

DATE: Tuesday, 18 March 2025

MARKET COMMENTARY

System Liquidity

Interbank liquidity deteriorated significantly today, even with inflows from FGN bond coupons, leading to a rise in interbank rates. The Overnight Policy Rate (OPR) climbed by 8 bps to 32.50%, while the Overnight Rate (O/N) increased by 5 bps to 32.88%.

Outlook: We expect interbank rates to stay high unless there is a substantial inflow.

Treasury Bills

The Treasury Bills market saw another subdued session as participants stayed cautious ahead of tomorrow's auction. Some investors offered to sell their positions, expecting higher yields, but there was little to no demand to meet these offers across the curve. As a result, the average mid-rate for benchmark NTB papers dropped by 7 bps to 18.69%.

Outlook: We anticipate a quiet market tone as investors turn their attention to tomorrow's NTB auction, where the DMO plans to offer ₦800 billion across the 91-day, 182-day, and 364-day tenors.

FGN Bonds

The local bond market saw a quiet session today, marked by wider bid/ask spreads. Selling pressure was especially evident on the mid-to-long-term maturities, with limited demand to offset it. Trading activity was primarily concentrated on the Feb 2031 and May 2033 papers. As a result, the average mid-yield increased by 5 bps to 18.43%.

Outlook: We expect a cautious mood tomorrow as investors closely monitor the outcome of the NTB auction for insights or indications on how Monday's FGN bond auction might unfold.

Eurobonds

The Eurobond market saw a bullish trend, recovering after a prolonged phase of selloffs. Rising oil prices, fueled by escalating tensions in the Middle East, bolstered the performance of Oilers' bonds (Nigeria and Angola), leading to a drop in yields across most papers. Meanwhile, the Egypt curve experienced mixed sentiments. Overall, the average mid-yield for Nigerian bonds fell by 8 bps to 9.39%.

Outlook: We anticipate a continuation of the same sentiment in tomorrow's session.

BENCHMARK T-BILLS DISCOUNT RATES			
	18-Mar-25	17-Mar-25	Change in Rates
79 DAYS	16.77%	16.77%	→ 0.00%
177 DAYS	16.82%	16.82%	→ 0.00%
338 DAYS	18.05%	18.05%	→ 0.00%

Source: FMDQ DQL for 18-Mar-2025

BENCHMARK FGN BOND YIELDS			
	18-Mar-25	17-Mar-25	Change in Yield
5 YRS: 19.30% 17-APR-2029	18.50%	18.50%	→ 0.00%
10 YRS: 22.60% 29-JAN-2035	18.45%	18.45%	→ 0.00%
13 YRS: 15.45% 21-JUN-2038	18.12%	18.12%	→ 0.00%
28 YRS: 15.70% 21-JUN-2053	16.74%	16.74%	→ 0.00%

Source: FMDQ DQL for 18-Mar-2025

BENCHMARK FGN EUROBOND YIELDS			
	18-Mar-25	17-Mar-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	8.98%	9.09%	↓ -0.11%
10 YRS: NGERIA 7.375% 09/29/31	9.79%	9.89%	↓ -0.10%
15 YRS: NGERIA 7.696% 23/02/31	10.12%	10.22%	↓ -0.10%
30 YRS: NGERIA 8.25% 09/29/51	10.41%	10.50%	↓ -0.08%
8.75% ETI 06/17/31*	8.51%	8.73%	↓ -0.22%

Source: FBN UK Runs for 18-Mar-2025

NFEM RATE (\$/₦)		Diff.
18-Mar-25	1,532.9300	
17-Mar-25	1,528.0300	↑ 4.9000

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
18-Mar-25	(1,432.98)	
17-Mar-25	(700.29)	↓ (732.69)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.90
AIICO BALANCED FUND	4.62
AIICO EUROBOND FUND	6.75

As of March 16, 2025

MACRO INDICATORS	
GDP (Q4 2024)	+3.84% (Q3: 2024 +3.46% y/y)
INFLATION (FEBRUARY 2025)	23.18% (Jan'25: 24.48%)
EXTERNAL RESERVE (US\$BILLION)	38.37 (-6.13% YTD as of 14-Mar-25)
MONETARY POLICY RATE (FEB'2025)	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*71.32 (+0.47 d/d)

Source: NBS,CBN, AIICO Capital

Nigerian Equities

The Nigerian equities market extended its losing streak as the All-Share Index (ASI) declined by 40bps, trimming YTD gains to 2.38%. Market breadth was positive, with 28 gainers against 22 decliners. NEIMETH (+10%) led the advancers, while BUACEMENT (-10%) weighed heavily on the index as the top laggard. ACCESSCORP led in volume with 36.76m units traded, while ZENITHBANK dominated in value at N929.98m. Sectoral performance was mixed. The NGX Banking Index lost 70bps, dragged down by WEMABANK (-4.19%) and UBA (-2.61%), despite a gain in ZENITHBANK (+0.42%). The NGX Consumer Index gained 17bps, supported by NNFM (+9.99%) and NASCON (+5.9%). The NGX Oil & Gas Index declined 6bps on OANDO (-0.69%), while the NGX Industrial Index plunged 339bps, driven by BUACEMENT (-10%). Trading activity was subdued, with value traded rising 16.62% to \$5.32m, primarily driven by block trades in UBA, NAHCO, and ACCESSCORP. Market momentum remained weak.

Outlook: We anticipate a similar sentiment unfolding in tomorrow's session.

Foreign Exchange

The NFEM experienced significant demand pressure today despite the CBN's intervention, which saw the sale of over \$44.75 million at rates between \$/₦1,522.70 and \$/₦1,531. The USD/NGN pair fluctuated between \$/₦1,522.70 and \$/₦1,549.50, leading to a 32-bp depreciation of the Naira, which closed at \$/₦1,532.93.

Outlook: We expect the CBN to maintain its support for the USD/NGN pair.

Commodities

Oil prices remained near a two-week high on Tuesday as rising tensions in the Middle East raised concerns about potential supply disruptions. Additionally, China's plans for further economic stimulus supported expectations of stronger fuel demand in the world's second-largest economy. However, gains were limited as markets awaited the outcome of discussions between U.S. President Donald Trump and Russian President Vladimir Putin regarding a possible Ukraine ceasefire, which could ease sanctions on Russian fuel exports. Brent crude rose 25 cents, or 0.4%, to \$71.32 per barrel by 10:43 a.m. EDT (14:43 GMT), while U.S. West Texas Intermediate (WTI) crude climbed 17 cents, or 0.3%, to \$67.75. Gold surged 1% to a new record high on Tuesday, remaining above the \$3,000 mark as heightened Middle East tensions and trade uncertainties driven by Trump's tariff policies increased demand for the safe-haven asset. Spot gold peaked at \$3,038.26 per ounce before settling at \$3,031.22 by 12:00 p.m. ET (16:00 GMT). Prices first surpassed \$3,000 on March 14.

Outlook: The Organisation for Economic Co-operation and Development (OECD) cautioned that U.S. tariffs could hinder economic growth in the U.S., Canada, and Mexico, while also dampening global energy demand.

TOP 5 EQUITY ADVANCERS			
NAME (SYMBOL)	CLOSING PRICE	GAIN(N)	% CHANGE
NEIMETH	2.97	0.27	↑ 10.00%
NNFM	79.80	7.25	↑ 9.99%
CUSTODIAN	21.50	1.90	↑ 9.69%
SUNUASSUR	5.00	0.37	↑ 7.99%
GUINEAINS	0.70	0.05	↑ 7.69%

Source: NGX, AIICO Capital

TOP 5 EQUITY DECLINERS			
NAME (SYMBOL)	CLOSING PRICE	LOSS(N)	% CHANGE
BUACEMENT	83.70	-10.00	↓ -10.00%
ELLAHLAKES	3.16	3.32	↓ -9.92%
REGALINS	0.65	0.68	↓ -8.26%
WEMABANK	10.30	10.75	↓ -7.77%
OMATEK	0.65	0.67	↓ -7.76%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.40%	↓ -0.75%	↓ -2.27%	↑ 2.38%
NSE BANKING INDEX	↓ -0.70%	↓ -1.34%	↓ -4.18%	↑ 2.99%
NSE INSURANCE INDEX	↑ 1.11%	↑ 0.20%	↓ -2.14%	↓ -2.37%
NSE INDUSTRIAL GOODS INDEX	↓ -3.39%	↓ -3.42%	↓ -3.60%	↓ -2.31%
NSE CONSUMER GOODS INDEX	↑ 0.17%	↓ -0.13%	↓ -1.89%	↑ 4.24%
NSE OIL & GAS INDEX	↓ -0.06%	↓ -0.93%	↓ -1.59%	↓ -7.05%

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission and is licensed to provide fund and portfolio management services in Nigeria.