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SECURITIES

A Trading License Holder of the Nigerian Exchange Limited

Equity Market Wrap

28 March 2025

Global Update

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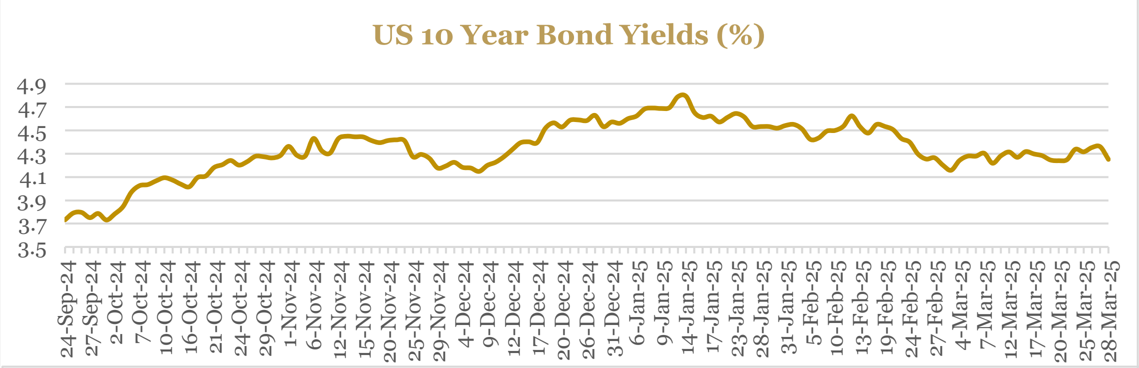
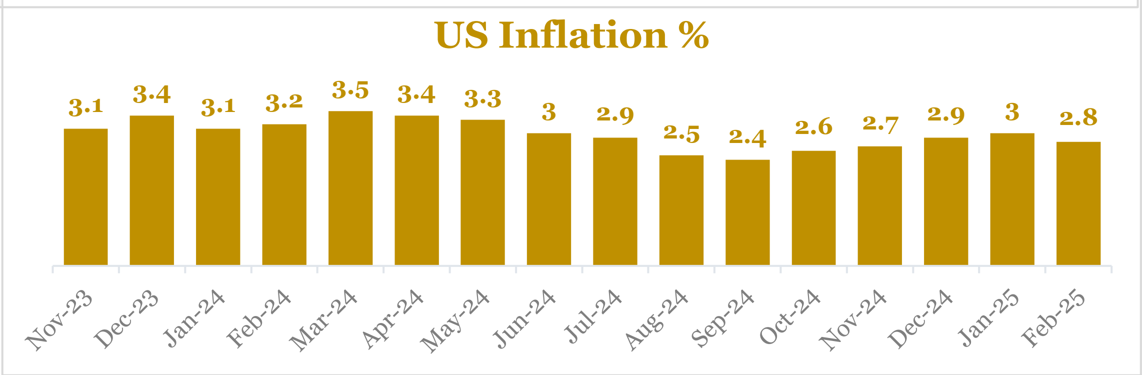
- Inflation in the UK eased slightly in February, dropping by 20 basis points to 2.8% year-on-year, compared to 3.0% in January, according to the Office for National Statistics (ONS). This was lower than the anticipated rate of 2.9%. Breaking it down further, core inflation decreased to 3.5% year-on-year, down from 3.7% in January, marking a retreat from its nine-month peak. The easing was driven by slower price increases in categories like clothing, which saw a decline of 0.6% year-on-year (compared to a 1.8% rise in January), recreation and culture (3.4% vs. 3.8% in January), and housing and utilities (1.9% vs. 2.1% in January). Energy prices continued to fall, down by 6.8% year-on-year (compared to a 6.6% decline in January), while food inflation remained steady at 3.3%. On a monthly basis, consumer prices rose by 0.4% in February, reversing the 0.1% drop seen in January.
- The US government has revealed plans to impose a 25% tariff on all imports from nations that continue purchasing oil and gas from Venezuela, with the policy set to come into force on April 2. The move primarily targets China and India, the top two buyers of Venezuelan oil, and is designed to strengthen US energy objectives. If fully implemented, the tariff could tighten global oil supply, potentially leading to higher energy prices and inflation, which would impact both businesses and consumers.

Global Economic Data

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



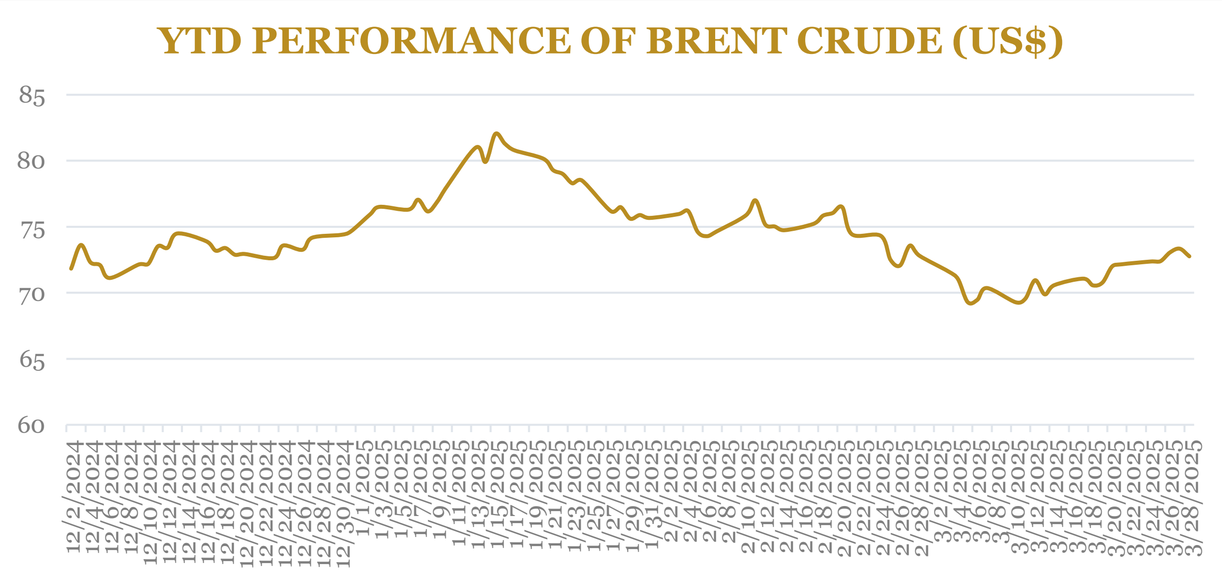


Crude Oil Price Update

- Crude oil prices continued their upward trend, recovering sharply from a mid-month dip and marking their third consecutive week of gains.

- The week kicked off positively after the U.S. government announced a 25% tariff on countries importing Venezuelan oil, stoking concerns over tighter global supply. This news, coupled with a larger-than-expected decline in U.S. crude inventories, down by 3.40 million barrels to 433.60 million from 437 million the previous week helped push prices higher midweek. However, fears of a trade war, particularly due to extensive U.S. tariffs on auto imports, tempered the rally.

- Nevertheless, Brent crude prices improved by 1.61%, closing at $72.76 per barrel, while WTI increased by 1.58%, settling at $69.36 per barrel week on week.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil($)	72.76	71.61	1.61%
WTI Crude Price ($)	69.36	68.28	1.58%

Domestic Update

- The Nigeria Customs Service (NCS) has started enforcing a two-year waiver on import duties and Value Added Tax (VAT) for essential healthcare products. This follows a federal directive aimed at supporting local pharmaceutical manufacturing and improving access to healthcare. The policy is part of the government's broader economic strategy to enhance the availability of critical raw materials and reduce production costs for industry players. The exemption applies to key inputs such as Active Pharmaceutical Ingredients (APIs), excipients, and diagnostic kits, helping to ease cost pressures on local manufacturers. This initiative reflects the push for greater self-sufficiency, particularly in response to supply chain disruptions experienced during the COVID-19 pandemic. It also aligns with a June 2024 Executive Order that introduced zero tariffs on healthcare inputs.

- On March 26, 2025, the Nigerian House of Representatives introduced a bill proposing Citizenship by Investment, an initiative led by Deputy Speaker Benjamin. The bill aims to grant citizenship to foreign investors who meet a yet-to-be-disclosed investment threshold. Additionally, lawmakers are considering an amendment to the Indigene Status Bill, which would allow individuals born in a state or residing there for at least 10 years to claim indigene status. These legislative measures are designed to attract foreign investment and stimulate economic activity, particularly in light of declining Foreign Direct Investment (FDI) inflows. Nigeria recorded $149.01 million in FDI over the first nine months of 2024 and $377.38 million in 2023, significantly lower than the $934.34 million seen in 2019 before the pandemic. Despite the potential benefits, analysts caution that challenges such as inadequate infrastructure, high borrowing costs, regulatory hurdles, energy costs, and security concerns could continue to weigh on investor confidence.

- The Nigerian National Petroleum Company Limited (NNPC Ltd) is advancing its plans for an Initial Public Offering (IPO), a significant step toward reshaping Nigeria's energy sector. Since its transformation into a commercially driven entity under the Petroleum Industry Act (PIA) of 2021, NNPC Ltd has been engaging financial advisers, investors, and regulators to ensure compliance with listing requirements and attract strategic partnerships. In preparation for the IPO, the company has undertaken financial restructuring, strengthened corporate governance, and conducted international roadshows to highlight investment opportunities in Nigeria's oil and gas sector. The planned listing is expected to enhance transparency, improve operational efficiency under public market oversight, and attract both local and foreign investors, potentially driving greater participation in the sector's equities market.

Foreign Exchange Update

- Last week, the Naira depreciated by 0.50% to ₦1,538.70/USD in the Nigerian Foreign Exchange Market (NFEM), despite the Central Bank of Nigeria's intervention, which involved selling approximately USD 69.50 million to authorized dealers.

- Similarly, Nigeria's gross external reserves declined by USD 913.14 million week-on-week to USD38.33 billion as of 27th March 2025.

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Fixed Income Market

- The Nigerian Treasury bill market remained relatively quiet last week, with yields staying flat for most trading sessions, except for a few instances of selloffs. As a result, the average benchmark yield increased by 73 basis points (bps) week-on-week to 19.35% from 19.21%. Similarly, the OMO bill saw significant selloffs, driving the average benchmark yield up by 618 bps week-on-week to 24.04%.

- At Wednesday's NTB auction, the Central Bank of Nigeria (CBN) offered a total of ₦700.00 billion across the 91-day, 182-day, and 364-day bills. Investor interest was strong, with total subscriptions reaching ₦1.43 trillion, up from ₦902.04 billion in the previous auction. The Debt Management Office (DMO) eventually allotted ₦808.73 billion, with stop rates unchanged at 18.00% for the 91-day and 18.50% for the 182-day bills, while the 364-day rate declined to 19.63% from 19.94% in the previous auction.

- The FGN bond secondary market saw a bullish trend this week, with the average yield easing by 3bps to 18.7%. This was largely driven by investor demand in the secondary market following the auction, particularly from those who missed out due to the significant non-competitive allotment of ₦152.45 billion (36.0% of total allotment). At Monday's PMA, the DMO offered ₦300.00 billion worth of bonds through re-openings of the 19.30% FGN APR 2029 and 18.50% FGN MAY 2033. Investor demand was strong, with total subscriptions reaching ₦530.31 billion, though lower than the ₦1.63 trillion recorded in the previous auction. In the end, the DMO allotted ₦423.68 billion across both tenors.

Equity Market

- Last week, the Nigerian equities market experienced volatility with mixed sectoral performance. However, investor sentiment remained positive, supported by continued buying interest in banking and high-dividend-yield stocks. Consequently, The NGX All-Share Index and Market Capitalization appreciated by 0.66% to close the week at 105,660.64 and ₦66.257 trillion respectively.

- Last week, market gains were driven by buying interest in 43 stocks, with notable performances from GTCO (+18.21%), NNFM (+9.96%), NASCON (+6.86%), FIDELITYBK (+6.15%), and ZENITH (+3.07%). Meanwhile, 36 stocks saw selloffs and profit-taking, led by UHREIT (-9.93%), DANGSUGAR (-8.06%), CUSTODIAN (-6.70%) and AFRIPRUD (-6.45%).

- Investor sentiment improved further last week, as market breadth increased to 1.07x from 0.68x in the previous week. Sectoral performance was mostly positive, with the banking sector leading at 5.61% week-on-week, followed by the insurance sector at 1.89%, consumer goods at 0.33%, and industrial goods at 0.01%. However, the oil and gas sector declined by 1.65%, making it the only sector to close in negative territory.

- Trading activity mirrored the broader market trend, with total volume and value traded increasing by 4.90% and 19.97% week-on-week, respectively. MBENEFIT recorded the highest gain, rising by 56.72%, while ABCTRANS saw the steepest decline, down 9.80% for the week.

- We expect a volatile trading pattern this week, with periods of profit-taking on recent gainers likely to be offset by renewed bargain hunting in undervalued stocks.