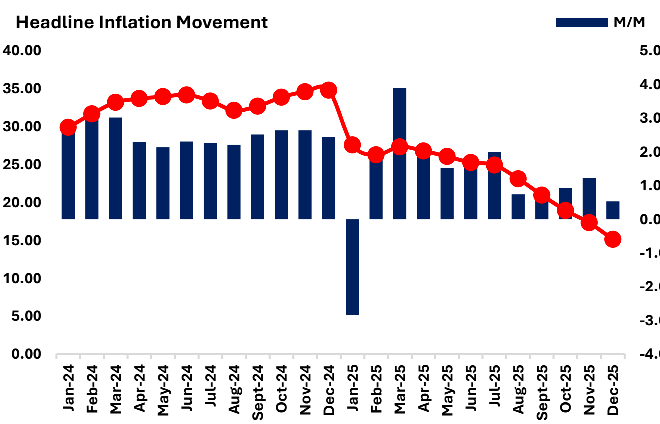
WEEKLY FINANCIAL MARKETS.

Friday, 16 January 2026

DOMESTIC ECONOMIC UPDATE

NBS Readjust Base Year Methodology to Global Standard as Inflation Ease To 15.15% In Dec'25

This week, we took a look at a major economic data published by the National Bureau of Statistic (NBS)- the Nigeria Consumer Price Index (CPI), for the month of December 2025. According to the data released, the Headline inflation rate (the measure of the average change in the general price level of goods and services in the economy) slowed to 15.15%y/y, compared to 17.33% in November 2025 and 34.8% in the same period of 2024. The slow increase in the headline inflation came lower than market expectation as a result of the NBS adjusting the rebasing methodology to 12-month average to meet global standard of rebasing inflation. In that regard, the readjustment shows a ninth c consecutive months of moderated inflation, from 27.35% in March. On the month-on-month basis, the headline inflation slowed by 0.54%m/m increase compared to 1.22% increase in November 2025.



Source: NBS, AIICO Capital

Looking into the Headline Inflation components; Core and Food inflation. The Food Inflation Index dipped 336bps to increase by 10.84%y/y in December 2025, as against 14.21%y/y in November 2025. On the month-on-month basis, Food items became more cheaper compared to November 2025, as the index dropped by -0.36%m/m, from -1.13% in November 2025 amidst price reductions in key food items such as tomatoes, garri, eggs, potatoes, carrots, millet, vegetables, beans, and grains.

Similarly, Core inflation, which excludes all agricultural produces, stood at 18.16%y/y and 0.75%m/m, down 168bps and 52bps, respectively, sustaining November's disinflation trend. The slow increase in Core Inflation could be attributed to stable every prices and appreciation of Naira in the FX market. Notably in December, the Naira appreciated in the NFEM Window by 0.8% from ₦1,446.74/$ to close at ₦1,435.76/$, but depreciated at the parallel market by 0.3% from ₦1,475.00/$ to close at ₦1,475.00/$.

On the regional basis, Inflation in the Urban centers slows to 14.85%y/y from 16.64%y/y in November and increased by 0.99%m/m from 0.95%m/m. Similarly, In the Rural centers, the Composite Price Index slows to 14.6%y/y in December (vs.17.9%y/y in November) and deflated to -0.55%m/m (vs. 1.88%m/m in November).

Looking ahead, we expect the January 2026 inflation to increase significantly within a range of 18.5% and 19.3% year-on-year as against the December 2025 rate, amid base year effects.

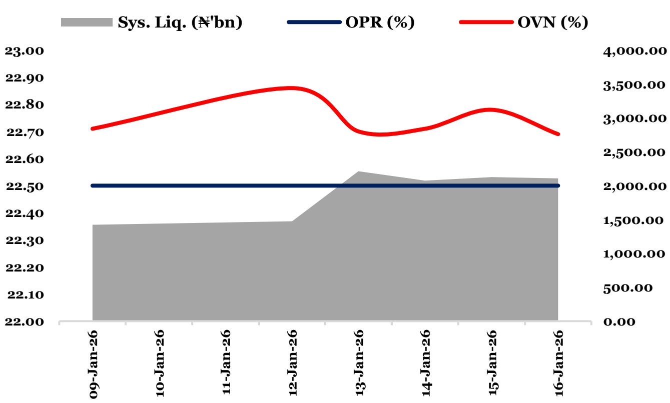
MARKET COMMENTARY

System Liquidity: *Average Funding Rates Edge Lower on Improved System Liquidity*

Liquidity in the banking system saw significant fluctuations, starting the week tightened, improving during the week, and closing higher than it began the week. System liquidity opened the week with a balance of ₦1.47 trillion, supported by primary market inflows despite lower Standard Deposit Facility (SDF) placements. Funding conditions eased (OPR: 22.50%, OVN: 22.68%). By Tuesday, the surplus balance improved to ₦2.21 trillion driven by ₦810.10 billion inflow from 13-Jan-26 OMO maturity, despite an offset of ₦101.50 billion borrowing at the CBN's Standard Lending Facility (SLF).

Mid-week saw a slight moderation in the liquidity to ₦2.07 trillion despite an increase in placements at the Standing Deposit Facility (SDF) from ₦1.40 trillion to ₦1.99 trillion. However, average funding rates increased marginally by 1bp to 22.61%. On Thursday, liquidity rebounded slightly to ₦2.13 trillion following sustained DMB placements, partly offset by ₦341.64 billion primary market inflow.

On Friday, liquidity moderated slightly to ₦2.11 trillion, driven by large DMB placements at the CBN SDF window (₦1.94 trillion), despite ₦535.41 million repayment inflow. As such, market liquidity improved week-on-week by ₦686.04 billion as the average funding cost eased slightly by 1bp w/w to 22.60%, with Open Repo Rate (OPR) steady at 22.50%, while the Overnight Rate fell by 2bps to 22.69%.



Source: CBN, FMDQ, AIICO Capital

Outlook: *We anticipate easing in fund rate amidst an expected inflow of ₦1.31 trillion from 20-Jan-26 and ₦725.19 NTB maturities, as against an expected outflow of ₦1.15 trillion from the NTB auction.*

Treasury Bill: *NTB Rates Ends Week Higher Despite Late Improvement as Early Sell-Off Weighs on Sentiment*

During the week, the NTB secondary market experienced a volatile and negative sentiment, despite ample liquidity surplus.

The market opened the week on a mixed note, with sell pressure concentrated in short-to-mid tenors amid cautious positioning and expectations of inflation data. Notably, the average benchmark discount rate went as high as 16.64% mid-week, with notable widening on 4-Jun-26, 6-Aug-26 and 3-Sep-26 bills. Market activity remained largely subdued, reflecting limited repositioning and selective demand.

Towards the end of the week, sentiment improved slightly following the softer December CPI print of 15.15% and better system liquidity conditions. Mild demand emerged at the long end, particularly on the 07-Jan-27 bill, where the rate eased by 35bps to 17.66%. However, the early cautious trading offset the late positive sentiment as the benchmark discount rate edged higher by 20bps to close the week at 16.65%, signaling cautious but improving investor confidence.

AUCTION DATE	TENOR	OFFER AMOUNT (₦'MN)	LAST STOP RATE
21-Jan-26	91-Day	150,000.00	15.50%
21-Jan-26	182-Day	200,000.00	15.95%
21-Jan-26	364-Day	800,000.00	17.51%

Source: DMO, AIICO Capital

BENCHMARK T-BILLS DISCOUNT RATES			
	16-Jan-26	09-Jan-26	Change in Rates
83 DAYS	15.58%	15.92%	(0.34)
174 DAYS	16.28%	16.28%	0.00
356 DAYS	17.66%	18.01%	(0.35)

Source: FMDQ, AIICO Capital

Outlook: *Market to trade in line with the system liquidity and in further reaction to the upcoming auction result.*

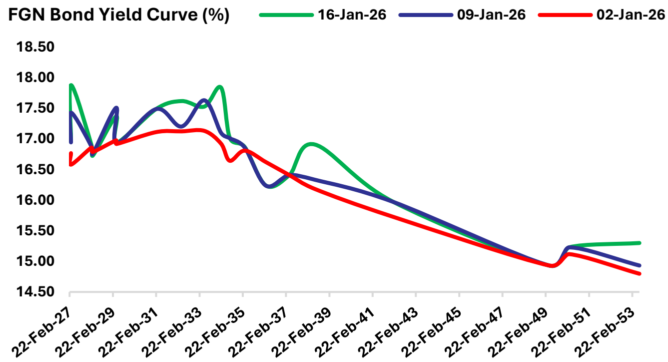
FGN Bonds: *FGN Bonds See Late-Week Buying After Softer Inflation, but Early Caution Keeps Yields Elevated*

The FGN bond market started the week cautiously, with mild sell pressure and limited participation as investors positioned ahead of December inflation data, pushing the average benchmark yields higher at around 16.80% at the start, reflecting uncertainty around policy direction.

Mid-week activity remained subdued, with most maturities closing flat amid thin liquidity and cautious sentiment. Momentum shifted toward the latter part of the week following the release of December CPI at 15.15%, which came in softer than expectations due to methodological adjustments. This triggered renewed demand for short-to-mid tenors on Thursday, notably the 21-Feb-31 and 15-May-33 bonds, recorded notable yield compression.

The positive sentiment was sustained on Friday on selected maturities like 15-May-33, 21-Feb-31, 17-May-29 recording yield compression of -11bps (17.53%), -10bps (17.49%) and -6bps (17.37%, respectively.

However, the average benchmark yield rose by 12bps to close the week at 16.75%, as the late week positive sentiment was unable to offset early cautious reaction.



Source: FMDQ, AIICO Capital

Outlook: *Market is expected to sustain the late yield moderation amidst participants reaction to the December CPI data. However, the details of the expected Q1 bond issuance calendar likely to tamper sentiment.*

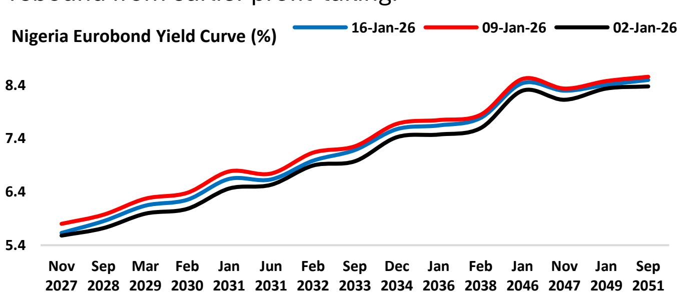
Eurobonds: *Eurobonds Yields Edge Lower on Stable of Price and Softer U.S. Data Lift Risk Appetite*

Africa Eurobond market opened the week under mild pressure, tracking oil price volatility and firmer U.S. macro data, with average yields hovering around 7.30%.

Early sentiment was cautious as investors remained risk-aware as investors weigh the oil supply coming from Venezuela and supply disruption from Iran amid possible U.S. military action.

Mid-week, conditions improved modestly as U.S. Treasury yields softened and global risk appetite stabilized. The turning point came towards week-end, supported by stable oil prices and lower U.S. jobless claims of 198k (vs 215k expectation), which signaled a cooling labor market and reinforced expectations of a less aggressive Federal Reserve stance. This improved demand for EM hard-currency assets, driving marginal yield compression across the Africa Eurobond curve.

Consequently, Nigeria average benchmark yield declined by about 10bps to close near 7.19%, marking a modest rebound from earlier profit-taking.



Source: FirstBank Uk, AIICO Capital

Outlook: *Market to react the oil price volatility as U.S. begin three-day Martin Luther King holiday and lingering worries about a possible U.S. military strike against Iran.*

Nigerian Equities: Nigerian Equities Extend w/w Bullish Run on Broad Market Gains

The Nigerian equities market sustained its bullish trend for the second consecutive week in the year as the All-Share Index climbed 2.36% w/w to 166,129.5 points amid notable gains in MTNN (+5.5%), SEPLAT (+8.6%), FIRSTHOLDCO (+12.3%), TRANSCORP (+9.3%), and NESTLE (+10.0%). This subsequently lifted year-to-date returns to 6.7%.

Sectoral performance was broadly positive, led by Oil & Gas (+5.71%), Banking (+3.5%), Insurance (+1.8%), Consumer Goods (+1.6%) and Industrial Goods (+0.7%). Market activity strengthened significantly, with trading volume and value rising by 10.87%w/w and 39.2% w/w, respectively.

	D-o-D	W-o-W	MTD	YTD
NGX ASI	0.04%	2.36%	6.76%	6.76%
NSE Banking Index	0.38%	3.45%	9.11%	9.11%
NSE Insurance Index	0.41%	1.78%	10.98%	10.98%
NSE Industrial Goods Index	-0.26%	0.67%	5.45%	5.45%
NSE Consumer Goods Index	0.14%	1.59%	4.61%	4.61%
NSE Oil & Gas Index	-0.14%	5.71%	12.20%	12.20%

Source: NGX, AIICO Capital

Top 5 Equity Advancers W-o-W			
Name (Symbol)	Closing Price	Gain(N)	% Change
NCR	128.55	48.60	60.79%
SCOA	14.90	5.55	59.36%
DEAPCAP	4.46	1.46	48.67%
JAIZ	8.19	2.57	45.73%
OMATEK	1.77	0.49	38.28%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W			
Name (Symbol)	Closing Price	Loss(N)	% Change
IKEJAHOTEL	35.05	-4.95	-12.38%
AUSTINLAZ	3.75	-0.38	-9.20%
ETERNA	32.30	-2.70	-7.71%
UNIVINSURE	1.20	-0.10	-7.69%
EUNISELL	156.95	-12.85	-7.57%

Source: NGX, AIICO Capital

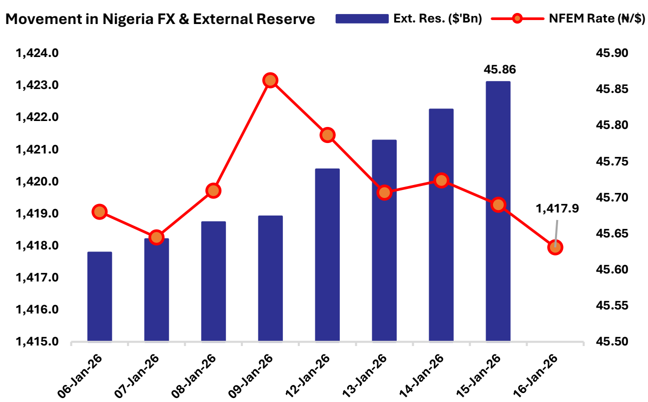
Outlook: *We expect the market to sustain its positive momentum amid positioning ahead of earnings updates. However, profit-taking may resurface as investors rebalance positions in response to a rebound in fixed-income markets.*

Foreign Exchange: *Naira Strengthens on Improved Supply Conditions.*

The naira opened the week under mild pressure, trading around ₦1,421.5/USD at the NFEM amid tight FX supply conditions. Mid-week, improved inflows and better market liquidity helped stabilize trading, narrowing intraday volatility around ₦1420.0/USD.

By week close, the naira recorded a week-on-week strength of 37bps (₦5.22) to around ₦1,417.90/$, supported by improved supply from local participants, Foreign Portfolio Investors (FPIs) and sustained CBN market presence.

External reserves trended higher during the week, to increase by $186.49 million to $45.86 billion, providing additional confidence and buffering short-term pressures.



Source: CBN, AIICO Capital

Outlook: *Barring any significant shift in supply, we expect the Naira to trade within a similar range, supported by steady inflows and reserve accretion.*

Commodities: *Oil & Gold End Week Higher as Geopolitical Risks and Safe-Haven Demand Dominate*

Oil prices started the week strongly, with Brent trading above $66/bbl on heightened geopolitical tensions and concerns over potential supply disruptions from Iran. Mid-week, prices extended gains as risk premiums remained elevated. However, sentiment softened slightly toward the end of the week before rebounding on Friday, as investors covered short positions ahead of the three-day holiday weekend in the U.S. Consequently, as Brent crude rose by 85 cents or 1.34%w/w to close near $64.19/bbl, West Texas Intermediate (WTI) gained 29 cents to close at $59.41/bbl.

Gold followed a similar pattern, surging to record highs mid-week on safe-haven demand and rate-cut expectations, before easing on profit-taking and a firmer U.S. dollar. By week close, spot gold gained $71.87 (1.59%w/w) to close near $4,582.32/ounce.

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Outlook: *Next week, we expect markets to remain cautious and range-bound, with oil prices pressured by easing geopolitical risks and gold facing headwinds from a stronger U.S. dollar and reduced expectations of near-term U.S. rate cuts..*

MACRO INDICATORS	
GDP (Q3 2025)	+3.98% (Q2: 2025 +4.23% y/y)
INFLATION (DECEMBER2025)	15.15% (Nov'25: 17.33%)
EXTERNAL RESERVE (US$'BILLION)	45.86 (+0.79% YTD as of 15-Jan-26)
MONETARY POLICY RATE (SEPT'2025)	27.00%
CASH RESERVE REQUIREMENT (CRR)	45.00%
BRENT CRUDE PRICE US$/BBL	*64.19 (+0.85 w/w)

Source: CBN, NBS, Bloomberg, AIICO Capital