

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 07 February 2025

Money Market

The interbank market experienced heightened volatility this week, primarily driven by liquidity fluctuations. The week opened with a liquidity shortfall due to the ₦1 trillion OMO auction settlement and CRR deductions, pushing interbank rates higher. Midweek saw temporary relief from system inflows, leading to a brief decline in rates. However, liquidity tightened again, despite a ₦285.37 billion treasury bill redemption, keeping rates elevated. By week's end, liquidity remained constrained, with the Overnight Policy Rate (OPR) rising 3.28% w/w to 32.42% and the Overnight Rate (O/N) increasing 3.18% w/w to 32.75%.

Outlook: Interbank rates are anticipated to remain at similar levels, barring any significant catalysts.

Treasury Bills

The Treasury Bills market experienced mixed sentiments throughout the week. Early sessions saw subdued activity, with investors cautiously trading longer-term maturities, including January NTB and OMO bills. Liquidity-driven demand intensified midweek, particularly for December and January papers, though sellers remained reluctant ahead of the NTB auction. The CBN's NTB auction, offering ₦670 billion against ₦955.369 billion maturity, attracted ₦3.218 trillion in subscriptions, with the stop rate for the 1-year falling to 20.32% (vs 21.80% prev.) on the 364-day tenor. Post-auction, unsuccessful bidders fueled secondary market demand, supporting bullish sentiment. By week's end, activity remained robust, with the average mid-rate for benchmark NTBs declining 40bps w/w to 21.76%.

Outlook: We anticipate mixed to bullish activity as investors continue to cherry-pick the available high-yielding papers.

FGN Bonds

The local bonds market started the week on a cautious note, with trading focused on the February 2031 and January 2035 maturities. As the week progressed, buying interest strengthened, particularly in the newly issued April 2029, alongside February 2031, May 2033, and January 2035 securities. Midweek, demand softened ahead of the NTB auction, but trading rebounded as participants shifted attention to the secondary market. By week's end, bullish sentiment prevailed across the curve, leading to a 54bps w/w decline in the average mid-yield, which closed at 19.78%.

Outlook: Next week, we anticipate mixed to bullish sentiments as investors seek appealing yields across the curve.

Nigerian Equities

The Nigerian equities market continued its upward trend, with the All-Share Index (ASI) climbing 138bps week-over-week and exceeding the 105,000-point mark. This growth was largely fueled by strong interest in banking stocks, including FBNH, GTCO, ACCESSCORP, UBA, ZENITHBANK, and FIDELITYBK. Additionally, notable performances were observed in companies like PRESCO, MTNN, WAPCO, OKOMUOIL, and TRANSCORP. Investor sentiment was uplifted by recent earnings reports and positioning for upcoming corporate activities, leading many stocks to achieve new 52-week highs. There was also significant activity from offshore investors in ZENITHBANK, FIDELITYBK, OKOMUOIL, STANBIC, and GUINNESS, reflecting strong foreign interest in the market.

Outlook: We expect the market to trade mixed sentiments next week.

BENCHMARK T-BILLS DISCOUNT RATES			
	07-Feb-25	31-Jan-25	Change in Rates
90 days	20.75%	21.03%	↓ -0.28%
181 days	20.24%	19.87%	↑ 0.37%
335 days	19.35%	20.84%	↓ -1.49%

Source: FMDQ DQL for 07-Feb-2025

BENCHMARK FGN BOND YIELDS			
	07-Feb-25	31-Jan-25	Change in Yield
5 yrs: 19.30% 17-Apr-2029	20.90%	21.79%	↓ -0.89%
10 yrs: 22.60% 29-Jan-2035	21.68%	22.60%	↓ -0.92%
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 07-Feb-2025

NFEM RATE (\$/₦)		Diff.
7-Feb-25	1,500.4100	
31-Jan-25	1,478.2200	↑ 22.1900

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
7-Feb-25	(315.94)	
31-Jan-25	721.34	↓ (1,037.28)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.21
AIICO BALANCED FUND	3.81
AIICO EUROBOND FUND	6.98

As of February 05, 2025

BENCHMARK FGN EUROBOND YIELDS				
	07-Feb-25	31-Jan-25	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	8.81%	8.85%	↓	-0.04%
10 yrs: NGERIA 7.375% 09/29/31	9.59%	9.57%	↑	0.02%
15 yrs: NGERIA 7.696% 23/02/31	10.00%	9.98%	↑	0.02%
30 yrs: NGERIA 8.25% 09/29/51	10.24%	10.25%	↓	-0.01%
8.75% ETI 06/17/31*	8.93%	8.83%	↑	0.10%

Source: FBN UK Runs for 07-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)	39.45 (+19.87% YTD as of 06-Feb-25)
Monetary Policy Rate	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*74.71 (-2.10 w/w)

Source: NBS,CBN, AIICO Capital

Eurobonds Market

The Eurobond market opened the week with a bearish trend, as SSA and North African securities declined over 1pt due to renewed trade war fears following President Trump's tariff announcement. However, sentiment improved after the U.S. deferred tariffs on Mexico, sparking a rebound in buying interest. Midweek, mixed sentiments emerged, with early SSA demand fading due to profit-taking. Strong investor appetite returned following eased trade tensions, though weaker U.S. job openings data tempered optimism. By week's end, profit-taking persisted after U.S. payroll data. The average mid-yield for Nigerian Eurobonds rose 1bp w/w, closing at 9.27%.

Outlook: We expect to see some mixed activity next week.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) saw moderate liquidity throughout the week, with trades fluctuating between \$/₦1,437.70 and \$/₦1,541.00. Midweek, the Naira depreciated by 57bps, closing at ₦1,497.41, as transactions ranged between \$/₦1,494.00 and \$/₦1,502.00. Demand for foreign currency remained strong, with rates oscillating between \$/₦1,450.00 and \$/₦1,520.00. By Friday, improved dollar liquidity pushed trades to a \$/₦1,496.00 – \$/₦1,503.00 range, with the Naira closing at \$/₦1,500.41, marking a 1.5% w/w depreciation. The CBN extended the BDC FX purchase window to May 30, 2025, limiting operators to a \$25,000 weekly purchase from a single bank, reinforcing regulatory measures to stabilize liquidity.

Outlook: With foreign inflows continuing to be robust, the Naira's outlook appears set for enhanced stability.

Commodities

Oil prices rose on Friday due to new sanctions on Iran's crude exports, although they were still set for a third consecutive week of decline amid renewed U.S.-China trade tensions and potential tariffs. Brent crude futures increased by 42 cents to \$74.71 a barrel, facing a 2.6% weekly drop. Similarly, U.S. West Texas Intermediate crude climbed 39 cents to \$71, down 2% for the week. Gold prices also surged, nearing a sixth week of gains as investors sought safety amid trade escalations, with spot gold rising 0.5% to \$2,871.59 per ounce and reaching a record high of \$2,886.62 earlier.

Outlook: Tariffs and pauses will continue to create uncertainty in the oil market, likely driving prices higher as traders speculate on potential supply disruptions and adjust to changing trade dynamics.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
PRESCO	700.20	↑ 19.69%	↑ 211.57	↑ 14.72%
FBNH	33.00	↑ 10.18%	↑ 201.06	↑ 13.99%
MTNN	255.00	↑ 2.00%	↑ 186.91	↑ 13.01%
GTCO	64.00	↑ 4.83%	↑ 159.45	↑ 11.10%
ACCESSCORI	28.00	↑ 7.69%	↑ 130.56	↑ 9.09%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
STANBIC	62.00	↓ -3.65%	↓ 55.92	↓ -3.89%
NB	34.00	↓ -5.03%	↓ 33.97	↓ -2.36%
SUNUASSUR	5.01	↓ -12.87%	↓ 7.90	↓ -0.55%
CORNERST	3.30	↓ -4.90%	↓ 5.67	↓ -0.39%
INTBREW	5.40	↓ -1.82%	↓ 4.93	↓ -0.34%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.48%	↑ 1.38%	↑ 1.38%	↑ 2.92%
NSE Banking Index	↑ 1.72%	↑ 4.66%	↑ 4.66%	↑ 14.87%
NSE Insurance Index	↑ 1.64%	↑ 1.61%	↑ 1.61%	↑ 0.49%
NSE Industrial Goods Index	↑ 0.77%	↑ 0.85%	↑ 0.85%	↓ -7.74%
NSE Consumer Goods Index	↑ 0.11%	↓ -0.60%	↓ -0.60%	↑ 3.85%
NSE Oil & Gas Index	↑ 0.11%	↑ 0.56%	↑ 0.56%	↓ -1.06%

Source: NGX, Bloomberg, AIICO Capital

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