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Equity Market Wrap

13 June 2025

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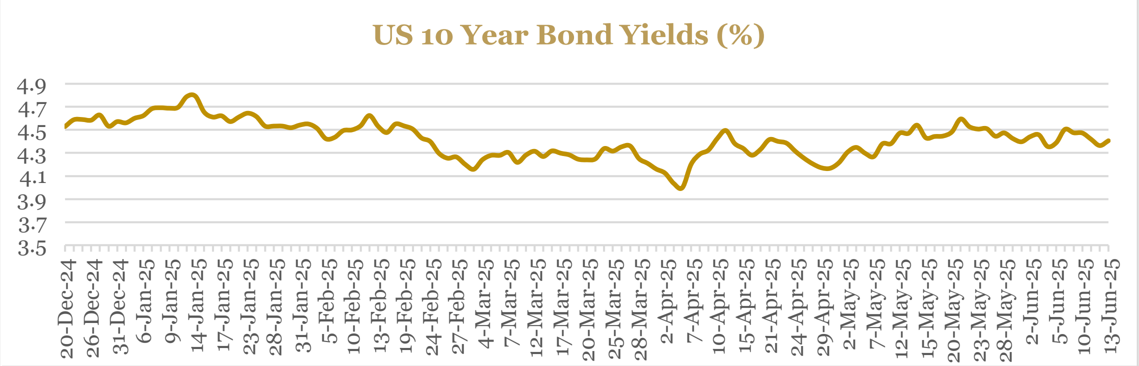
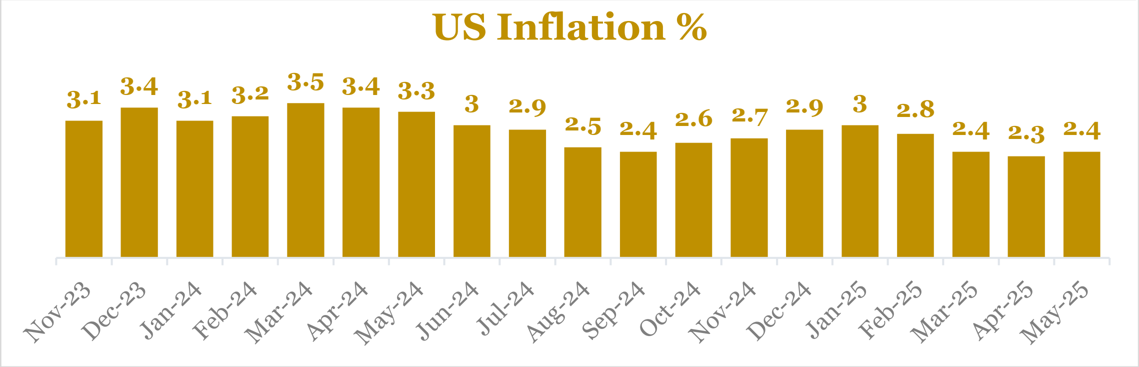
Global Update

- U.S. inflation edged up to 2.4% in May, slightly reversing the four-month declining trend. The rise was mainly driven by food prices, which increased 2.9% year-over-year. In contrast, energy prices fell by 3.5%, including a 2.6% drop in gasoline prices. Shelter inflation slowed to 3.9%, the lowest level since November 2021 but it remained the biggest contributor to monthly inflation. Core inflation, which excludes food and energy costs held steady at 2.8% annually.
- China recorded a deflation rate of 0.1% year-over-year in May, unchanged from April but slightly better than market expectations. Although deflation persisted for a fourth month, signs of easing pressure emerged as food prices fell more slowly (–0.4% vs. –2.7% in April), driven by firmer pork and vegetable prices. Core inflation rose to 0.6%, a four-month high. This was supported by government efforts to stimulate consumer demand.
- The U.S. and China have proposed a new trade agreement framework aimed at easing tensions. Under the deal, the U.S. will impose combined tariffs of up to 55% on Chinese goods, including existing Trump-era tariffs and new penalties linked to fentanyl concerns. China will apply a 10% tariff on U.S. imports and lift export restrictions on rare earth minerals critical to U.S. industries. The U.S. will continue to welcome Chinese students. While the agreement still requires formal approval, it signals a step toward de-escalation, though its long-term impact hinges on effective implementation.

Global Economic Data

	Current	Previous	Change
US GDP	**2.00%** (Q1-2025)	**2.40%** (Q4-2024)	**0.40%**
US Interest Rate	**4.25% - 4.50%** (May. 2025)	**4.25% - 4.50%** (Mar. 2025)	**0.00%**
US Inflation	**2.40%** (May. 2025)	**2.30%** (Apr. 2025)	**0.10%**
China GDP	**5.40%** (Q1-2025)	**5.40%** (Q4-2024)	**0.00%**
China Inflation	**-0.10%** (May. 2024)	**-0.10%** (Apr. 2024)	**0.00%**

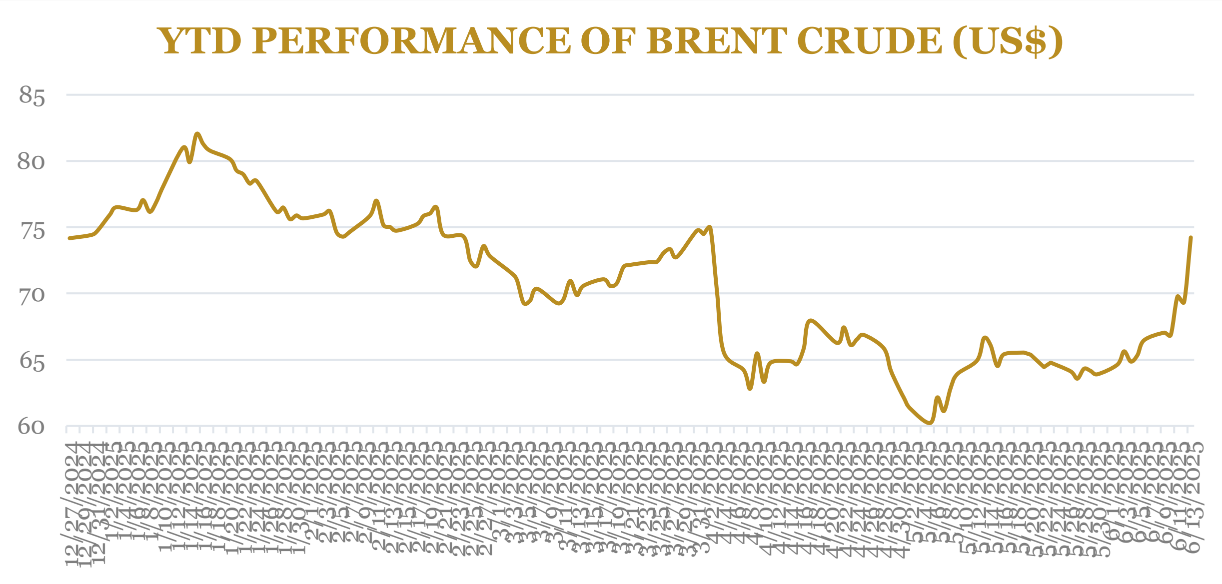




Crude Oil Price Update

- Oil prices posted gains last week, rising initially on a sharper-than-expected drop in U.S. crude stockpiles. Gains were further supported by rising geopolitical tensions between Iran and Israel, which stoked concerns over potential supply disruptions in the Middle East.

- On a week-on-week basis, Brent crude prices increased by 11.67%, closing at $74.23 per barrel, while WTI also appreciated by 13.01%, settling at $72.23 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil($)	74.23	66.47	11.67%
WTI Crude Price ($)	72.98	64.58	13.01%

Domestic Update

- Nigeria's total foreign trade rose by 6.2% year-over-year to ₦36.02 trillion in Q1 2025, mainly due to naira depreciation. However, in U.S. dollar terms, trade declined by 6.6% to $23.67 billion, with both imports and exports falling. Crude oil export revenue dropped 26.4% due to lower global oil prices, despite increased production. Imports also declined, led by a 33.9% drop in petroleum imports thanks to improved domestic refining. This outweighed a 12.4% rise in non-oil imports. Consequently, Nigeria's trade surplus grew 2.7% to $3.4 billion as imports fell more sharply than exports.

- The World Bank's June Global Economic Prospects report maintains Nigeria's growth forecast at 3.6% for 2025, a slight increase from 3.4% in 2024. Global growth is expected to slow to 2.3%, with the U.S. and China projected to grow at 1.4% and 5.0% respectively, amid ongoing geopolitical tensions, supply chain challenges, and rising trade barriers. Despite pressures from a weak industrial sector and oil market, Nigeria's growth is supported by a resilient services sector and early structural reforms. The report stresses the importance of policies that ensure macroeconomic improvements translate into better living standards for households.

- After leading Dangote Sugar Refinery for two decades, Aliko Dangote has stepped down as Chairman, marking a major change in the company's leadership. Following a thorough selection and transition process, the Board appointed Arnold Ekpe, an Independent Non-Executive Director, as the new Chairman, effective June 16, 2025. The appointment has been met with cautious optimism. Ekpe, a respected figure in the banking sector, is expected to draw on his extensive experience to continue advancing the company's growth, strengthen its market position, and promote long-term sustainability.

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Foreign Exchange Update

- At the Nigerian Foreign Exchange Market (NFEM) last week, the Naira strengthened by 0.24% to close at ₦1,549.35/USD on June 13th compared to ₦1,553.12/USD the preceding week. Similarly, in the parallel market, the currency strengthened by 0.31%, closing at an average of ₦1,615.00/USD compared to ₦1,620.00/USD the previous week.

- Nigeria's gross foreign exchange reserves fell for the third week in a row, dropping by USD 306.47 million to USD 38.02 billion as of June 11.

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Fixed Income Market

- The secondary Treasury bills market recovered last week, closing with a stronger tone as the average yield eased by 30 basis points week-on-week to 20.56%, down from 20.86% the prior week. Investor demand was notably strong across the curve, with yields on the September 2025, December 2025, and April 2026 maturities falling sharply by 103, 87, and 45 basis points, respectively. In contrast, the August 2025 bill saw some profit-taking, which caused its yield to rise modestly by 6 basis points over the week.

- Last week, the FGN bond secondary market saw positive momentum, supported by strong interest from local investors. As a result, the average yield dipped slightly by 1 basis point, closing at 18.8%.

Equity Market

- The Nigerian equities market ended last week on a positive note, as investor sentiment picked up following a holiday-shortened trading week due to the Eid-el-Kabir and Democracy Day celebrations. As a result, the NGX All-Share Index and Market Capitalization appreciated by 0.71% to close the week at 115,429.54 points and ₦72.788 trillion, respectively.

- The positive performance in the equities market was largely driven by strong buying interest in heavyweight stocks, like OANDO (+21.37%), STANBIC (+10.00%), BUACEMENT (+7.53%), BUAFOOD (+4.32%) and MTNN (+1.82%).

- Trading momentum softened last week, largely due to the reduced number of trading days. As a result, total volume and value of transactions dropped by 36.0% and 33.2% week-on-week, respectively.

- Sectoral performance was mixed last week. The Consumer Goods and Industrial Goods indices posted gains of 1.32% and 1.21%, respectively. Meanwhile, the Banking sector held steady at 0.00%. In contrast, the Oil & Gas and Insurance sectors faced modest setbacks, slipping by 1.22% and 0.11%.

- This week, investors are expected to approach the market with caution as they await the release of May's inflation figures, which could shape trading decisions. Meanwhile, some may start repositioning their portfolios ahead of the upcoming half-year earnings reports, and news around certain stocks might keep activity lively in those areas.