

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 21 February 2025

Money Market

Interbank liquidity remained negative throughout the week, reflecting persistent illiquidity in the financial system. Despite some marginal fluctuations, interbank rates stayed elevated, with the Overnight Policy Rate (OPR) and Overnight Rate (O/N) hovering around 32%. Midweek saw a slight improvement in liquidity following net credits from the NTB auction, but overall conditions remained tight. By the end of the week, FGN bond coupon payments provided some relief, though liquidity stayed in deficit. Consequently, the OPR declined by 12bps w/w to 32.33%, while the O/N rate edged up by 3bps w/w to close at 32.83%.

Outlook: We anticipate the liquidity squeeze to persist, keeping interbank rates stable at current levels in the coming week, barring any FAAC disbursements.

Treasury Bills

The Treasury Bills market opened the week on a quiet note, with investors staying on the sidelines ahead of the NTB auction and January 2025 inflation data. The release of rebased CPI figures showing a sharp drop in inflation to 24.48% (from 34.80%) triggered a bullish rally, driving rates lower. At the NTB auction, The CBN sold c. ₦774.13 billion, with total subscriptions reaching around ₦2.408 trillion. Stop rates for the 91-day, 182-day, and 364-day papers fell by 100 bps, 50 bps, and 189 bps, closing at 17.00%, 18.00% and 18.43%, respectively. Despite some investor caution before the MPC meeting, trading remained active. By week's end, the market remained stable, with the average mid-rate for benchmark NTB papers declining 298bps w/w to close at 18.34%.

Outlook: We anticipate a cautious yet slightly positive market next week as investors focus on the upcoming FGN bond auction.

FGN Bonds

The local bonds market started the week on a muted note, with limited activity focused on mid-tenor papers like the February 2031 and January 2035 maturities. However, bullish sentiment emerged following the release of rebased CPI figures, prompting strong demand for high-yielding securities. Investors targeted on-the-run papers, including the April 2029, February 2031, and January 2035 bonds, alongside mid-tenor options like the May 2033 and June 2038 maturities. By week's end, the market saw a significant rally following the FGN bond offer circular, which removed the January 2035s from the upcoming auction. As a result, huge demand was notable on the Jan 2035s. Consequently, the average mid-yield dropped 106bps w/w, closing at 18.69%.

Outlook: We expect a quiet opening as investors shift focus to Monday's FGN bond auction, where the DMO plans to offer ₦350 billion, split between the April 2029 (₦200 billion) and February 2031 (₦150 billion) papers.

Nigerian Equities

The Nigerian equities market experienced a mixed performance, dominated by profit-taking in OANDO, ARADEL, ZENITHBANK, FBNH, and ACCESSCORP. The bourse recorded gains only on Wednesday, while other sessions saw declines following inflation data and the MPR decision. Despite this, the All-Share Index rose by 41bps w/w, driven by buying interest in BUAFOODS and DANGSUGAR. Offshore investors focused on GUINNESS, RR24STANBIC, ACCESSCORP, and UBA. Meanwhile, DANGCEM canceled 166.95 million treasury shares, BUAFOODS hit a new 52-week high at ₦418.0, and NB reached ₦36.30. Additionally, Dangote Cement announced a \$400 million expansion in Ethiopia, while VFD Group invested ₦5 billion in V Bank.

Outlook: We expect mixed sentiment as investors reassess macro policies and adjust positions ahead of earnings and corporate actions.

BENCHMARK T-BILLS DISCOUNT RATES			
	21-Feb-25	14-Feb-25	Change in Rates
90 days	18.53%	20.13%	↓ -1.60%
181 days	17.97%	19.75%	↓ -1.78%
335 days	18.24%	18.93%	↓ -0.69%

Source: FMDQ DQL for 21-Feb-2025

BENCHMARK FGN BOND YIELDS			
	21-Feb-25	14-Feb-25	Change in Yield
5 yrs: 19.30% 17-Apr-2029	20.08%	20.90%	↓ -0.82%
10 yrs: 22.60% 29-Jan-2035	19.44%	21.63%	↓ -2.19%
13 yrs: 15.45% 21-Jun-2038	18.45%	19.35%	↓ -0.90%
28 yrs: 15.70% 21-Jun-2053	17.60%	17.60%	→ 0.00%

Source: FMDQ DQL for 21-Feb-2025

NFEM RATE (\$/₦)		Diff.
21-Feb-25	1,500.7304	
14-Feb-25	1,508.6637	↓ (7.9333)

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
21-Feb-25	(722.58)	
14-Feb-25	(3,101.44)	↑ 2,378.86

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.28
AIICO BALANCED FUND	5.42
AIICO EUROBOND FUND	6.96

As of February 17, 2025

BENCHMARK FGN EUROBOND YIELDS				
	21-Feb-25	14-Feb-25	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	8.37%	8.52%	↓	-0.15%
10 yrs: NGERIA 7.375% 09/29/31	9.22%	9.30%	↓	-0.08%
15 yrs: NGERIA 7.696% 23/02/31	9.71%	9.77%	↓	-0.06%
30 yrs: NGERIA 8.25% 09/29/51	9.94%	10.05%	↓	-0.11%
8.75% ETI 06/17/31*	8.42%	8.94%	↓	-0.52%

Source: FBN UK Runs for 21-Feb-2025

MACRO INDICATORS	
GDP (Q3 2024)	+3.46% (Q2: 2024 +3.19% y/y)
Inflation (January 2025)	34.80% (Nov24: 34.60%)
External Reserve (US\$billion)	38.74 (+17.70% YTD as of 20-Feb-25)
Monetary Policy Rate (Feb/2025)	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*74.68 (-0.71 w/w)

Source: NBS, CBN, AIICO Capital

Eurobonds Market

The Eurobond market started the week quietly due to a US holiday, limiting activity across SSA and North African securities. Midweek, bullish sentiment emerged, particularly in Nigerian sovereign papers, supported by rebased CPI figures. However, risk sentiment weakened following former U.S. President Donald Trump's comments on potential 25% tariffs, increasing market uncertainty. The MPC's decision to maintain the benchmark interest rate amid falling inflation later drove renewed demand for Nigerian Eurobonds. By week's end, bullish momentum prevailed, pushing the average mid-yield for Nigerian Eurobonds down 12bps w/w to close at 8.89%, while Angola and Egypt saw mild bearish sentiment.

Outlook: We expect mixed sentiments to prevail next week.

Foreign Exchange

The naira strengthened this week compared to the previous week's trading levels, driven by increased foreign exchange supply from Foreign Portfolio Investors (FPIs), International Oil Companies (IOCs), and the Central Bank of Nigeria's (CBN) market interventions. This boost in dollar liquidity helped ease FX demand pressure. Trading activity was robust, with transactions occurring within the \$/₦1,490.00 to \$/₦1,520.00 range. On a weekly basis, the naira appreciated by c.0.53%, closing at \$/₦1,500.7304, an improvement from the previous week's level of \$/₦1,508.6637.

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

Commodities

Oil prices dropped by 2% but remained flat for the week, as concerns over Russian supply disruptions provided support amid ongoing uncertainty surrounding a potential Ukraine peace deal. Brent crude declined by \$1.80 (2.35%) to \$74.68 per barrel, while WTI fell \$1.81 (2.5%) to \$70.67. Meanwhile, gold prices dipped slightly as investors took profits from the previous session's record high. However, bullion was on track for an eighth consecutive weekly gain, fueled by safe-haven demand amid concerns over U.S. tariffs. Spot gold edged down 0.1% to \$2,939.63 an ounce after hitting a record \$2,954.69 earlier in the week.

Outlook: We expect colder weather in the U.S. and a post-holiday rebound in China's industrial activity to drive higher demand in the coming week.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
BUAFOODS	418.00	↑ 11.91%	↑ 1,471.06	↑ 331.39%
DANGSUGAR	41.40	↑ 15.00%	↑ 120.46	↑ 27.14%
NB	34.00	↑ 3.03%	↑ 18.87	↑ 4.25%
NASCON	44.50	↑ 6.33%	↑ 12.89	↑ 2.90%
WAPIC	2.68	↑ 9.39%	↑ 10.13	↑ 2.28%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
OANDO	59.00	↓ -8.69%	↓ 128.20	↓ -28.88%
ZENITHBANK	49.40	↓ -4.26%	↓ 126.85	↓ -28.58%
FBNH	30.70	↓ -5.39%	↓ 115.37	↓ -25.99%
AACCESSCORP	26.50	↓ -5.86%	↓ 107.71	↓ -24.26%
TRANSCORP	58.95	↓ -1.75%	↓ 78.38	↓ -17.66%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.07%	↑ 0.41%	↑ 3.83%	↑ 5.41%
NSE Banking Index	↓ -0.55%	↓ -3.22%	↑ 1.04%	↑ 10.90%
NSE Insurance Index	↓ -0.25%	↑ 1.47%	↑ 5.70%	↑ 4.53%
NSE Industrial Goods Index	↑ 0.10%	↑ 0.05%	↑ 11.35%	↑ 1.86%
NSE Consumer Goods Index	↑ 0.63%	↑ 6.55%	↑ 2.06%	↑ 6.63%
NSE Oil & Gas Index	↓ -0.58%	↓ -2.87%	↓ -4.57%	↓ -6.11%

Source: NGX, Bloomberg, AIICO Capital

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