

DATE: Wednesday, 12 February 2025

## MARKET COMMENTARY

### System Liquidity

Interbank liquidity worsened further, sinking deeper into negative territory as the liquidity crunch intensified. Consequently, interbank rates stayed elevated, with the Overnight Policy Rate (OPR) at 32.38% and the Overnight Rate (O/N) reaching 32.75%.

**Outlook:** We expect interbank rates to remain steady at their current levels.

### Treasury Bills

The Treasury Bills market saw a subdued session, though sentiment leaned bullish, especially toward the longer end of the curve. As a result, only a few transactions were executed. Meanwhile, the CBN announced an OMO auction scheduled for the following day, with ₦600 billion on offer—₦300 billion each across the 355-day and 362-day tenors. Overall, the average mid-rate for benchmark Nigerian Treasury Bills dropped by 24 bps to 21.27%.

**Outlook:** We expect investors to remain cautious tomorrow, ahead of the OMO auction.

### FGN Bonds

The bond market exhibited a mixed trend, with particular interest in the Feb 2031, May 2033, and Jan 2035 maturities. However, trading activity was constrained by widening bid-ask spreads. As a result, the overall average mid-yield rose to 19.70%.

**Outlook:** We expect the current market sentiment to persist during tomorrow's trading session.

### Eurobonds

The Eurobond market erased its early gains after US CPI data exceeded expectations, showing inflation rising for the fourth consecutive month in January due to higher food and energy costs. This could hinder progress in curbing inflation as President Trump implements import tariffs. Core inflation also accelerated, prompting economists to predict delayed Federal Reserve rate cuts. Nigerian bonds' average mid-yield settled at 9.19%, while US consumer prices rose 3% year-on-year (Previous and Estimate at 2.90%), the highest since June.

**Outlook:** We expect some recovery in tomorrow's session as investors selectively acquire bonds at attractive prices.

BENCHMARK T-BILLS DISCOUNT RATES			
	12-Feb-25	11-Feb-25	Change in Rates
85 DAYS	20.75%	20.75%	→ 0.00%
176 DAYS	20.24%	20.24%	→ 0.00%
344 DAYS	19.10%	19.10%	→ 0.00%

Source: FMDQ DQL for 12-Feb-2025

BENCHMARK FGN BOND YIELDS			
	12-Feb-25	11-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%	21.48%	→ 0.00%
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 12-Feb-2025

BENCHMARK FGN EUROBOND YIELDS			
	12-Feb-25	11-Feb-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.70%	8.74%	↓ -0.04%
10 YRS: NGERIA 7.375% 09/29/31	9.50%	9.53%	↓ -0.03%
15 YRS: NGERIA 7.696% 23/02/31	9.92%	9.94%	↓ -0.02%
30 YRS: NGERIA 8.25% 09/29/51	10.21%	10.22%	↓ -0.01%
8.75% ETI 06/17/31*	8.94%	9.14%	↓ -0.20%

Source: FBN UK Runs for 12-Feb-2025

NFEM (\$/₦)		Diff.
12-Feb-25	1,504.3000	
11-Feb-25	1,503.0718	↑ 1.2282

Source: FMDQ

SYS. LIQ. (₦BN)		Diff.
12-Feb-25	(668.26)	
11-Feb-25	(572.77)	↓ (95.49)

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 (DECEMBER2024)	34.80% (Nov24: 34.60% )
EXTERNAL RESERVE (US\$BILLION)	39.22 (+19.17% YTD as of 11-Feb-25)
MONETARY POLICY RATE	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*75.18 (-1.82 d/d)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian equities market extended its positive momentum, with the ASI rising by 117bps to push the YTD gain to 4.76%, driven majorly by bargain hunting in DANGCEM, TRANSCOHOT, TRANSPOWER, TRANSCORP, PRESCO and WAPCO. Market breadth was strong, as 51 stocks advanced while 16 declined. VFDGROUP and IKEJAHOTEL (+10%) led the gainers, while CWG (-8.95%) topped the losers. Trading activity was mixed, with STERLINGNG leading in volume (49.61m shares) and ZENITHBANK topping value traded (N1.31b). The NGX Banking Index gained 49bps, supported by ETI (+2.24%) and UBA (+1.29%). The Consumer Index climbed 144bps, driven by HONYFLOUR (+9.99%) and UNILEVER (+5.82%). Market sentiment remained bullish, with significant upticks from DANGCEM (+3.88%) and TRANSCOHOTEL (+9.99%) driving the ASI higher. The total value traded declined by 13% to \$6.78m.

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

## Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) experienced sustained demand pressure for foreign currency amid limited supply, keeping the market largely bid. Trades were mostly conducted within the range of \$/₦1,501.00 to \$/₦1,513.00. By the close of trading, the Naira depreciated by 8 basis points, settling at \$/₦1,504.3.

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

## Commodities

Oil prices dropped by over 2% after U.S. President Donald Trump made his first significant diplomatic move toward ending the Ukraine war, which has been a key factor in supporting oil prices due to supply concerns. Brent crude declined by \$1.82, or 2.36%, closing at \$75.18 per barrel, while U.S. West Texas Intermediate (WTI) crude fell \$1.95, or 2.66%, to settle at \$71.37. Meanwhile, gold prices remained stable, supported by safe-haven demand amid growing fears of a global trade war triggered by Trump's new tariffs. Investors also processed hotter-than-expected U.S. inflation data. Spot gold held steady at \$2,895.30 per ounce as of 2:39 p.m. ET (1939 GMT), while U.S. gold futures edged down 0.1% to \$2,928.70.

**Outlook:** We expect ongoing market volatility amid rising inflation and the potential for a peaceful resolution in Ukraine.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
IKEJAHOTEL	14.85	1.35	↑ 10.00%
VFDGROUP	52.80	4.80	↑ 10.00%
HONYFLOUR	12.66	1.15	↑ 9.99%
TRANSCOHOT	126.10	11.45	↑ 9.99%
ETERNA	48.70	4.40	↑ 9.93%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
CWG	8.65	-0.85	↓ -8.95%
REGALINS	0.70	-0.06	↓ -7.89%
LASACO	3.20	-0.25	↓ -7.25%
ROYALEX	0.90	-0.07	↓ -7.22%
SCOA	3.43	-0.24	↓ -6.54%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 1.17%	↑ 2.37%	↑ 3.18%	↑ 4.76%
NSE BANKING INDEX	↑ 0.49%	↑ 1.72%	↑ 4.56%	↑ 14.76%
NSE INSURANCE INDEX	↓ -0.04%	↑ 4.47%	↑ 3.78%	↑ 2.64%
NSE INDUSTRIAL GOODS INDEX	↑ 2.11%	↑ 5.50%	↑ 5.53%	↓ -3.46%
NSE CONSUMER GOODS INDEX	↑ 1.44%	↑ 1.31%	↑ 0.40%	↑ 4.90%
NSE OIL & GAS INDEX	↑ 0.20%	↑ 0.51%	↑ 0.83%	↓ -0.79%

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