

A high-angle photograph showing the lower legs and feet of several people walking on a paved surface. The scene is backlit, creating long, dark shadows on the ground. The people are walking from left to right.

FMDA Monthly Market Report

**December
2025**



Executive Summary



EXECUTIVE SUMMARY

- Global monetary conditions remain firmly tilted toward easing, with G10 central banks cutting rates by a cumulative 850bps and emerging markets by 3,085bps in 2025.
- This backdrop supports expectations of a gradual rate-cut cycle in Nigeria in 2026, even as the CBN remains cautious in the near term.
- Oil prices face downside risks in 2026 as rising non-OPEC+ supply, led by Brazil, Guyana and Argentina, offsets OPEC+ cuts, while easing geopolitical risks and energy diversification in Europe and Japan further weaken price support.
- On average, the naira depreciated by 0.5% in December and may face heightened pressure in January 2026, as significantly larger liquidity injections enter the system.
- Total projected inflows of about N7.22 trillion in January, with OMO maturities accounting for roughly 74% of the amount, are expected to elevate FX demand and intensify short-term pressure on the exchange rate.
- Looking ahead, this scale of inflow suggests easier money-market conditions that could impact interbank rates.
- Strong equity rally lifts NGX ASI by 51.2% in 2025, pushing market capitalisation to N99.4tn



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The Global & Macro Backdrop



Inflation eased across economies in 2025



U.S. inflation rate closed the year at an average of 2.7% from 2.9% in 2024.



United Kingdom inflation trended downward in 2025 to close at an average of 3.4% from 3.7% in 2024.



South Africa inflation trended downward in 2025 to an average of 3.18% from 4.43% in 2024.



Ghana inflation rate trended to 15.4% in 2025 on average from 22.9% in 2024.



China trended toward deflation of -0.009% in 2025 from 0.22% inflation in 2024



G10 central banks shave 850 bps (8.5%) off benchmark rates in 2025



Bank of England cut rates by total of 100 bps in 2025, from 4.75% to 3.75%.



U.S. Fed delivered total of 75 bps in 2025 to 3.75%, with further cut expected in 2026.



ECB delivered overall 100 bps in 2025 to 2.15%.



Swiss National Bank delivered total of 50 bps to reach 0%.



The Bank of Canada delivered 100 bps cut in 2025 to reach 2.25%.



Emerging market central banks deliver 3,085 bps (30.85%) of rate cuts in 2025



Reserve Bank of India delivered a whopping total of 125 bps in 2025, to reach 5.25%.



South African Reserve Bank delivered 100 bps in 2025 to 6.75%.



Argentina's central bank lowered its benchmark interest rate by 600 bps to 29% in 2025.



Turkish Central Bank delivered total of 700 bps to reach 38%.



The Bank of Ghana trimmed its benchmark monetary policy rate by 900 bps to 18% in 2025.



Major drivers that could swing oil prices in 2026



According to the EIA, global crude oil supply is set to rise by 0.8mbpd in 2026, with Brazil, Guyana and Argentina contributing about 0.4mbpd.

This non-OPEC+ supply growth may offset OPEC+ cuts and keep crude oil prices under pressure.

Russia-Ukraine peace optimism reduced supply risk premium

Europe's drilling comeback adds long-term supply pressure.

Japan's nuclear restart signals a structural shift toward energy security, reducing reliance on imported fossil fuels and adding to medium-term downside pressure on global oil and gas prices.



Key Macroeconomic Indicators

Country	GDP Growth(%)	Inflation (%)	Interest Rates (%)	Unemployment rate (%)
United States	2.1	2.7	3.75	4.4
China	4.8	0.7	3	5.1
Japan	2.3	2.9	0.75	2.6
Germany	0.3	2.3	2.15	6.3
United Kingdom	0.1	3.2	3.75	5
India	8.2	0.71	5.25	5.2
Brazil	0.1	4.68	15	5.6
South Africa	0.6	3.5	6.75	31.9
Egypt	5.3	12.5	21	6.4
Nigeria	3.98	14.45	27	4.3

Africa & Nigeria-Specific Developments

- Ghana clears \$709m Eurobond early as debt discipline tightens.
- Egypt receives \$3.5 billion under Qatar-backed Mediterranean coast development deal.
- Nigeria's central bank sees 2026 growth at 4.49%, inflation easing to 12.94%.
- Nigeria records faster economic expansion as PMI reaches 57.6 in December.
- Stocks gain N36.62trn in 2025 as market cap hits N99.4trn.

WHAT IS
FOREX
TRADING?



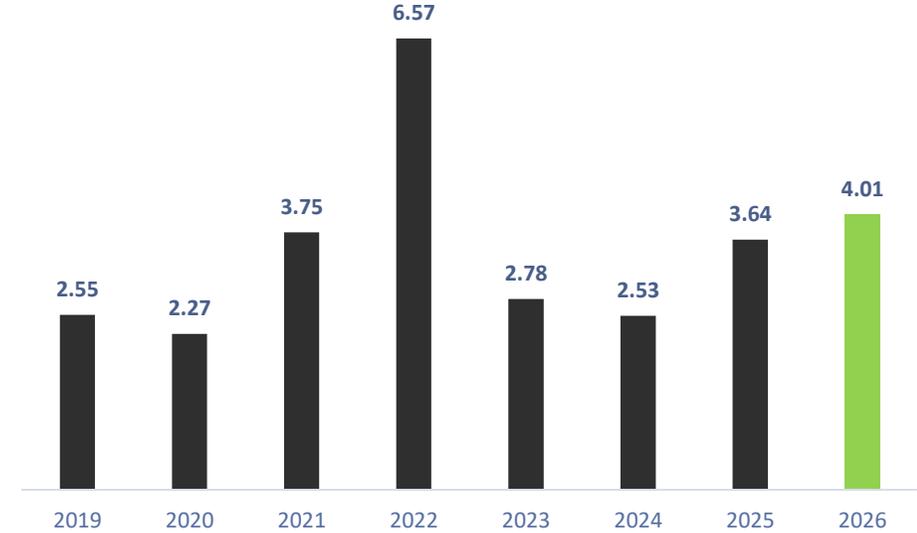
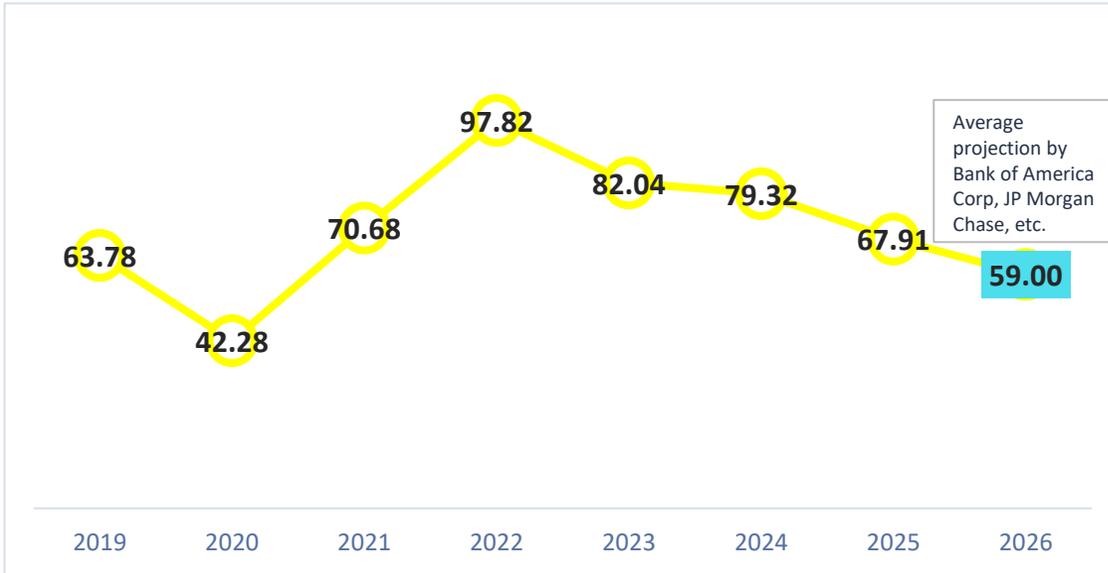
Liquidity & FX Trading Conditions

The CBN based its macroeconomic projections on an oil price assumption of \$55 per barrel



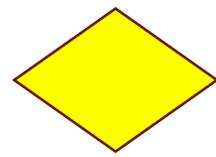
Crude oil average price
\$67.91 ↓ 14.39%
 Crude oil price declined by 14.39% YoY.

Natural gas average price
\$3.64 ↑ 10.13%
 Natural gas gained 10.13% in 2025



Crude oil price to average \$59 in 2026, according to average forecast from Bank of America Corp, Citigroup inc., Goldman Sachs Group inc., JPMorgan Chase & Co. and Morgan Stanley.

EIA forecast Henry Hub natural gas prices would average \$4.01/MMBtu in 2026.



Naira depreciated by 0.50% on the average in Dec.

Exchange rate determinant factors

Variable	Oct.	Nov.	Dec.	Trend
Brent Oil Price (\$/bl)	63.86	63.37	61.56	↓
Crude Oil Production (mbd)	1.401	1.436	***	↑
Gross Foreign Reserves (\$bn)	42.78	43.86	45.26	↑

Variable	Q1' 25	Q2' 25	Q3' 25	Trend
Trade Balance (\$bn)	3.41	4.74	4.40	↓
Current Account Balance (\$bn)	2.85	5.81	3.42	↓
Remittances (\$bn)	4.93	5.3	5.24	↓

Exchange rate trend in 2025



- The CBN, in its 2026 economic outlook, based its macroeconomic projections on an exchange rate assumption of N1,400/\$, reflecting a relatively optimistic baseline scenario.
- However, the Medium-Term Expenditure Framework (MTEF) 2026–2028 presents a more conservative path, projecting the naira to average N1,500/\$ in 2025, weaken slightly to N1,512/\$ in 2026, before appreciating to N1,432.15/\$ in 2027.

Parameter	Value
Average System Liquidity	N3.2 trn ↓
CBN Open Market Operations	N200.59 bn net withdrawal ↓
CBN Primary Market	359.00 bn net withdrawal ↓
OVN	22.76% ↑
OPR	22.5% ↑

Average system liquidity declined by 4.23% in December

Average system liquidity declined to N3.2 trillion in December from N3.34 trillion in November, driven by liquidity mop up by the apex bank.

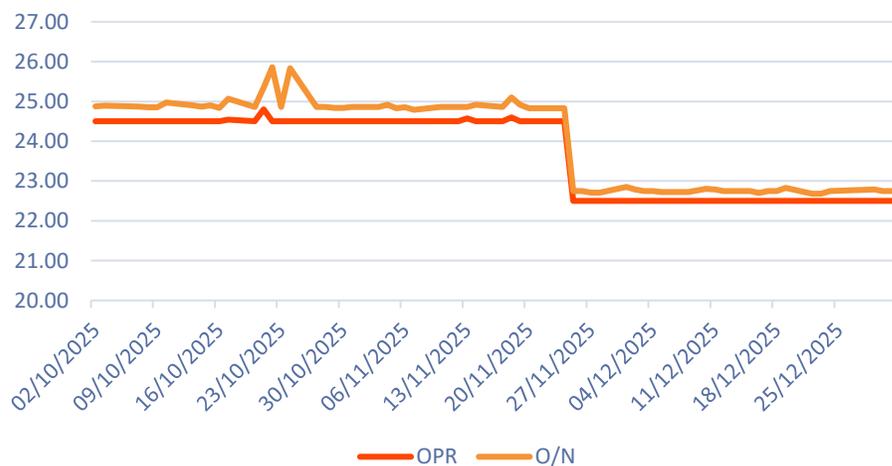
- **OMO maturities: N200.59 billion net withdrawal**
- **Primary market activities: N359.00 billion net withdrawal**

However, the funding conditions eased, pushing short-term rates lower:

- **OVN rate** declined to 22.76% from 22.45% in November
- **OPR rate** also declined to 22.50% from 24.11% in November

According to MTEF (2026-2028), CBN expected money supply to grow by an average of 9.24% in 2026 and 9.02% in 2027.

Movement in Overnight and OPR Rates



Fixed Income Highlights



Investors are demanding higher returns amid policy uncertainty

Bonds Yield	November	December	% 
1YR	16.74%	16.69%	-0.05%
3YR	15.61%	16.73%	1.12%
5YR	15.58%	17.02%	1.44%
7YR	15.61%	16.71%	1.10%
10YR	15.41%	16.34%	0.93%
30YR	15.28%	15.06%	-0.22%
Avg Yield	15.70%	16.42%	0.72%

FGN Bond

- The sharp rise in yields across the mid-to-long segment of the curve (3–10 years) suggests that investors are demanding a higher risk premium, likely reflecting lingering uncertainty around the near-term policy path.
- The curve steepening points to cautious sentiment rather than a clear conviction on imminent rate cuts.

Treasury Bill Yield	November	December	% 
1 MTH	16.06%	16.72%	0.66%
3 MTH	16.34%	16.14%	-0.20%
6 MTH	17.00%	16.94%	-0.06%
9 MTH	17.68%	18.10%	0.42%
12 MTH	18.33%	20.28%	1.95%
Avg. Yield	17.08%	16.72%	-0.36%

Treasury Bills

- Money-market conditions remain mixed. The rise in 1-month and especially 12-month yields signals tighter liquidity preferences and increased caution about committing funds for longer tenors.

Diverging global yields highlight uneven easing cycle and persistent local risks

Bonds Yield	November	December	% 
US 10 YR	4.08	4.14	0.06
JPY 10 YR	1.73	1.98	0.25
UK 10 YR	4.48	4.49	0.01
ZAF10YR	8.68	8.39	-0.29
KEN10 YR	13.04	12.81	-0.23
CHN10YR	1.80	1.85	0.05
NIG 10YR	15.35	16.17	0.82

- Global yields were mixed in December, reflecting divergent policy paths.
- While easing inflation allowed yields to fall in parts of Africa, higher yields in the U.S., Japan and Nigeria point to lingering policy caution and domestic risk repricing.

Liquidity Inflows from Maturing Securities in January: N7.22 trn

Inflow source	December 2025 (N)	January 2026 (N)
T-bills Maturities	1.67 trn	1.3 trn
OMO Maturities	3.53 trn	5.35 trn
FGN Bond Coupons	283.94 bn	306.58 bn
Corporate Bond Coupons	34.25 bn	37.74 bn
FGN Bond Maturities	-	-
Corporate Bond Maturities	14.16 bn	-
Commercial Paper Maturities	302.13 bn	220.34 bn
FAAC (FG, States & LG)	1.928 trn (actual)	2.0 trn (estimated)
Total Estimated Inflow	7.76 trn	9.22 trn

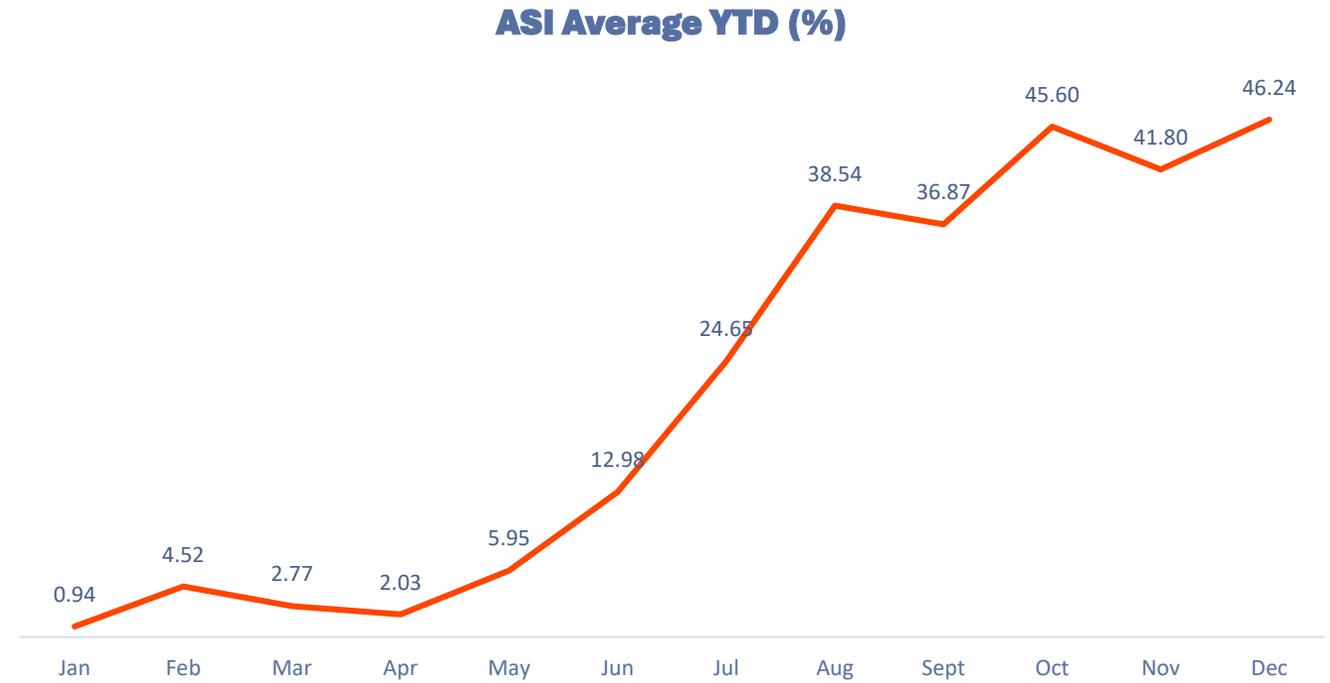


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Stock Market

ASI gained 51.2% in 2025

Key Market Indicators	November	December	%  
NGX All-Share	143,520.53	155,613.03	8.43%
Market Cap. (N'trn)	91.29	99.38	8.86%
Trade Volume (bn)	1,826.68	1,229.47	-32.69%
Trade Value (N' bn)	20,032.63	35,128.76	75.36%
No. of Deals	20,645	27,884	35.06%



The NGX-ASI delivered a strong 8.43% MoM gain in December, lifting 2025 YTD performance to 51.2%, reflecting sustained investor confidence.

The rise in market capitalisation (+8.86%) alongside higher trade value and deals points to price re-rating driven by active institutional participation.

The decline in trade volume suggests the rally was selective and concentrated in large-cap stocks, rather than broad-based market accumulation.

ASI gained 51.2% in 2025

Top Price Gainers			
Tickers	November	December	% \triangle
ALEX	7.15	21.65	202.80%
MECURE	27.7	65.2	135.38%
GUINNESS	167	349.9	109.52%
AUSTINLAZ	2.36	4.25	80.08%
MORISON	3.22	5.15	59.94%
FIRSTHOLDCO	31.05	47.9	54.27%

Top Price Losers			
Tickers	November	December	% ∇
ETRANZACT	14.45	11.35	-21.45%
ETERNA	35.5	28.5	-19.72%
CHELLARAM	14.65	13.2	-9.90%
JOHNHOLT	5.4	4.9	-9.26%
HMCALL	4.25	4	-5.88%
LEGENDINT	5.6	5.29	-5.54%



The near-perfect correlation ($r = 0.99$) between ASI and NGX30 suggests that the Nigerian equity market's overall performance in 2025 is overwhelmingly influenced by the top 30 companies listed on the Nigerian Exchange (NGX).



Forward Outlook

Impact of global highlight on Nigeria

U.S. Fed & Global
Rate Cuts

- Continued rate cuts across major economies have further reduced global dollar funding costs, reinforcing carry-trade flows into high-yield emerging and frontier markets.
- For Nigeria, this sustains foreign portfolio interest in fixed income and equities, helping to cushion domestic liquidity conditions despite external headwinds.

U.S. control over
Venezuela's oil
resources

- U.S. control over Venezuela's oil resources, alongside other supply-side developments, could increase global oil output and further weaken the outlook for crude oil prices.

Implication for member banks & discount houses

Asset side

- Sustained global easing bias supports demand for Nigerian fixed income and equities, improving valuation support and secondary-market liquidity.
- However, persistent weakness in crude oil prices and slower FX inflows from oil exports will continue to weigh on the naira and limit upside for FX-sensitive assets.

Liability Side

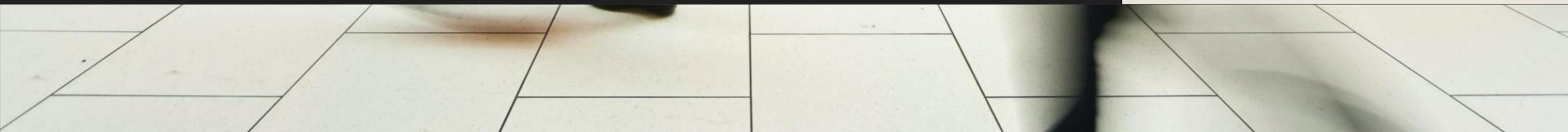
- The large N7.22 trillion liquidity inflow expected this month, with OMO maturities accounting for about 74%, presents a liability-side risk, particularly for FX stability.
- Given the foreign participation in OMO holdings, the maturity profile could heighten FX demand and exchange-rate pressure if repatriation flows intensify. This calls for close monitoring by treasury and ALM desks.

Our Take

- Heavy OMO maturities heighten FX and funding risks despite strong headline liquidity.
- Liquidity inflows may be volatile, requiring cautious balance-sheet positioning.
- Global rate easing is filtering into Nigeria, though CBN is likely to cut cautiously.
- Longer-dated tenors offer better positioning ahead of gradual rate moderation.



Thank you



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