

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 21 March 2025

Money Market

Interbank liquidity remained tight throughout the week, despite periodic inflows from FGN bond coupon payments. The market stayed in negative territory, keeping funding rates elevated. The week began with slight liquidity improvements, but as the week progressed, worsening liquidity conditions drove interbank rates higher. The Overnight Policy Rate (OPR) peaked at 32.50% midweek before settling at 32.40%, while the Overnight Rate (O/N) climbed steadily, closing at 32.90%, up 10bps w/w. Despite FGN coupon inflows of ₦254.8 billion, NTB auction settlement drained liquidity.

Outlook: Next week, FAAC disbursements, FGN Bond maturity (~₦562 billion), FGN bond coupons (₦202 billion), and net NTB credit (~₦483 billion) should ease market liquidity. However, FGN Bond auction funding and other obligations may sustain elevated rates.

Treasury Bills

The Treasury Bills market opened the week on a mixed to bearish note, with activity concentrated on the long end, particularly the 12 Mar 2026 paper, despite a slight dip in rates following the release of February's inflation data (which declined by 130bps to 23.18% y/y). As the NTB auction approached, market activity remained subdued, with cautious sentiment leading to minimal demand. The NTB auction saw strong participation, with ₦800 billion offered and subscriptions reaching ₦902.04 billion, but only ₦503.92 billion was allotted. Stop rates increased across all tenors, peaking at 19.94% for the 364-day bill, while the 91 and 182 days settled at 18.00% and 18.50%, respectively. Following the auction, market rates adjusted downward as the newly issued papers traded below auction levels. By week's end, quiet trading persisted, with interest mainly at the long end. Overall, the average mid-rate for benchmark NTB papers increased by 35bps w/w to 18.91%.

Outlook: We expect a cautious market tone as next week's NTB auction will offer ₦700 billion across 91-day, 182-day, and 364-day tenors.

FGN Bonds

The local bonds market remained bearish throughout the week, with offers concentrated around mid-tenor papers, particularly the February 2031, May 2033, and February 2034 maturities. Market activity was subdued as investors adopted a cautious stance ahead of next week's FGN bond auction. The Debt Management Office (DMO) announced the March 2025 auction, replacing the February 2031 paper with the May 2033 paper and offering ₦200 billion on the April 2029 paper and ₦100 billion on the May 2033 paper. Selling pressure persisted on mid-to-long tenors, but limited demand resulted in wider bid/ask spreads. Overall, trading was muted, with participants selectively engaging in transactions. By week's end, the average mid-yield rose by 25bps w/w to 18.55%.

Outlook: We anticipate a subdued start as investors turn their attention to Monday's FGN bond auction, where the DMO will offer ₦300 billion, divided between the April 2029 (₦200 billion) and May 2033 (₦100 billion) papers.

Nigerian Equities

The local equities market remained bearish this week, with persistent sell pressure driving negative sentiment across all sessions except Friday. The All-Share Index (ASI) declined by 97bps w/w, weighed down by losses in BUACEMENT, TRANSCORP, GTCO, ZENITHBANK, and ACCESSCORP. However, buying interest in FIDELITYBK, UBA, TRANSCOHOT, and STANBIC helped stabilize the market towards the week's close. Offshore participation remained notable, particularly in NB, GTCO, and ZENITHBANK, despite overall weak sentiment. OANDO also saw renewed interest on Friday after previous selloffs. Key market events included NB Plc's acquisition of Distell Wines & Spirits, STERLINGNG's additional share listing, and the lifting of MBENEFIT's trading suspension. Meanwhile, BUACEMENT hit a new 52-week low at ₦83.70.

Outlook: We anticipate investors will remain cautious, responding to upcoming earnings announcements and potential corporate actions from banking stocks.

BENCHMARK T-BILLS DISCOUNT RATES				
	21-Mar-25	14-Mar-25	Change in Rates	
97 DAYS	16.78%	16.77%	↑	0.01%
188 DAYS	17.27%	16.82%	↑	0.45%
335 DAYS	18.05%	18.05%	→	0.00%

Source: FMDQ DQL for 21-Mar-2025

BENCHMARK FGN BOND YIELDS				
	21-Mar-25	14-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	18.80%	18.45%	↑	0.35%
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 21-Mar-2025

NFEM RATE (\$/₦)				Diff.
	21-Mar-25	1,536.8900		
	14-Mar-25	1,517.9300	↑	18.9600

Source: FMDQ

SYS. LIQ. (₦'BN)				Diff.
	21-Mar-25	(1,964.91)		
	14-Mar-25	(956.03)	↓	(1,008.88)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	23.54
AIICO BALANCED FUND	4.64
AIICO EUROBOND FUND	7.00

As of March 19, 2025

BENCHMARK FGN EUROBOOND YIELD					
	21-Mar-25	14-Mar-25	Change in Yield		
5 YRS: NGERIA 8.375% 03/24/29	9.06%	9.05%	↑	0.01%	
10 YRS: NGERIA 7.375% 09/29/31	9.89%	9.84%	↑	0.05%	
15 YRS: NGERIA 7.696% 23/02/31	10.18%	10.20%	↓	-0.02%	
30 YRS: NGERIA 8.25% 09/29/51	10.50%	10.45%	↑	0.05%	
8.75% ETI 06/17/31*	8.62%	8.73%	↓	-0.11%	

Source: FBN UK Runs for 21-Mar-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)	38.36 (-6.16% YTD as of 19-Mar-25)
MONETARY POLICY RATE (FEB'2025)	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*72.08 (+1.47 w/w)

Source: NBS,CBN, AIICO Capital

Eurobonds Market

The Eurobond market experienced volatility throughout the week, reflecting shifting global risk sentiment. It opened on a bearish note as investors adopted a cautious stance amid economic uncertainty and weaker-than-expected sales data. However, the market rebounded midweek, supported by rising oil prices due to escalating Middle East tensions, which drove Nigerian and Angolan bond yields lower. Mixed trading followed as investors awaited the Federal Reserve's policy announcement, with markets largely expecting a rate pause. The Fed's decision to maintain rates at 4.50% sparked a rally, as Chair Powell hinted at potential rate cuts. However, by the week's end, profit-taking and lingering geopolitical uncertainties weighed on SSA Eurobonds. Additionally, concerns over tariffs, including Donald Trump's warning of new sector-specific tariffs, dampened sentiment. Overall, Nigerian Eurobond yields closed the week 4bps higher at 9.49%.

Outlook: We anticipate the bearish sentiment will persist due to ongoing global uncertainties.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) faced significant demand pressure throughout the week, despite the Central Bank of Nigeria's (CBN) interventions. Early in the week, the Naira depreciated due to high demand, closing at \$/₦1,528.03 and later at \$/₦1,532.93. Midweek, CBN's dollar sales of \$38.65 million helped stabilize the Naira, leading to a slight appreciation to \$/₦1,530.52. Further interventions totaling \$92.1 million provided additional support, keeping the Naira relatively stable at \$/₦1,530.62. However, by week's end, the Naira depreciated by 1.249% w/w, closing at \$/₦1,536.89, with trades ranging between \$/₦1,535 and \$/₦1,540.

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

Commodities

Oil prices remained stable on Friday, poised for a second straight weekly gain as new U.S. sanctions on Iran and OPEC+'s latest production plans fueled expectations of tighter supply. Brent crude futures inched up 8 cents, or 0.1%, to \$72.08 per barrel by 12:50 p.m. EDT (16:50 GMT), while U.S. West Texas Intermediate (WTI) crude gained 18 cents, or 0.3%, to \$68.25. Gold prices dropped over 1% due to a stronger dollar and profit-taking, though ongoing geopolitical risks and potential Federal Reserve rate cuts kept bullion on track for a third consecutive weekly gain. Spot gold fell 1.4% to \$3,001.03 per ounce at 10:17 a.m. ET (14:57 GMT).

Outlook: We expect the volatility to persist.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
TRANSCOHOT	136.00	↑ 7.85%	↑ 186.23	↑ 18.04%
STANBIC	61.50	↑ 4.24%	↑ 59.49	↑ 5.76%
FIDELITYBK	17.90	↑ 4.37%	↑ 39.91	↑ 3.87%
JBERGER	137.00	↑ 8.47%	↑ 31.44	↑ 3.05%
NB	33.15	↑ 3.59%	↑ 21.70	↑ 2.10%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
BUACEMENT	83.70	↓ -10.00%	↓ 578.39	↓ -56.03%
TRANSCORP	47.00	↓ -7.84%	↓ 298.60	↓ -28.93%
GTCO	58.20	↓ -4.59%	↓ 151.34	↓ -14.66%
ZENITHBANK	45.60	↓ -4.60%	↓ 126.85	↓ -12.29%
ACCESSCORP	22.10	↓ -5.56%	↓ 84.86	↓ -8.22%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.10%	↓ -0.94%	↓ -2.65%	↑ 1.98%
NSE Banking Index	↑ 0.12%	↓ -2.55%	↓ -5.78%	↑ 1.28%
NSE Insurance Index	↓ -0.49%	↓ -2.87%	↓ -4.28%	↓ -4.51%
NSE Industrial Goods Index	→ 0.00%	↓ -3.39%	↓ -3.60%	↓ -2.31%
NSE Consumer Goods Index	↓ -0.02%	↑ 0.06%	↓ -1.63%	↑ 4.52%
NSE Oil & Gas Index	↑ 0.50%	↓ -1.08%	↓ -2.41%	↓ -7.82%

Source:NGX, Bloomberg, AIICO Capital

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