

# The Investors' Compass : From Insight to Action

*Economic and Financial Report – Outlook for Q4 2025*  
October 2025





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## Global Economy

**Inflation Rate Movements in Select Countries**

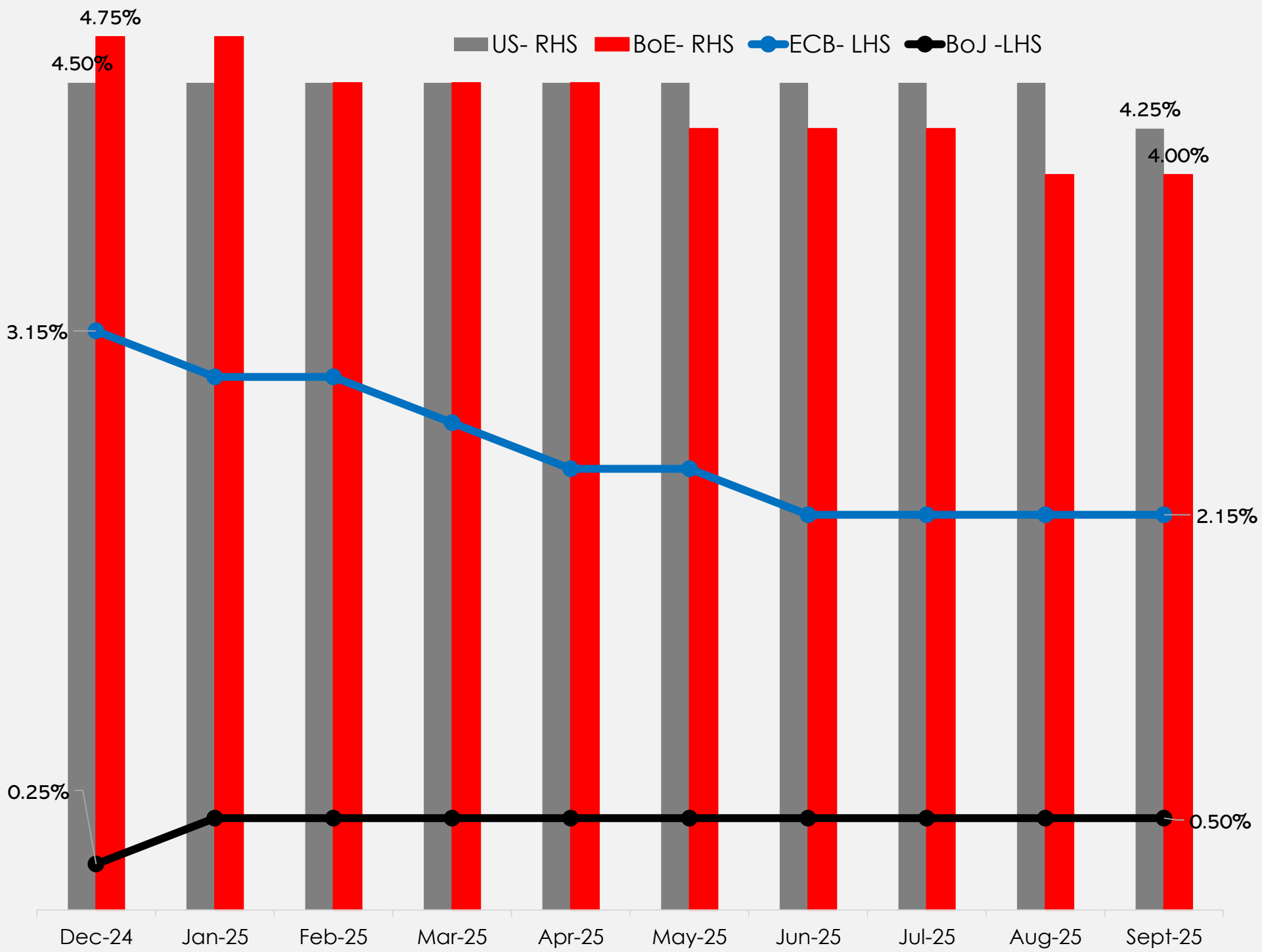
Inflation moderated across several countries in Q3 2025 compared with December 2024. In advanced economies, the expected tariff-driven inflationary pressures were weaker than projected

Inflation Rate Movement in Q3 2025				
S/N	Countries	Dec.2024	Current	Change
1	Nigeria	34.80%	18.02%	-16.78%
2	Ghana	23.80%	9.40%	-14.40%
3	Niger	4.70%	-9.00%	-13.70%
4	Egypt	24.00%	11.70%	-12.30%
5	Angola	27.50%	18.24%	-9.26%
6	Burkina Faso	4.90%	-1.10%	-6.00%
7	Algeria	4.40%	-1.36%	-5.76%
8	Ethiopia	17.00%	13.20%	-3.80%
9	Cote d'Ivoire	2.10%	-0.20%	-2.30%
10	Japan	3.60%	2.70%	-0.90%
11	China	0.10%	-0.30%	-0.40%
12	Morocco	0.70%	0.30%	-0.40%
13	Euro Area	2.40%	2.20%	-0.20%
14	USA	3.00%	2.90%	-0.10%
15	South Africa	3.00%	3.30%	0.30%
16	Tanzania	3.10%	3.40%	0.30%
17	Guinea	3.10%	3.70%	0.60%
18	UK	2.50%	3.80%	1.30%
19	Kenya	3.00%	4.60%	1.60%
20	Senegal	0.30%	2.60%	2.30%

**Major Central Banks Adopted Easing Policies**

The US Federal Reserve joined the list of Central Banks in advanced countries that adopted monetary policy easing to stimulate growth. Bank of Japan (BoJ) continues to unwind its accommodative policy to tame high inflation

Policy Rates Announced by Major Central Banks



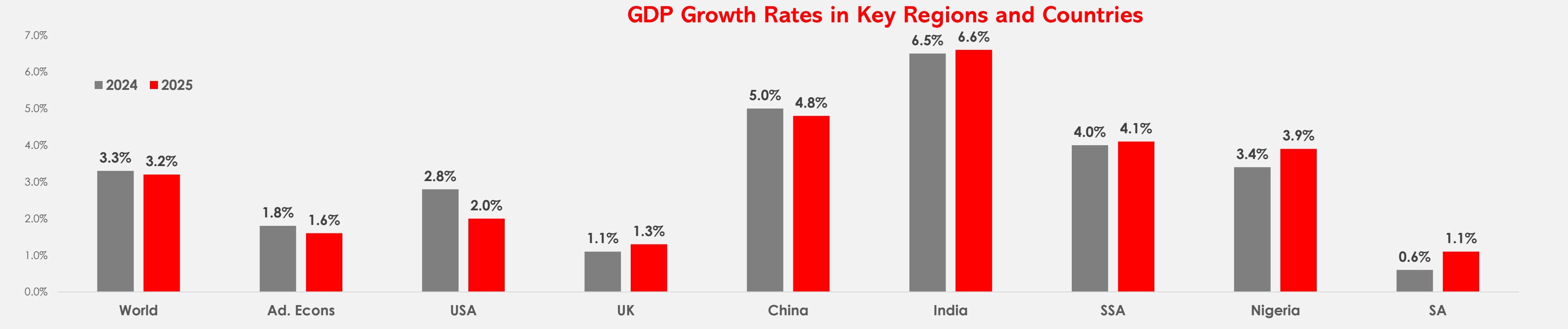
Global Growth – Latest IMF Forecast - October 2025

Uncertainties surrounding the global economy following the announcement of the tariff have eased. Although the lag effects of the tariff persist and new geopolitical risks have emerged, the IMF has revised upward its growth projections for all regions and countries

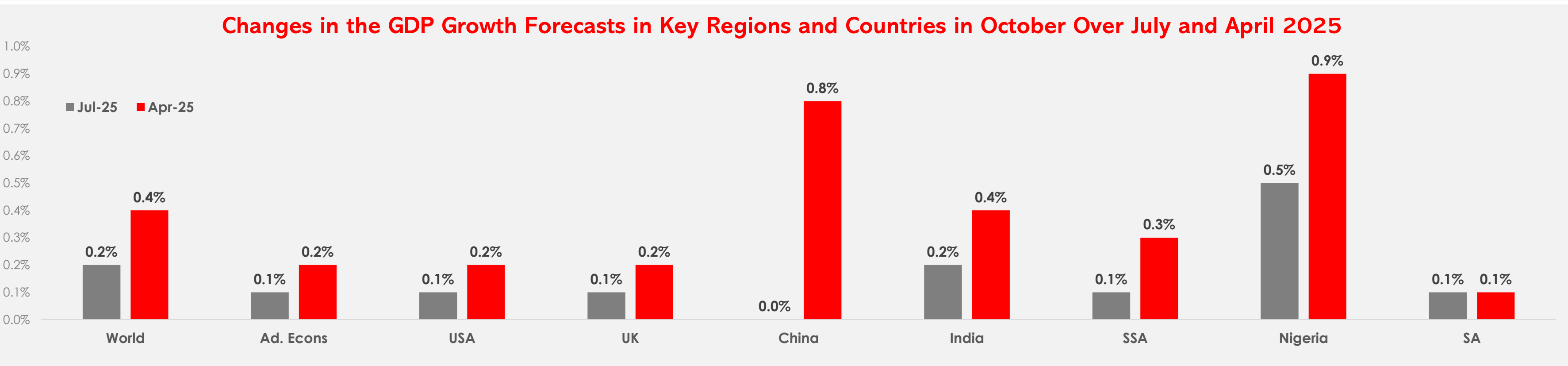
Movements in the Global Growth

The global growth forecast released in October 2025 marked a major departure from the forecasts released in July 2025 and April 2025. The IMF raised the forecasts for all regions/countries for 2025 as the impacts of the tariff continue to wane

GDP Growth Rates in Key Regions and Countries



Changes in the GDP Growth Forecasts in Key Regions and Countries in October Over July and April 2025





Slowdown in growth as higher tariffs begin to bite



Additional rate cut expected in the US to stimulate growth and lift labour market



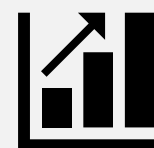
AI adoption across sectors expected to support productivity and long-term growth



In the US, inflationary pressure and a softening labour market may dampen growth prospect, but growth remains strong supported by monetary policy easing



In Europe, growth is fragile but improving, with expectations of a rebound in 2026



China is facing deflationary headwinds and weaker economic data. However, growth is seen close to 5% as it continues to seek alternative markets outside the US for its exports

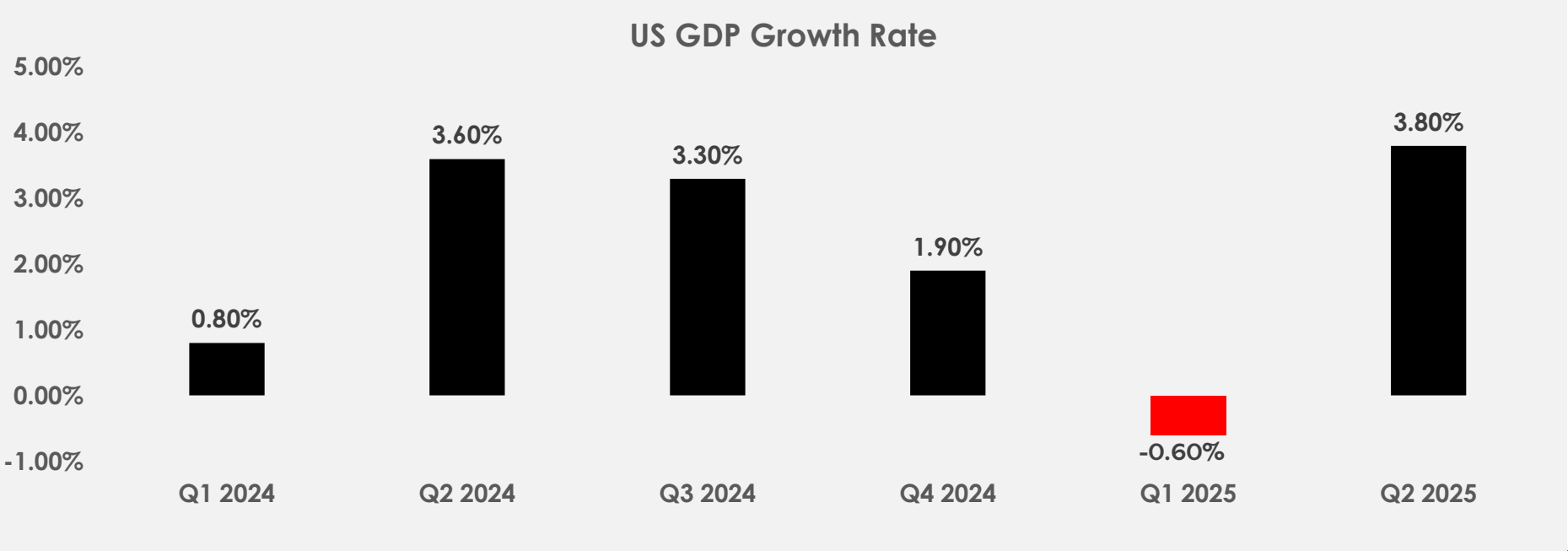
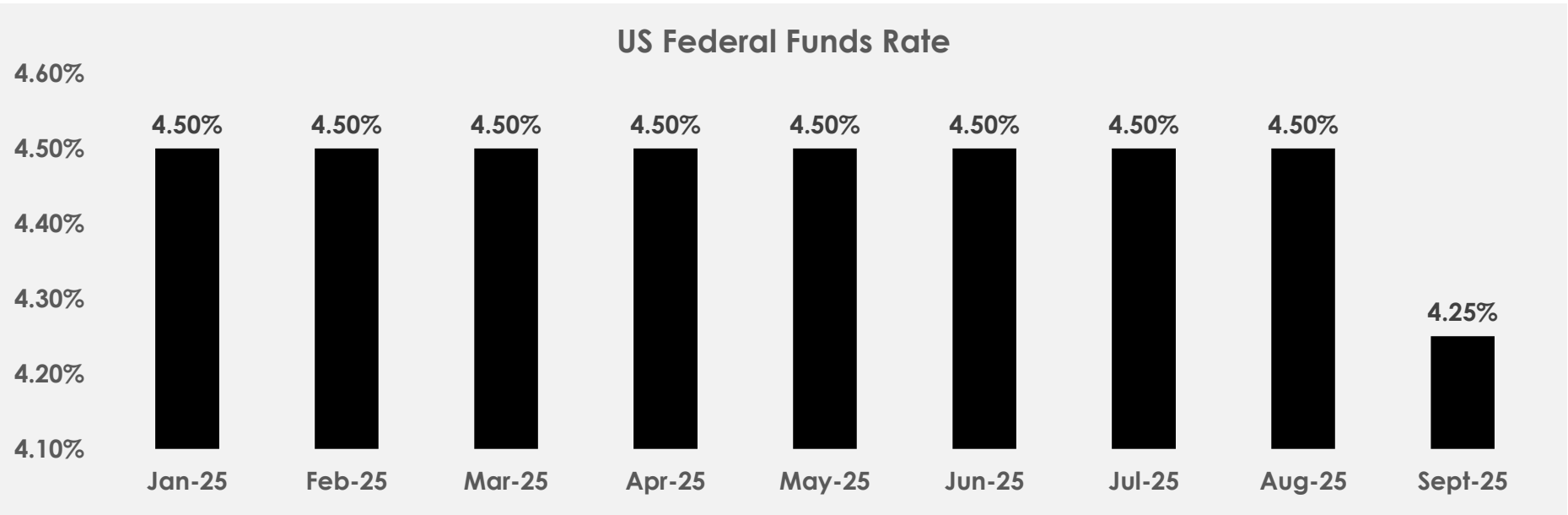
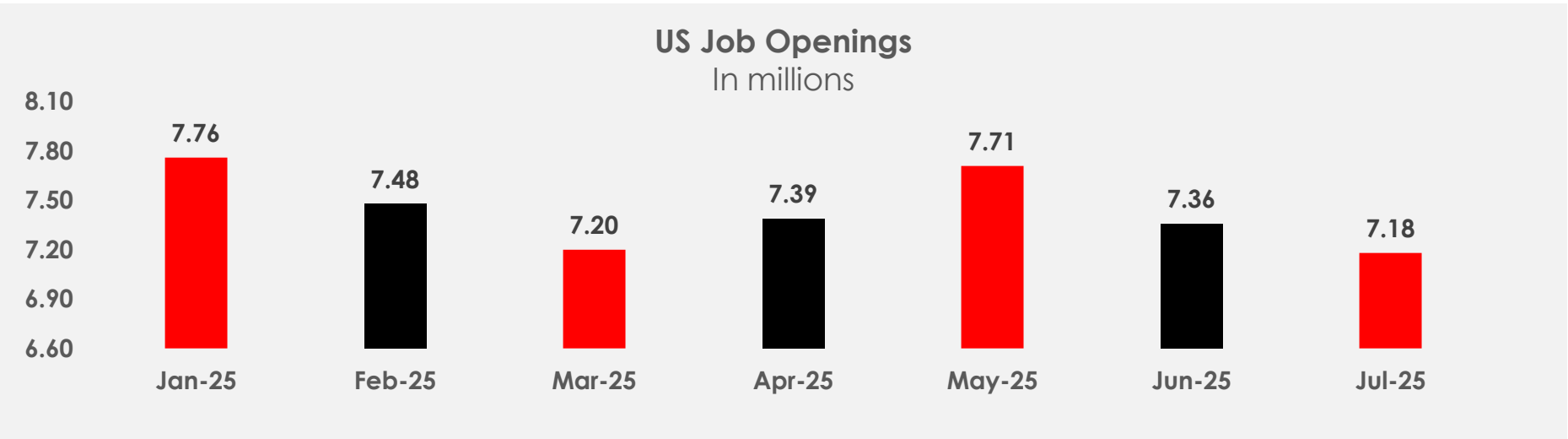


Sub-Saharan Africa and Middle East and North Africa (MENA) show strong growth prospects

Risks to the Outlook

- ☐ Renewed US 100% tariff on imports from China and impacts on inflation and monetary policy
- ☐ Although trade realignments are ongoing, the outcomes remain highly uncertain globally
- ☐ Escalation in the Middle East and persisting Russia–Ukraine war
- ☐ Elevated inflation rate above the central banks’ targets in many regions, despite decline recorded
- ☐ Markets see the US Fed’s rate cut as “risk management” moves, but inflation risk persists
- ☐ Concerns about fiscal discipline and long-term debt sustainability especially in developed economies
- ☐ While elevated valuations suggest the possibility of a stock market bubble in AI and technology stocks, ongoing substantial investments in the sector may defer any correction





**US: Weak Job Data and Polic Shifts Shape Fed Outlook**

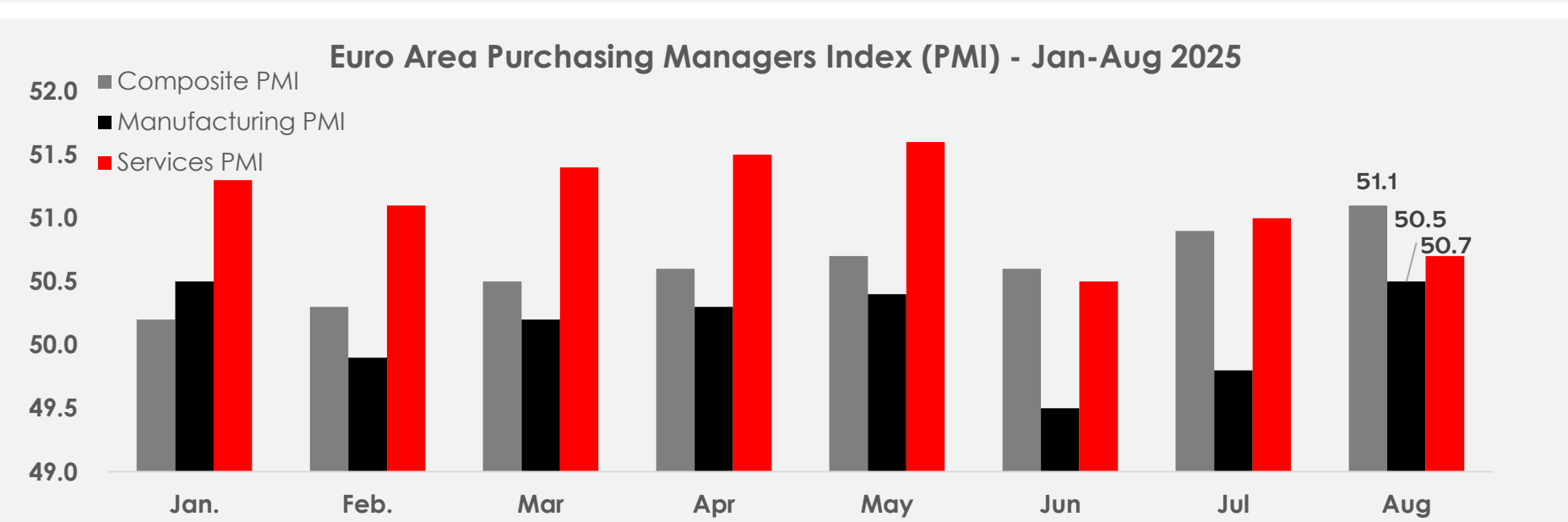
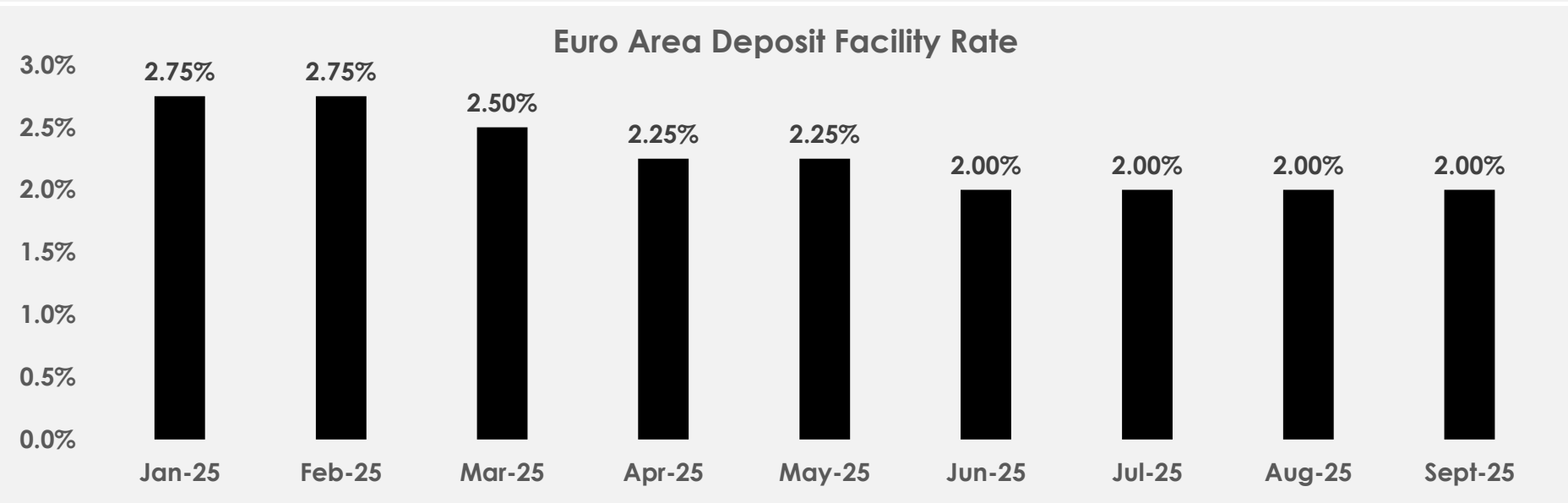
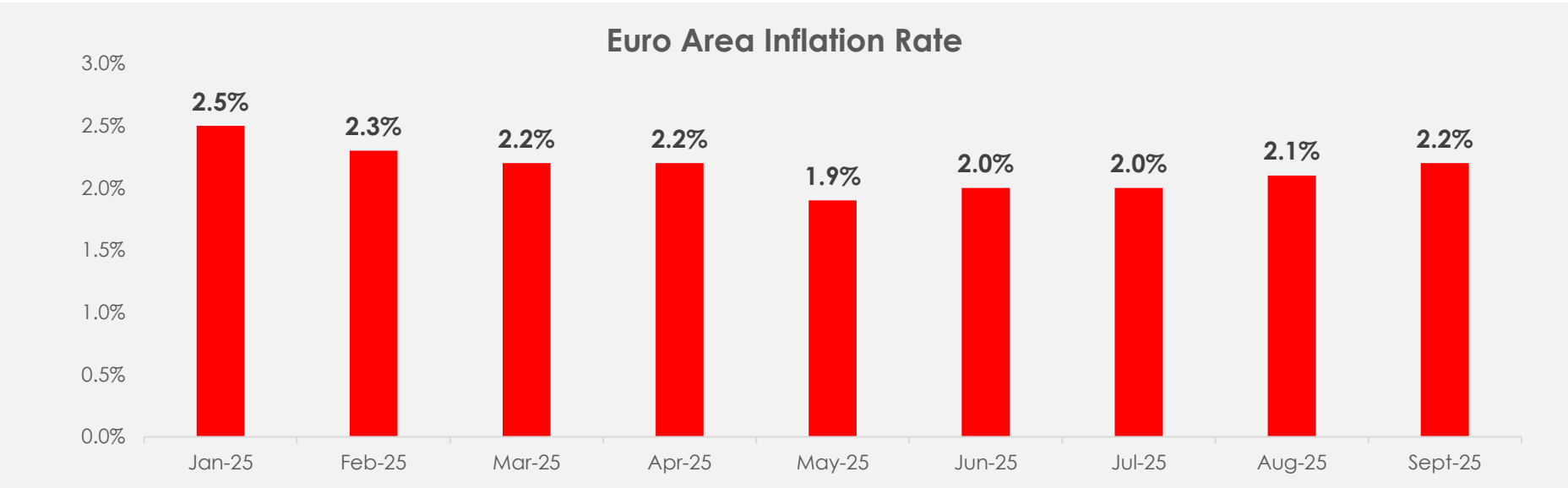
- Job openings hit a 10-month low, strengthening expectations for Fed rate cuts and triggering bond rally
- Fed's Beige Book showed slower hiring, stable inflation, and weak spending reinforcing rate-cut prospects
- Fed's Beige Book provides summary of current economic conditions across the 12 Federal Reserve Districts
- Fed Chairman reaffirmed support for interest rate cut but stressed a data-driven pace

**US: Fed Kicks off Policy Easing Cycle**

- The Fed cut rates by 0.25% from 4.25% to 4.00%, marking its first policy easing of 2025
- Softer inflation and weak labour data reinforced the Fed's decision
- The Central Bank also released new economic projections stating:
  - Another rate cut of 0.50% in Q4 2025
- US equities rallied on dovish policy signals, while Treasury yields moved lower
- Lower US rates may spur capital flows into Nigeria, boosting equities and bonds

**US: Strong GDP Growth and New Tariffs Announced**

- Q2 GDP grew by 3.8%, higher than the previous estimate of 3.3%, the fastest pace since 2023
- GDP gains were driven by increasing consumer spending and reduction in imports
- President Trump announced new tariffs effective October 01, 2025. Some of which are:-
  - 100% tariff on branded pharmaceuticals
  - 25% tariff on heavy-duty trucks



**Europe: European Central Bank (ECB) Faces Mixed Sentiments**

- Inflation rose to 2.2% in September slightly above the ECB's 2% target
- Consumer inflation expectations held at 2.6%, above the ECB's target, keeping policymakers cautious
- Rising bond yields hit market confidence, while banks stock prices dropped as fiscal uncertainty persisted

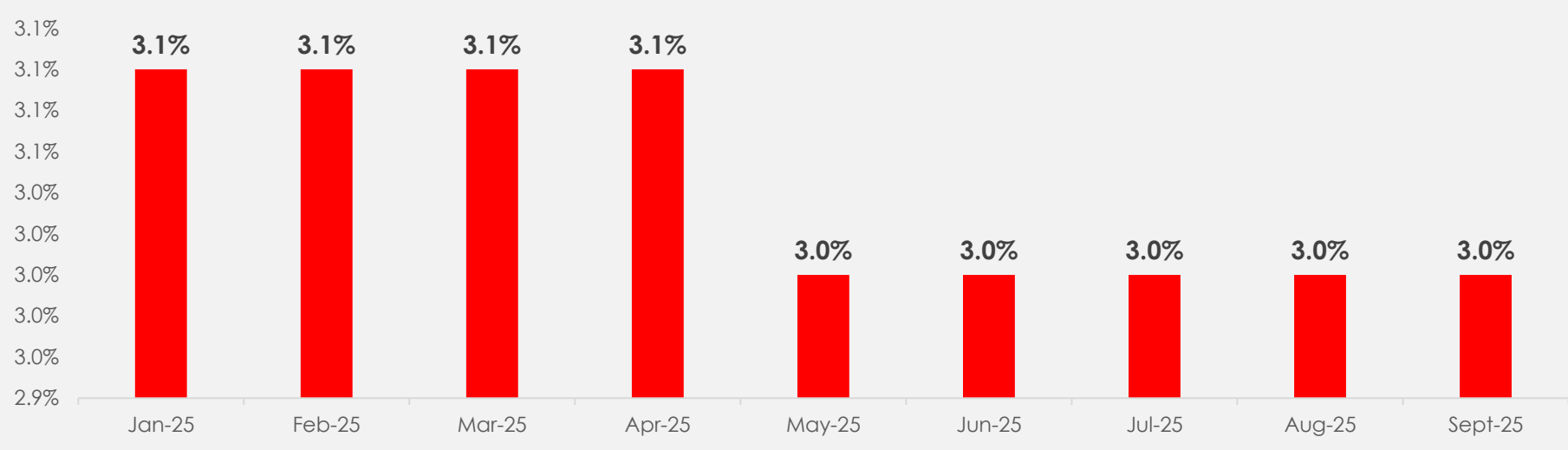
**Europe: European Central Bank (ECB) Held Policy Rate Constant**

- ECB kept interest rates stable at 2.0%
- It highlights that inflation nears 2.0% target
- Euro Area GDP grew just 0.1% in Q2, the weakest since late Q4 2023, down from 0.6% in Q1

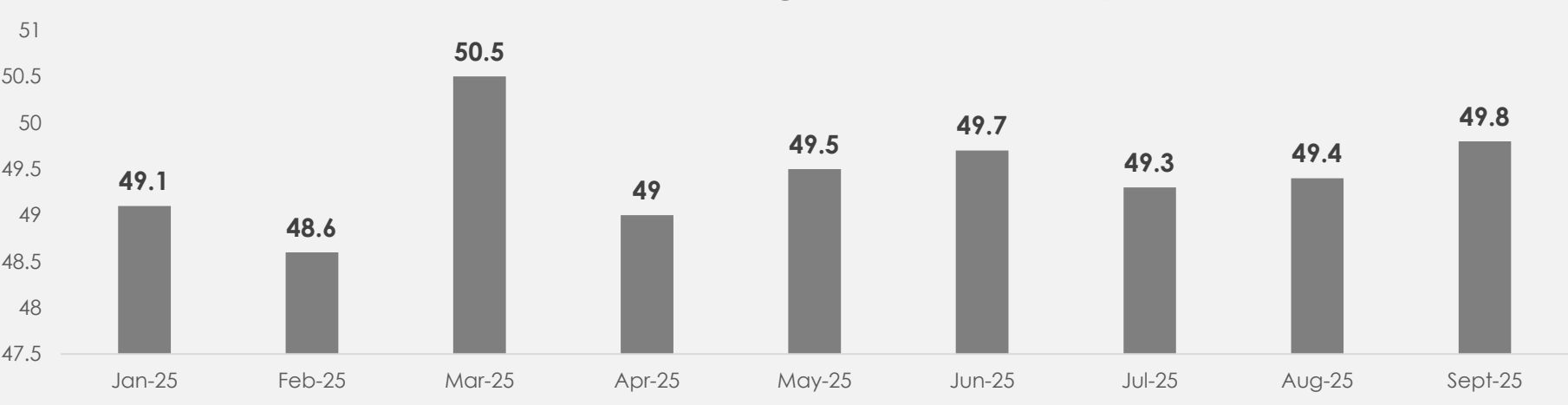
**Europe: Business Activity Accelerates**

- Euro Area posted its fastest growth in 15 months, led by new orders
- Composite PMI rose slightly to 51.1 points in August compared to 50.9 points in previous month
- Manufacturing Purchasing Managers Index (PMI) rose to 50.5 points in August from 49.8 points in July
- Services PMI dropped to 50.7 points from 51 points in the prior month

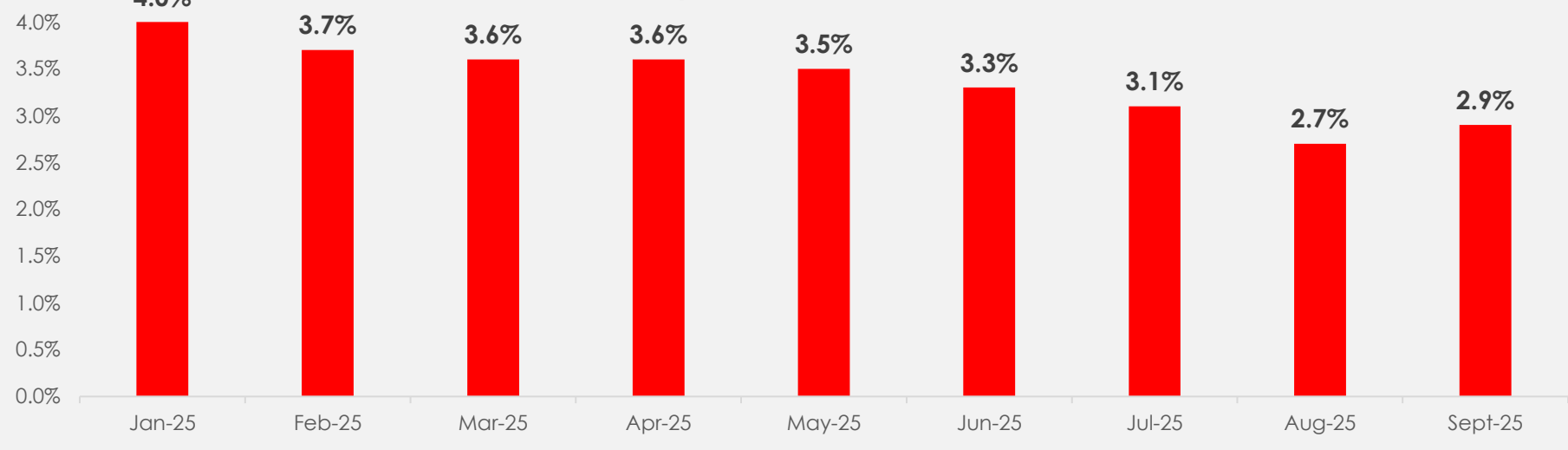
China 1-Year Loan Prime Rate (Benchmark Rate)



China Manufacturing Index (PMI - Points)



Japan Inflation Rate



China: Neutral Monetary Policy Stance

- People’s Bank of China (PBoC) held interest rate steady at 3% for the 5th consecutive month
- This reflects the PBoC’s shift toward a more moderately loose monetary policy stance

China: Stronger Yuan, Market Slump, and Weak Factory Data

- Yuan(¥) firmed despite weak growth, signalling goodwill in US trade talks and support against deflation
- Chinese stocks saw their steepest drop in five months, led by tech, as regulators curbed speculation
- Manufacturing PMI rose slightly in September to 49.8 points but still in contraction zone

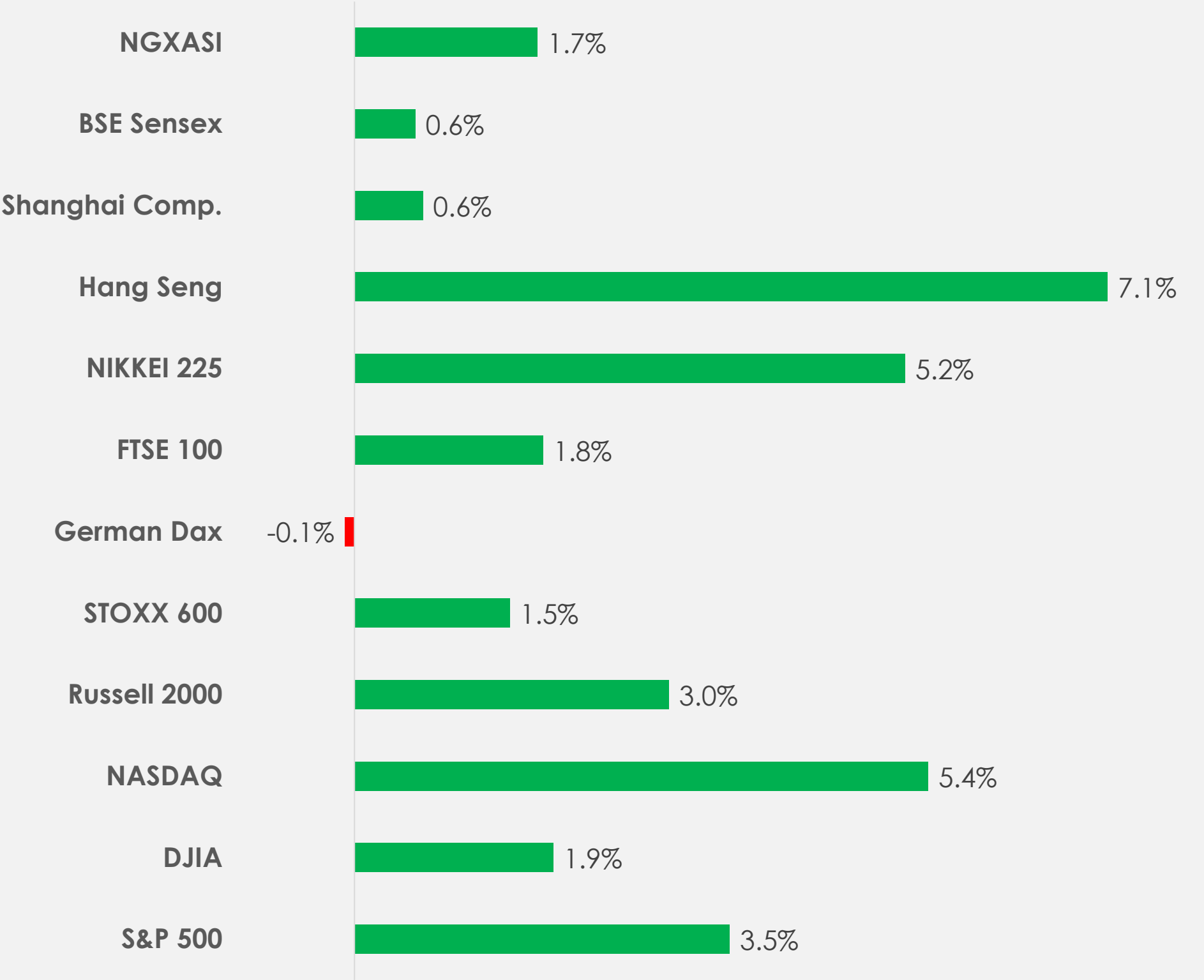
Japan: Bank of Japan (BOJ) Holds Rates as Inflation Softens

- BOJ held rate in their September meeting at 0.50%
- Core Consumer Price Index (CPI) increased slightly to settle at 2.9% in September from 2.7% in August
- This marks the first increase since January 2025, following a sustained downward trend in the inflation rate



Global Stock Market Performance Month on Month (M/M)

Most global equities finished the month of September in the green zone as investors' sentiment improved, due to a potential Fed rate cut

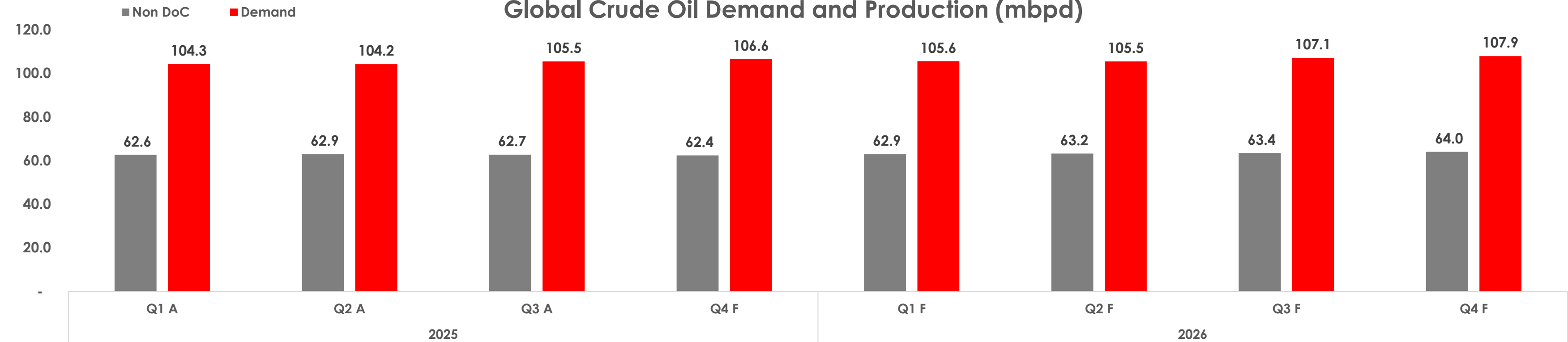


Global Government Securities- Monthly Performance

Global Government Securities were largely bearish in September; 10-Year Government securities yields rose as debt sustainability concerns increased

Name	Yield		Change M/M
	August's Average	September's Average	
NGR 10 Year Bond Yield	15.84%	16.65%	0.81%
India 10 Year Yield	6.47%	6.50%	0.03%
Hong Kong 10 Year Yield	3.04%	3.07%	0.03%
China 10 Year Yield	1.75%	1.85%	0.10%
Japan 10 Year Yield	1.56%	1.61%	0.05%
UK 10 Year Yield	4.64%	4.68%	0.04%
France 10 Year Yield	3.41%	3.52%	0.11%
Germany 10 Year Yield	2.70%	2.71%	0.01%
US 2 Year Treasury Yield	3.71%	3.58%	(0.13%)
US 5 Year Treasury Yield	3.78%	3.66%	(0.12%)
US 10 Year Treasury Yield	4.26%	4.12%	(0.14%)

Global Crude Oil Demand and Production (mbpd)



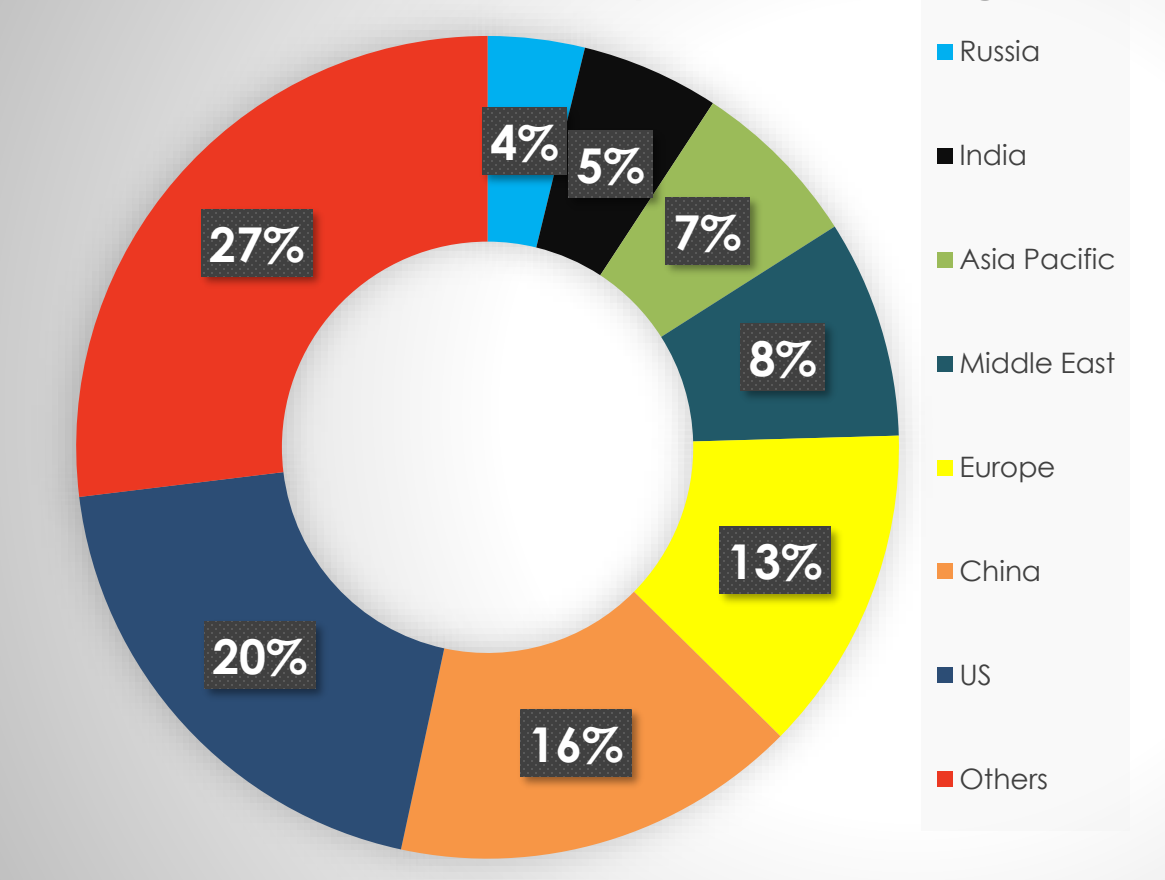
Global Crude Oil Demand and Production/Supply

- Global crude oil demand to remain strong in Q4 2025 and above106mbpd
- Production from Non-Declaration of Cooperation(DoC) producers does not cover the demand
- The growth in the production forecast from the Non-DOC members is lower that the demand
- Declaration of Cooperation(DoC) producers will still be able to influence market
- OPEC Plus members usually supply the balance not met by the Non-DoC members
- OPEC Plus members belong to DoC producers and meet regularly to determine crude oil quota

Crude Oil Price

- The average crude oil settled at US\$70.2/b in September lower than US\$70.6/b recorded in August
- Given current demand and production dynamics, the risk of a crude oil price drop remains low

Distribution of Crude Oil Demand by Countries and Region -2025



Developments in major oil-consuming economies can sway global crude prices by shifting demand expectations

# **Nigeria's Economic Outlook: Global Perspectives and Investors Confidence**



- ❖ Recent assessments by global development and financial institutions reflect a positive short-to-medium-term outlook for the Nigerian economy
- ❖ Many of these institutions have endorsed the ongoing reforms by the Federal Government of Nigeria (FGN) and the Central Bank of Nigeria (CBN), citing improvements in key macroeconomic indicators
- ❖ They highlight the relative stability and appreciation in the value of Naira, a gradual decline in inflation, robust GDP growth, and attractive yields in Nigeria's fixed-income market compared to other emerging economies
- ❖ As a result, investors are increasing their exposure to Nigeria's real sector and financial markets, demonstrating growing confidence in the country's economic trajectory
- ❖ We anticipate that these recent statements from international organisations (World Bank, International Monetary Fund, FTSE Russell, and JP Morgan) will strengthen investors confidence and positively affect securities trading and investment activities in Nigeria up to Q2 2026
- ❖ A summary of the key announcements and engagements follows

### World Bank: In October 2025 the World Bank notes as [follows](#):

- i. Nigeria has taken important steps toward stabilising its economy through recent policy reforms, but more needs to be done to ensure these gains translate into better living standards for its citizens
- ii. The outlook for Nigeria's economy remains cautiously optimistic. Growth is projected to accelerate modestly from 4.2% in 2025 to 4.4% in 2027, driven by services and supported by agriculture and non-oil industry
- iii. Inflation is expected to gradually ease but remain elevated, requiring sustained monetary discipline and structural reforms to tackle food prices
- iv. The country's external position has strengthened, with foreign reserves exceeding \$42 billion and the current account surplus rising to 6.1% of GDP, supported by higher non-oil exports and lower oil imports
- v. On the fiscal side, federal deficit is projected at 2.6% of GDP in 2025, broadly unchanged from 2024
- vi. Public debt is expected to decline for the first time in over a decade to 39.8% of GDP

### International Monetary Fund (IMF): IMF Notes in its World Economic Outlook (WEO) October 2025 [edition](#):

- i. Growth in Nigeria is revised upward to 3.9% in 2025 and 4.2% in 2026 on account of supportive domestic factors, including higher oil production, improved investors confidence, a supportive fiscal stance in 2026
- ii. Yearly average inflation rate forecast at 21.7% in 2025 and 19.8% in 2026
- iii. Nigeria has limited exposure to higher US tariffs

### FTSE Russell (the Index Division of the London Stock Exchange Group) Added Nigeria to its Watch List for Reclassification in [October 2025](#)

- i. Nigeria added to the Watch List for possible reclassification from Unclassified to Frontier market status
- ii. FTSE notes that clearing of FX queues and repatriation delays since early 2025 and the positive feedback from investors on improved FX liquidity under CBN reforms
- iii. FTSE's Watch List status offers a path to re-entry into global indices, which could restore Nigeria's attractiveness to institutional investors. These developments underscore the importance of sustained macroeconomic reforms, especially in FX management

### JP Morgan: April 2025, JP Morgan Said it Remains Optimistic About the Outlook of Nigeria and Maintains Long Investment [Position](#):

- i. Nigeria is a top frontier market recommendation due to its FX reforms, rising reserves, and improving trade balance
- ii. JP Morgan maintained a bullish stance in Nigeria and rolled over matured Open Market Operations (OMO) bills
- iii. Net FX reserves came in line with expectation
- iv. Change in the NNPC management is a big step forward in the overall oil sector reform agenda
- v. Meanwhile, Nigeria is currently in advanced discussions to re-enter the JP Morgan Government Bond Index (GBI-EM) before the end of 2025
- vi. Nigeria was removed from the JP Morgan GBI-EM Index in 2015 due to FX market illiquidity, capital repatriation challenges and lack of transparency in monetary operations
- vii. Re-entry into the JP Morgan Index could unlock up to \$2 billion in passive portfolio inflows from global funds tracking the Index.
- viii. It would signal renewed investors confidence and enhance Nigeria's visibility in global capital markets
- ix. Inclusion in the Index will result in the following benefits:
  - Lower borrowing cost, increased liquidity in the local bond market and supports for Naira stability



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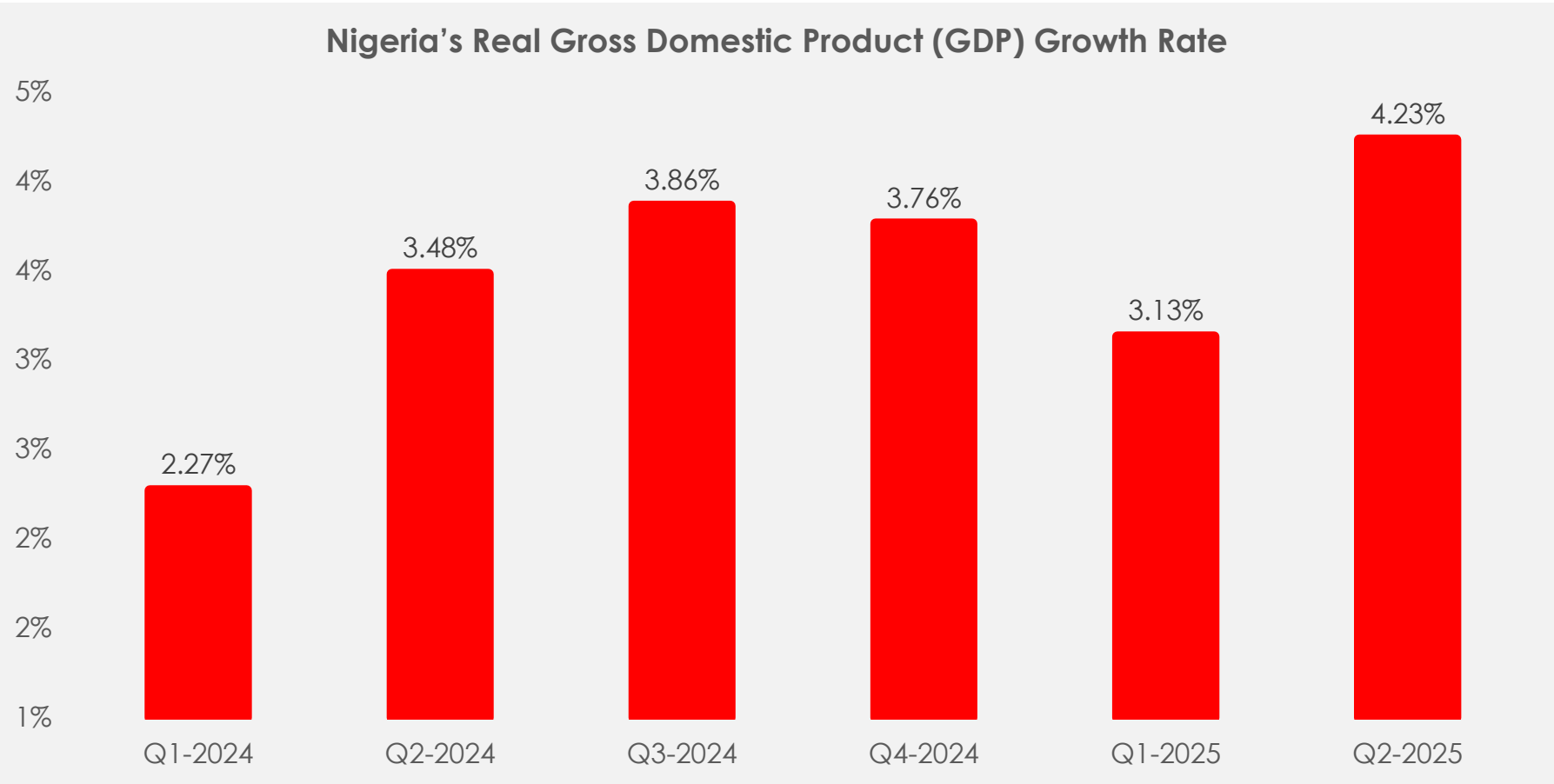
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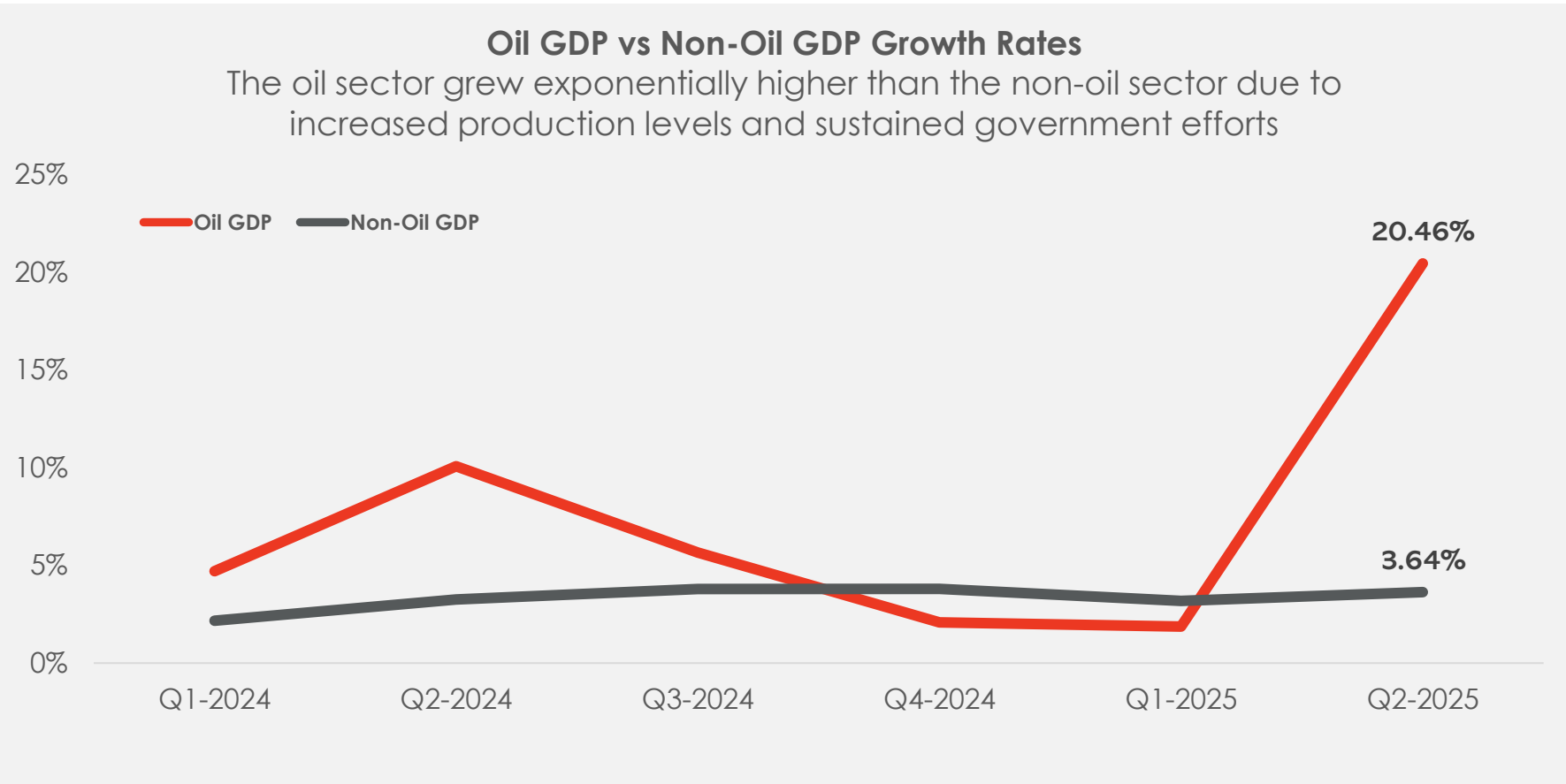
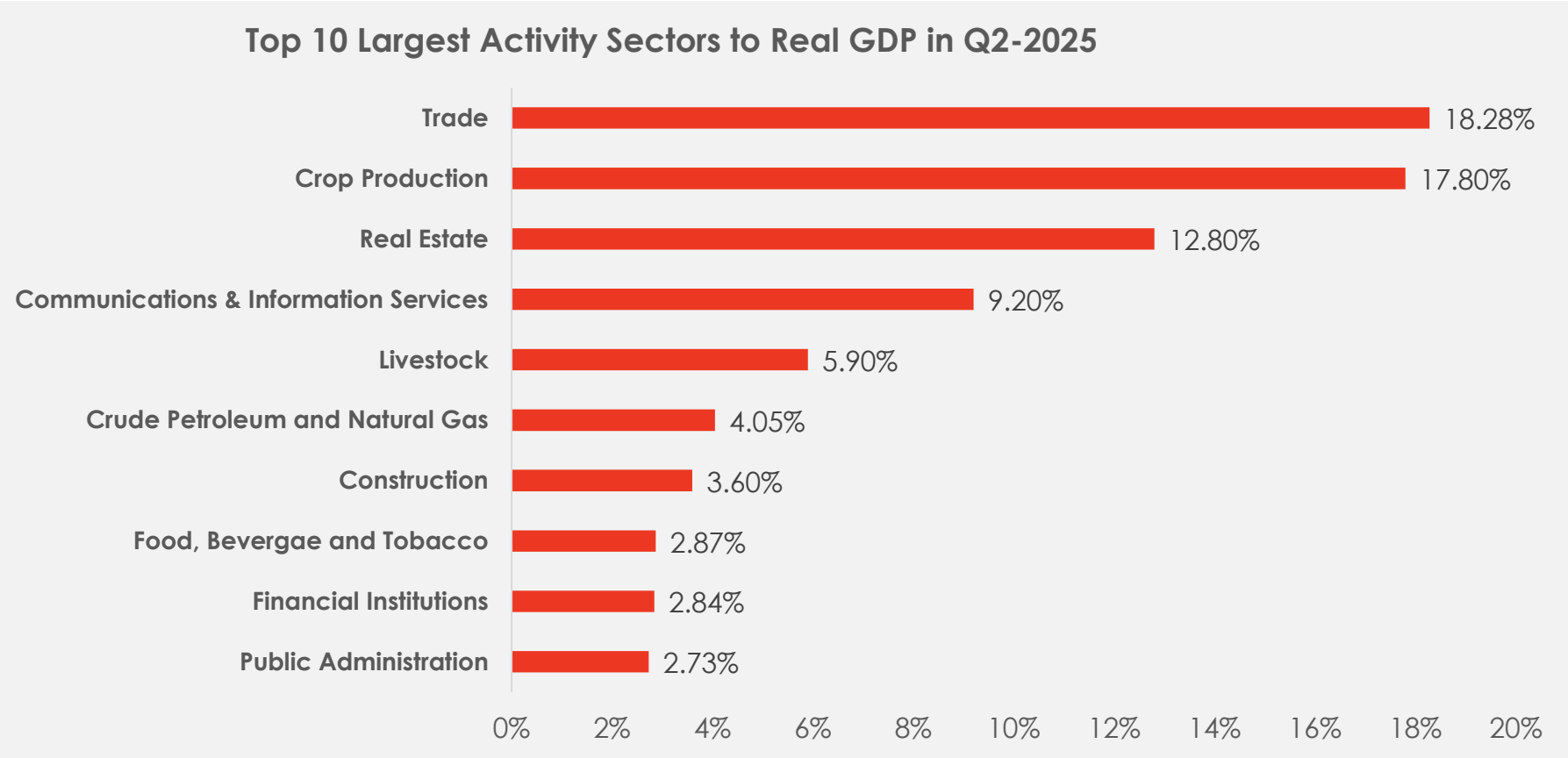
## Domestic Macroeconomy

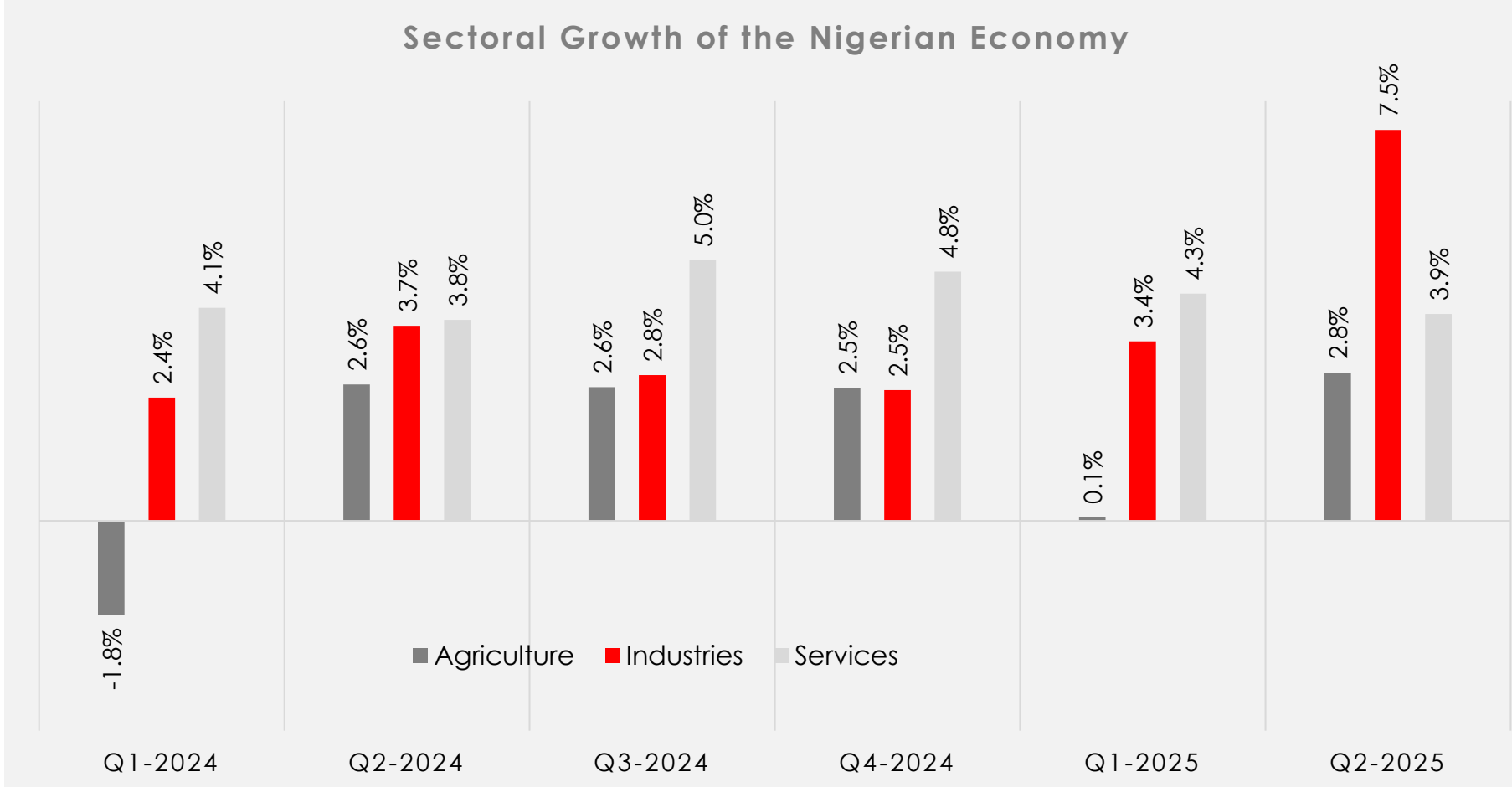




Economic Growth

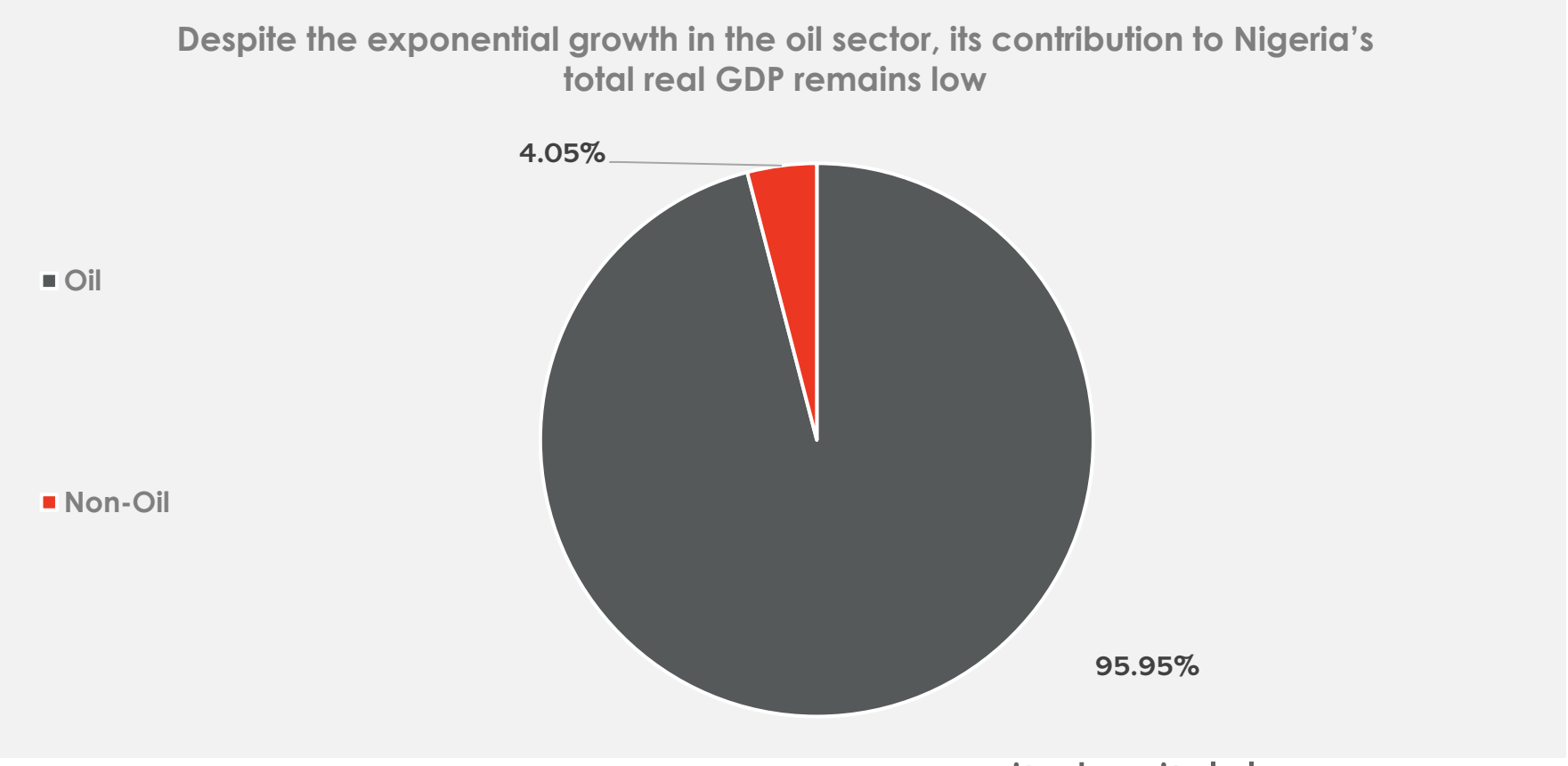
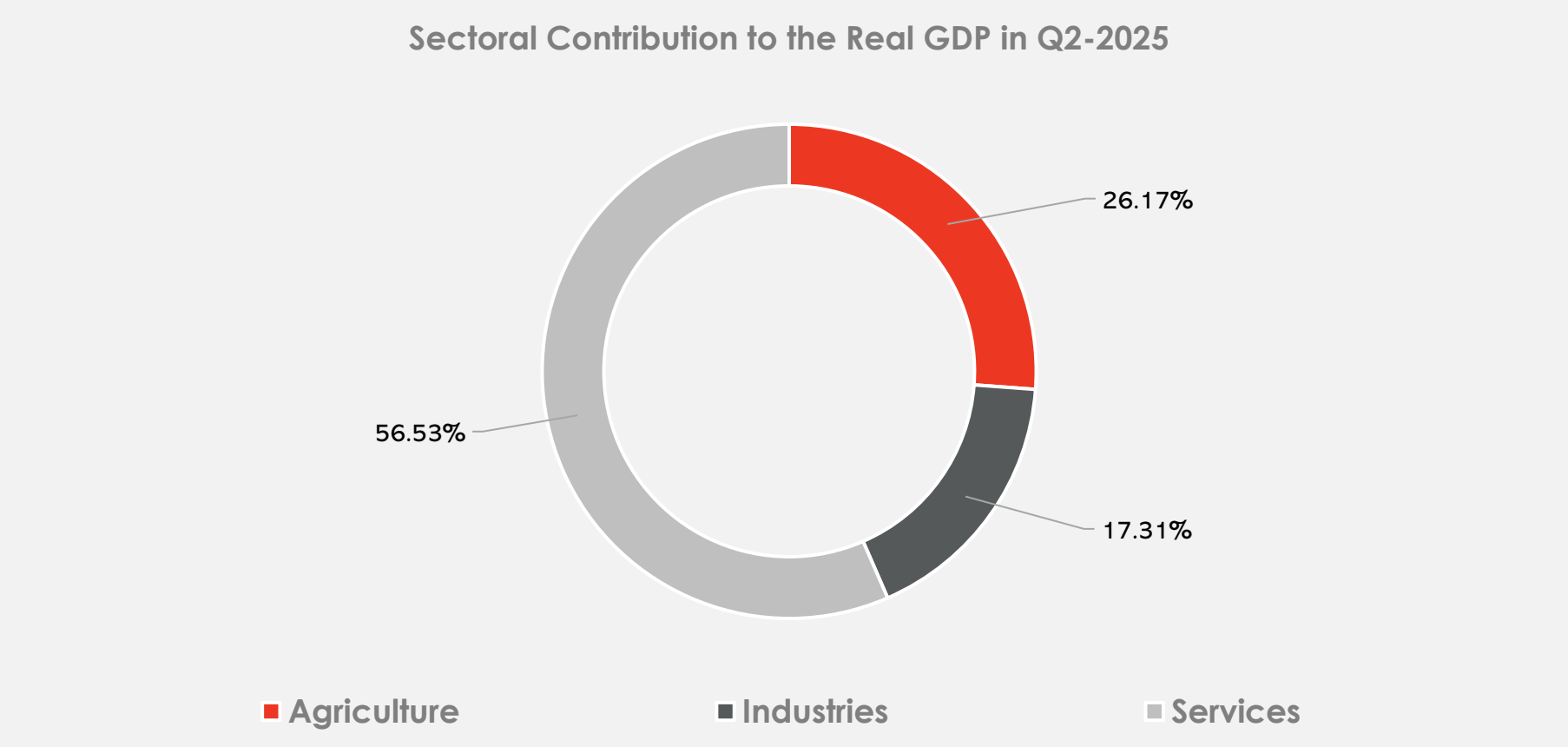
- The Nigerian economy expanded by 4.23% year-on-year in Q2 2025
- This marks the highest quarterly growth rate since Q2 2021
- Oil Sector surged by 20.46% while Non-Oil Sector grew by 3.64%
- Crude oil production averaged 1.68 million barrels per day in Q2 2025
- This is the highest production levels since 2020
- The Oil Sector accounted for 4.05% of the GDP while non-Oil Sector contributed 95.95%

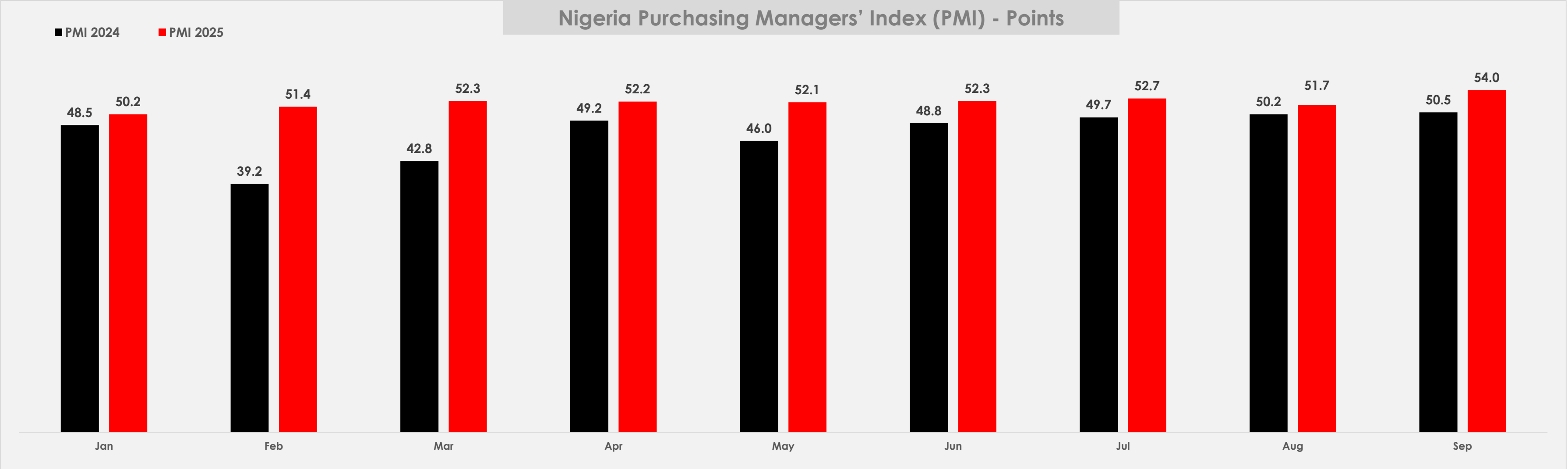




Sectoral Growth and Contributions

- The services sector grew by 3.94% but accounted for 56.53% of the GDP
- This was led by robust growth in telecommunications, information services, real estate, and financial services
- The industrial sector expanded by 7.45%, 3.72% in Q2 2024
- Industrial sector contributed 17.31% to the GDP
- Agricultural sector advanced by 2.82% with a contribution of 26.17%
- Despite the exponential growth in the Oil GDP, its contribution to GDP is low at 4.05%





Nigeria's Purchasing Managers' Index (PMI)

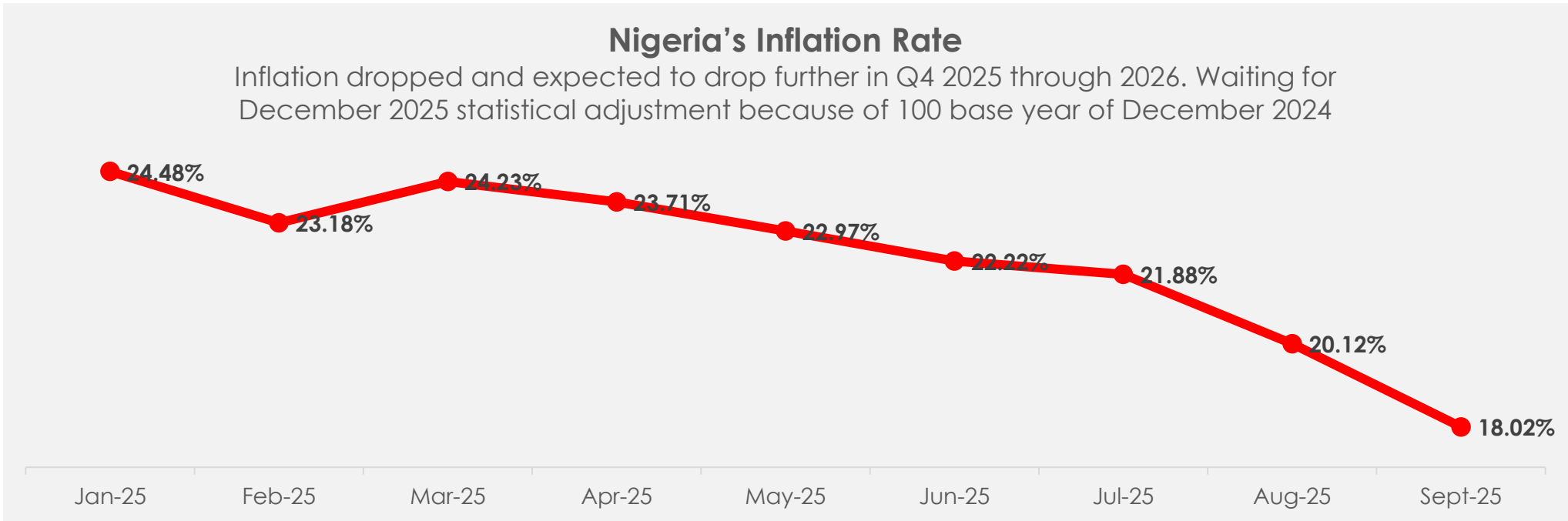
- PMI in September 2025 expanded further to 54.0 points from 51.7 points in August 2025
- Nigeria's PMI remains above 50 points for the first nine months in 2025
- The PMI figures in 2025 were consistently higher than the 2024 PMI figures
- This indicates a strong signal of sustained economic growth
- It also implies that the GDP growth in Q3 will be stronger than both Q3 2024 and Q2 2025

Implications of the Sustained Expansion in the PMI

- Stronger Growth in Q3 than Q2 and Q3 in 2025. Our GDP Growth forecast in Q3 2025 is 5.11%
- More orders, producing more, and hiring more, reflect confidence in future economic conditions
- Improved Corporate Earnings which may sustain a rally in the stock market
- Firms often respond to sustained growth by investing in new capacity, equipment, or technology to meet future demand — reinforcing the growth cycle



Monetary Policy Committee's (MPC) Meeting Highlights- September 2025		
Parameters	Current	Status
Monetary Policy Rate(MPR)	27.00%	Reduced by 0.50% (Previously 27.50%)
Commercial Banks: Cash Reserve Ratio (CRR)	45.00%	Reduced by 5.00% (Previously, 50.00%)
Merchant Banks: Cash Reserve Ratio (CRR)	16.00%	Retained
Non-TSA Public Sector Deposits: Cash Reserve Ratio (CRR)	75.00%	Newly Introduced
Liquidity Ratio	30.00%	Retained
Standing Facilities Corridor Around the MPR	+2.50%/-2.50%	+5.00%/-1.00%



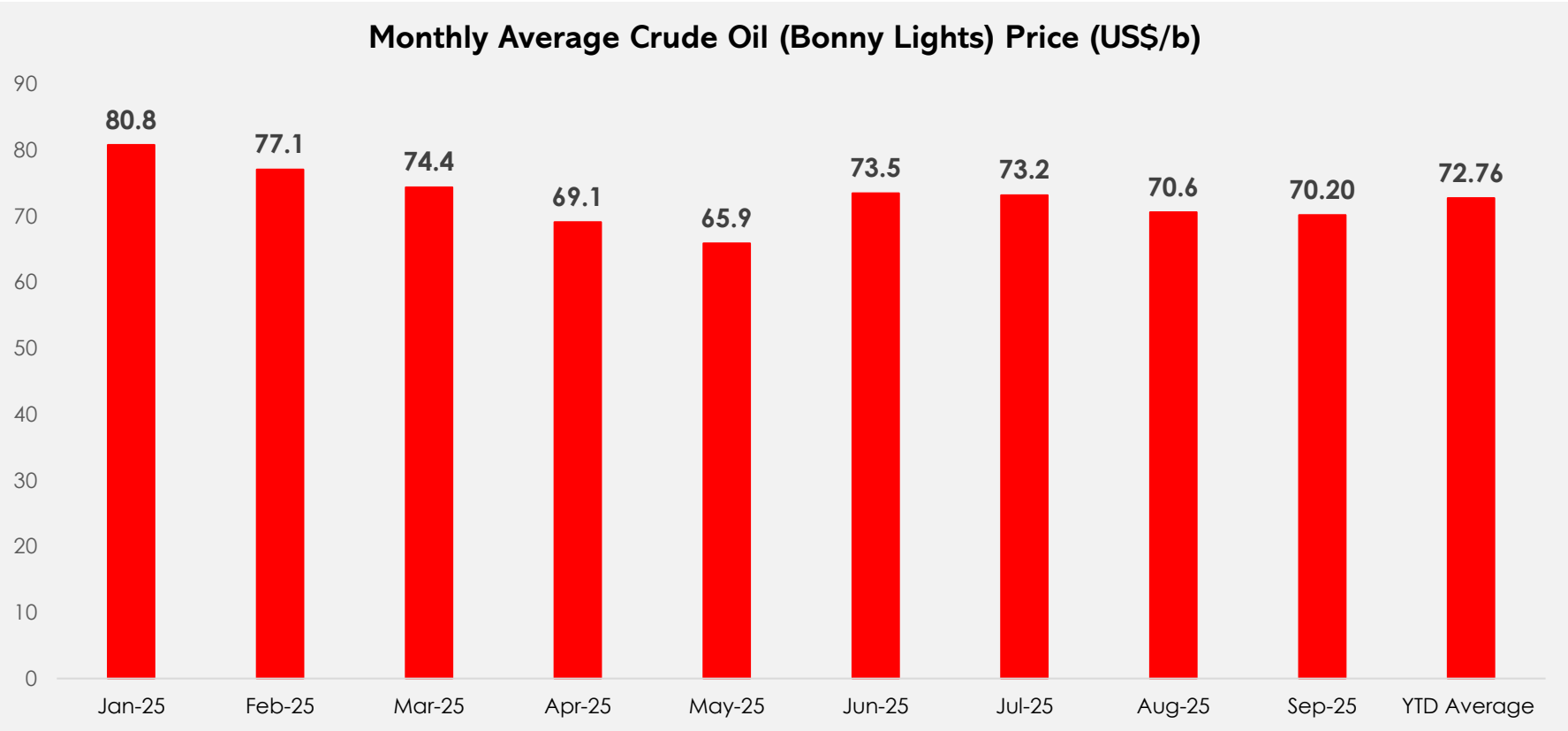
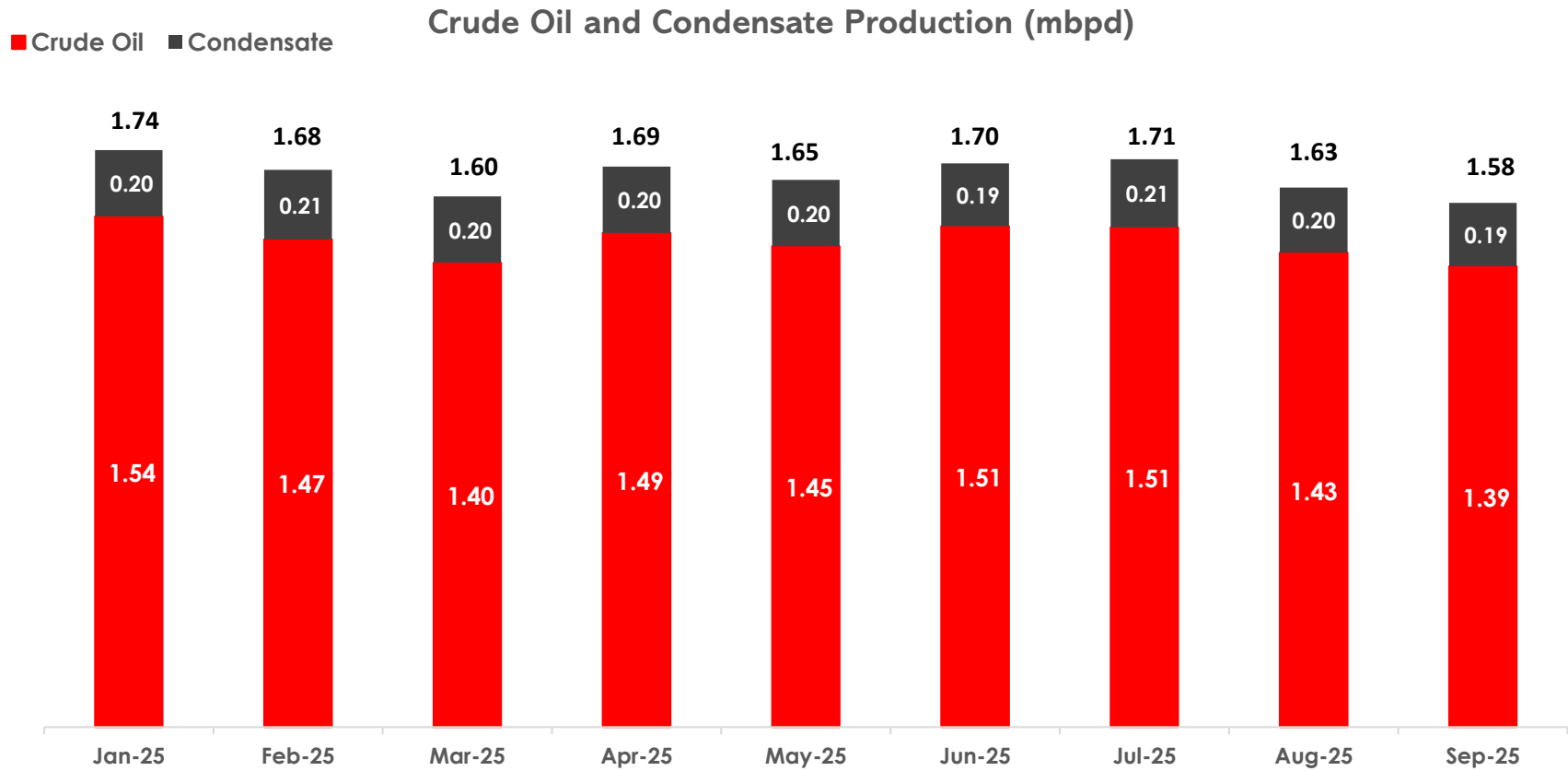
Source: NBS, CBN, United Capital Research

Monetary Policy Committee (MPC) Meeting Highlights:

- MPC ended its tight monetary policy cycle
- The Committee decided to cut the MPR by 0.50% from 27.5% to 27.0%
- Standing facilities corridor around MPR adjusted to +2.50%/-2.50%
- Lowered the CRR for Commercial Banks by 5% from 50% to 45%
- CRR for Merchant Banks maintained at 16%
- 75% CRR charged on non-TSA public sector deposits
- More control over government-related liquidity in the system
- Liquidity Ratio maintained at 30%

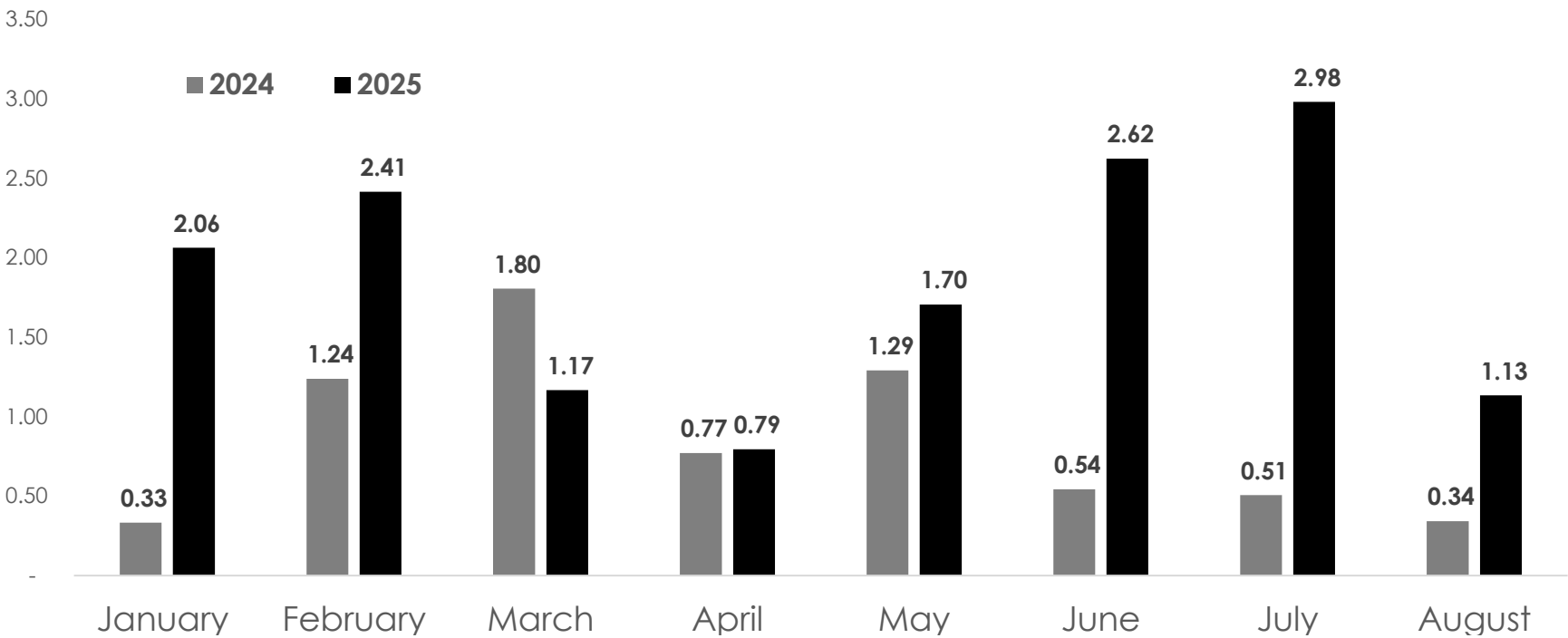
Implications and business Opportunities

- Drop in the yields on the fixed income securities
- Increase in primary debt market – bond and commercial paper
  - Opportunities for Investment Banking
- Companies may refinance existing higher debt from banks
- Equity market to benefit on increased valuation
  - Increased trading activities and Equity Raise
- The need for more structured products to attract clients' funds

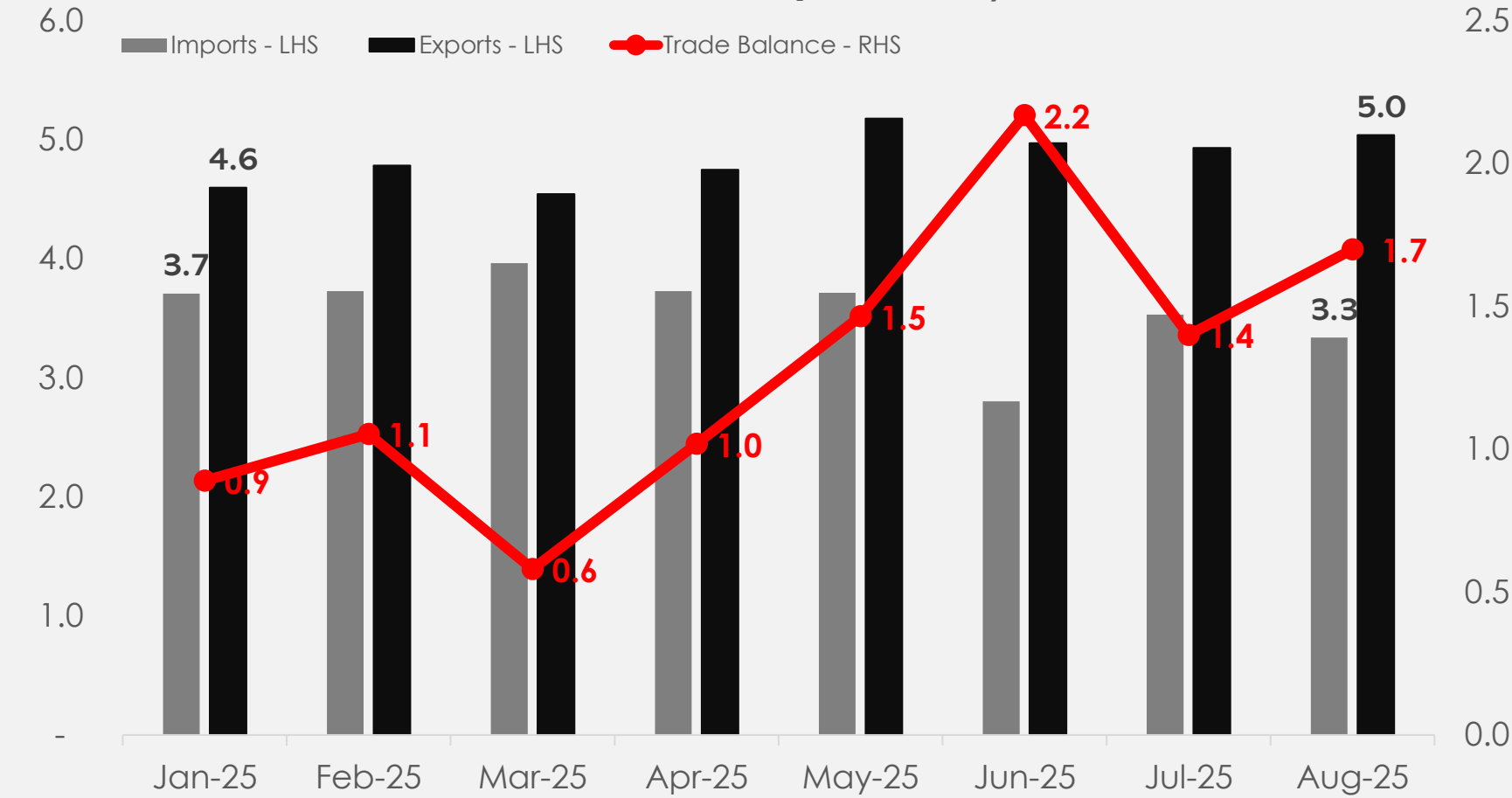


- Nigeria met OPEC quarter of 1.5mbpd in January, June and July 2025
- Average crude oil, including condensate was above 1.66mbpd
- Crude Oil (Bonny Light) price averaged US\$72.76b in YTD, 2025
- Crude Oil (Bonny Light) price averaged US\$71.33b in Q3 2025
- Crude Oil (Bonny Light) price averaged US\$69.50b in Q2 2025
- Still lower than benchmark for 2025, however NNPC now shows greater transparency and remit money to the federation account
- NNPC posted PAT of ₦3.43trillion between April and August 2025
- This should reduce fiscal deficits for the year 2025
- The drop in interest rate will also improve the fiscal position
- The Marginal Rates for the Bond Auction in September 2025 are:
  - 16% and 16.2% for 5 and 7-Year Bond respectively
  - From 17.95% and 18.00% respectively in August 2025
  - And from 21.79% and 22.50% respectively in January 2025

Capital Importation (US\$ Billion)

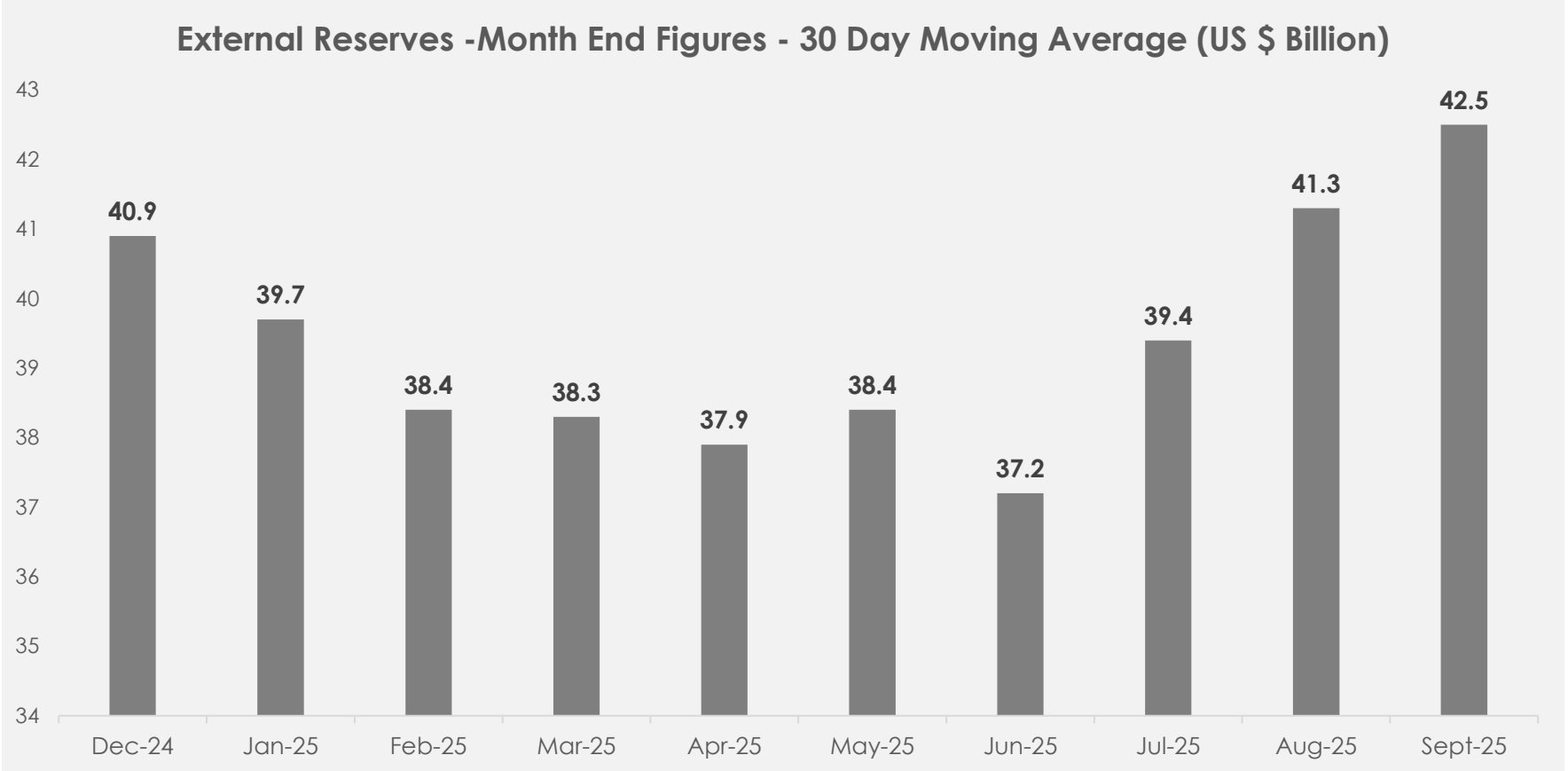


External Trade (US\$' Billion)

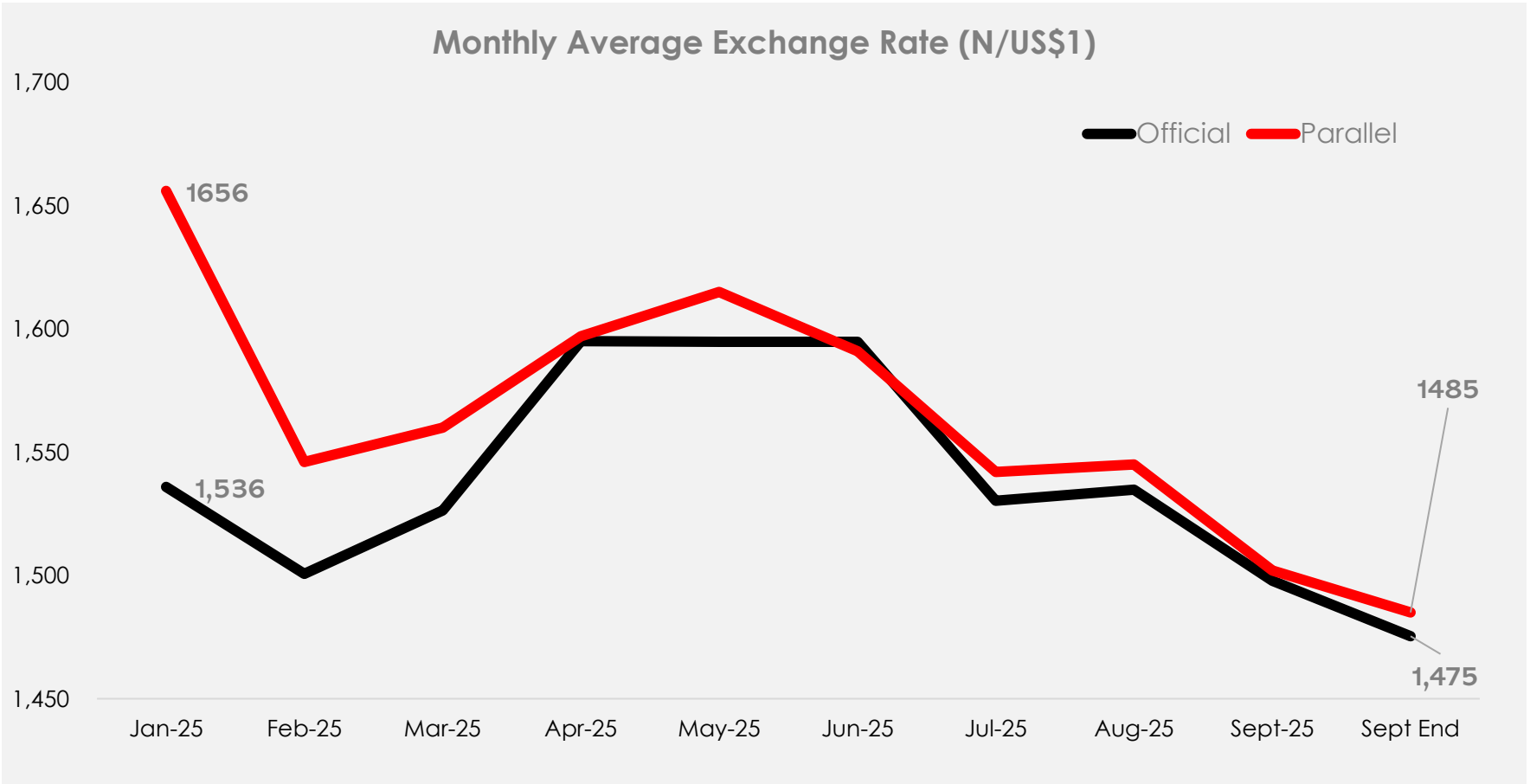


- FX inflows to Nigeria increased both from investments and trade
- This was responsible for Naira stability and appreciation
- Capital importation increased by 118% in Jan-Aug 2025 over 2024
- Foreign Portfolio Investments (FPIs) accounted for 86% of total
- FPI increased by 212% in January – August 2025 over 2024
- Money Market instruments accounted for 77% of the FPI
- Money market instruments constitute 66% of the capital inflows
- Nigeria recorded strong trade surplus in January – August 2025, compared with the corresponding period of 2024
- This is driven by increase in exports and decline in imports
- Exports increased 6%, imports declined 3%, trade surplus up 49%
- Dangote Refinery has started exports of refined oil
- NNPC has also signed a 2-year contract with Dangote Refinery
- The combination of these will increase exports and reduce imports
- CBN is also driving diaspora remittance, targeting US\$1 billion monthly





- Nigeria’s external reserves rose to \$42.53billion as of 30 September 2025
- The highest level in over 44 months and driven by:
  - Capital inflows, trade surplus and diaspora remittance
  - Macroeconomic stability also contributed to the growth
- The reserves now cover more than 8 months of imports
- This will have positive impacts on the value of the Naira in the short-term
- The figure shown is 30-Day moving average, actual higher than reported



- The value of Naira continues to appreciate as Dollar supply increases
- The premium between the parallel market and official market narrowed
- Now trade at a premium of less than 1% from 7% in January 2025
- The US tariff and its uncertainties affected the currency in April 2025
- The risk of Naira depreciation is low given stable economic outlook
- More investors are now shifting from Dollar investments to Niara
- This signifies confidence in the short-term outlook of the country

Nigeria's Public Debt - 30 June 2025

Description	Amount Outstanding (US\$'Mn)	Contribution	Amount Outstanding (N'Mn)	Contribution
Total External Debt	46,983	47%	71,847,585	47%
Total Domestic Debt	52,675	53%	80,551,028	53%
FGN Only	50,083	95%	76,587,099	95%
States & FCT	2,592	5%	3,963,929	5%
Total Public Debt	99,658	100%	152,398,613	100%

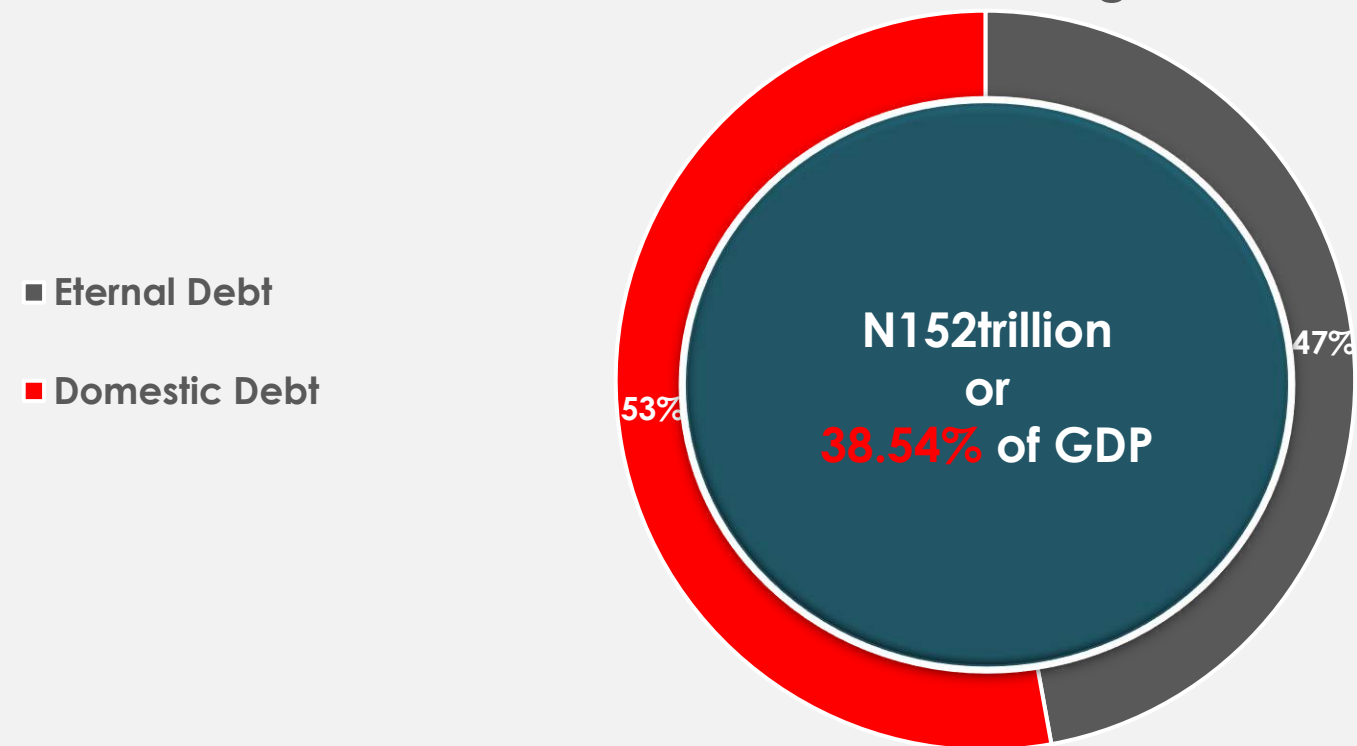
Nigeria's Public Debt - 31 March 2025

Description	Amount Outstanding (US\$'Mn)	Contribution	Amount Outstanding (N'Mn)	Contribution
Total External Debt	45,975	47%	70,632,113	47%
Total Domestic Debt	51,264	53%	78,756,884	53%
FGN Only	48,745	95%	74,887,745	95%
States & FCT	2,518	5%	3,869,139	5%
Total Public Debt	97,239	100%	149,388,997	100%

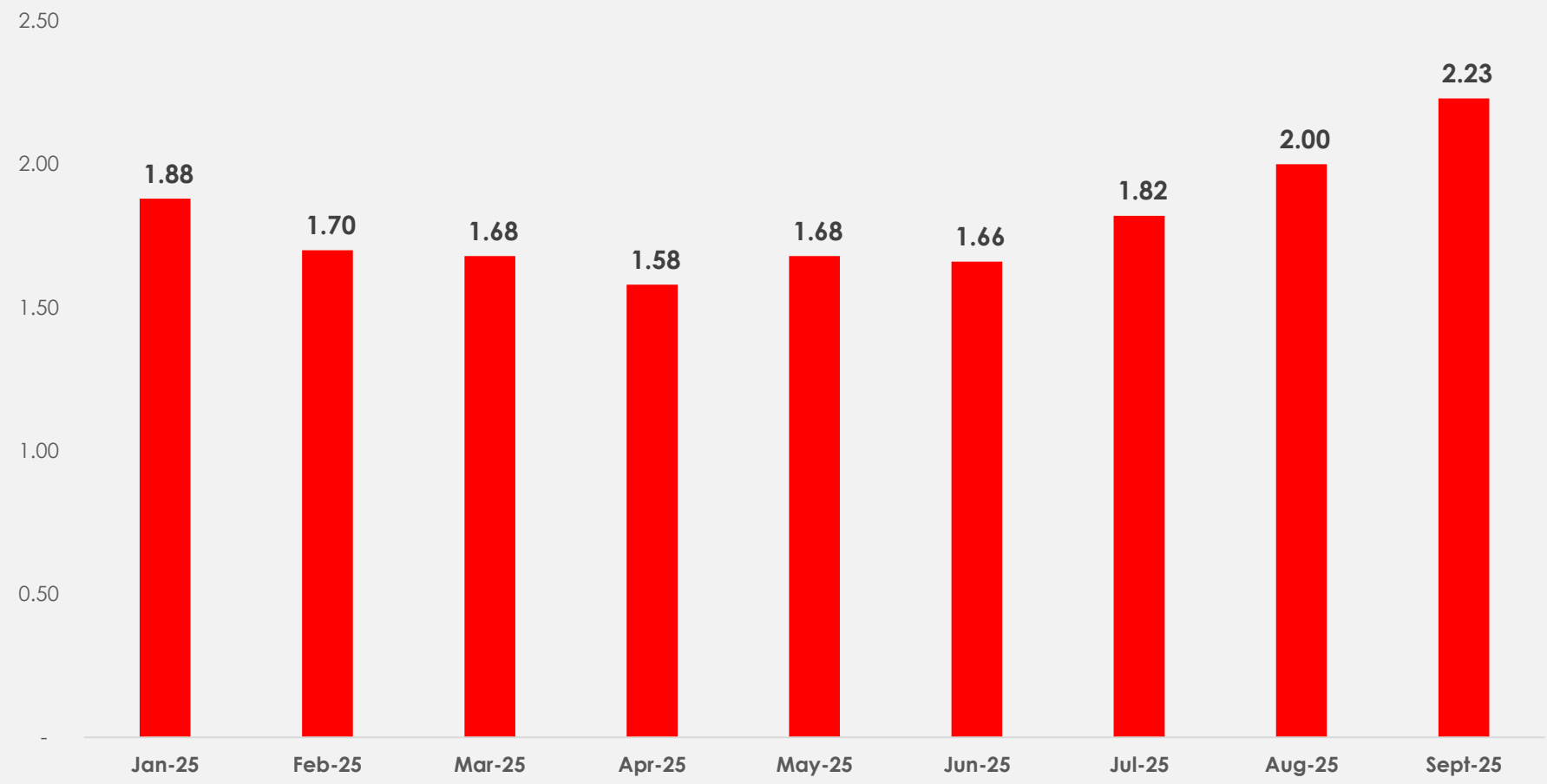
Naira devaluation contributed to the growth of public debt in last 3 years

- Public debt increased by 2.01% to N152trn in 2Q 2025 (N149trn Q1 2025)
- Domestic and external debt contributed 53% and 47% respectively
- Our estimate of the ratio of total debt to GDP in Nigeria is 38.54%
- Public Private Partnership (PPP) is alternative model to fund infrastructure
- Government should consider it to improve the infrastructure in the country
- Government can already raise equity from some of its assets
- The drop in the interest rate will help FGN to service the debt cheaper

Public Debt in Nigeria



FAAC Allocation - N' Trillion



- Over N16.23 trillion was shared among the tier of government from January – September 2025
- Removal of subsidy and FX unification policies were responsible for the increased revenue
- A combination of increase in revenue generations and lower interest rate in the country means that government will be able to service the debt better and cheaper
- This will also enable Nigerian corporates to access capital in the domestic financial market cheaper.

*“The raw fact is that every successful example of economic development this past century—every case of a poor nation that worked its way up to a more or less decent, or at least dramatically better, standard of living—has taken place via globalisation, that is, by producing for the world market rather than trying for self-sufficiency.”*

*— Paul Krugman,*



***“The stock market is a device for transferring money from the impatient to the patient.”  
—Warren Buffett***



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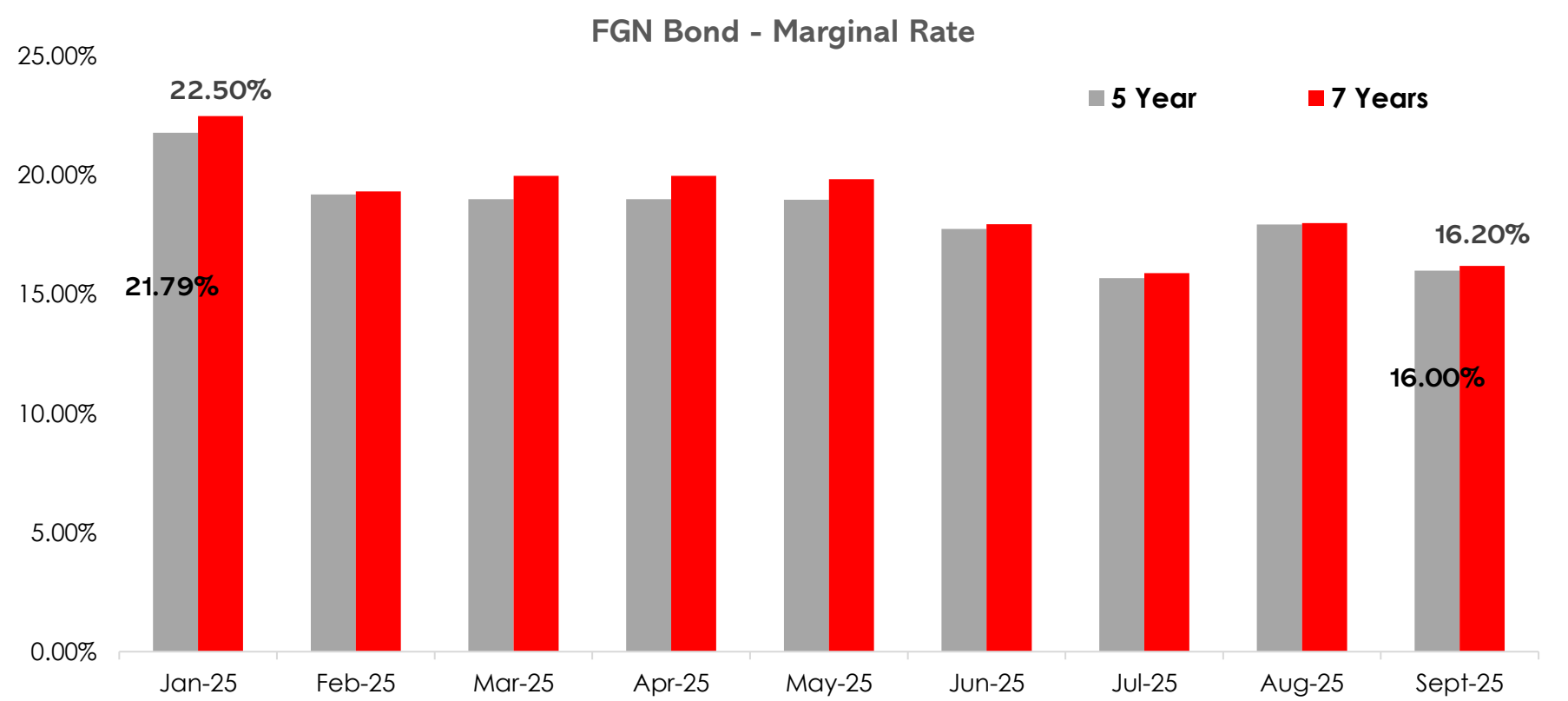
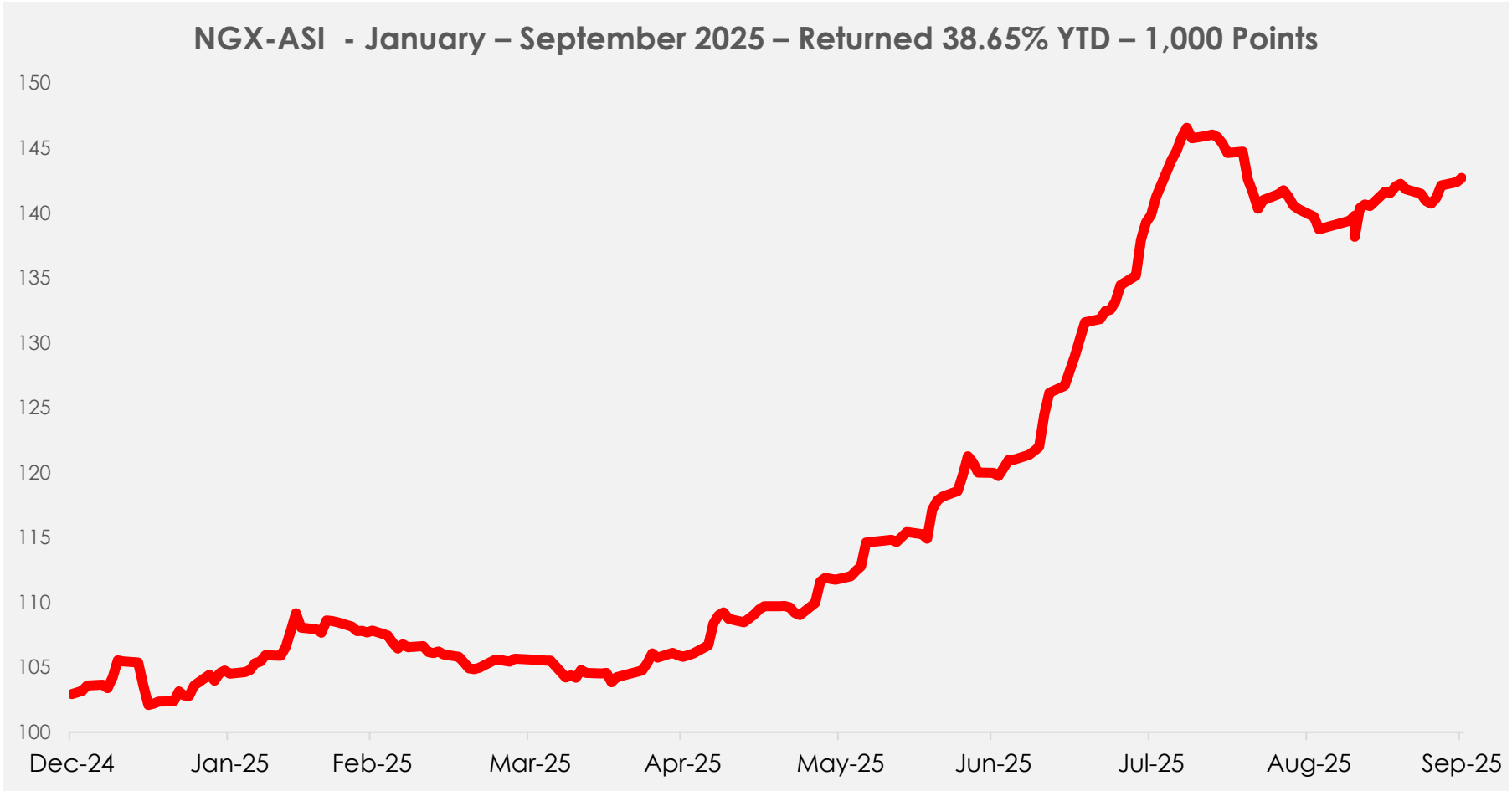


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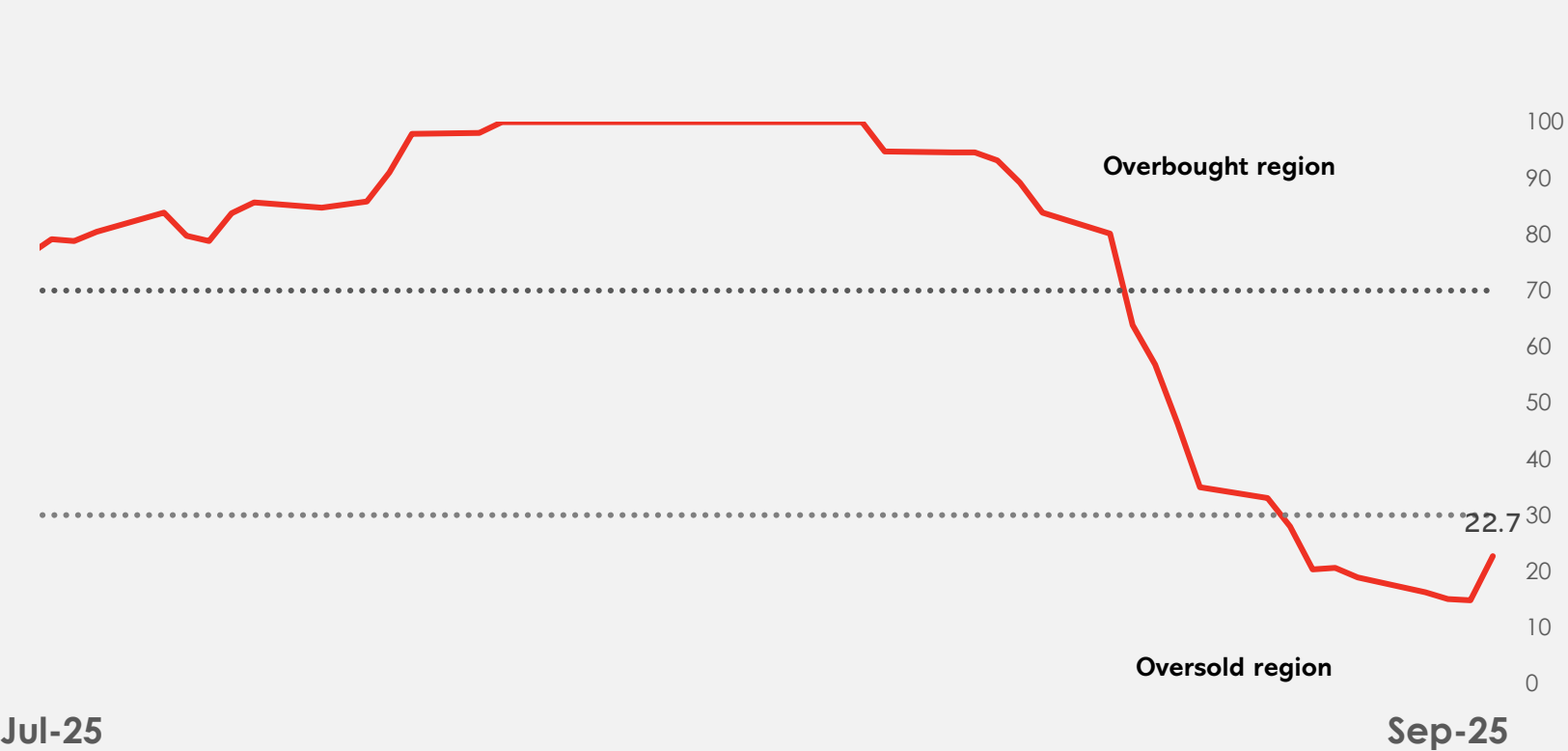
## Equity Market



- Investors responded well to the positive developments in Nigeria
- Equity market rallied, yields on fixed income securities declined
- Foreign's investors participations increased compared with last year
- However, geopolitical tensions and trade wars hit equity and fixed income markets
- The equity market appreciated by 38.65% as at September 2025
- There was profit taking in August; however, recovery has after
- Domestic and Foreign investors' participations in the market as of September 2025 are 79% and 21% respectively (81% and 19% in 2024)
- The equity market was driven by:
  - Improved corporate earnings and dividend, FX stability, declining inflation rate, drop in the yields on fixed income securities and Insurance recapitalisation announcement
  - The marginal rate (yields) on the FGN Bond declined

Equity Market – 2/2

Relative Strength Index (RSI)



- NGX-All Share Index (NGX\_ASI) improved by 1.72% month-on-month to close at 142,710.48
- At the end of September equity market recorded Year Till Date (YTD) return of 38.65%
- Market Capitalisation closed N90.58 trillion in August compared to August's N88.42 trillion
- Top gainers in the equity market in Q3 2023 were, Mecure, Thomas Wyatt Nig, etc
- RSI closed the quarter at 22.7 points, indicating an oversold condition

Top Gainers in Q3 2025			Top Losers in Q3 2025		
S/N	Top Gainers	Change	S/N	Top Losers	Change
1	Mecure Industries Plc	30.83%	1	Wema Bank Plc	(12.41%)
2	Thomas Wyatt Nig. Plc	22.68%	2	Fidelity Bank Plc	(11.08%)
3	Secure Electronic Tech. Plc	21.33%	3	Eterna Plc	(10.00%)
4	Chellarams Plc	11.30%	4	Ikeja Hotel Plc	(9.80%)
5	Royal Exchange Plc	10.29%	5	Africa Prudential Plc	(9.09%)

Sectoral Performanvce in Q3 2025		
S/N	Sector	Returns (%)
1	Consumer Goods	+96.16%
2	Insurance	+72.39%
3	Agriculture	+126.5%
4	Healthcare	+71.6%
5	Industrial Goods	+39.82%
6	Banking	+39.14%
7	Oil & Gas	(9.8%)

Key Financial Releases (N' Billion)						
Company	Revenue 2024	Revenue 2025	Change	PAT 2024	PAT 2025	Change
Zenith Bank Q2 -2025	1,149.44	1,839.25	60.01%	578	532.18	(7.93%)
Universal Insurance Q2 -2025	8.31	12.63	51.99%	0.6	1.38	130.00%
Regency Alliance Insurance Q2 -2025	3.62	5.73	58.29%	0.24	0.74	208.33%
GT Holding Plc- Q2 - 2025	1,392.55	1,072.66	(22.97%)	905.57	449.01	(50.42%)

Key Corporate Earnings				
Company	Type	Amount (N)	Qualification Date	Payment Date
C & I Leasing Plc	Final	0.10	5-Aug-2025	8-Sept-2025
GTCO	Interim	1.00	7-Oct-2025	15-Oct-2025



# Fixed Income Securities Reform: Implications

*Central Bank of Nigeria Takes the Wheel*

### Background:

The CBN announced that it will assume responsibility for the settlement of fixed income securities starting November 3, 2025. Furthermore, beginning December 1, 2025, the CBN will take over the operations of the trading platform for fixed income securities – FGN Bonds and Nigerian Treasury Bills (NTBs)

### Objective:

- This move is part of the CBN's broader financial market reforms aimed at enhancing transparency, efficiency, and regulatory oversight within the fixed income ecosystem in Nigeria

### Key Implications on the Fixed Income Securities Reform:

- ❖ **Lower Transaction Costs:** The initiative will reduce transaction costs for investors and market participants and makes the market more competitive
- ❖ **Potential Movement Towards 2-Way Quote:** The development will lead to the development of 2-way quote trading system in the fixed income securities market which will help market liquidity

- ❖ **Moving Back to JP Morgan Index:** The 2-way quote trading system is also an important step towards re-admission into the JP Morgan Index which will further expose Nigerian fixed income securities market to global investors. Liquidity will improve as more participants enter the market. This is coming at a time when the outlook of the Nigerian economy is improving, and foreign investors are looking to re-enter the Nigeria market

- ❖ **Elimination of Market Abuse:** The initiative will eliminate the abuse inherent in the current system particularly from fixed income securities brokers.

- ❖ **Regulatory Oversight Intensifies:** Operators could be under closer surveillance and regulation, given that the CBN now controls the core infrastructure

- ❖ **Monetary Policy Transmission:** The fixed income market is important for CBN's monetary policy implementation and transmission. Direct control could strengthen the transmission of monetary policy signals and liquidity management

Key Implications on Investors – Foreign and Domestic:

- ❖ **Improved Confidence:** Enhanced regulatory oversight and transparency could improve investors confidence. This could potentially encourage greater foreign capital inflow into the fixed income market. This will also have positive impacts on the foreign exchange market
- ❖ **Fair Pricing:** Fixed income prices could better reflect available market information, potentially leading to fair price discovery for fixed income securities
- ❖ **Operational Adjustments:** Primary Dealers, Market Makers, and Pension Fund Administrators and other authorised dealers in the market may need to integrate with the CBN's platform, which could involve technical and procedural changes. The new settlement protocols and trading interface may require system upgrades and re-training

Central Banks with Similar Control in the Fixed Income Market:

- ❖ In some jurisdictions, Central Banks are directly involved in the settlement of government securities (bonds, treasury bills, notes). This is often through the Central Securities Depository (CSD) or Real-Time Gross Settlement (RTGS) systems.
- ❖ Central Banks are the settlement authority for high-value financial market transactions, especially government securities in some jurisdictions
- ❖ Meanwhile, trading platforms are typically run by a private-sector entity (like an Exchange or a licensed inter-dealer broker platform) in some jurisdictions
- ❖ The reform introduced by the CBN is well-founded, given its inherent benefits

Jurisdictions	Functions
Federal Reserve Bank of New York	Provides custody, clearing, and settlement services for foreign Central Banks and international institutions, especially for U.S. Treasuries
European Central Bank (ECB)	ECB operates T2S, a centralised platform for securities settlement across Europe, integrating Central Bank money settlement
Bank of Japan (BOJ)	Operates the BOJ-NET, a real-time gross settlement system that includes government bond settlement
Reserve Bank of India (RBI)	Oversees Clearing Corporation of India Ltd (CCIL), which handles settlement of government securities and forex trades
South African Reserve Bank (SARB)	Runs the settlement system (SAMOS) for government securities



# United Capital Fixed Income Fund

The **United Capital Fixed Income Fund** offers you the benefit of an investment in FGN Bonds. These are appropriate for investors looking for growth without taking too much risk. These funds are also partly impacted by fluctuations in bond prices.

## Benefits and Features of the Fixed Income Fund:

- Start with a minimum of N10,000
- High quality fixed income instruments
- High liquidity (24-hour redemption)
- Minimum holding period of 90 days
- Open – ended funds; they are open for new and additional investment
- Option to switch among the distinct Funds
- Memorandum listing on the Nigerian Exchange
- Separate Accounting/Auditing of each Fund
- Opportunity to invest on behalf of minors
- No withholding tax and no VAT on dividends
- Online access to your portfolio
- Professional expertise of Fund Manager
- Free entry and exit
- Valuation is done daily



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# Fixed Income Securities

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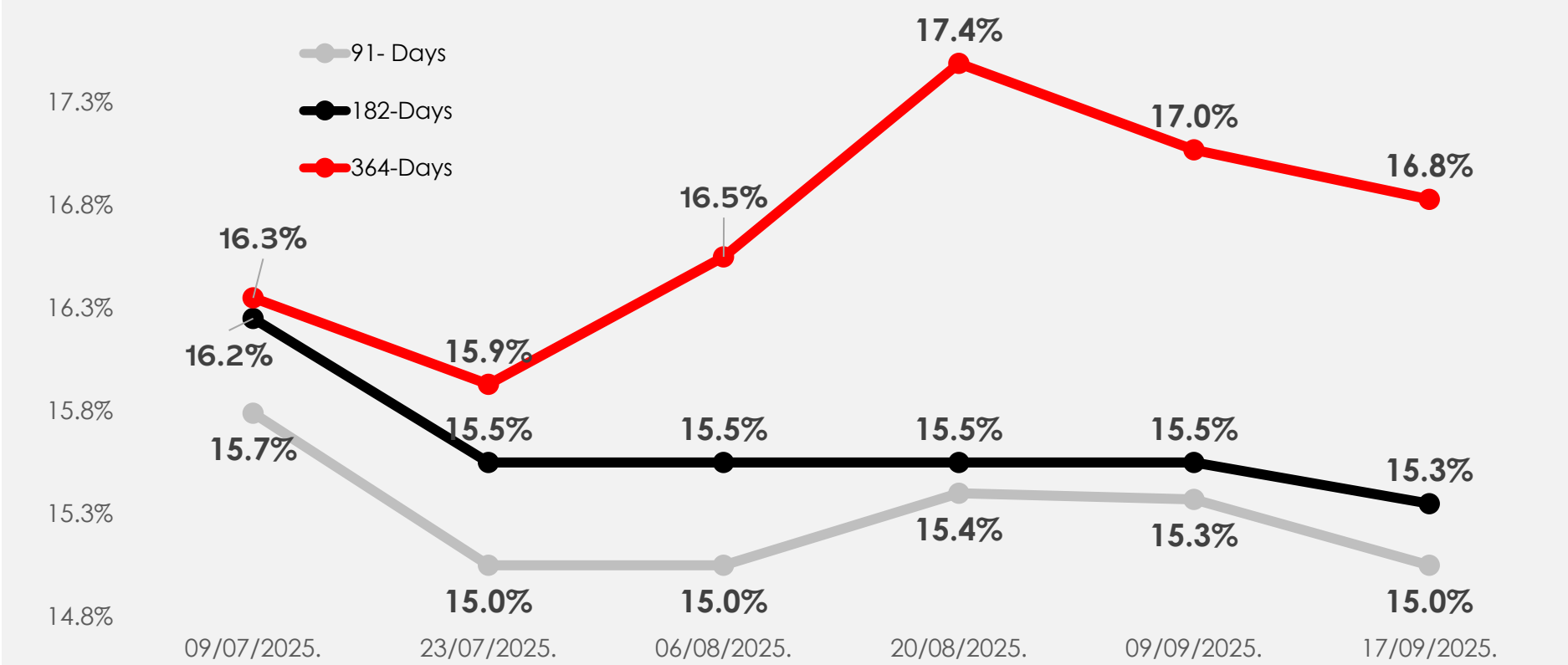


Money and Treasury Bills Market

Inter Bank Rate

Tenor-Days	August	September	Change
OPR	27.82%	27.80%	(0.02%)
OVN	28.09%	28.02%	(0.07%)

NTBs Stop Rates



NTB's

Tenor-Days	August	September	Change
91	17.00%	17.04%	0.04%
182	18.28%	18.30%	0.02%
364	19.57%	19.57%	0.00%

NTBs Auction Results of 03 September 2025 (N' Billion)

Tenors	Offer	Subscription	Allotment	Range of Bids	Stop Rates
91	50	35.29	34.70	14.500 - 17.50	15.00
182	80	38.36	38.36	15.1900 - 18.00	15.30
364	350	512.19	512.19	15.9890 - 20.03	16.78

NTBs Auction Results of 17 September 2025 (N' Billion)

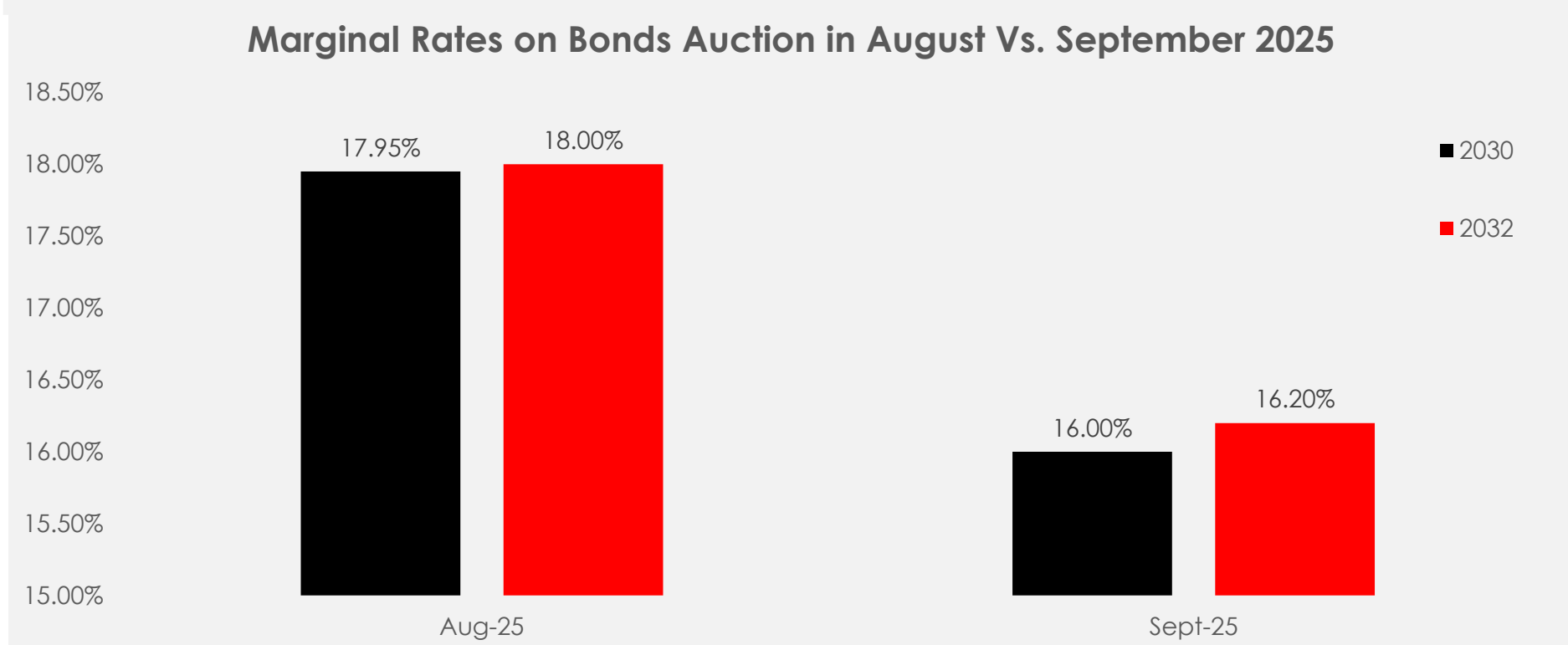
Tenors	Offer	Subscription	Allotment	Range of Bids	Stop Rates
91	300	61.35	30.32	15.0 - 18.03	15.32
182	60	50.07	42.28	15.00 - 15.50	15.50
364	200	147.96	272.50	16.50 - 21.02	17.02

- Inter-bank rates declined month-on-month due to high liquidity in the financial system
- The inflows in the market came from:
  - Federation Account Allocation Committee (FAAC) payments
  - Open Market Operations (OMO) maturities of N1.2 trillion
  - NTBs maturities of N204.87 billion

# FGN Bond and Eurobond Market

FGN Bonds Secondary Market Yields			
Tenor-Days	August	September	Change
5-year	17.07%	17.05%	(0.02%)
7-year	16.92%	16.90%	(0.02%)
10-year	15.84%	15.81%	(0.03%)

Eurobonds Secondary Market Yields			
Tenor-Days	August	September	Change
5-year	7.20%	7.15%	(0.05%)
7-year	7.90%	7.82%	(0.08%)
10-year	8.52%	8.40%	(0.12%)

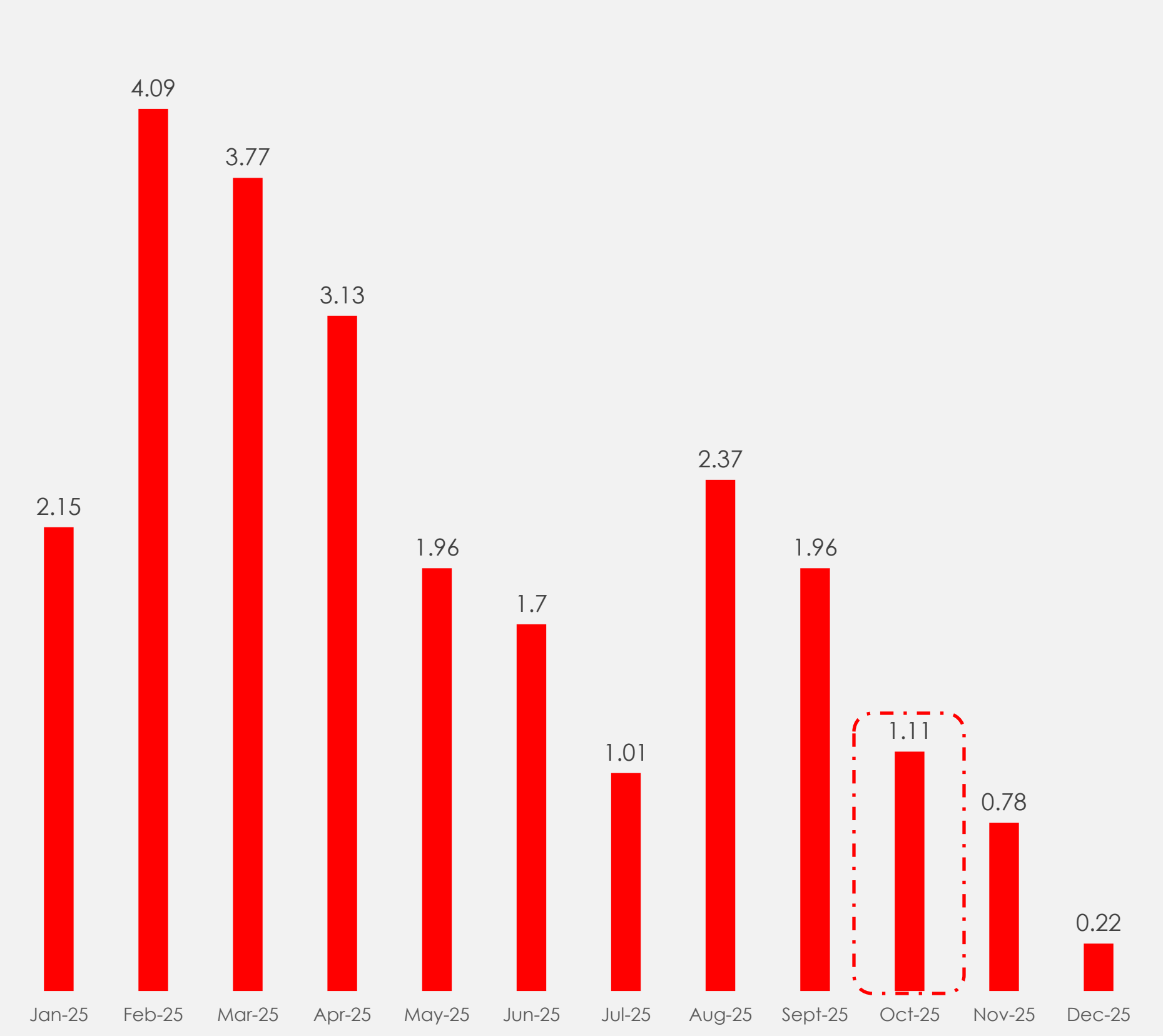


Sept-2025 FGN Bond Primary Market Auction			
Tenor	2030	2032	Total
Offer (N' billion)	100	100	200.0
Subscription (N' billion)	231.79	1,028.20	1259.99
Allotment (N' billion)	87.80	488.83	576.63
Subscription Rate	231%	1028%	1259%
Allotment Rate	88%	489%	577%
Marginal Rate	16.00%	16.20%	
Previous Marginal Rate		18.00%	
Change		2.20%	

- The Bond auction recorded a subscription rate of 2.31in September
- Rates declined in the secondary bonds market
- Investors' sentiments in the Nigerian Eurobond market improved across tenors
- Yields also declined on all tenors, driven by the following factors:
  - Improvement in the macro-economic environment in Nigeria
  - Stability of the Naira and declining inflation rate



Expected Maturities from Government Securities (N' Trillion)



September 2025 Bond Primary Market Auction (N' Billion)			
Date	2029s	2032s	Total
29-Sep-2025	N80.00 – N120.00	N80.00 – N120.00	N160.00 – N240.00

September 2025 Bond Primary Market Auction (N' Billion)				
Date	91-Day	182-Day	364-Day	Total
03-Sep-2025	50.00	80.00	350.00	480.00
17-Sep-2025	30.00	60.00	200.00	290.00

Next for Q4 2025:

- We expect about N2.11trillion in government maturities to flow into the market in Q4 2025
- This represents a 153% increase compared with the N5.34 trillion that matured in Q3 2025
- This sizable inflow suggests that the CBN may issue fewer OMO bills in Q4 to manage system liquidity compared with the previous quarter
- Consequently, there may be less need for aggressive interest rate hikes to support its liquidity management objectives of the CBN

# Outlook

## Global Market

- The FOMC of the US Federal Reserve is expected to cut interest rate 2 times in Q4
- Growth in advanced economies may slow because of the uncertainties surrounding US-China Trade
- Interest rate expected to drop further in Q4 as US Fed continues to cut Federal Fund rate
- Lower US rates could support capital inflows into emerging economies

## Global Equities

- Equities may remain supported by Fed's monetary policy easing and the record high investments going into AI and technology companies
- European stocks may gain mildly, with upside limited by fiscal uncertainty
- Asian markets could stay mixed amid China's subdued activity

## Domestic Economy

- The economy will continue into Q4 and FY 2025 with its strong growth
- Headline inflation expected to ease further as food, and fuel prices decline, supported with appreciation in the value of Naira
- Foreign reserves expected to grow to US\$44billion as more foreign exchange enters the country through trade and investments
- The value of Naira is expected to appreciate further to close toward N1,402/US\$1
- MPC of CBN to lower interest rate in its last meeting of the year by 1% to 26%
- Interest rate and yields on Fixed income securities may drop further in Q4 2025

## Eurobond Market

- Eurobond yields expected to trend lower on improved risk appetite and in line with the declining yields in the international market
- Impressive economic data could drive interest rate lower
- Global investors may seek higher-yield in frontier markets – Nigeria in focus

## Domestic Equity Market

- We expect the usual year end rally in the equity market in Q4 2025, despite an expected profit taking activity
- Market sentiment may stay positive on improving macroeconomic data
- We see growth prospects in the following sectors of the equity market
  - Banking, Building Materials, Consumer Goods, Food and Beverages, Oil and Gas, Technology and Telecommunications
- Q3 2025 corporate earnings releases could support market rally

## Domestic Equity Market

- The yields in the fixed income securities will be influenced by the following factors:
  - Decelerating inflation rate, stability and appreciation in the value of Naira
  - Monetary policy decision of the MPC of the CBN
  - Fiscal position of the FGN
  - Interest rate and yields movements in developed countries
  - Investors demand for the Nigerian fixed income securities

Domestic Economy

- **GDP in Q3 and Q4 to grow at faster pace than last year, driven by:**
  - Trade, Agriculture, Construction, Real Estate, Oil and Gas, and Manufacturing
  - Our forecast are: Q3, 2025 – 5.11%, Q4, 2025 – 5.78% and FY 2025 – 4.66%
- **Exports to increase further while imports to slow**
  - Expected increase in crude oil production and non-oil exports
- **External Reserves projected to rise steadily driven by:**
  - Oil exports, diaspora remittances and favourable trade surplus
- **Stable and appreciation in the exchange rate expected**
  - Drop in FGN Eurobond yield in line with the drop in the advanced economies
- **Inflation rate is expected to drop further driven by:**
  - Stability in FX rate, drop in PMS price, declining food prices
- **Interest rate cut expected from MPC in November 2025 leading to:**
  - Drop in yields in fixed income securities
  - Increase in the activities in the Primary Bond market and commercial paper

Forecast of Key Economic Variables			
S/N	Economic Indicators	Q4 2025	FY 2025
1	GDP Growth Rate	5.78%	4.66%
2	Inflation Rate	16.07%	15.61%*
3	Monetary Policy Rate	26.00%	26.00%
4	Exchange Rate	1,428	1,402
5	Crude Oil Production (mbd)	1.87	1.90
6	External Reserves (US\$ Billion)	43.4	44.1
7	91- Day Nigerian Treasury Bill Yield	14.80%	14.49%
8	182- Day Nigerian Treasury Bill Yield	15.80%	15.47%
9	364- Day Nigerian Treasury Bill Yield	19.47%	19.47%
10	FGN Bond – 5-Year	15.12%	15.02%
11	FGN Bond – 7-Year	15.65%	15.45%
12	Equity Market – NGX ASI	6.90%	48.22%
*Statistical adjustment to the base in December may lead to an increase			





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## Recommendations

### Equity Market:

- Strategically take position in stocks that have good fundamentals
- Stocks with history of consistent dividend payment are great buy
- There are strong opportunities in the Banking, Building Materials, Consumer Goods, Food and Beverages, Oil and Gas, Technology and Telecommunications even at the current prices
- Power generation companies are also about to witness a bull run
- Government is addressing the legacy debt in the sector [\(Please read our report on the sector\)](#)
- Keep an eye on Transcorp Power Plc

### Fixed Income Securities:

- Invest in mutual funds with holdings in high yield fixed income securities
- Take long position in attractive Eurobond
- Stay long in the Nigerian Treasury Bill market, buy the longest tenor
- Invest in long tenored FGN Bond

### Alternatives:

- Seek professional investment guidance to invest in alternative investment such as:
  - Real Estate Funds
  - Private Equity
  - Venture capital
  - Commodities
  - Infrastructure Funds
  - Private Note and Private Debt

***Please contact United Capital Plc for assistance in identifying investment structures that best suit your needs.***

Expected Return on Our Model Portfolio – One Year Holding Period			
Asset Class	Expected Returns	Asset Allocation	Weighted Return
Equity Portfolio	29.6%	50.0%	14.82%
Mutual Funds	17.0%	17.0%	2.89%
Bond	16.0%	10.0%	1.60%
Treasury Bills	16.7%	16.0%	2.67%
Fixed Deposit	11.0%	3.0%	0.33%
Alternatives	15.5%	4.0%	0.62%
Portfolio Return			22.94%

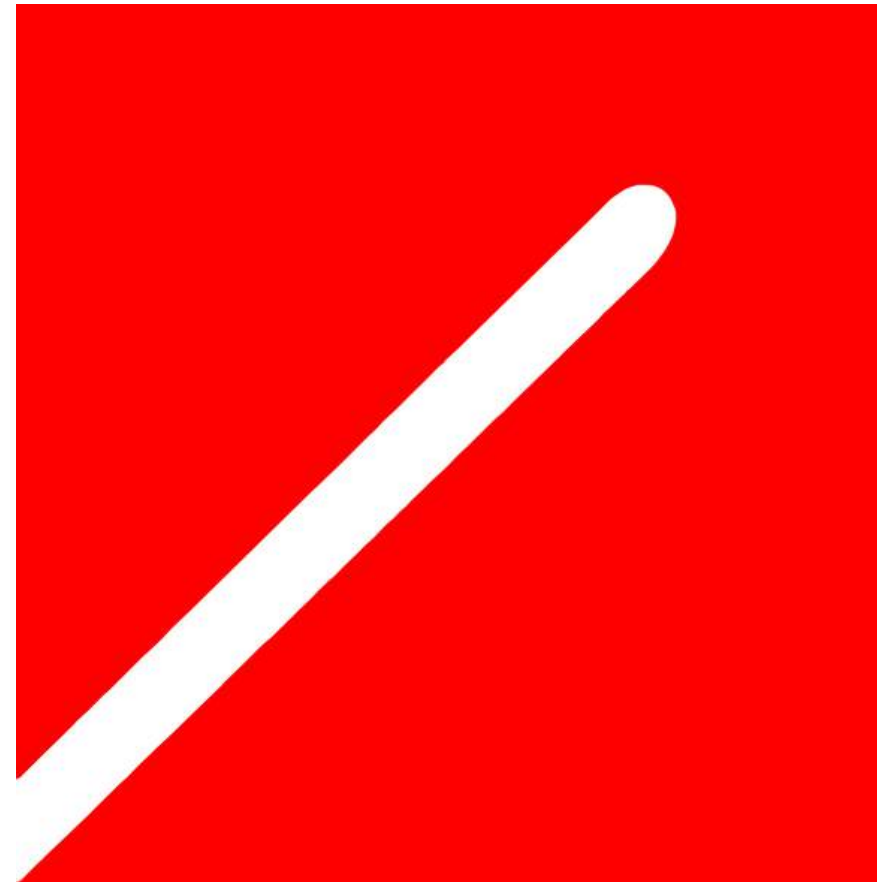
Our market outlook has guided the creation of a model portfolio

- Investors have one year holding period
- Fund will be allocated to asset classes as advised here
- They will invest in the stocks as recommended
- The return on Treasury Bills has been adjusted for tax
- If the expected return is archived the portfolio return will deliver 22.94%

Stock Recommendation -						
S/N	Stocks	Price as of October 2025	Target Price	Upside	Duration	Remark
1	ARADEL	615	912	48%	Mar-26	BUY
2	UBA	43.2	60	39%	Mar-26	BUY
3	AIICO	3.69	5	36%	Mar-26	BUY
4	DANGCEM	525.1	710	35%	Dec-25	BUY
5	PZ Cussons Nigeria	37.95	50.72	34%	Mar-26	BUY
6	MTN	425	550	29%	Dec-25	BUY
7	Transpower	314	405	29%	Dec-25	BUY
8	MBENEFIT	3.65	4.7	29%	Mar-26	BUY
9	ACCESSCORP	25.8	33	28%	Mar-26	BUY
10	WAPCO	125	157	26%	Mar-26	BUY
11	BUACEMENT	160	200	25%	Mar-26	BUY
12	TRANSCORP	49.9	62.1	24%	Dec-25	BUY
13	OKOMU	1020	1250	23%	Mar-26	BUY
14	FCMB	10.9	13.2	21%	Dec-25	BUY
15	INTBREW	13.5	16	19%	Mar-26	BUY
16	ZENITH	69	80	16%	Mar-26	BUY



Thank You



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