

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 24 January 2025

Money Market

Interbank liquidity fluctuated throughout the week, influenced by FGN bond coupon inflows, FAAC payments, and Remita credits. Early in the week, liquidity improved slightly but remained negative, keeping interbank rates elevated. Midweek saw significant recovery due to additional inflows, leading to declines in the Overnight Policy Rate (OPR) and Overnight Rate (O/N). However, net NTB settlement debits temporarily constrained liquidity before a late-week surge in Remita inflows eased pressure. By week's end, the OPR dropped 53bps w/w to 27.00%, while the O/N declined 525bps w/w to 27.50%.

Outlook: The market is expected to maintain sufficient liquidity, supported by ₦335.00 billion in OMO maturities and forthcoming FAAC disbursements. However, the settlement of the FGN bond auction may cause rates to rise.

Treasury Bills

The Treasury bills market exhibited a bullish bias this week, with selective demand focused on December 2025 and January 2026 bills. Early sessions saw subdued activity as participants awaited the NTB auction, where the DMO offered ₦530 billion across tenors. The auction results drove heightened activity, as subscription totaled ₦2.535 trillion and allotment printed at ₦756.01 billion, with the 1-year paper's stop rate declining by 82.2bps to 21.80%. Meanwhile, the rates for the 91 day and 182-day papers held steady at 18.00% and 18.50%, respectively. Investor interest shifted to newly issued 22 January 2026 bill, which saw a c.100bps drop in yield. By week's end, emphasis was on long-tenor bills, with the average mid-rate for benchmark NTBs declining 19bps w/w to 22.44%.

Outlook: We anticipate that the mixed to bullish activity will continue into the upcoming week, even as investors redirect their focus towards the FGN bond auction.

FGN Bonds

The local bonds market experienced a quiet but bearish week, driven by selling interest, particularly in the February 2031 bond, with offers around 22.30%-22.50%. Activity remained subdued as participants anticipated higher yields at the upcoming FGN bond auction. The DMO announced a ₦450 billion offer across three bonds: April 2029 (₦100 billion), February 2031 (₦150 billion), and January 2035 (₦200 billion). By week's end, mixed trading was observed, primarily in short- to mid-tenor bonds like April 2029 and February 2031. Overall, the average mid-yield across the curve rose by 6bps w/w to close at 20.15%.

Outlook: The primary focus for the upcoming week will be the FGN bond auction; therefore, we anticipate a period of cautious activity in the interim.

Nigerian Equities

The Nigerian equities market rebounded this week, with the All-Share Index (ASI) gaining 1.22% w/w to close at 103,598.30 points, while the market capitalization improved to ₦63.6 trillion, driven by bargain hunting in MTNN (+6.39%), TRANSPOWER, TRANSCORP, and banking stocks such as GTCO, UBA, ZENITHBANK, FIDELITYBK, and ACCESSCORP. Later in the week, Foreign Portfolio Investors (FPIs) showed some interest in GTCO and ZENITHBANK but sold few positions in MTNN and NB. Significant off-market trades included 972.67 million WEMABANK shares at ₦10.00 and 4 million BUAFOODS shares. LASACO listed an additional 9.25 billion shares via private placement, and GUINNESS hit a 52-week high at ₦77.00 following strong earnings.

Outlook: We expect the market to trade mixed sentiments next week.

BENCHMARK T-BILLS DISCOUNT RATES			
	24-Jan-25	17-Jan-25	Change in Rates
90 days	23.69%	21.14%	↑ 2.55%
181 days	21.80%	22.29%	↓ -0.49%
349 days	21.40%	21.47%	↓ -0.07%

Source: FMDQ DQL for 24-Jan-2025

BENCHMARK FGN BOND YIELDS			
	24-Jan-25	17-Jan-25	Change in Yield
5 yrs: 14.55% 26-Apr-2029	21.54%	21.43%	↑ 0.11%
10 yrs: 19.00% 21-Feb-2034	21.35%	21.40%	↓ -0.05%
20 yrs: 15.45% 21-Jun-2038	19.35%	19.02%	↑ 0.33%
30 yrs: 15.70% 21-Jun-2053	17.78%	17.50%	↑ 0.28%

Source: FMDQ DQL for 24-Jan-2025

NFEM RATE (\$/₦)			Diff.
24-Jan-25	1,533.2630		
17-Jan-25	1,546.7212		↓ (13.4582)

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
24-Jan-25	211.80	
17-Jan-25	(397.79)	↑ 609.58

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

	24-Jan-25	17-Jan-25	Change in Yield
5 yrs: NGERIA 8.375% 03/24/29	9.00%	9.03%	↓ -0.03%
10 yrs: NGERIA 7.375% 09/29/31	9.63%	9.59%	↑ 0.04%
15 yrs: NGERIA 7.696% 23/02/31	10.07%	10.04%	↑ 0.03%
30 yrs: NGERIA 8.25% 09/29/51	10.32%	10.31%	↑ 0.01%
8.75% ETI 06/17/31*	8.74%	8.45%	↑ 0.29%

Source: FBN UK Runs for 24-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)	39.99 (+21.51% YTD as of 23-Jan-25)
Monetary Policy Rate	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*78.50 (-2.29 w/w)

Source: NBS,CBN, AICO Capital

Eurobonds Market

The Eurobond market began the week subdued due to the Martin Luther King Jr. holiday and the U.S. presidential inauguration. Limited trading led to a 7bps decline in Nigerian bonds' average mid-yield to 9.29%. The market turned bearish midweek, with selling pressure on Sub-Saharan African bonds, particularly in Nigeria and Angola, as Angola announced plans to raise over \$2 billion in Eurobonds. Egyptian bonds, however, saw buying interest initially before profit-taking set in. By week's end, the market rallied on dovish remarks by President Trump, where he indicated a preference against imposing additional tariffs on China, alleviating concerns about trade tensions. His dovish remarks boosted global risk appetite, with investors showing interest in higher-yielding assets like SSA Eurobonds. Additionally, Trump reiterated his call for lower interest rates, asserting that they would promote economic growth and enhance competitiveness. Overall, the average mid-yield of Nigerian Eurobond yields closed flat week-on-week at 9.36%.

Outlook: Next week, a cautious approach is anticipated as investors divert their focus toward the first Federal Open Market Committee (FOMC) meeting of the year (Jan 28 -29, 2025).

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) exhibited stable liquidity throughout the week, although sustained demand initially pushed prices higher. Transactions fluctuated within ranges of \$/₦1,480.00 to \$/₦1,570.00 earlier in the week, narrowing to \$/₦1,548.00 to \$/₦1,558.00 as liquidity improved. By Friday, increased supply from Foreign Portfolio Investors (FPIs) strengthened the Naira, with trades ranging between \$/₦1,515.00 and \$/₦1,550.00. The Central Bank's active participation further supported the currency. Overall, the Naira appreciated by 87bps week-on-week, closing at \$/₦1,533.2630.

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

Commodities

Oil prices rose slightly but recorded a weekly decline, ending four weeks of gains following U.S. President Donald Trump's announcement to enhance domestic production and his call for OPEC to lower crude prices. Brent crude reached approximately \$78.50 per barrel, while West Texas Intermediate (WTI) was around \$74.66. Similarly, Gold prices climbed over 1%, nearing the all-time high set in October, as a weakening dollar—impacted by Trump's push for lower interest rates and tariff uncertainties—contributed to its fourth consecutive weekly gain. Gold was valued at about \$2,772.79 per ounce.

Outlook: The prospect of U.S. sanctions on Russia and Iran, key oil producers, could undermine President Trump's goal of reducing energy costs by disrupting oil supply stability and potentially increasing prices.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
MTNN	247.90	↑ 6.39%	556.99	↑ 44.74%
TRANSCORP	52.00	↑ 10.76%	376.99	↑ 30.28%
GTCO	61.25	↑ 5.60%	175.67	↑ 14.11%
UBA	36.50	↑ 7.67%	163.30	↑ 13.12%
ZENITHBANK	49.60	↑ 5.98%	161.45	↑ 12.97%

Source: NGX, AICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
DANGSUGAR	35.00	↓ -9.09%	78.08	↓ -6.27%
FBNH	28.70	↓ -1.71%	32.96	↓ -2.65%
CORNERST	3.48	↓ -14.29%	19.35	↓ -1.55%
SUNUASSUR	5.01	↓ -25.11%	17.93	↓ -1.44%
NB	31.00	↓ -2.82%	16.99	↓ -1.36%

Source: NGX, AICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.79%	↑ 1.22%	↑ 0.65%	↑ 0.65%
NSE Banking Index	↑ 1.97%	↑ 4.09%	↑ 7.04%	↑ 7.04%
NSE Insurance Index	↓ -2.15%	↓ -1.20%	↑ 1.80%	↑ 1.80%
NSE Industrial Goods Index	↑ 0.09%	↑ 0.12%	↓ -8.05%	↓ -8.05%
NSE Consumer Goods Index	↑ 0.70%	↓ -1.20%	↑ 0.44%	↑ 0.44%
NSE Oil & Gas Index	→ 0.00%	↓ -0.93%	↓ -2.55%	↓ -2.55%

Source:NGX, Bloomberg, AICO Capital

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