

Global Markets Brace for Central Banks' Signals

Global equities rallied this week, led by the US, where the S&P 500 crossed 6,300 on strong tech earnings and resilient sentiment. Alphabet's upbeat results and higher AI capex helped offset Tesla's profit warning, while 83% of companies have beaten Q2-2025 estimates so far. US Treasury yields fell, especially at the long end, and the dollar weakened broadly. However, tariff risks resurfaced as President Trump reaffirmed plans to impose new duties by 01-August, despite recent progress in trade talks. Trump's deal with Japan eased tensions, setting a 15.0% auto tariff, lower than the previously threatened 25.0%, and securing a \$550.0bn Japanese investment fund targeting US infrastructure. Japan agreed to accept US auto safety standards and expand purchases of US goods including Boeing jets and rice. The deal shields Japan from further sectoral tariffs and signals room for broader trade cooperation.

European equities edged higher, supported by earnings optimism and tentative progress in US-EU trade negotiations. The Stoxx 600 gained, with strong showings from Deutsche Bank and BT Group outweighing weaker results from Nestlé and SAP. The ECB held rates steady for the first time in over a year amid mixed data, while trade headwinds clouded the outlook. Hopes for a 15.0% tariff deal with the US supported European auto stocks, though broader market sentiment remained cautious.

In Asia, the MSCI Asia Pacific Index climbed over 2.0%, lifted by easing trade tensions and strong corporate results. Japanese equities led gains, with the Topix hitting a record as investors welcomed the US-Japan tariff compromise and speculation of political change under Prime Minister Ishiba. Tech stocks rallied globally, including SK Hynix's surge on record earnings. Hong Kong and the Philippines also rose, though India and South Korea underperformed late in the week as US trade negotiations slowed.

Brent crude approached \$70.0/bbl., buoyed by diesel strength and hopes for US-India trade progress. Still, downside risks persist as OPEC+ output rises and demand softens into autumn. US exports to China fell amid trade friction, though shipments to Japan and Korea rose.

Next week, markets will monitor central bank meetings and US core PCE data for policy clues.

Global Market Snapshot

Market	Index	w/w
US	S&P 500	1.2%
US	DJIA	1.0%
US	NASDAQ	1.0%
Germany	DAX	(0.6%)
France	CAC	(0.1%)
Europe	STOXX	0.3%
UK	UK FTSE	1.3%
Brazil	IBOV	0.2%
India	SENSEX	(0.4%)
China	SCHOMP	1.7%
S/Africa	JALSH	0.4%
Kenya	NSE	1.6%
Ghana	GSE	6.1%
Nigeria	NSEASI	2.2%
BRVM	ICXCOMP	1.6%

Source: Bloomberg, United Capital Research

Crude oil	Current	Week to Date
Brent	68.55	(1.05)

Macroeconomic Highlights

Nigeria's rebased Gross Domestic Product (GDP) grew by 3.13% Year-on-Year (y/y) in real terms in Q1 2025. This growth rate is higher than the 2.27% recorded in Q1 2024. The performance of the GDP in the quarter under review was driven mainly by the Services sector, which recorded a growth of 4.33% and contributed 57.50% to the aggregate GDP.

Nigeria's public debt-to-GDP ratio also dropped to 39.4% in Q1-2025, following the rebasing of the country's GDP by the NBS. The rebasing exercise, which expanded GDP coverage to include sectors such as the digital economy, fintech, creative industries, and the informal sector, significantly increased Nigeria's nominal economic output.

The Monetary Policy Committee (MPC) in their 3rd meeting of the year retained the benchmark interest rate at 27.50%. CBN Governor Dr. Olayemi Cardoso said the MPC's decision to hold the rate steady was based on the need to sustain the disinflationary trend in the economy.

The Senate has approved the 2025-2026 external borrowing plan of \$21.50bn presented by President Bola Tinubu for consideration. The Senate also approved a loan request of 15bn Japanese Yen and 65mn Euros grant.

The Federal Inland Revenue Service (FIRS) has recorded a significant revenue surge in HY12025, collecting a total of N14.27tn, representing a 43% growth compared to the same period in 2024. The figure, which exceeds the baseline growth target of 16.4% puts the service on a strong trajectory toward achieving its N25.2tn revenue target for 2025.

Nigerian importers may experience a reduction in duty pay as the Nigeria Customs Service plans to scrap the 1.00% Comprehensive Import Supervision Scheme and 7% Cost of Collection following the proposed reintroduction of a 4% Free On-Board charge. The directive was in line with the provisions of the Nigeria Customs Service Act (NCSA) 2023.

Looking ahead, the macroeconomic environment will be relatively quiet in the absence of any major economic data releases.

Domestic Macro Variables

GDP	3.1%
Inflation	22.2%
MPR	27.5%
Liquidity Rate	30.0%
External Reserves	\$38.2bn

Source: CBN, Bloomberg, United Capital Research

Domestic Equity: The Bulls Maintained Momentum...NGX-ASI Up by 2.18% Week on Week (W/W)

The domestic equity market closed on a positive note as at the end of the week as bullish sentiment dominated trading. Notably, share price appreciation in BUACEMEN (+9.40% Week on week (w/w)) pulled the main index higher. Also worthy of mention are buy interests in PRESCO (+22.53% Week on week (w/w)), WAPCO (+9.69% Week on week (w/w)), OANDO (+18.91% Week on week (w/w)), DANGSUGA (+14.34% Week on week (w/w)) and FIRSTHLD (+6.63% Week on week (w/w)). As a result, the benchmark NGX-ASI improved by 2.18% to close at 134,452.93 points, bringing the year-to-date (YTD) return to a steady 30.63% and strengthening market capitalisation to N85.05tn. In terms of trading, market activity declined as the average value and volume of stocks traded fell by 82.12% and 89.93% to print at N21.92bn and 736.40mn units, respectively. Market breadth was positive with investors' sentiments improving to 1.42x (previously, 1.02x), 68 stocks appreciated while 48 depreciated.

Meanwhile, on a sectorial level, performance was Bullish as all Five (5) out of the Five (5) sectors under our coverage closed in the green territory.

On corporate actions, Transcorp Hotels plc declared an interim dividend of 10 kobo, with a qualification date of 07-Aug-2025, a payment date of 15-Aug-2025 and the register would be closed from 08-Aug-2025 to 13-Aug-2025.

Okomu Oil Plc declared an interim dividend of 30 Naira, with a qualification date of 08-Aug-2025, a payment date of 22-Aug-2025 and the register would be closed from 11-Aug-2025 to 15-Aug-2025.

Looking forward, the equity market might continue in its upward trend leading to a slight gain in the ASI. This is hinged on investors positioning for Q2-earning season, favoring corporates with FX gains, cost control, clear growth trajectory, and those with potential for quality interim dividend payment. Similarly, while positive sentiment may persist, it is likely to be tempered by profit taking activities and NTBs market auction. We advise investors to position for fundamentally sound stocks with potential for impressive half year performance and interim dividend payment.

Market Indicators

Mkt Cap (tr ' N)	80.1
Mkt Cap (m' \$)	52,173.1
P/E(x)	8.0
P/BV(x)	2.3
Div Yield	3.3%
14-day RSI	94.5

Equity

Index	Close Price	Chg	YTD
NGX-ASI	134,452.9	2.2%	30.6%
Banking	1,564.3	1.8%	44.2%
Consumer Goods	2,897.7	2.8%	67.3%
Industrial Goods	4,591.0	4.7%	28.5%
Insurance	897.9	3.1%	25.1%
Oil & Gas	2,448.4	0.9%	(9.7%)

Source: NGX, United Capital Research

Money Market: Stop Rates Declined Further at PMA

Last week, the financial system opened with a deficit balance of N499.69bn. During the week, system liquidity remained deflated as we observed increased borrowing by banks via the Standing Lending Facility (SLF) to meet their obligations. Nevertheless, at the end of the week, inflows from bond's coupon payments and NTBs maturities helped to bolster system liquidity. That said, the financial system closed the week with a surplus balance of N831.36bn. Consequently, the average Open Repo Rate (OPR) and Overnight Rate (OVN) declined by 1.63% points Week on Week(W/W) and 1.61% points Week on Week (W/W) from 32.29% and 32.67% to settle at 30.67% and 31.06%, respectively.

The Central Bank of Nigeria (CBN) conducted an NTBs auction with an offer size of N290.00bn across the 91-day, 182-day, and 364-day bills. At the auction, investors' demand was strong, as total subscriptions printed at N675.65bn, indicating an oversubscription rate of 233%. The bids were majorly skewed towards the longer-tenured instrument, the "364-day bill", which received total bids of N609.32bn. Notably, the Apex Bank sold just the amount on offer, allotting N290.00bn worth of bills. That said, the stop rates on the 91-day, 182-day, and 364-day bills declined by 0.74% points, 0.70% points, and 0.42% points from 15.74%, 16.20%, and 16.30% to settle at 15.00%, 15.50%, and 15.88%, respectively.

In the secondary NTBs market, we observed bullish trading activities mainly due to the decline in stop rates at the Primary Market Auction (PMA). As a result, the average yield on NTBs declined marginally by 0.15% points Week on Week (W/W) to close at 17.67% (previously 17.82%). Conversely, the average yield on OMO bills increased marginally by 0.03% points Week on Week(W/W) to settle at 24.71% (previously 24.68%).

This week, we do not expect any major inflow to hit the financial system. Nevertheless, we expect inflows from FAAC payments to keep the financial system reflat for most of the week. As such, we expect money market and FTD rates to remain at current levels, with the likelihood of tapering. In the secondary market, we expect bullish sentiments to be sustained, as investors look to fulfill their unmet bids from the auction.

Fixed Income Market Statistics

NTBs	Yield	chg
OPR	26.5%	(5.8%)
O/N	26.9%	(5.8%)
3m	17.2%	1.1%
6m	17.2%	(0.7%)
12m	18.9%	0.6%
Bonds	Yield	w/w chg
3yrs	16.7%	(0.1%)
5yrs	16.8%	(0.1%)
7yrs	16.2%	(0.7%)
10yrs	16.0%	(0.3%)
FX	Close	w/w chg
NAFEM	1,534.8	(0.2%)

Stock Recommendation

Stock	Current Price (N)	Target Price (N)
ACCESSCORP	27.7	35.6
GTCO	94	105
ZENITHBANK	74	82
FCMB	9.8	11.5
ARADEL	507	560
BUACEMENT	135	150
DANGCEM	493	550.27
NESTLE	1,890.00	2,110.00
TRANSCORP	50.9	60.4
JBERGER	126	148
WAPCO	125.05	138
CAP	66.5	75.17
DANGSUGA	58.6	66.92
AIICO	2.22	2.5
NB	72.1	79.4

Bond Market: Bullish Sentiments Persist in the Secondary Market

The secondary bond market was bullish, driven by the downward pressure on rates in the fixed-income market. Thus, the average bond yield fell by 0.25% points to settle at 16.28% (previously 16.53%). In the same vein, activity was bullish in the corporate bond market, as the average yield on corporate bonds decreased by 0.28% points to settle at 18.86% (previously 19.14%).

In the Nigerian secondary Eurobonds market, we witnessed buying activities among investors as they look to reinvest the \$78.42mn inflow from coupon payments. As a result, the average yields in the market declined by 0.22% points Week on Week (W/W) to settle at 8.39% (previously 8.61%).

Looking forward, we expect the Debt Management Office (DMO) to conduct the July-2025 bond auction with an offer size of N80.00bn across the reopened 2029 “5-YR” and 2032 “7-YR” papers. At the auction, we expect investors’ appetite to be mildly strong, with the likelihood of marginal rates tapering. In the secondary market, we project that mild bullish sentiments will persist. The outcome of marginal rates at the auction will significantly influence the market’s direction. Meanwhile, we expect sustained cautious trading activities among investors in the Nigerian Eurobonds market.

Currency Market: Naira Depreciated at the Official Market

This week, the Naira depreciated by 0.16% Week on Week (W/W) at the official market to close at N1,534.79/ US\$1, from its previous close of N1,532.34/US\$1. Conversely, the Naira remained unchanged at the parallel market to settle at N1,535.00/ US\$1. Lastly, Nigeria's external reserves rose by 2.26% to settle at \$38.633bn (previously, \$37.778bn).

Looking forward, we expect the Naira to hover at current levels if there are no substantial shocks. We anticipate that the CBN will continue to support the Naira. Ultimately, this would sustain the Naira at current levels with the possibility of marginal gains. Similarly, inflows from remittances and other FX earnings might bolster Naira’s performance in the new week.

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