

# Weekly economic and market update.

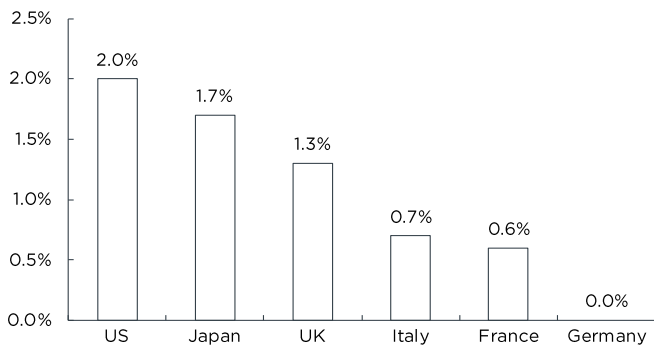
## Overview of markets in the week ended 04 July 2025

### Global Economy

According to the United States Bureau of Labor Statistics, total non-farm payroll employment in the US rose by 147,000 jobs in June (May: +144,000 jobs) – above market expectations (+110,000 jobs). The increase was primarily driven by higher employment in state government (+47,000), particularly in the education segment, coupled with continued gains in healthcare (+39,000), with job growth concentrated in hospitals and nursing & residential care facilities. Employment in social assistance (+19,000) also remained resilient, largely due to increased demand in individual and family services. In contrast, federal government employment declined further by 7,000 jobs, resulting in cumulative job losses of 69,000 since January 2025. Additionally, cyclical sectors including manufacturing (-7,000) showed outright job losses, underscoring the underlying weakness in private sector employment. That said, the broad-based unemployment rate edged lower to 4.1% m/m (May: 4.2% m/m), while the labour force participation rate ticked down to 62.3% m/m (May: 62.4% m/m). Consequently, average hourly earnings increased by 0.2% m/m to USD36.30, though the average workweek shortened slightly to 34.20 hours. **Looking ahead, we expect job growth to remain modest in the near term as momentum continues to fade. With gains increasingly concentrated in public and healthcare sectors, and employment in cyclical industries showing limited progress, the underlying strength of the labour market appears to be waning. This uneven pattern points to a slower pace of job creation ahead, particularly as businesses navigate ongoing policy shifts and trade-related headwinds. Thus, we expect the FOMC to keep rates steady at the July meeting, as the committee weighs still-elevated wage pressures against slowing job creation and persistent economic uncertainty.**

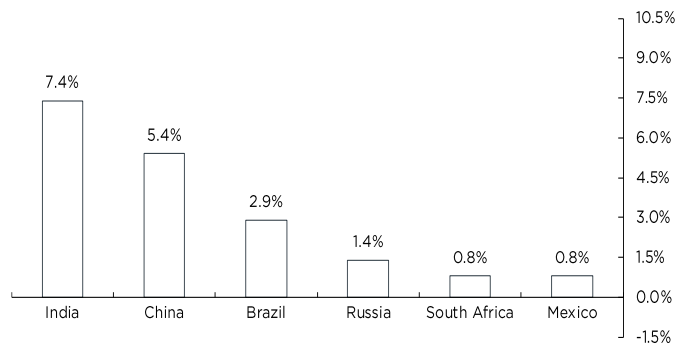
Based on the recently released data from Eurostat, headline inflation in the Euro Area edged up by 10bps to 2.0% y/y in June (May: +1.9% y/y) – in line with market expectations (+2.0% y/y). The modest uptick was driven by a rebound in services inflation (+4.1% y/y vs May: +3.7% y/y), reflecting stronger summer-related demand pressures. Meanwhile, food, alcohol & tobacco inflation eased slightly to 3.1% y/y (May: +3.3% y/y), while energy prices remained in deflationary territory, falling by 4.0% y/y (May: -4.3% y/y). On a month-on-month basis, consumer prices rose by 0.3% (May: 0.0%). **Looking ahead, we expect headline inflation to hover around the ECB's 2.0% target through Q3-25, amid diverging trends in services and goods prices. Although June's CPI print may temper immediate expectations of another rate cut, we believe the ECB will maintain a data-dependent posture. The Council is likely to monitor the trend in services inflation and the broader impact of June's cut in domestic demand and financial conditions before initiating further easing. Accordingly, the ECB is expected to hold its monetary policy rates steady at the July 24 monetary policy meeting, before initiating a final cut at its September meeting.**

Fig 1: Annualized GDP growth rate Q1-25 – DMs



Source: Trading Economics, Cordros Research

Fig 2: Annualized GDP growth rate Q1-25 – EMs

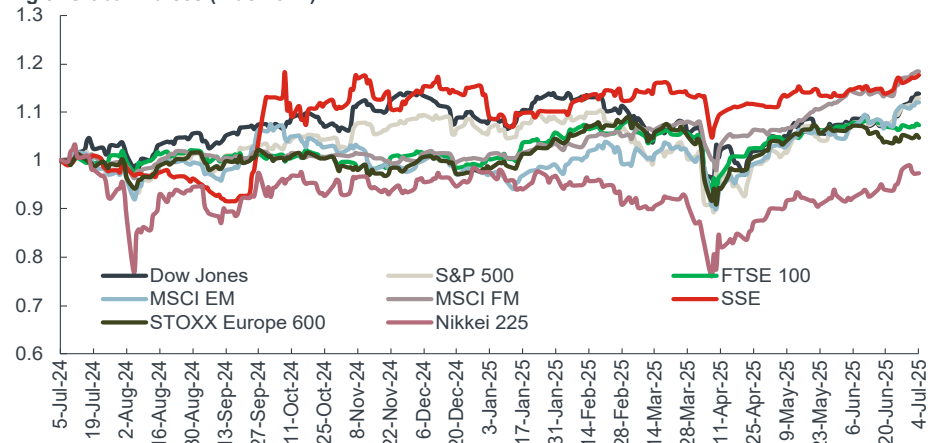


Source: Trading Economics, Cordros Research

### Global Markets

Global equities posted a mixed performance this week as investors weighed trade developments between the United States and its key trading partners ahead of the expiration of the 90-day reprieve on reciprocal tariffs scheduled for July 9. Accordingly, US equities (DJIA: +2.3%; S&P 500: +1.7%) closed higher, with the S&P 500 reaching a record high of 6,279.35 points. Sentiment was supported by (1) the finalization of a US-Vietnam trade agreement, (2) Congressional approval of President Trump's "One Big Beautiful Bill", and (3) an unexpected decline in the unemployment rate to 4.1%. In contrast, European equities (STOXX Europe 600: -0.5%; FTSE 100: 0.0%) trended lower, pressured by political uncertainty in the UK. Investor sentiment deteriorated further on Friday after President Trump announced plans to send formal notices of unilateral tariffs to trading partners, effective August 1, with rates ranging from 10.0% to as high as 70.0%. Meanwhile, Asian equities (Nikkei 225: -0.8%; SSE Composite: +1.4%) ended the week mixed. Japanese markets were weighed down by investor caution over US-Japan trade tensions, while Chinese equities advanced on optimism over potential additional stimulus measures from Beijing and reports that the US has eased certain export restrictions on chip design software to China. Finally, the Emerging and Frontier Market indices (MSCI EM: +0.7%; MSCI FM: +1.2%) closed higher, reflecting gains in China (+1.4%) and Vietnam (+1.1%), respectively.

Fig 3: Global indices (index of 1)



Source: Bloomberg, Cordros Research

**Nigeria**

**Domestic Economy**

According to the CBN, Nigeria's Current Account (CA) maintained a surplus position in Q1-25, settling at USD3.73 billion (Q4-24: USD3.80 billion; Q1-24: USD3.69 billion). The sustained CA surplus in the review period reflects a substantial improvement in trade balance surplus (+58.8% q/q), primarily due to an increase in total exports (9.8% q/q), supported by higher oil & gas exports and non-oil exports, as well as a decline in imports (3.0% q/q). Nonetheless, the CA surplus paled from the previous quarter, reflecting a wider services (+6.0% q/q) and a primary income deficit (+13.48% q/q), as well as a decline in the secondary income surplus (-17.86% q/q), primarily due to a sharp decline in public sector remittances (-67.36% q/q) underpinned by the reduction in the inflow of foreign aid and grants. **Despite solid gains in Q1-25, the CA surplus is poised to decline due to our expectation of a lower trade surplus, driven by a moderation in the value of oil receipts resulting from the fall in oil prices, alongside a potential increase in non-oil goods imports, underpinned by improved FX liquidity and relative naira stability. Additionally, higher external debt servicing and profit repatriation by foreign investors are set to push up the primary income deficit. Overall, we expect the CA surplus to settle at USD6.48 billion (or 3.6% of GDP) in 2025E (2024FY: USD17.22 billion or 9.2% of GDP).**

According to the Debt Management Office (DMO), Nigeria's public debt increased by 3.3% q/q to NGN149.39 trillion in Q1-25 (Q4-24: NGN144.67 trillion). We attribute the increase to new borrowings to finance rising government expenditures, given the persistent underperformance in revenue. Notably, the total domestic debt stock (52.7% of total public debt) rose by 5.9% q/q to NGN78.76 trillion (Q4-24: NGN74.38 trillion), reflecting the increase in Federal government debt stock (6.4% q/q) amid a decline in debt stock for states and local government (2.5% q/q). At the same time, total external debt stock (47.3% of the total public debt) increased by 0.4% q/q to USD45.98 billion (vs +6.4% q/q to USD45.78 billion in Q4-24), reflecting additional borrowings from the World Bank (USD427.20 million) and African Development Bank (USD83.22 million), amid IMF loan repayments (USD393.37 million). In naira terms, total external debt rose by 0.5% q/q to NGN70.63 trillion (Q4-24: NGN70.29 trillion) using an average exchange rate value of NGN1,536.32/USD in Q1-25, compared to NGN1,535.32/USD in Q4-24. On a year-on-year basis, total debt grew by 122.8%. **Looking ahead, total debt is expected to increase further, primarily due to high government borrowings to fund the 2025 budget deficit (Cordros estimate: NGN16.47 trillion). We project total public debt to settle at NGN164.66 trillion (or 54.2% of GDP) in 2025E.**

**Table 1: Macro indicators**

Macro indicators (Nig)	Current	Year start	Forecast
Real GDP growth	3.84%	3.84%	3.62% (Q1-25)
MPR	27.50%	27.50%	27.50% (Next meeting)
CPI	22.97%	34.80%	UR (Jun-25)
Exchange rate (USD)	NGN1,528.00	NGN1,538.23	*UR (11th July)
Foreign reserve (USD billion)	37.18	40.88	36.92 (11th July)
Unemployment	4.30%	5.00%	*UR (Q3-24)
Brent crude oil price (USD)	68.18	74.73	67.60 (11th July)

Source: CBN, Bloomberg, NBS, Cordros Research estimates | UR.: Under Review

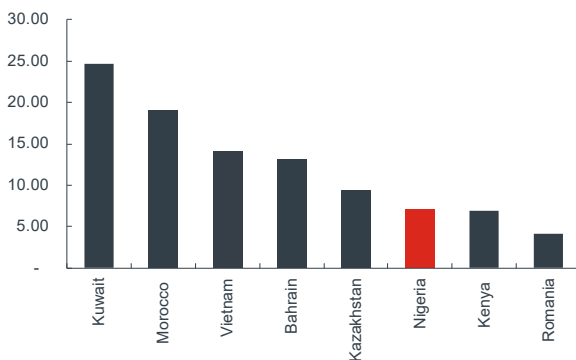
**Capital Markets**

**Equities**

The Nigerian equities market sustained its bullish momentum, closing higher for the sixth consecutive week and settling above the 120,000.00 psychological mark. Precisely, buying interests in BUAFOODS (+2.2%), TRANSCORP (+2.3%), WAPCO (+2.9%), NESTLE (+3.5%), and INTBREW (+10.4%) drove the All-Share Index higher by 0.8% w/w to 120,990.27 points. Consequently, month-to-date and year-to-date returns settled at +0.8% and +17.6%, respectively. Trading activity was robust, as trading volume and value increased by 39.8% and 5.4% w/w, respectively. Across sectors, the Insurance (+5.9%), Consumer Goods (+4.1%), Oil & Gas (+0.8%) and Banking (+0.1%) indices recorded gains, while the Industrial Goods (-2.1%) index declined.

**Looking ahead, we expect investors to continue positioning their portfolios for the upcoming half-year earnings season, with trading likely to be shaped by ongoing adjustments and rebalancing activity.**

**Fig 4: Trailing 12M P/E ratios (frontier market)**



Source: Bloomberg, Cordros Research

**Table 2: Top Gainers and Losers**

Gainers				Losers			
Ticker	CP (NGN)	WTD	YTD	Ticker	CP (NGN)	WTD	YTD
MEYER	14.65	60.1%	79.6%	PZ	32.40	-15.0%	33.3%
RTBRISCOE	3.65	50.8%	46.0%	JBERGER	112.00	-10.0%	-26.1%
FTNCOCOA	4.67	40.2%	156.6%	SCOA	4.86	-9.8%	135.9%
INTENEGINS	2.37	35.4%	39.4%	HMCALL	4.00	-4.8%	-15.3%
UPDC	4.74	34.7%	199.1%	STANBIC	84.00	-3.4%	53.2%

Source: Bloomberg, Cordros Research

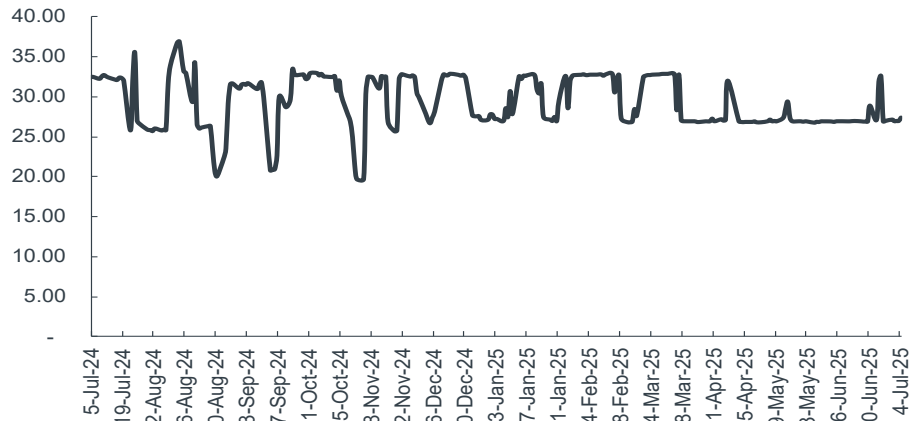
**Money Market and Fixed Income**

**Money Market**

The overnight (OVN) rate expanded by 42bps w/w to 27.4% driven by debits for the OMO PMA (NGN745.50 billion). Nonetheless, the strong system liquidity at the start of the week resulted in the average system liquidity settling at a net long position of NGN713.92 billion (compared to a net long position of NGN468.76 billion in the previous week).

**Barring any mop-up activities by the CBN, we expect system liquidity to remain sturdy, causing the OVN rate to remain at current levels.**

**Fig 5: Overnight money market rate (%)**



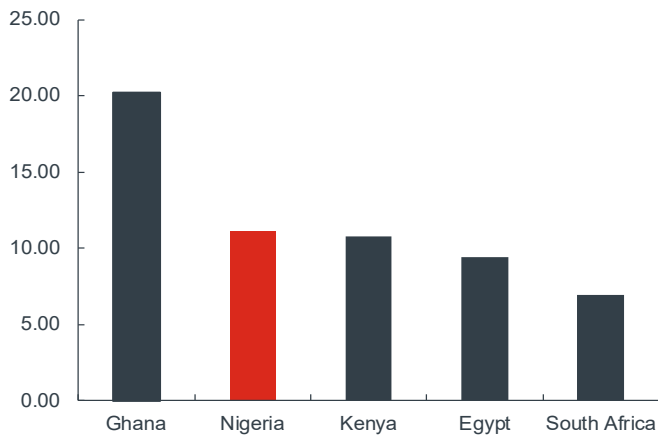
Source: FMDQ, Cordros Research

**Treasury Bills**

The Treasury bills secondary market was bullish, driven by the liquidity surfeit during the week. Accordingly, the average yield across all instruments declined by 45bps to 22.9%. Across the market segments, the average yield declined by 30bps and 71bps to 19.9% and 25.7% in the NTB and OMO segments, respectively. The CBN conducted an OMO auction on Monday (June 30), offering instruments worth NGN600.00 billion – NGN300.00 billion for the 113D and NGN300.00 billion for the 260D. Total subscription levels settled at NGN771.65 billion (bid-to-offer ratio: 1.3x), with the CBN allotting NGN745.40 billion for the 260D bill only, at a stop rate of 23.99%.

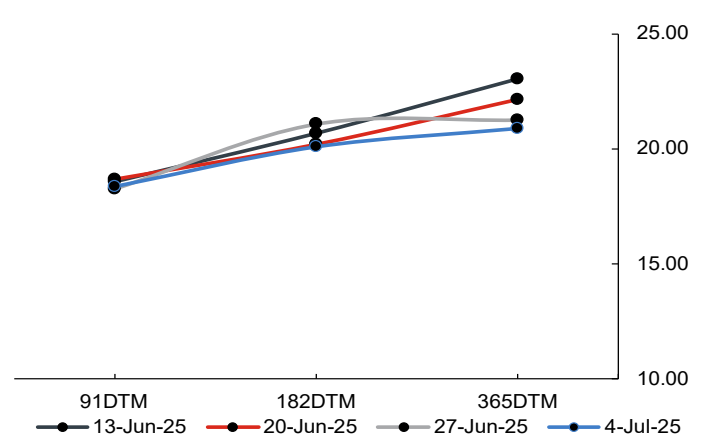
**We expect the improved liquidity position to drive demand for bills, causing yields in the Treasury bills secondary market to decline.**

**Fig 6: Yield on 10-year Eurobonds (Nigeria vs. African peers) (%)**



Source: Bloomberg, Cordros Research

**Fig 7: T-Bills yield curve (%)**



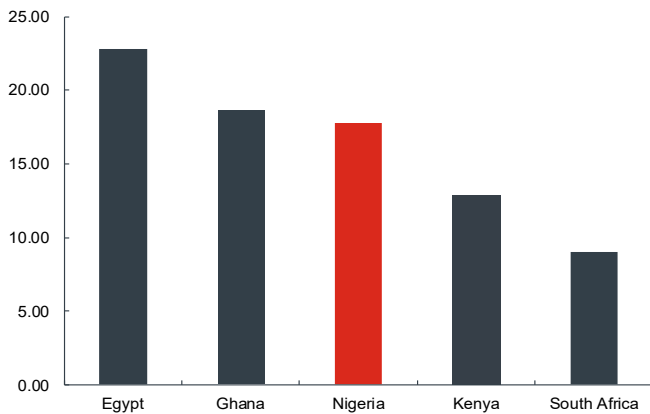
Source: FMDQ, Cordros Research

**Bonds**

Similarly, proceedings in the FGN bond secondary market were bullish, primarily driven by demand from portfolio managers. Consequently, the average yield declined by 84bps to 17.5%. Across the benchmark curve, the average yield decreased at the short (-64bps), mid (-81bps), and long (-110bps) ends, driven by demand for the FEB-2028 (-107bps), MAR-2035 (-114bps), and JUL-2045 (-190bps) bonds, respectively.

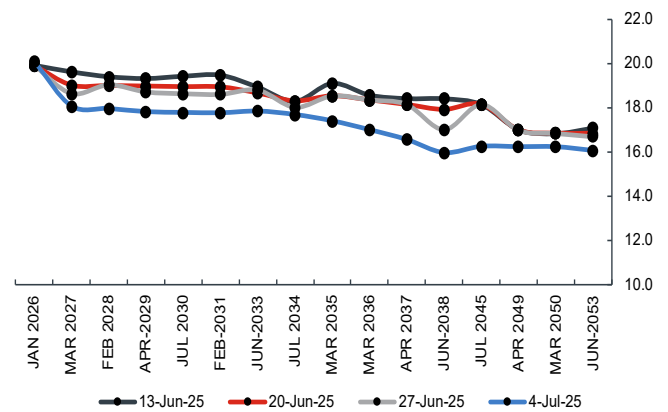
Next week, we expect cautious sentiments as market participants monitor the release of the Q3-25 auction calendar. Over the medium term, we expect moderation in bond yields, influenced by two factors – (1) the anticipated dovish monetary policy stance and (2) demand and supply dynamics.

**Fig 8: Yield on 10-year LCY bonds (Nigeria vs. African peers) (%)**



Source: Bloomberg, Cordros Research

**Fig 9: FGN bond yield curve (%)**



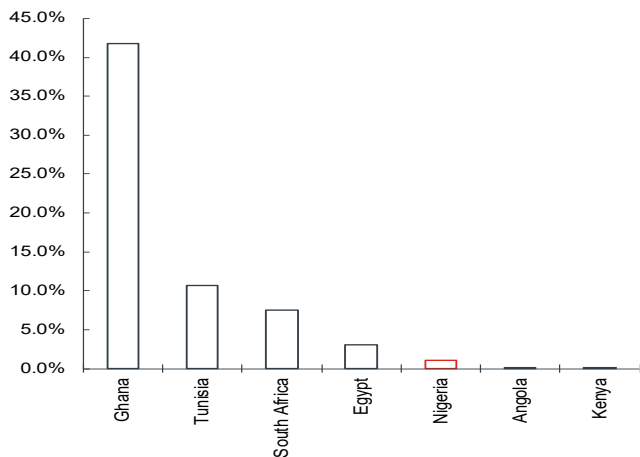
Source: FMDQ, Cordros Research

**Foreign Exchange**

The naira appreciated again this week by 0.9% w/w to NGN1,528.00/USD, supported by supply from FPIs on the back of the OMO PMA conducted. Also, the CBN made no interventions during the week. Meanwhile, gross FX reserves declined for the seventh consecutive week, decreasing by USD138.30 million w/w to USD37.18 billion (July 2). In the forwards market, the naira rates appreciated across the 1-month (+1.1% to NGN1,566.00/USD), 3-month (+2.0% to NGN1,622.20/USD), 6-month (+3.0% to NGN1,707.98/USD) and 1-year (+4.0% to NGN1,879.61/USD) contracts.

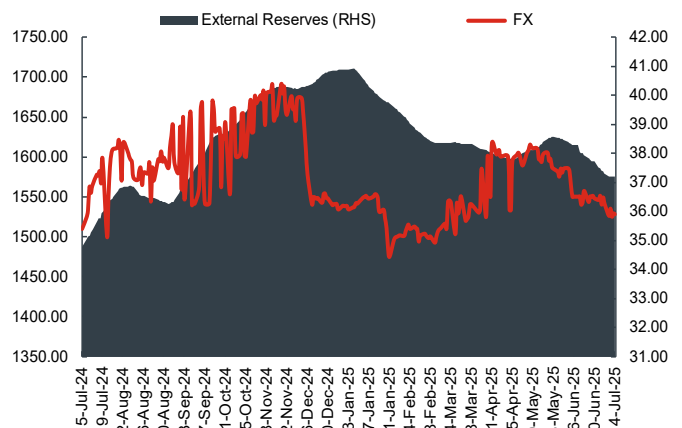
The naira is likely to remain stable in the near term, supported by improving FX liquidity from domestic and foreign sources, alongside subdued demand pressures. Nonetheless, we highlight the possibility of gradual depreciation should global pressures reemerge.

**Fig 10: USD/NGN vs other African currencies (YtD returns)**



Source: Bloomberg, Cordros Research

**Fig 11: USD/NGN exchange rate vs external reserves (USD billion)**



Source: FMDQ, CBN, Cordros Research

## Top business headlines of the week

- Infrastructure devt: States receive N1.6tn from FG for projects
- NNPC grows revenue to N6tn in May
- Currency in Circulation Rises to N5.01trn, Cash Outside Banks Now N4.63trn
- FG adds 37 crude evacuation routes, oil rigs increase to 44
- No grid collapse incident in Q1 – NERC

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