



DFC INSIGHT

— The Weekly Report —

March 14, 2025

ReArm Europe: Advancing Strategic Autonomy in a Shifting Geopolitical Landscape

Europe's pursuit of strategic autonomy has become an urgent necessity due to escalating geopolitical tensions and the U.S. pivot toward the Indo-Pacific. In response, EU defense spending has surged, and the **ReArm Europe** initiative was launched, mobilizing €800 billion to strengthen Europe's defense capabilities, reduce reliance on the U.S., and support Ukraine.

Financial markets have reacted positively, with European defense stocks soaring. The initiative marks a fundamental shift in global security dynamics, impacting U.S. defense sales and influencing other regions to prioritize domestic defense industries.

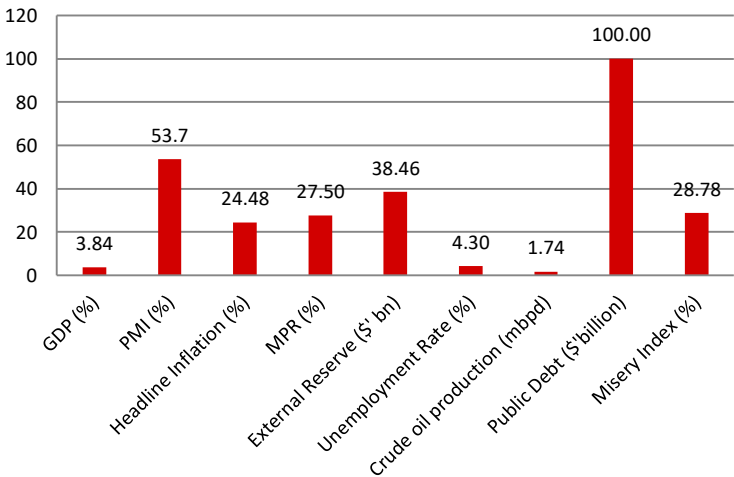


The success of Europe's rearmament will shape global military strategies and market trends in the years ahead.

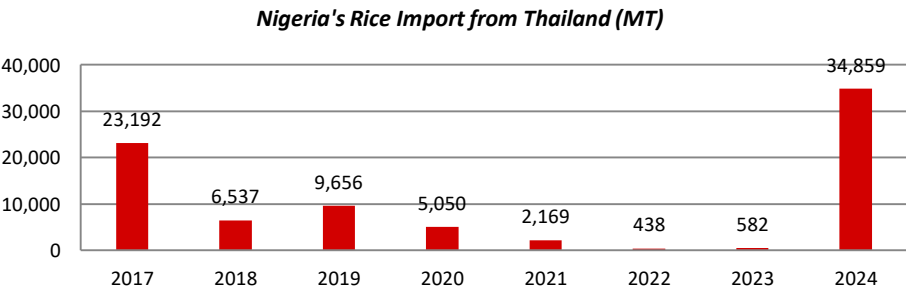
Nigeria's Fiscal Reforms: Balancing Growth, Uncertainty, and Investor Sentiment

Nigeria’s House of Representatives approved key tax and insurance reform bills to boost revenue and fiscal transparency, but their impact remains debated. Economic data showed a rise in business optimism (PMI at 51.4), though consumer confidence stayed weak due to inflation and FX concerns.

Meanwhile, an influx of foreign rice is pressuring local mills, raising food security and competitiveness concerns. In financial markets, the Naira weakened, tight liquidity pushed money market rates higher, and equities saw continued sell pressure. While reforms aim to stabilize public finances, currency pressures and rising imports threaten economic resilience.



	US	UK	China	Euro Area
GDP Growth Rate (%)	2.3	0.10	1.6	0.00
Interest Rate (%)	4.5	4.50	3.1	2.90
10 Year Govt Bond (%)	4.3	4.58	1.73	3.06
Unemployment Rate (%)	4.00	4.40	5.1	6.30
Inflation Rate (%)	3.00	3.00	0.5	2.50
PMI (%)	51.6	46.4	49.1	47.30

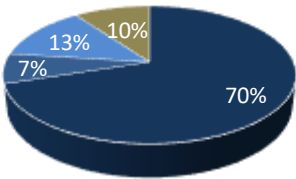


The Nigerian stock market extended its decline for the third straight week, with the NGX All-Share Index down 0.55% to 105,995.32 points due to sell pressure in key stocks. Notable corporate actions included Oando's bid for Guaracara Refinery, Seplat’s \$650 million bond issuance, and Afriprud hitting a 52-week high.

Global markets were volatile, with U.S. stocks facing a broad selloff amid economic and policy uncertainties. European and Asian markets showed mixed performance, with Japan’s Nikkei gaining but Hong Kong’s Hang Seng dropping.

Investors remain cautious, awaiting central bank and fiscal policy signals.

Volume Drivers



Financial Services Services Consumer Goods Others

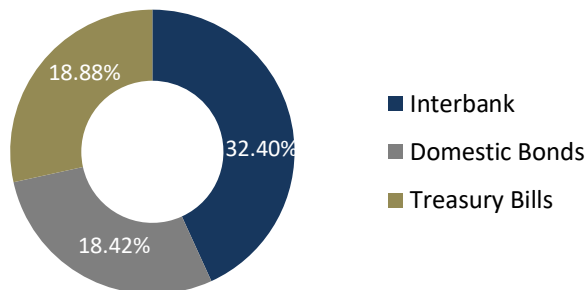
DFC Model Equity Portfolio

Position	Position	Weekly	Year to Date
This Week	Last Week	Return	Return
68,506,290	69,734,460	-1.76%	-1.18%

The DFC MEP dropped 1.76% for the week, bringing its year-to-date decline to 1.18%. Losses in key stocks outweighed gains, with investor focus on earnings and economic policies. The portfolio remains watchful for value opportunities.

Stock Pick

Company	Sector	Current Price	Target Price	Upside	Rating
First Holdco	Financial	28.6	35.20	23%	Buy
WAPCO	Industrial	73.80	80.00	8%	Buy
UACN	Consumer	35.05	43.50	24%	Buy
Cadbury Plc	Consumer	23.00	28.00	22%	Buy
Zenith Bank	Financial	47.80	54.00	13%	Buy



■ Liquidity in the financial system remained constrained due to the Nigerian Treasury Bills (NTB) auction and increased borrowings from the Standing Lending Facility (SLF) window. As a result, funding pressures intensified, pushing the Open Repo Rate (OPR) and Overnight Rate (O/N) to 32.40% and 32.80%, respectively.

N1,267.01bn

At the NTB auction, the Debt Management Office (DMO) offered N550bn, receiving total subscriptions of N1,267.01bn.

18.42%

The bond market saw subdued activity as investors adopted a cautious stance ahead of the release of February inflation data. Mild selloffs across the yield curve pushed the average benchmark yield slightly higher to 18.42% from 18.38% last week.

N1,517.93/\$

For the second consecutive week, the Naira depreciated, closing at N1,517.93/US\$ on Friday, compared to N1,517.24/US\$ in the previous week.

	CURRENT	PREVIOUS	CHANGE
Brent	70.39	70.61	-0.31%
WTI	67.02	67.36	-0.50%
Gold	2,997.90	2,925.00	2.49%
Silver	34.28	32.74	4.70%
Platinum	1,008.50	968.70	4.11%
Palladium	973.50	956.50	1.78%

Global commodities closed the week on a mixed note. Gold briefly surged to an all-time high of \$3,000/oz, marking a historic milestone. However, the precious metal later retreated as investors locked in profits amid rising U.S. bond yields.

In the oil market, Brent crude fell by 0.31%, while WTI crude declined by 0.50% as optimism over a potential Russia-Ukraine ceasefire weighed on prices.

Meanwhile, Platinum and Palladium gained 4.11% and 1.78%, respectively, driven by concerns over potential tariff hikes.

Outlook

The Nigerian equities market has remained under pressure, with sustained selloffs and cautious investor sentiment. The banking sector will be in focus as investors anticipate earnings releases and corporate actions. While liquidity constraints and FX volatility pose risks, strong banks with solid fundamentals may present buying opportunities.

Caution is advised amid ongoing macroeconomic uncertainties.

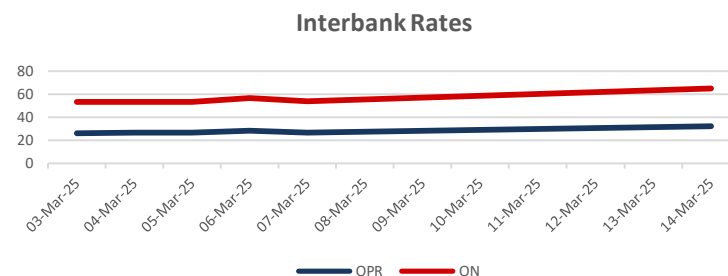
Market Data

	CURRENT	PREVIOUS	CHANGE
NGX ASI	105,955.13	106,538.60	-0.55%
MARKET CAP	66.35	66.72	-0.55%
VOLUM TRADED	3.28	1.82	80%
VALUE OF TRADE	63.52	47.23	34%
Source: NGX, DFC Research DEALS	60,782	64,222	-5%

FOREIGN EXCHANGE			
	CURRENT	PREVIOUS	CHANGE
NAFEM	1,517.93	1,517.24	-0.05%
BDC	1,585	1,570	-0.96%

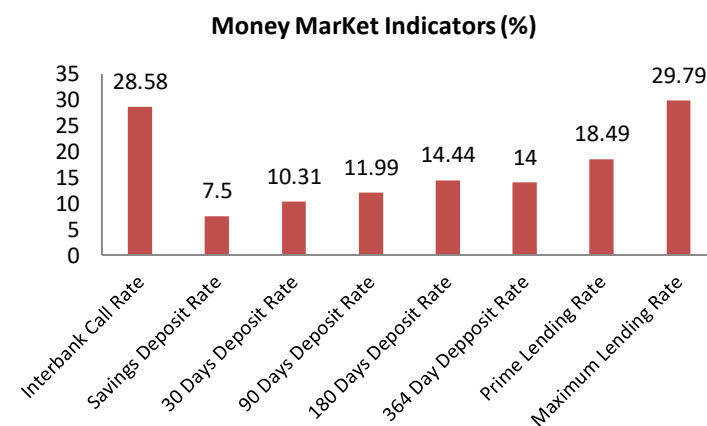
BENCHMARK TREASURY BILL YIELD			
	CURRENT	PREVIOUS	CHANGE
90 DAYS	16.77%	16.77%	0.00
182 Days	16.82%	16.82%	0.00
364 Days	18.05%	17.85%	0.01

BENCHMARK FGN BOND YIELD			
	CURRENT	PREVIOUS	CHANGE
5 YEARS	18.50%	18.75%	-1.33%
10 YEARS	18.45%	18.71%	-1.39%
20 YEARS	18.12%	18.12%	0.00%
30 YEARS	16.74%	16.74%	0.00%



Source: CBN, DFC Research

BENCHMARK FGN EURO BOND YIELD			
	CURRENT	PREVIOUS	CHANGE
5 YEARS	9.05%	8.71%	3.90%
10 YEARS	9.84%	9.59%	2.61%
15 YEARS	10.20%	9.94%	2.62%
30 YEARS	10.45%	10.20%	2.45%



Source: CBN, DFC Research

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