

# Actionable Market Insights, Delivered Weekly.

**AIICO  
CAPITAL**

## MARKET COMMENTARY

DATE: Friday | 28 February 2025

### Money Market

Interbank liquidity fluctuated throughout the week, starting in negative territory due to ongoing liquidity constraints, which kept rates elevated. However, liquidity improved significantly midweek following an OMO maturity inflow of ₦813.25 billion, easing funding pressures and causing rates to decline. A sharp drop in liquidity followed the FGN bond auction settlement of ₦910.30 billion, pushing rates higher. Despite some recovery, liquidity remained tight. By the end of the week, conditions improved notably, leading to a week-on-week decline in the Overnight Policy Rate (OPR) by 5.58% to 26.75% and the Overnight Rate (O/N) by 5.50% to 27.33%.

**Outlook:** We anticipate the new month will begin positively unless significant debits occur.

### Treasury Bills

The Treasury Bills market started the week on a quiet note, with limited activity focused on long-end maturities. Despite tight liquidity, bullish sentiment emerged midweek, driving increased demand for January and February 2026 papers and pushing yields lower. However, a lack of significant offers restricted trade volumes. As the week progressed, buying interest persisted, particularly in the February 5 and February 19 papers, though activity remained subdued. By week's end, the market remained relatively calm, with selective trades executed. Overall, the average mid-rate for benchmark NTB papers declined by 67bps week-on-week, closing at 17.67%.

**Outlook:** We expect a cautious but mildly optimistic market in the coming week.

### FGN Bonds

The local bonds market commenced the week on a quiet note as investors focused on the FGN bond auction, where the DMO offered ₦350 billion across the April 2029 and February 2031 papers. At the auction, the DMO allotted c. ₦910.39 billion, with the 19.30% FGN APR 2029 and 18.50% FGN FEB 2031 papers allotted at marginal rates of 19.20% and 19.33%, respectively. Post-auction, unmet demand fueled heightened activity in the secondary market, particularly in mid-tenor bonds, driving yields lower. The bullish trend persisted midweek, pushing yields further down, though trading volumes remained subdued due to wide bid/ask spreads. By week's end, the market traded on a mixed note, with selective demand. Overall, the average mid-yield declined by 62bps w/w to close at 18.07%.

**Outlook:** We anticipate the mixed to positive tone will continue as the new month begins.

### Nigerian Equities

The Local bourse witnessed a bearish performance this week, with negative sentiments dominating most sessions. The week started on a weak note, with sell pressure in the banking sector persisting, although a brief recovery occurred on Wednesday and Friday. Banking stocks, including ETL, GTCO, FBNH, ZENITHBANK, and ACCESSCORP, along with TRANSCORP and WAPCO, dragged the All-Share Index lower by 62bps w/w, despite buying interest in PZ. OANDO rebounded strongly in the last two sessions, while MTNN struggled but saw improved sentiment post-earnings release. Meanwhile, offshore investors showed interest in ZENITHBANK, OKOMUOIL, NB, and GTCO. Notably, NGXGROUP reached a new 52-week high of ₦32.00.

**Outlook:** We anticipate mixed investor sentiment as participants reevaluate macroeconomic policies and reposition ahead of earnings releases and potential corporate moves.

BENCHMARK T-BILLS DISCOUNT RATES			
	28-Feb-25	21-Feb-25	Change in Rates
83 days	17.62%	18.53%	↓ -0.91%
174 days	17.97%	17.97%	→ 0.00%
328 days	17.90%	18.24%	↓ -0.34%

Source: FMDQ DQL for 28-Feb-2025

BENCHMARK FGN BOND YIELDS			
	28-Feb-25	21-Feb-25	Change in Yield
5 yrs: 19.30% 17-Apr-2029	19.00%	20.08%	↓ -1.08%
10 yrs: 22.60% 29-Jan-2035	18.47%	19.44%	↓ -0.97%
13 yrs: 15.45% 21-Jun-2038	18.12%	18.45%	↓ -0.33%
28 yrs: 15.70% 21-Jun-2053	16.74%	17.60%	↓ -0.86%

Source: FMDQ DQL for 28-Feb-2025

NFEM RATE (\$/₦)		Diff.
28-Feb-25	1,492.4900	
21-Feb-25	1,500.7304	↓ (8.2404)

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
28-Feb-25	130.94	
21-Feb-25	(722.58)	↑ 853.51

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.37
AIICO BALANCED FUND	7.21
AIICO EUROBOND FUND	7.02

As of February 26, 2025

BENCHMARK FGN EUROBOND YIELDS				
	28-Feb-25	21-Feb-25	Change in Yield	
5 yrs: NGERIA 8.375% 03/24/29	8.35%	8.37%	↓	-0.02%
10 yrs: NGERIA 7.375% 09/29/31	9.27%	9.22%	↑	0.05%
15 yrs: NGERIA 7.696% 23/02/31	9.72%	9.71%	↑	0.01%
30 yrs: NGERIA 8.25% 09/29/51	9.94%	9.94%	→	0.00%
8.75% ETI 06/17/31*	8.31%	8.42%	↓	-0.11%

Source: FBN UK Runs for 28-Feb-2025

MACRO INDICATORS	
GDP (Q4 2024)	+3.84% (Q3: 2024 +3.46% y/y)
Inflation (January 2025)	24.48% (Dec'24: 34.80% )
External Reserve (US\$'billion)	38.46 (+16.85% YTD as of 27-Feb-25)
Monetary Policy Rate (Feb'2025)	27.50%
Cash Reserve Requirement (CRR)	50.00%
Brent Crude Price US\$/bbl	*73.18 (-1.50 w/w)

Source: NBS,CBN, AIICO Capital

## Eurobonds Market

The Eurobond market experienced a mixed week, with initial bearish sentiment driven by geopolitical tensions and a risk-off tone. However, Kenyan Eurobonds outperformed, buoyed by news of a \$1.5 billion UAE loan and a debt swap strategy. Midweek, the market recovered as buying interest spread across Sub-Saharan and North African bonds, driving Nigerian Eurobond yields down to 8.88%. Sentiment remained mixed toward week's end, with Ghana facing downside risks due to fiscal concerns. Meanwhile, US inflation data reinforced expectations of Fed rate cuts. Ultimately, Nigerian Eurobond yields edged up by 1bp w/w to 8.90%, reflecting cautious market sentiment.

**Outlook:** We expect mixed sentiments to prevail next week.

## Foreign Exchange

The naira appreciated this week relative to the previous week's trading levels, supported by increased foreign exchange supply from the CBN through market interventions. The improved dollar liquidity helped alleviate pressure on FX demand. Market activity remained strong, with trades executed within the \$/₦1,495.00 to \$/₦1,505.00 range. Week-on-week, the naira gained c.0.55%, closing at \$/₦1,492.49, strengthening from the prior week's level of \$/₦1,500.73.

**Outlook:** We expect the Naira to remain stable within its current trading range.

## Commodities

Oil prices declined on Friday, heading for their first monthly loss since November, as markets reacted to a tense Oval Office exchange between the U.S. and Ukrainian presidents, upcoming U.S. tariffs, and Iraq's decision to resume oil exports from Kurdistan. Brent crude futures, expiring that day, fell 86 cents (1.16%) to \$73.18 per barrel, while WTI dropped 59 cents (0.84%) to \$69.76. Gold prices slid over 1% as the dollar remained strong after U.S. inflation data met expectations, suggesting the Federal Reserve may be cautious on rate cuts. Spot gold dropped 1% to \$2,846.19 an ounce, marking a 3.1% weekly decline.

**Outlook:** We anticipate traders will maintain a risk-off approach as volatility increases, driven by Trump's escalation of tariffs, particularly against China, heightening concerns over global demand.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
PZ	35.40	↑ 31.11%	↑ 61.25	↑ 9.06%
OKOMUOIL	545.00	↑ 1.68%	↑ 15.77	↑ 2.33%
NB	34.80	↑ 2.35%	↑ 15.10	↑ 2.23%
HONYFLOUR	13.70	↑ 4.50%	↑ 8.59	↑ 1.27%
LIVESTOCK	7.43	↑ 22.81%	↑ 7.60	↑ 1.12%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
TRANSCORP	57.00	↓ -3.31%	↓ 145.57	↓ -21.53%
ETI	30.40	↓ -12.39%	↓ 144.91	↓ -21.44%
GTCO	61.20	↓ -2.93%	↓ 100.00	↓ -14.79%
FBNH	29.30	↓ -4.56%	↓ 92.29	↓ -13.65%
WAPCO	75.00	↓ -3.85%	↓ 88.75	↓ -13.13%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.14%	↓ -0.62%	↑ 3.18%	↑ 4.76%
NSE Banking Index	↓ -0.16%	↓ -3.08%	↓ -2.07%	↑ 7.49%
NSE Insurance Index	↓ -0.13%	↓ -4.56%	↑ 0.87%	↓ -0.24%
NSE Industrial Goods Index	↓ 0.00%	↓ -0.51%	↑ 10.78%	↑ 1.34%
NSE Consumer Goods Index	↓ -0.41%	↓ -0.36%	↑ 1.70%	↑ 6.25%
NSE Oil & Gas Index	↑ 1.74%	↑ 0.60%	↓ -4.00%	↓ -5.55%

Source:NGX, Bloomberg, AIICO Capital

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