the long end, supported by improved interbank liquidity. Overall, the average mid-rate for benchmark NTBs declined by 14bps to close at 23.01%.

**Outlook:** We anticipate a cautious approach next week, with a bullish undertone, though the DMO will offer c.₦515 billion at the NTB auction, compared to about ₦74.406 billion maturing.

### FGN Bonds

The local bonds market remained quiet this week, with selective interest in mid- and long-term maturities. Early sessions focused on the February 2031 and May 2033 papers, later extending to February 2034 and June 2053. While demand persisted, executed volumes stayed weak throughout the week. By the end of the week, the activity centered on the belly-to-tail end of the curve, and participants cherry-picked attractive yields. Overall, the average mid-yield across the curve rose by 6bps, closing at 19.61%.

**Outlook:** The FGN Bonds market is expected to trade sideways as participants await the Q1 2025 FGN bond issuance calendar.

### Eurobonds Markets

The Eurobond market started the year on a subdued note but gradually gained momentum. Initial sessions saw mixed activity, with limited bids for Nigerian and Egyptian bonds and slight weakness in Angola. Midweek, a bullish tone emerged, driven by increased interest in SSA and North African sovereign bonds, particularly from Nigeria, Angola, and Egypt. By week's end, Angola and Nigeria led a rally as oil prices climbed, while Egypt gained from positive IMF developments that could unlock a \$1.2 billion disbursement. Overall, the average mid-yield for Nigerian Eurobonds declined by 22bps, closing at 9.32%.

**Outlook:** We expect sentiments to remain next week, though cautiously, as participants continue to reassess the current global macroeconomic conditions.

BENCHMARK T-BILLS DISCOUNT RATES			
	03-Jan-25	27-Dec-24	Change in Rates
83 days	23.70%	24.78%	↓ -1.08%
174 days	22.37%	22.37%	→ 0.00%
321 days	21.50%	21.50%	→ 0.00%

Source: FMDQ DQL for 03-Jan-2025

BENCHMARK FGN BOND YIELDS			
	03-Jan-25	27-Dec-24	Change in Yield
5 yrs: 14.55% 26-Apr-2029	21.20%	21.18%	↑ 0.02%
10 yrs: 19.00% 21-Feb-2034	20.86%	20.85%	↑ 0.01%
20 yrs: 15.45% 21-Jun-2038	19.02%	19.02%	→ 0.00%
30 yrs: 15.70% 21-Jun-2053	16.98%	16.99%	↓ -0.01%

Source: FMDQ DQL for 03-Jan-2025

NFEM RATE (\$/N)		Diff.
3-Jan-25	1,535.00	
27-Dec-24	1,535.00	→ 0.00

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
3-Jan-25	871.20	↑ 134.85
27-Dec-24	736.36	

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	24.47
AIICO BALANCED FUND	12.85
AIICO EUROBOND FUND	7.35

As of December 31, 2024

BENCHMARK FGN EUROBOND YIELDS			
	03-Jan-25	27-Dec-24	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	8.80%	8.98%	↓ -0.18%
10 yrs: NGERIA 7.375% 09/29/33	9.49%	9.72%	↓ -0.23%
15 yrs: NGERIA 7.696% 23/02/38	9.98%	10.19%	↓ -0.21%
30 yrs: NGERIA 8.25% 09/29/51	10.26%	10.42%	↓ -0.16%
8.75% ETI 06/17/31*	8.56%	8.75%	↓ -0.19%

Source: FBN UK Runs for 03-Jan-2025

MACRO INDICATORS	
GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
Inflation (November'2024)	34.60% (Oct'24: 33.88%)
External Reserve (US\$'billion)	40.88 (+24.22% YTD as of 02-Jan-25)
Monetary Policy Rate	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*76.51 (+2.34 w/w)

Source: NBS,CBN, AIICO Capital

## Nigerian Equities

The bulls continued to lead in the Nigerian stock market this week, driven by strong buying interest in BUAFOODS, MTNN, WAPCO, OKOMUOIL, and UNILEVER. Additionally, investors showed enthusiasm for insurance stocks as the new year began, with PRESTIGE, SOVREININS, WAPIC, UNIVINSURE, GUINEAINS, ROYALEX, LASACO, and LINKASSURE all achieving double-digit closing figures this week. The All-Share Index increased by 1.42% week-on-week, printing at 103,586.33 points, while the market capitalization rose to ₦63.16 trillion.

**Outlook:** We expect the bullish activity in the Nigerian equity market to persist next week.

## Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) maintained stability throughout the week, supported by improved liquidity. Transactions ranged between \$/₦1,520.00 and \$/₦1,550.00, with enhanced activity midweek at \$/₦1,538.00 to \$/₦1,545.00. By week's end, liquidity remained strong, with trades narrowing to \$/₦1,531.00 and \$/₦1,540.00. Overall, the Naira showed little movement, closing the week steady at \$/₦1,535.00.

**Outlook:** We expect the Naira to continue trading within a similar range.

## Commodities

Oil prices experienced weekly increases, supported by expectations of additional economic stimulus in China and declining U.S. interest rates. Brent crude reached a price of about \$76.51 per barrel, while WTI was around \$73.96. Gold prices pulled back from a three-week peak, influenced by a strong dollar, as markets prepared for potential economic and trade changes under U.S. President-elect Donald Trump. Gold was priced at around \$2,637.78 per ounce.

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

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
BUAFOODS	415.00	↑ 5.09%	↑ 664.46	↑ 45.73%
MTNN	200.00	↑ 3.09%	↑ 224.29	↑ 15.44%
WAPCO	71.50	↑ 3.62%	↑ 73.96	↑ 5.09%
OKOMUOIL	444.00	↑ 9.98%	↑ 70.60	↑ 4.86%
UNILEVER	36.00	↑ 20.00%	↑ 63.31	↑ 4.36%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
OANDO	64.50	↓ -4.23%	↓ 65.07	↓ -4.48%
STANBIC	58.00	↓ -3.33%	↓ 47.59	↓ -3.28%
MULTIVERSE	8.05	↓ -86.80%	↓ 41.45	↓ -2.85%
PZ	25.00	↓ -13.79%	↓ 29.17	↓ -2.01%
DANSUGAR	32.75	↓ -3.82%	↓ 29.00	↓ -2.00%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.39%	↑ 1.42%	↑ 0.39%	↑ 0.64%
NSE Banking Index	↑ 1.08%	↑ 0.58%	↑ 1.08%	↑ 1.35%
NSE Insurance Index	↑ 7.81%	↑ 26.91%	↑ 7.81%	↑ 18.05%
NSE Industrial Goods Index	↑ 0.33%	↑ 0.50%	↑ 0.33%	↑ 0.31%
NSE Consumer Goods Index	↑ 0.52%	↑ 2.16%	↑ 0.52%	↑ 0.68%
NSE Oil & Gas Index	↓ -0.49%	↓ -0.45%	↓ -0.49%	↓ -0.52%

Source: NGX, Bloomberg, AIICO Capital

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