

Markets Risk Appetite Returns as Geopolitical Tensions Ease.

US equities rallied throughout the week, with the S&P 500 closing lower than a record high and the Nasdaq 100 hitting fresh peaks, as easing geopolitical tensions, falling oil prices, and dovish signals from the Federal Reserve drove risk appetite. Market sentiment improved after Iran's symbolic missile strike on a US base in Qatar was intercepted without casualties, prompting a sharp two-day drop in WTI crude to about \$64.00/bbl. before a modest rebound. Lower oil prices helped ease inflation concerns, while optimism over potential trade deals with China and India added to the bullish tone. The week's key catalyst was Fed Chair Jerome Powell's testimony before Congress, where he acknowledged that rate cuts could come "sooner rather than later" if disinflation persists. Although core PCE inflation rose slightly more than expected in May (2.7% y/y vs Ex. 2.6% y/y), markets remain optimistic about policy easing. Markets fully priced in two Fed rate cuts by year-end, with the likelihood of a 3rd cut dependent on labor data.

Meanwhile, European equities advanced slightly, with the Stoxx Europe 600 gaining circa 0.2% on the week, supported by easing geopolitical risks and optimism over US trade negotiations. Early losses tied to US-Iran tensions and tariff concerns reversed as a ceasefire took hold and Washington signaled progress on deals with China and other partners. Airline and auto stocks led gains, while Spain lagged after President Trump threatened tariffs and Madrid declined to endorse NATO's new spending targets. Investor sentiment was further boosted by resilient economic data Euro Area inflation fell to 1.9% y/y in May-2025 (vs 2.2% y/y in Apr-2025), which reinforced expectations for continued ECB policy easing.

Similarly, Asian equities advanced, with the MSCI Asia Pacific Index posting its strongest weekly gain in nearly two months, rising over 3.0% w/w as risk appetite improved. Markets rebounded on easing Middle East tensions, renewed optimism around US-China trade talks, and rising bets on Fed rate cuts. Japanese equities led the region, with the Nikkei 225 topping 40,000 pts. The rally was underpinned by signs that the US may extend tariff deadlines, and a

Global Market Snapshot

Market	Index	w/w
US	S&P 500	▲ 2.1%
US	DJIA	▲ 2.1%
US	NASDAQ	▲ 2.4%
Germany	DAX	▲ 1.2%
France	CAC	▲ 0.3%
Europe	STOXX	▲ 0.8%
UK	UK FTSE	▼ -0.2%
Brazil	IBOV	▲ 0.0%
India	SENSEX	▼ -0.4%
China	SCHOMP	▲ 1.8%
S/Africa	JALSH	▲ 1.2%
Kenya	NSE	▲ 1.2%
Ghana	GSE	▲ 0.7%
Nigeria	NSEASI	▲ 1.4%
BRVM	ICXCOMP	▼ -0.4%

Source: Bloomberg, United Capital Research

formal truce with China bolstered sentiment. While Chinese and Korean stocks lagged late in the week, ASEAN benchmarks were broadly higher.

Crude oil prices fell sharply this week as geopolitical tensions in the Middle East eased, with Israel and Iran halting hostilities. Brent slid below \$68.00/bbl. and WTI dropped to \$65.55/bbl., down from \$77.00/bbl. and \$73.00/bbl., respectively, at last week's close. The de-escalation reduced fears of disruption in the Strait of Hormuz, shifting focus back to market fundamentals. Although a midweek EIA report showed a bullish draw in US crude and fuel inventories, attention is turning to US trade negotiations and OPEC+'s upcoming 06-July meeting, where a 411,000 bpd output hike is expected. A weaker dollar and improved demand prospects could offer some price support.

Next week, global investors will be on the lookout for finalized trade deals with the US or a potential re-escalation of trade tensions as the 09-Jul US tariff deadline draws near. In the US, the focus will be on the June nonfarm payrolls (NFPs) report to get a sense of the labor market strength, a crucial consideration for US Fed. For Oil markets, the focus will be on the 06-Jul OPEC+ meeting, where another production hike could weigh on crude prices. Regional inflation from Asia, including from South Korea and the Phillipines, will help investors gauge the path of monetary policy.

Macroeconomic Highlights

Foreign portfolio investment on the Nigerian Exchange Limited rose in May, climbing by 88.54% to N118.91bn from N63.07bn recorded in Apr-2025. According to the latest Domestic and Foreign Portfolio Investment Report published by NGX, foreign inflows stood at N66.11bn in May, up from N26.64bn in April, while outflows increased to N52.80bn from N36.43bn in the previous month.

Foreign investors accounted for more than a quarter of total transactions at the Nigerian stock market in the first five months of this year, their highest level of participation in five years.

AfDB downgrades Nigeria's economic growth to 3.2%. The organization has projected that real GDP growth will moderate to 3.2% in 2025 and 3.1% in 2026, down from 3.4% in 2024, largely due to persistent structural bottlenecks and heightened global uncertainty.

President Bola Tinubu has signed into law four tax reform bills that will transform Nigeria's fiscal and revenue framework. These four tax reform bills; the Nigeria Tax Bill, the Nigeria Tax Administration Bill, the Nigeria Revenue Service (Establishment) Bill, and the Joint Revenue Board (Establishment) Bill, were passed by the National Assembly after extensive consultations with various interest groups and stakeholders.

The Executive Chairman of the Federal Inland Revenue Service (FIRS), which will now be known as the National Revenue Service (NRS), Zacch Adedeji has announced that the newly signed four tax reform bills will take effect on January 1, 2026. He said this timeline would give the administration six months for planning, sensitization, and alignment with the fiscal calendar.

The Federal Government is currently in advanced discussions with the World Bank to secure an additional \$65.00m

for the Sustainable Procurement, Environmental, and Social Standards Enhancement Project. This financing boost will raise the total project funding to \$145.00m if approved and is expected to be finalised by June 30, 2025. Based on information obtained from the website of the Washington-based lender, the World Bank approved an initial loan of \$80m for the SPESSE project in Feb-2020, aimed at reforming Nigeria's procurement processes and enhancing compliance with environmental and social standards.

This week, we expect the National Bureau of Statistics to release the Q1-2025 Rebased GDP Report.

Domestic Equities: The Bulls Maintained Momentum...NGX-ASI Up by 1.57% w/w

As of the close of the market this week, the domestic equities market closed on a positive note as the bulls dominated the market. Notably, share price appreciation in ZENITHBANK (+16.23% w/w) pulled the main index higher. Also worthy of mention are buy interests in BUACEMEN (+8.53% w/w), PRESCO (+15.91% w/w), OKOMUOIL (+16.18% w/w), TRANSCOH (+7.23% w/w) and DANGSUGA (+19.13% w/w). As a result, the benchmark NGX-ASI improved by 157bps to close at 119,995.76 points, bringing the year-to-date (YTD) return to a steady 16.58% and strengthening market capitalization to N75.96tn. In terms of trading, market activity was mixed as the average value of stocks traded declined by 11.61% to print at N20.40bn. Meanwhile, the average volume of stocks traded climbed by 9.06% to print at 777.77mn units, respectively. Market breadth was positive with investors' sentiments improving to 2.33x (previously, 1.31x), 84 stocks appreciated while 36 depreciated.

Meanwhile, on a sectorial level, performance was Bullish as Four (4) out of the Five (5) sectors under our coverage closed in the green territory. The Industrial Goods sector (+3.92% w/w) led the gainers due to buy-interests in BUACEMEN (+8.53% w/w) and WAPCO (+4.53% w/w). Following was the Consumer Goods sector (+3.73% w/w) on the back of share price appreciation in DANGSUGA (+19.13% w/w) and INTBREW (+26.36% w/w). The Insurance sector (+3.67% w/w) followed on the back of share price appreciation in NEM (+5.29% w/w) and CORNERST (+3.75% w/w). The Banking sector (+2.59% w/w) followed

Domestic Macro Variables

GDP	3.8%
Inflation	23.0%
MPR	27.5%
Brent Crude	\$67.14/b
External Reserves	\$37.5bn

Source: CBN, Bloomberg, United Capital Research

Index	Close	w/w chg	YTD Rtn	Market Indicators	
NGX-ASI	119,995.8	 1.6%	 17.4%	Mkt Cap (tr 'N)	71.7
Banking	1,294.5	 2.6%	 19.4%	Mkt Cap (m' \$)	46,312.7
Consumer Goods	2,615.2	 3.7%	 51.0%	P/E(x)	6.8
Industrial Goods	3,653.4	 3.9%	 6.1%	P/BV(x)	2.0
Insurance	750.3	 3.7%	 5.2%	Div Yield	3.6%
Oil & Gas	2,444.6	 -2.2%	 -8.9%	14-day RSI	86.1

Source: NGX, United Capital Research

owing to buy-interests in ZENITHBA (+16.23% w/w) and UBA (+2.76% w/w). Lastly, on the flip side of the coin, the Oil and Gas sector was the sole laggard on the back of selloffs.

Money Market: Bullish Sentiment Persist in the Secondary NT-Bills Market

Last week, the financial system opened with a surplus balance of N401.22bn. During the week, system liquidity improved due to inflows from FAAC payment worth N985.88bn. Despite activities in the primary market, it was not sufficient to dry up liquidity. That said, the financial system closed the week with a surplus balance of N1.58tn. Consequently, the average Open Repo Rate (OPR) and Overnight Rate (OVN) climbed by 144bps w/w and 141bps w/w from 27.20% and 27.71% to settle at 28.64% and 29.12%, respectively.

In the secondary NT-bills market, we observed bullish sentiments supported by the downward pressure on rates as evidenced in primary market activities. As a result, the average yield on NT bills declined by 28bps w/w to close at 20.23% (previously, 20.51%). Similarly, the average yield on OMO bills decreased by 29bps w/w to settle at 26.41% (previously, 26.70%).

This week, we expect a total of N300.00bn from OMO maturities to hit the financial system. This inflow is expected to keep the financial system bolstered for most of the week. Nevertheless, we do not rule out the possibility that the Central Bank of Nigeria (CBN) may conduct an OMO auction to mop up excess liquidity. As a result, we expect money market and FTD rates to remain repressed, with the likelihood of inching higher later in the week. In the secondary market, we expect the bullish sentiments to be sustained, as investors look to fulfill their unmet demand from the primary market. Lastly, we expect investors' demand to be strong and stop rates to decline at the NT-bills auction scheduled for this week.

Bond Market: Marginal Rates Decline Further at the PMA

The Debt Management Office (DMO) conducted the June 2025 bond auction with an offer size of N100.0bn across the reopened 2029 ("5-YR") and a newly opened 2032 ("7-YR") bond papers. At the auction, investors' demand was strong, with total subscriptions amounting to N602.86bn, indicating an oversubscription of 6.03x. Demand was largely skewed toward the longer-dated 2032 instrument, which attracted bids totaling N561.17bn. Notably, the DMO sold just the amount on offer. That said, the marginal rates on the 2029 paper declined by 123bps from 18.98% to settle at 17.75%. Meanwhile, the marginal rate on the newly opened 2032 paper settled at 17.95%.

The secondary bond market was bullish, driven by the outcome of the Primary Market Auction (PMA). Thus, the average bond yield fell by 19bps to settle at 18.38% (previously, 18.57%). In the same vein, activities were bullish in the corporate bond market, as the average yield on corporate bonds decreased by 19bps to settle at 21.20% (previously, 21.39%).

In the Nigerian secondary Eurobonds, buy interests persisted among investors, supported by the easing uncertainties in the global market. As a result, the average yields in the market declined by 36bps to settle at 8.61% (previously, 8.97%).

Looking forward, we project that mild bullish sentiments will persist in the secondary market. Unmet bids from the primary market will trickle down into the secondary bond market, driving bullish sentiments among investors. Meanwhile, we expect the recent positive improvements in the global market to continue driving bullish sentiments among investors in the Nigerian Eurobonds market.

Currency Market: Naira appreciated at the Official Market

This week, the Naira appreciated by 52bps w/w at the official market to close at N1,539.24/\$, from its previous close of N1,547.36/\$. Similarly, the Naira appreciated by 157bps at the parallel market to settle at N1,570.00/\$ from its previous close of N1,595.00/\$. Lastly, Nigeria's external reserves fell by 91bps to settle at \$37.369bn (previously, \$37.714bn).

This week, we expect the Naira to hover at current levels if there are no substantial shocks. We anticipate the CBN will continue to defend the Naira in the Foreign Exchange Market. Ultimately, CBN's intervention would sustain the Naira at current levels with a possibility of marginal gains. Similarly, inflows from remittances and other FX earnings might support the Naira in the new week. However, legacy issues, debt service pressure, speculations, hoarding, insufficient supply of FX etc. would continue to weaken the Naira in the FX market.

Fixed Income Market Statistics

T-Bills	Yield	w/w chg
OPR	26.5%	⬇️ -1.7%
O/N	27.0%	⬇️ -1.9%
3m	18.2%	⬇️ -0.4%
6m	20.1%	➡️ 0.0%
12m	21.3%	⬇️ -0.9%
Bonds	Yield	w/w chg
3yrs	18.7%	⬇️ -0.3%
5yrs	18.7%	⬇️ -0.3%
7yrs	18.0%	⬇️ -0.3%
10yrs	18.5%	➡️ 0.0%

FX	Close	w/w chg
NAFEM	1,539.2	⬆️ 0.5%

Source: FMDQ, United Capital Research

Stock Recommendations for the Week

Sectors	Mkt Price (N)	Target Price (N)	Up/Down-Side	Rating	Mcap (Bn'N)	Shares Outstanding (Bn)	EPS	BVPS	P/E	P/B	DPS	Div. Yield	Beta
Banks													
ACCESSCORP	22.1	34.4	↑ 55.7%	BUY	1178.3	53.3	17.4	66.5	1.3x	0.3x	2.5	11.3%	1.1
FIRSTHOLDCO	26.2	28.0	↑ 6.9%	HOLD	1097.2	41.9	20.3	74.6	1.3x	0.4x	0.6	2.3%	1.3
FCMB	9.5	13.5	↑ 42.1%	BUY	376.3	39.6	2.5	18.4	3.9x	0.5x	0.6	5.8%	1.2
FIDELITYBK	20.0	23.0	↑ 15.0%	HOLD	1004.2	50.2	6.7	18.6	3.0x	1.1x	2.1	10.5%	1.0
GTCO	82.5	77.0	↓ -6.7%	SELL	2816.3	34.1	35.4	85.3	2.3x	1.0x	8.0	9.7%	0.7
UBA	35.4	44.0	↑ 24.3%	HOLD	1500.0	41.0	21.7	103.9	1.6x	0.3x	5.0	14.1%	0.9
ZENITHBANK	58.0	59.8	↑ 3.1%	HOLD	2382.1	41.1	32.9	108.1	1.8x	0.5x	5.0	8.6%	0.8
Insurance													
VERITASKAP	1.0	1.4	↑ 40.0%	BUY	13.9	13.9	0.0	1.1	31.0x	0.9x	na	na	1.4
WAPIC	2.1	2.9	↑ 39.6%	BUY	50.4	24.0	0.5	1.8	4.1x	1.1x	na	na	0.8
GUINEAINS	0.9	1.0	↑ 5.6%	HOLD	7.1	7.9	0.1	0.9	7.6x	1.1x	na	na	1.3
SOVRENINS	1.3	1.4	↑ 4.5%	HOLD	19.1	14.2	0.2	1.1	8.1x	1.2x	na	na	1.0
INTENEGIN	1.8	2.6	↑ 48.6%	BUY	2.2	1.3	1.4	na	1.3x	na	na	na	0.5
CORNERST	4.2	3.9	↓ -6.0%	SELL	75.4	18.2	1.4	na	2.9x	na	na	na	0.7
NEM	17.9	14.9	↓ -16.8%	SELL	89.8	5.0	5.8	na	3.1x	na	na	na	1.3
MANASARD	9.6	11.1	↑ 16.2%	HOLD	86.0	9.0	2.8	6.1	3.5x	1.6x	na	na	0.9
Consumer Goods													
DANGSUGAR	47.7	56.0	↑ 17.5%	HOLD	578.8	12.1	(15.9)	7.8	NM	6.1x	na	na	1.2
NASCON	71.0	60.0	↓ -15.5%	SELL	183.4	2.7	5.8	18.7	12.3x	3.8x	na	na	1.1
INTBREW	13.9	11.5	↓ -17.3%	SELL	2330.8	168.3	(1.2)	2.8	NM	4.9x	na	na	0.8
NESTLE	1,450.0	1,510.0	↑ 4.1%	HOLD	1149.4	0.8	(207.7)	NM	NM	NM	na	na	0.4
UNILEVER	51.7	56.2	↑ 8.7%	HOLD	297.0	5.7	2.6	15.8	19.6x	3.3x	NM	na	0.9
HONYFLOU	21.2	20.5	↓ -3.3%	SELL	170.5	7.9	1.8	4.7	11.5x	4.5x	NM	na	1.7
NB	59.2	76.3	↑ 28.9%	HOLD	1828.0	31.0	(12.1)	16.4	NM	3.6x	NM	NM	0.7
GUINNESS	88.0	104.6	↑ 18.9%	HOLD	192.8	2.2	(25.0)	4.1	NM	21.7x	na	na	0.4
PZ	38.1	31.0	↓ -18.6%	SELL	150.1	4.0	0.8	NM	50.8x	NA	NM	na	1.2
UACN	38.1	53.0	↑ 39.3%	BUY	111.3	2.9	5.0	22.5	7.7x	1.7x	0.2	0.6%	0.9
Industrial Goods													
DANGCEM	440.0	499.0	↑ 13.4%	HOLD	7424.4	16.9	29.7	137.4	14.8x	3.2x	30.0	6.8%	1.9
WAPCO	89.9	89.9	→ 0.0%	FALSE	1448.1	16.1	6.2	na	14.5x	na	4.0	4.4%	0.8
BUACEMENT	95.4	99.0	↑ 3.8%	HOLD	3230.7	33.9	2.2	13.9	43.8x	6.9x	2.1	2.1%	1.6
Telecommunication													
MTNN	357.5	360.0	↑ 0.7%	HOLD	7505.9	21.0	(19.1)	(15.5)	NM	-23.1x	na	na	1.0
AIRTELAF	2,310.5	2,220.0	↓ -3.9%	SELL	8447.8	3.7	na	na	na	na	0.1	na	0.6
Agric													
OKOMUOIL	790.0	723.6	↓ -8.4%	SELL	750.7	1.0	41.9	80.9	18.9x	9.8x	26.0	3.3%	0.5
PRESCO	1,275.0	969.5	↓ -24.0%	SELL	1170.0	1.0	76.1	179.0	16.8x	7.1x	42.0	3.3%	0.7
LIVESTOCK	8.9	7.4	↓ -16.9%	SELL	27.0	3.0	0.6	1.1	13.8x	7.8x	na	na	0.5
Aviation													
NAHCO	90.2	67.9	↓ -24.7%	SELL	175.7	1.9	6.6	12.5	13.7x	7.2x	5.9	6.6%	1.0
SKYWAY	73.0	48.5	↓ -33.5%	SELL	98.7	1.4	3.6	24.1	20.4x	3.0x	0.6	0.8%	0.4
Construction													
JBERGER	124.4	158.0	↑ 27.0%	HOLD	199.0	1.6	9.5	221.3	13.0x	0.6x	3.3	2.6%	0.5
Oil & Gas													
TOTAL	705.0	699.0	↓ -0.9%	SELL	239.4	0.3	81.0	na	8.7x	na	na	na	0.2
SEPLAT	5,450.0	5,750.0	↑ 5.5%	HOLD	3207.0	0.6	98.4	3.1	55.4x	na	0.2	na	0.7
OANDO	56.5	75.8	↑ 34.1%	BUY	835.0	13.5	16.7	(16.6)	3.4x	-3.4x	0.0	0.0%	0.6
ARADEL	514.5	702.5	↑ 36.5%	BUY	2235.4	4.3	na	na	na	na	0.0	0.0%	na
ETERNA	43.0	46.8	↑ 8.8%	HOLD	56.1	1.3	1.0	4.2	41.7x	10.1x	na	na	1.8

Note: TP = 2-month Target Price, Sho= Share Outstanding, Mcap= Market Capitalization, EPS= Earnings Per Share, BVPS= Book Value Per Share, P/E =Price to Earnings Ratio, P/B= Price to Book Value Ratio, DPS=Dividend Per Share, Div Yield= Dividend Yield, Up/Down-side= potential return, Mkt Price= Current Market Price, UR = Under Review

Source: Company filings, NSE, United Capital Research, UR= "Under Review"

Prices as at Friday 27 June, 2025

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