

Ahead of Next T-Bills Auction

Treasury Bills Auction Scheduled for 17th December 2025

SUMMARY OF PREVIOUS AUCTION

Stop Rate:

91-Day	15.30%
182-Day	15.50%
364-Day	17.95%

Amount Allotted:

91-Day	NGN103.36bn
182-Day	NGN13.64bn
364-Day	NGN671.20bn

SUMMARY OF CURRENT AUCTION

Auction Date	December 17 2025
Settlement Date	December 18 2025

Auction Size

91-Day	NGN100.00bn
182-Day	NGN100.00bn
364-Day	NGN500.00bn

Maturing Instruments

91-Day	NGN30.32
182-Day	NGN40.54
364-Day	NGN00.00bn

Meristem Advised Stop Rates

91-Day	14.90% - 15.30%
182-Day	15.00% - 15.75%
364-Day	17.30% - 18.00%

Offer Summary

The Central Bank of Nigeria (CBN) is scheduled to conduct its last Treasury Bills Primary Market Auction (PMA) for the year on Wednesday, December 17, 2025, with a total offer of NGN700.00bn across the three maturities: NGN100.00bn for the 91-day, NGN100.00bn for the 182-day, and NGN500.00bn for the 364-day tenors. It is worthy to note that in addition to the maturing bill of NGN70.86bn for the 91-day and 182-day bills which is scheduled to roll over, the 364-day bill of NGN281.53bn will also mature next week.

Outlook on Yield

At the last auction, demand was robust with total subscription surging to NGN1.69trn (from NGN774.84bn at the preceding auction). This could be attributed to investors' expectations of further rate increases, following the trend from the prior auction. Investors' appetite remained centered around the 364-day bill (NGN1,559.56bn) while renewed interest emerged in the 91-day bill (NGN106.07bn). Stop rates were held constant at 15.30% and 15.50% in the 91-day and 182-day bills respectively, while the 365-day bill rate edged up to 17.95% from 17.50% at the previous auction. Overall, auction metrics improved significantly, with the bid-to-cover ratio rising to 2.14x and subscription-to-offer ratio climbing to 2.25x (vs 1.09x and 1.11x at the previous auction).

Post-auction, mild buying interest returned to the secondary market, with sentiment slightly bullish and reversing the earlier bearish tone. This turnaround was largely driven by broad-based buying across the curve, as investors took advantage of the strong system liquidity. Yields in the short-end, mid and long-end dropped marginally by 19bps, 100bps and 8bps, bringing the average NTB yields down to 17.43% as of December 15, 2025 (from 17.74% on December 10, 2025).

At tomorrow's auction, we expect stop rates to hover around current levels, with a mild upward bias expected at the long end of the curve. Given that this is the final auction of the year, the CBN would need to incentivise investors, as expected rollover bills will be insufficient to cover offer size, and funds needs to be reserved for bills maturing next week. Additionally, the recent increase in rates at the last bond auction despite ample system liquidity at NGN2.59bn as of December 15, 2025 shows that yields remain tilted towards further uptick, strengthening our expectations.

Given the above, our rate guidance is informed by the need to strike a balance between maximising investment returns and having a successful bid. Thus, the recommended stop rates for the respective instruments are as follows:

Tenor	Offer Size	Advised Rates
91-Day	NGN100.00bn	14.90% - 15.30%
182-Day	NGN100.00bn	15.00% - 15.75%
364-Day	NGN500.00bn	17.30% - 18.00%

Investing through Meristem Wealth Management Limited

Meristem Wealth Management Limited charges a transaction fee of 0.25% of the principal amount invested, and there will be three (3) days prior notification before maturity for all Treasury Bills investments. *The income from investing in T-Bills is not tax-exempt, so interest received is subject to withholding tax.* You will receive an immediate Investment confirmation letter for the Treasury bills. **Also, note that the T-Bills certificates can be used as collateral for securing loans.**

Participation Process

The T-bills Primary Auction bid is held twice a month (i.e. every other Wednesday). The above likely stop rates are our estimates and might not hold, as the final decision always lies with the CBN based on the auction process.

About Treasury Bills

Treasury Bills (T-bills) are marketable money market securities that raise money for the Government and are also used as monetary policy tools by the Central Bank. T-bills are short-term securities that mature in 1 year or less from their issue date. They are usually issued with 3-month, 6-month, and 1-year maturities.

How is Return Determined?

T-bills are purchased for a price less than their par (face) value; when they mature, the Government pays the holder the full par value. Effectively, your interest is the difference between the purchase price of the security and what you get at maturity.

The advised stop rate is different from the annualized yield of instruments. For example; the annualized yield of a 91-day T-bill, with a stop rate of 15.30% is 15.90%. If you buy a 91-day T-bill with a face value and stop rate of N1, 000,000 and 15.3% accordingly, the discounted value would be N962, 274. The difference between the face value and purchase price, which is N37, 726, is the money return and it implies 15.9% yield on annual basis. However, the holding period yield for this instrument is 3.75% since it is held for a 91-day period (3 months), and not a year.

How does the Auction Process work?

Treasury bills (as well as notes and bonds) are issued through a competitive bidding process at auctions.

Primary market trading of Treasury bill instruments entails auctions by the country's monetary authority – The Central Bank of Nigeria. **T-bills are auctioned at established rates, which determine the return to investors.** Purchasing these instruments in the primary market and holding them until maturity would mean the investor gets a fixed interest payment.

Benefits of T-bills

The biggest reason T-Bills are so popular is that they are one of the few money-market instruments affordable to individual investors. Other positives are that T-bills (and all treasuries) are considered risk-free investments because the full faith of the federal Government backs them. In addition, returns on T-bills are tax-free, unlike equities.

The only downside to T-bills is that investors will not get a great return (alpha) because Treasuries are considered "exceptionally safe".

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