

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

**12th January
2026**



Executive Summary



EXECUTIVE SUMMARY

- Global financial conditions continue to favour easier policy settings, as sustained disinflation and policy signalling across advanced and emerging economies reinforce expectations of a softer global rate environment into 2026.
- While Nigeria is unlikely to move aggressively in the near term, the external backdrop increasingly supports a gradual domestic policy recalibration.
- Crude oil fundamentals remain fragile, with expanding non-OPEC+ production and easing geopolitical risk keeping supply-side pressures elevated.
- This environment limits upside for oil prices and continues to constrain Nigeria's oil revenue outlook and FX inflows.
- The naira showed relative stability in early January, averaging N1,423.39 in the first trading week, supported OMO sales, increase in foreign reserves, and other autonomous inflows.
- Liquidity conditions are expected to be more balanced this week, as lower OMO maturities moderate system inflows.
- Total estimated inflows of about N821.65 billion represent a sharp slowdown from prior weeks, suggesting reduced pressure on FX demand and more stable interbank funding conditions.
- In fixed income markets, yields remain elevated but are increasingly driven by liquidity dynamics rather than policy expectations, reinforcing a cautious stance among investors as markets await clearer signals on the timing of easing.
- Equities continue its positive momentum, with the NGX All-Share Index posting 3.71% WoW gains, while year-to-date return stood at 4.3%.



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The Global & Macro Backdrop



Mixed monetary signals as inflation eases



Bank of Japan chief vows to keep raising interest rates (Japan tightening outlier).



Euro zone inflation eases to 2% before likely move below target in 2026.



China's central bank pledges to cut RRR and interest rates in 2026.



Bank of Israel makes surprise rate cut to 4% as inflation moderates.



Brazil's annual inflation ends 2025 within target range, rate cuts seen ahead.



Energy markets adjust to sanctions and trade re-routing

Chinese refiners expected to replace Venezuelan oil with Iranian crude.

Venezuela to export \$2bn worth of oil to the U.S.

U.S. may subsidize oil companies to rebuild Venezuela's energy infrastructure

Egypt, Qatar sign MoU to boost LNG sales and import cooperation.



Key Macroeconomic Indicators

Country	GDP Growth(%)	Inflation (%)	Interest Rates (%)	Unemployment rate (%)
United States	2.1	2.7	3.75	4.4
China	4.8	0.8	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	4.26	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

- Egypt signs MoU to supply Syria with gas.
- Ghana's inflation slows for 12th straight month to 5.4%.
- Kenya's GDP growth at 4.9% y/y in Q3 2025.
- Ethiopia's inflation falls to single-digit (9.7%) first time in 7 years.
- Tanzania maintains key rate at 5.75% to support growth.
- FG cuts digital economy allocation to N84.56bn in 2026 budget despite \$1trn ambition.
- NCC, CBN to launch framework to ensure 30-second refunds for failed airtime, data purchases.

WHAT IS
FOREX
TRADING?



Liquidity & FX Trading Conditions

Oil prices gain as market focuses on Venezuela and supply worries in Russian, Iraq and Iran



Crude oil average price

\$61.43

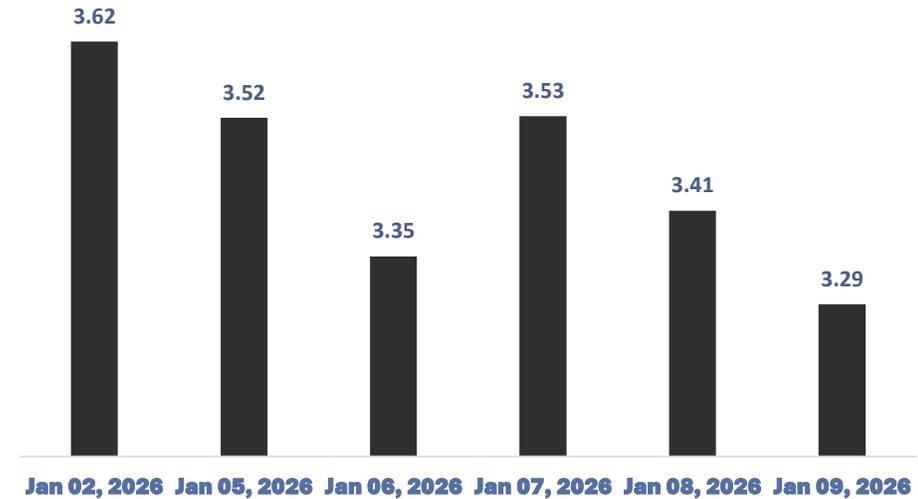
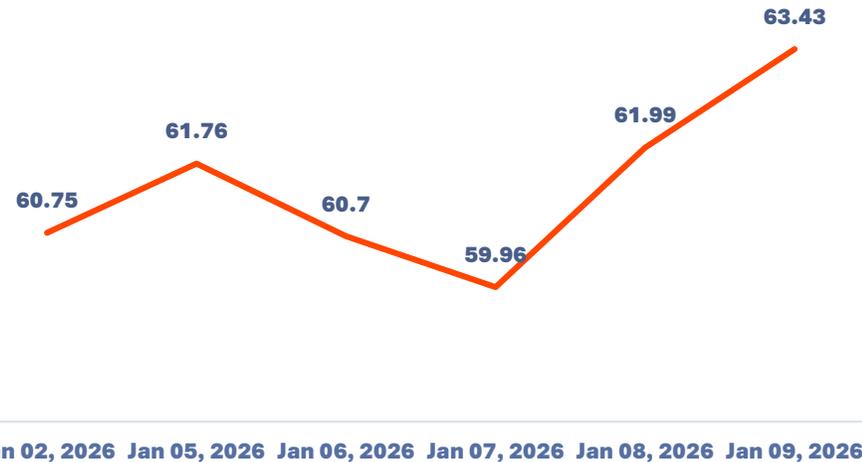
Oil price rose to 61.43 on average last week

Natural gas average price

\$3.45

Natural gas price rose to 3.45 on average last week

Brent crude oil (\$bbl)



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.

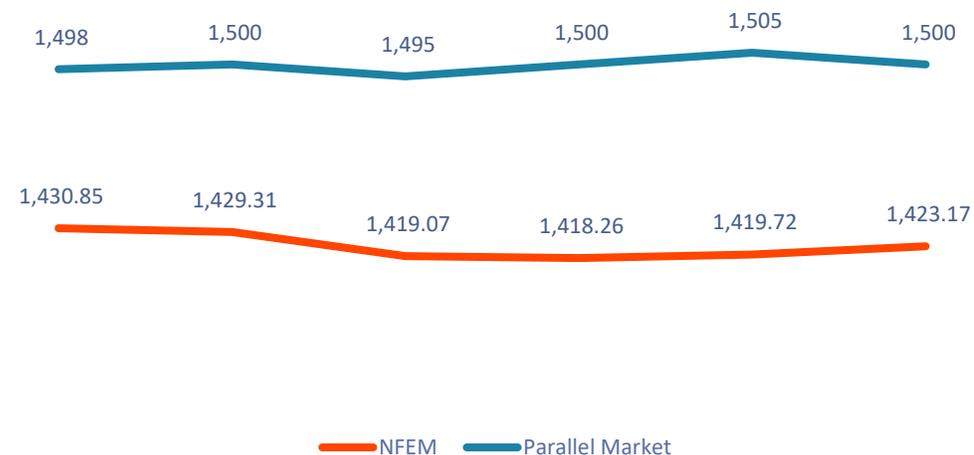
EIA forecast Henry Hub natural gas prices would average \$4.01/MMBtu in 2026.

Naira averaged N1,423.39 in the first full trading week of Jan.

Key exchange rate determinants

Variable	Nov.	Dec.	Jan.	Trend
Brent Oil Price (\$/bl)	63.37	61.56	61.43	↓
Crude Oil Production (mbd)	1.436	***	***	
Gross Foreign Reserves (\$bn)	43.86	45.26	45.62	↑
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 naira gained N5.83 between the close of 2025 and the first week of January.
- The naira appreciated by 0.41%, supported by OMO sales, an increase in foreign reserves, and other autonomous inflows.
- The premium between the official and parallel market rates widened toward end-December 2025, averaging about N76 in the first week of January.

System liquidity remains tight in early January

Parameter	Value
Average System Liquidity	N2.36 trn
OMO repayment	N1.37 trillion
CBN Primary Market	359.00 bn net withdrawal
OVN	22.50%
OPR	22.74%

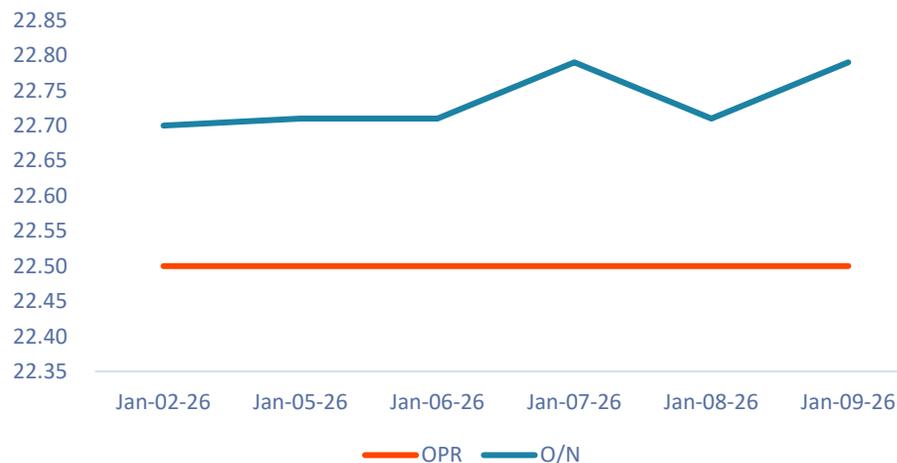
So far in January, average system liquidity stands at N2.36 trillion, reflecting continued liquidity restraint despite sizeable OMO maturities.

- **OMO repayments: N1.37 trillion**
- **Primary market activities: N629.63 billion net withdrawal**

Funding rates have remained elevated:

- **Average OVN rate: 22.50%**
- **Average OPR rate: 22.74%**

Movement in Overnight and OPR Rates





Fixed Income Highlights



Investors stay defensive as yields edge higher

Bonds Yield	Two weeks ago	Last week	% 
1YR	16.65%	16.81%	0.16%
3YR	16.96%	17.07%	0.11%
5YR	17.05%	17.67%	0.62%
7YR	17.11%	17.58%	0.47%
10YR	16.62%	16.63%	0.01%
30YR	15.03%	15.08%	0.05%
Avg Yield	16.57%	16.81%	0.24%

FGN Bond

- Bond yields moved slightly higher, showing that investors remain cautious and are not yet fully pricing in near-term rate cuts.
- Demand is selective, with investors still waiting for clearer signals on policy direction and inflation.

Treasury Bill Yield	Two weeks ago	Last week	% 
1 MTH	16.80%	17.76%	0.96%
3 MTH	16.19%	16.93%	0.74%
6 MTH	17.77%	17.20%	-0.57%
9 MTH	19.16%	18.72%	-0.44%
12 MTH	19.36%	20.28%	0.92%
Avg. Yield	17.86%	18.18%	0.32%

Treasury Bills

- Treasury bill yields rose sharply at the short end, reflecting strong demand for liquidity and short-term safety.
- Investors are positioning defensively, preferring short-dated instruments.

Global yields were broadly mixed

Bonds Yield	Two weeks ago	Last week	% 
US 10 YR	4.15	4.17	0.01
JPY 10 YR	2.07	2.11	0.04
UK 10 YR	4.50	4.44	-0.07
ZAF10YR	8.25	8.28	0.04
KEN10 YR	12.79	12.64	-0.15
CHN10YR	1.87	1.88	0.01
NIG 10YR	16.62%	16.63%	0.01%

- U.S. and Japanese yields edged higher, reflecting expectations of firmer growth and slower easing, while UK and Kenyan yields declined, pointing to easing inflation pressures.
- Nigeria's 10-year yield remained largely stable, signalling a cautious wait-and-see stance by investors amid mixed global signals.

Liquidity inflows ease as OMO maturities slow

Inflow source	Last week(N)	This week (N)
T-bills Maturities	514.25 bn	-
OMO Maturities	1.37 trn	810.1 bn
FGN Bond Coupons	-	8.28 bn
FGN Bond Maturities	-	-
Corporate Bond Coupons	51.43 mn	3.27 bn
Corporate Bond Maturities	-	-
Commercial Paper Maturities	55.74 bn	-
FAAC (FG, States & LG)	-	-
Total Estimated Inflow	1.94 trn	821.65 bn

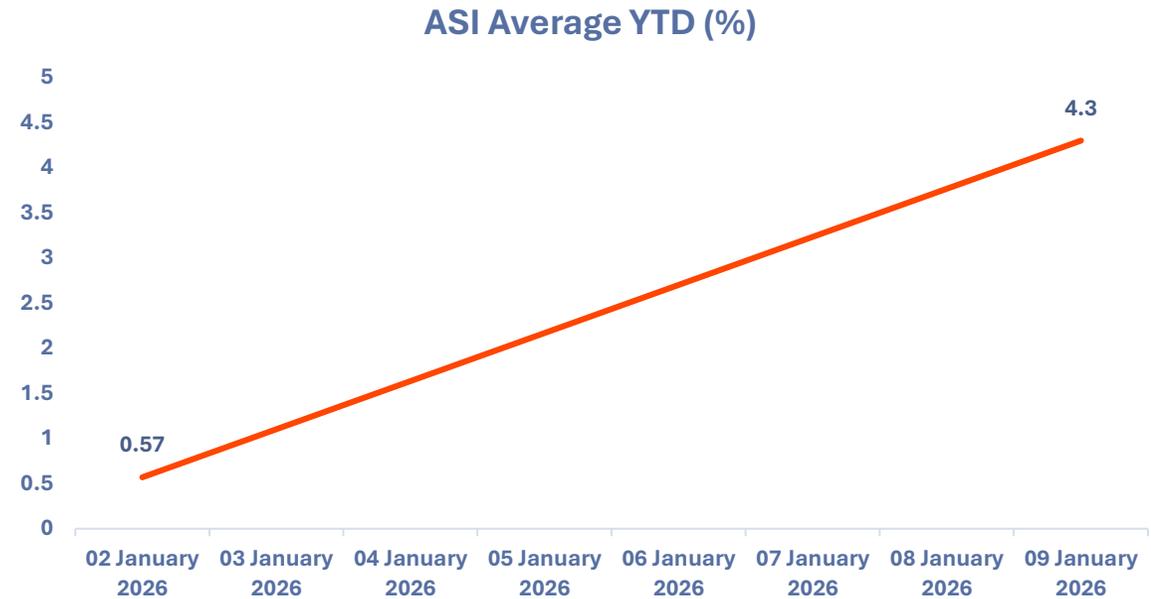


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Stock Market

ASI returns 3.71% WoW

Key Market Indicators	WEEK CLOSE 01/02/2026	WEEK CLOSE 01/02/2026	%  
NGX All-Share	156,492.36	162,298.08	3.71%
Market Cap. (N'trn)	99.791	103.776	3.84%
Trade Volume (bn)	7.79	3.36	-56.90%
Trade Value (N' bn)	134.21	93.5	-30.33%
No. of Deals	40,245	43,816	8.87%



The equity market recorded a strong weekly gain, with the NGX All-Share Index rising 3.71% WoW, driven mainly by price appreciation rather than trading activity.

Market capitalisation expanded by N3.985 trillion, reflecting renewed investor confidence.

Lower trade volume and value suggest the rally was led by select large-cap stocks, not broad-based participation.

Rising deal counts indicate steady investor engagement, despite lighter turnover.

ASI returns 3.71% WoW

Top Price Gainers			
Tickers	Open	Close	% \triangle
MULTIVERSE	14.65	23.40	59.73%
MCHNICHOLS	3.59	5.50	53.20%
MAYBAKER	19	28.80	51.58%
DEAPCAP	2.09	3	43.54%
NEIMETH	5.90	8.45	43.22%
EUNISELL	126	169	34.76%

Top Price Losers			
Tickers	Open	Close	% ∇
ALEX	23.8	19.1	-19.75%
AUSTINLAZ	4.67	4.13	-11.56%
SOVERENINS	3.81	3.38	-11.29%
IKEJAHOTEL	44.9	40	-10.91%
JULI	8.06	7.26	-9.93%
CONOIL	187.2	169	-9.72%

Correlation: ASI \leftrightarrow NGX30 = 1



The near-perfect correlation shows that recent equity gains are powered by NGX-30 heavyweights, with limited participation from the broader market.



Forward Outlook

Implications of global developments for Nigeria

<p>Regional disinflation supports EM stability</p>
<p>Oil market developments tilt against Nigeria's FX outlook</p>

- Easing inflation across Africa (Ghana, Ethiopia, South Africa) improves regional macro stability and may help sustain investor appetite for frontier markets, indirectly supporting Nigeria's capital inflows.
- Increased oil supply flexibility, driven by Venezuela's re-entry into global markets, potential U.S. support for its energy infrastructure, and Chinese refiners switching crude sources, adds to global supply pressure.
- This reinforces downside risks to crude prices and weakens Nigeria's oil-linked FX inflows.

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

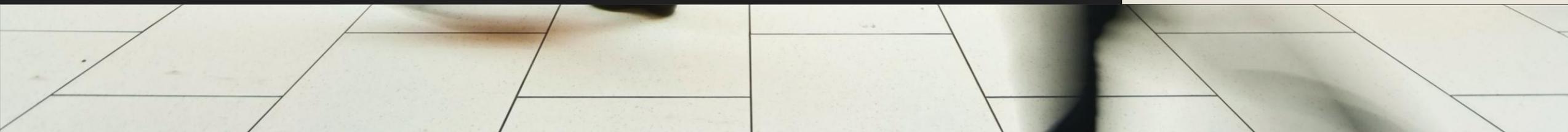
- Liquidity injections are expected to moderate this week, as lower OMO maturities reduce pressure on system liquidity and FX demand.
- As a result, interbank funding conditions could remain relatively firm, reflecting tighter system liquidity compared with recent weeks.

Our Take

- While global easing supports medium-term rate normalization, the CBN is likely to remain cautious, especially amid ongoing FX vulnerabilities linked to weak oil prices.
- Positioning should therefore remain selective, gradually extending duration where valuation is attractive, while maintaining strong FX-risk management given lingering external pressures.



Thank you



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