WEEKLY
FINANCIAL
MARKETS.

Friday, 9 January 2026

ECONOMIC REPORT

Base-Year Effect Festive Spending to Halt Disinflationary Trend in December; Headline CPI expected at a range of 31.4– 32.4%y/y

In the week ahead, the National Bureau of Statistics (NBS will publish the Consumer Price Index (CPI) for the month of December 2025. The expected CPI data will show how Nigeria has dealt with increase in goods and services over the past one-year since rebasing to December 2024 prices.

As such, we conducted a pre-CPI report analysis, our findings suggest that the Headline inflation rate (a measure of the average change in the price level of both food and non-food items) will increase faster by a minimum of 1700bps to a range 31.4– 32.4%y/y from 14.5%y/y in the month of November. We believe the sharp increase, will be largely driven by base-year effect from both the core (i.e non-food items price) and food Inflation.

Our position is based on the base year effect on the components of the headline inflation – Core and Food Inflation as well as festive season spending on the overall price in December. Our analysis indicates that core inflation, which reflects changes in the average price of non-farm produce, is expected to ease by a minimum of 10bps to 1.0 – 1.2% m/m and increase by a minimum of 1510bps to 32.50 – 32.60% y/y. The month-on-month easing is expected to be driven by two major factors, Naira appreciation and reduced petrol price in December. Notably, the naira appreciated by 76bps (₦10.98 per USD) to ₦1,435.76 per USD at the official window, although it depreciated marginally by 34bps (₦5.00 per USD) to ₦1,475.00 per USD in the parallel market. In addition, average petrol prices declined by 14.7%, from ₦890 per litre to ₦759.5 per litre, following a 16% reduction in gantry prices to ₦699 per litre by a major domestic refiner, Dangote Refinery.

In addition, the food inflation price index, which reflects changes in the average price of farm produce, is expected to increase by 5bps to a range of 1.2-1.5% m/m and by 1800bps 29.1- 29.9%y/y in December, compared to 1.1% m/m and 11.08%% y/y in November. This acceleration would be driven by festive season effect and reduction in food supply chain amid dry season effect.

Overall, we expect festive season and base year effect to push the inflation rate to a minimum of 1.1 -1.3% m/m and 31.4v– 32.4%y/y.

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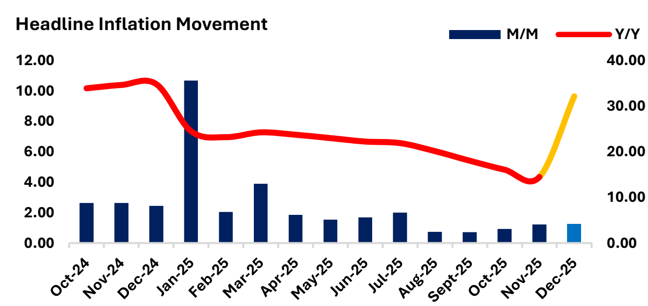


Source: NBS, AIICO Capital

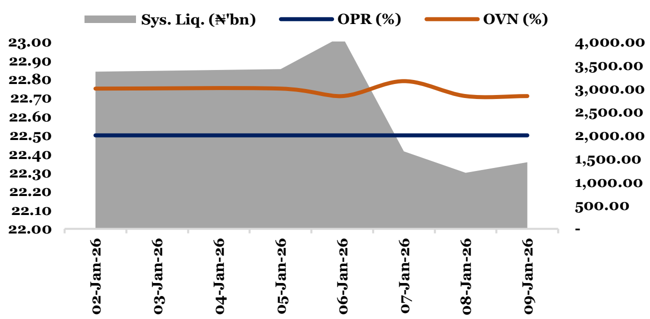
MARKET COMMENTARY

System Liquidity: *Average Funding Rates Edge Lower Despite Midweek Liquidity Tightening*

System liquidity fluctuated significantly during the first full trading week of 2026, starting strong and later tightening before rebounding. Beginning at ₦3.41 trillion on Monday, supported by higher SDF placements and bond coupon inflows, funding costs eased (OPR: 22.50%, OVN: 22.71%). By Tuesday, the surplus balance rose further to ₦4.12 trillion on ₦1.37 trillion OMO maturities, even as CBN's OMO auction absorbed some of the liquidity, keeping the average funding rates stable at 22.61%

Mid-week saw a sharp drop to ₦1.66 trillion due to reduced SDF placements and a ₦235 billion SLF borrowing, compounded by NTB auction activity, pushing OVN up to 22.79%. On Thursday, liquidity moderated further to ₦1.20 trillion following ₦1.14 trillion NTB settlement, partly offset by ₦514.25 billion maturities.

The week ended with liquidity improving to ₦3.36 trillion, driven by strong DMB placements at the CBN SDF window (₦1.61 trillion), despite ₦270 billion SDL borrowings.
Consequently, average funding cost eased slightly by 2bps to 22.61%, with Open Repo Rate (OPR) steady at 22.50%, while the Overnight Rate fell by 4bps to 22.71%.



Source: CBN, FMDQ, AIICO Capital

Outlook: *Barring any mop-up activity, funding cost is expected to moderate slightly, as market anticipates inflows of ₦934.71 billion from 13-Jan-26 and 16-Jan-26 OMO maturities.*

Treasury Bill: *Cautious Sentiment Drives Yield Adjustment in NTB Market*

The Nigerian Treasury Bills (NTBs) market traded on a mixed to bearish note during the week. Initially, ample system liquidity supported early demand, before profit-taking and rising supply concerns gradually dampened early buying interest. At the beginning of the week, trading was modestly bullish, with strong demand for mid- to long-tenor NTBs driving slight yield compression.

As the week progress, sentiment turned cautious as investors positioned ahead of the Q1-2026 NTB issuance calendar and shifted attention to the CBN's first OMO auction in 2026. The auction saw allotment of c.₦2.71 trillion across the 161-day and 210-day tenors at stop rates of 19.34% and 19.40%, respectively.

Furthermore, market sentiment weakened as market participants largely stayed on the sidelines ahead of the NTB auction, although selective buying interest remained in a few instruments. The NTB auction outcome which saw a significant repricing of the 364-day bill, cleared at 18.47% (96bps higher than the previous stop rate)—led to a broad repricing across the yield curve, mostly at the long end.

By the end of the week, trading went muted, although the new 364-day bill saw demand, to reprice lower18.01% rate. Overall, the average benchmark yield edged up by 3bps w/w to settle at 16.39%.

BENCHMARK T-BILLS DISCOUNT RATES			
	09-Jan-26	02-Jan-26	Change in Rates
90 DAYS	15.92%	15.77%	0.15
181 DAYS	16.28%	16.20%	0.08
363 DAYS	18.01%	18.47%	(0.46)

Source: FMDQ, AIICO Capital

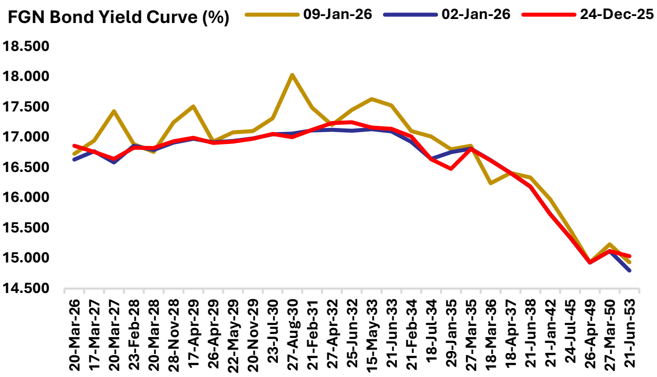
Outlook: *Market is anticipated to trade in line with the available system liquidity.*

FGN Bonds: *FGN Bonds End Week Bearish with Benchmark Yield Up 21bpsw/w*

The FGN Bond secondary market traded mostly bearish over the week, as cautious investor sentiment, elevated supply expectations from Q1-2026 NTB auctions, and higher stop rates dampened demand. Early-week trading reflected weak risk appetite typical of the start of the year, leading to broad sell-offs across the curve, with yields rising more sharply at the short and mid tenors.

Midweek, sentiment dipped further following the announcement and outcome of a larger-than-expected NTB auction conducted at higher stop rates across tenor. This prompted investors to reconsider relative value and rotate away from bonds, resulting in widespread repricing across the curve. Notably, at the belly of the curve, the FGN 2031, 2032, and 2033 bonds saw yields drift with a range of 8bps – 50bps to around 17.45%–17.63%, reflecting significant selling pressure.

Caution sentiment persisted to the end of the week, with trading activity remaining thin and skewed toward the offer side. Overall, the average benchmark yield rose by 21bpsw/w to close at 16.76%.



Source: FMDQ, AIICO Capital

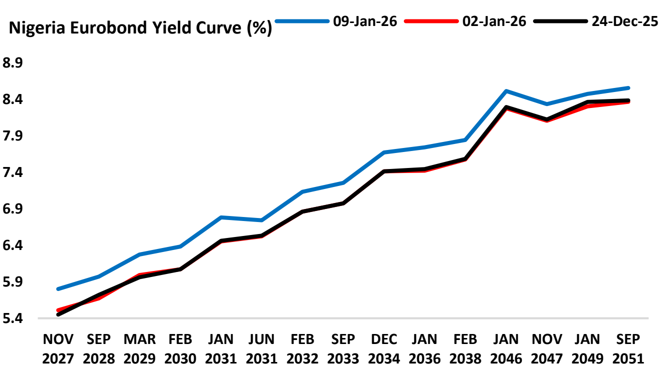
Outlook: *Similar investor sentiment to persist in the coming week.*

Eurobonds: *Nigerian Eurobonds Slide Amid Profit-Taking and Oil Market Volatility*

The Nigerian Sovereign Eurobond market traded largely bearish during the week, pressured by profit-taking, weaker oil prices, and subdued global risk appetite. Early-week advances—supported by lower U.S. Treasury yields and improved investor sentiment—were short-lived, as fresh concerns about the pace of U.S. rate cuts and the Federal Reserve's dovish but data-dependent outlook triggered renewed risk-off positioning.

Midweek sentiment dipped further amid softer crude prices and expectations of additional oil supply from Venezuela, while U.S. jobless claims data rose modestly to 208k from 200k, pointing to a slight easing in labour market conditions. Towards the end of the week, oil prices rebounded on concerns over potential disruptions to Iranian supply and ongoing uncertainty surrounding Venezuelan output, offering modest support and driving mild yield compression.

Overall, the average benchmark yield climbed by 26bps w/w to settle at 7.30%.



Source: Firstbank UK, AIICO Capital

Outlook: *We expect the market to align with the oil price volatility and further expected global economic data.*

Nigerian Equities: Equities Kick Off 2026 on a Bullish Note as NGX-ASI Crosses ₦100 Trillion

The domestic equities market opened the first full trading week of the year on a bullish note, as investors returned from the holidays with renewed interest across major sectors. The NGX All-Share Index (ASI) advanced 3.7%w/w to close at 162,298.08 points, lifting the YTD return to 4.3%. Market capitalisation increased by 3.8% to surpass the ₦100.0tn psychological threshold, settling at ₦103.8 trillion. Despite the positive price action, trading activity slowed, with average trading volume and value declining by 57.4% and 44.1% w/w to 832.9 million units and ₦18.8 billion, respectively. LINKASSURE, ACCESSCORP, and CHAMS were the most actively traded stocks by volume, while ZENITH, ARADEL, and GTCO led the market by value.

Sectoral performance was broadly positive, with gains recorded across all major indices The Insurance and Oil & Gas indices outperformed the market, rising by 6.8% and 4.7% w/w, respectively, supported by strong buying interest in MBENEFIT, NEM, SEPLAT, and ARADEL. The Industrial Goods and Banking indices also posted solid gains of 4.7% and 3.1% w/w, driven by price appreciation in WAPCO, MEYER, GTCO, and STANBIC. Similarly, the Consumer Goods index rose by 2.8% w/w, underpinned by rallies in DANGSUGAR and PZ.

Market breadth closed strongly positive, as 84 stocks recorded gains, 11 declined, and 45 closed flat. MULTIVER, MCNICHOL, and MAYBAKER emerged as the top gainers for the week, while ALEX, AUSTIN, and SOVRENIN led the decliners.

	D-o-D	W-o-W	MTD	YTD
NGX ASI	0.93%	3.71%	4.30%	4.30%
NSE Banking Index	-0.13%	3.07%	5.47%	5.47%
NSE Insurance Index	0.06%	6.83%	9.04%	9.04%
NSE Industrial Goods Index	0.44%	4.74%	4.74%	4.74%
NSE Consumer Goods Index	0.20%	2.76%	2.98%	2.98%
NSE Oil & Gas Index	-0.15%	4.70%	6.14%	6.14%

Source: NGX, AIICO Capital

Top 5 Equity Advancers W-o-W			
Name (Symbol)	Closing Price	Gain(N)	% Change
MULTIVERSE	23.40	8.75	59.73%
MCNICHOLS	5.50	1.91	53.20%
MAYBAKER	28.80	9.80	51.58%
DEAPCAP	3.00	0.91	43.54%
NEIMETH	8.45	2.55	43.22%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W			
Name (Symbol)	Closing Price	Loss(N)	% Change
ALEX	19.10	-4.70	-19.75%
AUSTINLAZ	4.13	-0.54	-11.56%
SOVEREIGN	3.38	-0.43	-11.29%
IKEJAHOTEL	40.00	-4.90	-10.91%
JULI	7.26	-0.80	-9.93%

Source: NGX, AIICO Capital

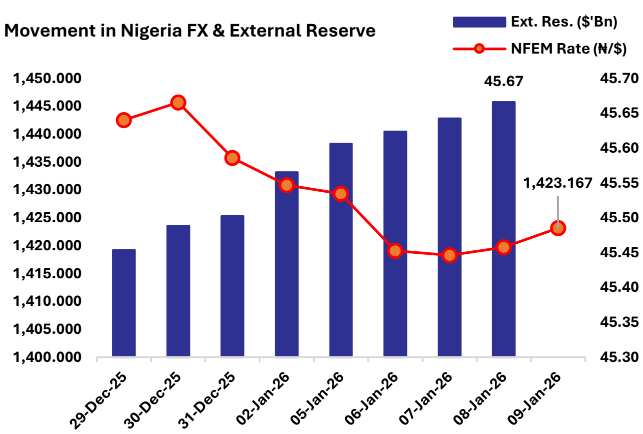
Outlook: *Market is expected to sustain positive sentiment as investors increasingly cherry-pick fundamentally strong stocks ahead of upcoming earnings releases.*

Foreign Exchange: *Naira Edges Higher Amid FPI Inflows and Local Dollar Supply*

The naira at NAFEM window traded at an average of ₦1,421.90/US$ during the week, amidst inflows from Foreign Portfolio Investors (FPIs) and supply from local participants. The naira stated the week will a slight appreciation of 1bps to ₦1,429.31 per USD on Monday and consistently appreciated to ₦1,418.26 per USD by midweek. However, as demand began to outweigh the available supply, the naira depreciated to ₦1.423.17 per USD by the end of the week.

Consequently, the naira appreciated by 54bps w/w (₦7.68) to ₦1,423.17 per USD.

Similarly, external reserves continues previous week rebounds to grow by $100.56 million to $45.67 billion as of 8-Jan-2026.



Source: CBN, AIICO Capital

Outlook: *Barring any significant shift in supply, we expect Naira to trade around similar level.*

Commodities: *Oil and Gold Rally on Escalating Geopolitical Risk and Supply Concerns*

Despite an early decline in oil prices amid supply disruptions from Venezuela, global crude markets ended the week significantly higher on growing concerns over supply risks linked to intensifying protests in Iran and escalations in Russia's war with Ukraine. Brent crude gained $2.59, or 4.26% w/w, to settle at $63.34 per barrel, while U.S. West Texas Intermediate (WTI) rose $1.80, or 3.14% w/w, to $59.12 per barrel.

Gold prices also traded mostly positive and recorded a weekly gain, supported by weaker-than-expected U.S. payrolls data and broader policy and geopolitical uncertainty. Spot gold climbed 4.16% w/w to finish at $4,510.45 per ounce, while gold futures increased 3.58% w/w to close at $4,500.90 per ounce, reflecting sustained safe-haven demand amid ongoing market uncertainty.

MACRO INDICATORS	
GDP (Q3 2025)	+3.98% (Q2: 2025 +4.23% y/y)
INFLATION (NOVEMBER2025)	14.45% (Oct'25: 16.05%)
EXTERNAL RESERVE (US$'BILLION)	45.67 (+0.36% YTD as of 08-Jan-26)
MONETARY POLICY RATE (SEPT'2025)	27.00%
CASH RESERVE REQUIREMENT (CRR)	45.00%
BRENT CRUDE PRICE US$/BBL	*63.34 (+2.59 w/w)

Source: CBN, NBS, Bloomberg, AIICO Capital

Outlook: *We anticipate the market to remain cautious and data-driven next week, with investor focus on upcoming U.S. jobs data shaping risk sentiment, while commodity prices—especially oil supported by supply disruption concerns in Venezuela and Iran—may continue to influence broader market direction.*