MERISTEM

The Week-in-View

What moved the markets this week?

Nigeria | September 5th, 2025

Global Updates

During the week, yield on the UK's 30-year government bonds spiked to a 27-year high of 5.75%, reflecting weak demand for long-term debt amid investor concerns over elevated inflation, rising government borrowing, and expectations of higher taxes. This surge has raised the cost of servicing the national debt, further straining the country's fiscal position. Consequently, the Pound Sterling weakened, shedding 0.78% WtD against the dollar as uncertainties around fiscal and economic policy continued to weigh on sentiment.

In our view, weak investor sentiment is set to persist in the near term, keeping yields elevated, as lingering inflationary pressures and unresolved fiscal concerns drive demand for higher returns on long-dated UK debt. Moreover, the likelihood of stalled rate cuts (owing to the expected upward inflation trajectory) could sustain high borrowing costs, worsening fiscal strain and weighing on the UK's economic outlook in the near to mid term.

According to Eurostat's preliminary estimate, Eurozone's inflation eased to 2.10% in August 2025 from 2.20% in August 2024. This uptick can be linked to a slowdown in services inflation to 3.10% YoY (vs. 4.10% in August 2024) and a 1.90% YoY drop in energy costs. Core inflation, excluding energy, food, alcohol, and tobacco, held steady at 2.30% YoY, while prices for food, alcohol, and tobacco rose by 3.20% YoY (vs. 2.30% in August 2024).

Going forward, we envisage price pressures in the Eurozone to remain broadly stable in the near term, underpinned by steady energy costs, a firm Euro, and lower financing costs from earlier monetary easing. In addition, the recently concluded trade agreement with the U.S. has reduced tariff-related uncertainties, reinforcing our outlook for stable price levels. Accordingly, we anticipate the European Central Bank will keep rates unchanged in its next policy meeting to evaluate the effects of prior cuts on inflation and overall economic activity.

Global Updates

Ghana's inflation eased for the eight consecutive month to 11.50% YoY in August 2025 (its lowest level since October 2021) from 12.10% in July. This puts inflation below the government's 11.90% year-end target and shows a sharp reversal from the 23.80% recorded in December 2024. The moderation was largely driven by softer food inflation (14.80% YoY vs. 15.10% in July) alongside a drop in the non-food index to 8.70% YoY from 9.50% in July. Additionally, the Cedi's strength during the month, supported by rising commodity prices, contributed to the disinflation trend.

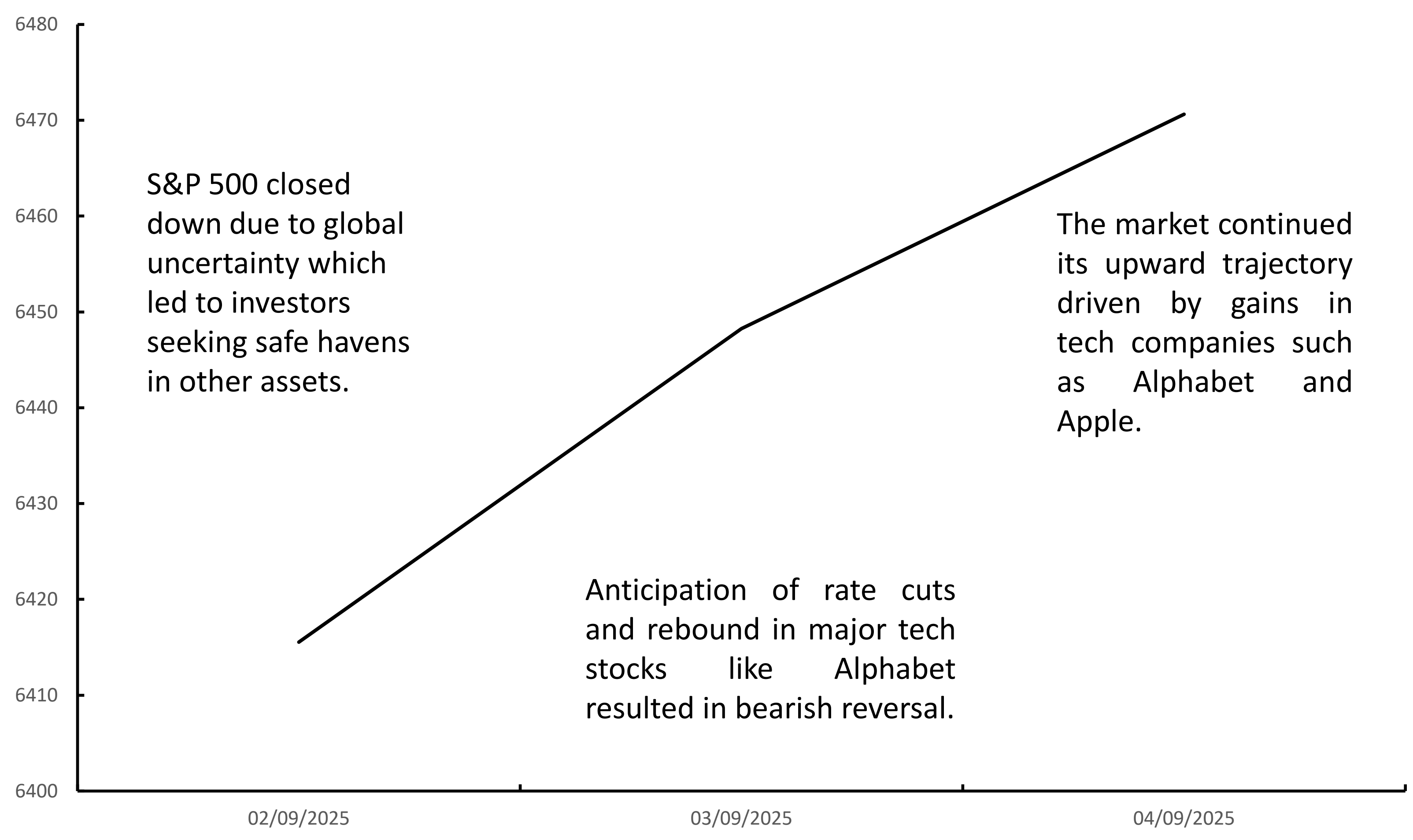
We expect the deceleration trend to persist in the near to mid term, driven by the upcoming harvest season, which should boost food supply and ease food inflation. A strong Cedi is also likely to help contain non-food price pressures, reinforcing the downward trend. Consequently, we anticipate that the Bank of Ghana will maintain its easing stance at the next policy meeting.

South Africa's business confidence index fell to a year-low of 39.00pts in Q3:2025, down from 40.00pts in Q2:2025 and below the long-term average of 42.00pts. The decline was broad-based, with manufacturing, retail and wholesale trade confidence falling to 23.00pts, 32.00pts and 38.00pts respectively, as firms cited weak domestic demand, rising input costs, and external trade pressures. Notably, the recent U.S. tariffs on South African exports further weighed on sentiment in key sectors such as automotive and agriculture, intensifying concerns over jobs and investment security. While a stronger Rand provided some relief, structural challenges, including high electricity tariffs, unreliable power supply, logistics constraints, and policy uncertainty, continue to constrain business activity.

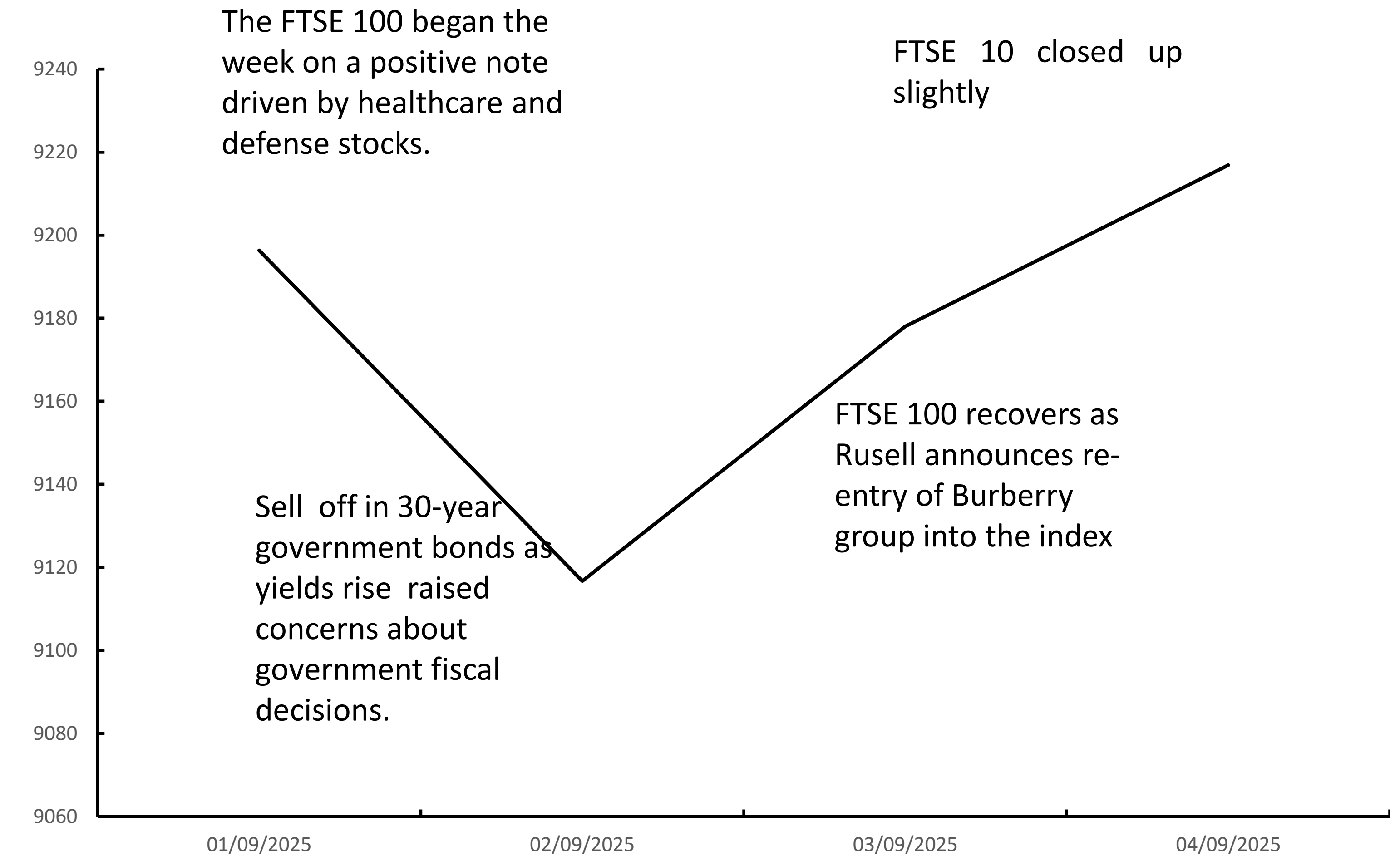
Looking ahead, we expect business conditions to remain weak in the near term, as persistent structural issues dampen investment and overall economic activity. With over 60% of firms dissatisfied with the country's current business landscape, subdued confidence is likely to translate into muted investment appetite and limited job creation, constraining economic growth momentum in the near term.

Global Equities Market Updates

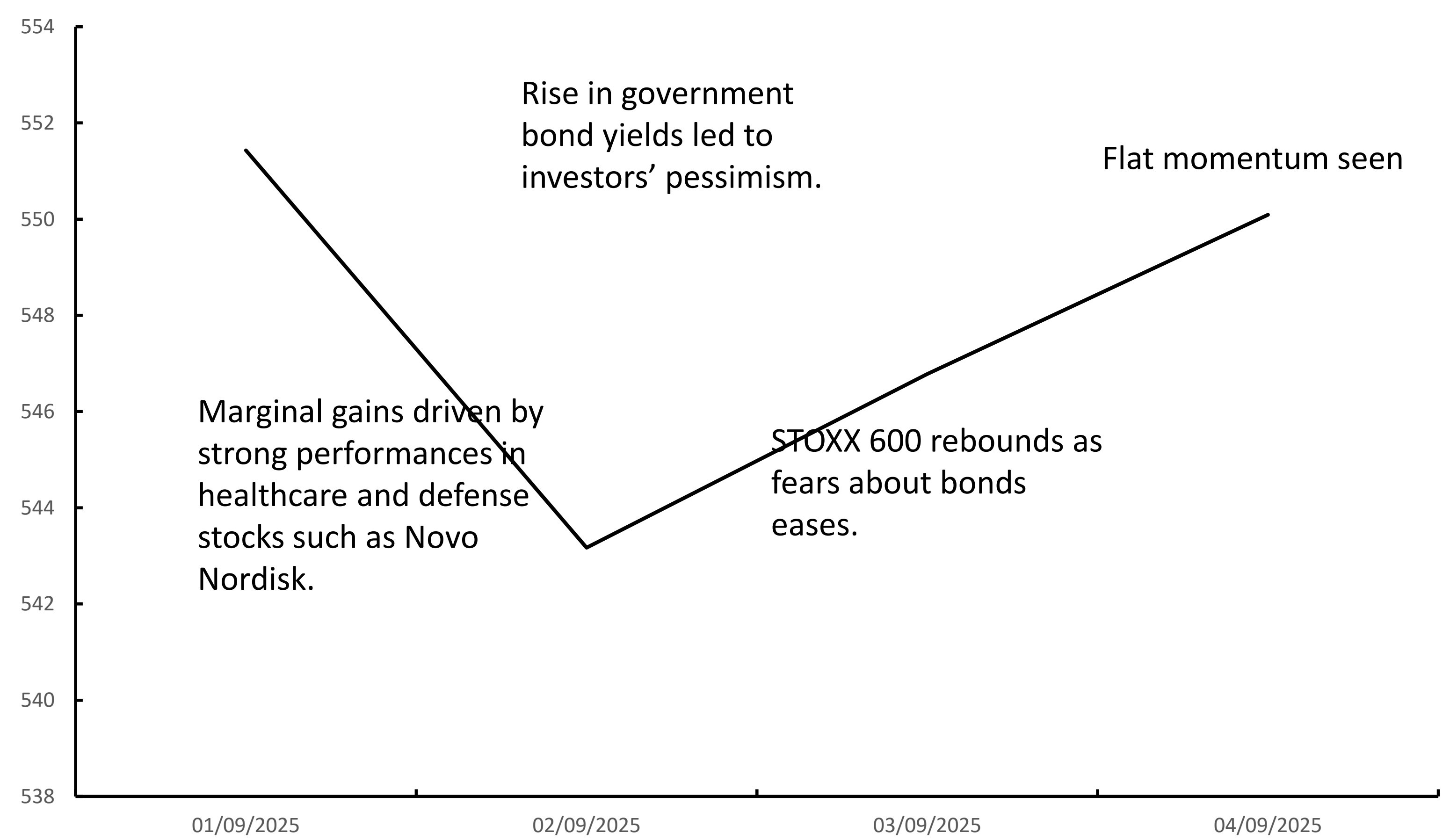
S&P 500 Movement in the Week



FTSE 100 Movement in the Week



STOXX 600 Movement in the Week



Events to look out for next week . . .

8th September United States T-bills Auction

9th September Eurogroup Meetings / China CPI

10th September United States PPI / FED Budget Balance

11th September ECB Meeting

12th September United Kingdom GDP

Domestic Updates

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The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has signed a production-sharing contract (PSC) with TotalEnergies (80%, operator) and Sapetro (20%) for deepwater Petroleum Prospecting Licences (PPLs) 2000 and 2001 in the Niger Delta. Covering 2,000 sq km, the agreement spans both crude oil and natural gas production and includes a USD10mn signing bonus as well as structured production bonuses to encourage timely development and sustained output. The PSC, in line with the Petroleum Industry Act, establishes provisions for cost recovery, mandates gas utilisation to reduce flaring, and includes commitments to decommissioning, environmental remediation, and host community development.

In our opinion, this agreement, which marks the first International Oil Company (IOC) deepwater license award in over a decade, could boost Nigeria's oil and gas output and enhance government revenues. Moreover, this partnership is expected to incentivise greater foreign participation in the country's oil sector, potentially increasing capital inflows and strengthening the country's foreign exchange reserves. Operators are also expected to benefit from higher production capacity which could bolster earnings performance in the mid to long term.

Dangote Refinery dispatched its first gasoline shipment to the United States, with about 300,000 barrels set for the U.S. East Coast. This marks Nigeria's first direct gasoline export to America and follows earlier deliveries to the Middle East Gulf and Singapore. Additionally, this represents a major shift from dependence on imported refined products to becoming an exporter.

We anticipate that this development will enhance Nigeria's export capacity, augment foreign exchange inflows, and strengthen the country's trade balance. Also, continued supply of refined products to international trade partners could improve the country's leverage in global energy markets.

DANGOTE

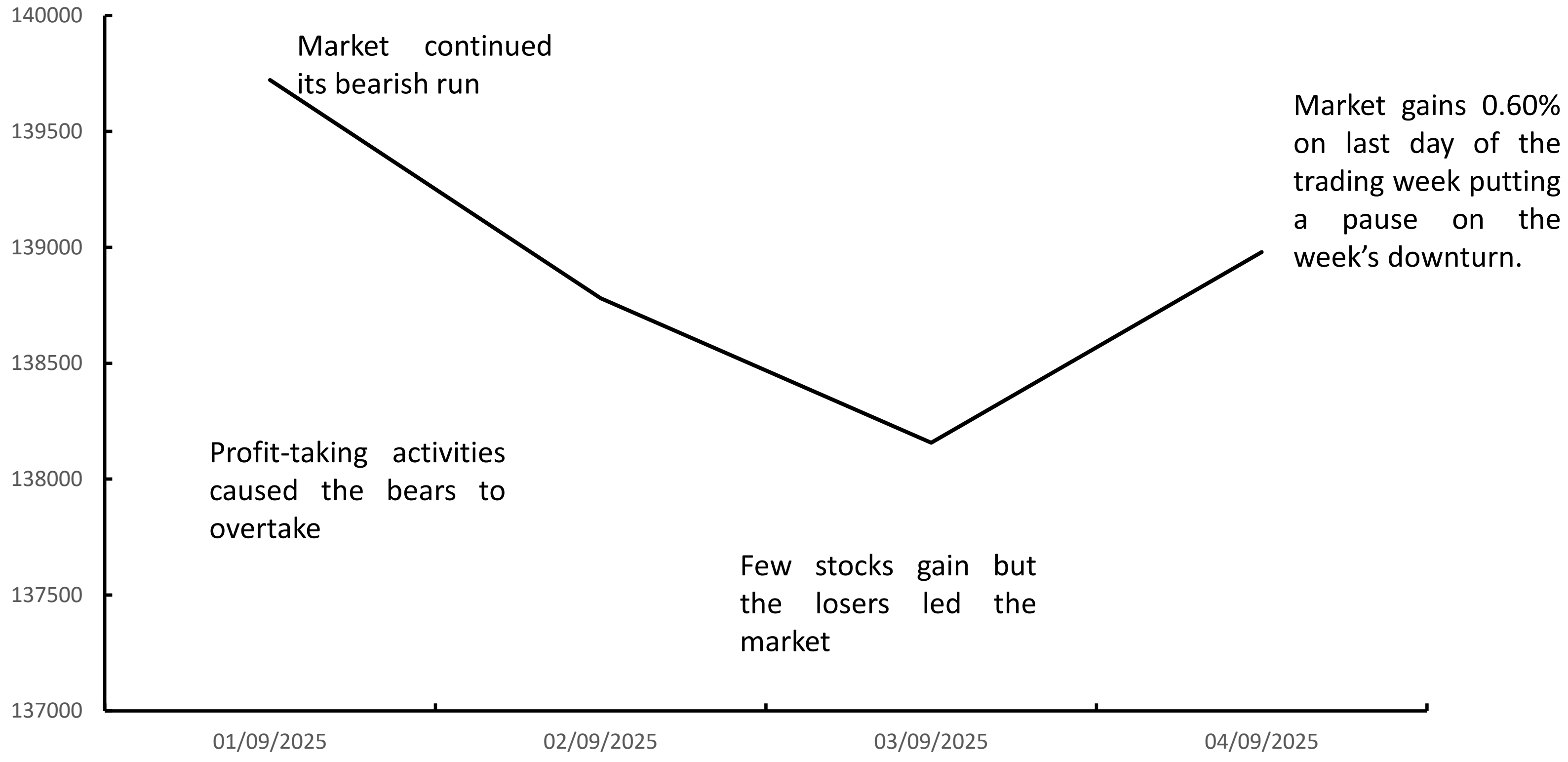
Domestic Updates

The Bureau of Public Enterprises (BPE) has unveiled plans to list two DisCos and one GenCo on the Nigerian Exchange (NGX) through Initial Public Offerings, marking the first-ever public trading of government-owned power assets. The move, which aligns with the administration's reform agenda, will see a partial divestment of the federal and state governments' residual 40% and 30% stakes in the respective firms.

We opine that this development holds multiple implications for the Nigerian economy. For the equities market, the listings should attract fresh capital, broaden investment options, and deepen market liquidity. For the power firms, it provides an avenue to raise funding for grid upgrades and enhance efficiency, ultimately boosting economic output. Consumers could also benefit from more reliable electricity supply on the back of operational upgrades and better efficiency, although effective regulatory oversight will be essential to translate capital into service improvements. Meanwhile, for the government, the divestment offers an opportunity to unlock liquidity for other infrastructure projects, supporting broader economic development.

Equities Market Updates

NGXASI Index Movement This Week



The NGX All-Share Index (NGX-ASI) declined by 0.93% WoW to 138,980.01 points, shrinking the YtD return to +36.30%. This bearish trend was driven by profit-taking activities across major banking tickers such as **ASSESSCORP, GTCO, UBA,** and **ZENITHBANK**

Sector performance was broadly positive, with **NGXINS** (+6.73% WoW), **NGXCNSMRGDS** (+1.54%), **NGXBNK** (+0.98% WoW), and **NGXOILGAS** (+0.03%), while **NGXINDUSTR** remained flat.

The market breadth shrunk to 0.31x (from 0.51x the prior week), indicating increased profit taking activities during the week. Trading activity showed mixed pattern, as total volume traded declined by 2.51% to 3.11bn units (vs. 3.19bn units the previous week), while total value traded rose by 6.62% WoW to NGN90.29bn (vs. NGN84.68bn previously).

	This Week	Previous Week	% Δ
NGXASI	138,980.01	140,284.9	0.93%
Volume('bn)	3.11	3.19	2.51%
Value(NGN'bn)	90.29	84.68	6.62%
MktCap('trn)	86.41	86.51	0.11%
Market Breadth	0.31	0.51	38.38%

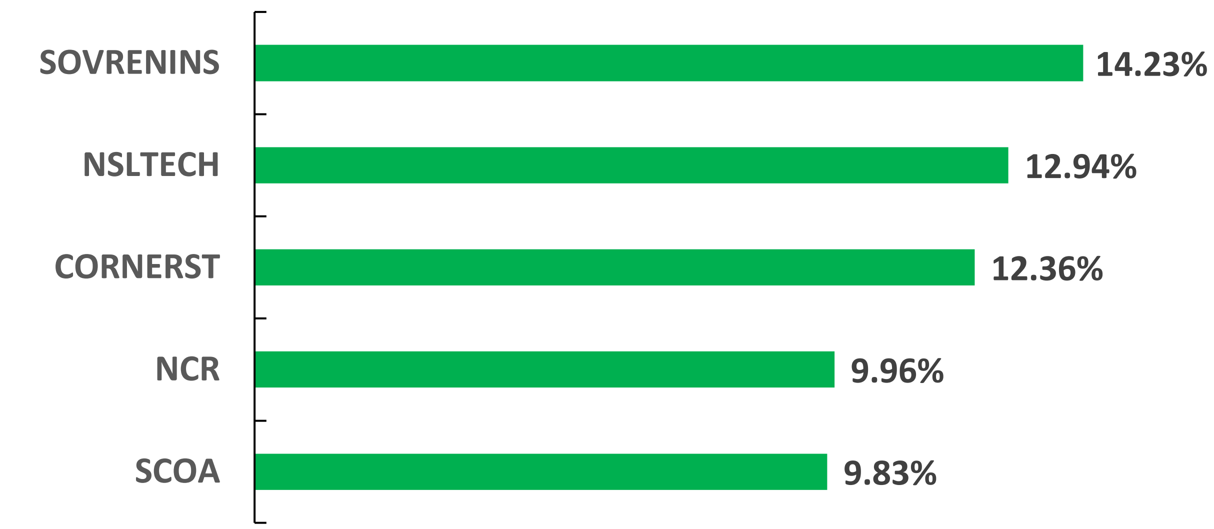
Gainers & Losers

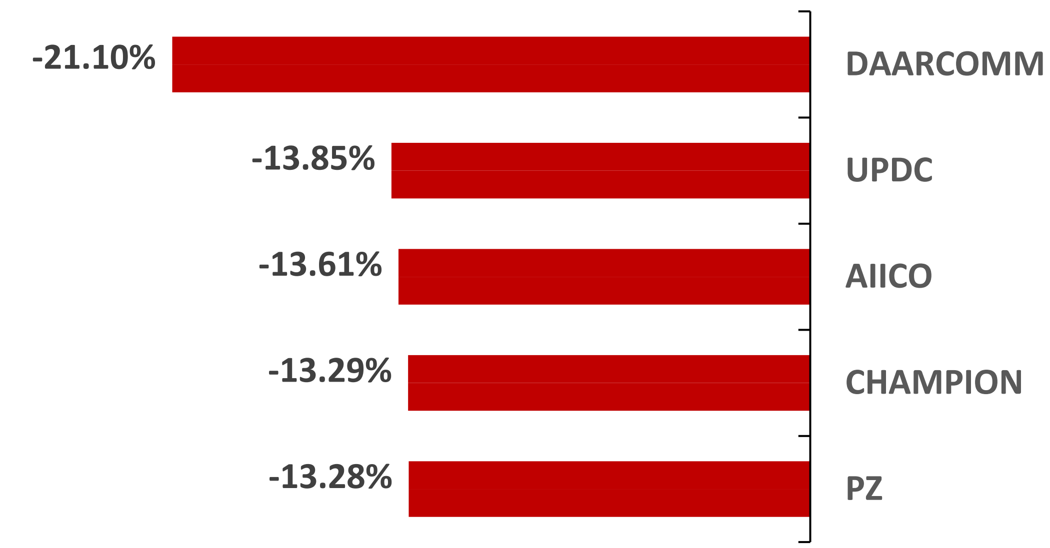
Top Gainers	% Δ	Top Losers	% Δ
SOVRENINS	14.23%	**DAARCOMM**	21.10%
NSLTECH	12.94%	**UPDC**	13.85%
CORNERST	12.36%	**CHAMPION**	13.29%
NCR	9.96%	**PZ**	13.28%
SCOA	9.83%	**WAPCO**	13.08%

Equities Market Snapshot

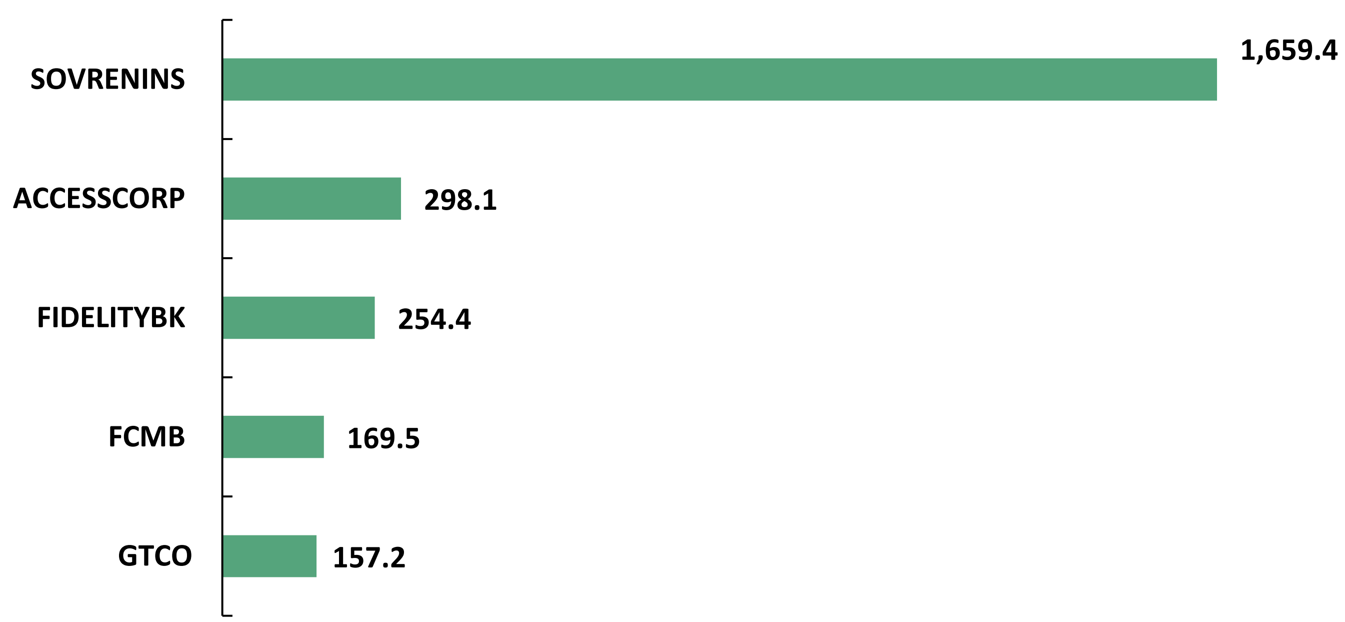
Sectoral Performance	WtD (%)	MtD (%)	YtD (%)
NGXBNK	-1.52%	-1.52%	38.81%
NGXCNSMRGDS	-1.18%	-1.18%	82.07%
NGXOILGAS	-0.77%	-0.77%	-12.87%
NGXINS	-0.36%	-0.36%	78.13%
NGXINDUSTR	-2.08%	-2.08%	36.36%
Other Indices			
NGX-30	-0.77%	-0.77%	33.18%
NGX-PENSION	-0.90%	-0.90%	45.97%

Top Gainers & Losers

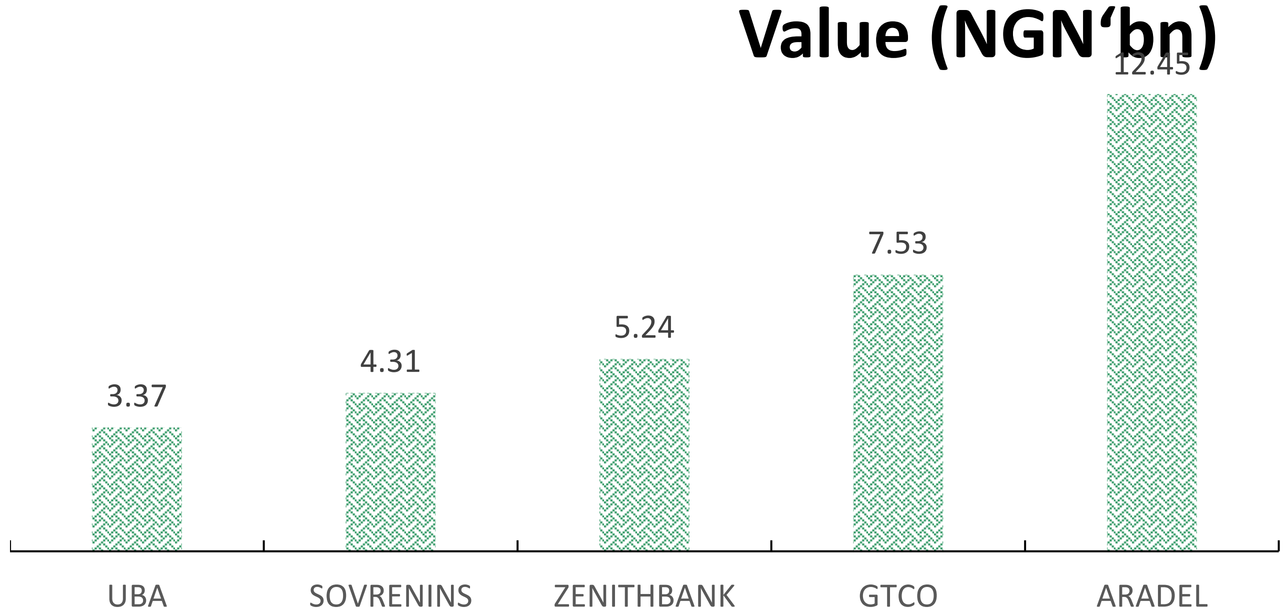




Volume ('mn)



Value (NGN'bn)



Market Updates

Fixed Income

The Central Bank of Nigeria (CBN) conducted its first OMO auction for the month of September, offering NGN600.00bn in 84-day maturity bills. The auction attracted robust demand, with subscriptions totaling NGN1.18trn. The CBN allotted NGN620.65bn, with the stop rate settling at 26.44%.

The CBN also held its first (T-bills) auction for the month, offering NGN480.00bn across three maturities, a significant increase from the NGN230.00bn offered at the prior auction. Investor appetite was strong, with subscriptions reaching NGN1.01trn. Ultimately, the CBN allotted NGN585.25bn, with stop rates set at 15.32% for the 91-day bill (vs. 15.35%), 15.50% for the 182-day bill (unchanged), and 17.69% for the 364-day bill (vs. 17.44%).

The secondary T-bills market reversed its earlier bearish sentiment, closing the week on a bullish note as renewed buying interest emerged, largely driven by the mid-week NTB auction. Average T-bills yields declined by 31bps to 18.57% from 18.88% the previous week. Demand was evident across the curve, with the most notable compression observed in the DEC-25 (-98bps), JUL-26 (-73bps), and APR-26 (-59bps) maturities.

Meanwhile, the bonds market closed broadly bearish, with average yields edging up by 7bps to 18.41%. Selling pressure was largely focused on mid- to long-term maturities, although select papers such as FEB-34 (-47bps), MAR-35 (-38bps), and AUG-30 (-34bps) recorded notable yield declines.

Similarly, Eurobonds extended their bearish trend, as mild sell-offs pushed average yields higher by 5bps to 8.01% (from 7.96% in the previous week). The sell pressure was most evident in the JAN-31 (+8bps), JAN-49 (+7bps), and FEB-30 (+4bps) instruments.

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Fixed Income Market Monitor

Bond Yields

	This Week	Previous Week	% Δ
1YR	19.21	19.28	-0.37%
3YR	17.64	17.64	0.00%
5YR	17.51	17.11	2.35%
7YR	17.60	17.80	-1.13%
10YR	22.57	22.57	0.00%
30YR	15.95	16.00	-0.31%
Avg Bond Yield	18.41	18.40	0.07%

Treasury bills Yields

	This Week	Previous Week	% Δ
1MTH	16.40	16.23428	1.03%
3MTH	17.49	17.05	2.58%
6MTH	18.63	18.49	0.71%
9MTH	22.54	22.54	0.00%
12MTH	20.24	20.54	-1.50%
Average	20411.35	20408.43	0.01%

Exchange Rate

Exchange Rate	This Week (NGN/USD)	Previous Week (NGN/USD)	% Δ
NFEM	1,514.87	1,531.57	-1.09%

Money Market Rates

Money Market	This Week	Previous Week	% Δ
OBB	26.50	26.50	00%
OVN	27.00	26.95	-0.19%

Alternative Assets

	4/09/2025 (USD)	28/08/2025 (USD)	31/12/2024 (USD)
Commodities			
Oil (WTI)	63.59	64.02	71.25
Brent Oil	67.09	68.11	74.52
Natural Gas	3.12	2.96	3.38
Silver	41.44	39.95	33.77
Gold	3,550.89	3,440.95	3,349.66
Cryptocurrency			
Bitcoin	109,520.30	108,930.88	113,257.64
ETH/USD	4,307.08	4,322.85	2,516.13

Crude oil prices trended lower this week, with WTI slipping 0.67% WoW to USD63.59pb (from USD64.02pb) and Brent easing to USD67.09pb from USD68.11pb. The decline was driven by expectations of higher OPEC production targets aimed at offsetting falling output in the U.S., Canada, and Brazil.

Sentiments in the cryptocurrency market was mixed, with Bitcoin gaining by 0.54% WoW driven by expectations of a potential Fed rate cut and strong capital inflows. Meanwhile, Ethereum shed 0.36% owing to profit-taking and selling pressure following its recent rally.

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