

DATE: Tuesday, 04 February 2025

MARKET COMMENTARY

System Liquidity

Interbank liquidity opened significantly higher today, driven by increased inflows into the system. As a result, interbank rates eased notably. The Overnight Policy Rate (OPR) declined by 4.07% to settle at 28.00%, while the Overnight Rate (O/N) dropped by 4.06%, closing at 28.58%.

Outlook: Interbank rates are anticipated to stay at current levels barring any significant changes to the current liquidity status.

Treasury Bills

The Treasury bills market continued to attract buying interest, supported by enhanced market liquidity. Investors showed persistent demand, especially for longer-term instruments such as the December and January NTB and OMO papers. However, matching offers were limited, as sellers were holding out for further yield declines ahead of tomorrow's auction. Consequently, the average mid-rate for benchmark NTBs decreased by 2 bps to 22.18%.

Outlook: Tomorrow's focus will be on the NTB auction, where the CBN is set to offer ₦670 billion across the 91-day, 182-day, and 364-day papers.

FGN Bonds

The local bonds market showed noticeable buying interest while maintaining a stable trajectory. The primary focus of interest was on the bonds maturing in February 2031 and January 2035. As a result, the average mid-yield decreased by 5 bps, settling at 20.26%.

Outlook: We anticipate the same sentiment to persist tomorrow, even as focus turns to the NTB auction.

Eurobonds

In the Eurobond market, risk-off sentiment eased due to President Trump's tariff suspension, which improved risk sentiment and spurred broad-based buying interest. This led to tightening yields as demand for emerging market debt increased, following China's countermeasures against U.S. trade tariffs that have heightened tensions between the two countries. Consequently, the average mid-yield for Nigerian bonds declined by 7 bps, to 9.25%.

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

BENCHMARK T-BILLS DISCOUNT RATES			
	04-Feb-25	03-Feb-25	Change in Rates
79 DAYS	21.03%	21.03%	→ 0.00%
170 DAYS	19.87%	19.87%	→ 0.00%
338 DAYS	20.59%	20.84%	↓ -0.25%

Source: FMDQ DQL for 04-Feb-2025

BENCHMARK FGN BOND YIELDS			
	04-Feb-25	03-Feb-25	Change in Yield
5 YRS: 14.55% 26-APR-2029	21.58%	21.58%	→ 0.00%
10 YRS: 19.00% 21-FEB-2034	21.36%	21.35%	↑ 0.01%
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 04-Feb-2025

NFEM (\$/₦)		Diff.
4-Feb-25	1,497.4100	
3-Feb-25	1,488.9900	↑ 8.4200

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
4-Feb-25	201.55	
3-Feb-25	(76.47)	↑ 278.01

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.88
AIICO BALANCED FUND	3.39
AIICO EUROBOND FUND	6.83

As of February 03, 2025

BENCHMARK FGN EUROBOND YIELDS				
	04-Feb-25	03-Feb-25	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	8.82%	8.92%	↓	-0.10%
10 YRS: NGERIA 7.375% 09/29/31	9.54%	9.64%	↓	-0.10%
15 YRS: NGERIA 7.696% 23/02/31	9.94%	10.02%	↓	-0.08%
30 YRS: NGERIA 8.25% 09/29/51	10.23%	10.26%	↓	-0.03%
8.75% ETI 06/17/31*	8.93%	8.93%	→	0.00%

Source: FBN UK Runs for 04-Feb-2025

MACRO INDICATORS	
GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
INFLATION (DECEMBER/2024)	34.80% (Nov/24: 34.60%)
EXTERNAL RESERVE (US\$BILLION)	39.60 (+20.32% YTD as of 03-Feb-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*74.55 (-0.94 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian equities market closed positive as the All-Share Index (ASI) gained 15bps, spurred by buying interest in PRESCO, MTNN and GTCO, thus, pushing YTD returns to 1.81%. Market breadth remained strong, with 38 gainers outpacing 23 losers. REDSTAREX and UNIVINSURE led advancers (+10%), while IKEJAHOTEL declined the most (-9.55%). Sectoral performance was mixed. The NGX Banking Index edged up 3bps, buoyed by FCMB (+3.14%) and GTCO (+1.56%), despite losses in ZENITHBANK (-1.6%) and STANBIC (-1.32%). Consumer stocks gained 16bps, supported by NNFM (+9.98%) and HONYFLOUR (+2.37%). The Industrial Index rose 5bps, while Oil & Gas dipped 1bp. Trading activity surged, with value traded jumping 50.07% to \$13.22m. FBNH and GEREGU led flows, with notable crosses in UACN, GTCO, and WAPCO.

Outlook: We expect the same sentiment to persist in the interim.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) saw a good level of liquidity, with the majority of transactions occurring between \$/₦1,494.00 and \$/₦1,502.00. Overall, the Naira depreciated by 57bps, closing at ₦1,497.4100.

Outlook: We expect the Naira to maintain its trading range.

Commodities

Crude oil prices experienced a decline as U.S. tariffs on China came into effect, prompting Beijing to announce its own retaliatory measures, which intensified fears of a trade war. Additionally, President Trump opted to postpone significant tariffs on Canada and Mexico for one month. Brent crude traded around \$74.55 per barrel, while West Texas Intermediate (WTI) was priced at c.\$71.13 per barrel. In the precious metals market, gold prices reached an all-time high as investors flocked to this safe-haven asset in the wake of China's counter-tariffs on the U.S. Gold was valued at about \$2,837.29 per ounce.

Outlook: We anticipate that ongoing trade tensions between the U.S. and China may dampen demand for oil, leading to continued pressure on prices.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
UNIVINSURE	0.66	0.06	↑ 10.00%
REDSTAREX	5.50	0.50	↑ 10.00%
NNFM	73.30	6.65	↑ 9.98%
BETAGLASS	86.50	7.85	↑ 9.98%
CHELLARAM	7.89	0.71	↑ 9.89%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
IKEJAHOTEL	9.95	-1.05	↓ -9.55%
NEM	12.05	-0.85	↓ -6.59%
SUNUASSUR	5.35	-0.35	↓ -6.14%
CONHALLPLC	3.15	-0.20	↓ -5.97%
ROYALEX	0.96	-0.03	↓ -3.03%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.15%	↑ 0.80%	↑ 0.28%	↑ 1.81%
NSE BANKING INDEX	↑ 0.03%	↓ -1.24%	↓ -0.37%	↑ 9.35%
NSE INSURANCE INDEX	↓ -0.52%	↓ -1.88%	↑ 0.01%	↓ -1.09%
NSE INDUSTRIAL GOODS INDEX	↑ 0.05%	↑ 1.20%	↓ -0.05%	↓ -8.57%
NSE CONSUMER GOODS INDEX	↑ 0.16%	↑ 2.04%	↓ -0.45%	↑ 4.01%
NSE OIL & GAS INDEX	↓ -0.01%	↑ 0.82%	↑ 0.01%	↓ -1.60%

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