

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 14 February 2025

Money Market

The interbank market remained deeply negative throughout the week due to persistent illiquidity. Consequently, the Overnight Policy Rate (OPR) and Overnight Rate (O/N) hovered above 32.0%, reflecting the tight liquidity conditions. Midweek, liquidity worsened further, keeping interbank rates elevated. Although there was a slight improvement at the start of one session, liquidity pressures intensified following the settlement of the OMO auction, which drained c.₦1.39 trillion. By week's end, the liquidity deficit deepened further, pushing OPR up by 3bps w/w to 32.45% and O/N up by 5bps w/w to 32.80%, sustaining elevated funding costs in the market.

Outlook: We expect that the ongoing liquidity crunch will continue, with interbank rates likely to remain steady at their current levels in the coming week.

Treasury Bills

The Treasury Bills market started the week with mild activity as low system liquidity led to sell-offs to fund obligations. Midweek, demand surged, with significant buying interest in the 22 Jan 26 and 5 Feb 26 maturities, despite persistent liquidity constraints. Sentiment turned bullish towards longer-tenor bills, but trading remained subdued ahead of the CBN's OMO auction. The auction saw strong demand, with the CBN selling ₦1.39 trillion against ₦1.91 trillion in subscriptions. Stop rates for 355-day and 362-day bills settled at 21.32% and 21.45%, respectively. By week's end, activity focused on long-term papers, bringing a 44bps w/w decline in NTB mid-rates to 21.32%.

Outlook: We expect cautious trading next week as investors turn their attention to the NTB auction, which will offer ₦700 billion across three tenors: 91-day, 182-day, and 364-day.

FGN Bonds

The local bonds market exhibited a mixed trend throughout the week, initially leaning bearish with offers present across the curve. Key maturities, including April 2029, February 2031, and January 2035, saw significant interest. Midweek, selling pressure increased on the February 2031 and January 2035 bonds as investors locked in profits ahead of the upcoming FGN bond auction. Trading remained constrained by widening bid-ask spreads, with subdued demand in the mid-tenor segment. By week's end, limited activity persisted, leading to a 5-10bps increase in yields, though the average mid-yield across the curve declined 3bps w/w to 19.78%.

Outlook: We anticipate mixed market sentiment next week, with investors selectively targeting appealing yields primarily in the mid-range maturities of the curve.

Nigerian Equities

The Nigerian equities market closed the week on a strong note as the All-Share Index gained 200bps w/w. Positive sentiments were driven by renewed interest in DANGCEM and bargain hunting in TRANSCORP, MTNN, TRANSCOHOT, PRESCO, ETI, and WAPCO, offsetting losses in BUAFOODS and FIDELITYBK. Buying interest was broad-based, with HONYFLOUR, ETERNA, and PZ trading limits up across sessions. Notably, offshore investors showed interest in GUINNESS, DANGCEM, OKOMUOIL, NB, and WAPCO. Several stocks hit new 52-week highs, including NNFEM (₦80.60), ETERNA (₦48.70), and VFDGROUP (₦58.00). Meanwhile, FBNHoldings rebranded as First HoldCo Plc, and trading in THOMASWY was suspended. In capital markets, ZENITHBANK listed 9.67 billion new shares, while Stanbic's rights issue remains open until February 21, 2025.

Outlook: We anticipate that the market will exhibit mixed sentiments next week.

BENCHMARK T-BILLS DISCOUNT RATES			
	14-Feb-25	07-Feb-25	Change in Rates
83 days	20.13%	20.75%	↓ -0.62%
174 days	19.75%	20.24%	↓ -0.49%
342 days	18.93%	19.35%	↓ -0.42%

Source: FMDQ DQL for 14-Feb-2025

BENCHMARK FGN BOND YIELDS			
	14-Feb-25	07-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	21.63%	21.68%	↓ -0.05%
13 yrs: 15.45% 21-Jun-2038	19.35%	19.35%	→ 0.00%
28 yrs: 15.70% 21-Jun-2053	17.60%	17.78%	↓ -0.18%

Source: FMDQ DQL for 14-Feb-2025

NFEM RATE (\$/₦)		Diff.
13-Feb-25	1,507.8800	
7-Feb-25	1,500.4100	↑ 7.4700

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
14-Feb-25	(3,101.44)	
7-Feb-25	(315.94)	↓ (2,785.50)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.04
AIICO BALANCED FUND	5.34
AIICO EUROBOND FUND	6.91

As of February 12, 2025

BENCHMARK FGN EUROBOND YIELDS				
	14-Feb-25	07-Feb-25	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	8.52%	8.81%	↓	-0.29%
10 yrs: NGERIA 7.375% 09/29/31	9.30%	9.59%	↓	-0.29%
15 yrs: NGERIA 7.696% 23/02/31	9.77%	10.00%	↓	-0.23%
30 yrs: NGERIA 8.25% 09/29/51	10.05%	10.24%	↓	-0.19%
8.75% ETI 06/17/31*	8.94%	8.93%	↑	0.01%

Source: FBN UK Runs for 14-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)	39.10 (+18.79% YTD as of 13-Feb-25)
Monetary Policy Rate	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*75.39 (+0.68 w/w)

Source: NBS,CBN, AIICO Capital

Eurobonds Market

The Eurobond market experienced mixed movements throughout the week. Early in the week, investor sentiment was cautious amid concerns over Trump's 25% tariffs on steel and aluminum and potential retaliatory measures from China. Selling pressure emerged across Sub-Saharan and North African bonds ahead of Fed Chair Powell's testimony. Midweek, US CPI data came in higher than expected, fueling inflation concerns and delaying potential Fed rate cuts, pushing Nigerian Eurobond yields to 9.19%. However, the market rebounded, with strong demand despite weaker oil prices. By the week's close, the bullish sentiment prevailed amid war de-escalation talks, bringing Nigeria's average mid-yield down by 26bps to 9.01%.

Outlook: We expect mixed sentiments to prevail next week.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) remained under sustained demand pressure throughout the week, with limited supply driving a predominantly bid market. Early in the week, trades ranged between \$/₦1,480.00 and \$/₦1,515.00, but demand pushed rates higher, with transactions later occurring between \$/₦1,500.00 and \$/₦1,513.00. However, improved dollar liquidity was observed towards the end of the week as the central bank intervened in the NAFEM market to ease FX demand pressure. As a result, trades on Friday ranged between \$/₦1,480.64 and \$/₦1,522.00, providing some relief to the market.

Outlook: We anticipate that the Naira will continue to trade within a similar range.

Commodities

Oil prices increased on expectations that U.S. reciprocal tariffs won't take effect until April, offering a reprieve from potential trade conflicts. By 1418 GMT, Brent futures rose by 0.49% to \$75.39 a barrel, while U.S. West Texas Intermediate (WTI) crude gained 0.34%, reaching \$71.53. Both were on track for c.1% weekly gains. Meanwhile, gold prices dropped over 1% due to profit-taking but remained poised for their seventh consecutive weekly rise, driven by trade war concerns, with spot gold at \$2,892.59 an ounce as of 11:35 a.m. ET.

Outlook: We anticipate that increases in oil prices might appear restricted as market players need to absorb the possibility of Russian supplies returning to the market, considering potential peace discussions between Ukraine and Russia.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
DANGCEM	480.00	↑ 21.83%	↑ 2,691.40	↑ 126.92%
TRANSCORP	60.00	↑ 11.11%	↑ 447.91	↑ 21.12%
MTNN	264.20	↑ 3.61%	↑ 343.91	↑ 16.22%
TRANSCOHOT	126.10	↑ 9.99%	↑ 215.38	↑ 10.16%
PRESCO	785.00	↑ 12.11%	↑ 155.74	↑ 7.34%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
BUAFOODS	373.50	↓ -10.00%	↓ 1,371.89	↓ -64.70%
FIDELITYBK	19.50	↓ -6.25%	↓ 69.18	↓ -3.26%
FBNH	32.45	↓ -1.67%	↓ 36.26	↓ -1.71%
JBERGER	128.00	↓ -8.44%	↓ 34.67	↓ -1.64%
GTCO	63.45	↓ -0.86%	↓ 29.73	↓ -1.40%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -1.02%	↑ 2.00%	↑ 3.40%	↑ 4.98%
NSE Banking Index	↓ -0.73%	↓ -0.24%	↑ 4.40%	↑ 14.59%
NSE Insurance Index	↑ 0.29%	↑ 2.52%	↑ 4.17%	↑ 3.02%
NSE Industrial Goods Index	↑ 0.76%	↑ 10.36%	↑ 11.30%	↑ 1.81%
NSE Consumer Goods Index	↓ -5.01%	↓ -3.63%	↓ -4.21%	↑ 0.08%
NSE Oil & Gas Index	↓ -2.34%	↓ -2.30%	↓ -1.75%	↓ -3.33%

Source:NGX, Bloomberg, AIICO Capital

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