

DATE: Tuesday, 11 February 2025

## MARKET COMMENTARY

### System Liquidity

Interbank liquidity continued to be deeply negative due to ongoing market illiquidity. As a result, interbank rates remained high, with the Overnight Policy Rate (OPR) at 32.36% and the Overnight Rate (O/N) at 32.86%.

**Outlook:** Given little expectation of incoming funds tomorrow, we expect interbank rates will stay unchanged at their current levels.

### Treasury Bills

The Treasury Bills market experienced a busy trading session, with significant buying interest observed across the board as participants targeted attractive yields, particularly at the short and long ends of the curve. Matching offers also emerged from market players despite ongoing liquidity challenges. A substantial volume of trades was executed, primarily focusing on the 22 Jan 26 and 5 Feb 26 maturities. Meanwhile, the average mid-rate for benchmark Nigerian Treasury Bills rose by 17 bps to 21.50%.

**Outlook:** We expect investors to maintain a selective approach, focusing on securities that offer attractive pricing.

### FGN Bonds

The Bonds market showed a mixed to downward trend, with selling pressure dominating the Feb 2031 and Jan 2035 maturities as some investors aimed to lock in profits and adjust their positions ahead of the upcoming FGN bond auction later this month. Consequently, the overall average mid-yield increased by 3 bps, ending at 19.68%.

**Outlook:** We anticipate a continuation of the same market sentiment in tomorrow's trading session.

### Eurobonds

The Eurobond market trended downward as investors remained cautious ahead of Federal Reserve Chair Jerome Powell's two-day testimony. Selling pressure was observed across the curves for Sub-Saharan African (SSA) and North African bonds. Overall, the average mid-yield for Nigerian bonds rose to 9.21%.

**Outlook:** We anticipate a partial rebound in tomorrow's session as investors selectively target attractively priced bonds.

BENCHMARK T-BILLS DISCOUNT RATES			
	11-Feb-25	10-Feb-25	Change in Rates
86 DAYS	20.75%	20.75%	→ 0.00%
177 DAYS	20.24%	20.24%	→ 0.00%
345 DAYS	19.10%	19.42%	↓ -0.32%

Source: FMDQ DQL for 11-Feb-2025

BENCHMARK FGN BOND YIELDS			
	11-Feb-25	10-Feb-25	Change in Yield
5 YRS: 19.30% 17-APR-2029	20.90%	20.90%	→ 0.00%
10 YRS: 22.60% 29-JAN-2035	21.48%	21.68%	↓ -0.20%
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 11-Feb-2025

BENCHMARK FGN EUROBOND YIELDS			
	11-Feb-25	10-Feb-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.74%	8.75%	↓ -0.01%
10 YRS: NGERIA 7.375% 09/29/31	9.53%	9.53%	→ 0.00%
15 YRS: NGERIA 7.696% 23/02/31	9.94%	9.92%	↑ 0.02%
30 YRS: NGERIA 8.25% 09/29/51	10.22%	10.20%	↑ 0.02%
8.75% ETI 06/17/31*	9.14%	9.14%	→ 0.00%

Source: FBN UK Runs for 11-Feb-2025

NFEM (\$/₦)		Diff.
11-Feb-25	1,503.0718	
10-Feb-25	1,499.7800	↑ 3.2918

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
11-Feb-25	(572.77)	
10-Feb-25	(509.26)	↓ (63.51)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.39
AIICO BALANCED FUND	3.81
AIICO EUROBOND FUND	6.84

As of February 10, 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)	39.27 (+19.32% YTD as of 10-Feb-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*77.00 (+1.47 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian equities market closed higher as the ASI gained 65bps, although it was a mixed bag with profit-taking extended in banking names, whereas buying interest in DANGCEM and TRANSCORP, thus, bringing YTD returns to 3.54%. Market breadth remained positive, with 40 gainers against 25 decliners. ELLAHLAKES (+10%) led the gainers, while INTENEGINS (-9.78%) topped the losers. The NGX Banking Index gained 44bps, driven by UBA (+1.84%) and ZENITHBANK (+0.98%), while FIDELITYBK (-1.01%) dragged. The Consumer Index fell 52bps due to NB (-5%), while NASCON (+2.44%) and HONYFLOUR (+9.93%) gained. The Industrial Index jumped 240bps on BETAGLAS (+6.15%) and DANGCEM (+5.3%). Trading activity rose, with value traded up 12.95% to \$7.81m. Key crosses included 12m OANDO and 20m ACCESSCORP. DANGCEM (+5.30%) and TRANSCORP (+8.91%) were the main drivers of the market's strong performance.

**Outlook:** We expect the market to trade mixed sentiments in tomorrow's session.

## Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) continued to face upward pressure driven by sustained high demand for foreign currency, with trades largely ranging between \$/₦1,500.00 and \$/₦1,508.00. By the end of trading, the Naira weakened slightly by 22 bps, closing at \$/₦1,503.0718.

**Outlook:** We expect the Naira to continue to trade around similar levels.

## Commodities

Oil prices climbed to a two-week high as concerns over Russian and Iranian supply disruptions due to sanctions, along with escalating Middle East tensions, outweighed fears that trade tariffs could fuel inflation and slow global growth. Brent crude gained \$1.13 (1.5%) to close at \$77.00 per barrel, while U.S. WTI crude rose \$1.00 (1.4%) to \$73.32. Meanwhile, gold prices dipped as investors took profits following a record high, though sentiment remained bullish amid fears of a global trade war triggered by U.S. President Donald Trump's new tariffs. Spot gold edged down 0.1% to \$2,904.87 per ounce at 01:41 p.m. ET, after touching an intraday peak of \$2,942.70.

**Outlook:** We anticipate continued market fluctuations as tariffs and retaliatory measures could particularly impact oil-dependent sectors of the global economy, fueling uncertainty around future demand.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING		
	PRICE	GAIN(N)	% CHANGE
ELLAHLAKES	3.63	0.33	↑ 10.00%
HONYFLOUR	11.51	1.04	↑ 9.93%
ETERNA	44.30	4.00	↑ 9.93%
ACADEMY	3.28	0.29	↑ 9.70%
IKEJAHOTEL	13.50	1.15	↑ 9.31%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING		
	PRICE	LOSS(N)	% CHANGE
INTENEGINS	2.03	-0.22	↓ -9.78%
EUNISELL	12.05	-1.30	↓ -9.74%
SOVRENINS	1.21	-0.12	↓ -9.02%
GUINEAINS	0.80	-0.05	↓ -5.88%
NEIMETH	3.21	-0.17	↓ -5.03%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.65%	↑ 1.70%	↑ 1.99%	↑ 3.54%
NSE BANKING INDEX	↑ 0.44%	↑ 4.43%	↑ 4.04%	↑ 14.20%
NSE INSURANCE INDEX	↑ 0.19%	↑ 3.81%	↑ 3.82%	↑ 2.68%
NSE INDUSTRIAL GOODS INDEX	↑ 2.40%	↑ 3.41%	↑ 3.35%	↓ -5.46%
NSE CONSUMER GOODS INDEX	↓ -0.52%	↓ -0.57%	↓ -1.02%	↑ 3.41%
NSE OIL & GAS INDEX	↓ -0.02%	↑ 0.63%	↑ 0.64%	↓ -0.99%

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