

DATE: Wednesday, 05 February 2025

MARKET COMMENTARY

System Liquidity

Interbank liquidity opened significantly lower today, plunging into negative territory, which led to a notable rise in interbank rates. The Overnight Policy Rate (OPR) increased by 3.50%, settling at 31.50%, while the Overnight Rate (O/N) also saw a rise of 3.42%, closing at 32.00%.

Outlook: The market expects a net credit of ₦285.37 billion from Treasury bills redemption, with interbank rates likely to decrease.

Treasury Bills

The Treasury Bills market saw a quiet trading session as participants stayed on the sidelines due to the NTB auction, with limited demand for the 27 Jan 2026 OMO bill and few offers, as sellers anticipated lower yields afterwards. Ahead of the NTB primary auction, offering ₦670 billion across three tenors, interest on 22 Jan 2026 was scarce. Consequently, the average mid-rate for benchmark NTBs decreased by 13 bps to 22.05%.

Outlook: The NTB auction results showed a significant drop in 1-year paper stop rate to 20.32%. We anticipate a bullish session tomorrow as unmet demand will drive activity in the secondary market.

FGN Bonds

The local bonds market had a positive trading session, fueled by interest in the New Apr 2029, Feb 2031, and Jan 2035 securities, leading to a decline in rates. However, as the day drew to a close, demand lessened as traders anticipated the outcome of the NTB auction. As a result, the average mid-yield fell by 9 bps, closing at 20.17%.

Outlook: We expect strong bullish sentiment tomorrow as investors actively pursue high-yielding securities, driven by the results of today's NTB auction.

Eurobonds

In the Eurobond market, there was strong investor interest in Sub-Saharan Africa (SSA) Eurobonds, driven by a positive risk outlook following the halting of proposed tariffs between the U.S., Mexico, and Canada. This reduction in trade tensions increased demand for higher-yield emerging market assets, as investors aimed to benefit from the anticipated market stability. However, the U.S. job openings report (JOLTS) fell more than expected, decreasing by 556,000 to 7.6 million in December 2024, below the forecast of 8.0 million. As a result, the average mid-yield for Nigerian bonds dropped by 7 bps to 9.17%.

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

BENCHMARK T-BILLS DISCOUNT RATES			
	05-Feb-25	04-Feb-25	Change in Rates
92 DAYS	20.75%	20.75%	→ 0.00%
183 DAYS	20.24%	20.24%	→ 0.00%
337 DAYS	20.59%	20.59%	→ 0.00%

Source: FMDQ DQL for 05-Feb-2025

BENCHMARK FGN BOND YIELDS			
	05-Feb-25	04-Feb-25	Change in Yield
5 YRS: 19.30% 17-APR-2029	21.12%	21.80%	↓ -0.68%
10 YRS: 22.60% 29-JAN-2035	22.02%	22.35%	↓ -0.33%
13 YRS: 15.45% 21-JUN-2038	19.35%	19.35%	→ 0.00%
28 YRS: 15.70% 21-JUN-2053	17.78%	17.78%	→ 0.00%

Source: FMDQ DQL for 05-Feb-2025

NFEM (\$/₦)		Diff.
4-Feb-25	1,497.4100	
4-Feb-25	1,497.4100	→ 0.0000

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
5-Feb-25	(266.52)	
4-Feb-25	201.55	↓ (468.06)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.97
AIICO BALANCED FUND	3.81
AIICO EUROBOND FUND	6.79

As of February 04, 2025

BENCHMARK FGN EUROBOND YIELDS

	05-Feb-25	04-Feb-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.71%	8.82%	↓ -0.11%
10 YRS: NGERIA 7.375% 09/29/31	9.51%	9.54%	↓ -0.03%
15 YRS: NGERIA 7.696% 23/02/31	9.91%	9.94%	↓ -0.03%
30 YRS: NGERIA 8.25% 09/29/51	10.17%	10.23%	↓ -0.06%
8.75% ETI 06/17/31*	8.83%	8.93%	↓ -0.10%

Source: FBN UK Runs for 05-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)	39.55 (+20.16% YTD as of 04-Feb-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*74.65 (+0.10 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian equities market closed strong as the All-Share Index (ASI) gained 51bps due to buying interest in banking names – FBNH, GTCO, ACCESSCORP and ZENITHBANK, bringing YTD returns to 2.33%. Market breadth was positive, with 37 gainers outweighing 21 losers. GUINEAINS (+10%) led advancers, while MAYBAKER (-9.88%) topped the laggards. The banking sector drove market gains, as the NGX Banking Index surged 317bps, bolstered by FBNH (+9.56%), ACCESSCORP (+6.31%), and GTCO (+3.23%). The NGX Industrial and Oil & Gas indices also posted gains, while Consumer Goods dipped 44bps due to losses in INTBREW (-4.5%) and HONYFLOUR (-1.89%). Trading activity surged, with value traded up 44.86% to \$19.17m. ACCESSCORP led with a massive 450m cross at N26.55, accounting for 43.61% of total market trades.

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

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) saw a fair amount of liquidity, with most of the transactions occurring between \$/₦1,469.00 and \$/₦1,510.00.

Outlook: As foreign inflows remained strong, the outlook for the Naira seemed poised for further stability.

Commodities

Oil prices experienced a decline of over 2% due to a significant rise in U.S. crude and gasoline stockpiles, indicating weaker demand. Additionally, concerns about a potential China-U.S. trade war contributed to fears of slower economic growth. Brent crude futures fell by \$1.55, or 2.03%, to \$74.65 a barrel, while U.S. West Texas Intermediate crude (WTI) decreased by \$1.57, or 2.16%, to \$71.13. In contrast, gold prices continued to rise as investors sought safe-haven assets amid escalating trade concerns. Spot gold increased by 1.2%, reaching \$2,875.15 per ounce, after setting a record high of \$2,882.16 earlier in the session.

Outlook: If Iranian sanctions are reinstated, the resulting supply constraints could maintain rising oil prices, especially with OPEC+ producers' anticipated adjustments falling short of expectations.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
GUINEAINS	0.88	0.08	↑ 10.00%
ETERNA	30.35	2.75	↑ 9.96%
CADBURY	24.30	2.20	↑ 9.95%
INTENEGINS	2.33	0.21	↑ 9.91%
FBNH	32.10	2.80	↑ 9.56%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
MAYBAKER	7.75	-0.85	↓ -9.88%
ACADEMY	2.72	-0.28	↓ -9.33%
THOMASWY	1.85	-0.19	↓ -9.31%
DEAPCAP	1.02	-0.07	↓ -6.80%
TIP	3.53	-0.25	↓ -6.72%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.51%	↑ 0.74%	↑ 0.79%	↑ 2.33%
NSE BANKING INDEX	↑ 3.17%	↑ 1.13%	↑ 2.79%	↑ 12.82%
NSE INSURANCE INDEX	↓ -0.67%	↓ -0.90%	↓ -0.65%	↓ -1.75%
NSE INDUSTRIAL GOODS INDEX	↑ 0.09%	↑ 1.28%	↑ 0.03%	↓ -8.49%
NSE CONSUMER GOODS INDEX	↓ -0.44%	↑ 0.78%	↓ -0.89%	↑ 3.54%
NSE OIL & GAS INDEX	↑ 0.31%	↓ -2.14%	↑ 0.32%	↓ -1.29%

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