2026
OUTLOOK

From Stabilization to Sustainable Growth

Executive Summary

The global economy in 2025 demonstrated resilience despite renewed trade tensions, geopolitical conflicts, and persistent inflationary pressures. The return of President Trump to office triggered successive tariff measures that elevated policy uncertainty and market volatility. Nonetheless, negotiated rollbacks, front-loaded trade activity, and resilient demand—particularly in the United States—helped moderate the impact on global growth. Global disinflation progressed unevenly, limiting aggressive monetary easing but allowing a cautious pivot toward accommodation across major economies.

In the United States, output contracted in early 2025 due to pre-tariff import stockpiling before rebounding strongly as consumer spending remained resilient. Inflation stayed above target, prompting the Federal Reserve to initiate modest rate cuts in the second half of the year. Europe and the United Kingdom recorded modest growth as easing price pressures allowed central banks to lower policy rates. China's economy benefited from policy support, though weaker external demand constrained momentum later in the year.

Oil markets were characterized by oversupply, with rising global production outpacing demand and driving prices lower in the second half. This environment constrained revenues for oil exporters but eased imported inflation pressures.

Nigeria's economy gathered momentum following GDP rebasing, supported by easing reform-related constraints, improved confidence, and stronger activity across agriculture, services, construction, and hydrocarbons. Inflation declined sharply after CPI rebasing, driven by improved food supply conditions and greater exchange-rate stability. In response, the Central Bank of Nigeria initiated its first policy easing in five years, signalling a gradual shift toward accommodation.

Foreign exchange conditions improved materially, with reduced volatility, stronger reserves, and narrowing misalignment supporting naira stability. Financial markets responded positively, as fixed income yields compressed and equities delivered strong gains on improved macro confidence.

Looking ahead to 2026, moderating inflation, a more stable currency, gradual policy easing, and reforms underpin an optimistic outlook despite lingering global and domestic risks.

Global Economy

Amidst the return of President Trump's return to the office in January 2025, global economic focus shifted from ongoing geopolitical conflicts (Ukraine-Russia war and Isreal-Hamas conflict) to renewed trade tensions following President Trump's agendas. Notably, the administration rolled out successive emergency tariffs, reciprocal and sector-specific duties, and sharply higher levies on major trading partners—most notably China—triggering market volatility, legal challenges, and intermittent negotiated rollbacks that kept global trade policy uncertainty elevated throughout the year.

Nonetheless, the global economy demonstrated resiliency to these renewed trade tensions than expected. Although the tariff wave raised concerns about a sharper slowdown, its impact was partly offset by negotiated adjustments and a temporary surge in trade activity in early 2025, as firms and households front-loaded purchases, shipments, and investment ahead of expected hikes. As this effect faded, external demand softened, while higher tariff-related input costs, wage pressures, and elevated energy prices kept inflation above target across globe, limiting the scope for aggressive monetary easing and restraining domestic growth support.

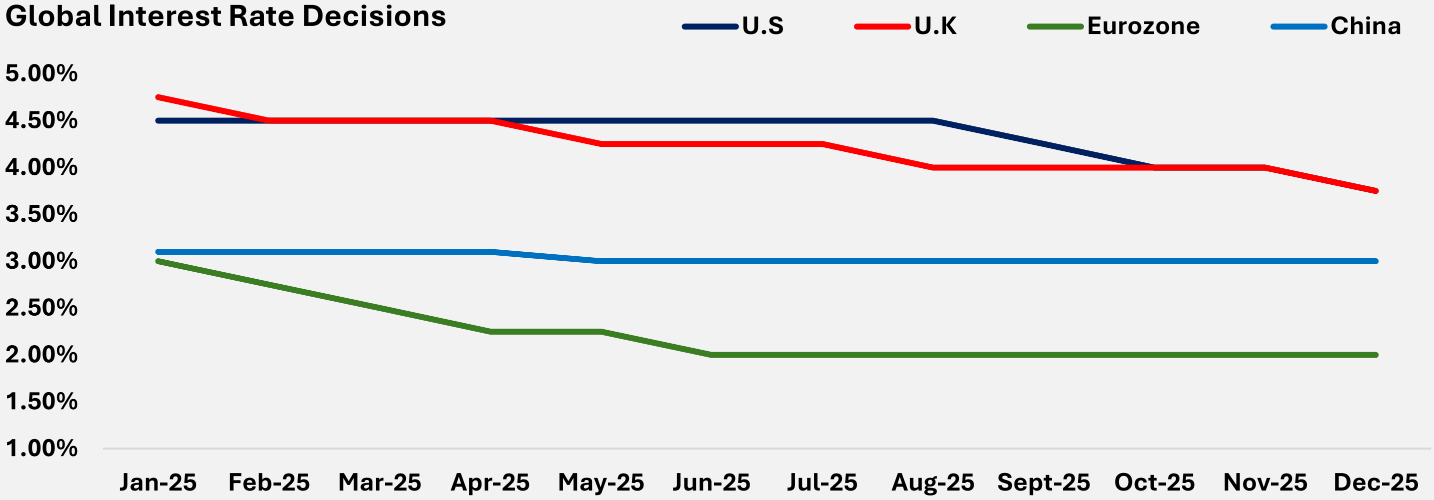
Consequently, the U.S., GDP contracted in Q1-2025 to -0.5%q/q from Q1-2025, largely due to a surge in imports driven by pre-tariff stockpiling. However, growth rebounded sharply in Q2-2025 to 3.8% q/q as trade conditions normalized and consumer spending remained resilient, even as exports softened due to higher input and production costs that eroded U.S. competitiveness abroad.

Meanwhile, the euro area expanded by 0.6% q/q in Q1-2025 (from 0.2% in Q4-2024), followed by growth of 0.1% q/q and 0.3% q/q in Q2 and Q3-2025, respectively. The UK economy grew by 0.7% q/q in Q1-2025, before moderating to 0.3% q/q in Q2 and 0.1% q/q in Q3. China recorded stronger growth of 1.2% q/q in Q1-2025 and 1.1% q/q in both Q2 and Q3, benefiting initially from front-loaded demand in early 2025 before moderating mid-year as external demand softened.

In terms of inflationary pressure, U.S. inflation rate stayed above the Federal Reserve's target of 2%, averaging 2.7% y/y in Q1-2025 before moderating to 2.5% in Q2 and 2.9% in Q3, as supply pressures and pre-tariff stockpiling effects eased. Core inflation mirrored this trend, reflecting persistent housing and service costs. In response, the Fed kept the federal funds rate at 4.50% through Q1 and Q2, cutting it modestly to 4.25% in late Q3, and to 4.00% and 3.75% in early and late Q4.

In Europe, the euro area saw headline inflation, average at 2.3% in Q1, eased to 2.0% in Q2 before rising to 2.1% in Q3, with the European Central Bank (ECB) cutting the interest rate by 100bps from 3.15% to 2.15% in response to the moderating inflationary pressure.

Global Interest Rate Decisions



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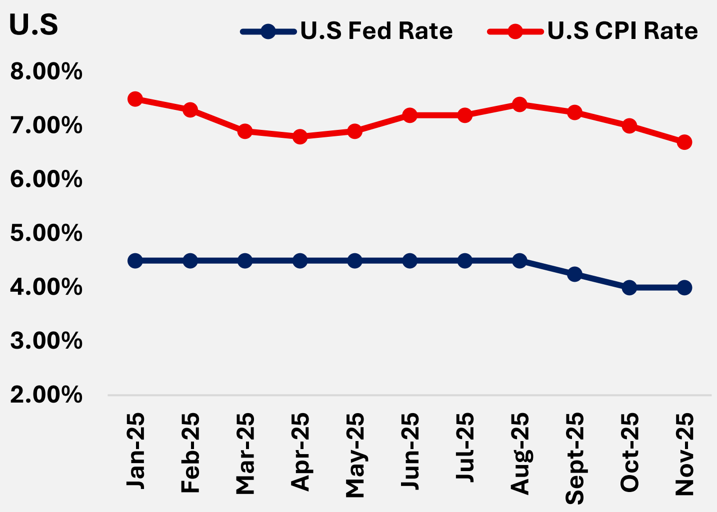

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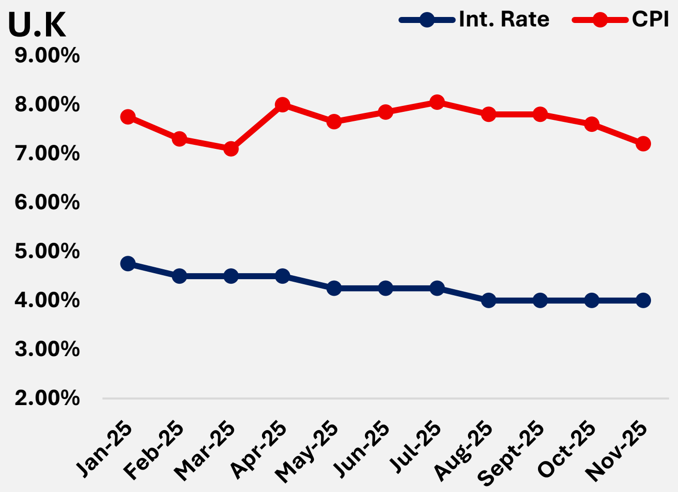

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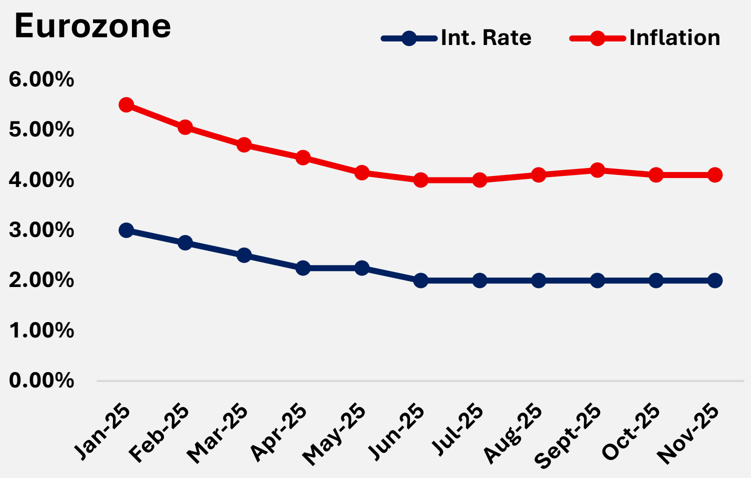

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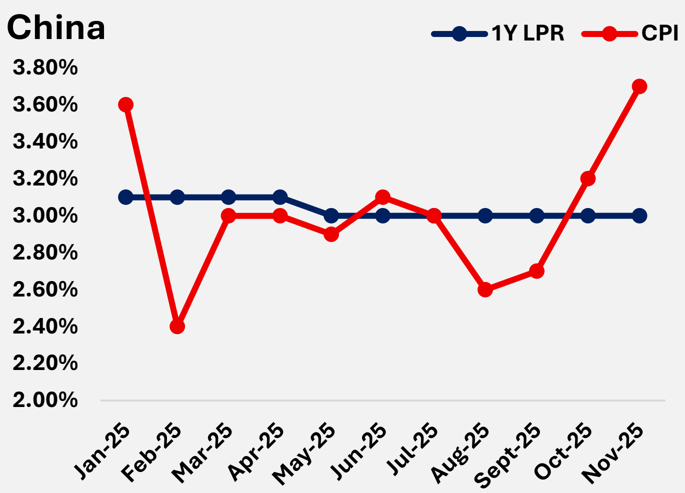


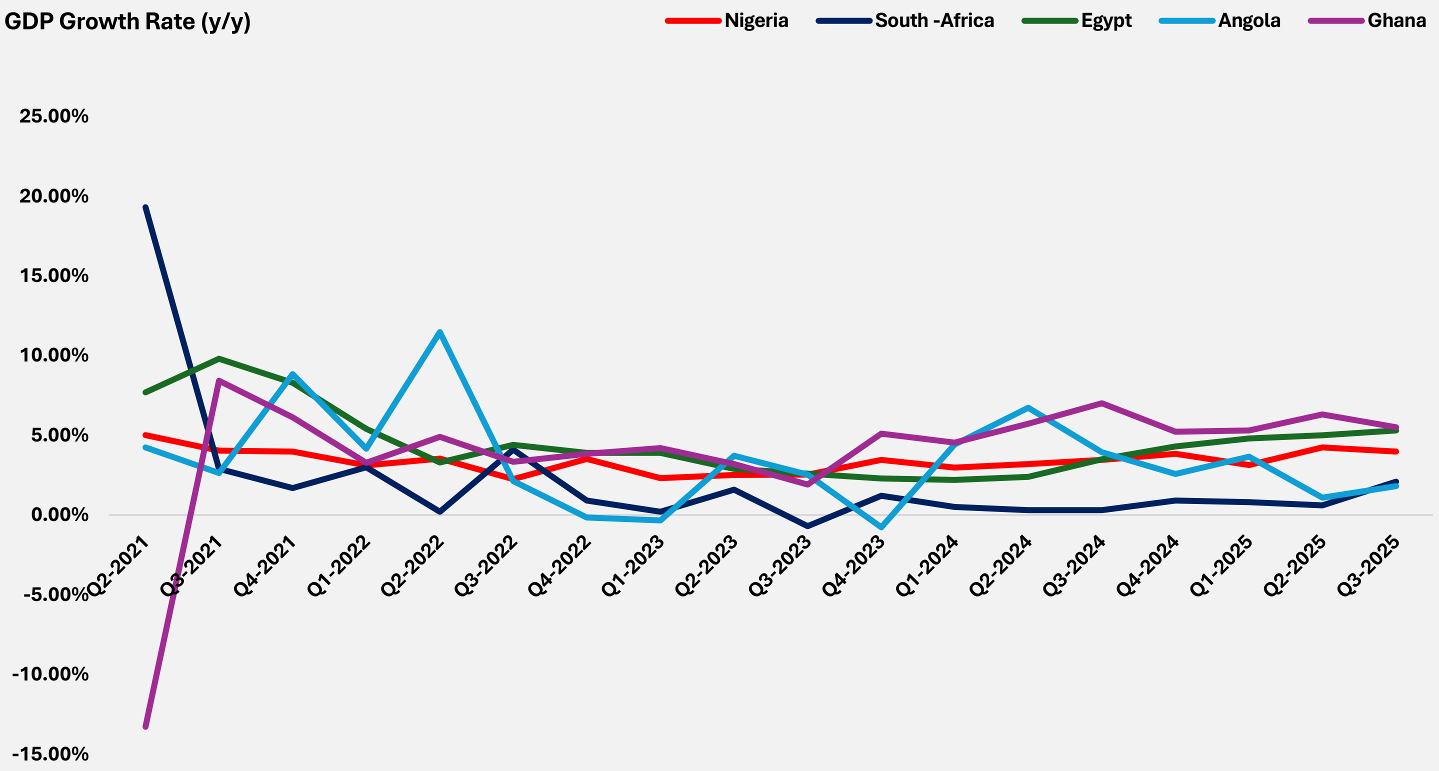
Source: Bloomberg, AIICO capital

The UK experienced higher inflation, starting with an average rate of 2.8% in Q1, rose to 3.5% in Q2 and peaked at 3.8% in Q3 before falling to 3.5% in Q3, while the Bank of England (BoE) cut the interest rate by 100bps from 4.75% to 3.75%. In contrast, China's inflation remained moderate within a range of -0.7%–0.7%% through 2025, mostly deflation, but rose to 0.7% in Nov supported by government measures, with the People's Bank of China cut the one-year Loan Prime Rate by 10bps to 3.00% in Q1 and held rate at that level will end of 2025 to sustain liquidity and support growth.

Sub-Sahara Africa

Sub-Saharan Africa saw varied economic performances, amid economic reforms, shifts in commodity prices and external financing conditions, while the direct impact of trade tariffs on growth was limited. Resource-dependent economies such as Nigeria and Angola were hit by falling oil and industrial metal prices, weakening fiscal balances and straining their currencies. Also, import-reliant countries, such as Kenya, faced currency depreciation and higher borrowing costs due to tighter global financial conditions. On the other hand, gold-exporting countries like Ghana benefited from elevated gold prices (reaching all time high), offering a temporary buffer. As U.S. pursued monetary policy easing later in the year, global trade tensions eased and the regional currency pressures eased, supporting disinflation across region. With inflation expectations stabilizing, several central banks, including those in Ghana and Kenya, shifted from signaling to actively implementing policy easing measures.

Notably, South Africa GDP expanded by 0.8%, 0.6% and 2.1% in Q1, Q2 and Q3-2025 while inflation rate moderated from 3.2%y/y in January to 2.7%y/y in March, before increasing to 3.5%y/y in November, to stay within the South Africa Central Bank (SARB) target range of 2%-4%. Egypt's economy expanded by ~4.8% in Q1 and 5.0% in Q2 2025, with GDP growth reaching around 5.0% in Q4 of fiscal year 2024/25, lifting annual growth to about 4.4%. Inflation eased significantly from very high levels in prior years to around 12–13% y/y by late 2025, declining as monetary tightening and reforms took effect. Ghana's economy grew ~5.3% in Q1 and 5.5% in Q3 2025, reflecting strength in agriculture and services. Inflation declined sharply throughout the year, falling from very high double digits earlier in 2025 to about 6.3% y/y by November 2025, the lowest since rebasing, signaling sustained disinflation.



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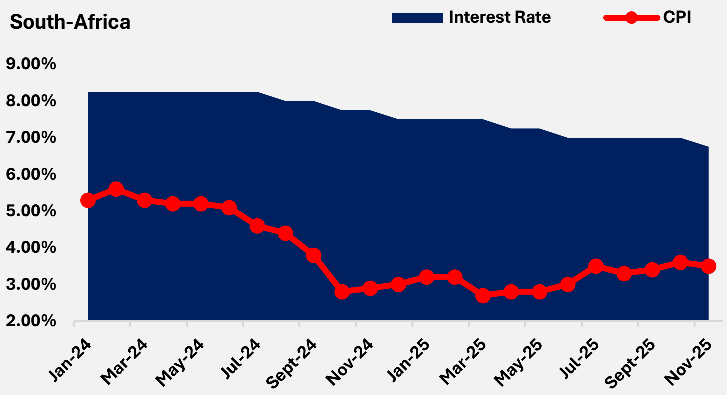

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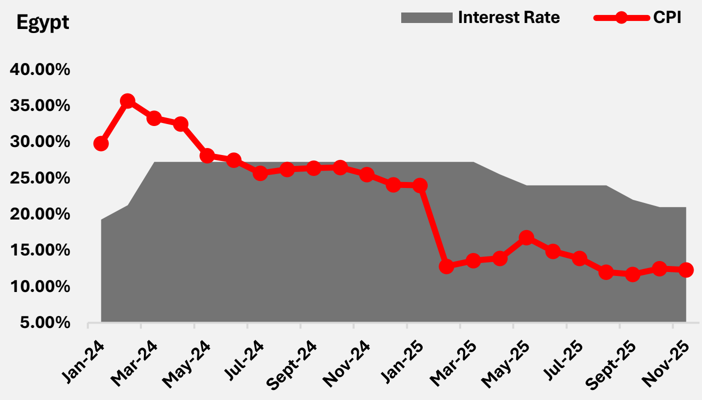

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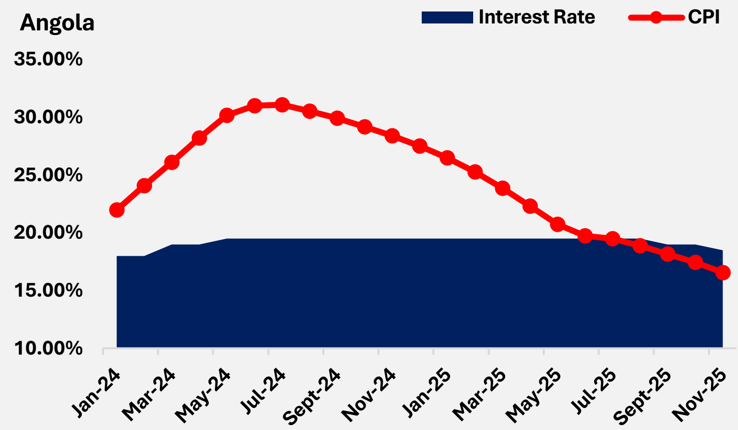

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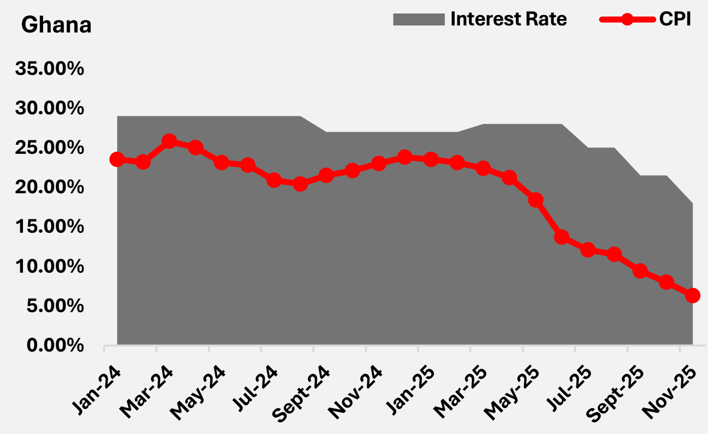

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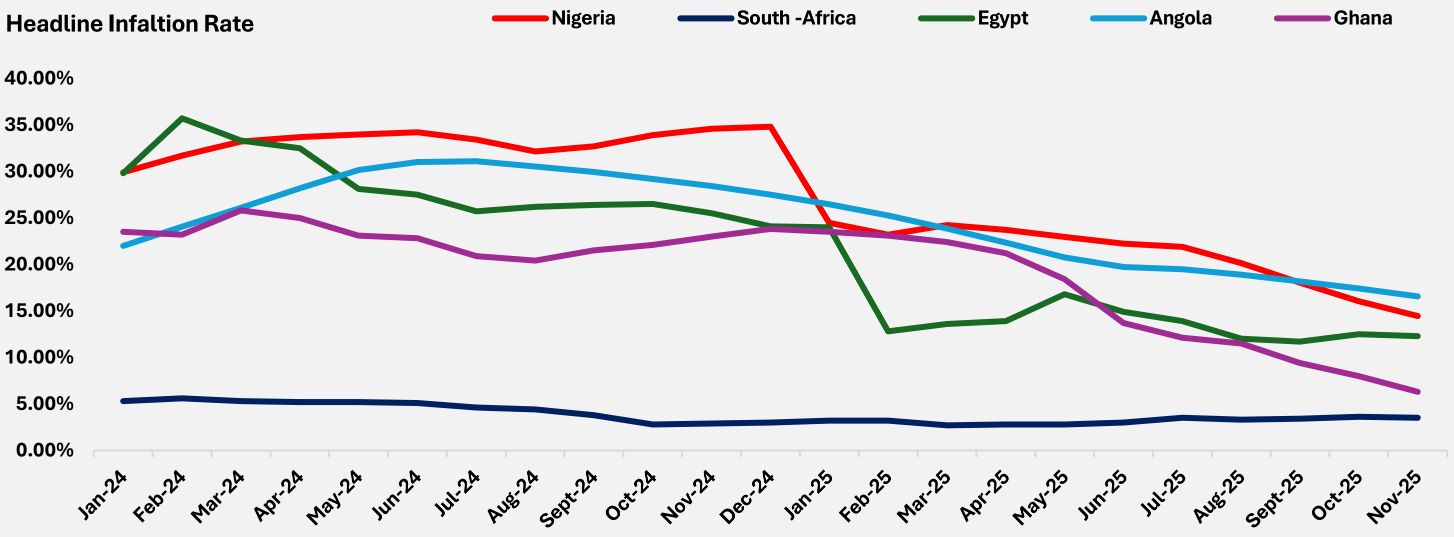


Source: Bloomberg, AIICO capital

Global Oil Market

Oil prices in 2025 were shaped by evolving supply–demand dynamics and intermittent geopolitical risks. After sharp volatility in May and June linked to Israel–Iran tensions, prices stabilized, with only brief, event-driven spikes. Overall, crude prices remained broadly steady and slightly above levels seen before Israel's early-June strike on Iran.

Brent crude trended lower through the second half of the year, falling from a July peak of $73.24/bbl to a five-month low of $61.01/bbl in October. The dominant forces behind this decline were expanding global supply and softer-than-expected demand amid slower economic growth and structural shifts in fuel consumption. Although prices occasionally jumped following tensions in the Strait

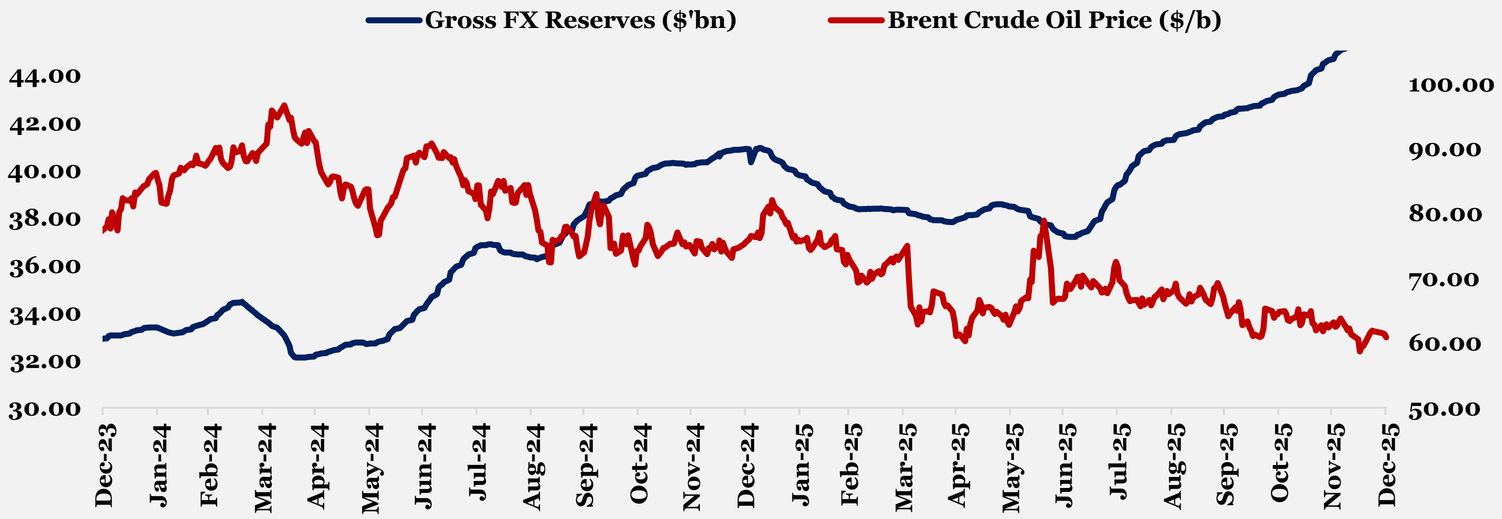
Industrial activity, petrochemicals, transport needs, and China's strategic stockpiling helped underpin consumption, while advanced economies saw weaker demand due to sluggish growth, efficiency gains, accelerating transport electrification, and decarbonization policies. EIA estimates show demand rising marginally by 0.4% y/y to 103.75 mb/d in October, with full-year 2025 demand projected to grow by 1.0% y/y to 104.14 mb/d—well below the 2.1% average growth seen between 2022 and 2024. Asia remained the key driver of global demand growth.

On the supply side, output expanded faster than demand, pushing the market toward oversupply. By October, global production rose by 4.41 mb/d (+4.3% y/y) to 108.18 mb/d. OPEC+ output increased by 1.72 mb/d as voluntary cuts were unwound, led by Saudi Arabia, the UAE, Iraq, Kuwait, and Oman. Russia maintained growth despite sanctions through redirected exports to Asia, while Algeria and Kazakhstan added further volumes. Non-quota producers also contributed, with Iran gradually raising output and Libya rebounding after easing blockades.

Global oil demand remained relatively weak in 2025. Stronger consumption in emerging markets—especially China (+1.7% y/y) and India (+4.3% y/y)—was offset by declining demand in advanced economies (-2.7% y/y). China's uneven recovery limited demand growth, but India's stronger expansion and modest gains in China provided some support.

Non-OPEC+ producers drove most supply growth, led by Brazil and Guyana from new deepwater projects, alongside gains in Canada, Argentina, China, India, and the US. Overall supply is expected to average 105.98 mb/d in 2025E.

Reflecting oversupply, global oil inventories rose by 304 mb to 8,482 mb by September, driven by higher OECD commercial stocks, non-OECD inventories, and oil held at sea, with China's strategic stockpiling a key contributor.



Source: Bloomberg, AIICO capital

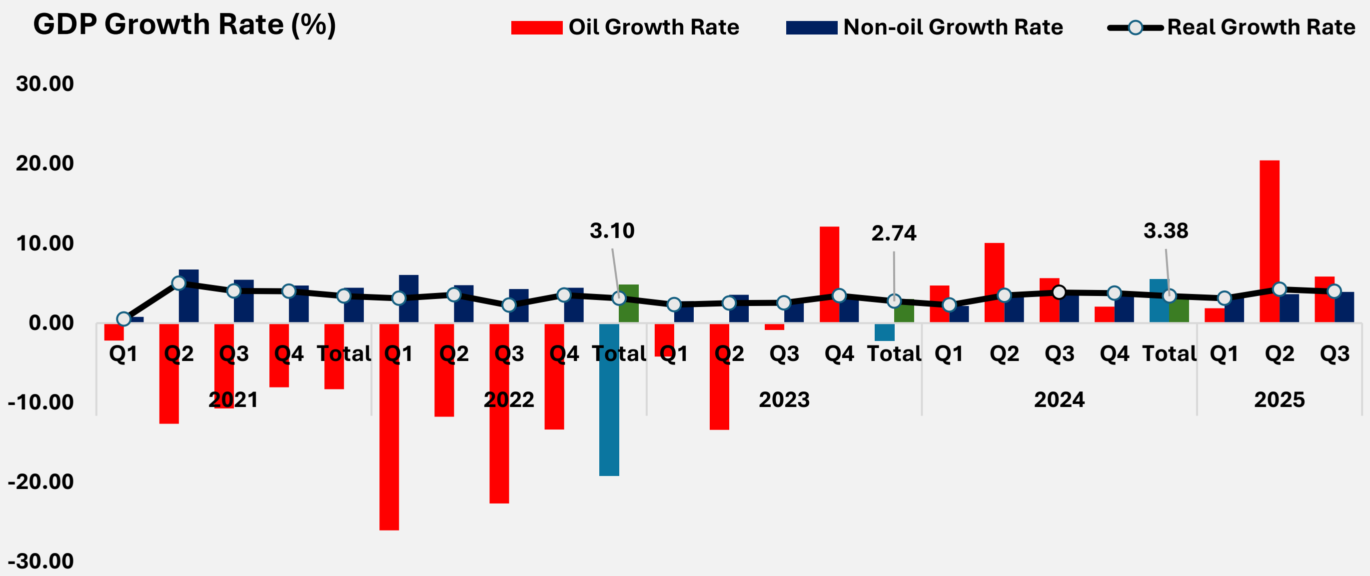
Domestic Economy

The Nigeria economy gathered some pace in 2025 after experiencing rebase to 2024 as the base year. The economy as of Q3-2025 grew by 3.98%y/y (vs 4.23% in Q2-2025 and 3.46%y/y in Q3-2024). This shows a cumulative improvement of 3.79%y/y as of 9M-2025 compared to 323%y/y as of 9M-2024. The pickup reflects easing reform-induced constraints, improved business confidence, and a gradually stabilizing macroeconomic environment. These factors supported stronger activity in key sectors such as agriculture, construction, crude oil and natural gas, telecommunications, information services, and financial services. However, sectors drive largely by household spending, including food, beverages and tobacco; textiles, apparel and footwear; trade; and real estate—continued to lag, weighed down by weak consumer demand amid elevated inflation and pressured household incomes.

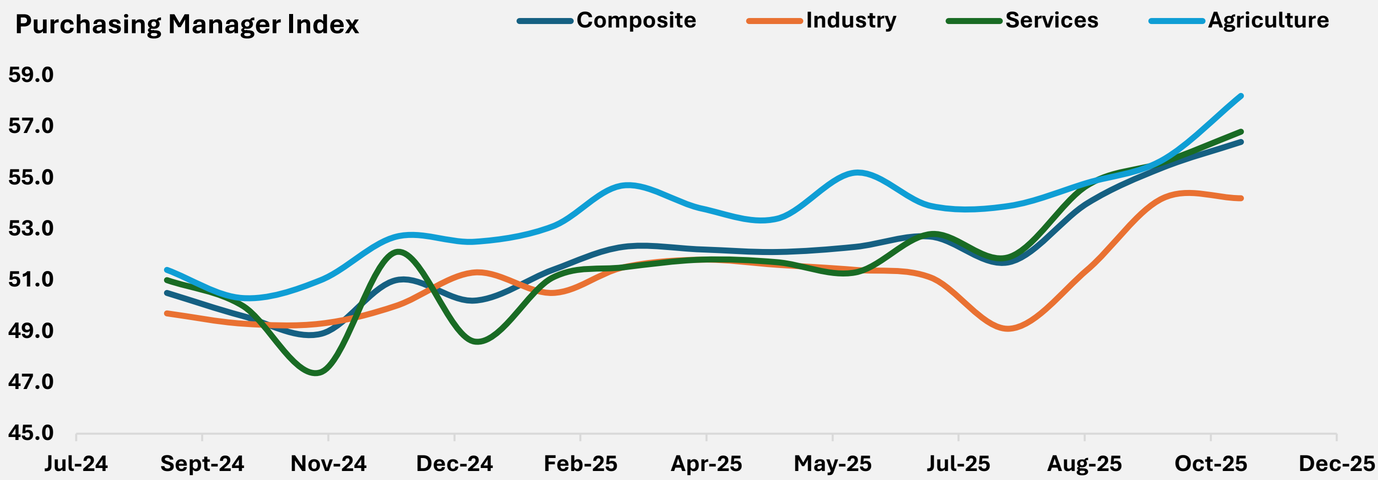
Similarly, according to the CBN Purchasing Managers' Index (PMI) for November 2025 expanded by 56.40 points, representing twelve consecutive months on expansion after recording a traction of 48.9 points in November 2024. The expansion signaling continued expansion in the non-oil economy in 2025, supported by a stronger naira, and improved economic activity.

Looking forward, economic conditions in 2026 are expected to improve moderately, supported by greater macroeconomic stability, easing inflationary pressures, and a more accommodative monetary policy stance. Agricultural output should benefit from ongoing mechanisation initiatives, exchange-rate stability, and favourable energy prices, although security risks and climate-related disruptions remain key constraints. Growth in the manufacturing sector is projected to strengthen as credit conditions improve, inflation moderates, and the naira stabilizes, with additional support from expanding domestic refining capacity and improved access to petrochemical inputs, which should lower production costs and enhance efficiency.

The services sector is expected to remain the primary engine of growth, driven by continued reforms, digitalization, improved logistics, and stronger financial intermediation. Trade activity should recover gradually, supported by increased local refining, higher petroleum product sales, and policy measures aimed at improving port efficiency and reducing logistics costs. Overall, while consumer demand is likely to recover only gradually, the combined effects of structural reforms, improving supply conditions, and stabilizing macroeconomic fundamentals point to a year of steady, broad-based economic expansion in 2026.



Source: NBS, AIICO capital



Source: CBN, AIICO capital

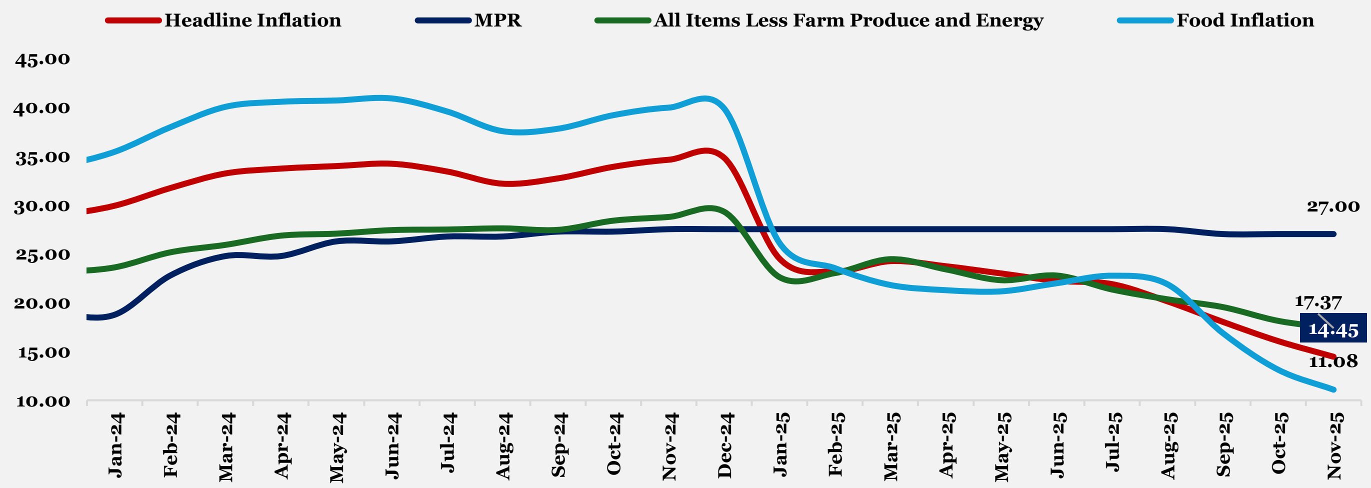
Inflation

In January 2025, the National Bureau of Statistics rebased the Consumer Price Index (CPI), updating the base year to 2024 from 2009 and revising the consumption basket. This change in methodology resulted in a significant drop in the headline inflation rate, to 24.48% in January from 34.80% y/y in December 2024. Subsequently, inflation maintained a clear downward trend, declining sharply to 14.45% y/y in November from 24.50% at the start of the year.

Food inflation recorded the most pronounced moderation, dropping by 15.00% points to 11.08% y/y in November from 26.08% in January. This decline was largely driven by increased agricultural output, supported by favorable weather conditions and reduced flooding. According to findings from the 2025 Agricultural Performance Survey conducted by NAERLS, it indicated that prices of major staples such as maize, rice, and sorghum fell by over 50% y/y, reflecting improved supply conditions. In addition, naira stability against the US dollar helped limit price increases for imported food items, although elevated freight costs continued to exert some upward pressure.

Core inflation eased more gradually, declining by 455bps to 18.04% y/y in November from 22.59% y/y in January. The slower pace of moderation reflects persistent structural challenges, including unreliable power supply, weak domestic production capacity, and market inefficiencies, despite support from reduced exchange-rate pass-through, slower fuel price increases, and lower transportation costs.

Looking ahead, inflation is projected to rise modestly in 2026, with a noticeable uptick expected between December 2025 and the early months of 2026. This increase will largely reflect base effects arising from the December 2024 CPI rebasing, as the unusually low comparison base is likely to mechanically lift year-on-year inflation readings. However, inflationary pressures are expected to ease as the year progresses, assuming exchange-rate conditions remain broadly stable.



Source: NBS, CBN, AIICO capital

Interest rate

For the first time in 5-years, the Monetary Policy Committee (MPC) embarked on its first easing move at its September meeting, cutting the Monetary Policy Rate (MPR) by 50 bps to 27.00% from 27.50% amid slowing inflationary pressure and a more stable naira. In the meeting in September, the Committee also reduced the Cash Reserve Ratio (CRR) for Deposit Money Banks (DMBs) to 45.0% from 50.0%, while retaining the CRR for Merchant Banks at 16.0% and keeping the liquidity ratio unchanged at 30.0%. In addition, the MPC introduced a 75.0% CRR on non-Treasury Single Account (TSA) public sector deposits to mitigate potential excess liquidity arising from higher government revenue disbursements to sub-national governments.

At its November meeting, the MPC held the MPR steady at 27.0%, contrary to expectations of a further cut. However, the widening of the Standard Facility Corridor rate to +50bps/–450bps around the MPR as the Committee's continued preference for a cautious and gradual easing path. While acknowledging moderation in inflation rate, the MPC noted that it remained elevated and firmly in double-digit territory.

Beyond these considerations, the MPC's restraint likely reflected expectations of a temporary, base-effect-driven increase in headline inflation in December. Such a short-lived spike would compress real interest rates and limit room for immediate easing. By maintaining the MPR, the Committee preserved real returns and policy credibility while awaiting clearer evidence of a sustained disinflation trend.

Recent policy actions suggest a gradual shift toward an inflation-targeting approach, as seen in aggressive tightening through 2024, increased use of conventional policy tools, forward guidance, and stronger efforts to anchor expectations. Nonetheless, the absence of a clearly defined inflation target or band, weaknesses in inflation forecasting, and data inconsistencies following CPI rebasing point to only partial adoption. Structural challenges—such as insecurity, agricultural constraints, poor infrastructure, and a fragile manufacturing base—also limit the effectiveness of formal inflation targeting. As a result, monetary policy is likely to remain implicitly focused on managing inflation expectations rather than adhering to an explicit target in the near term.

Looking ahead, inflation is expected to continue easing in 2026, averaging 16.30% y/y, supported by exchange-rate stability, improved agricultural output, and softer global commodity prices. Strong external balances and capital inflows should further support the naira. Against this backdrop, the MPC is expected to sustain a gradual easing cycle in 2026, while keeping rates relatively high to anchor expectations and maintain naira yield attractiveness. We project a cumulative 250bps reduction in the MPR to 24.50%, alongside CRR cuts for DMBs and Merchant Banks to 40.0% and 12.0%, respectively, and a narrowing of the Standard Facility Corridor. Under a positive inflation scenario, a deeper 350bps cut to 23.5% is possible, while a bearish outcome could limit easing to just 50bps.

Financial Market

Foreign Exchange

The Naira's performance in 2025 reflected a marked improvement in stability and valuation relative to prior years, underpinned by stronger external buffers and more consistent policy execution. After a prolonged period of misalignment, the currency traded at an average of approximately ₦1,518.07/$, with volatility easing as foreign exchange liquidity improved and market confidence strengthened. Greater policy consistency, tighter FX-market regulation, and enhanced transparency helped narrow the gap between official and parallel market rates, supporting a more orderly price discovery process.

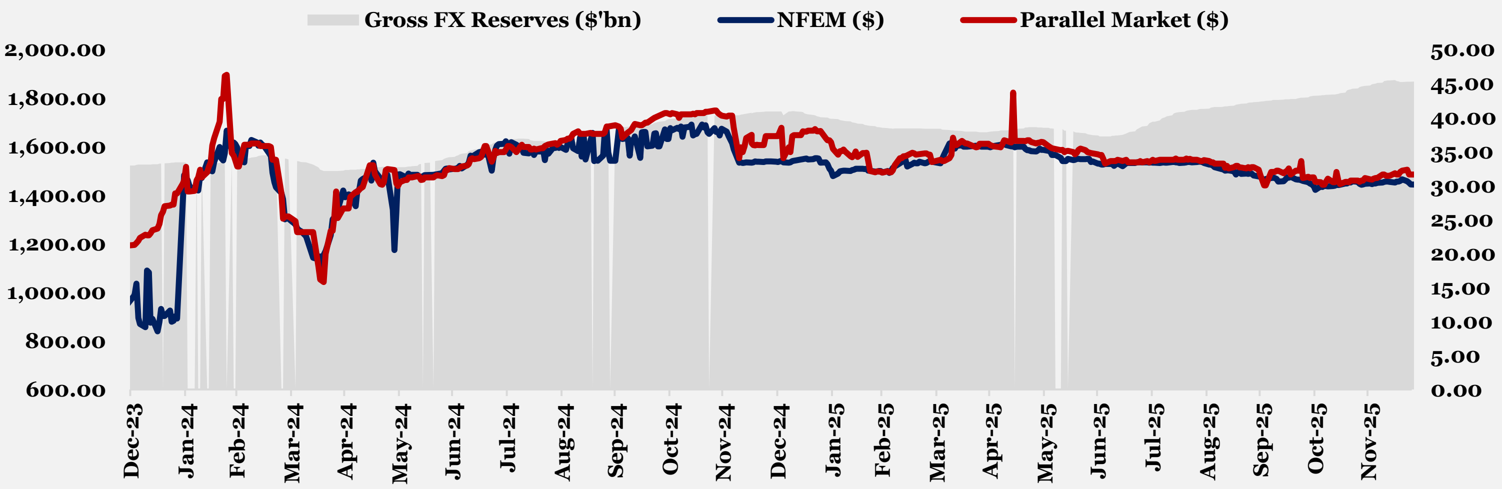
Notably, naira remained undervalued for much of the year, but the extent of misalignment declined materially compared with 2024. Estimates from fundamental exchange-rate models suggest that undervaluation narrowed from over 35% in 2024 to below 20% in 2025, signalling partial convergence toward its fair value. This adjustment was supported by stronger external inflows from Foreign Portfolio Investors (FPIs), improving current account dynamics, and more disciplined FX management by the authorities.

External reserves dynamics were central to this improvement. Reserves declined by $3.67 billion in H1-2025, reflecting debt-servicing pressures and CBN interventions to support FX market stability. However, this trend reversed in H2-2025, with reserves rising by $8.03 billion, reaching approximately $45.2–$45.3 billion by late December 2025. The rebound was driven by the clearance of the FX backlog, higher crude oil receipts, FX-market reforms, and the successful issuance of 2036 and 2046 Eurobonds, all of which reinforced investor confidence. The exit from the FATF grey list also contributed to the margin, given the timing of this development.

Beyond improved macroeconomic stability, Nigeria's potential re-entry into the J.P. Morgan GBI-EM index represents a key prospective catalyst for foreign portfolio inflows. The Debt Management Office has confirmed advanced discussions with J.P. Morgan, citing improved FX liquidity and more reliable pricing as critical enablers. Successful re-inclusion could unlock sizeable inflows from global asset managers, enhance real-money demand for FGN bonds, and lower borrowing costs by improving sovereign risk perceptions. If realised alongside sustained FX stability, such inflows would likely reinforce downward pressure on domestic yields.

Overall, while the naira did not fully return to its estimated fair value in 2025, it exhibited significantly greater resilience and stability. Reduced depreciation pressures, firmer external buffers, and improving investor sentiment suggest that the foundations have been laid for further consolidation and potential appreciation over the medium term.

Going forward, the Naira is expected to strengthen to a range of ₦1,400/$ to ₦1,350/$ as FX market inefficiencies continue to unwind, external inflows improve, and consistent policy discipline supports investor confidence, allowing the exchange rate to align more closely with its underlying fundamentals.

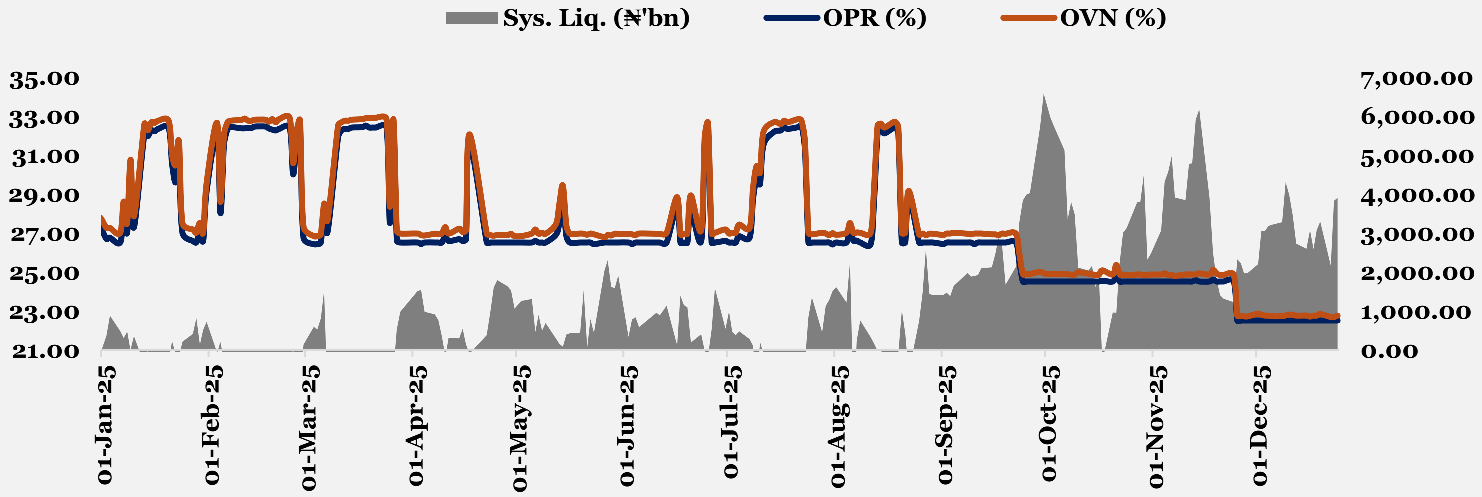


Source: CBN, AbokiForex AIICO capital

Money Market

Money market liquidity conditions remained tight between January and June, with average system liquidity at ₦246.43 billion and the overnight (OVN) rate averaging 29.11%. Funding pressures eased slightly in the second half of the year after the Central Bank of Nigeria (CBN) suspended OMO liquidity mop-ups between June 17 and July 25 in anticipation of a shift toward policy easing. However, this had limited impact on funding rates, as banks absorbed much of the excess liquidity through placements at the Standard Deposit Facility (SDF).

Meanwhile, following the 50bps cut in the Monetary Policy Rate (MPR) to 27.0% in September, the overnight rate fell below 25.0% for the first time in 2025. In addition, stronger net inflows from Q3-25 significantly boosted system liquidity, which averaged ₦1.17 trillion during the period. Overall, system liquidity averaged NGN1.20 trillion as of December 24, reflecting cumulative inflows of ₦30.25 trillion against outflows of ₦36.63 trillion, while the average Overnight Rate moderated to 27.63%.



Source: CBN, FMDQ, AIICO capital

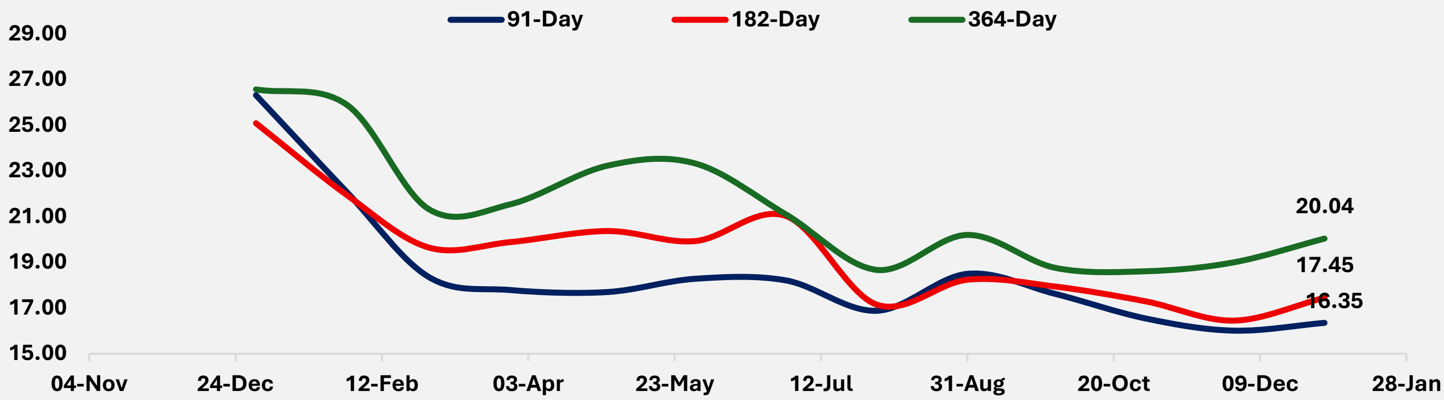
Treasury Bills

These developments signalled a gradual shift toward easier financial conditions, as stronger investor confidence and a more accommodative monetary policy environment drove yields lower across the curve. In the primary market, stop rates on 364-day Nigerian Treasury Bills declined steadily, reaching 17.5% at the most recent auction on December 10, down sharply from 22.6% at the beginning of the year. This trend reflected robust demand for liquid, short-term naira instruments, underpinned by improving inflation trends and growing expectations of policy easing.

In contrast, yields on Open Market Operations (OMO) bills were relatively firm in the early part of the year, as the Central Bank of Nigeria (CBN) sought to balance liquidity management objectives with strong investor appetite for short-dated naira assets and the need to maintain sufficiently attractive yields to support foreign exchange inflows. Consequently, during most of H1-25, the yield spread between OMO bills and NTBs remained wide at around 350bps, with OMOs issued at higher stop rates.

Following the CBN's policy rate cut in September, however, yields on both NTBs and OMOs declined more noticeably, leading to a significant narrowing of the spread to about 166bps. Overall, average yields fell sharply over the year, with NTB and OMO yields declining by 860bps and 510bps, respectively, to close at approximately 17.0% for NTBs and 22.0% for OMOs.

In 2026, yields are likely to trend lower as liquidity conditions improve and policy rates ease, but the pace of decline may be uneven. Heavy reliance on short-term instruments to finance fiscal needs could keep supply elevated, while intermittent FX pressures or inflation surprises may lead to cautious policy adjustments. Even so, with an expected cumulative 250bps cut in the MPR, average Treasury bill yields are projected to compress by about 400bps from 17.95% to roughly 13.95% by the end of 2026, although market dynamics could influence the timing and scale of this adjustment.



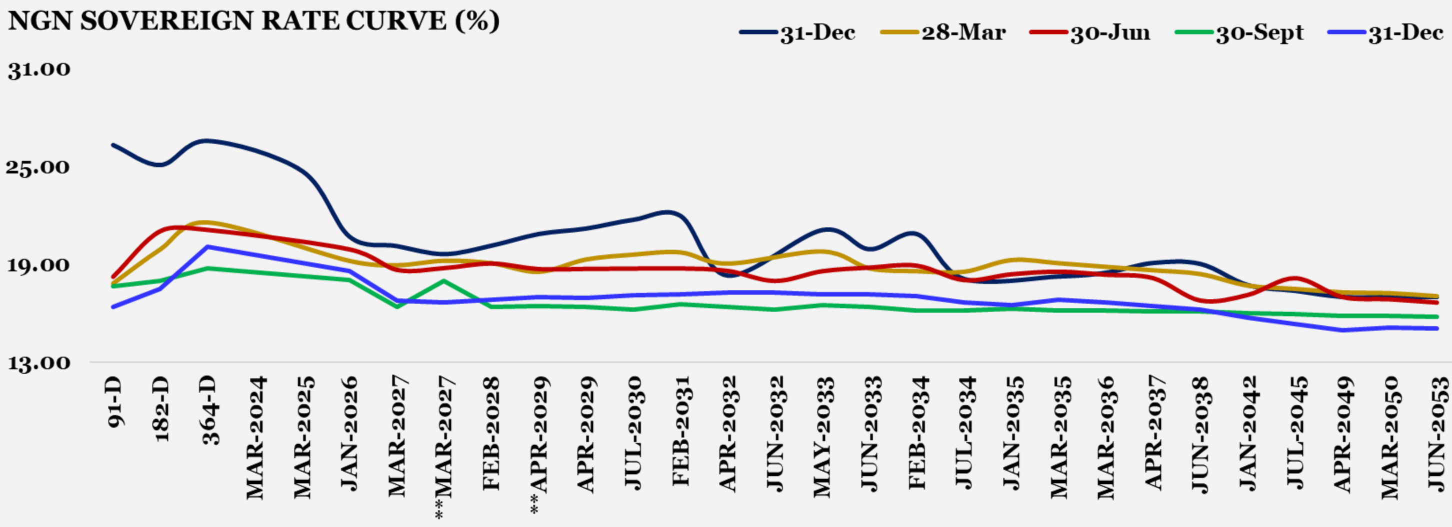
Source: FMDQ, AIICO capital

FGN Bond

The FGN bond market traded bullish, largely influenced by easing inflationary pressures and the Central Bank of Nigeria's policy rate cut in September. In the primary market, stop rates declined significantly, compressing from 22.60% at the start of the year to 17.30% in December. Secondary market movements were more gradual, though a clear bullish tone emerged in Q3-25, supported by improving macroeconomic conditions.

Investor demand for FGN bonds strengthened further in Q4-25, driven by portfolio positioning ahead of 2026 amid expectations that FGN bonds would retain their tax-exempt status relative to other sovereign instruments. This anticipation boosted demand and supported prices into year-end. Overall, the average yield on FGN bonds declined by 310bps, settling at approximately 16.47% by year end.

Going forward, we expect to ease in 2026, supported by anticipated monetary easing, while the outlook remains exposed to key domestic risks. Elevated fiscal deficits and increased sovereign borrowing requirements, particularly if oil revenues underperform, could sustain supply pressures and keep longer-dated yields elevated. In addition, renewed FX volatility, weak reserve accumulation, or a reversal in the disinflation trend could raise risk premiums and prompt the CBN to delay



Source: FMDQ, AIICO capital

or adopt a more cautious approach to rate cuts. Overall, with an assumption of 250bps reduction in the MPR, average bond yields are projected to decline by about 250bps from 16.47% to approximately 13.97% by the end of 2026, although these risks could limit the pace of yield compression.

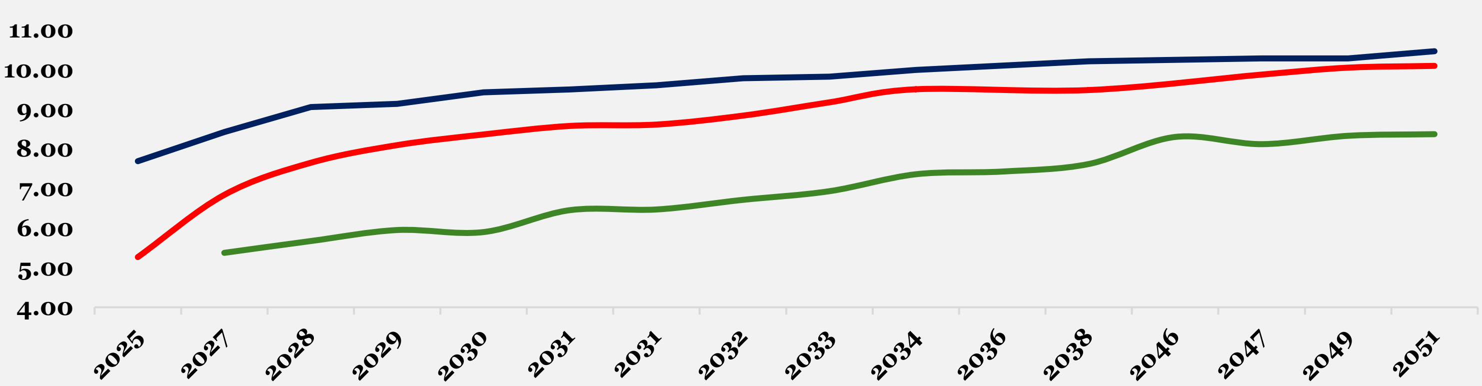
Eurobond

Across Sub-Saharan Africa, Eurobond markets recorded broad-based yield compression in 2025, reflecting improved investor sentiment and declining risk premiums. In Kenya, average Eurobond yields fell sharply to 7.4% from 10.4% a year earlier, supported by currency stability and renewed confidence following the IMF-backed debt buyback programmed. Ghana also saw a significant tightening in yields, with average Eurobond yields declining by 312bps to 6.8%, driven by progress in debt restructuring, stronger fiscal consolidation, and sovereign credit rating upgrades.

Against this regional backdrop, trading in Nigerian sovereign instruments remained relatively volatile over the year, shaped by domestic macroeconomic developments and shifts in global risk appetite. In H1-2025, yield spread widened amid concerns around fiscal slippage, slow reform implementation, and elevated global risk aversion. Conditions improved in the second half of the year as global interest rates moderated and Nigeria's fiscal outlook stabilized, leading to a notable decline in average Nigerian Eurobond yields to 7.00%, from 9.54% at the start of the year.

Going forward, we expect further compression in yields as market sentiment benefits from the anticipated gradual easing by major central banks in 2026. In the US, the Federal Reserve is projected to lower policy rates modestly to 2.5%–3.5% by year-end, while the European Central Bank is likely to make limited reductions toward below 1.5%, reflecting subdued growth and near-target inflation. Historically, such global easing cycles have tightened sovereign spreads, reduced external borrowing costs, and encouraged capital inflows into emerging market assets. Consequently, Nigerian Eurobond yields are expected to compress further, supported by higher investor demand and improved risk appetite, creating a favorable environment for sovereign debt in 2026.

Nigerian Sovereign Eurobond Yield Curve



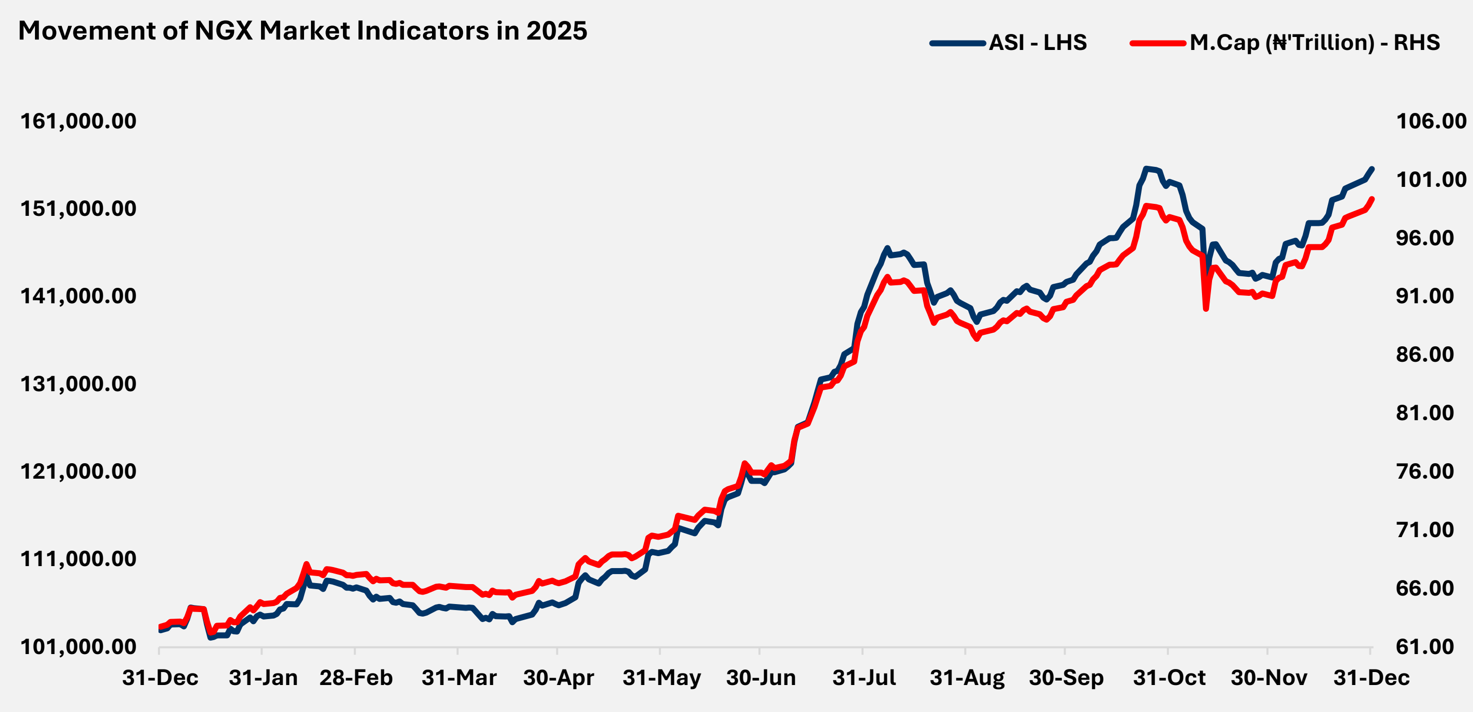
Source: FirstBank UK, AIICO capital

Equities

The Nigerian stock market delivered another strong performance in 2025, building on gains of 45.90% in 2023 and 37.65% in 2024. In 2025, the Nigerian Exchange (NGX) All-Share Index had advanced by 51.19%, driven by a combination of supportive macroeconomic and sector-specific factors. Naira appreciation supported price gains in the consumer goods (129.57%) and industrial goods (58.91%) sectors, while the approval of the National Insurance Industry Reform Act (NIIRA) boosted insurance stocks with 65.64% gain. The banking sector also benefited with a 39.77% growth from ongoing recapitalization efforts and improved valuations. In contrast, the oil and gas sector underperformed by -1.54% after 2024 gains linked to fuel subsidy removal.

Looking ahead, we expect further disinflation (average 15.2%) and a stronger naira (projected ₦1,320/$) could allow additional monetary easing of around 300bps, lowering funding costs and supporting equity valuations. In addition, structural reforms, including the Nigerian Tax Act 2025 and the National Insurance Industry Reform Act, are expected to improve market efficiency, attract long-term capital, and strengthen liquidity.

However, pre-election year risks may temper market activity. Political uncertainty could prompt cautious capital deployment, reduced trading conviction, and occasional volatility, though fundamentals remain supportive for sustained positive returns.



Source: NGX, AIICO capital

Market Sector	2024	Q1-2025	Q2-2025	Q3-2025	Q4-2025	2025
NGX-ASI	37.65%	2.66%	13.55%	18.95%	9.04%	51.19%
Banking	20.88%	6.96%	10.38%	18.25%	0.11%	39.77%
Consumer Goods	54.44%	4.86%	45.16%	27.89%	17.93%	129.57%
Industrial Goods	31.70%	-2.30%	4.25%	39.32%	11.99%	58.91%
Insurance	123.22%	-2.71%	8.16%	57.65%	-0.14%	65.64%
Oil & Gas	160.01%	-9.34%	-0.86%	3.51%	5.83%	-1.54%

Source: NGX, AIICO capital

Top 10	H1-25
BETAGLAS	414.56%
HONYFLOUR	241.27%
TIP	230.00%
VITAFOAM	221.74%
NEIMETH	185.15%
FIDSON	183.87%
PRESCO	168.42%
CHAMPION	162.47%
SCOA	161.65%
CHELLARAM	157.57%

Top 10	H2-25
NCR	1111.67%
EUNISELL	788.03%
MECURE	407.39%
GUINNESS	297.61%
ALEX	202.80%
SOVRENINS	185.07%
IKEJAHOTEL	157.06%
AIICO	139.87%
UACN	122.49%
AUSTINLAZ	106.31%

Top 10	YTD
NCR	1354.00%
EUNISELL	496.78%
BETAGLAS	470.11%
TIP	432.00%
GUINNESS	398.08%
MECURE	369.06%
ELLAHLAKES	324.05%
VITAFOAM	300.00%
IKEJAHOTEL	272.44%
CHAMPION	267.45%

Top 10	H1
VFDGROUP	-68.69%
SUNUASSUR	-52.19%
CONOIL	-39.44%
EUNISELL	-32.80%
JBERGER	-27.86%
VERITASKAP	-25.74%
AFRIPRUD	-22.87%
MORISON	-19.70%
GOLDBREW	-17.82%
OANDO	-16.74%

Top 10	H2
LIVINGTRUST	-49.26%
JOHNHOLT	-33.78%
ETERNA	-33.72%
LIVESTOCK	-32.02%
OANDO	-26.84%
NNFM	-21.94%
JULI	-21.75%
VFDGROUP	-20.86%
CONOIL	-20.17%
NEIMETH	-11.18%

Top 10	YTD
VFDGROUP	-75.23%
CONOIL	-51.65%
SUNUASSUR	-48.84%
OANDO	-39.09%
JOHNHOLT	-37.10%
AFRIPRUD	-27.98%
JULI	-21.75%
LIVINGTRUST	-21.23%
LASACO	-20.71%
GOLDBREW	-17.82%

Source: NGX, AIICO capital

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