

DATE: Monday, 03 February 2025

MARKET COMMENTARY

System Liquidity

Today, opening interbank liquidity fell into negative territory, primarily due to the settlement of ₦1 trillion OMO auction allotment last Friday, along with some CRR deductions. This situation resulted in an increase in interbank rates. In particular, the Overnight Policy Rate (OPR) surged by 2.93%, reaching 32.07%, while the Overnight Rate (O/N) rose by 3.07%, closing at 32.64%.

Outlook: Interbank rates are anticipated to stay elevated unless there are significant changes to the current liquidity status in the market.

Treasury Bills

The Treasury bills market commenced the week with subdued activity, particularly concentrated on the longer maturities, notably the January NTB and OMO bills. Demand was observed from a limited number of participants, while others sought to take advantage of lower yields by liquidating their positions. Despite the overall quietness, a considerable volume of trades was executed during the day. Consequently, the average mid-rate for benchmark NTBs settled at 22.20%.

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

FGN Bonds

The local bonds market commenced the week with a cautious approach, marked by a lack of extensive activity across the curve. Most transactions were concentrated in the Feb 2031 and Jan 2035 bond papers. Ultimately, the average mid-yield concluded the session at 20.31%.

Outlook: We anticipate the same sentiment to persist tomorrow.

Eurobonds

The Eurobond market commenced the week with a pronounced bearish trend, as prices dropped by over 1 pts across the SSA curves and North African securities. This decline was reflective of a broader global market selloff, triggered by President Trump's recent tariffs on key trading partners, which reignited concerns regarding a potential trade war. Amidst increasing uncertainty, investors adopted a cautious stance, as the tariffs raised expectations for higher interest rates, a stronger dollar, and escalating inflationary pressures. Nonetheless, following constructive discussions between Trump and Mexico regarding a one-month deferral of the tariff's implementation, the market experienced a revival in buying interest, with investors selectively acquiring appealing securities. Consequently, the average mid-yield for Nigerian bonds rose by 6 bps, to 9.32%.

Outlook: We expect the market to continue to trade cautiously tomorrow.

BENCHMARK T-BILLS DISCOUNT RATES			
	03-Feb-25	31-Jan-25	Change in Rates
80 DAYS	21.03%	21.03%	→ 0.00%
171 DAYS	19.87%	19.87%	→ 0.00%
339 DAYS	20.84%	20.84%	→ 0.00%

Source: FMDQ DQL for 03-Feb-2025

BENCHMARK FGN BOND YIELDS			
	03-Feb-25	31-Jan-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.58%	21.57%	↑ 0.01%
10 YRS: 19.00% 21-FEB-2034	21.35%	21.35%	→ 0.00%
20 YRS: 15.45% 21-JUN-2038	19.35%	19.35%	→ 0.00%
30 YRS: 15.70% 21-JUN-2053	17.78%	17.78%	→ 0.00%

Source: FMDQ DQL for 03-Feb-2025

NFEM (\$/₦)		Diff.
31-Jan-25	1,478.2200	
31-Jan-25	1,478.2200	→ 0.0000

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
3-Feb-25	(76.47)	
31-Jan-25	721.34	↓ (797.80)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.25
AIICO BALANCED FUND	2.15
AIICO EUROBOND FUND	6.88

As of February 02, 2025

BENCHMARK FGN EUROBOND YIELDS			
	03-Feb-25	31-Jan-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.92%	8.85%	↑ 0.07%
10 YRS: NGERIA 7.375% 09/29/31	9.64%	9.57%	↑ 0.07%
15 YRS: NGERIA 7.696% 23/02/31	10.02%	9.98%	↑ 0.04%
30 YRS: NGERIA 8.25% 09/29/51	10.26%	10.25%	↑ 0.01%
8.75% ETI 06/17/31*	8.93%	8.83%	↑ 0.10%

Source: FBN UK Runs for 03-Feb-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)	39.72 (+20.69% YTD as of 31-Jan-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*75.49 (-1.32 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian equities market closed positive as the All-Share Index (ASI) gained 13bps driven by bargain hunting in MTNN, PRESCO, OKOMUOIL and TRANSCORP, bringing YTD returns to 1.66%. Market breadth tilted negative, with 21 gainers against 35 losers. BETAGLAS and PRESCO topped advancers (+10%), while UPL led decliners (-10%). Sectoral performance was mixed. The NGX Banking Index lost 40bps, dragged by FBNH (-1.5%) and ZENITHBANK (-1.19%), while FCMB (+0.9%) provided support. The NGX Consumer Index fell 61bps, weighed by CHAMPION (-6.33%) and CADBURY (-4.35%). However, the NGX Oil & Gas Index edged up 2bps, and BETAGLAS (+10%) lifted the Industrial Index. Market activity remained strong, though value traded declined 14.07% to \$8.86m. Banking stocks dominated, with notable crosses in FBNH, ZENITHBANK, and UBA.

Outlook: We expect the market to remain active tomorrow, with mixed sentiments.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced a fair amount of liquidity, with most trades ranging from \$/₦1,437.70 to \$/₦1,541.00.

Outlook: We anticipate that the Naira will continue to trade within this range as liquidity dynamics evolve.

Commodities

Oil prices decreased after initially rising by more than \$1 earlier in the day, due to the United States and Mexico declaring a temporary pause on tariffs that the U.S. had planned to impose on its neighbor. President Donald Trump had set tariffs on Canada, Mexico, and China to take effect on Tuesday, raising alarms about possible supply disruptions. Currently, Brent crude traded around \$75.49 per barrel, while West Texas Intermediate (WTI) was at c.\$72.49 per barrel. In the precious metals sector, gold prices surged to a record high, fueled by safe-haven investments as concerns about inflation, linked to Trump's tariffs on Canada, China, and Mexico, grow, potentially affecting economic growth. Gold is currently priced at about \$2,821.62 per ounce.

Outlook: We anticipate ongoing volatility, as tariffs on Canadian energy imports are likely to have a more significant impact on domestic energy markets compared to those on Mexican imports. This could ultimately undermine one of the president's main goals of reducing energy costs.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
BETAGLAS	78.65	7.15	↑ 10.00%
PRESCO	643.50	58.50	↑ 10.00%
OKOMUOIL	537.20	48.79	↑ 9.99%
NNFM	66.65	6.05	↑ 9.98%
CHELLARAM	7.18	0.65	↑ 9.95%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
UPL	5.04	-0.56	↓ -10.00%
OMATEK	0.73	-0.08	↓ -9.88%
SCOA	3.67	-0.40	↓ -9.83%
LASACO	2.75	-0.25	↓ -8.33%
NGXGROUP	27.10	-2.40	↓ -8.14%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.13%	↑ 0.20%	↑ 0.13%	↑ 1.66%
NSE BANKING INDEX	↓ -0.40%	↓ -2.47%	↓ -0.40%	↑ 9.32%
NSE INSURANCE INDEX	↑ 0.54%	↓ -1.39%	↑ 0.54%	↓ -0.57%
NSE INDUSTRIAL GOODS INDEX	↓ -0.10%	↓ -0.59%	↓ -0.10%	↓ -8.62%
NSE CONSUMER GOODS INDEX	↓ -0.61%	↑ 1.61%	↓ -0.61%	↑ 3.84%
NSE OIL & GAS INDEX	↑ 0.02%	↑ 1.89%	↑ 0.02%	↓ -1.59%

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