FCSL

MONTHLY REPORT

NOVEMBER 2025

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MACRO-ECONOMIC UPDATE

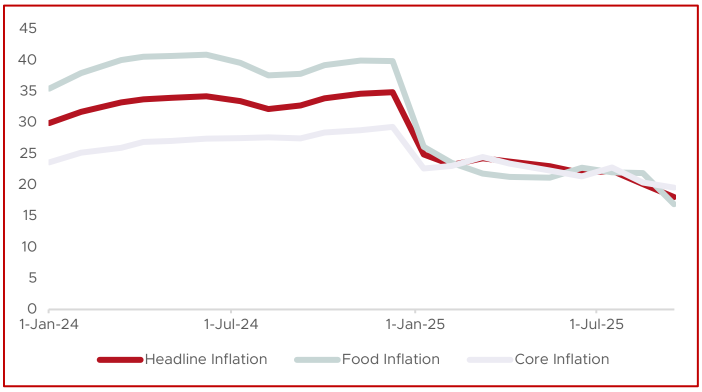
Inflation

Data from the National Bureau of Statistics show that Nigeria's inflation continued to slow for the seventh straight month in October. Headline inflation fell to 16.05% year on year, down from 18.02% in September. The decline was mainly due to weaker price pressures in both the food and core inflation baskets.

Food inflation dropped sharply to 13.12% year on year, helped by lower prices of major staples such as maize, sorghum, soybeans and sesame.

The ongoing harvest season, improved import supply and a stronger Naira all contributed to the slowdown. Softer, global food prices also helped keep imported food inflation in check. Core inflation eased to 18.69% year on year as costs moderated across categories including restaurants, healthcare, household goods and clothing. Month-on-month, core inflation was unchanged at 1.42%, while food inflation recorded a mild deflation. Headline inflation inched slightly higher monthly to 0.93%.

We expect the disinflation trend to continue into November, supported by relatively stable prices compared with last year. Food inflation should keep slowing, although the pace may be gentler due to lower harvest volumes and seasonal demand. Core inflation is also likely to benefit from a stable exchange rate. However, the festive season could bring a small month on month uptick in prices. Even with this risk, the overall environment remains favorable. With inflation trending lower, the currency stable and external reserves at strong levels, the central bank has room to deliver another rate cut at the next policy meeting.



Source: NBS, FCSL Research

Monetary Policy Rate

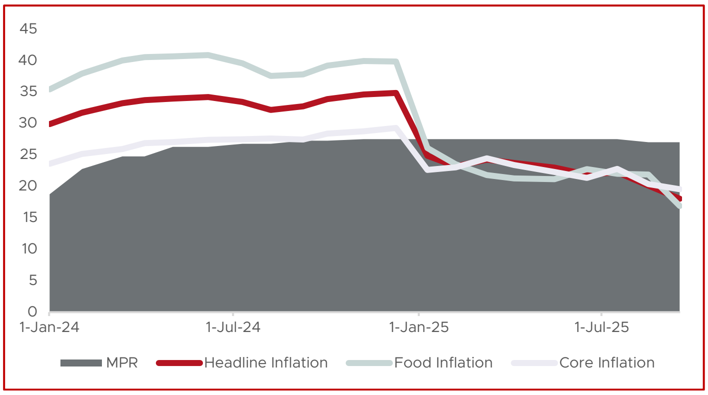
CBN Keeps Benchmark Rate at 27% to Support Ongoing Decline in Inflation

The Monetary Policy Committee of the Central Bank of Nigeria held its final meeting for 2025 in November and voted to keep the Monetary Policy Rate unchanged at 27%. The committee noted that this decision would help maintain the progress already made in reducing inflation, especially after consumer prices eased sharply to 16.05% year on year in October, down from 18.02% in September.

Other policy tools were also left unchanged. The Liquidity Ratio remained at 30%, while the Cash Reserve Ratio stayed at 45% for Deposit Money Banks, 16% for Merchant Banks and 75% for non TSA public sector deposits. However, the CBN adjusted the Standing Facility Corridor to plus 50 basis points and minus 450 basis points around the MPR to improve liquidity control in the banking system.

The committee highlighted that inflation has slowed for seven consecutive months, supported by tight monetary conditions, a more stable exchange rate, stronger capital inflows, an improved current account position, relative stability in PMS prices and better food supply due to the harvest season.

Despite this progress, the committee chose to keep policy settings unchanged in order to allow previous rate increases to fully filter through the economy, especially given the uncertain global outlook.



Gross Domestic Product

GDP Grows by 3.98% in Q3 2025 as Services and Agriculture Lead Output

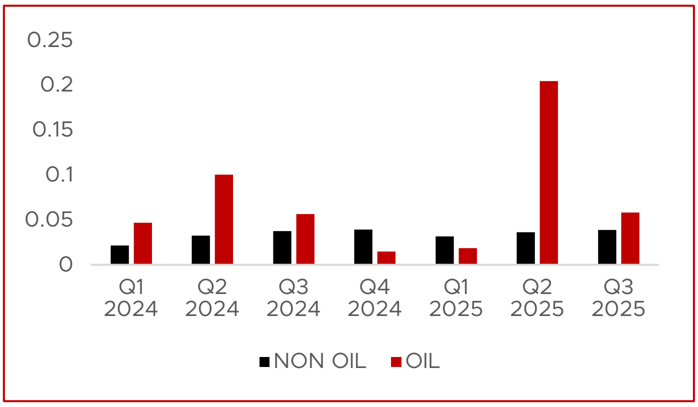
Nigeria's economy grew by 3.98% in the third quarter of 2025, bringing total output to N57.0 trillion. This growth was a little slower than the 4.23% recorded in the second quarter of 2025 but slightly stronger than 3.86% in the same period of 2024. The data shows a mixed recovery, although both agriculture and industry posted better real growth, while services remained the largest contributor to overall activity.

The services sector continued to dominate the economy, accounting for 53.02% of real GDP. Agriculture followed with 31.21%, while industry contributed 15.77%. Key areas that supported growth included financial and insurance activities, crop production, telecommunications, real estate and trade.

The oil sector recorded real growth of 5.84% year on year, which is slightly higher than 5.66% in Q3 2024 but far below the strong 20.46% growth seen in Q2 2025. The sector was affected by fluctuations in crude oil production and movements in global oil prices. Average production rose by 11.56% to 1.64 million barrels per day compared with 1.47 million barrels per day in Q3 2024. However, output fell by 2.38% quarter on quarter from 1.68 million barrels per day in Q2 2025. Oil contributed 3.44% to GDP, slightly above 3.38% recorded in Q3 2024, but lower than 4.05% in Q2 2025.

The non oil sector performed strongly with growth of 3.91%, better than 3.64% in Q2 2025 and 3.79% in Q3 2024. The services sector regained momentum with growth of 4.15%, up from 3.94% in Q2 2025, although below the 4.97% recorded a year earlier. A major support came from financial and insurance activities, which grew by 19.63%, reflecting increased activity from the ongoing recapitalisation in the banking and insurance industries.

Across other sectors, agriculture grew by 3.79%, driven mainly by crop production which made up about two thirds of the sector's nominal value. Manufacturing slowed to 1.25%, down from 1.74% in Q2 2025, and contributed 7.62% to GDP. Construction recorded growth of 5.57%, contributing 3.80%. Trade expanded by 1.98% and accounted for 16.42% of GDP. The ICT sector grew by 5.78% and contributed 9.10%, while real estate rose by 3.50%. Education and health posted modest growth of 2.51% and 2.89% respectively.



Source: OPEC, FCSL Research

Producers Mangers index

Nigeria Records Twelve Straight Months of PMI Growth as Reforms Lift Business Activity

Nigeria's composite Purchasing Managers Index rose to 56.4 points in November, improving from 55.4 points in October and far above the 48.9 points recorded in November 2024. This marks the twelfth month of continuous expansion and reflects steady improvement in business conditions across the economy.

All three main sectors recorded growth. Agriculture showed the strongest momentum with an index reading of 58.2 points, up from 55.7 points in October and 51.0 points a year earlier. The services sector followed with 56.8 points, compared with 55.6 points in October and 47.4 points in November 2024. The industrial sector also expanded, holding firm at 54.2 points, the same level as October but stronger than 49.3 points in the previous year.

The broader improvement in November was supported by gains across key sub indices. Output rose to 59.1 points, new orders increased to 56.7 points, employment improved to 54.4 points, while raw materials purchases and supplier delivery times rose to 54.3 points and 55.6 points respectively. These compare with the October readings of 57.2, 56.0, 53.8, 53.6 and 54.8 points, showing that activity strengthened across nearly all business areas.

MONEY MARKET

System Liquidity

Liquidity Stayed Strong in November as MPC Adjustment Lowered Funding Costs

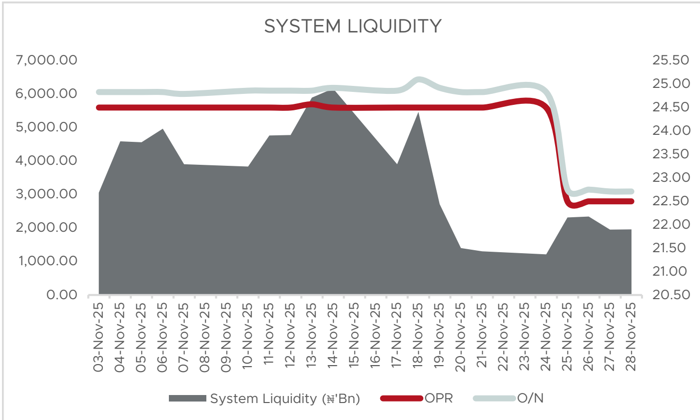
System liquidity remained very healthy in November, supported by steady inflows from OMO and NTB maturities, strong placements by banks at the CBN Standard Deposit Facility window and periodic bond coupon payments. Average system liquidity improved to N3.3 trillion for the month compared to N2.9 trillion in October.

The month opened with liquidity at about N3.1 trillion and later climbed to N5.0 trillion following large OMO and NTB maturities, even though the CBN conducted a combined N1.7 trillion OMO and NTB sale against an initial offer of N1.25 trillion. As the month progressed, liquidity conditions strengthened further due to additional OMO maturities, strong SDF placements and limited reliance on the Standing Lending Facility.

Midmonth, the CBN issued N1.8 trillion but eventually allotted N6.4 trillion at the OMO auction, with most of the interest directed toward longer tenors. Despite these significant outflows, funding costs remained broadly stable between 24.50% and 24.87%, reflecting the depth of liquidity in the system.

Toward the end of the month, liquidity remained firm at around N2.3 trillion. The CBN later adjusted the Standard Facility Corridor from plus 250 and minus 250 basis points to plus 50 and minus 450 basis points around the MPR. This helped ease short term rates, with funding costs settling around 22.50% to 22.75% even as liquidity stayed close to the N2.0 trillion level.
Overall, average liquidity increased by N437.93 billion month on month to N3.3 trillion, while funding rates softened. The OPR declined by an average of 41 basis points from 24.52% to 24.11%, and the O/N rate fell by 45 basis points from 24.90% to 24.45%.

Outlook: Liquidity will continue to respond to the CBN's mop up activities, with the market expecting about N864.34 billion in NTB maturities and N2.3 trillion in OMO maturities in the coming weeks.



Treasury Bills

Strong Liquidity Keeps the NTB Market Firm in November

The Treasury Bills market traded with a mostly positive tone in November, supported by strong system liquidity, steady demand across maturities and occasional profit taking around large auction supplies. The month opened on a bullish note as sizeable inflows from OMO and NTB maturities lifted liquidity levels and encouraged active buying from the short to the long end of the curve.

Midmonth, sentiment became more balanced after an NTB auction where total subscriptions reached N2.4 trillion compared with an offer of N1.4 trillion. The CBN allotted N1.1 trillion and kept stop rates unchanged across tenors at 15.30% for the 91 day, 15.50% for the 182 day and 16.04% for the 364-day bills.

Throughout the month, the CBN also conducted several OMO auctions. A N300 billion offer on the 182-day paper drew N3.0 trillion in demand, with N2.2 trillion allotted at a stop rate of 20.55%. Another N300 billion offer attracted over N2.4 trillion in interest, with N1.9 trillion allotted at around 20.69%. In total, the CBN offered N2.4 trillion worth of OMO bills in November, which was heavily oversubscribed at N9.1 trillion, while N7.6 trillion was eventually allotted.

By the end of the month, the average benchmark NTB yield declined by 33 basis points month on month to 17.15% as the market maintained a broadly positive and liquidity driven position.

Outlook: Supported by sustained and robust system liquidity and the outcome and the adjustment of the Standard Facility Corridor by the MPC in the last meeting, we anticipate a sustained calm to bullish sentiment in the near term.

Tenor	Oct'25 Auc 2	Nov'25 Auc 1	Nov'25 Auc 2	Change M-o-M (basis points)
91	15.30%	15.30%	15.30%	0
182	15.50%	15.50%	15.50%	0
364	16.14%	16.04%	16.04%	-10

FIXED INCOME

FGN Bonds

Market Extends Monthly Gains Despite Late Month Weakness

The FGN bond market traded with a mixed but mostly positive tone in November, supported by strong system liquidity, improved inflation data and active demand across short, dated papers. The month opened firmly as liquidity from OMO and NTB maturities encouraged buying interest in the 2027, 2028 and 2029 bonds.

Midmonth, the market became more balanced after inflation for October declined sharply to 16.05% from 18.02% in September. This strengthened expectations of a possible policy rate cut. However, sentiment turned cautious after the DMO released its fourth quarter bond issuance calendar, which showed a larger supply pipeline, while the Senate approved N1.15 trillion in additional borrowing to support the 2025 budget. These developments created mild selling pressure around the mid segment of the curve and pushed some investors to demand higher yields, especially after the sizeable N1.1 trillion OMO allotment.

Toward the end of the month, activity slowed as investors focused on the November bond auction. The DMO offered N460 billion across the August 2030 and June 2032 reopenings, receiving N657.3 billion in subscriptions and allotting N583.5 billion. The auction results, combined with the MPC decision to keep the MPR at 27.0% while adjusting the system facility corridor to plus fifty and minus four hundred fifty basis points around the MPR, prompted a more defensive posture and reduced duration exposure.

Even with the late month weakness, the average benchmark bond yield still declined by 27 basis points month on month to around 15.55 %, reflecting the strong rally earlier in the month.

Non-comp	Maturity	Offer (bn)	Sub (bn)	Allot (bn)	Marginal Rate	Oct'25 Close	Change M-o-M (basis points)
	27-Apr-30	230	147.87	134.8	15.90%	15.83%	6.8
	25-Jun-32	230	509.39	448.72	16.00%	15.85%	15
		460	657.26	583.52			

Eurobond Market

Yields Ease as Investors Position for a Possible December Rate Cut

The Nigerian Eurobond market traded with a mixed but generally positive tone in November, supported by improving global risk appetite, softer United States labour data, a weaker dollar and steady external reserves. The month started on a cautious note as comments from the United States President on Nigeria and uncertainty around the prolonged government shutdown triggered selling across several maturities.

Sentiment improved quickly after Nigeria completed a successful $2.35 billion Eurobond issuance which attracted demand of more than five times the offer. This strong subscription interest restored confidence in Nigeria's sovereign credit outlook. Markets also reacted positively to the resolution of the United States government shutdown, lower inflation numbers from the United Kingdom and Europe and a rise in the United States unemployment rate to 4.4% in September from 4.3% in August, which strengthened expectations of a possible Federal Reserve rate cut in December.

Toward the end of the month, investors continued to position for lower United States treasury yields and a likely policy easing by the Federal Reserve. As a result, Nigerian Eurobond prices advanced across the curve, bringing the average mid yield down by 12 basis points month on month to about 7.43%.

Outlook: Some early month profit taking is likely given the strong rally in November. Even so, supportive indicators such as Nigeria's GDP trend, global economic data, oil price movement and the prospect of a Federal Reserve rate cut should help keep sentiment broadly positive through the rest of the month.

Equities Market

Market Declines as Investors React to Capital Gains Tax Plans

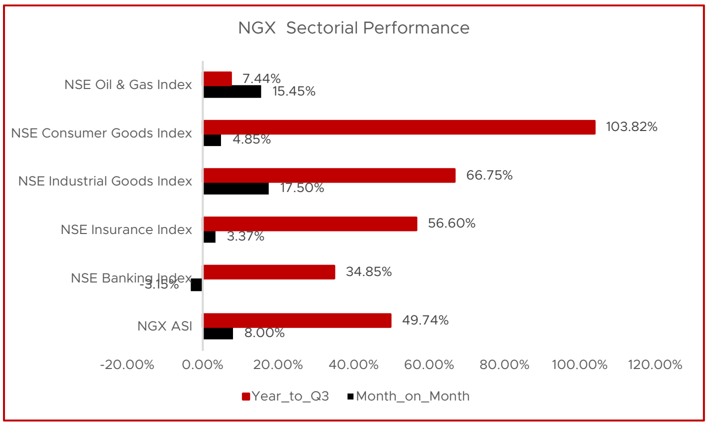
The Nigerian equities market closed lower in November, marking its first monthly decline since March. The drop was mainly due to concerns about the planned introduction of the capital gains tax in 2026 and increased profit taking in stocks that had already recorded strong gains this year.

The NGX All Share Index fell by 6.9% to close at 143,520.53 points, while total market value decreased by N6.5 trillion, representing a 6.7% decline to N91.3 trillion. The fall in market capitalization also reflected the listing of new shares from Wema Bank which added 4.5 billion units at N11 per share, and Chams, which listed 1.96 billion units at N1.87 per share.

The weakness in the market was driven by major selloffs in key stocks. Some of the notable declines were seen in DANGCEM which fell by 19.0%, ACCESSCORP which dropped by 14.1%, ARADEL which declined by 11.85%, BUACEM which was down by 11.1%, MTNN which fell by 9.5%, UBA which dropped by 9.0%, NESTLE which fell by 7.1%, NB which dropped by 6.6%, WAPCO which shed 4.3%, and SEPLAT which was down by 1.8%.

All the major sector indices also closed lower. Industrial Goods recorded the biggest decline at 13.8%, followed by Insurance at 12.1%, Oil and Gas at 7.3%, Banking at 5.8%, and Consumer Goods at 3.2%. Market activity slowed during the month. A total of 17.7 billion shares were traded, worth N485.8 billion, across 491,548 transactions. This was lower than October when 22.7 billion shares valued at N517.8 billion were traded across 632,607 deals.

Outlook: We expect investor interest to gradually recover as bargain hunters take advantage of the lower prices created by the November decline. However, the pace of recovery may remain moderate as the market continues to monitor clarity and guidance around the planned capital gains tax.



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