AIICO CAPITAL

WEEKLY FINANCIAL MARKETS.

Friday, 29 August 2025

MARKET COMMENTARY

System Liquidity

Interbank system liquidity improved significantly over the week, buoyed by FAAC disbursements of ₦1.1 trillion, FGN bond coupon payments of ₦113.62 billion, and OMO maturities, offset partially by TSA debits, net OMO settlements, and bond auction outflows. Despite frequent CBN liquidity management interventions through OMO auctions totaling over ₦1.1 trillion, market liquidity strengthened from ₦739.10 billion to ₦1.40 trillion. Consequently, interbank funding rates remained anchored at 26.5% throughout the week. The Overnight Policy Rate (OPR) fell 2.40% w/w to close at 26.50%, while the Overnight (O/N) rate declined 2.20% w/w to 26.95%.

Outlook: *Interbank liquidity is expected to remain ample this week, supported by anticipated OMO maturities of ₦459.60 billion, despite the expected NTB auction. Rates are likely to hold near 26.5%, though they could rise if the CBN conducts another round of OMO auction.*

SYS. LIQ. (₦'BN)		Diff.
29-Aug-25	1,402.15	
22-Aug-25	(609.43)	↑ 2,011.59
Source: CBN		

Treasury Bills

The Treasury bills market traded quietly for most of the week, with activity largely concentrated on select OMO and NTB papers. Early sessions were muted as investors awaited the bond auction, with only mild interest in the 16-Dec, 17-Feb, and 7-Apr bills. Midweek, cautious sentiment prevailed following the CBN's OMO auction, where ₦300 billion was offered on the 83-day tenor but oversubscription reached ₦860 billion, with ₦842.5 billion allotted at a stop rate of 26.49%, slightly below the prior level.

Despite limited trades, demand was noted on 23-Dec and 17-Feb OMO papers, while mild buying interest emerged on the 20-Aug NTB. By week's end, calm but bullish undertones persisted, though average mid-rates on benchmark NTBs rose 69bps w/w to 17.66%.

Outlook: *Trading is likely to remain cautious as markets await the NTB auction and assess liquidity conditions.*

BENCHMARK T-BILLS DISCOUNT RATES			
	29-Aug-25	22-Aug-25	Change in Rates
83 DAYS	17.75%	16.21%	↑ 1.54%
174 DAYS	16.78%	16.78%	→ 0.00%
356 DAYS	16.88%	17.19%	↓ -0.31%
Source: FMDQ DQL for 29-Aug-2025			

FGN Bonds

The FGN bonds market traded cautiously through the week, with activity shaped by the bond auction and shifting investor sentiment. At the auction, the DMO offered ₦200 billion across the new 2030 and Jan 2032 papers, allotting ₦136.16 billion at stop rates of 17.945% and 18.00% respectively. Early in the week, mild demand surfaced on the 2027s, 2029s, 2031s, 2033s, and 2053s, but wide bid-offer spreads and thin volumes kept activity muted. Midweek, bearish pressure weighed on short- to mid-dated bonds, before interest later returned in the 2031s, 2033s, 2038s, and 2053s, though offers remained sparse. By week's end, the market held a cautious tone, with the average mid-yield easing 11bps w/w to close at 17.04%.

Outlook: *Activity should stay mixed to bullish, with close attention on the NTB auction results.*

AUGUST 2025 FGN BOND AUCTION RESULTS		
Auction Date	August 25, 2025	
Settlement Date	August 27, 2025	
Maturity Date	August 27, 2030	June 25, 2032
Bond Nomenclature	17.945% FGN AUG 2030	17.95% FGN JUNE 2032
Offered Amount (₦'Bn)	100.000	100.000
Subscription Amount (₦'Bn)	102.360	165.810
Allotment Amount (₦'Bn)	46.005	90.157
Range of Bids (%)	12.5000 - 21.5000	15.0000 - 22.0000
Stop Rates (%)	**17.9450**	**18.0000**
Previous Stop Rates (%)	N/A	15.9000
Change (%)		2.1000

BENCHMARK FGN BOND YIELDS			
	29-Aug-25	22-Aug-25	Change in Yield
5 YRS: 19.30% 17-APR-2029	17.86%	16.89%	0.97%
10 YRS: 22.60% 29-JAN-2035	17.06%	15.66%	1.40%
13 YRS: 15.45% 21-JUN-2038	16.00%	16.24%	-0.25%
28 YRS: 15.70% 21-JUN-2053	16.07%	16.07%	0.00%

Source: FMDQ DQL for 29-Aug-2025

Eurobonds

African Eurobonds traded mixed through the week, swayed by shifting global and political cues. The market opened quietly on thin volumes due to the UK Bank Holiday, before turning bearish as oil prices slipped and President Trump escalated pressure on the Fed and trade partners. His attempt to oust Fed Governor Lisa Cook stirred concerns about central bank independence, weighing on sentiment. Midweek, stronger oil prices supported Nigerian and Angolan papers, with some resilience also seen in Egyptian bonds. The bullish bias extended briefly ahead of the US PCE data, but late Friday saw a pullback, as the "core" Personal Consumption Expenditures index, closely studied by the central bank, rose 0.3% on a monthly basis and 2.9% on an annual basis, above the Fed's 2% inflation target. Overall, Nigerian Eurobonds closed the week with average mid-yields higher by 12bps at 7.98%.

Outlook: *Markets are closed Monday for Labor Day, but activity is likely to resume with a mixed to slightly bullish tone afterward.*

BENCHMARK FGN EUROBOND YIELDS			
	29-Aug-25	22-Aug-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	6.92%	6.74%	0.18%
10 YRS: NGERIA 7.375% 09/29/3:	8.26%	8.23%	0.03%
15 YRS: NGERIA 7.696% 23/02/3	8.82%	8.80%	0.02%
30 YRS: NGERIA 8.25% 09/29/51	9.41%	9.33%	0.08%
8.75% ETI 06/17/31*	5.77%	6.63%	-0.86%

Source: FBN UK Runs for 29-Aug-2025

Nigerian Equities

The market closed the week on a bearish note, with the ASI dipping 50bps w/w to close at 140,295.50 points, as selloffs persisted across banking, consumer, and insurance names. Heavyweights like ZENITHBANK, GTCO, WAPCO, ETI, and TRANSCORP were the key drags, while the banking index struggled further on delayed half-year earnings from tier-1 banks. Offshore participation was largely concentrated in GTCO, ACCESSCORP, STERLINGNG, FIRSTHOLDCO, BUAFOODS, WAPCO, and MTNN. On the corporate actions front, Coronation Infrastructure Fund listed 87.9m units at ₦100, while NIDF added 270,382 units from its Q2 scrip dividend. TRANSPOWER saw 1.49m units exchanged off-market, and UPL was marked down for a ₦0.15 dividend. BETAGLAS hit a fresh 52-week high at ₦486, while rights issues by UBA, CHAMS, and IMG progressed.

Outlook: *Investors are likely to stay cautious but may target fundamentally strong equities at attractive entry levels.*

	D-o-D	W-o-W	MTD	YTD
NGX ASI	-0.19%	-0.50%	0.31%	36.31%
NSE Banking Index	-0.88%	-1.21%	-5.09%	40.95%
NSE Insurance Index	-1.54%	-1.02%	44.30%	78.77%
NSE Industrial Goods Index	-0.01%	-0.36%	1.83%	39.26%
NSE Consumer Goods Index	0.14%	-0.89%	8.91%	84.24%
NSE Oil & Gas Index	-0.51%	-0.18%	-3.95%	-12.19%

Source:NGX, AIICO Capital

Top 5 Equity Advancers W-o-W				
Ticker	Px	% Change	Points	% Mov
STANBIC	100.00	6.38%	142.78	20.15%
OANDO	51.20	4.49%	50.23	7.09%
UBA	48.65	1.46%	43.97	6.20%
NEM	31.20	17.29%	42.38	5.98%
BETAGLAS	486.00	8.16%	40.38	5.70%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W				
Ticker	Px	% Change	Points	% Mov
ZENITHBANK	66.00	-5.71%	230.64	-32.55%
WAPCO	130.00	-3.38%	134.60	-18.99%
GTCO	92.00	-2.13%	108.10	-15.26%
ETI	36.55	-6.76%	89.30	-12.60%
TRANSCORP	47.00	-2.19%	78.38	-11.06%

Source: NGX, AIICO Capital

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Foreign Exchange

The week was dominated by liquidity flows and CBN interventions. Trading opened with heightened dollar demand, pushing rates to ₦1540/$ before the CBN intervened, selling about $70m across sessions to restore calm. Midweek, improved supply and steady interventions anchored the market within the ₦1525–₦1538/$ band, keeping volatility contained. By week's end, the naira firmed slightly on stronger dollar supply and moderated demand, closing at ₦1531.57/$, down 22.6bps w/w. External reserves improved by $161m to $41.26bn, offering further support to short-term stability.

Outlook: *The Naira is likely to maintain its current trading range.*

NFEM RATE ($/₦)		Diff.
29-Aug-25	1,531.5703	(3.4676)
22-Aug-25	1,535.0379	
Source: FMDQ		

Commodities

Oil prices fell on Friday as traders looked toward weaker demand in the U.S., the world's largest oil market, and a boost in supply this autumn from OPEC and its allies. Brent crude futures for October delivery , which expired on Friday, settled at $68.12 a barrel, down 50 cents, or 0.73%. The more active contract for November finished down 53 cents, or 0.78%, at $67.45. West Texas Intermediate crude futures settled at $64.01, down 59 cents, or 0.91%. Gold prices rose around 1% on Friday and were poised for their best monthly performance since April, as U.S. inflation data reinforced expectations that the Federal Reserve could cut interest rates next month. Spot gold was up 0.8% at $3,443.19 per ounce, as of 1:53 p.m. ET (1753 GMT), its highest level since July 17. Bullion has gained 4.7% in August. U.S. gold futures for December delivery settled 1.2% higher at $3,516.1.

Outlook: *Investors are monitoring India's response to U.S. pressure to halt Russian oil purchases, especially after Trump raised tariffs on Indian imports to 50% last Wednesday. Despite this, India continues to defy U.S. demands, with Russian oil exports to India expected to increase in September. The prevailing expectation is the absence of imminent Russian sanctions, allowing India to keep buying discounted Russian crude despite U.S. threats.*

MACRO INDICATORS	
GDP (Q1 2025)	+3.13% (Q4: 2024 +3.84% y/y)
INFLATION (JUNE 2025)	21.88% (Jun'25: 22.22%)
EXTERNAL RESERVE (US$'BILLION)	41.27 (+0.95% YTD as of 29-Aug-25)
MONETARY POLICY RATE (MAY'2025)	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US$/BBL	*68.12 (+0.39 w/w)
Source: NBS,CBN, AIICO Capital	

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