AIICO CAPITAL

MARKET COMMENTARY

DATE: Friday | 04 April 2025

Money Market

The interbank market sustained robust liquidity throughout the week, largely driven by ₦651 billion in OMO maturities, which helped keep short-term rates stable despite CBN's CRR debits. Early in the week, both the Overnight Policy Rate (OPR) and Overnight Rate (O/N) held firm at 26.50% and 26.96%, respectively. Midweek, improved liquidity conditions nudged rates slightly lower by 8bps. By week's end, the OPR remained unchanged at 26.50%, while the O/N rate dipped 10bps w/w to settle at 26.86%.

Outlook: *Next week's NTB maturities should boost liquidity, but potential CBN OMO auctions could push rates back up to 32.5% if the bank maintains its tight policy stance.*

Treasury Bills

The Treasury Bills market opened the shortened week on a quiet note but saw improved demand later for the newly issued 1-year paper (26 Mar 2025) and select long-dated OMO bills. Trading volumes remained modest as participants took advantage of ample system liquidity. Midweek, momentum picked up, with increased activity on long-dated maturities including the March NTB and OMO bills. However, moderate selloffs across the curve pushed yields higher, while short-term papers experienced low demand and limited supply. By week's end, bearish sentiments dominated, especially at the long end, driving the average mid-rate on benchmark NTBs up by 13bps w/w to close at 19.12%.

Outlook: *Investors are likely to trade cautiously ahead of next week's potential NTB auction and the release of Q2 2025 primary market calendar.*

FGN Bonds

The local bonds market experienced a quiet week, marked by subdued trading and low investor participation. Activity was mostly concentrated on mid-tenor papers such as the Feb 2031 and May 2033 maturities, while later in the week, interest extended to longer-dated instruments like the Apr 2037 and Jun 2053 papers. Despite occasional interest, overall market sentiment remained cautious, leading to limited price movements and low trade volumes. By the end of the week, only a few trades were consummated across the mid to long end of the curve. As a result, the average mid-yield in the bond market edged up slightly by 2bps w/w to close at 18.48%.

Outlook: *Market sentiment is likely to remain cautious as investors continue assessing yield opportunities.*

Nigerian Equities

The equities market closed the shortened trading week on a bearish note, with the All-Share Index dipping 15bps w/w to close at 105,511.89 points. Selloffs in OANDO (–17.65%) and FIRSTHOLDCO outweighed bargain hunting in TRANSCOHOT, ZENITHBANK, and FIDELITYBK. Investor interest remained strong in the banking space, particularly in FIDELITYBK, GTCO, and ZENITHBANK. Offshore participation was relatively quiet, though some activity was observed in NB and GTCO. Key corporate actions dominated headlines: Capital Oil, Goldlink Insurance, and Medview Airline were delisted for non-compliance with listing standards. Meanwhile, the Mandatory Takeover Offer for GUINNESS by N-Seven Nigeria Ltd was extended to April 18, 2025. WAPCO and HMCALL were marked down for dividends of ₦1.20 and ₦0.07 respectively.

Outlook: *Investors are likely to stay cautious, though select opportunities may emerge at compelling entry points.*

BENCHMARK T-BILLS DISCOUNT RATES

	04-Apr-25	28-Mar-25	Change in Rates
83 DAYS	17.30%	17.04%	↑ 0.26%
174 DAYS	17.50%	18.10%	↓ -0.60%
321 DAYS	19.70%	18.05%	↑ 1.65%

Source: FMDQ DQL for 04-Apr-2025

BENCHMARK FGN BOND YIELDS

	04-Apr-25	28-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	19.23%	19.22%	↑ 0.00%
13 YRS: 15.45% 21-JUN-2038	18.36%	18.36%	→ 0.00%
28 YRS: 15.70% 21-JUN-2053	17.00%	17.00%	→ 0.00%

Source: FMDQ DQL for 04-Apr-2025

NFEM RATE ($/₦)		Diff.
4-Apr-25	1,567.0200	
28-Mar-25	1,536.8200	↑ 30.2000

Source: FMDQ

SYS. LIQ. (₦'BN)		Diff.
4-Apr-25	969.64	
28-Mar-25	969.77	↓ (0.13)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	22.14
AIICO BALANCED FUND	5.56
AIICO EUROBOND FUND	7.15

As of March 31, 2025

BENCHMARK FGN EUROBOND YIELDS	04-Apr-25	28-Mar-25	Change in Yield
5 YRS: NGERIA 8.375% 03/24/29	10.54%	9.21%	1.33%
10 YRS: NGERIA 7.375% 09/29/3	11.26%	10.02%	1.24%
15 YRS: NGERIA 7.696% 23/02/3	11.45%	10.28%	1.17%
30 YRS: NGERIA 8.25% 09/29/51	11.59%	10.60%	0.99%
8.75% ETI 06/17/31*	9.18%	8.73%	0.45%

Source: FBN UK Runs for 04-Apr-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$'BILLION)	38.16 (-6.65% YTD as of 03-Apr-25)
MONETARY POLICY RATE (FEB'2025)	27.50%
CASH RESERVE REQUIREMENT (CRR)	50.00%
BRENT CRUDE PRICE US$/BBL	*65.58 (-7.96 w/w)

Source: NBS,CBN, AIICO Capital

Eurobonds Market

African Eurobonds endured a turbulent week as risk-averse sentiment dominated investor behavior, spurred by escalating global trade tensions and weakening oil prices. The market initially reacted to President Trump's "Liberation Day" retaliatory tariffs, pushing Nigerian Eurobond yields up. Midweek, the market experienced its sharpest single-day decline in recent memory, as new expansive U.S. tariffs sparked recession fears while oil prices plunged, driving yields up. The bearish momentum persisted as OPEC+ announced plans to raise oil supply in May, exacerbating concerns over a potential oversupply. By week's end, investors sought refuge in safer assets, leading to further selloffs. Consequently, Nigerian Eurobond yields surged 118bps w/w to close at 10.77%.

Outlook: *Growing trade tensions, rising oil supply, and softening demand pose substantial global risks—heightening US recession fears and driving continued de-risking of African markets as investors seek safer assets.*

Foreign Exchange

The interbank Nigerian Foreign Exchange Market (NFEM) witnessed heightened volatility this week. Early in the week, the naira remained relatively stable, trading between ₦1,525–₦1,535/USD, buoyed by consistent CBN support and moderate offshore inflows. However, midweek saw a sharp reversal as offshore demand surged, compounded by weakened oil prices following OPEC+'s supply hike and global risk-off sentiment driven by Trump's tariff announcements. This led to strong FX demand pressure and limited supply, pushing the naira to as high as ₦1,570/USD. By week's end, the CBN intervened, selling a total of $197.7 million between ₦1,519 and ₦1,595.20/USD. Despite this, the naira depreciated by 1.97% w/w to close at ₦1,567.02/USD. Foreign reserves declined by $149 million to $38.15 billion.

Outlook: *The CBN is likely to maintain its robust defense of the Naira, as offshore demand intensifies against the dual pressures of declining global oil consumption and rising OPEC+ production.*

Commodities

Oil prices plunged nearly 7% on Friday, reaching their lowest levels in over three years, as escalating U.S.-China trade tensions deepened global recession fears. China, the world's largest oil importer, announced a 34% tariff on all U.S. goods starting April 10, prompting fears of a prolonged economic slowdown. Brent crude fell $4.56, or 6.5%, to settle at $65.58 per barrel, while WTI dropped $4.96, or 7.4%, to $61.99. Both benchmarks touched four-year lows during the session. For the week, Brent lost 10.9%—its sharpest drop in 18 months—while WTI fell 10.6%, the most in two years. Gold slumped 2.9% to $3,024.20 per ounce after investors sold off to cover broader market losses.

Outlook: *President Trump's recently announced tariffs exceed market expectations, suggesting their economic impact—including heightened inflationary pressures and reduced growth—may also prove more severe than anticipated.*

Top 5 Equity Advancers W-o-W

Ticker	Px	% Change	Points	% Mov
TRANSCOHOT	145.00	7.13%	181.52	114.52%
ZENITHBANK	47.90	1.91%	51.90	32.74%
FIDELITYBK	19.95	5.00%	50.55	31.89%
GTCO	69.40	0.87%	32.43	20.46%
TRANSCORP	44.70	0.68%	22.40	14.13%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Ticker	Px	% Change	Points	% Mov
OANDO	42.00	-13.13%	144.97	-91.46%
FIRSTHOLDCO	26.00	-7.64%	141.73	-89.42%
UACN	29.00	-18.31%	34.93	-22.04%
PZ	33.40	-9.97%	26.98	-17.02%
DANGSUGAR	32.00	-3.32%	24.54	-15.48%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	-0.01%	-0.14%	-0.14%	2.51%
NSE Banking Index	0.51%	0.22%	0.22%	7.19%
NSE Insurance Index	-3.21%	-4.13%	-4.13%	-6.73%
NSE Industrial Goods Index	0.01%	-0.22%	-0.22%	-2.52%
NSE Consumer Goods Index	-0.24%	-0.91%	-0.91%	3.90%
NSE Oil & Gas Index	-0.50%	-1.18%	-1.18%	-10.41%

Source:NGX, Bloomberg, AIICO Capital

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