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*Monthly Economic & Financial Insights
August 2025*



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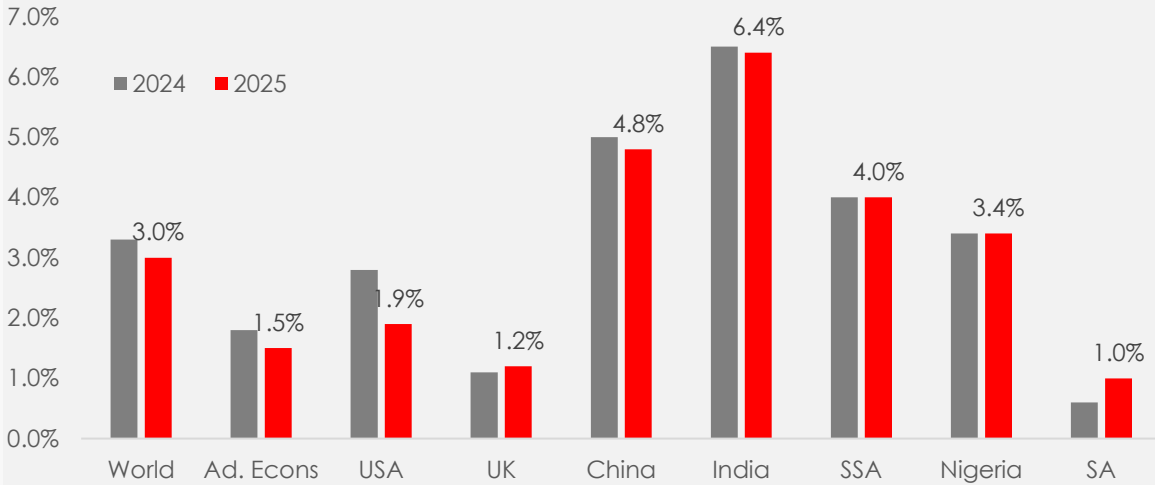
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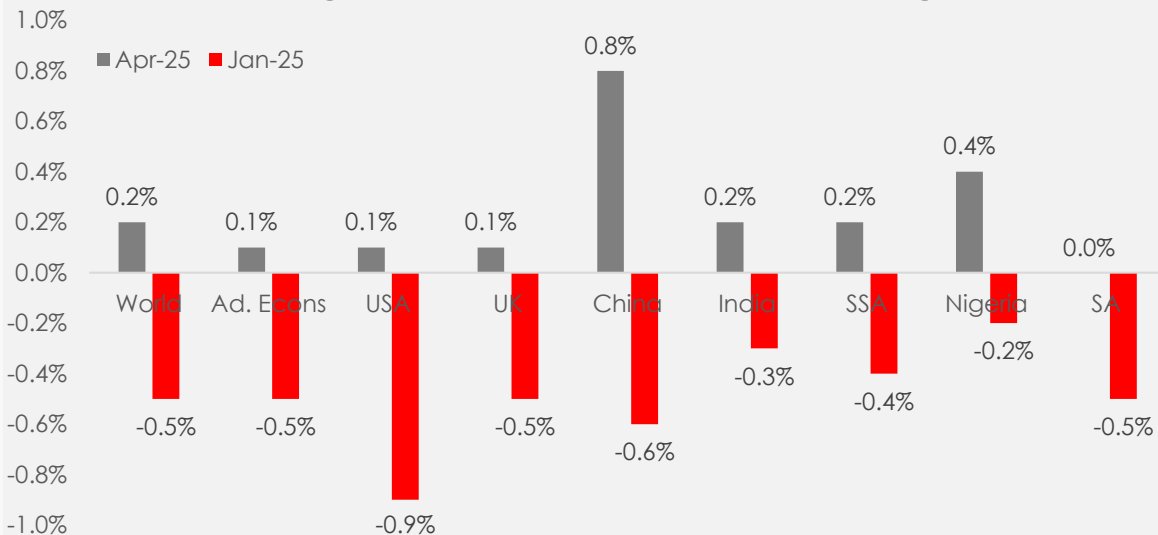


Global Economy

GDP Growth Rate in Key Regions



Changes in GDP Growth Forecasts in Key Regions



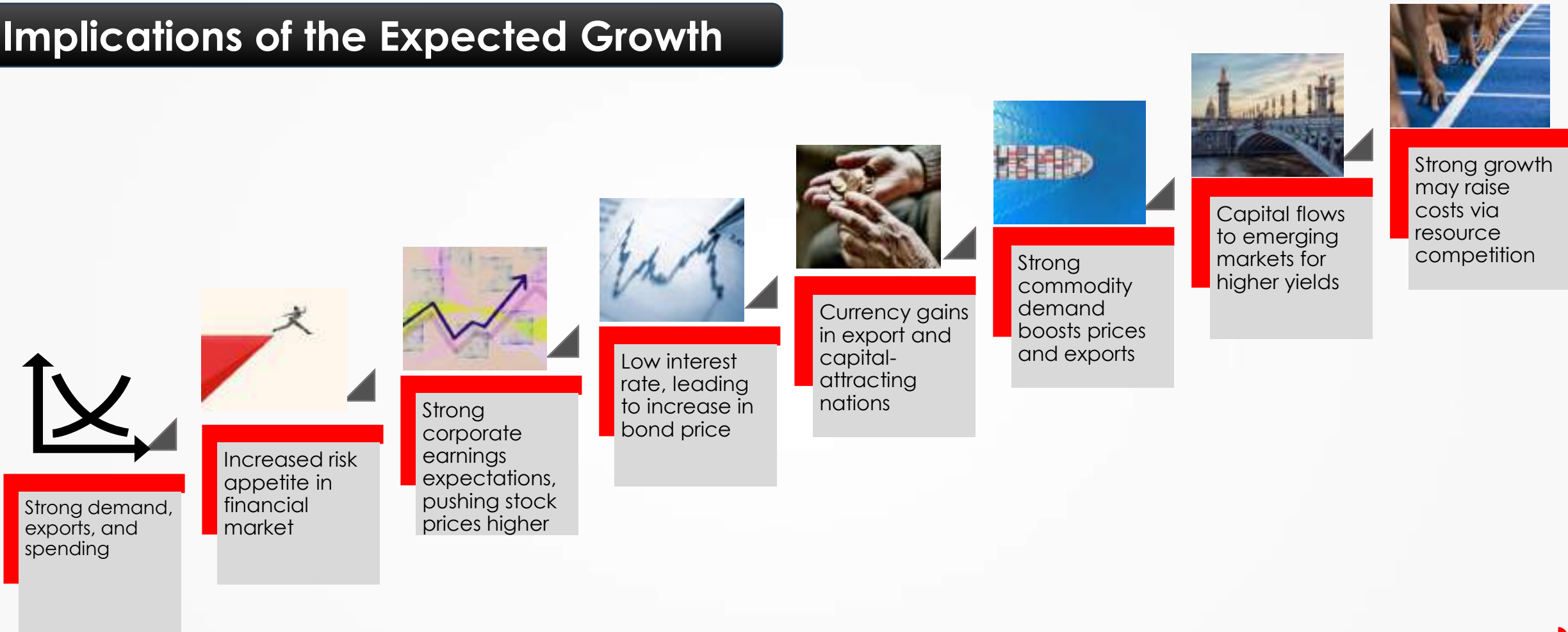
IMF Upgrades Global Growth Forecast as Trade Frontloading Boosts Activity:

- The International Monetary Fund (IMF) raised the 2025 GDP global growth forecast to 3.0%
- The IMF also raised the GDP growth forecast for most regions and countries
- The revised forecast is in the IMF World Economic Outlook (WEO) report July Update
- The July GDP upgrade was from the forecast released in WEO April 2025 edition
- The global growth upgrade reflects:
 - Stronger-than-expected front-loading in anticipation of higher tariffs
 - Lower average effective US tariff rates than announced in April 2025
 - Improvements in financial conditions
 - Fiscal expansion in some major jurisdictions
- The IMF notes that the risk from trade shocks remains high and could affect investment

Regional Highlights:

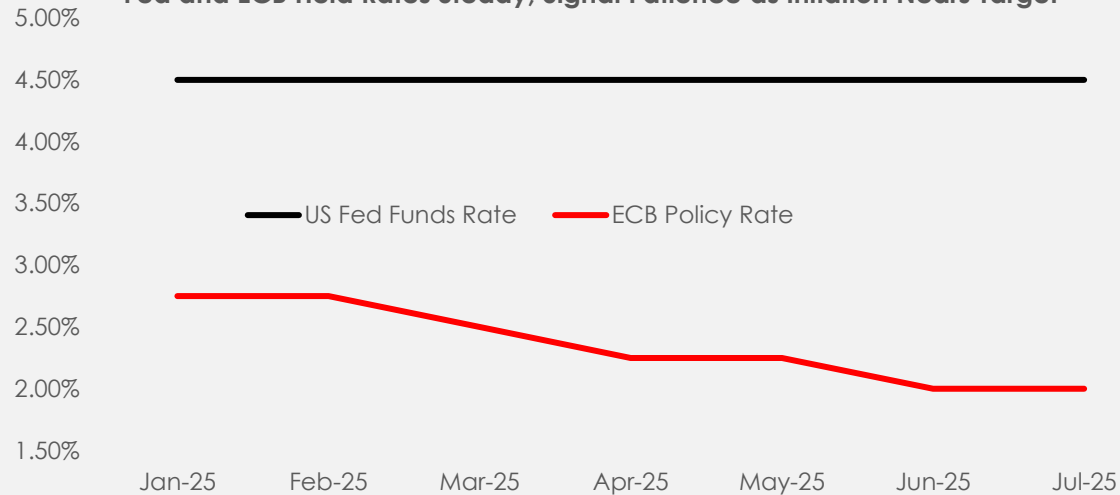
- The IMF raised the US and China growth forecast by 1.9% and 4.8%, respectively
- The two economies accounted for 44% of the global economy
- The Sub-Saharan Africa(SSA) GDP growth forecast now at 4% same as in 2024
- Nigerian GDP growth forecast now at 3.4% in 2025 same as in 2024

Implications of the Expected Growth



The Nigerian financial market is beginning to benefit from the revised economic growth outlook, as evidenced by rising capital inflows and stock price gains. But will the recent bull run be sustained?

Fed and ECB Held Rates Steady, Signal Patience as Inflation Nears Target



Comparative Analysis of Policy Rates — Select Countries/Region

Country/Region	Policy Rate	Current	Last Change	Real Rate	Next Meeting
United States	Fed Rate	4.50%*	18 December 2024	1.8%	17-Sept-2025
Japan	Policy Rate	0.5%	23-Jan-2025	(2.8%)	19-Sept-2025
Euro Region	Deposit Facility Rate	2.0%	05 June 2025	0.0%	11 Sept 2025
China	Prime Rate 1 Year	3.0%	20 May 2025	3.0%	19 Aug. 2025
India	Policy Repo Rate	5.5%	06 June 2025	4.0%	01 Oct. 2025
Nigeria	Monetary Policy Rate	27.5%	26 November 2024	5.3%	23-Sept-2025
South Africa	Repo Rate	7.0%	31 July 2025	4.0%	18-Sept-2025
United Kingdom	Bank Rate	4.0%	18 September 2025	0.4%	18 September 2025

US Federal Reserve (Fed):

- The Federal Open Market Committee (FOMC) of the Fed Reserve (Fed) maintained rate
- FOMC maintained its Policy Rate (Fed Rate) at a range of 4.25-4.50% as expected
- With US July inflation rate at 2.7%, we expect rate cut in the September meeting
- This will be the first interest rate cut in 2025 and will have the following impact in the market:
 - Yield on Eurobond and other Dollar fixed income securities asset may fall further
 - This will boot equity market and stimulate consumer spending
 - More fund may move to Nigeria and other emerging markets in search of yield

European Central Bank (ECB):

- The European Central Bank (ECB) left rates unchanged in its July meeting as follows
 - Deposit Rate at 2.00%
 - Main refinance Rate at 2.15%
 - Marginal Lending Facility Rate 2.4% as inflation holds near the 2%
- ECB noted slow price increase supported by relaxed wage growth

August 2025 Outlook:

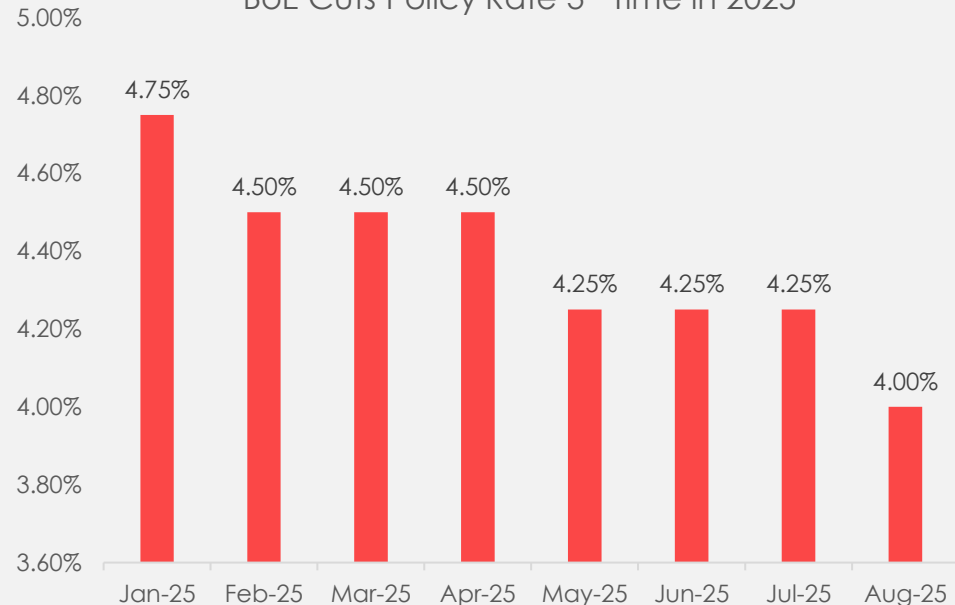
- Inflation readings will be a key determinant of rate cuts across regions
- Trade ceasefire talks could sway the global economy and price trends

US Goods and Services Trade Deficit (US\$ Billion)

	June	May	Change
Imports	337.5	350.3	(3.7%)
Exports	277.3	278.6	(0.5%)
Deficit	60.2	71.7	(16.0%)

Bank Rate (Policy Rate)

BoE Cuts Policy Rate 3rd Time in 2025



Sources: Bloomberg, United Capital Research

US: Trade Policy Shift and Narrowing Deficit Mark Key Economic Moves

- President Trump raised tariff on Indian goods to a total of 50% for buying Russian Oil
- The US trade deficit narrowed to \$60.2 bn in June 2025 from \$71.7bn in May 2025
- This was driven by a sharper fall in imports than exports

Europe: BoE Cuts Rate, ECB Inflation Rate on Target

- The Bank of England (BoE) cuts its policy rate by 0.25% to 4% on 06 August with 5–4 votes
- It was the 3rd interest rate cut in 2025 with the objective to drive economic growth
- Meanwhile, inflation remains at the European Central Bank's (ECB) 2% target in July

Japan: Japan Cuts Growth Forecast as Tariff Dispute with US Intensifies

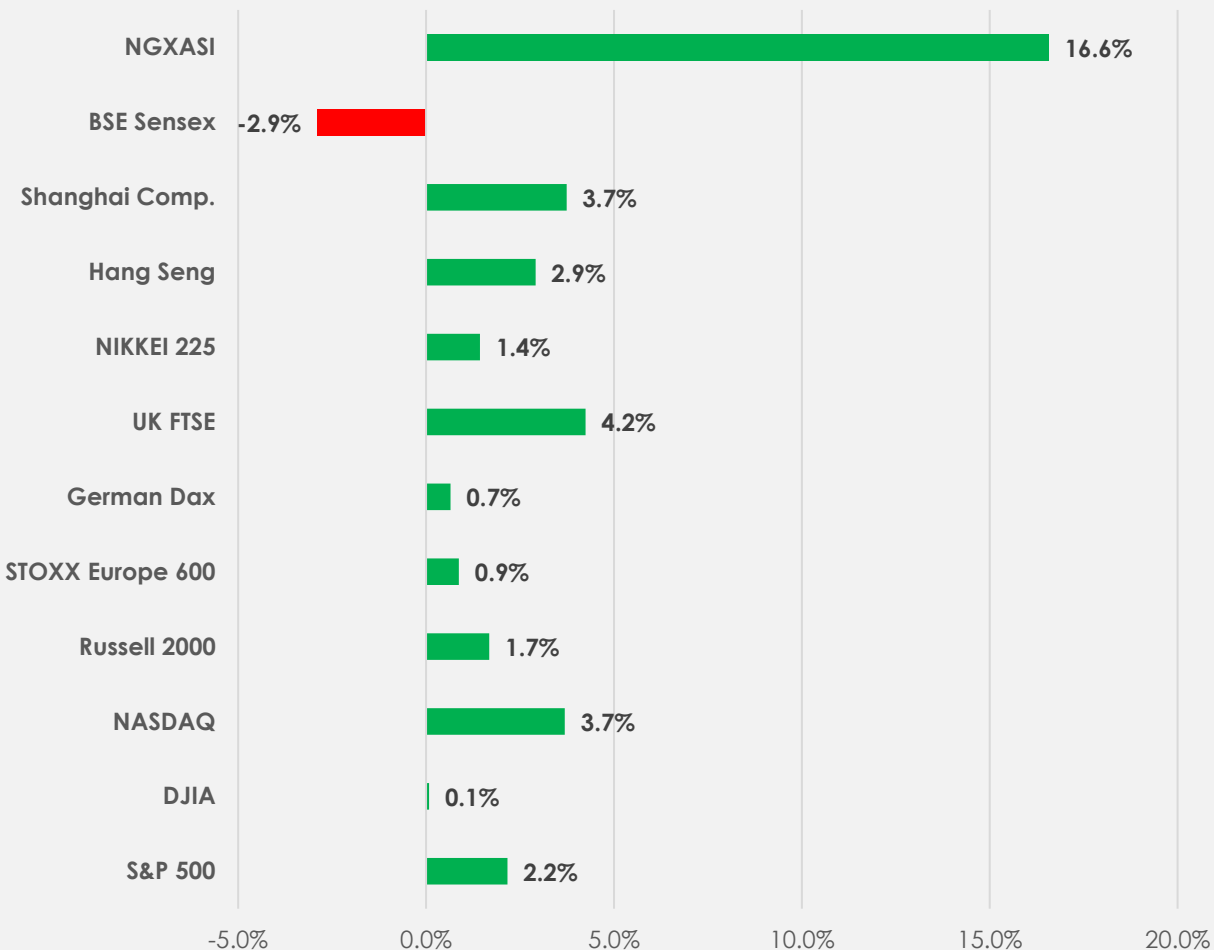
- Japan lowered its Gross Domestic Product (GDP) growth for fiscal year March 2026
- The forecast now stands at 0.7% from 1.2%, citing US tariffs and weak consumer spending

Global Food Prices: FAO Food Price Index increased in July

- The Food and Agriculture Organization (FAO) Food Price Index increased in July 2025
- The FAO Food Index increased by 1.6% to 130.1 points in July
- Overall, the Food Price Index was 7.6% higher than in July 2024
- Prices of cereals, dairy and sugar declined

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

Most global equities finished the month of July in the green as investor sentiment improved, with markets gaining more clarity on US trade and fiscal policy direction



Source: Bloomberg, United Capital Research

Global Government Securities – Monthly Performance

Global Government Securities rallied mid-July as more countries agreed on Trade Deals with President Trump and expectations that Major Central Banks would lower Policy Rates

Name	Yield		Change M/M
	30-June	31-July	
NGR 10 Year Bond Yield	18.53%	16.02%	(2.51%)
India 10 Year Yield	6.31%	6.41%	0.10%
Hong Kong 10 Year Yield	3.05%	2.91%	(0.14%)
China 10 Year Yield	1.73%	1.65%	(0.08%)
Japan 10 Year Yield	1.55%	1.43%	(0.12%)
UK 10 Year Yield	4.57%	4.48%	(0.09%)
France 10 Year Yield	3.35%	3.29%	(0.06%)
Germany 10 Year Yield	2.69%	2.60%	(0.09%)
US 2 Year Treasury Yield	3.95%	3.73%	(0.22%)
US 5 Year Treasury Yield	3.96%	3.80%	(0.16%)
US 10 Year Treasury Yield	4.36%	4.23%	(0.13%)

Source: Bloomberg, United Capital Research

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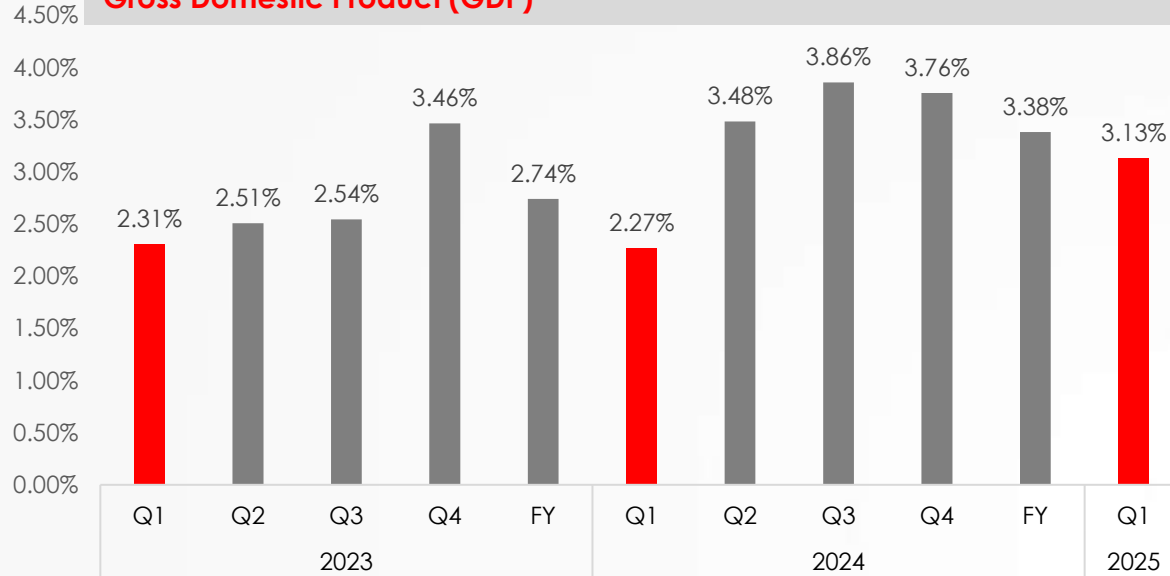
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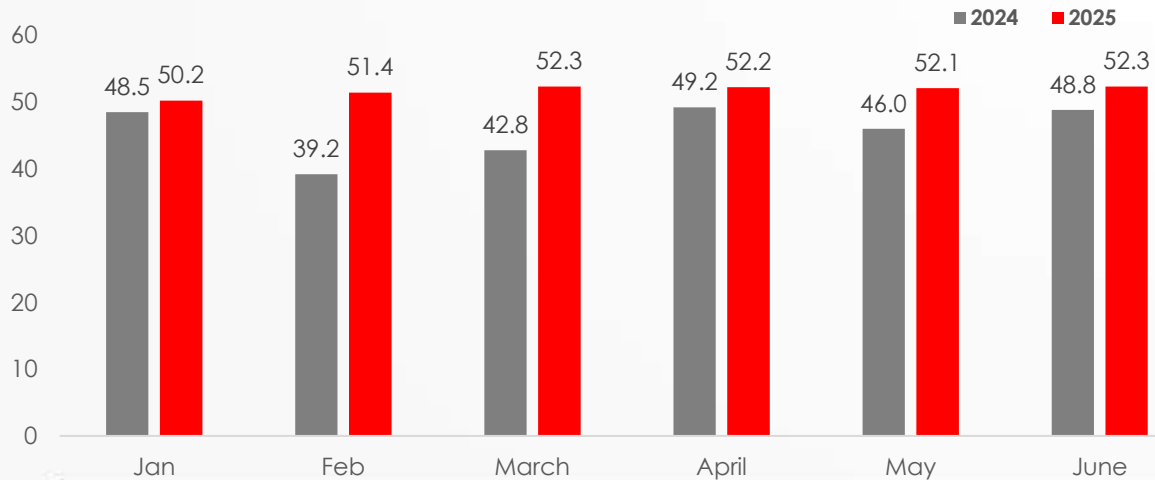


Nigerian Economy

Gross Domestic Product (GDP)



Nigeria Purchasing Managers' Index



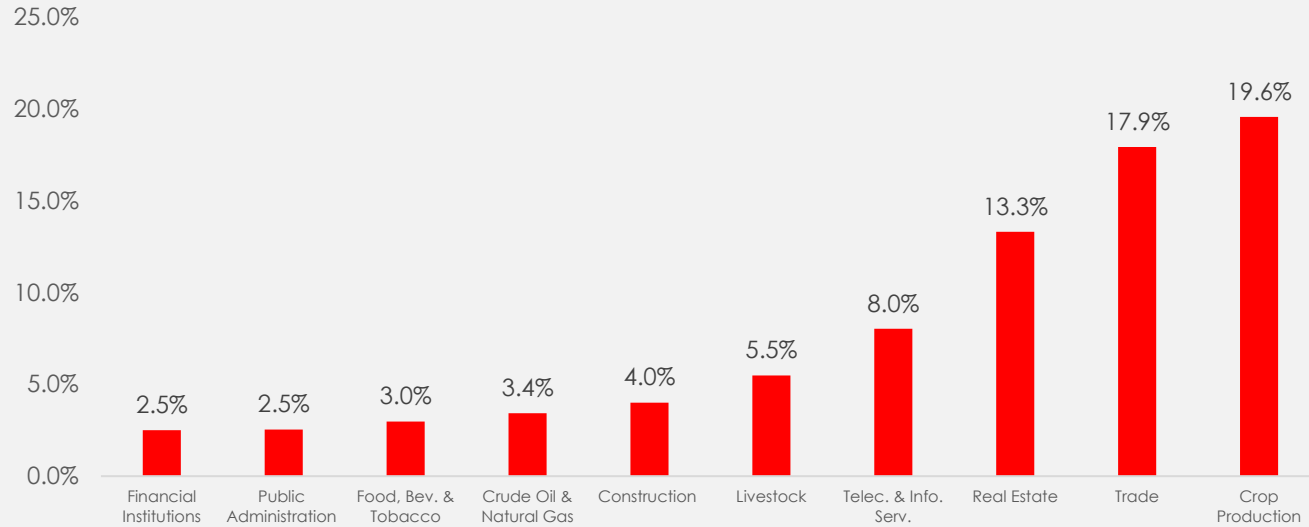
- Nigeria's Gross Domestic Product (GDP) rose by 3.13% year-on-year
- This is the highest recorded in 3 years and signal better stability ahead
- Nigeria's public debt-to-GDP ratio declined to about 39.4% in Q1 2025
- Both equity and fixed income markets responded to positive data
- The PMI figures so far in 2025 are in expansion region – 50 points+
- The PMI figures in 2025 were consistently higher than 2024 figures
- An indication that Q2 2025 will be stronger than Q2 2024
- The improvements in the economy will drive investments
- United Capital Research forecasts 4.1% GDP growth rate in 2025

The following key structural challenges must be addressed:

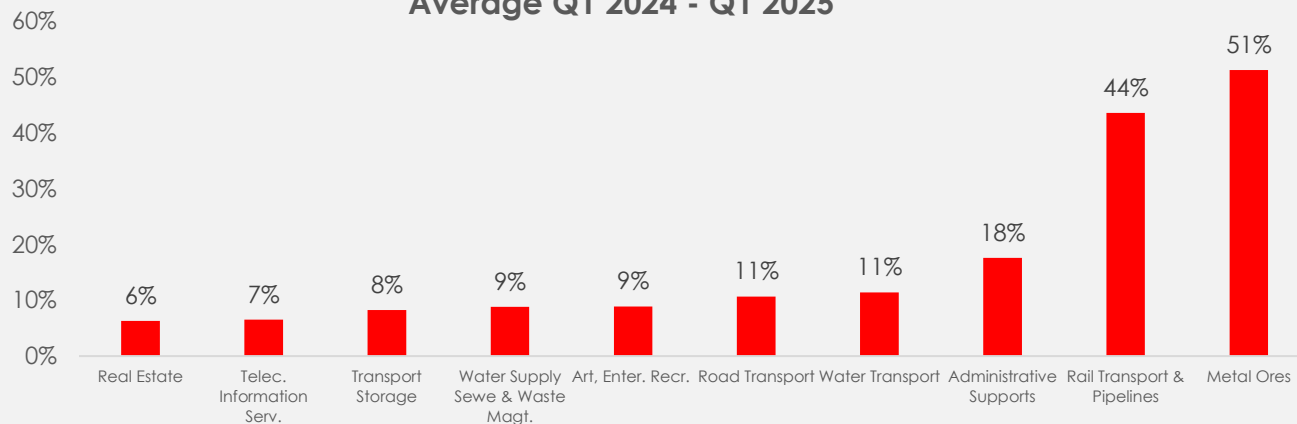
- Resolving insecurity in major food-producing regions
- Reviving the electricity sector by tackling legacy debt issues
- Sustaining ongoing reforms in the oil and gas sector

With these resolved, Nigeria economy can easily achieve double-digits growth with single-digit inflation, fostering long-term prosperity

10 Largest Sectors in Nigeria by GDP
Average Q1 2023 – Q1 2025

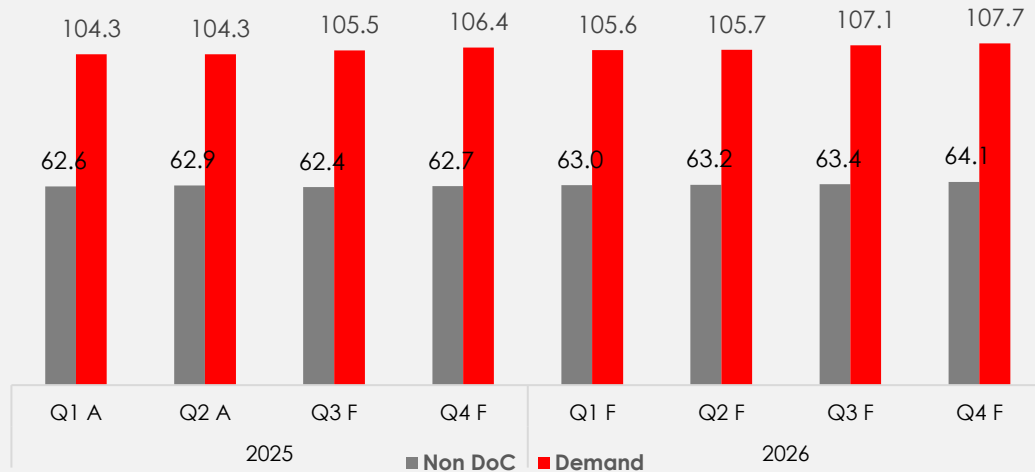


Fastest Growing Sectors in Nigeria
Average Q1 2024 - Q1 2025



- **Top largest sectors in Nigeria are:**
 - Crop production
 - Trade
 - Real Estate
 - Telecommunications and Information Services
- **Top fastest sectors in Nigeria are:**
 - Metal ores
 - Rail Transportation & Pipeline
 - Administrative Supports
 - Water transportation
- **Opportunities exist in the sectors:**
 - that are large
 - that are growing fastest with size

Global Crude Oil Demand and Production



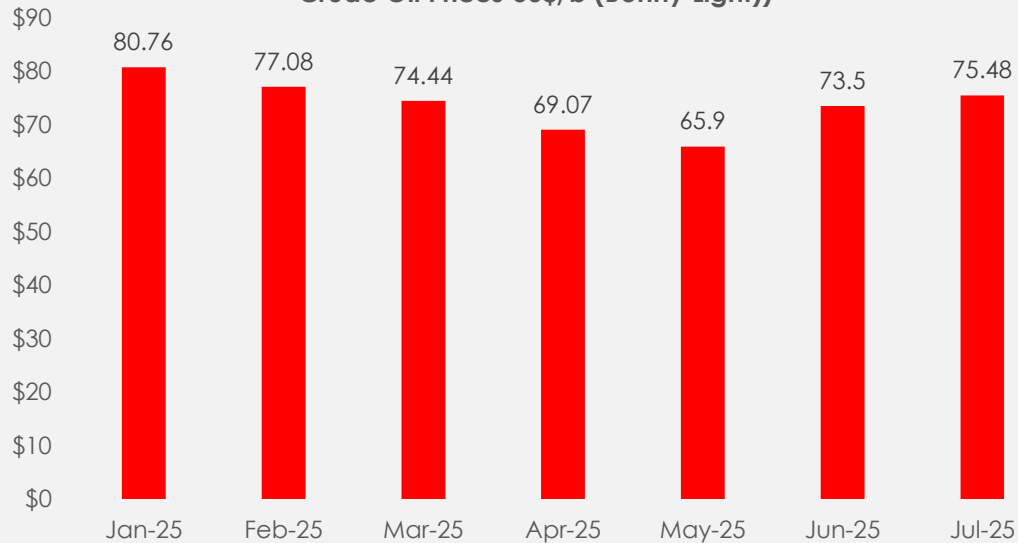
Global Crude Oil Demand and Production/Supply

- Global crude oil demand to remain strong in Q3 and Q4 2025 and above 105mbpd
- 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 than 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

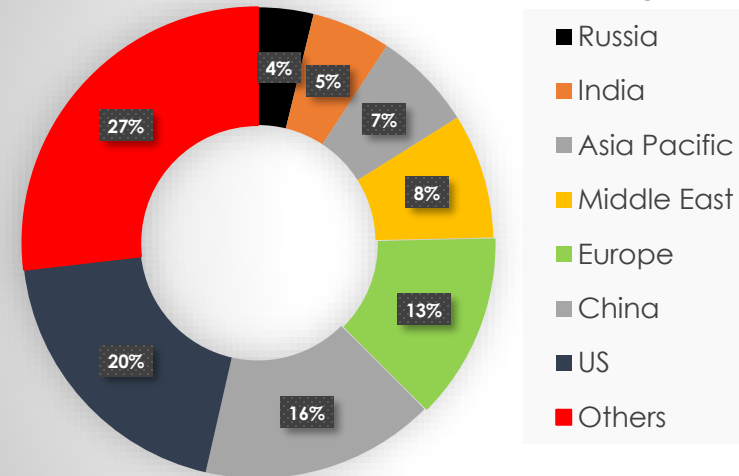
Crude Oil Price

- The average crude oil settled at US\$75.48/b in July above the US\$73.5/b recorded in June 2025
- Given current demand and production dynamics, the risk of a crude oil price drop remains low

Crude Oil Prices US\$/b (Bonny Light)

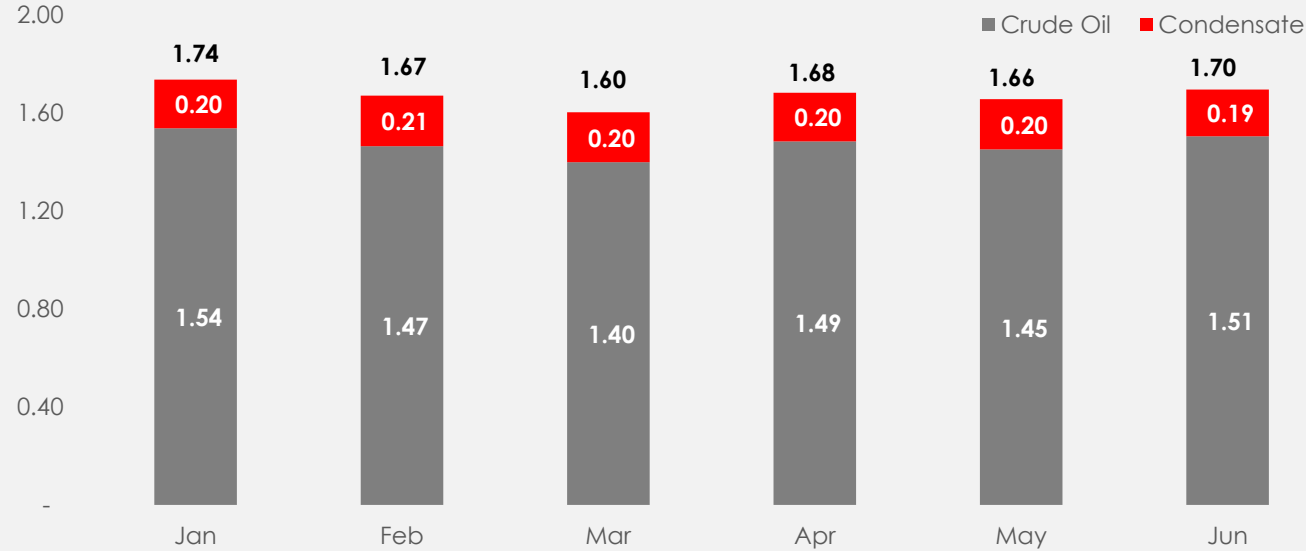


Distribution of Crude Oil Demand by Countries and Region

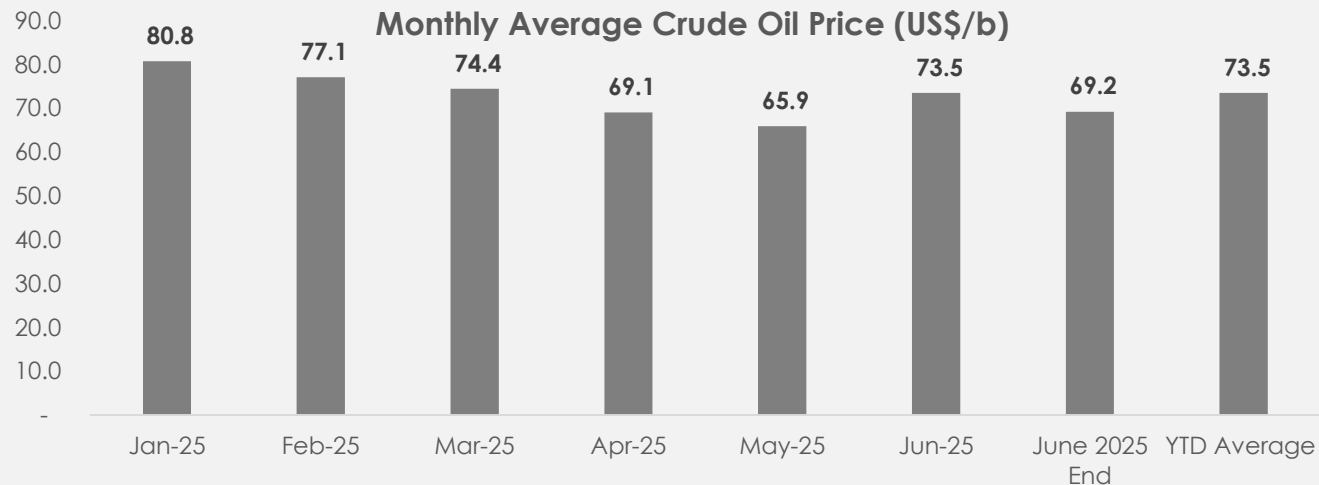


Developments in major oil-consuming economies can sway global crude prices by shifting demand expectations

Crude Oil and Condensate Production (mbpd)



Monthly Average Crude Oil Price (US\$/b)



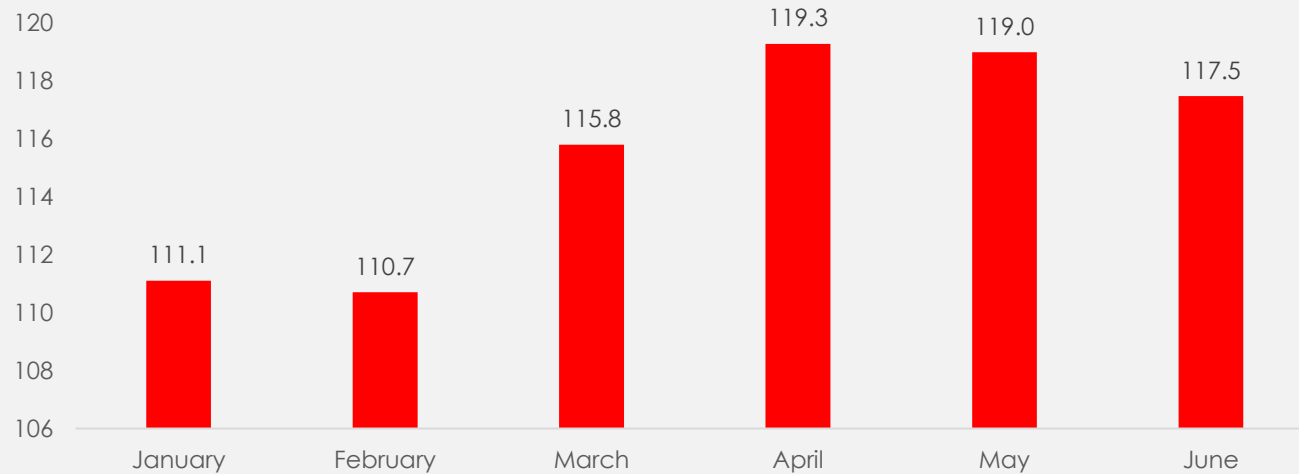
- Nigeria met OPEC quarter of 1.5mbpd in June 2025 and in January
- Average crude oil, including condensate was above 1.6mbpd
- Crude Oil (Bony Light) price averaged US\$73.5b in HY1, 2025
- NNPC posted PAT of ₦905bn, ₦1.05trn and ₦748bn in June, May and April 2025 respectively
- This may reduce fiscal deficits for the year 2025 and reduce FGN's borrowing
- The FGN did not raise full amount it planned to raise through the NTB in June 2025
- This indicates improved government revenue
- Consequently, NTB rates crashed in the secondary market

“A strong economy is the source of national strength”

.....Yoshihide Suga



Broad Money Supply - M3 (N'tn)



Money Supply in Nigeria (M3)

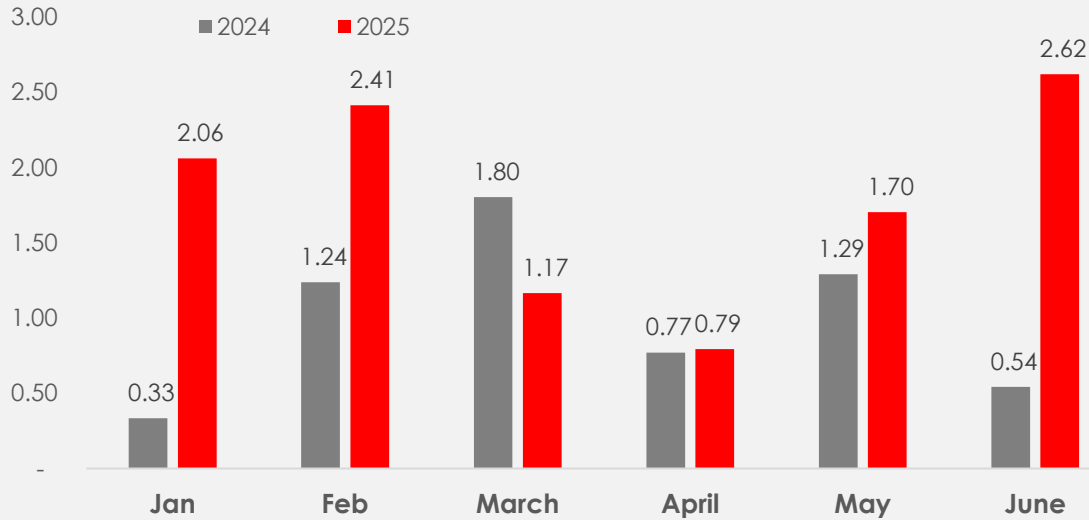
Money Supply	N' Trillion			Change N' Trillion	
	April 2025	May 2025	June 2025	May 2025	June 2025
Money Supply (M3)	119.30	119.01	117.50	(0.29)	(1.51)
-- CBN Bills Held by Money Holding Sectors	0.02	0.01	0.01	(0.01)	(0.00)
Money Supply (M2)	119.28	118.99	117.49	(0.28)	(1.51)
-- Quasi Money	78.28	78.62	77.57	0.34	(1.05)
-- Narrow Money (M1)	41.00	40.38	39.92	(0.62)	(0.46)
---- Currency Outside Banks	4.57	4.63	4.49	0.07	(0.14)
---- Demand Deposits	36.43	35.74	35.42	(0.69)	(0.32)
Net Foreign Assets (NFA)	49.87	45.81	40.74	(4.06)	(5.07)
Net Domestic Assets (NDA)	69.43	73.19	76.76	3.76	3.56

Nigeria's Money Supply Declined

- Nigeria's money supply fell for the 2nd straight month
- Driven by the drop in quasi money of which are:
 - Savings deposits
 - Time deposits/Fixed Deposits
 - Foreign currency deposits
- Net Foreign Asset recorded the highest drop meaning that:
 - There was huge FX interventions
 - Drop in Oil revenue to bring in FX
 - Increase in external debt repayments or other capital outflow
- If the current downward trend in money supply continues, the CBN may relax policy rate

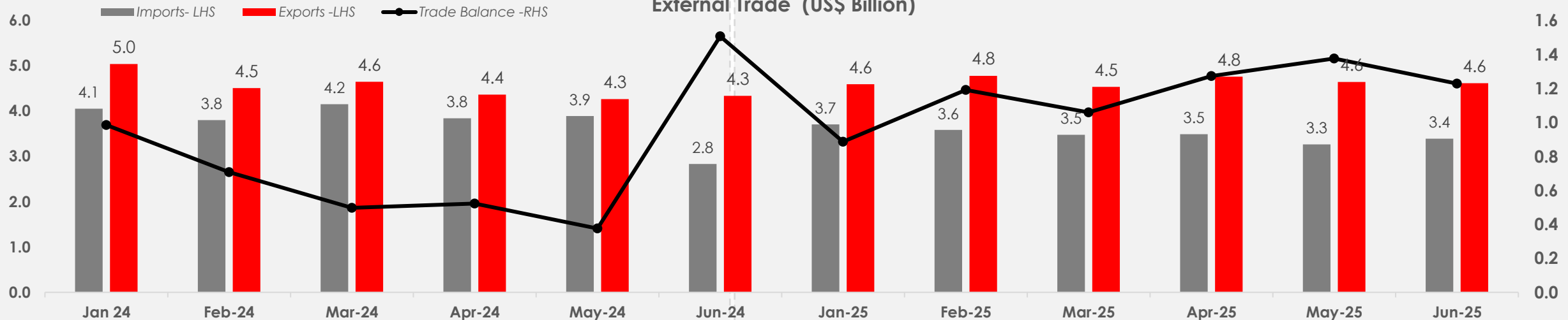
Nigerian Economy: External Position Improves

Capital Importation (US\$' Billion)

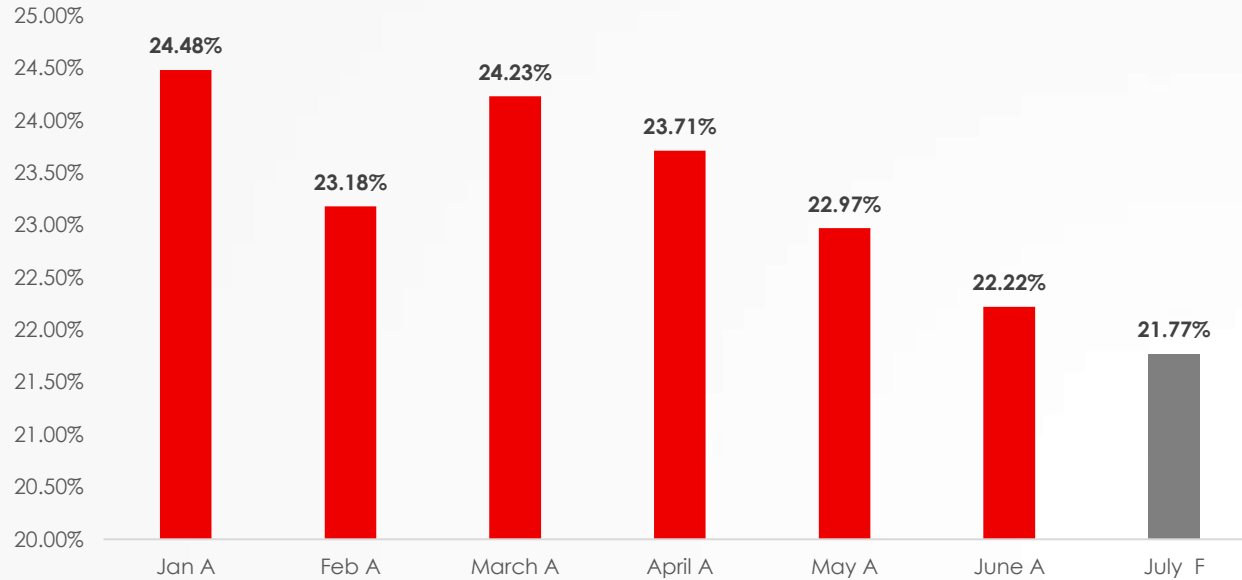


- The external position continues to improve with FX inflows from both trade and investments
- This continues to support the stability in the FX market
- Capital importation(CI) increased by 80% in January-June 2025 over 2024
- Foreign Portfolio Investment(FPI) represents 87% of total CI, money market accounted for 72%
- Exports increased 3%, imports declined 7%, trade balance up 53%
- The CBN may continue with the current strategy, using OMO for FPIs
- Some Nigerian Banks now allows Naira cards for FX transactions
- External reserve now around US\$40.11billion and 9.5 months of import cover

External Trade (US\$ Billion)



Inflation Rate (Actual and Forecast) - 2025



Our forecast points to a further drop in inflation rate in July 2025

• Implications:

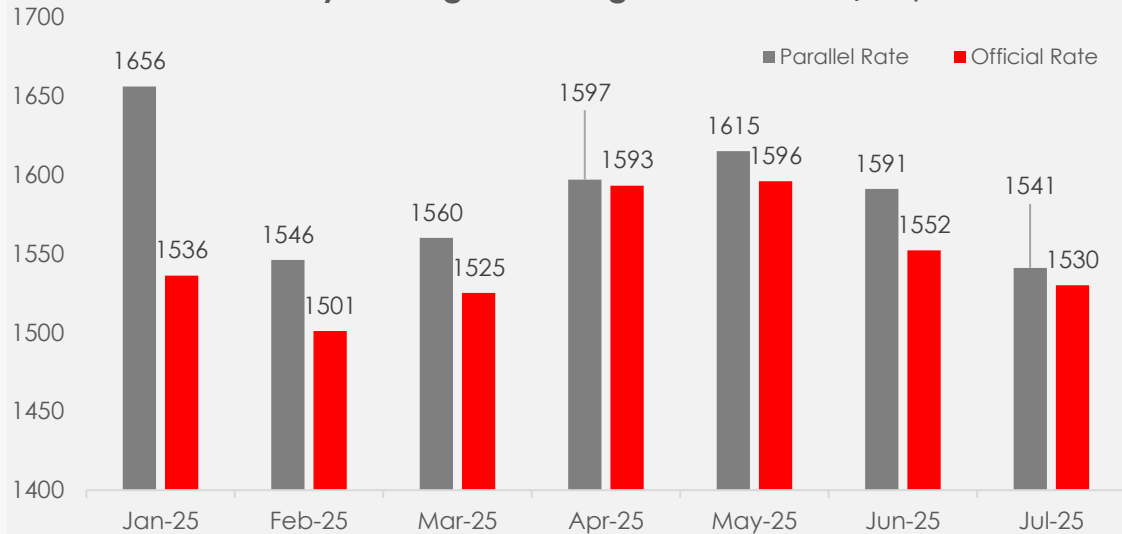
- MPC of the CBN may consider an interest rate cut at its September 2025 meeting
- This may lower borrowing cost for consumers
- Stimulate equity market rallies
- Create opportunities for fixed-income investors, depending on the strategy they adopt
- More companies may approach the capital market to borrow fund

Monetary Policy Rate

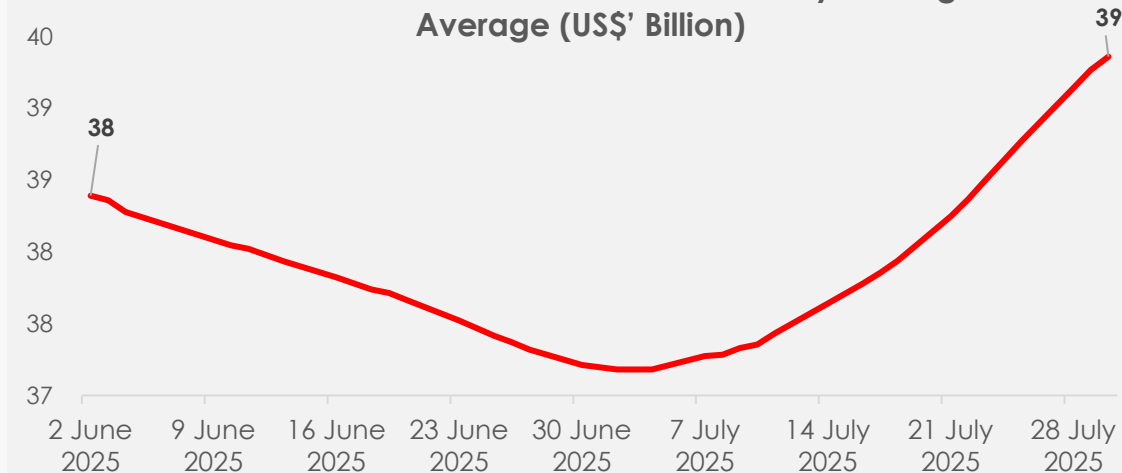
Parameters	Rate	Status
Monetary Policy Rate (MPR)	27.50%	Retained
Commercial Banks: CRR	50.00%	Retained
Merchant Banks: CRR	16.00%	Retained
Liquidity Ratio (LR)	30.00%	Retained
Asymmetric Corridor (AC)	+500/-100 round the MPR	Retained

	May 2025	June 2025	Change
Headline Inflation	22.97%	22.22%	(0.75%)
Food Inflation	21.14%	21.97%	0.83%
Core Inflation	22.28%	22.76%	0.48%
Urban Inflation	23.14%	22.72%	(0.42%)
Rural Inflation	22.70%	20.85%	(1.85%)

Monthly Average Exchange Rate – Naira /US\$1



Movement in External Reserves : 30 –Day Moving Average (US\$' Billion)



- The value of Naira appreciated by 1.4% In July to N1,530/US\$1 from N1,552/US\$ in June 2025
- The premium between the official and parallel market rate remained close
- External reserves also increased consistently throughout the month to close at US\$39.4bn
- The external reserve reported above is the 30-day moving average
- The actual external reserve position is above US\$40billion and cover over 9.5 months of import
- The rise has been attributed to:
 - FX market reforms initiated and implemented by the CBN
 - Improved diaspora remittances
 - Higher foreign portfolio inflows
 - Favourable crude oil production
 - Significant reduction of crude oil loss
- All these factors support a stable exchange rate and an appreciation in the value of the Naira

Nigerian Economy: Public Debt

Nigeria 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	50%
States & FCT	2,518	5%	3,869,139	3%
Total Public Debt	97,239	100%	149,388,997	100%

Nigeria Public Debt - 31 December 2024

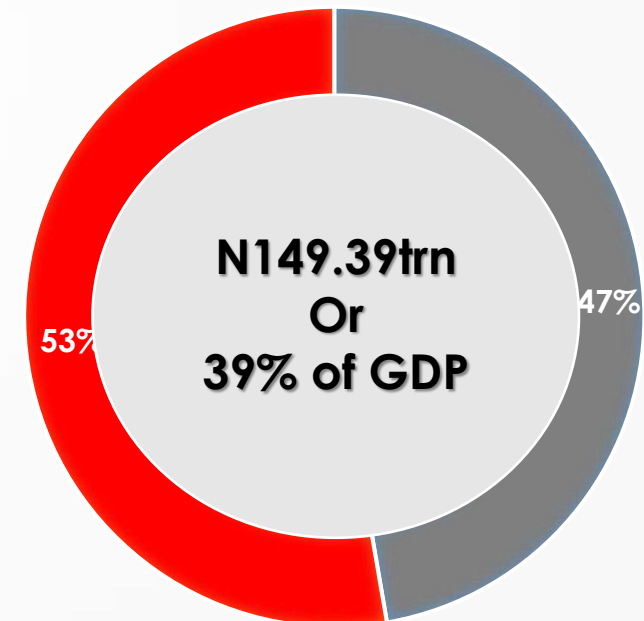
Description	Amount Outstanding (US\$'Mn)	Contribution	Amount Outstanding (N'Mn)	Contribution
Total External Debt	45,780	49%	70,287,531	49%
FGN Only	40,980	90%	62,917,607	90%
States & FCT	4,800	10%	7,369,924	10%
Total Domestic Debt	48,445	51%	74,377,920	51%
FGN Only	45,860	95%	70,409,863	95%
States & FCT	2,585	5%	3,968,057	5%
Total Public Debt	94,225	100%	144,665,451	100%

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

- Public debt increased by 3.27% to N149trn in 1Q 2025 (N144.67trn Dec. 2024)
- Domestic and external debt contributed 53% and 47% respectively
- The debt is about 39% of the rebased GDP
- 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

■ External Debt

■ Domestic Debt



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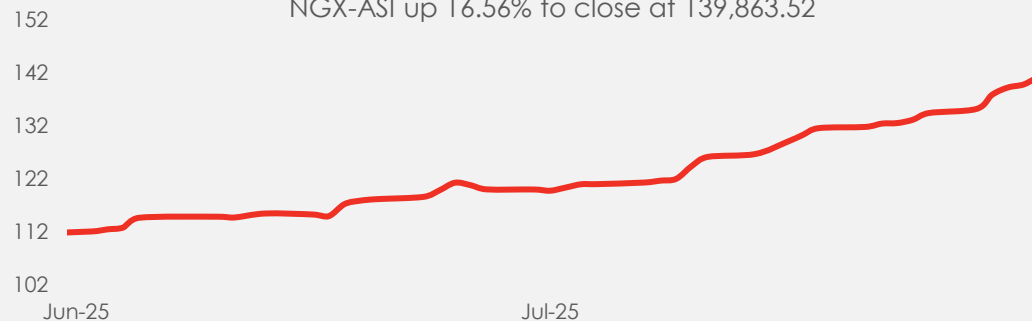
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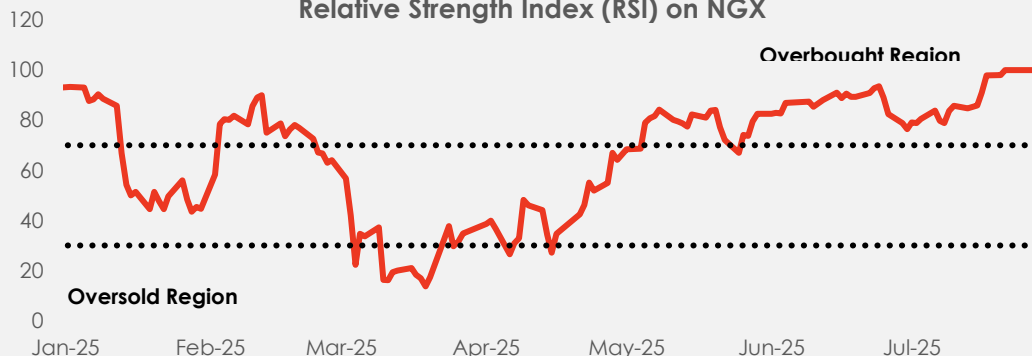
Equity Market

Nigerian Exchange All-Share Index (NGX)

NGX-ASI up 16.56% to close at 139,863.52



Relative Strength Index (RSI) on NGX



Sector Performance

Sectors	June	July	Change
Banking	1,280.41	1,610.53	25.78%
Consumer	3,638.15	4,885.21	34.28%
Industrial	4,591.02	4,819.92	4.99%
Insurance	755.52	889.53	17.74%
Oil & Gas	2437.47	2479.47	1.72%

Top Five(+) Index Drivers for July

Symbol	June	July	Change
MTNN	357.50	472.00	32.03%
DANGCEM	440.00	528.30	20.07%
BUACEMEN	95.40	135.00	41.51%
WAPCO	87.20	149.00	70.87%
ZENITHBA	56.95	76.50	34.33%

Top Five(-) Index Drivers for July

Symbol	June	July	Change
ETERNA	43.00	39.95	(7.09%)
SUNUASSU	5.14	4.50	(12.45%)
LIVESTOC	8.90	8.00	(10.11%)
INTBREW	13.90	13.80	(0.72%)
NNFM	108.00	93.15	(13.75%)

- Benchmark NGX-All Share Index (NGX-ASI) improved by 16.56% m/m to close at 139,863.52 points
- At end of July equity market record Year Till Date (YTD) return of 35.89%
- Market Capitalisation closed N88.42tn from June N75.95tn
- Major drivers of the equity market are:
 - MTNN (+32.03% m/m)
 - DANGCEM (+20.07% m/m)
 - BUACEMEN (+44.62% m/m)
- RSI closed the month at 79.1points indicating an overbought condition

Key Corporate Earnings H1 2025 Vs H1 2024 – (N' Billion)

Company	Revenue 2025	Revenue 2024	Change	PAT 2025	PAT 2024	Change
Aradel Holdings Plc	368	268	37%	146	104	40%
BUA Cement Plc	580.3	363.94	59.45%	180.9	34.25	428.11%
BUA Foods Plc	913	672	36%	260	131	99%
Champion Brew. Plc	15.93	9.54	66.93%	2.29	-0.39	-692.75%
Dangote Cement Plc	2071.59	1760.06	17.70%	520.46	189.9	174.06%
Dangote Sugar Refinery Plc	430.21	295.62	45.53%	-24.27	-144.01	-83.14%
Ecobank Transnational Incorporated	2306.24	1864.27	23.71%	433.88	311.02	39.50%
Fcmb Group Plc	529.2	374.47	41.32%	73.42	59.48	23.43%
Guinness Nig Plc	496.61	299.49	65.82%	16.2	-54.77	-129.59%
International Breweries Plc	340.99	223.2	52.77%	41.29	-106.78	-138.66%
Lafarge Africa Plc	516.98	295.58	74.91%	132.68	29.35	352.05%
MTN Nigeria Communications Plc	2378	1539	54%	415	-518	-180%
Nascon Allied Industries Plc	78.16	50.43	54.97%	15.6	4.84	221.99%
Nestle Nigeria Plc	581.12	406.97	42.79%	50.57	-176.91	-128.58%
Nigerian Brew. Plc	738.14	479.77	53.85%	88.42	-85.2	-203.78%
Oando Plc	1,721	2,031	-15%	64	62	3%
Okomu Oil Palm Plc	129.83	75.01	73.10%	47.54	20.2	135.39%
Presco Plc	198.74	88.02	125.79%	88.72	38.88	128.21%
Seplat Energy Plc	2166.7	575.1	276.75%	42.5	68.1	-37.59%
Transcorp Hotels Plc	47.57	29.72	60.07%	8.68	6.62	31.20%
Transcorp Power Plc	205.81	135.44	51.95%	44.05	36.78	19.76%
Transnational Corporation Plc	280	175	59%	65	53	23%

Key Dividend Declaration				
Company	Type	Amount(N)	Qualification Date	Payment Date
Academy Press Plc	Final	0.15	16-Oct-25	30-Oct-25
Academy Press Plc	Bonus	1 for every 5	N/A	N/A
Africa Prudential Plc	Interim	0.1	08-Aug-25	18-Aug-25
E-Tranzact International Plc	Final	0.13	N/A	N/A
Okomu Oil Palm Plc	Interim	30	08-Aug-25	22-Aug-25
Presco Plc	Interim	20	07-Nov-25	21-Nov-25
Seplat Energy Plc (Us\$)	Interim	0.046	13-Aug-25	28-Aug-25
Transcorp Hotels Plc	Interim	0.1	07-Aug-25	15-Aug-25
Transcorp Power Plc	Interim	1.5	08-Aug-25	18-Aug-25
Transnational Corporation Plc	Interim	0.4	11-Aug-25	19-Aug-25
United Capital Plc	Interim	0.3	08-Aug-25	18-Aug-25

Stock Recommendation				
S/N	Stocks	Current Price	Target Price	Upside
1	Access Holdings Plc	27.65	35	27%
2	AIICO Insurance Plc	4.65	5.7	23%
3	ARADEL HOLDINGS PLC	519.4	620	19%
4	BUA Cement Plc	160	200	25%
5	Dangote Cement Plc	577	750	30%
6	International Breweries Plc	13	16.5	27%
7	Mutual Benefits Assurance Plc	3.88	4.7	21%
8	Transcorp Power Plc	286.5	360	26%
9	Transnational Corporation Plc	51.8	64.86	25%
10	United Bank For Africa Plc	48.7	60	23%
11	Zenith Bank Plc	73.45	87	18%

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.

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- Free entry and exit
- Valuation is done daily



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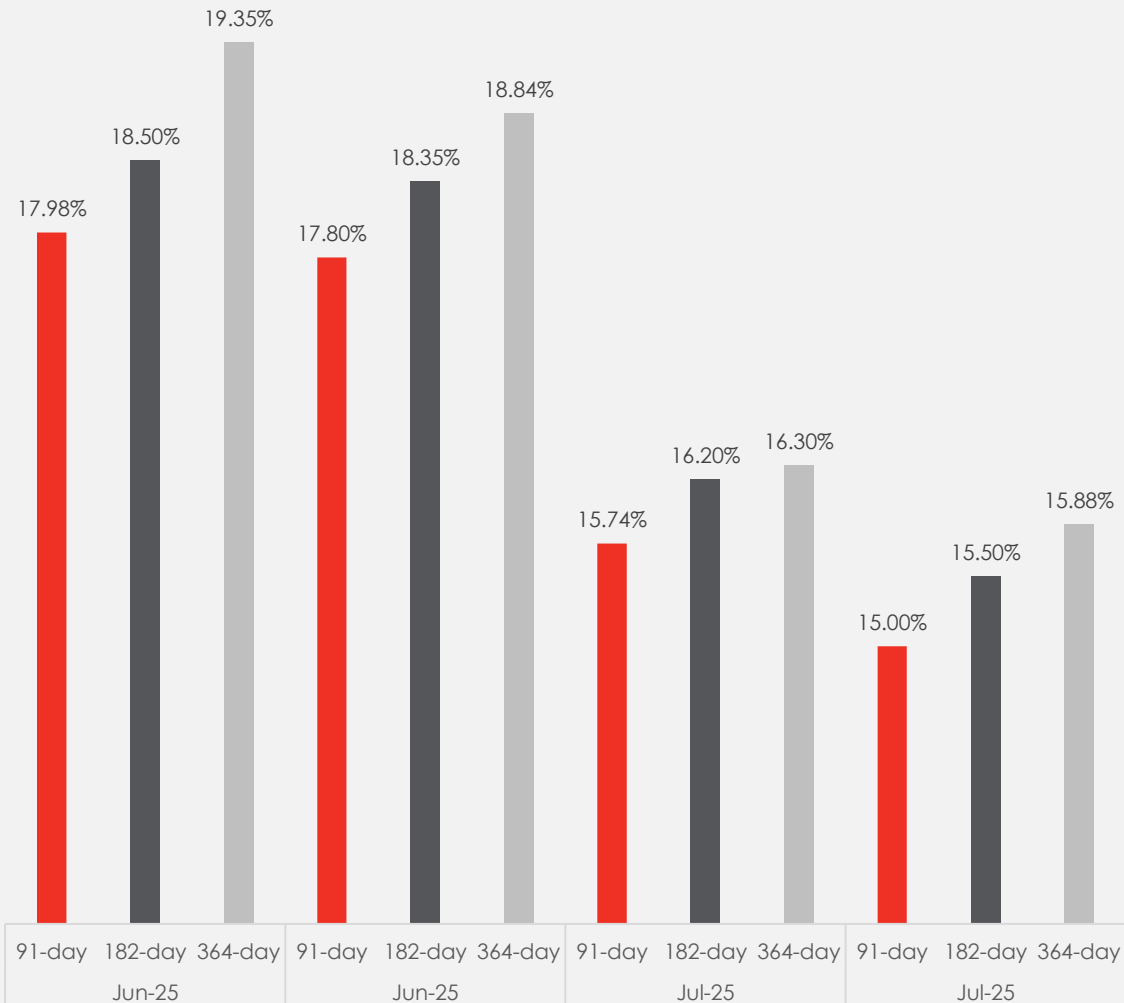
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Fixed Income Securities

NTB Stop Rates Declined Across Tenors in July 2025



- Inter-bank rates declined month-to-month due to high liquidity in the Banking system
- The inflows in the market came from:
 - Federation Account Allocation Committee (FAAC) allocation
 - Maturities from Open Market Operations (OMO)
 - Bond coupon payments
- The primary market, recorded subscription level of by 371%
- Nevertheless, the only 91% of the amount offered was allotted
- Stop rates declined across all tenors
- Bullish sentiments dominated the secondary market
- This was because of the low rates in the primary market

NTB Market Yields

Tenor-Days	30 June	31 July	Change
91	18.21%	16.88%	(1.33%)
182	21.03%	17.15%	(3.88%)
364	21.10%	18.83%	(2.27%)

- NTBs yields in the month under review declined

FGN Bond Market Yields

Tenor-Years	30 June	31 July	Change
3	18.64%	16.58%	(2.06%)
5	18.71%	16.64%	(2.07%)
7	17.96%	16.24%	(1.72%)
10	18.53%	16.02%	(2.51%)
20	17.10%	15.54%	(1.56%)
30	16.63%	15.91%	(0.72%)

Source: Bloomberg, United Capital Research

- Bond yields dropped across tenors month on month

Inter Bank Rate

Tenor-Days	30 June	31 July	Change
Overnight Rate	27.17%	26.98%	(0.19%)

- Interbank rates fell in July when compared to June 2025

Eurobond Market Yields

Tenor-Years	30 June	31 July	Change
3	7.69%	7.08%	(0.61%)
5	8.43%	7.80%	(0.63%)
7	8.91%	8.32%	(0.59%)
10	9.25%	8.65%	(0.60%)
20	9.88%	9.16%	(0.72%)
30	10.14%	9.76%	(0.38%)

Source: Bloomberg, United Capital Research

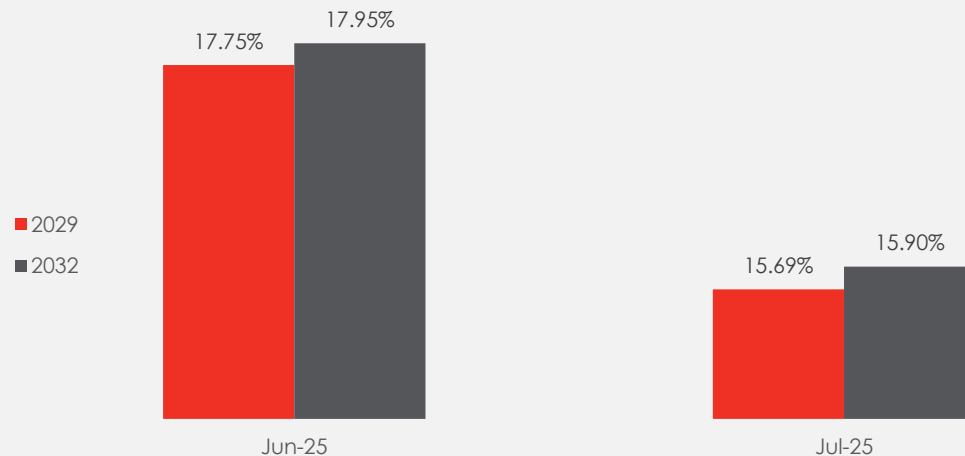
- Eurobond yields fell across tenors month on month

Secondary Market Yield Indicators

FGN Bonds	July 2025	June 2025	Change
5-year	16.64%	18.72%	(2.08%)
7-year	16.24%	17.96%	(1.72%)
10- year	16.02%	18.53%	(2.51%)

Eurobonds	Jul-2025	Jun-2025	Change
5-year	7.80%	8.43%	(0.63%)
7-year	8.35%	8.91%	(0.56%)
10- year	8.65%	9.25%	(0.60%)

Marginal Rates on Bonds Auction in June Vs July 2025

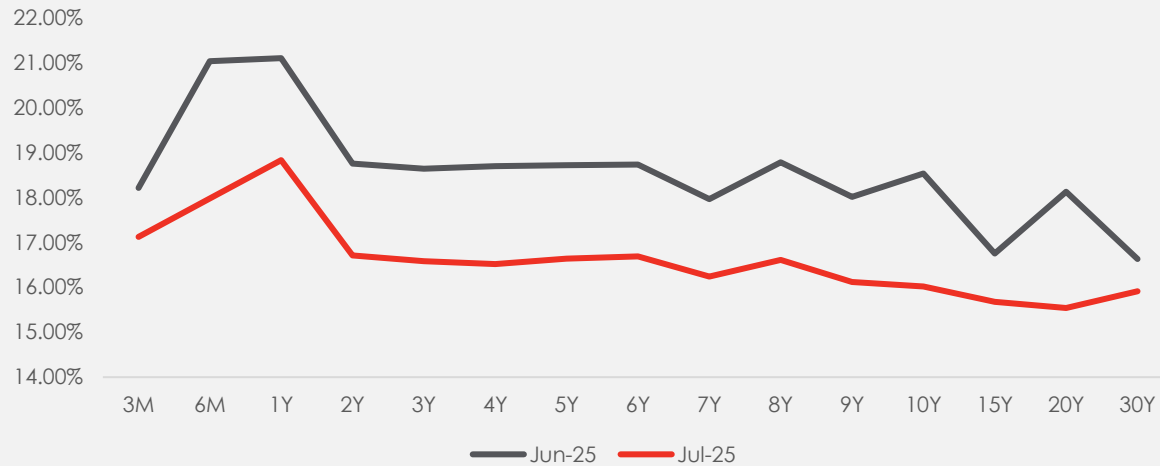


Jul-2025 Bond Primary Market Auction

Tenor	2029	2032	Total
Offer (N'bn)	20.00	60.00	290.00
Subscription	39.08	261.60	300.67
Allotment	13.43	172.50	185.93
Subscription Rate	195%	436%	376%
Allotment Rate	67%	288%	232%
Marginal Rate	15.69%	15.50%	
Previous Marginal Rate	17.75%	17.95%	
Change	(2.06%)	(2.05%)	

- The Bond auction recorded high subscription level in July
- Investors wanted to lock in for high yields ahead of imminent drop in yields
- Investor sentiment in the Nigerian Eurobond market improved across tenors
- Yields also declined on all the tenors driven by the following factors:
 - Improvement in the macro-economic environment in Nigeria
 - Upward revision of the IMF's growth forecast for Nigeria

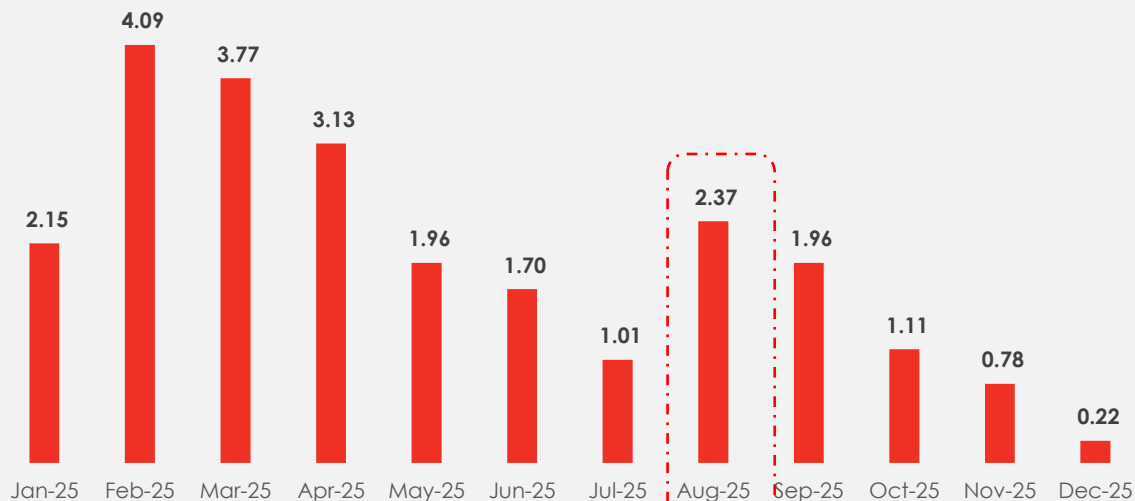
Nigerian Sovereign Yield Curve



August 2025 Outlook

- We expect about N2.37tn inflow from government maturities into the market in August
- This amount is higher than the July maturities, and interbank rate should drop
- Meanwhile, bullish sentiment is likely to persist in the secondary market
- Investors may continue to position ahead of possible in the market ahead of lower rates
- The yields on the Nigerian Eurobond market may drop further on increased demand

Expected Maturities from Government Securities (N' Trillion)



Source: DMO, CBN, FMDQ, United Capital Research

Aug-2025 Bond Primary Market Auction

Date	2029s	2032s	Total
25-Aug-2025	N40.00 - N60.00	N40.00 - N60.00	N80.00 – N120.00

Aug-2025 NTBs Primary Market Auction

Date	91-day	182-day	364-day	Total
06-Aug-2025	60.00	20.00	140.00	220.00
20-Aug-2025	50.00	30.00	150.00	230.00

Source: Central Bank of Nigeria (CBN), United Capital Research



Insurance Sector Update

Nigerian Insurance Industry Reform Act (NIIRA) 2025

- ❖ President Bola Tinubu has signed into law the Nigerian Insurance Industry Reform Act (NIIRA) 2025, a landmark legislation that repeals and consolidates several outdated insurance laws into a modern, unified framework
- ❖ The NIIRA 2025 provides for comprehensive regulation and supervision of all insurance and reinsurance businesses operating within Nigeria, ushering in a new era of transparency, innovation, and global competitiveness for the insurance industry
- ❖ This reform aligns with the Federal Government's vision of achieving a \$1trillion economy (by 2030), and is expected to significantly strengthen consumer protection, deepen financial inclusion, and enhance investor confidence in the industry

Key Provisions of the NIIRA 2025:

- ❖ Stronger Capital Requirements – Ensuring operators remain financially sound and resilient
- ❖ Proposed new capital base for the operators are as follows:
 - ❖ Life insurance: N10 billion
 - ❖ Non-life insurance: N15 billion
 - ❖ Composite Business: N25billion
 - ❖ Reinsurance: N35 billion
- ❖ Policyholder Protection Funds – Dedicated funds to safeguard consumers in cases of insolvency
- ❖ Prompt Claims Settlement – Strict enforcement of zero tolerance for delays in claims payment
- ❖ Mandatory Insurance Policies – Expanding coverage to protect more households and businesses
- ❖ Digitisation of the Insurance Market – Leveraging technology to improve access, efficiency, and transparency
- ❖ Regional Insurance Integration – Deeper participation in ECOWAS schemes such as the Brown Card System for cross-border coverage

Watch for our upcoming detailed insurance sector analysis

"The truth is you don't know what is going to happen tomorrow. Life is a crazy ride, and nothing is guaranteed"

.....Eminem



Outlook

Global Economy:

- The FOMC of the US Federal Reserve may cut rate in Sept. 2025
- However, inflation reading will be a key factor in rate cut decisions
- Yield on Eurobond and other Dollar assets may continue to drop

Domestic Economy:

- Inflation rate expected to drop to 21.77% in July down from 22.22% in June 2025
- MPC of the CBN may consider an interest rate cut at its September 2025 meeting
- This could create opportunities for fixed income investors, depending on their strategy
- More companies may approach the capital market to borrow fund
- FX stability expected and in the region of N1,510 – N1,530/US\$1

Equity Market:

- A calm equity market is expected in August
- Some banks have sent dividend payment proposals to the CBN
- Their stocks may appreciate when results are results
- There may be profit taking in the insurance stocks

Fixed Income Market:

- Yields on NTBs to trade in the region of 15%-18%
- Yields on OMO should hover around 23%
- Expect total inflows of N2.37tn to hit the market in August
- This represents 134.41% increase from July's inflows of N1.01tn

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Recommendations

Opportunities in the Insurance Companies:**1. Potential Capital Raise:**

- The new capital base will lead to merger and acquisition
- This will create investment banking opportunities
- Advisory opportunities for new entrants in the sector

2. Surge in Profit:

- The sector would be able to underwrite large ticket deals
- Industry will witness more innovative products
- Profit of the surviving entities will surge
- Time to position for long-term capital gain

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 building materials sector at current price
- Position in banking Stocks:
 - UBA, Access and Zenith are strong buy
 - Watch out for interim dividends from these banks
- Power generation companies are also about to witness a bull run
- Government is addressing the legacy debt in 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

Expected Return on Our Model Portfolio – One Year Holding Period

Asset Class	Expected Returns	Asset Allocation	Weighted Return
Equity Portfolio	25.7%	45%	12%
Mutual Funds	21.0%	17%	4%
Bond	16.2%	10%	2%
Treasury Bills	17.5%	16%	3%
Fixed Deposit	12.5%	5%	1%
Alternatives	15.0%	7%	1%
Portfolio Return			21.26%

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 Bond and Treasury Bills have been adjusted for tax
- If the expected return is archived the portfolio return will deliver 21.26%

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