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Monthly Economic & Financial Insights
August 2025



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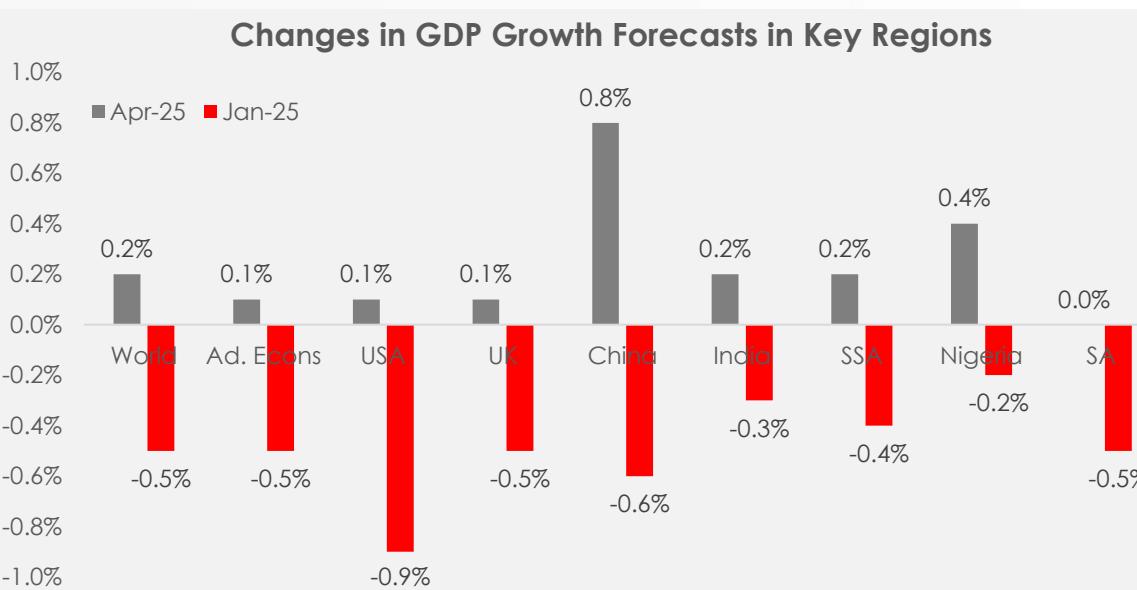
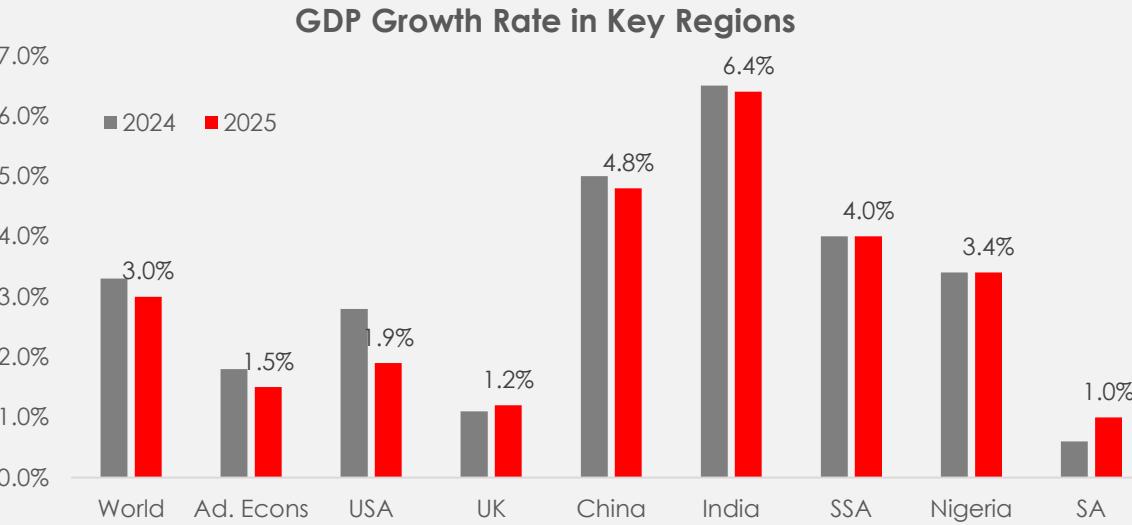
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Global Economy



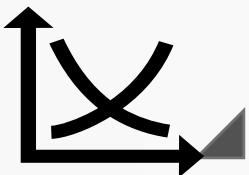
IMF Upgrades Global Growth Forecast as Trade Frontloading Boosts Activity:

- 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

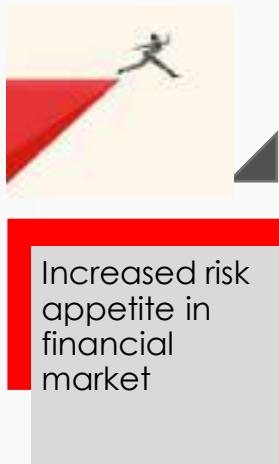
Regional Highlights:

- 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



Strong demand,
exports, and
spending



Increased risk
appetite in
financial
market



Strong
corporate
earnings
expectations,
pushing stock
prices higher



Low interest
rate, leading
to increase in
bond price



Currency gains
in export and
capital-
attracting
nations



Strong
commodity
demand
boosts prices
and exports



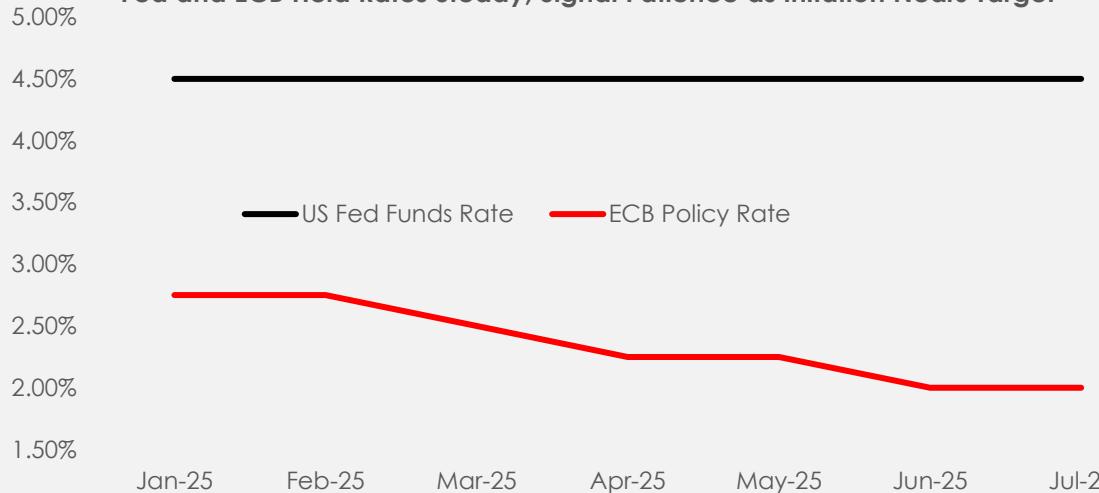
Capital flows
to emerging
markets for
higher yields



Strong growth
may raise
costs via
resource
competition

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:

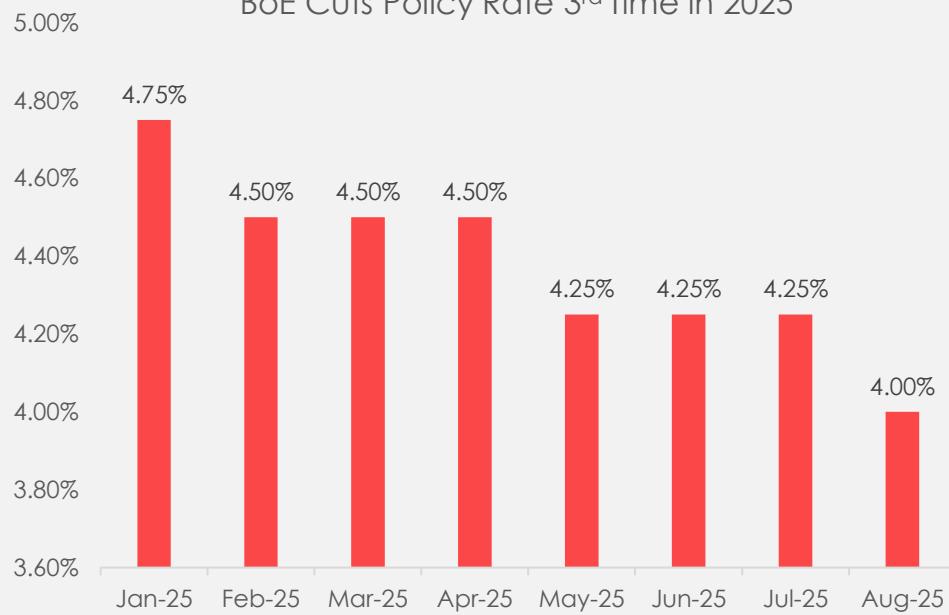
- Inflation readings will be a key determinant of rate cuts across regions
- Trade ceasefire talks could sway the global economy and price trends

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



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

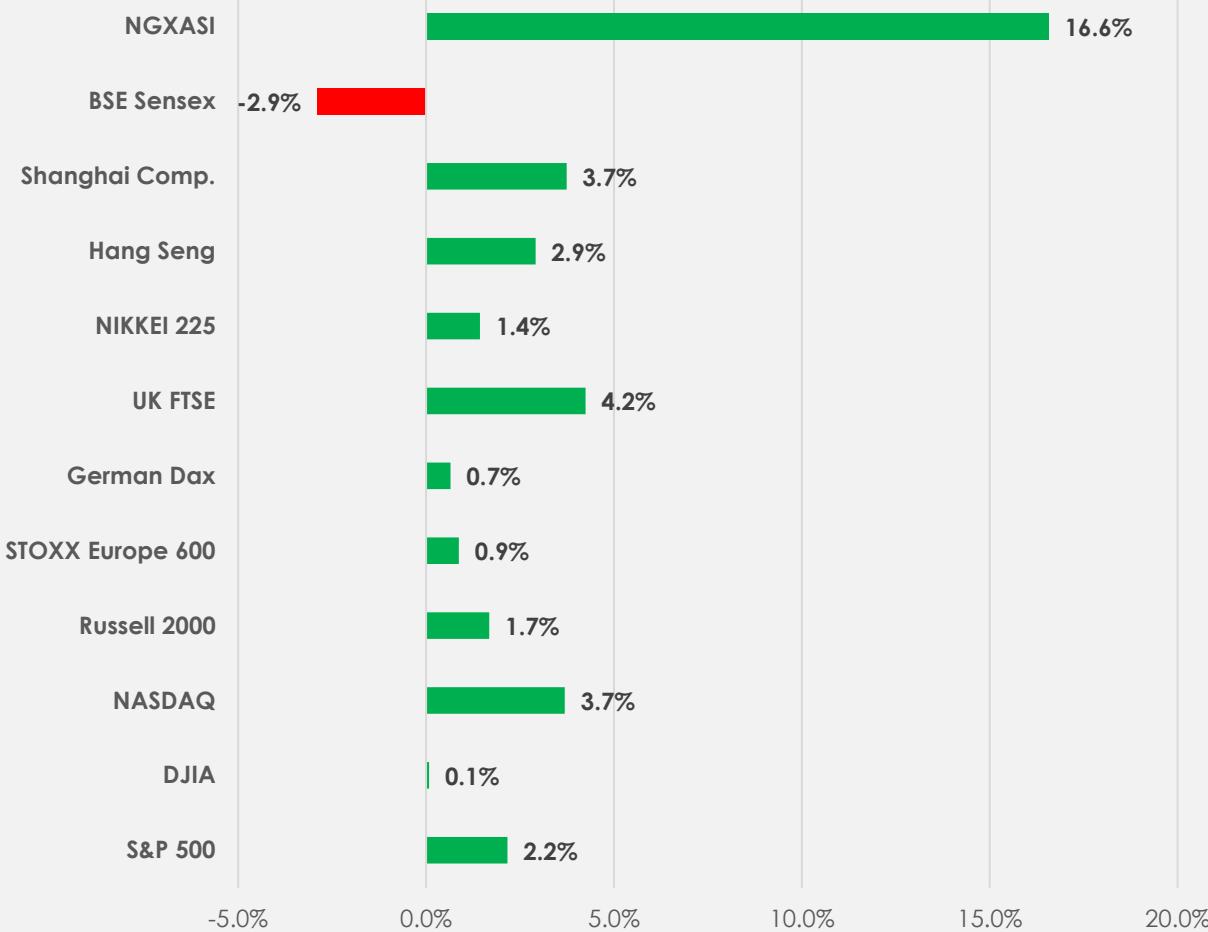
- Japan lowered its Gross Domestic Product (GDP) growth for fiscal year March 2026
- The forecast now stands at 0.7% from 1.2%, citing US tariffs and weak consumer spending

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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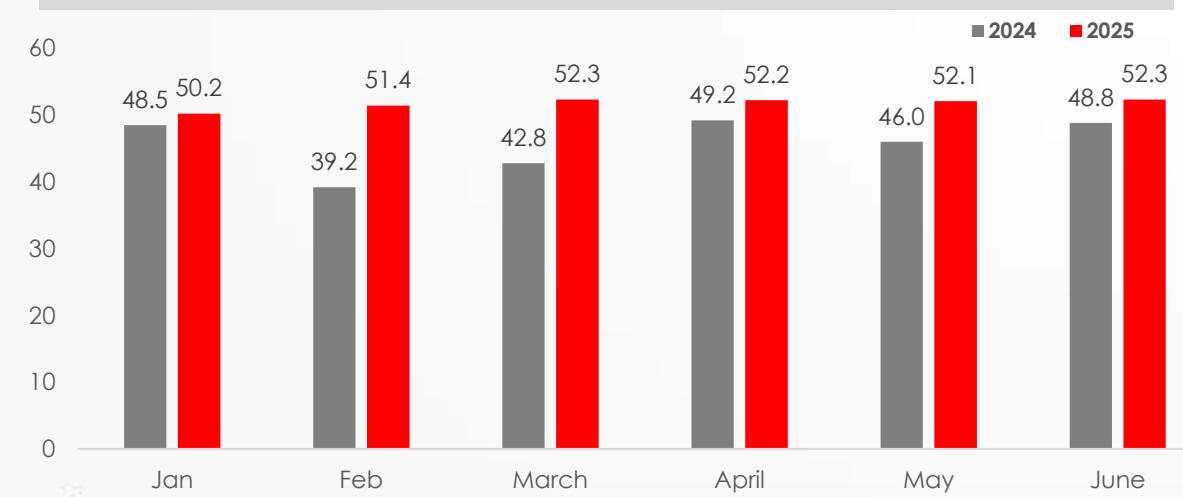


Nigerian Economy

Gross Domestic Product (GDP)



Nigeria Purchasing Managers' Index



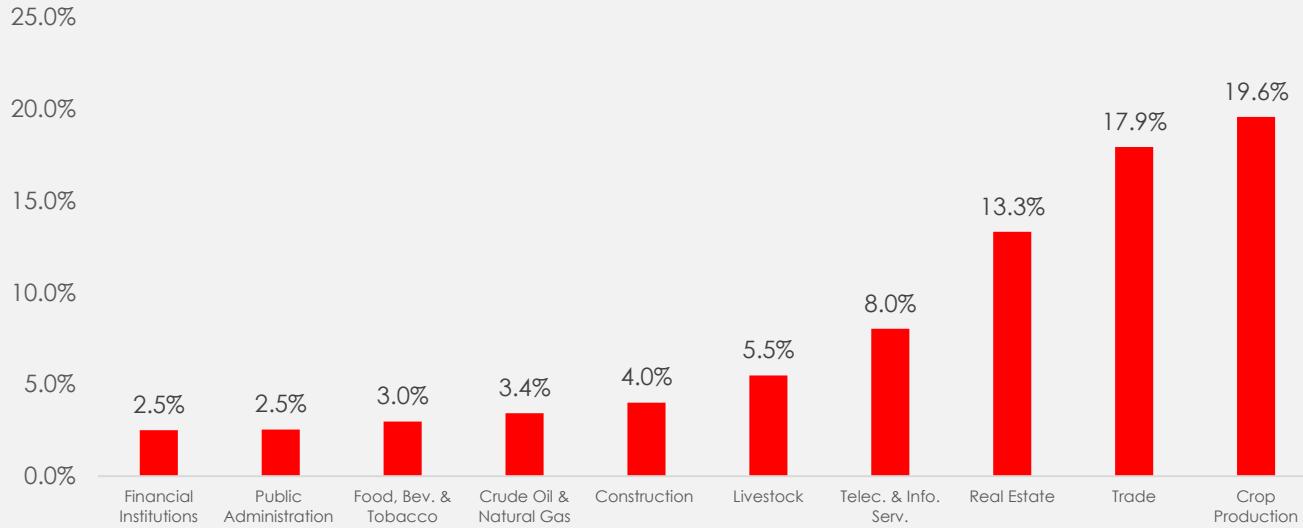
- Nigeria's Gross Domestic Product (GDP) rose by 3.13% year-on-year
- This is the highest recorded in 3 years and signal better stability ahead
- Nigeria's public debt-to-GDP ratio declined to about 39.4% in Q1 2025
- Both equity and fixed income markets responded to positive data
- The PMI figures so 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:

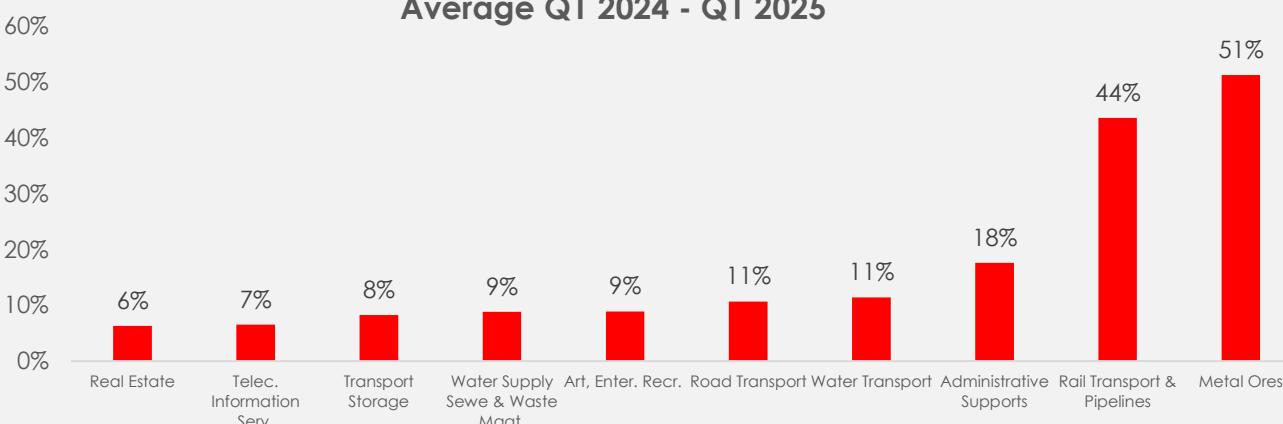
- Resolving insecurity in major food-producing regions
- Reviving the electricity sector by tackling legacy debt issues
- Sustaining ongoing reforms in the oil and gas sector

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:**

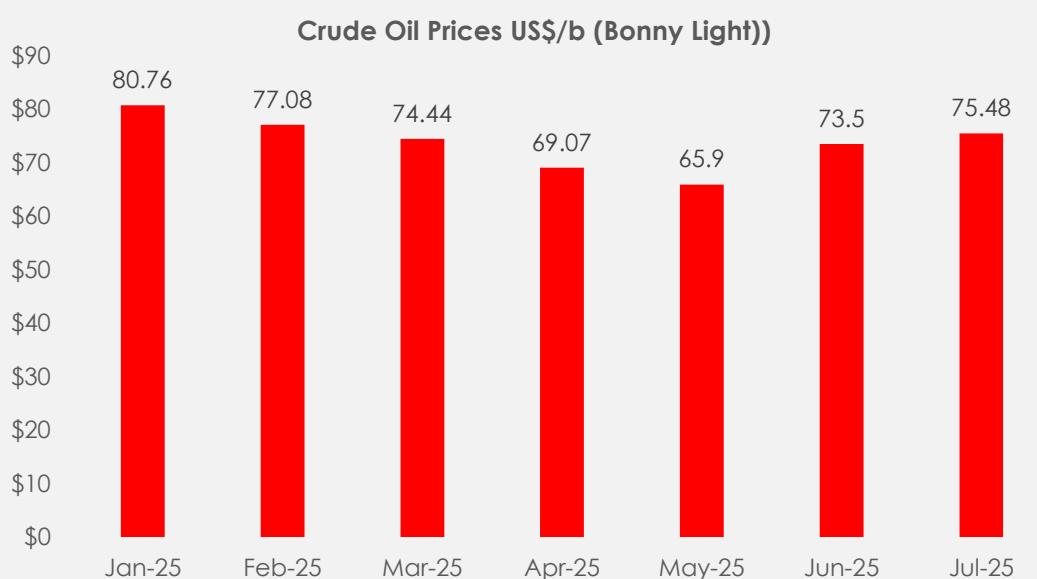
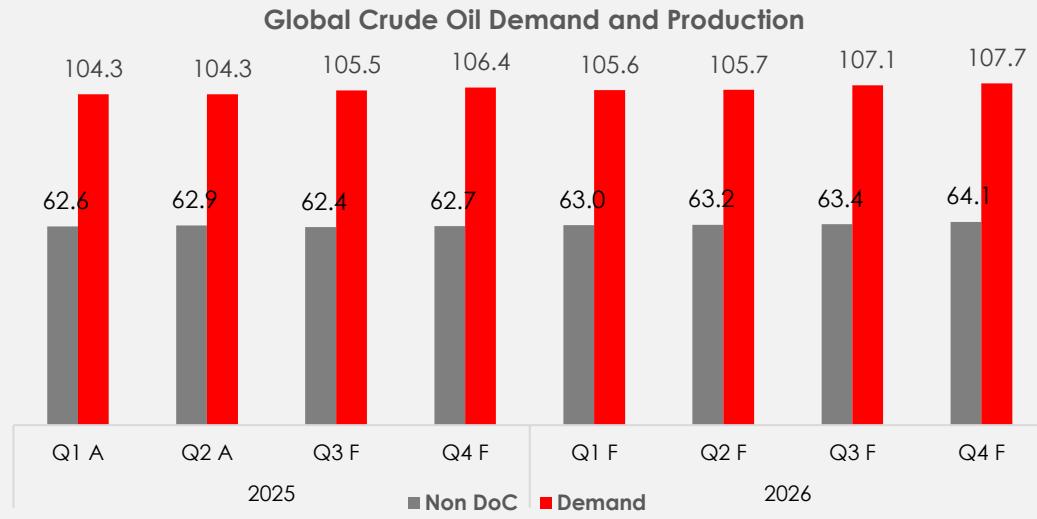
- Crop production
- Trade
- Real Estate
- Telecommunications and Information Services

- **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



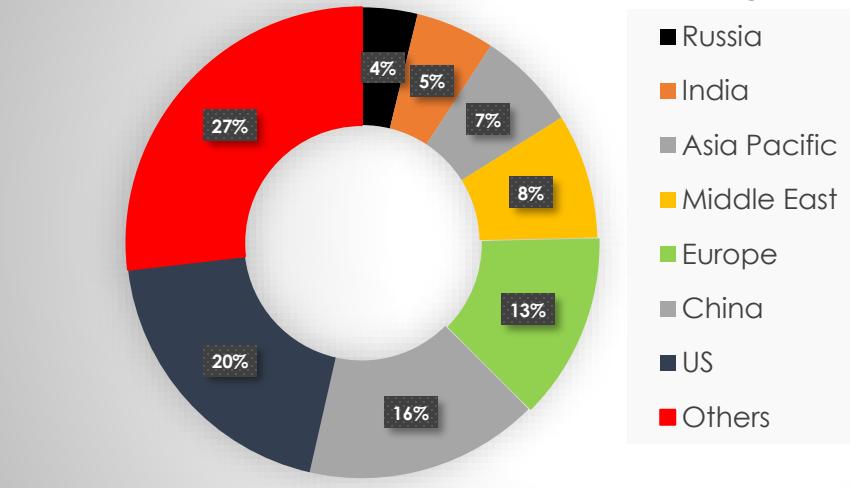
Global Crude Oil Demand and Production/Supply

- 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

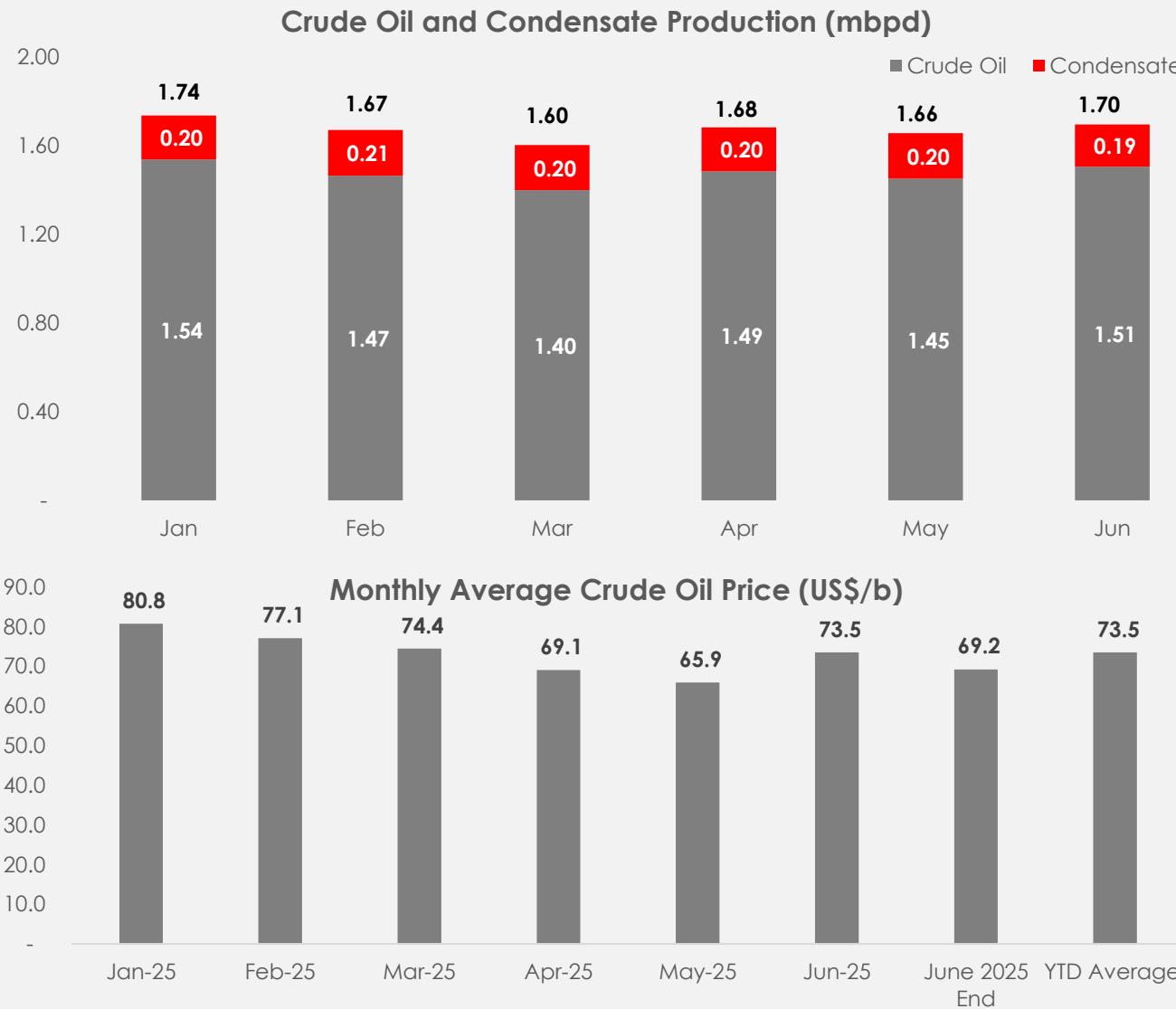
Crude Oil Price

- 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

Distribution of Crude Oil Demand by Countries and Region



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



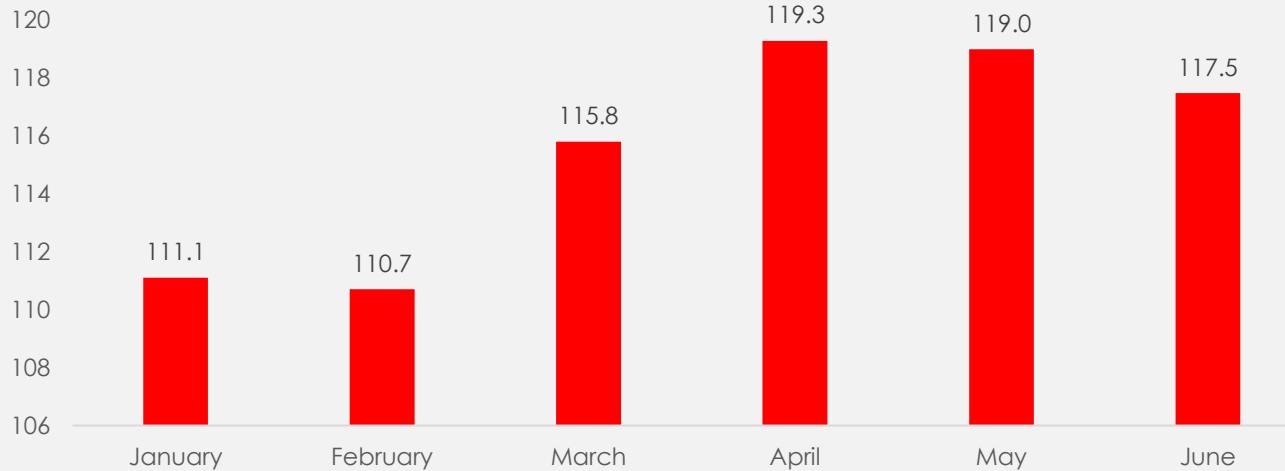
- Nigeria met OPEC quarter of 1.5mbpd in June 2025 and in January
- Average crude oil, including condensate was above 1.6mbpd
- Crude Oil (Bony Light) price averaged US\$73.5b in HY1, 2025
- NNPC posted PAT of ₦905bn, ₦1.05trn and N748bn in June, May and April 2025 respectively
- This may reduce fiscal 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)



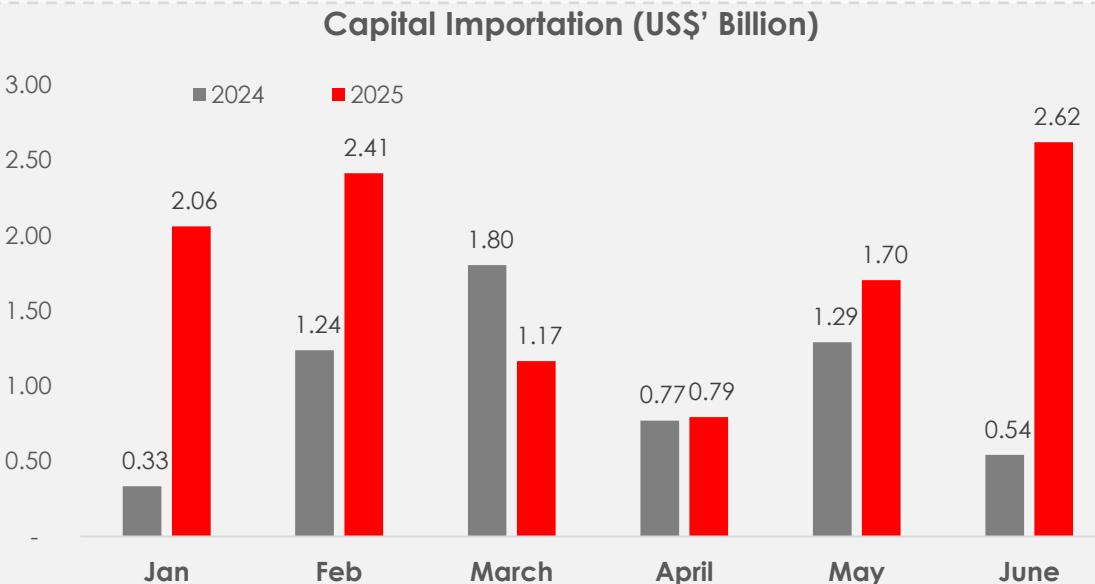
Money Supply in Nigeria (M3)

| 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 |

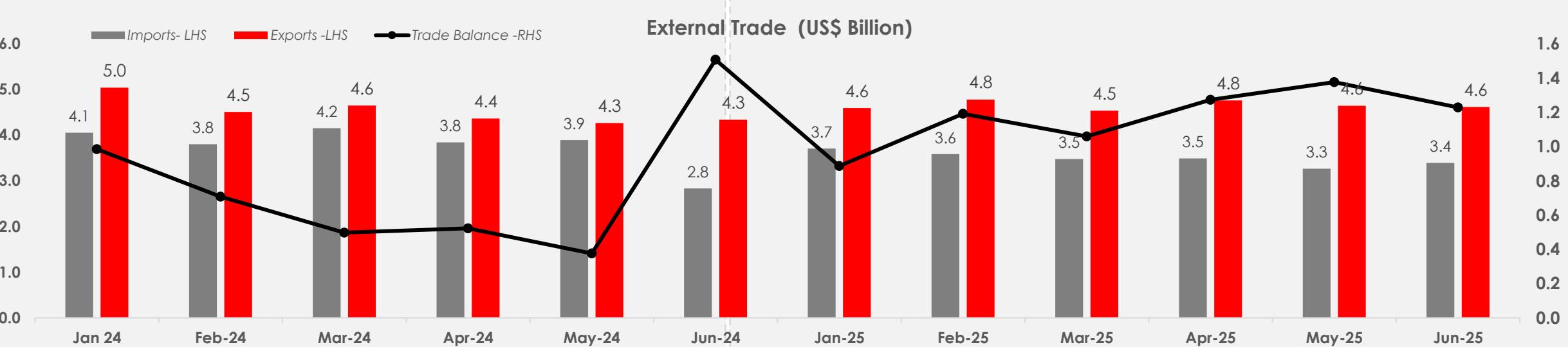
Nigeria's Money Supply Declined

- 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
 - Drip 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

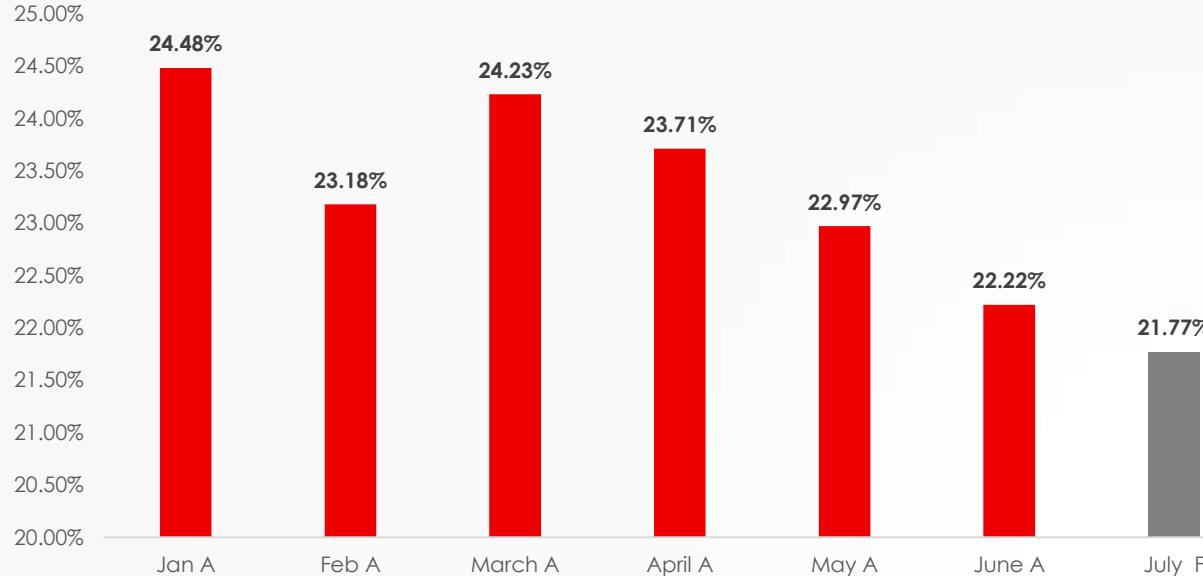
Nigerian Economy: External Position Improves



- 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



Inflation Rate (Actual and Forecast) - 2025



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

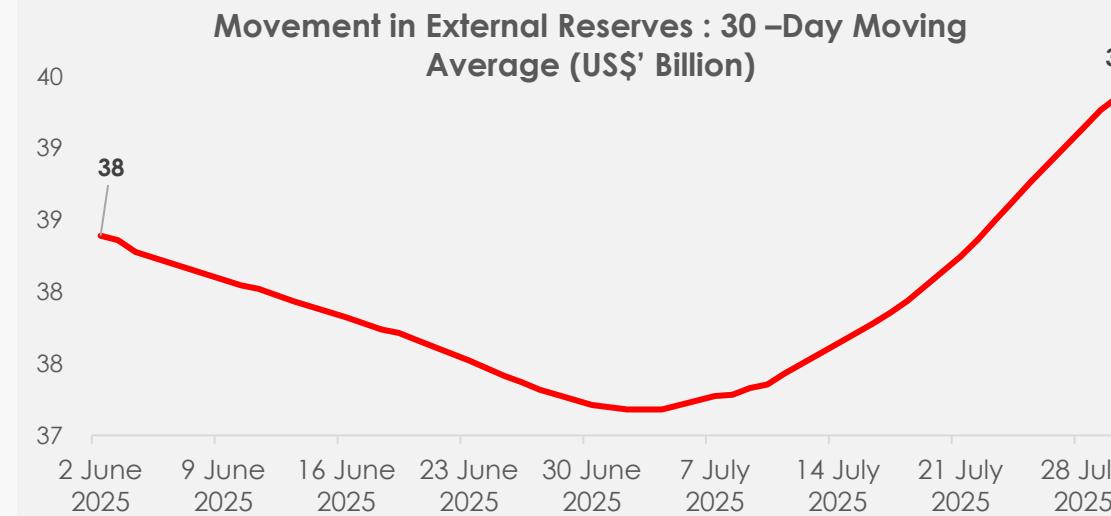
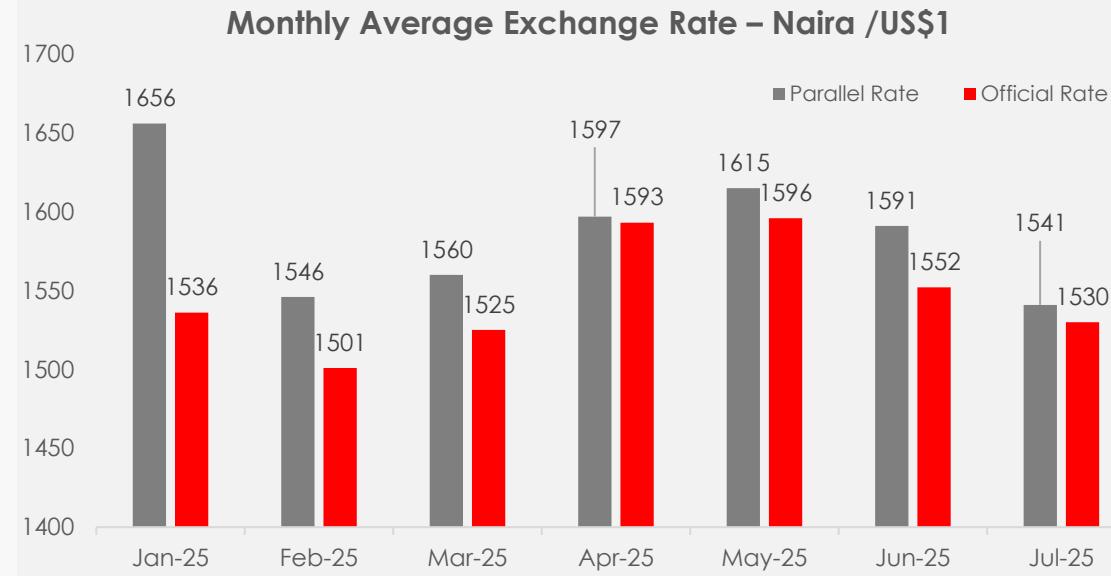
Implications:

- 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%) |



- 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

Nigeria Public Debt - 31 March 2025

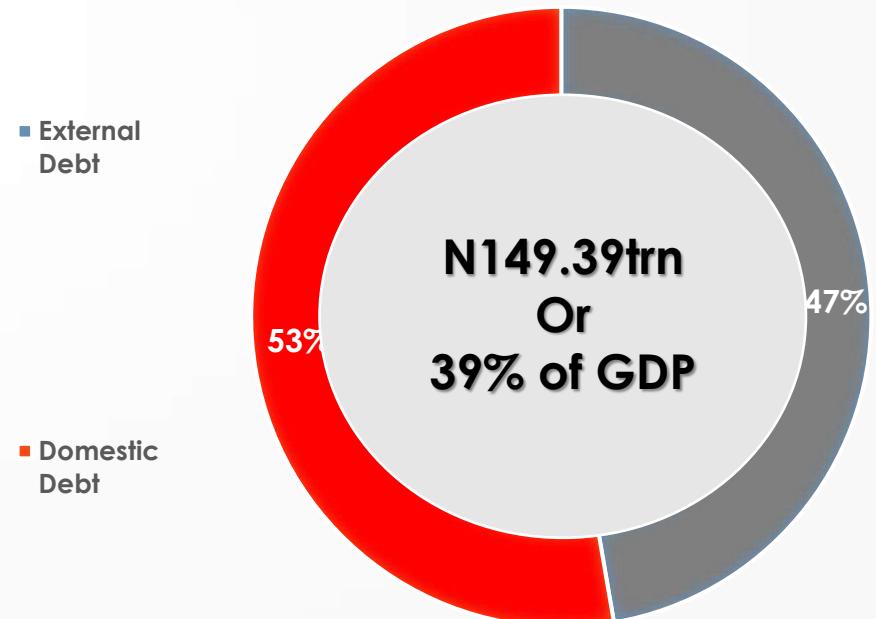
| Description | Amount Outstanding (US\$'Mn) | Contribution | Amount Outstanding (N'Mn) | Contribution |
|--------------------------|------------------------------|--------------|---------------------------|--------------|
| Total External Debt | 45,975 | 47% | 70,632,113 | 47% |
| Total Domestic Debt | 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



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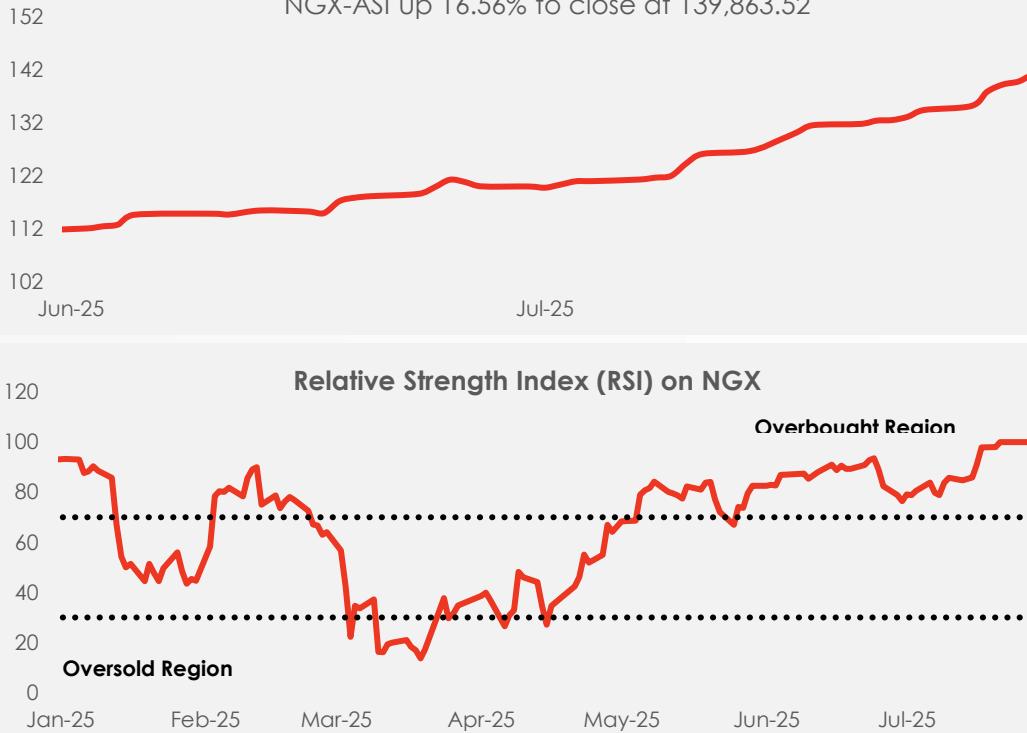
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Equity Market

Nigerian Exchange All-Share Index (NGX)



Sector Performance

| 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.

Benefits and Features of the Fixed Income Fund:

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- Free entry and exit
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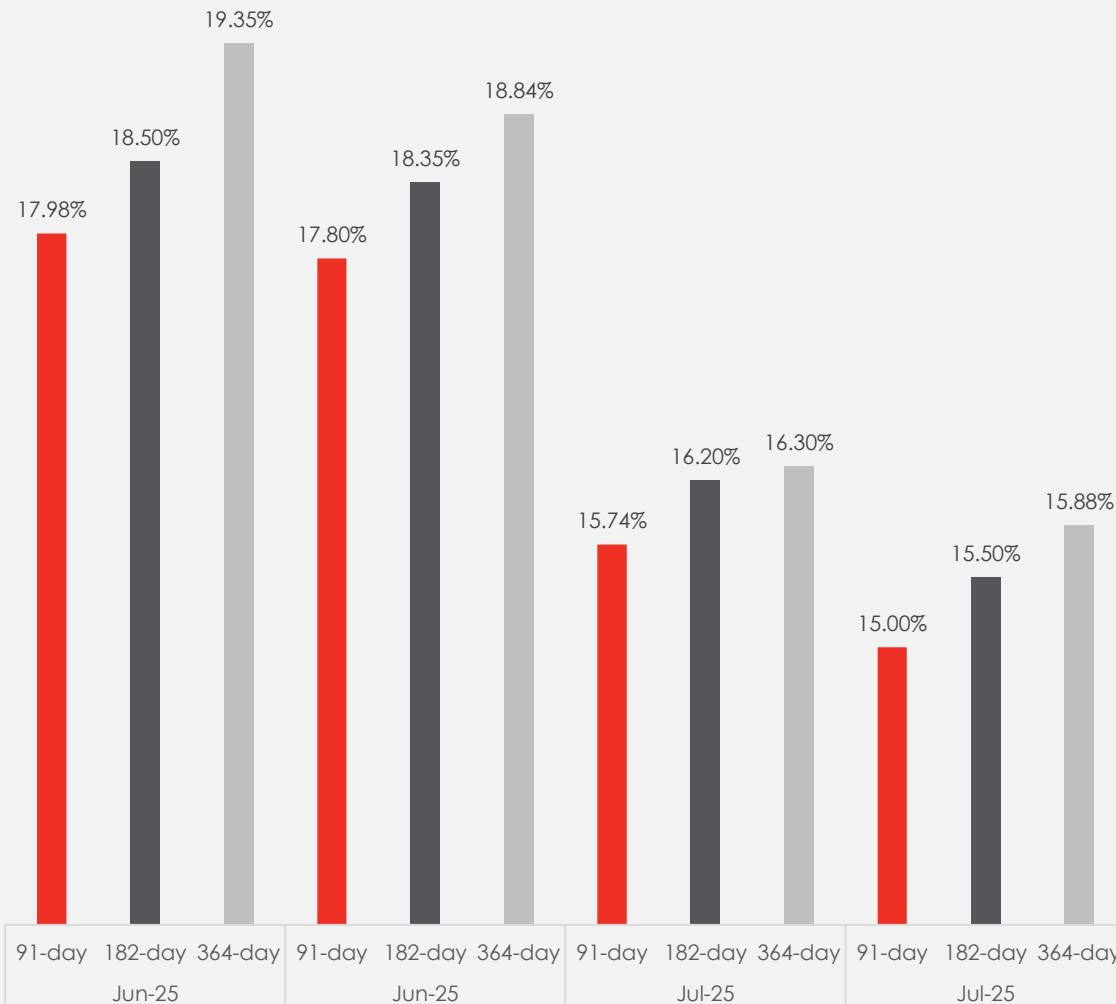


Or send an email to assetmanagement@unitedcapitalplcgroup.com

Fixed Income Securities

www.unitedcapitalplcgroup.com

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%) |

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

- NTBs yields in the month under review declined

- Interbank rates fell in July when compared to June 2025

| 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

| 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

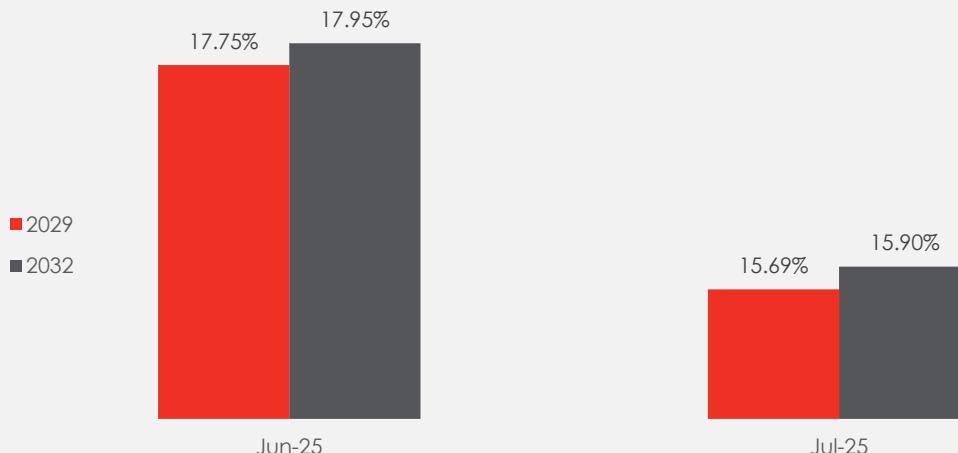
- Eurobond yields fell across tenors month on month

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

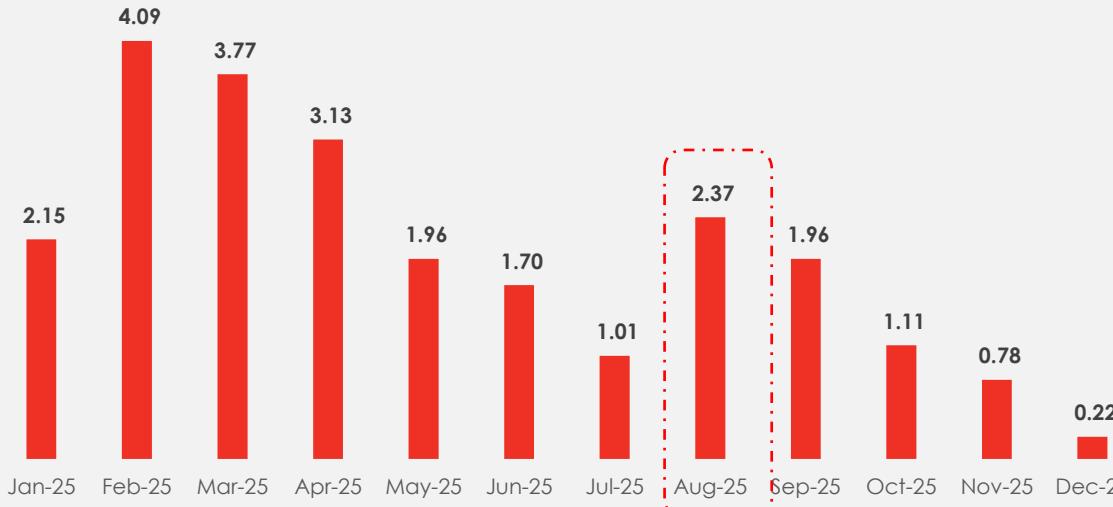
Nigerian Sovereign Yield Curve



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)



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 |



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 \$1 trillion 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: N25 billion
 - ❖ 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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