



PARTHIAN  
SECURITIES

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# Equity Market Wrap

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21 March 2025

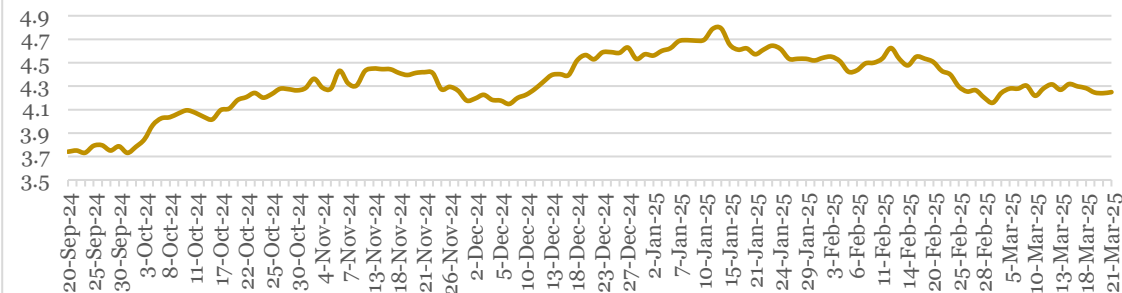
# Global Update

- During its March 2025 policy meeting, the U.S. Federal Reserve opted to keep its benchmark interest rate unchanged at 4.25%-4.50%. Additionally, the Fed announced a further slowdown in its quantitative tightening (QT) strategy, reducing the monthly roll-off of Treasury maturities from USD25.00 billion to USD5.00 billion, while maintaining the USD35.00 billion cap on mortgage-backed securities. This move aligns with the Fed's approach to support economic growth while still addressing inflation concerns. The decision was influenced by factors such as ongoing trade uncertainties, a softening labor market, and persistent inflation, all of which have raised concerns about the economy's ability to stay resilient.
- Similarly, the Bank of England's Monetary Policy Committee (MPC) voted 8-1 to hold the benchmark interest rate steady at 4.50% at its March policy meeting, opting for a pause in its rate-cut cycle amid ongoing inflationary pressures and global uncertainties. This cautious decision reflects concerns that inflation risks remain high, despite signs of moderating wage growth and domestic price pressures. The committee also considered the impact of geopolitical tensions, trade uncertainties, and increasing inflation expectations among businesses and households, all of which contributed to the decision to maintain the current rate.
- Last Thursday, South Africa's central bank paused its rate-cutting cycle, citing concerns over the economic risks posed by U.S. President Donald Trump's global trade policies and the country's unresolved national budget. Despite successfully keeping inflation under control, the South African Reserve Bank's decision to maintain the repo rate at 7.50% was in line with the median expectations of economists, following a series of rate cuts in the previous three monetary policy meetings.

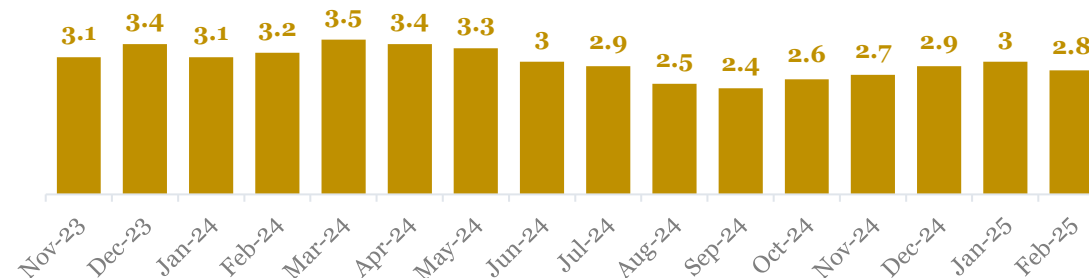
## Global Economic Data

	Current	Previous	Change
US GDP	<b>2.30%</b> (Q4-2024)	<b>3.10%</b> (Q3-2024)	<b>0.80%</b>
US Interest Rate	<b>4.25% - 4.50%</b> (Mar. 2025)	<b>4.25% - 4.50%</b> (Jan. 2025)	<b>0.00%</b>
US Inflation	<b>2.80%</b> (Feb. 2025)	<b>3.00%</b> (Jan. 2025)	<b>0.20%</b>
China GDP	<b>5.40%</b> (Q4-2024)	<b>4.60%</b> (Q3-2024)	<b>0.80%</b>
China Inflation	<b>-0.70%</b> (Feb. 2024)	<b>0.50%</b> (Jan. 2024)	<b>-1.20%</b>

## US 10 Year Bond Yields (%)

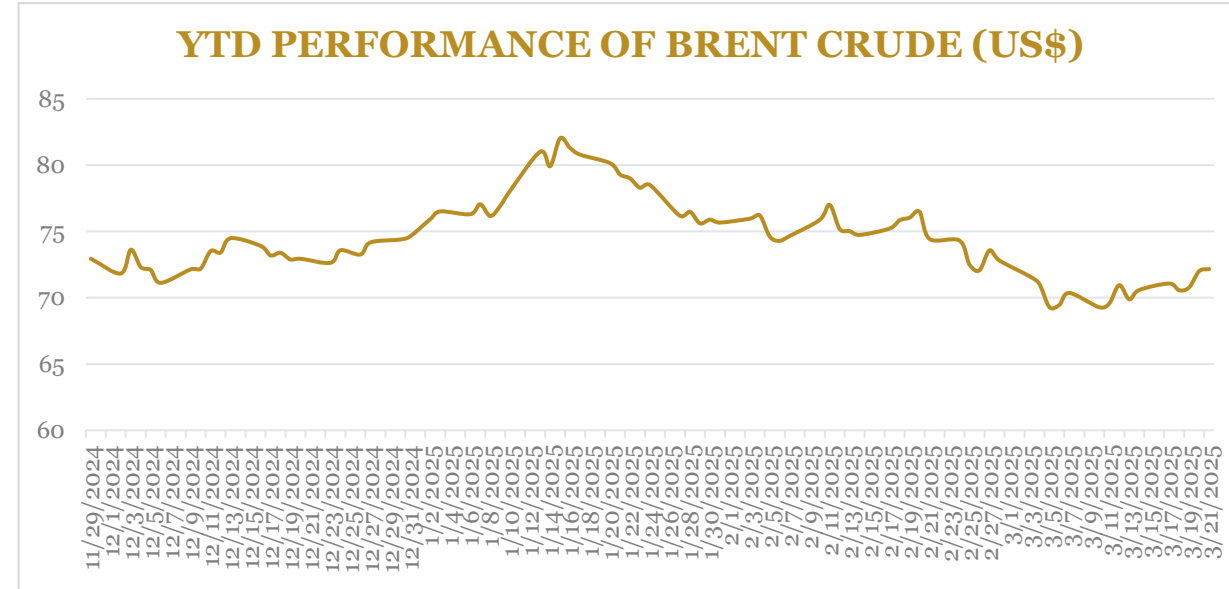


## US Inflation %



# Crude Oil Price Update

- Oil prices recorded a second consecutive weekly gain, driven by a combination of tighter supply and a more optimistic demand outlook.
- On the supply side, reports indicate that OPEC+ has implemented additional output cuts for seven member countries, including Russia, Kazakhstan, and Iraq, to compensate for exceeding agreed production targets. These cuts, ranging from 189,000 to 435,000 barrels per day (bpd), will remain in place until June 2026. Simultaneously, new U.S. sanctions on Iranian crude exports have further restricted supply, with the U.S. Treasury introducing measures that could potentially reduce Iran’s oil exports by up to 1 million bpd.
- On the demand side, China’s refinery output averaged 14.74 million bpd in the first two months of 2025, marking a 2.10% (year-on-year) increase and signaling modest growth in domestic demand. Meanwhile, in the United States, crude oil inventories unexpectedly rose by 1.70 million barrels, reaching 437 million barrels, according to the Energy Information Administration (EIA). This combination of tighter supply and mixed demand data continues to shape the trajectory of oil prices.
- On a weekly basis, Brent crude prices improved by **2.24%**, closing at \$72.16 per barrel, while WTI increased by **1.46%**, settling at \$67.89 per barrel week on week.



Source: Investing.com, PSL Research

## Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil(\$)	72.16	70.58	2.24%
WTI Crude Price (\$)	67.89	66.91	1.46%

## Domestic Update

- The National Bureau of Statistics (NBS) reported that Nigeria's consumer price inflation slowed to 23.18% year-on-year in February, down from 24.48% in January, based on the rebased Consumer Price Index (CPI) basket. This moderation is primarily attributed to the relative stability of the naira in recent months. Lower energy costs also played a role in the observed slowdown. A closer examination of the data shows that food inflation eased to 23.51% year-on-year, down from 26.10% in January, mainly due to lower prices of key staples, supported by improved supply, a stable exchange rate, and reduced energy costs. On the other hand, core inflation, which excludes food and energy costs, edged up to 23.01% year-on-year, compared to 22.59% in January. The Month-on-month inflation rate came in at 2.04%.
- Dangote Refinery has halted the sale of petroleum products to the domestic market in Naira due to the Federal Government's failure to renew the Naira-for-crude agreement between the company and the Nigerian National Petroleum Company Limited (NNPCL). NNPCL has highlighted that its crude oil allocation to foreign creditors for oil forward sales, used to settle loans, is creating significant challenges for domestic refiners, including Dangote Refinery. While the Technical Sub-Committee on the Naira-for-Crude Policy is set to reconvene on March 24, 2025, to discuss the issue, the likelihood of maintaining low petrol prices has diminished due to the possible resurgence in FX demand pressures.
- Last Tuesday, March 18, 2025, President Bola Tinubu declared a state of emergency in Rivers State during a nationwide broadcast, citing a political crisis and governance paralysis in the region. As a result, the President suspended Governor Sim Fubara, his deputy, and members of the State House of Assembly for six months. Additionally, President Tinubu appointed retired Naval Chief Ibok-Ette Ibas as the Administrator of Rivers State. The controversial state of emergency was approved by the National Assembly on Thursday, March 20, 2025. Despite the deployment of over 10,000 civil defense troops to the state last week, several oil pipelines have exploded. These disruptions could lead to a decline in oil production from the state, potentially undermining the feasibility of the budget's oil production and revenue targets.

## Foreign Exchange Update

- At the Nigerian Foreign Exchange Market (NFEM), the naira depreciated by 1.25% to ₦1,536.89/USD on March 21st, down from ₦1,517.93/USD the previous week. This decline occurred despite the Central Bank of Nigeria's (CBN) intervention of approximately USD230.85 million to authorized dealers. Meanwhile, in the parallel market, the local currency appreciated by 0.77% week-on-week, closing at an average of ₦1,568/USD, up from ₦1,578/USD the week before.
- Similarly, Nigeria's gross external reserves declined by USD2.65 billion week-on-week to USD38.36 billion as of 19th March 2025.

## Fixed Income Market

- Last week, the Nigerian Treasury bill market showed a subdued performance, despite a higher stop rate at the mid-week auction that was expected to attract investors. A mild selloff pushed the average benchmark yield up by 174 basis points week-on-week, reaching 19.21%. Similarly, the OMO Bill market followed suit, with the average yield rising by 189 basis points week-on-week to 22.64%.
- At last week's NTB auction, the Debt Management Office (DMO) offered ₦800 billion in securities and received a total subscription of ₦902.04 billion, which was lower than the ₦1,267.01 billion subscription at the previous auction. This decline in subscription reflects tight liquidity and a more cautious investor sentiment. However, the 364-day paper saw strong demand, being oversubscribed by 66%. Despite this, the DMO was unable to absorb the full subscription and settled for ₦483.91 billion, 40% less than the amount offered. The stop rates for all three papers (91-day, 182-day, and 364-day) increased, rising to 18.00%, 18.50%, and 19.94%, respectively, compared to 17.00%, 17.79%, and 17.82% at the previous auction.
- Despite the moderation in February's inflation figures, investor sentiment remained cautious, leading to limited demand at the short tenors and selloffs at the mid-to-long end of the curve. Consequently, the FGN bond market closed on a bearish note last week, with the average benchmark yield rising to 18.49%, up from 18.42% the previous week.

## Equity Market

- Despite a modest rebound on Friday, bearish sentiment continued to dominate, as the Nigerian equities market recorded its fourth consecutive week of losses. Sell pressure and profit-taking, particularly in mid- and large-cap stocks, led the market to close in negative territory. Consequently, the NGX All-Share Index and Market Capitalization depreciated by **0.94%** and **0.80%** to close the week at 104,962.96 points and ₦65.820 trillion respectively.
- The bearish performance was primarily driven by profit-taking and sell-offs in stocks such as Livestock (**-17.55%**), BUA Cement (**-10.00%**), MRS (**-8.99%**), Access (**-5.56%**), GTCO (**-4.59%**), Zenith (**-4.60%**), Aradel (**-2.43%**), and Oando (**-1.92%**).
- Investor sentiment showed signs of improvement, as market breadth increased to 0.78x, up from 0.44x the previous week. However, sectoral performance remained largely bearish, with the Industrial Goods, Insurance, Banking, and Oil & Gas sectors closing down by **3.39%**, **2.87%**, **2.55%**, and **1.08%**, respectively, while the Consumer Goods sector posted a slight gain of **0.06%**.
- Trading activity reflected the overall market trend, with total volume and value traded declining by 11.59% week-on-week and 32.38% week-on-week, respectively, to 2.90 billion units and ₦42.90 billion, compared to 3.28 billion units and ₦63.44 billion in the previous week. Tantalizer was the top performer for the week, gaining 19.69%, while Redstarex posted the largest decline, falling by 18.86%.
- We expect the bearish trend in the equities market to continue this week, driven by a risk-averse attitude among investors amid escalating global uncertainties and a lack of supportive domestic factors.