

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 28 March 2025

Money Market

The interbank market experienced notable liquidity fluctuations throughout the week. Early on, liquidity remained negative despite FAAC inflows, FGN bond maturities (₦562bn), and coupon payments (₦38bn), keeping the Overnight Policy Rate (OPR) and Overnight Rate (O/N) elevated. Midweek, FAAC inflows slightly eased funding pressure, leading to a decline in rates. However, liquidity deteriorated again following the FGN bond auction settlement (₦271bn). A turnaround came with NTB maturities (₦1.18tn) and bond coupon payments (₦164bn), overshadowing NTB auction settlements (₦808.73bn), causing rates to plunge. By week's end, additional inflows from the NLNG dividend refund and 13% derivation funds kept liquidity stable, with OPR and O/N declining w/w by 5.90% and 5.94% to 26.50% and 26.96%, respectively.

Outlook: Next week's ₦652.4 billion OMO maturity should boost liquidity, likely stabilizing rates barring significant funding pressures.

Treasury Bills

The Treasury Bills market started the week on a quiet note, with weak demand and cautious buyer sentiment. Selling activity was concentrated on the long end, particularly the newly issued 1-year bill, while the 18-Sep NTB saw limited interest. Midweek, market activity was mixed as sellers focused on mid to long tenors (June 2025–March 2026), anticipating higher yields at the NTB auction. Liquidity reservation for the auction kept buyer interest muted. At the auction, the CBN sold ₦808.73bn (vs. ₦700bn offered) amid ₦1.43tn in subscriptions. Stop rates held steady at 18.00% (91-day) and 18.50% (182-day), while the 364-day rate declined 31bps to 19.63%. Post-auction, there was profit-taking on the new 1-year NTB and by week's end, buying interest returned to short-to-mid tenors, lifting the benchmark NTB mid-rate by 8bps w/w to 18.99%.

Outlook: With improved liquidity expected next week, we foresee stronger bill demand driving yields lower.

FGN Bonds

The local bonds market started the week on a calm note, with attention focused on the FGN bond auction. Limited sell-side activity emerged at mid-tenors, but low bid interest kept trading volumes subdued. Post-auction, unmet demand spilled into the secondary market, driving activity in the April 2029, February 2031, and May 2033 papers. The DMO allotted ₦271.23bn competitively (at 19.00% for April 2029 and 19.99% for May 2033) and ₦152.45bn non-competitively from its ₦300bn offering. Midweek, market activity remained limited, with modest interest in mid-tenor bonds and sideways movement in long-dated papers. Selling pressure on mid and long tenors persisted, especially in the June 2053 bond. By week's end, mixed sentiments prevailed, with interest in Feb 2031 and May 2033 bonds. The average mid-yield declined 9bps w/w to 18.46%.

Outlook: Investors' ongoing search for yield clarity should maintain a cautious market tone.

Nigerian Equities

The equities market saw a volatile yet bullish week, driven by corporate earnings and dividend announcements. The All-Share Index gained 66bps w/w, buoyed by interest in GTCO, ZENITHBANK, FIRS, NESTLE, and FIDELITYBK, despite selloffs in TRANSCORP, ARADEL, DANGSUGAR, and OANDO. GTCO's ₦7.03 final dividend declaration sent its stock to a new 52-week high of ₦70.00 before settling at ₦68.80. NESTLE also hit a 52-week high of ₦1,020.00, attracting offshore interest. Key events included Holcim's internal restructuring of WAPCO shares, MRS Oil's voluntary delisting plans, and Senate opposition to WAPCO's sale to Huaxin Cement. TRANSCORP, TRANSCOHOT, and AFRIPRUD traded ex-dividend, while 3.5 million GEREGU shares changed hands off-market. Market activity suggests continued investor interest amid corporate actions and regulatory developments.

Outlook: Earnings announcements and potential corporate actions are likely to remain key drivers of market sentiment.

BENCHMARK T-BILLS DISCOUNT RATES			
	28-Mar-25	21-Mar-25	Change in Rates
90 DAYS	17.04%	16.78%	↑ 0.26%
181 DAYS	18.10%	17.27%	↑ 0.83%
328 DAYS	18.05%	18.05%	→ 0.00%

Source: FMDQ DQL for 28-Mar-2025

BENCHMARK FGN BOND YIELDS			
	28-Mar-25	21-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	19.22%	18.80%	↑ 0.42%
13 YRS: 15.45% 21-JUN-2038	18.36%	18.12%	↑ 0.24%
28 YRS: 15.70% 21-JUN-2053	17.00%	16.74%	↑ 0.26%

Source: FMDQ DQL for 28-Mar-2025

NFEM RATE (\$/₦)		Diff.
28-Mar-25	1,536.8200	
21-Mar-25	1,536.8900	↓ (0.0700)

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
28-Mar-25	969.77	
21-Mar-25	(1,964.91)	↑ 2,934.68

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.52
AIICO BALANCED FUND	4.99
AIICO EUROBOND FUND	7.04

As of March 26, 2025

BENCHMARK FGN EUROBOOND YIELDS				
	28-Mar-25	21-Mar-25	Change in Yield	
5 YRS: NGERIA 8.375% 03/24/29	9.21%	9.06%	↑	0.15%
10 YRS: NGERIA 7.375% 09/29/31	10.02%	9.89%	↑	0.13%
15 YRS: NGERIA 7.696% 23/02/31	10.28%	10.18%	↑	0.10%
30 YRS: NGERIA 8.25% 09/29/51	10.60%	10.50%	↑	0.10%
8.75% ETI 06/17/31*	8.73%	8.62%	↑	0.11%

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)	38.33 (-6.23% YTD as of 27-Mar-25)
MONETARY POLICY RATE (FEB'2025)	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US\$/BBL	*73.54 (+1.46 w/w)

Source: FBN UK Runs for 28-Mar-2025

Source: NBS,CBN, AIICO Capital

Eurobonds Market

The Nigerian Eurobonds market opened the week on a bullish note, benefiting from strong investor demand as capital shifted from developed markets to higher-yielding Sub-Saharan African (SSA) assets. This risk-on sentiment was fueled by expectations of April's tariff changes and rising US business activity. Midweek, the rally continued with support from rising oil prices and modest buying interest in Nigerian and Angolan papers. However, concerns over global trade tensions and inflationary risks caused a reversal. Later in the week, market sentiment soured as fresh US auto tariffs and escalating trade conflicts dampened investor appetite. Despite resilient US economic data, global risk-off sentiment prevailed. By week's end, profit-taking and broader uncertainty led to increased selling pressure, causing yields to rise 10bps w/w to 9.59%.

Outlook: Traders see payrolls driving more volatility than tariffs. While Bloomberg warns of 4% GDP risk, Trump's potential exemptions and past reversals may soften the blow. Markets could absorb modest tariffs.

Foreign Exchange

The Nigerian Foreign Exchange Market (NFEM) remained relatively stable throughout the week, supported by improved dollar supply from the CBN. Early in the week, the CBN sold \$41.6 million at rates between \$/₦1,527.50 and \$/₦1,531, helping to steady the market. Midweek, the CBN injected an additional \$27.9 million, with the USD/NGN pair trading within a narrow range. Despite minor fluctuations, the exchange rate remained stable as demand slightly increased. By week's end, trading ranged between \$/₦1,520.00 and \$/₦1,542.00, with the Naira appreciating marginally by 0.5bps w/w to close at \$/₦1,536.82.

Outlook: Despite weak FPI flows, the CBN will likely sustain liquidity to stabilize the naira near-term. However, global risks—like US tariffs and retaliatory measures—may spur volatility and capital flight.

Commodities

Oil prices slipped on Friday as concerns grew that U.S. tariff disputes could trigger a global recession. However, prices remained on track for a third consecutive weekly gain due to escalating U.S. pressure on Venezuela and Iran. Brent crude futures fell 49 cents, or 0.6%, to \$73.54 per barrel by 1:33 p.m. EDT (1733 GMT), while WTI crude dropped 61 cents, or 0.9%, to \$69.31. Meanwhile, gold surged to a record high as investors sought safe-haven assets amid trade war fears. Spot gold rose 0.9% to \$3,082.39 an ounce by 11:38 a.m. ET after hitting \$3,086.70 earlier.

Outlook: U.S. sanctions on Venezuela and Iran—including Trump's pledge to eliminate Iranian oil exports—are forcing oil markets to recalibrate global supply projections.

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
GTCO	68.80	↑ 18.21%	↑ 572.94	↑ 81.00%
ZENITHBANK	47.00	↑ 3.07%	↑ 80.73	↑ 11.41%
FIRSTHOLDCO	28.15	↑ 4.26%	↑ 75.81	↑ 10.72%
NESTLE	1,020.00	↑ 4.62%	↑ 65.51	↑ 9.26%
FIDELITYBK	19.00	↑ 6.15%	↑ 58.53	↑ 8.28%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
TRANSCORP	44.40	↓ -4.26%	↓ 147.31	↓ -20.83%
DANGSUGAR	33.10	↓ -8.06%	↓ 64.69	↓ -9.15%
OANDO	48.35	↓ -5.20%	↓ 60.50	↓ -8.55%
UCAP	16.50	↓ -9.84%	↓ 19.83	↓ -2.80%
CUSTODIAN	19.50	↓ -6.70%	↓ 15.12	↓ -2.14%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.22%	↑ 0.66%	↓ -2.00%	↑ 2.66%
NSE Banking Index	↑ 1.28%	↑ 5.61%	↓ -0.49%	↑ 6.96%
NSE Insurance Index	↓ -1.28%	↑ 1.89%	↓ -2.48%	↓ -2.71%
NSE Industrial Goods Index	↑ 0.00%	↑ 0.01%	↓ -3.59%	↓ -2.30%
NSE Consumer Goods Index	↑ 0.21%	↑ 0.33%	↓ -1.30%	↑ 4.86%
NSE Oil & Gas Index	↓ -0.02%	↓ -1.65%	↓ -4.02%	↓ -9.34%

Source:NGX, Bloomberg, AIICO Capital

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