FCSL

MONTHLY REPORT

OCTOBER 2025

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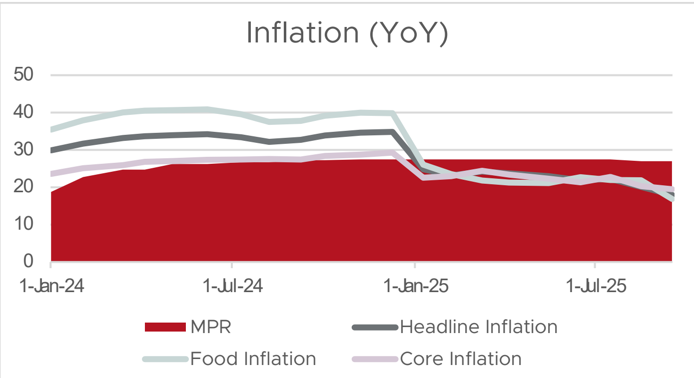
MACRO-ECONOMIC UPDATE

Inflation

Nigeria's inflation continues its downward trend, led by lower food prices and a firm Naira.

Nigeria's headline inflation eased for the sixth consecutive month, falling to 18.02% year-on-year in September, down from 20.12% in August and below the 2025 average of 22.3%. This improvement was supported by a slowdown in monthly inflation, which fell slightly to 0.72% from 0.74% in August.

Food inflation rose 16.87% year-on-year, marking its slowest pace since the CPI rebase. Monthly food prices declined by 1.6% compared to a 1.7% rise in August. The slowdown was largely due to a 2.0% drop in farm produce prices, reflecting a strong harvest season and the effects of import-duty waivers on grains such as rice, beans, fresh pepper, onions, maize flour, and millet. Core inflation also moderated, rising 1.42% month-on-month, slightly lower than the previous month, supported by stable transportation costs and a strengthened naira. As a result, the annual core inflation rate fell to a 2025 low of 19.53% year-on-year.



Source: NBS, FCSL Research

Outlook

Inflation is expected to continue its downward trend, potentially settling between 15.8% and 16.5% year-on-year. This outlook is supported by a stable foreign exchange market, easing food prices, and cautious government spending heading into year-end. However, upward risks remain from increased festive season demand, possible disruptions in logistics, or adjustments in energy prices.

Oil Production

Oil production falls to 1.39mbpd as labor strikes and maintenance weigh on output

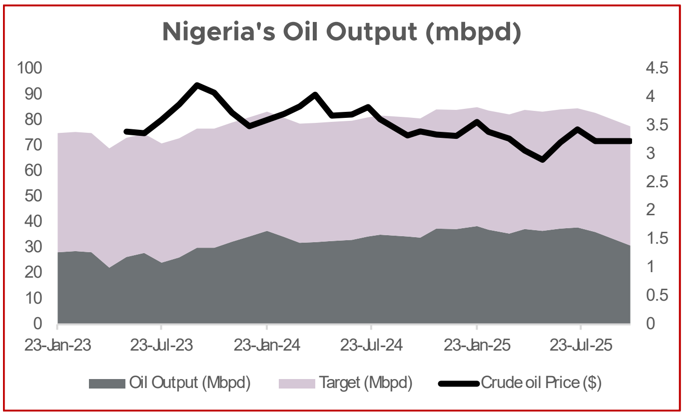
Nigeria's oil production slipped to an average of 1.39 million barrels per day (mbpd) in September, down from 1.43mbpd in August marking the lowest monthly level recorded in 2025 and falling short of the country's Organization of the Petroleum Exporting Countries (OPEC) crude quota of 1.5mbpd. The decline in output was driven by a combination of a three day industrial action by the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), which temporarily shut down several production and export facilities, and scheduled maintenance at key terminals, particularly the Forcados Terminal.

On the price front, benchmark Bonny Light crude averaged US$70.20 per barrel in September, slightly below August's $70.55 and down from $80.76 in January. This reflects global supply and demand trends, OPEC production decisions, and geopolitical developments.

Outlook

Oil production is expected to recover as maintenance schedules are completed, and labor disruptions are resolved. Additionally, if Nigeria's application for a higher OPEC+

quota of 2.0mbpd is approved, production could rise further, supporting export revenues. However, global demand shifts and geopolitical risks will continue to influence prices and production dynamics in the near term.



Source: OPEC, FCSL Research

Foreign Reserve and Foreign Exchange

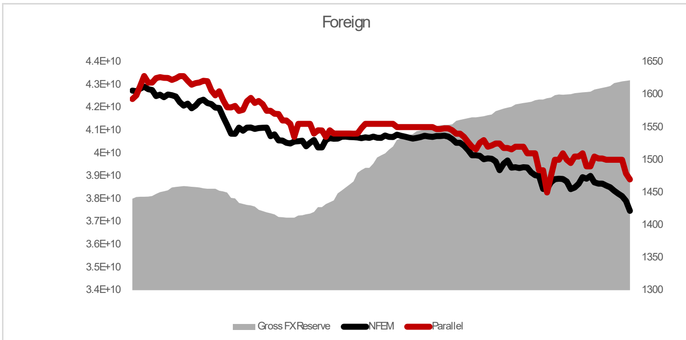
External reserves rise and the Naira gains on steady inflows and active CBN management The Naira remained largely stable and appreciated in October, building on positive sentiment from the previous month. This improvement was supported by higher foreign exchange supply from local markets, inflows from Foreign Portfolio Investors (FPIs), and ongoing interventions by the Central Bank of Nigeria (CBN).

Trading during the month ranged between N1,482 and N1,415 per USD, underpinned by steady dollar supply from FPIs, exporters, and repeated CBN market support. As a result, the Naira strengthened in the official market by N53.61 or 3.6% month-on-month, moving from N1,475.35 per USD at the end of September to N1,421.73 per USD in October. In the parallel market, the currency also gained N30.00 or 2.0% month-on-month, closing at N1,450 per USD.

Meanwhile, Nigeria's external reserves rose by $843.6 million month-on-month to $43.2 billion, driven by active reserve management and steady FX inflows, providing a stronger buffer for market stability.

Outlook

The Naira is expected to remain supported in the near term as FX inflows from FPIs and exporters continue and CBN interventions maintain stability.



Source: CBN, FCSL Research

MONEY MARKET

System Liquidity

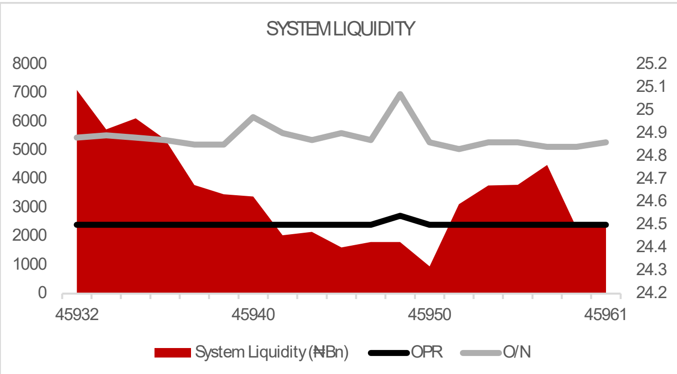
Robust inflows from bonds, bills, and FAAC allocations kept system liquidity elevated and funding rates stable.

System liquidity remained broadly strong in October, supported by inflows from coupon payments, FAAC allocations, and OMO maturities, which offset outflows from bond and bill auctions. Early in the month, cumulative inflows exceeding N900 billion from OMO and bond maturities lifted interbank liquidity to around N7.1 trillion, though funding costs stayed elevated due to the CBN's active liquidity management. The OPR and Overnight rates traded mostly within 24.5%–25.0%, with minor upticks following large OMO sales.

Mid-month, liquidity remained resilient despite over N2 trillion in OMO allotments, as maturing instruments and bond coupons provided a steady buffer. By late October, FAAC inflows lifted system liquidity from below N1 trillion to over N3 trillion, while banks maintained consistent placements at the CBN's Standing Deposit Facility. The month ended with aggregate liquidity of roughly N2.5 trillion, supported by April 2029, 2032, and 2049 bond coupon inflows, even as OMO and NTB settlements temporarily reduced balances. Funding rates were broadly stable, rising just 2 basis points month-on-month.

Outlook

Liquidity is expected to remain influenced by the CBN's policy stance, with easing inflation supporting the potential for further monetary easing in November. At the same time, the CBN is likely to continue its liquidity management operations to keep system cash balanced and funding costs within target levels.



Treasury Bills

Robust system cash and active CBN interventions keep NTB yields under pressure amid high demand.

The Nigerian Treasury Bills market traded mixed to bullish in October, underpinned by ample system liquidity and ongoing CBN interventions. Early in the month, strong liquidity drove moderate yield compression across the curve, with sentiment remaining positive despite multiple CBN liquidity mop-up operations.

At the mid-month NTB auction, total subscriptions reached N1.8 trillion against an offer of N1.2 trillion, with N961.6 billion allotted. Stop rates were mixed compared to September, reflecting selective investor demand. Throughout October, the CBN conducted several large OMO auctions, including a N200 billion offer on the 120-day paper, which attracted N3.2 trillion in subscriptions, with N600 billion allotted at a stop rate of 20.13%. Another N300 billion OMO drew subscriptions exceeding N2.7 trillion, with N1.7 trillion allotted at stop rates around 21.77%. Overall, the CBN offered N4.2 trillion, oversubscribed at N17.5 trillion, with N8.4 trillion eventually allotted.

By month-end, the average benchmark NTB yield fell 63 basis points month-on-month to 17.48%, reflecting broadly positive market sentiment.

Outlook

Supported by strong system liquidity and the November MPC outcome, NTB yields are expected to remain under pressure in the near term, with bullish investor sentiment likely to continue unless new risks emerge.

OCTOBER 2025 NTB AUCTION RESULT				
Tenor	**Sept'25 Auc 2**	**Oct'25 Auc 1**	**Oct'25 Auc 2**	**Change M-o-M (basis points)**
91	0.15	0.15	0.153	30
182	0.153	0.1525	0.155	20
364	0.1678	0.1577	0.1614	-64

FGN Bonds

"Robust liquidity and easing inflation drive mixed to bullish trading in FGN bonds."

The FGN bond market traded mixed to bullish in October, supported by strong system liquidity from coupon inflows, FAAC disbursements, NTB and OMO maturities, and spillover from September's Primary Market Auction.

Early in the month, yields repriced lower across maturities following the September PMA results, which cleared at lower-than-expected rates. Mid-month, buying interest remained strong, driven by a softer-than-expected inflation print of 18.02%, which boosted demand for mid-dated papers such as the 2032, 2034, and 2036 maturities, leading to notable yield declines across the curve.

Toward month-end, activity slowed as investors focused on the October FGN bond auction, where the DMO offered about N260 billion across the August 2030 and June 2032 re-openings. The auction received total subscriptions of N1.1 trillion, with N313.8 billion allotted. Caution ahead of the auction limited secondary market activity, although mild demand persisted for select mid- and long-dated papers.

Overall, the average benchmark bond yield fell 51 basis points month-on-month to 15.82%, reflecting a cautious but supported market tone.

Outlook

In November, the bond market is expected to remain broadly positive, supported by easing inflation, stable liquidity, and improving investor confidence.

Non-comp	Maturity	Offer (bn)	Sub (bn)	Allot (bn)	Marginal Rate	Sept25 Close	Change M-o-M (basis points)
	11075	130	212.66	87.82	15.83%	16.00%	-16.8
	11865	130	845.63	225.97	15.85%	16.20%	-35
		260	1058.3	313.79			

Euro Bonds

"Investor appetite and supportive global factors push Nigerian Eurobond yields down 43bps."

The Nigerian Eurobond market traded mixed to bullish in October, shaped by global monetary policy signals and resilient oil prices. The month began positively, supported by firm investor demand despite concerns over a potential U.S. government shutdown and softer U.S. labor data.
Mid-month, sentiment turned cautious as global risk appetite shifted, uncertainties around the U.S. fiscal situation persisted, and oil prices softened. Profit-taking and mixed economic data led to modest yield increases and more selective trading.

Toward month-end, demand picked up again, driven by improved U.S.–China trade relations, positioning ahead of the Fed's anticipated rate cut, and firmer oil prices. As a result, Nigerian Eurobonds closed the month stronger, with the average mid-yield falling 43 basis points month-on-month to 7.37%.

Outlook

Positive momentum is expected to continue, supported by a more accommodating global monetary policy and improved investor sentiment toward African Eurobonds.

EQUITIES MARKET

Strong performance in major stocks lifts NGX All-Share Index 8% in October.

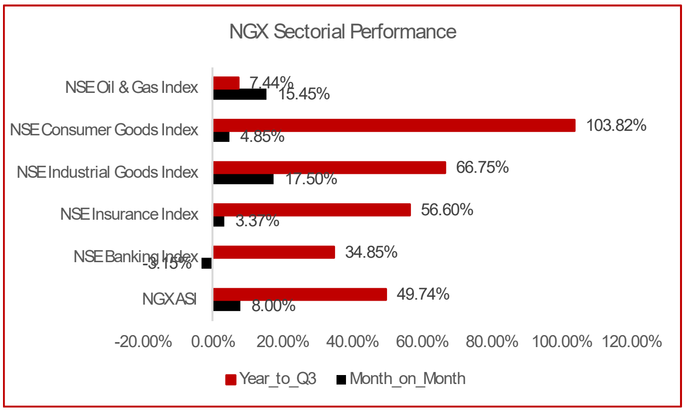
The Nigerian equities market recorded strong gains in October, with the NGX All-Share Index rising 8.0% to 154,126.45 points and market capitalization increasing by N7.25 trillion to N97.83 trillion. The rally was led by significant gains in bellwether stocks, including ARADEL (+25.7%), MTNN (+23.0%), and BUACEMENT (+12.5%).

Sector performance was broadly positive, with four of five key indices advancing. Notable gainers included Industrial Goods (+17.5%) and Oil & Gas (+15.5%), while the Banking sector declined 3.2%.

Market activity showed higher trading volume but lower value, with 22.7 billion shares traded worth N517.8 billion across 632,607 deals, compared to 18.3 billion shares valued at N807.9 billion in September.

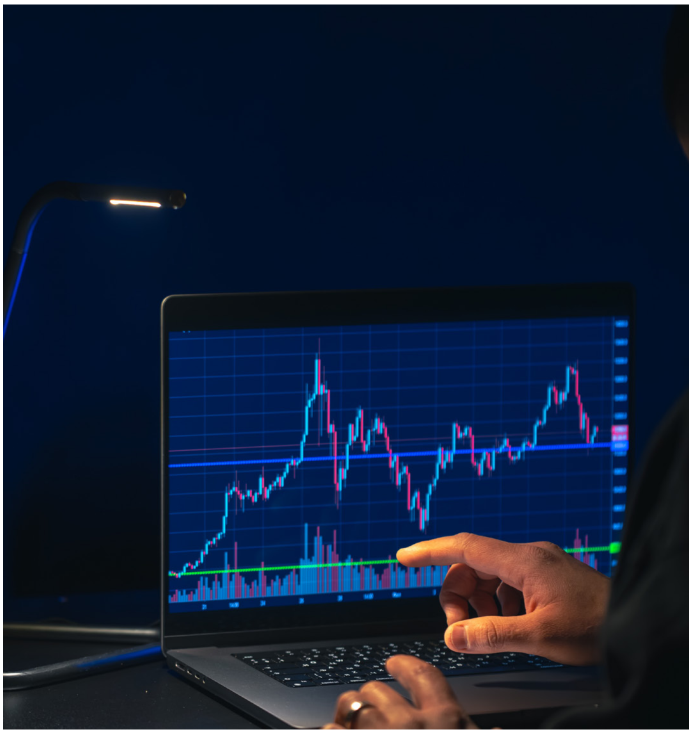
Outlook

The equities market is expected to maintain a positive trend, supported by strong demand for fundamentally sound stocks, resilient Q3 earnings, and an improving FX rate. However, profit-taking in leading stocks may moderate overall gains.



	Month_on_Month	Year_to_Q3
NGX ASI	8.00%	49.74%
NSE Banking Index	-3.15%	34.85%
NSE Insurance Index	3.37%	56.60%
NSE Industrial Goods Index	17.50%	66.75%
NSE Consumer Goods Index	4.85%	103.82%
NSE Oil & Gas Index	15.45%	7.44%

Source: NGX, FCSL Research



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