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SECURITIES

A Trading License Holder of the Nigerian Exchange Limited

Equity Market Wrap

25 July 2025

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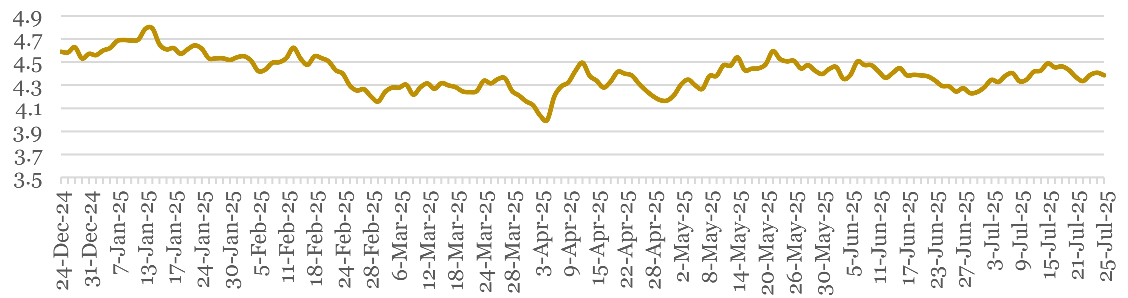
Global Update

- Recently, the trade discussions between the U.S. and EU have become tense after President Trump reportedly demanded a 15% baseline tariff on most European goods, above the 10% the EU was prepared to accept. This move united the EU countries behind a tougher stance, with potential countermeasures including tariffs on U.S. goods and restrictions on digital services and limit on public procurement access. However, both sides still hope to reach a deal before the August 1 deadline.
- Also, the United States finalized a trade agreement with Japan, under which Japan committed to investing USD 550 billion into the U.S. economy. In exchange, the U.S. agreed to remove tariffs on most Japanese imports excluding steel and aluminum with a particular focus on automobiles and auto parts. This deal followed earlier U.S. threats to impose a 25% tariff on Japanese goods by August 1st. That threat had come after a temporary delay in implementing previously proposed tariffs of 27.5% on auto imports and 25% on other products.
- At its fifth meeting of the year, the European Central Bank (ECB) kept its main interest rate at 2.15% and the deposit rate at 2.00%, pausing the easing cycle that began in mid-2024.This decision was supported by slowing inflation down to 2.00% in June and stable economic conditions across the Eurozone. With major economies like Germany showing disinflation and steady growth, the ECB is expected to maintain its current policy stance in the near term, keeping funding costs stable and supporting economic activity.

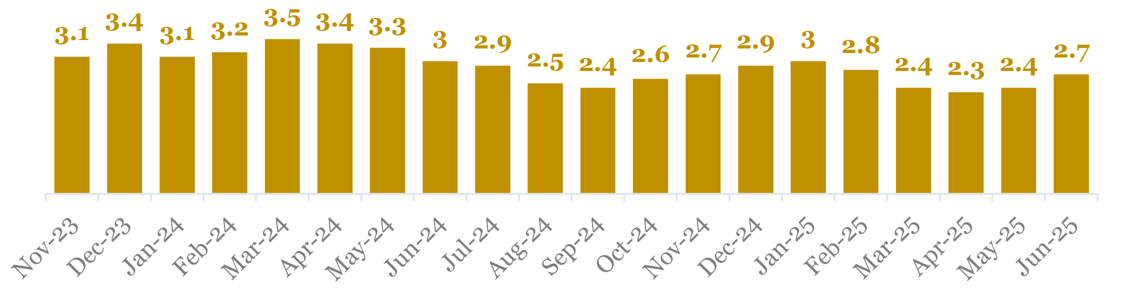
Global Economic Data

	Current	Previous	Change
US GDP	**1.70%** (Q1-2025)	**2.00%** (Q1-2025)	0.40%
US Interest Rate	**4.25% - 4.50%** (Jun. 2025)	**4.25% - 4.50%** (Jun. 2025)	0.00%
US Inflation	**2.70%** (Jun. 2025)	**2.40%** (May. 2025)	0.30%
China GDP	**5.40%** (Q1-2025)	**5.40%** (Q1-2025)	0.20%
China Inflation	**0.10%** (Jun. 2024)	**0.10%** (Jun. 2024)	0.00%

US 10 Year Bond Yields (%)



US Inflation %



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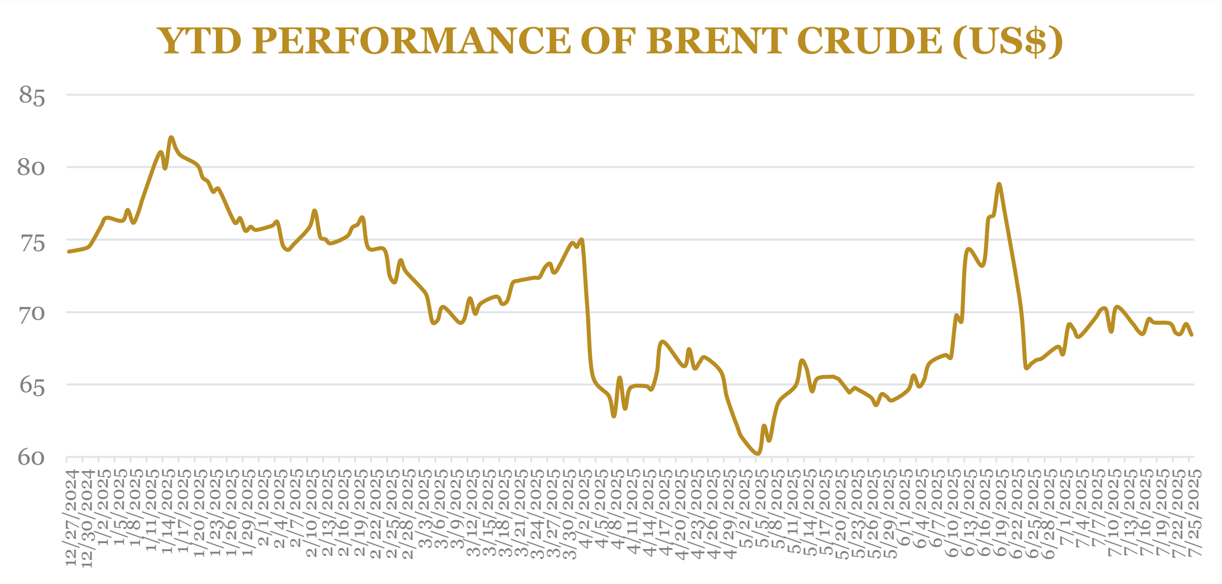
Crude Oil Price Update

- Crude oil prices continued to decline last week, as weak inventory data and ongoing trade policy concerns offset earlier gains driven by geopolitical tensions.
- On a week-on-week basis, Brent crude prices declined by 1.11%, closing at $68.44 per barrel, while WTI dropped by 3.24%, settling at $65.16 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil($)	68.44	69.21	1.11%
WTI Crude Price ($)	65.16	67.34	3.24%

Domestic Update

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- The Nigerian Senate has approved the federal government's borrowing plan for 2025–2026, including over $21 billion in foreign loans and a EUR 65 million grant. It also cleared ₦758 billion in local bonds to settle pension arrears and plans to raise $2 billion in foreign currency bonds locally to ease pressure on reserves. Funds will target key sectors like power, housing, agriculture, and digital infrastructure. While the move may boost FX liquidity short-term, concerns remain about Nigeria's rising debt, with external loans making up nearly half of the ₦149 trillion total and $1.39 billion already spent on debt service in Q1 2025.

- Following the GDP rebasing, Nigeria's economy recorded a 3.13% year-on-year growth in Q1 2025, up from 2.27% in the same period of 2024, according to data from the National Bureau of Statistics (NBS). The economy's value rose to ₦49.34 trillion, compared to ₦47.85 trillion a year earlier. The improvement was largely driven by the non-oil sector, which grew by 3.19%, supported by strong performance in telecommunications, financial services, real estate, crop production, and trade. Notably, the telecom sector expanded by 7.82%, while financial institutions jumped by 15.91%. Meanwhile, growth in the oil sector slowed to 1.87% from 4.71% in Q1 2024, despite a modest rise in oil production to 1.62 million barrels per day. The lower figure reflects a high base from the previous year.

- In its July meeting, the Monetary Policy Committee (MPC) left all key rates unchanged for the third straight time, holding the MPR at 27.50%, CRR at 50.00% for Deposit Money Banks (16.00% for Merchant Banks), and the Liquidity Ratio at 30.00%. This cautious stance reflects commitment to sustain the easing inflation trend amid global uncertainties. The move is expected to support monetary stability and create a more predictable FX environment, helping to boost real sector activity.

Foreign Exchange Update

- Naira weakened by 0.4% last week, settling at ₦1,538.00 per dollar, as rising demand for foreign exchange continued to exceed available supply. To ease market pressure, the Central Bank of Nigeria stepped in, selling approximately USD 81 million during the week.

- Despite the intervention, Nigeria's gross external reserves rose for the third consecutive week, increasing by USD 778.34 million to reach USD 38.63 billion as of July 24.

Fixed Income Market

- The Treasury bills secondary market saw mixed activity last week, leaning slightly bullish amid improved liquidity in the financial system. As a result, average yields across the curve dipped by 6 basis points to 21.3%. At the mid-week NTB auction, the Central Bank of Nigeria offered a total of ₦290.00 billion in bills, ₦ 50.00 billion for the 91-day, ₦20.00 billion for the 182-day, and ₦220.00 billion for the 364-day maturities. Demand was softer compared to the previous round, with total subscriptions coming in at ₦675.66 billion versus ₦1.33 trillion earlier, translating to a bid-to-offer ratio of 2.3x, down from 6.6x.The CBN allotted exactly the amount on offer, with stop rates declining across all tenors: 91-day bills cleared at 15.00%, 182-day at 15.50%, and 364-day at 15.88%.

- Meanwhile, the FGN bond secondary market experienced a bullish trend last week as institutional investors actively reinvested their coupon proceeds. This increased demand pushed average bond yields down by 29 basis points, closing at 16.3%.

Equity Market

- The Nigerian equities market continued its bullish trend last week as investors grew more confident, supported by strong company earnings and falling interest rates in the fixed income markets. As a result, the NGX All-Share Index and Market Capitalization appreciated by 2.18% to close the week at 134,452.93 and ₦85.055 trillion respectively.

- Last week, sixty stocks recorded gains, with notable increases from major players such as PRESCO (+22.53%), OANDO (+18.91%), NAHCO (+17.06%), INTBREW (+9.75%), WAPCO (+9.69%), and BUACEMENT (+9.40%). On the other hand, forty-three stocks declined, with MEYER leading the losses at -21.43%. These shifts helped push the year-to-date return to 36.63%.

- Trading activity experienced a steep decline last week, with both the volume and value of transactions falling sharply by 78.96% and 77.65% compared to the previous week. Total traded shares dropped to 3.68 billion units, while turnover decreased to ₦111.90 billion from 17.49 billion units and ₦500.76 billion respectively. This marked reduction in market activity indicates that institutional investors and portfolio managers are adopting a cautious approach as they adjust their positions ahead of the month-end.

- Sectoral performance was positive with the strongest performance coming from Industrial Goods, which rose by 4.66%. The Insurance sector followed with a 3.07% increase, while Consumer Goods, Banking, and Oil & Gas grew by 2.81%, 1.84%, and 0.87%, respectively.

- This week, we expect a mixed market performance, driven by ongoing earnings releases and typical month-end portfolio rebalancing. While some profit-taking may occur, interest in strong, well-performing stocks is likely to continue, especially as investors adjust to the MPC's recent decision and changes in returns across markets.