PARTHIAN SECURITIES

A Trading License Holder of the Nigerian Exchange Limited

Equity Market Wrap

8 August 2025

Global Update

- President Donald Trump has announced an additional 25% tariff on Indian goods, citing the country's continued imports of Russian oil. Effective August 28, the move could raise duties on some Indian exports to as high as 50% and disrupt India's access to its largest export market, where nearly $87 billion worth of goods were shipped in 2024. This will impact key sectors such as textiles and jewelry. Also, the tariffs mark a sharp shift in U.S.-India relations and could push India's GDP growth below 6%. While India described the decision as "unfortunate," emphasizing its energy needs and economic interests, the delay before enforcement suggests room for negotiation. Meanwhile, markets reacted cautiously, and India is considering relief measures for exporters.

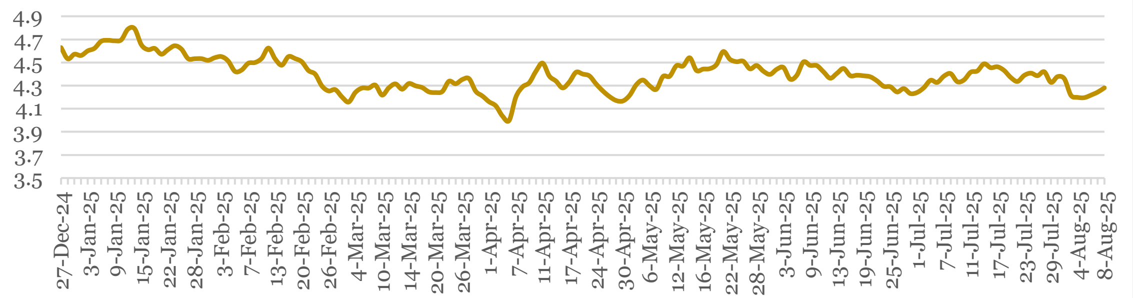
- The Bank of England has lowered its key interest rate from 4.25% to 4.0% to help stimulate the economy. The move was a close call, with only five of the nine Monetary Policy Committee members backing the cut. For the first time since the MPC was formed in 1997, two rounds of voting were needed to reach a decision. Those against the cut warned that inflation, expected to peak at 4% (double the 2% target) is still too high to justify easing policy. Those in favour warned that keeping rates high could slow the economy further and increase unemployment. The narrow outcome suggests the BoE may be nearing the end of its rate-cutting phase as it weighs the risks of persistent inflation against sluggish growth.

- Ghana's annual inflation rate eased to 12.1% in July 2025 from 13.7% in June, marking the seventh consecutive monthly decline and the lowest level since October 2021. The continued drop reflects the impact of tighter monetary policy and improved supply-side conditions. Food inflation fell to 15.1%, supported by a robust harvest, improved supply chain efficiency, and a more stable cedi. Meanwhile, non-food inflation declined more sharply to 9.5%, indicating that costs in sectors such as energy, transport, and other essential goods and services are beginning to ease.

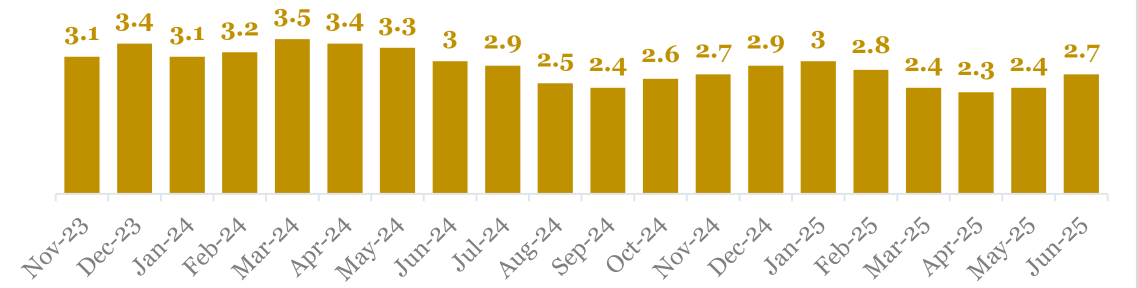
Global Economic Data

	Current	Previous	Change
US GDP	**3.00%** (Q2-2025)	**2.00%** (Q1-2025)	**0.50%**
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 (%)



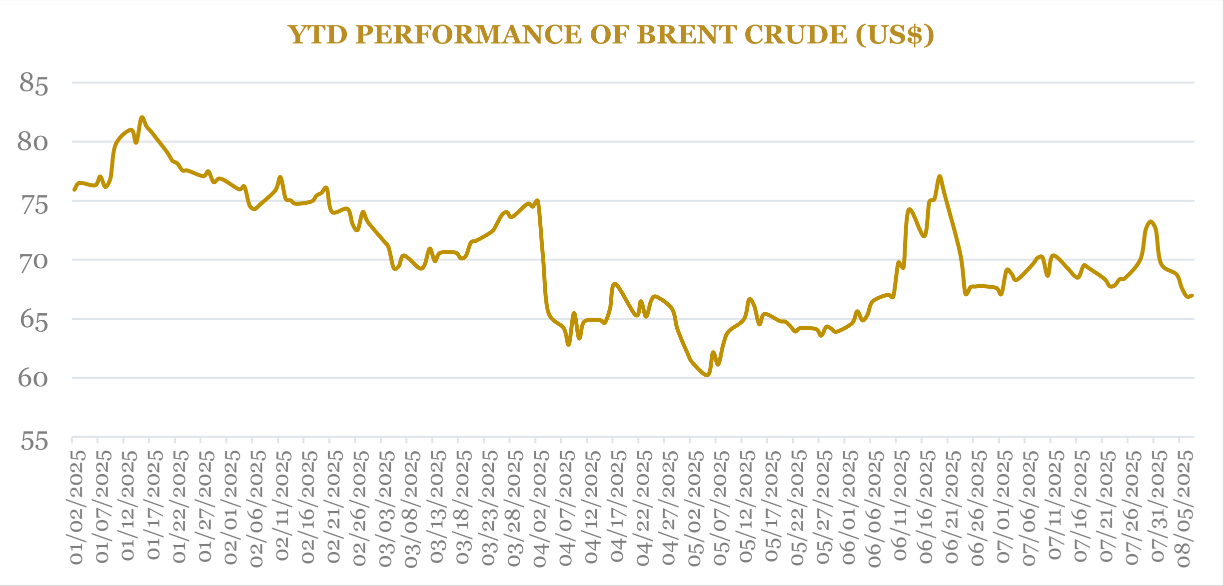
US Inflation %



Crude Oil Price Update

- Last week, oil prices dropped sharply due to growing concerns about oversupply and weak global demand. OPEC+ agreed to raise output in September, while U.S. fuel consumption remains sluggish. Prices were also weighed down by uncertainty over U.S. sanctions on Russia, despite a temporary boost from new U.S. tariffs on Indian goods over Russian oil imports.

- On a week-on-week basis, Brent crude prices dropped by 3.16%, closing at $66.59 per barrel, while WTI dropped by 3.64%, settling at $63.88 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil($)	66.59	68.76	3.16%
WTI Crude Price ($)	63.88	66.29	3.64%

Domestic Update

- Last week, President Tinubu signed the Nigerian Insurance Industry Reform Bill 2025 into law, introducing a stronger regulatory framework for insurance and reinsurance activities. The law enhances the powers of NAICOM and sets clearer standards for governance, capital adequacy, and market conduct. While larger firms are expected to adapt smoothly, smaller operators may face increased regulatory pressure, potentially leading to consolidation. Overall, the reform is expected to increase insurance companies' underwriting capacity, boost investor confidence, attract foreign interest, and improve consumer trust through stronger policyholder protections. It also supports innovation, deeper market penetration, and financial inclusion, aligning with broader efforts to modernize Nigeria's financial sector. Market optimism was reflected in the rally of insurance stocks during the week.

- The President also approved the recapitalization of the Bank of Agriculture (BOA), with a planned capital injection of NGN1.5 trillion. This move is expected to reposition the BOA as a more effective development finance institution, improving access to credit and support for agribusinesses nationwide. Complementing this, the government highlighted the role of the National Agricultural Technology and Innovation Policy (NATIP) in driving the transformation focusing on increased mechanization, the use of digital technologies, and stronger ties between research and commercial agriculture.

- The Nigerian government is currently working on a new Industrial Policy to reduce reliance on imports and boost local manufacturing. Led by the Ministry of Trade and in partnership with the Manufacturers Association of Nigeria (MAN), the policy aims to raise manufacturing's contribution to GDP, which is currently below 10%. It aligns with President Tinubu's Renewed Hope agenda to diversify the economy. The policy will focus on key sectors like textiles, agro-processing, automotive, and pharmaceuticals.

- In Q1 2025, capital importation into Nigeria rose by 67.1% year-on-year to $5.64 billion, with a 10.9% increase from Q4 2024, according to the NBS. Portfolio investments dominated, accounting for 92.3% of total inflows ($5.2 billion), driven by improved macroeconomic reforms and attractive yields. FDI remained low at $126 million, highlighting continued investor caution. The banking sector led in attracting capital ($3.13 billion), followed by financing and manufacturing. Short-term outlook remains positive for portfolio inflows, supported by high yields, FX reforms, and macroeconomic stability.

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Foreign Exchange Update

- At the Nigerian Foreign Exchange Market (NFEM), the naira appreciated slightly by 0.01%, closing at ₦1,533.57/$1 last week compared to ₦1,533.74 recorded the previous week. In contrast, the parallel market saw a 0.32% depreciation, with the naira weakening to an average of ₦1,570.00/$1. The depreciation in the parallel market was largely driven by increased demand pressures, limited FX supply, and speculative trading activities.

- Nigeria's gross external reserves rose by 2.03% week-on-week to $40.16 billion as of August 7, reflecting stronger FX inflows.

Fixed Income Market

- Activity in the Treasury bills secondary market was mixed last week, as investors sold off positions to participate in the CBN's OMO and NTB auctions. Overall, average yield fell slightly by 2bps to 21.4%. At the NTB auction, the CBN offered ₦220bn and received ₦366.55bn in bids, closing with under-allotments across all tenors at stop rates of 15.00%, 15.50%, and 16.50%. For the OMO auction, ₦600bn was offered, but demand surged to ₦2.28tn, with the CBN allotting ₦2.12tn for the 245-day bill at 23.7%. This reflected strong investor appetite, particularly for longer-dated instruments.

- Meanwhile, the FGN bond market closed lower last week, as a higher-than-expected outcome from the OMO auction triggered increased selling pressure. As a result, average bond yields rose by 12 basis points to 16.5%.

Equity Market

- The Nigerian equities market maintained its upward trend for most of last week, gaining ground over four consecutive sessions before a slight pullback on Friday. Overall, the NGX All-Share Index rose 3.18% week-on-week, closing at 145,754.91 points, with market capitalization at ₦92.22 trillion.

- The rally was largely driven by strong performances in the insurance and industrial goods sectors. Top gainers included MBENEFIT(+60.44), AIICO (+59.82%), ROYALEX (+59.33%), SOVRENINS (+59.06%), CORNEST (+54.46%), NEM (+29.90%), BUA Foods (+18.93%), BUA Cement (+13.92%), and Dangote Cement (+9.22%). Investor confidence in insurance stocks surged following the President's approval of the Nigerian Insurance Reform Bill, triggering renewed interest and portfolio rebalancing toward growth-oriented sectors. Conversely, LIVINGTRUST (-24.1%), ACADEMY (-18.2%), TIP (-12.7%), UPDCREIT (-11.8%) and LEGENDINT (-11.7%) led the decliners, posting the most significant weekly losses.

- Market activity showed mixed signals last week. While trade volumes jumped by 79.8% to 8.72 billion units—pointing to stronger interest from both retail and institutional investors, total market value traded fell by 10.5% to ₦134.04 billion. Sectoral performance was mostly positive as the Insurance, Industrial Goods, Consumer Goods and Oil & Gas sectors closed positive by 41.00%, 8.73%, 8.27%, and 0.17%, respectively. While the Banking sector closed negative by 0.75%.

- Going into this week, the equities market may see a mixed performance as investors weigh various signals, with both bullish and bearish sentiments in play. Nonetheless, the overall mood remains cautiously optimistic. Focus is likely to stay on fundamentally strong sectors like Insurance, Consumer Goods, and select Industrial stocks. We also expect continued portfolio rebalancing, driven by shifting sector prospects, upcoming earnings reports, and broader macro trends.