FCSL

MONTHLY REPORT

APRIL 2025

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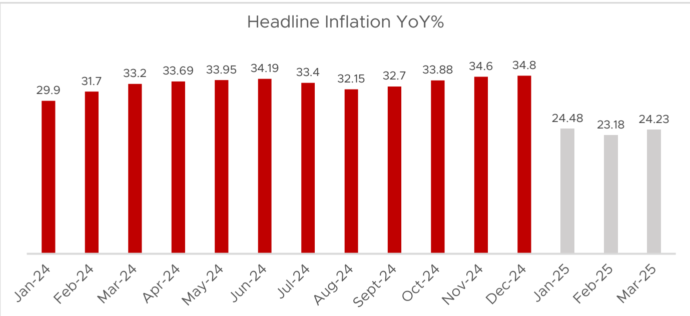
MACRO-ECONOMIC UPDATE

Inflation

In March 2025, Nigeria's headline inflation rate rose to 24.23% year-on-year, up from 23.18% in February, according to the National Bureau of Statistics (NBS). This increase reflects ongoing price pressures across various sectors. On a month-on-month basis, the inflation rate accelerated to 3.90% in March from 2.04% in February, indicating a significant rise in the average price level within a single month.



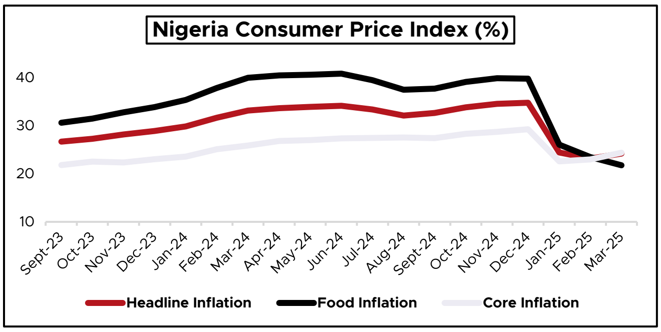
Source: NBS, FCSL Research

Core inflation, which excludes volatile agricultural produce and energy prices, stood at 24.43% year-on-year in March, with a month-on-month increase of 3.73%. Food inflation remained a major contributor, rising to 21.79% year-on-year. The NBS attributed this to higher prices of staple items.

The Consumer Price Index (CPI) for March 2025 stood at 757.39, compared to 728.56 in February 2025. This increase in the general price level is driven by significant movements in major components of the CPI basket. Key categories responsible for the upward pressure include food and non-alcoholic beverages, housing, water, electricity, gas and other fuel, clothing and footwear, transport, and furnishings and household equipment maintenance.

Urban and rural inflation dynamics also revealed divergent price experiences across regions. Urban inflation rose to 26.12% year-on-year, significantly higher than the 20.89% recorded in rural areas. Month-on-month, urban inflation climbed by 4.28%, while rural inflation increased by 3.54%. These figures indicate that urban households are disproportionately affected by inflation, likely due to their higher exposure to price increases in transport, energy, and rent which are sectors more pronounced in urban settings.

The persistent inflationary pressures are influenced by multiple factors, including late-March petrol price, supply chain disruptions, security challenges in food-producing regions, and the depreciation of the naira. These elements continue to strain household incomes and the broader cost of living across the country.



Source: NBS, FCSL Research

Outlook

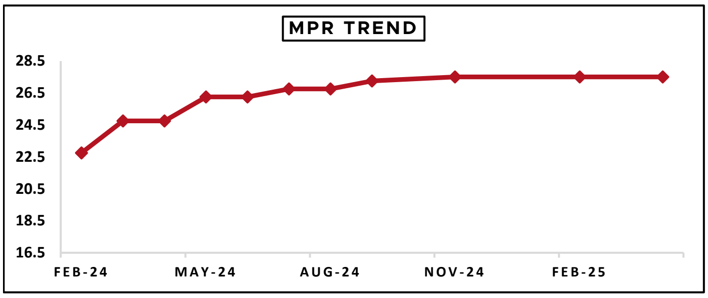
Inflation in Nigeria is expected to remain elevated, driven largely by persistent food price pressures resulting from the lean season and ongoing insecurity in agricultural regions. Exchange rates continue to raise import costs, affecting prices across transport, healthcare, and manufacturing sectors.

Potential increases in energy and fuel prices may further exacerbate transport inflation, while core inflation is expected to remain high due to structural supply challenges and entrenched price expectations. Although the CBN has maintained its monetary tightening policy, money supply has remained resilient, private-sector activity showed resilience, evidenced by a PMI of 52.3 in March, led by agriculture (54.7) and services (51.5).

While the World Bank projects 3.6% GDP growth in 2025, driven by non-oil sectors, the IMF offers a cautious 3.0% forecast, citing weaker oil revenues and persistent inflation risks averaging 26.5%.

Monetary Policy

With the inflation rate elevated to 24.23% from 23.18% in February, and the naira depreciating circa 8% YTD, further exacerbating inflation and foreign exchange instability. We expect the Central Bank of Nigeria (CBN) to maintain or hike the Monetary Policy Rate (MPR) and other asymmetric corridors in order to mop up liquidity and control inflation.



Source: CBN, FCSL Research

Oil Production and Price Levels

In April 2025, Nigeria's crude oil production increased to an average of 1.486 million barrels per day (bpd), up from 1.401 million bpd in March, reaching 99% of its OPEC quota of 1.5 million bpd. Including condensates, total oil output rose to 1.683 million bpd.

Despite the production boost, global oil prices declined during the same period. Brent crude futures dropped to around $65 per barrel in early April, recovering slightly after hitting lows below $60 per barrel. The price decline is attributed to factors such as escalating trade tensions and increased supply from some OPEC+ members.

The combination of increased production and falling prices presents fiscal challenges for Nigeria. The country's 2025 budget is based on an oil price benchmark of $75 per barrel and a production target of 2 million bpd. With current prices below the benchmark and production levels under the target, there is pressure on government revenues and budget implementation.

Outlook

Looking ahead, Nigeria’s oil production is expected to remain stable or improve marginally, supported by ongoing efforts to secure oil infrastructure and boost investment in upstream operations. However, oil price volatility may persist due to soft global demand, growing non-OPEC supply, and uncertainty surrounding geopolitical developments, particularly in the Middle East and U.S.–China trade dynamics. This poses fiscal risks for Nigeria, as sustained low oil prices below budget assumptions could constrain government revenue, affect foreign exchange reserves, and limit fiscal space for capital spending.

EQUITIES MARKET

The Nigerian equities market posted a mild recovery in April 2025, reversing the bearish sentiment observed in March. The NGX All-Share Index and Market Capitalization appreciated by 1.46% and 1.47% to close the week at 105,752.61 and N66.465 trillion respectively. The divergence between the NGX-ASI and market capitalization growth was primarily due to corporate actions — notably, the listing of Legend Internet Plc, additional share issuance by First Holdco Plc, and the delisting of Capital Oil Plc, Goldlink Insurance Plc, and Medview Airline Plc.

Investor sentiment was bolstered by notable price recoveries in several blue-chip stocks, particularly within the Consumer Goods sector. Key gainers included INTBREW, VITAFOAM, AFRIPRUD, INTERNATIONAL Breweries, CADBURY, FIDSON, Lafarge Africa (WAPCO), UNILEVER, and NESTLE.

However, sectoral performance was mixed. Four out of five major sector indices closed negative, reflecting a cautious market mood amid dividend-related price adjustments:

- Oil & Gas: -1.53%
- Industrial Goods: -3.90%
- Insurance: -4.13%
- Banking: -2.62%
- Consumer Goods: +14.82% (driven by strong Q1 earnings releases)

Market Sector	Mar-25	Apr-25	YTD
NGX-ASI	-2.00%	0.09%	2.75%
NGX Banking Index	-0.49%	-2.62%	4.15%
NGX Consumer Goods Index	-1.30%	9.50%	14.82%
NGX Industrial Goods Index	-3.59%	-3.90%	-6.11%
NGX Insurance Index	-2.48%	-4.13%	-6.73%
NGX Oil & Gas Index	-4.02%	-1.53%	-13.18%

Source: NGX, FCSL Research

Major Gainers

Top 10 Performers	Close (NGN)	Open (NGN)	% Change
ABBEYBDS	8.3	4.73	75.50%
ABCTRANS	2.06	1.38	49.30%
INTBREW	7.38	5.1	44.70%
WEMABANK	15.1	10.7	41.10%
VITAFOAM	52.8	37.65	40.20%
ETERNA	49.95	35.85	39.30%
AFRIPRUD	17	13.05	30.30%
NB	43	34.1	26.10%
LEARNAFRCA	4.1	3.32	23.50%
NGXGROUP	35.8	29	23.40%

Source: NGX, FCSL Research

Major Losers

Top 10 Decliners	Close (NGN)	Open (NGN)	% Change
VFDGROUP	18.5	47.2	-60.80%
SUNUASSUR	4.79	6.65	-28.00%
JOHNHOLT	5.8	7.74	-25.10%
PZ	29	37.1	-21.80%
HMCALL	4.7	5.87	-19.90%
TANTALIZER	2.33	2.9	-19.70%
TRIPPLEG	1.79	2.2	-18.60%
MULTIVERSE	7.05	8.65	-18.50%
AUSTINLAZ	1.71	2.09	-18.20%
ROYALEX	0.87	1.05	-17.10%

Source: NGX, FCSL Research

OUTLOOK

The Nigerian equities market is expected to trade cautiously in the near term as investors digest mixed Q1 earnings from the banking sector alongside stronger results from consumer goods companies. This divergence in sectoral performance is likely to encourage selective positioning, with investors favoring stocks demonstrating resilience and consistent earnings.

Historically, May has been associated with a "sell in May and go away" trend in the Nigerian market, often leading to a seasonal sell-off. This pattern is typically driven by profit-taking and portfolio rebalancing activities. Despite the market's resilience in recent months, this historical trend may contribute to cautious trading behavior in the current period.

Overall, while strong corporate earnings in certain sectors may provide support, prevailing investor caution and historical seasonal trends suggest a mixed market performance in the near term.

FIXED INCOME REPORT

System Liquidity

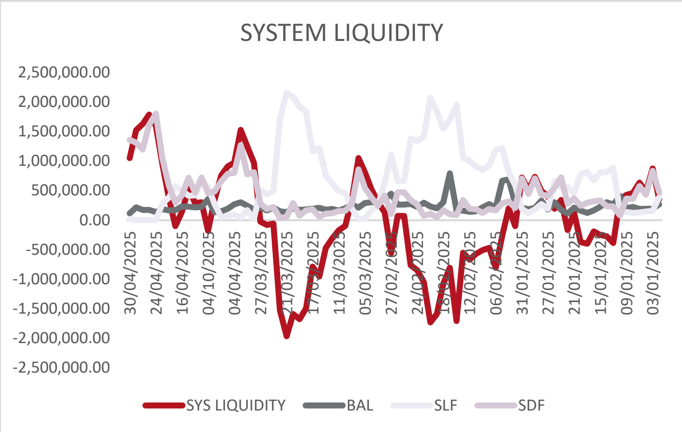
In April 2025, Nigeria's interbank system experienced a significant improvement in liquidity conditions, resulting in relative stability in short-term interest rates despite various liquidity tightening measures by the Central Bank of Nigeria (CBN). The system benefited from robust inflows, including early-month Open Market Operation (OMO) maturities totaling NGN 651 billion, which provided a strong liquidity buffer and anchored the Open Repo Rate (OPR) and Overnight Rate (OVN) at 26.50% and 26.96%, respectively, at the beginning of the month.

Throughout the month, system liquidity fluctuated but remained largely in surplus territory. At different points, the system opened with surpluses of NGN 906.85 billion and NGN 341.50 billion. These were later followed by a dip into a NGN 103.02 billion deficit, largely driven by FX retail settlements and Treasury Single Account (TSA) remittances to the CBN. However, the liquidity position rebounded strongly toward the end of the month, peaking at over NGN 1.78 trillion due to significant inflows from FX swaps, Federation Account Allocation Committee (FAAC) disbursements of approximately NGN 300 billion, Remita inflows, Nigerian Treasury Bill (NTB) maturities, and Federal Government bond coupon payments.

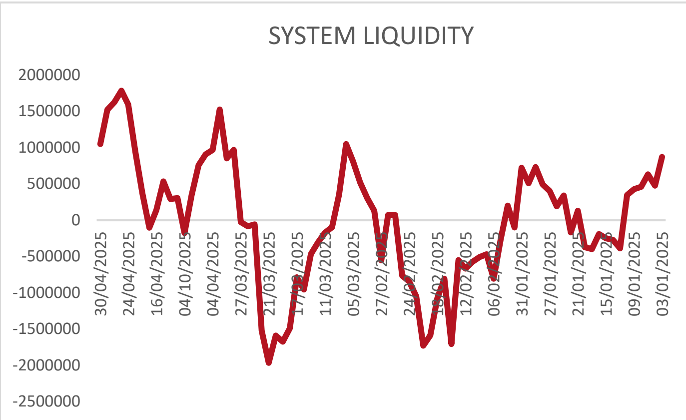
Despite liquidity-absorbing operations such as an NGN 804.85 billion OMO auction and the application of Cash Reserve Ratio (CRR) debits by the CBN, the system closed the month with an average surplus balance of NGN 836.49 billion. This marks a dramatic turnaround from March 2025, when the system ended with an average deficit of NGN 395.11 billion, reflecting improved overall funding conditions in the market.

The improved liquidity environment translated into a mild decline in interbank rates. The average OPR rate fell by 3.36% month-on-month to settle at 26.81%, while the OVN rate declined by 3.40% to 27.23%. These rate movements underscore the strength of system liquidity and the relative effectiveness of inflows in mitigating the impact of regulatory tightening measures.

In summary, the month of April 2025 was characterized by strong system liquidity, supported by substantial maturities, fiscal injections, and CBN FX operations. While the apex bank made attempts to manage liquidity via OMO sales and CRR debits, the market remained adequately funded. This robust system funding provided stability in short-term interest rates and bolstered confidence in the money market. Looking forward, liquidity conditions may come under mild pressure should CBN continue tightening aggressively, but the market appears well-capitalized to handle moderate liquidity withdrawals in the near term.



Source: CBN, FCSL Research



Source: CBN, FCSL Research

OUTLOOK

The Central Bank of Nigeria is expected to maintain its restrictive monetary policy stance, relying on CRR deductions and OMO sales as key tools for liquidity management. As the May 19 policy meeting approaches, there is a strong likelihood of either a rate hike or the introduction of supplementary policy corridors to further tighten financial conditions and curb inflationary pressures.

Treasury Bills

In April, Nigeria's Treasury Bills market moved through shifting sentiment against a backdrop of ample system liquidity and regular government auctions. Early in the month, modest trading gradually gave way to renewed interest in one-year papers (maturing 26 March 2026) and longer-dated OMO bills, even as foreign portfolio investors pared back their holdings in February and March 2026 maturities.

At the NTB auction, bids totaling NGN 1.126 trillion chased an NGN 800 billion offer, but only NGN 424.58 billion was allotted. This pushed the 91-day and 182-day stop rates up by 50 bps and 100 bps to 18.50% and 19.50%, respectively, while the 364-day rate held steady at 19.63%.

Meanwhile, two OMO auctions totaling over NGN 1.8 trillion were both heavily oversubscribed: the first saw NGN 1.39 trillion in bids for NGN 1.008 trillion allotted, and the second fetched NGN 556.85 billion in bids for NGN 804.85 billion allotted. These operations helped anchor long-end yields near 22.73%. Profit-taking on newly issued April 2026 bills was counterbalanced by fresh demand for December 2025, February 2026, and March 2026 tenors.

Auction Date	09-Apr-25	09-Apr-25	09-Apr-25
Allotment Date	10-Apr-25	10-Apr-25	10-Apr-25
Maturity Date	10-Aug-25	09-Sept-25	09-Apr-26
Tenor	91 Days	182 Days	364 Days
Offer (NGN Mn)	50,000	100,000	650,000
Subscription (NGN Mn)	114,296.15	107,088.95	905,557.60
Allotment (NGN)	111,811.15	111,811.15	206,976.09
Range of Bid (%)	17.4900 - 20.0000	17.0000-20.0000	18.6000 - 24.7100
Stop Rate (%)	17.4900-18.5000	17.0000 - 19.5000	18.6000 - 19.6300

Source: DMO, FCSL Research

OUTLOOK

With N889 billion in maturities scheduled for May and ongoing investor caution, the market is likely to experience a mixed performance as participants balance reinvestment options with prevailing risks.

FGN Bond Market

Nigeria's domestic bond market remained subdued in April, with investors exhibiting caution and trading volumes staying light. The focus was on mid-curve maturities, especially the February 2031 and May 2033 bonds alongside occasional interest in the March 2027, January 2035, and longer-dated April 2037 and June 2053 issues. Ahead of the month's FGN bond auction, most market participants took a wait-and-see approach.

At the auction, the government offered NGN 350 billion and ultimately allotted NGN 397.89 billion: NGN 21.12 billion of the April 2029 issue (19.30%) at a stop rate of 19.00%, and NGN 376.77 billion of the May 2033 issue (19.89%) at 19.99%. In the days following the auction, selective buying sustained demand for the April 2029, February 2031, and May 2033 bonds, though overall turnover remained thin. While certain tenors saw sporadic yield compression, indicating pockets of buying interest, liquidity constraints and predominance of sellers in the short-to-mid curve kept pressure on broader yields.

By month-end, the average mid-yield across benchmark FGN bonds had risen 27 bps month-on-month to close at 18.89%.

Maturity	Offer (NGN'B)	Sub_(NGN' B)	Allot (NGN' B)	Marginal Rate	Mar'25 Close	Change Month - on -Month(bps)
17-Apr-29	200	43.79	21.13	19.00%	19.00%	0
15-May-33	150	452.16	376.8	19.99%	19.99%	0

Source: FMDQ, FCSL Research

OUTLOOK

Market activity in the FBN bond space will continue to hinge on the Federal Government's funding needs, liquidity conditions in the secondary market, and the Central Bank of Nigeria's policy stance. Investor sentiment may remain cautious as participants weigh potential yield opportunities against prevailing market and policy uncertainties.

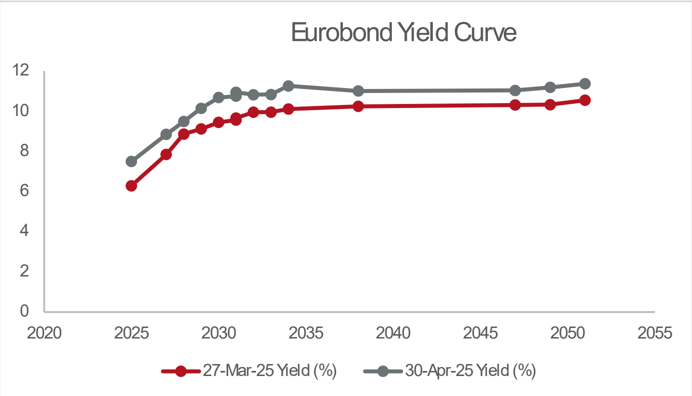
Euro Bond

In April, African Eurobonds faced heightened volatility as global risk appetite fluctuated between caution and optimism. The month began on a shaky note, with President Trump's “Liberation Day” tariffs and China's retaliatory actions sparking fears of a prolonged trade war. This triggered a broad sell-off, driving Nigerian Eurobond yields sharply higher amid falling oil prices and growing investor anxiety.

Mid-month, market sentiment briefly improved. Value-seeking investors returned, encouraged by dovish signals from the U.S. Federal Reserve and a recovery in commodity prices, leading to gains in Nigerian assets. However, the optimism was short-lived. OPEC+'s plan to increase oil output in May and disappointing U.S. GDP data reignited risk aversion, prompting another wave of outflows.

Later in the month, U.S. job data showed 177,000 new jobs and a stable 4.2% unemployment rate, offering a momentary boost to confidence. Still, profit-taking quickly limited gains.

By month-end, the cumulative impact of these swings led to a significant repricing across African sovereign bonds. Nigeria's average Eurobond mid-yield rose by 92bps month-on-month to 10.58%.



Source: DMO, FCSL Research

OUTLOOK

Nigerian Eurobonds are expected to trade steadily in May, buoyed by improving global sentiment and stable domestic fundamentals. The easing of trade tensions between the U.S. and China, reflected in proposed tariff reductions (U.S. from 145% to 30%, China from 125% to 10%), has improved investor appetite for riskier assets, including emerging market debt. This positive outlook supports Nigerian bonds, particularly as Brent crude remains in the $60–65 per barrel range, sustaining Nigeria's fiscal and external buffers.

On the monetary front, the U.S. Federal Reserve's signal to delay interest rate cuts until September or later has kept U.S. Treasury yields elevated, which may limit the upside potential for Nigerian Eurobond prices. Meanwhile, guidance from the European Central Bank (ECB) suggests a more dovish path, with rate cuts expected in the summer, offering some relief to euro-denominated emerging market bonds.

Domestically, Nigeria's external accounts remain strong, posting a $6.83 billion balance-of-payments surplus in 2024. This improves investor sentiment and reduces pressure on the naira and reserves. Nigerian Eurobond yields currently range from around 5.92% for the 2025 maturity to 10.83% for the 2049 maturity, reflecting credit risk and duration. Overall, while positive global developments and domestic strength support demand, any unexpected issuance or shocks to oil prices or global risk sentiment could introduce volatility.

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