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Equity Market Wrap

11 April 2025

Global Update

- Global market volatility continued last week amid escalating trade tensions, driven by the U.S. imposing tariffs on key trading partners, including China, the European Union, and Japan. Notably, tariffs on Chinese imports surged to 145% late in the week, prompting a swift response from China, which raised its own tariffs on U.S. goods to 125%. These tit-for-tat measures fueled fears of a broader trade war. However, market sentiment shifted positively after President Trump announced a 90-day suspension of the global tariffs, offering a temporary reprieve. This change in tone led to a recovery in global equities, with the MSCI World Equity Index climbing 3.2% week-over-week.

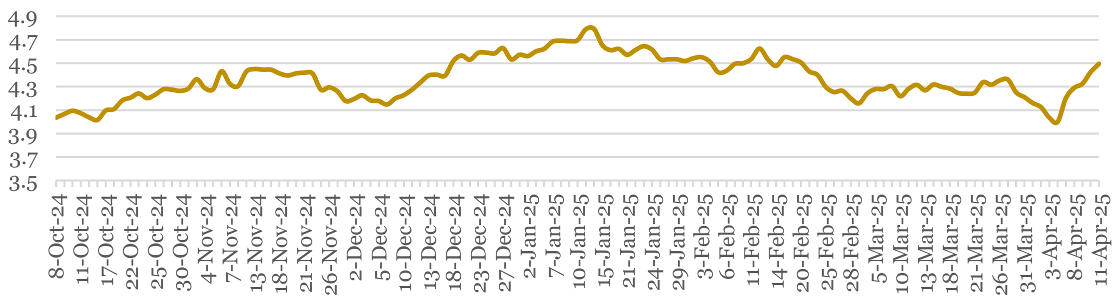
- Meanwhile, U.S. inflation eased further in March 2025, with the annual rate falling to 2.4%—a five-month low—driven largely by a 3.3% drop in energy prices. Notably, gasoline (9.8%) and fuel oil (7.6%) saw sharp declines. Shelter and transportation costs also moderated to 4.0% and 3.1%, respectively. Core inflation, which excludes volatile items slowed to 2.8%. However, food inflation edged up to 3.0%, led by increases in eggs, beef, and non-alcoholic beverages.

- Similarly, China's Consumer Price Index (CPI) fell by 0.1% year-over-year in March, marking the second straight month of deflation, while producer prices dropped sharply by 2.5%—the largest decline since November 2024. The deflationary trend is driven by weak domestic demand and rising U.S.-China trade tensions, which continued to pressure exporters amid global demand slowdown and excess production capacity.

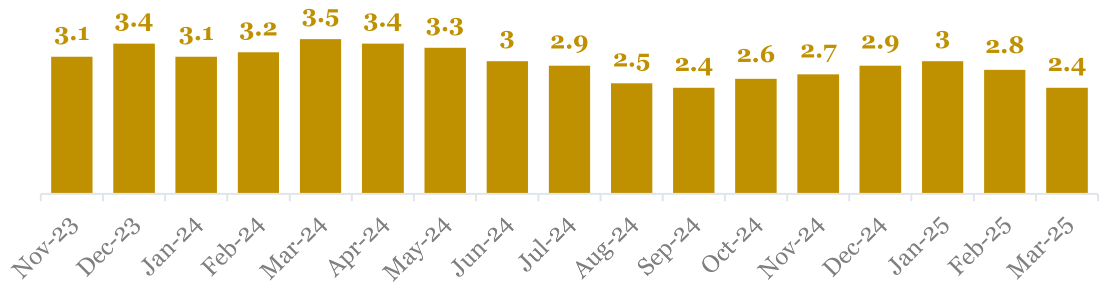
Global Economic Data

	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	**2.40%** (Mar. 2025)	**2.80%** (Feb. 2025)	**0.40%**
China GDP	**5.40%** (Q4-2024)	**4.60%** (Q3-2024)	**0.80%**
China Inflation	**-0.10%** (Mar. 2024)	**-0.70%** (Feb. 2024)	**0.60%**

US 10 Year Bond Yields (%)



US Inflation %



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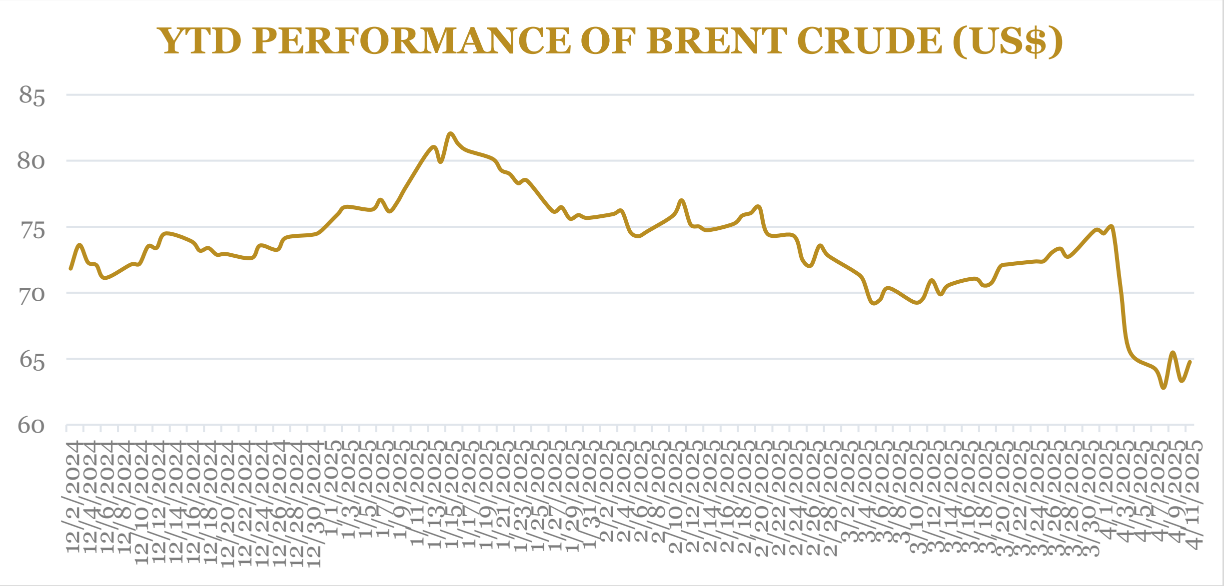
Crude Oil Price Update

- Crude oil prices saw considerable fluctuations throughout last week, largely influenced by rising trade tensions between the U.S. and China. Market sentiment soured on Wednesday amid escalating tensions, causing oil prices to drop to their lowest levels since January 2021. However, a recovery followed later in the week after President Trump announced a 90-day suspension of most of the newly introduced "Liberation Day" tariffs, which helped restore some market confidence. As a result, Brent crude rebounded to $64.76 per barrel, while WTI climbed to $61.50 per barrel.

- However, on a week-on-week basis Brent crude prices fell by 1.25%, closing at $64.76 per barrel, while WTI declined by 0.79%, settling at $61.50 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil($)	64.76	65.58	1.25%
WTI Crude Price ($)	61.50	61.99	0.79%

Domestic Update

- The Purchasing Managers' Index (PMI) in Nigeria remained above the 50-point mark for the fourth consecutive month, signaling continued growth in the country's business activities. The Central Bank of Nigeria (CBN) reported that the composite PMI rose to 52.3 points in March, up from 51.4 points in February, reflecting widespread gains across the agriculture, industrial, and services sectors. The agriculture sector saw the most significant improvement, with its PMI climbing to 54.7 points from 53.1 points in February, reaching an eight-month high, thanks to a boost in overall farming activities. The industrial sector also expanded, with its PMI increasing to 51.5 points from 50.5 points, driven by stronger performances in transportation equipment, furniture, and fabricated metal products subsectors. Meanwhile, the services sector PMI edged up to 51.5 points from 51.0 points in February, underpinned by steady growth in finance, insurance, education, and professional services.

- The Federal Government has once again emphasized its commitment to the Naira-for-Crude Sales initiative, highlighting its crucial role in easing the country's foreign exchange (forex) pressures and securing long-term energy stability. The government reiterated that the policy is not a short-term measure, but a strategic, long-term plan aimed at reducing Nigeria's reliance on foreign currency for its petroleum needs. This reaffirmation was made during a high-level update meeting of the Technical Sub-Committee on the initiative, which took place last Tuesday.

- Dangote Petroleum Refinery and Petrochemicals has revised its ex-depot (gantry) loading cost for petrol, lowering the price to ₦865 per litre. This adjustment follows the Federal Government's formal implementation of the delayed Naira-for-Crude agreement with Dangote Refinery and other local refiners. A senior official from Dangote Group confirmed that the price of petrol has been reduced from ₦880 per litre to ₦865 per litre representing a decrease of ₦15.

Foreign Exchange Update

- At the Nigerian Foreign Exchange Market (NFEM), the Naira depreciated by 4.17% to close at ₦1,603.78/USD on April 11th compared to ₦1,536.89/USD the preceding week. Similarly, in the parallel market, it depreciated by 3.94% week-on-week to close at an average of ₦1,624/USD from ₦1560/USD in the previous week.

- The gross external reserves declined by USD122.65 million week-on-week to USD38.04 billion as of 10th of April 2025.

Fixed Income Market

- The Nigerian Treasury bill market remained under pressure last week, maintaining a bearish trend despite significant unmet bids at the NTB auction. As a result, the average benchmark yield surged by 386 basis points week-over-week, reaching 20.76%. In a similar pattern, the average benchmark yield on Omo Bills climbed to 29.48% last Friday, up from 24.26% the previous week.

- At the NTB auction last week, the Debt Management Office (DMO) offered ₦800 billion in debt instruments but saw total subscriptions reach ₦1.13 trillion, a decline from the ₦1.43 trillion recorded in the previous auction. The oversubscription was spread across all tenors, but the DMO was only able to accept ₦424.58 billion, representing a 62% reduction from the initial offering. The stop rates for the 91-day and 182-day papers increased to 18.50% and 19.50%, up from 18.00% and 18.50%, respectively, while the rate for the 364-day paper remained unchanged at 19.63%.

- The FGN bond secondary market saw continued bearish movement last week, with the average yield increasing by 17 basis points to 18.9%. This decline is largely attributed to persistent risk-averse sentiment among both offshore and onshore investors, driven by concerns over President Trump's tariff policies and ongoing worries about debt sustainability, particularly considering weaker oil prices.

Equity Market

- Last week, the Nigerian equities market saw a mixed performance, with bearish sentiment maintaining the upper hand. While there were occasional periods of bargain hunting, especially in the banking and oil & gas sectors, these were not enough to counteract the broader trend of profit-taking and sectoral declines. Ultimately, both sectors ended the week in negative territory. Consequently, the NGX All-Share Index and Market Capitalization depreciated by 0.90% and 0.67% to close the week at 104,563.34 and ₦65.707 trillion, respectively.

- The downward trend was driven by selloffs and profit-taking in stocks like CAP (-11.70%), UHREIT (-9.95%), ACCESSCORP (-9.71%), NB (-5.88%), UBA (-4.21%), and MTNN (-4.08%). These losses outweighed gains seen in VFD (+53.86%), TOTALENERGIES (+9.61%), NGX (+6.16%), ZENITHBANK (+4.28%), and INTBREW (+3.00%).

- Investor sentiment remained largely bearish during the week, as indicated by a decline in market breadth, which dropped by 4.52% to 0.46x from 0.48x in the previous week. Sectoral performance was bearish as the Insurance, Banking, Consumer Goods, Oil & Gas and Industrial Goods sectors all closed negative by 4.57%, 2.20%, 0.61%, 0.50% and 0.26%, respectively.

- In a positive turn, trading activity picked up notably during the week, with total volume rising by 22.21% to 2.09 billion units, while the total value of trades increased by 23.58% to ₦52.92 billion.

- This week, we expect the bearish sentiment to persist in the absence of any major developments or drivers to spark renewed investor optimism.