



DFC INSIGHT

— The Weekly Report —

March 7, 2025

US-China Trade War Escalates

The U.S. has intensified its trade dispute with China by imposing new tariffs, starting March 4, 2025.

These include an additional 10% duty on all Chinese goods, raising the total tariff rate to 20%. China also loses its duty-free exemption for small shipments under \$800, and businesses can no longer claim duty refunds on Chinese imports.

These actions build on previous tariff increases, with the U.S. citing concerns over national security, illegal immigration, and the fentanyl crisis.

This marks a shift toward a more protectionist trade approach, addressing wider geopolitical issues and closing earlier loopholes.

The new measures are expected to impact global geopolitics, trade, and the economy. The escalation will strain U.S.-China relations and influence global alliances. The tariffs could disrupt supply chains, raise costs, and push countries to find alternatives to Chinese imports.

Economically, the protectionist shift may slow global trade, provoke retaliations, and cause uncertainty, potentially leading to a reordering of trade dynamics as countries adapt and seek new partners.

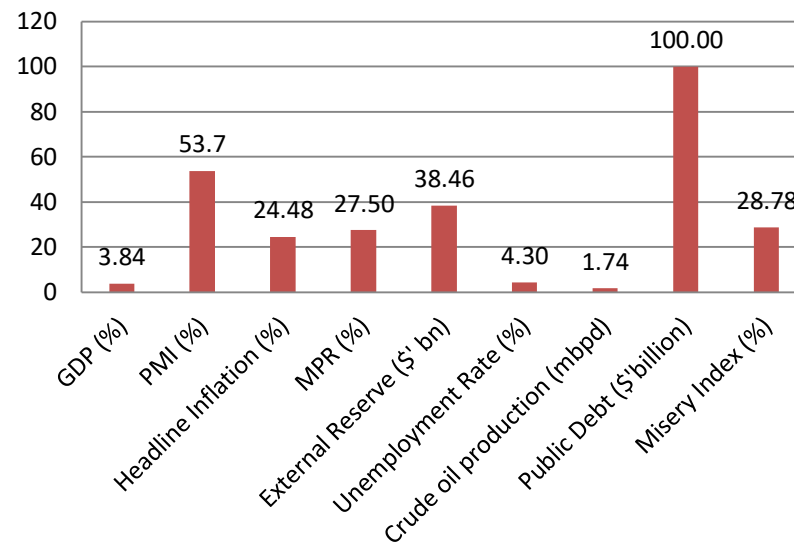
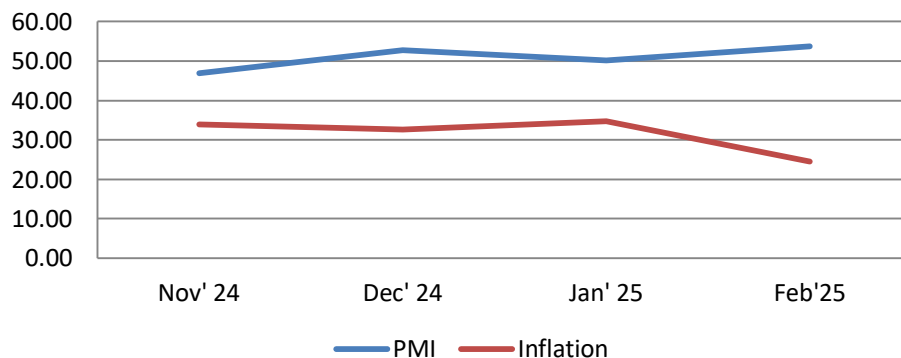


Nigeria's Economic Recovery: Signs of Stabilization and Growth

Nigeria's economy is showing positive signs of recovery, with the Purchasing Managers' Index (PMI) increasing from 46.90 in November 2024 to 53.70 in February 2025, signaling a rebound in business activity.

This progress has been aided by a reduction in cost pressures and stable foreign exchange conditions. While inflation remains elevated, it has eased slightly, dropping from 34.6% in November 2024 to 24.48% in January 2025.

Although inflation continues to be a challenge, this decline suggests a degree of stabilization, likely supporting the PMI growth and contributing to a more optimistic economic outlook.



	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

Equities Market Report

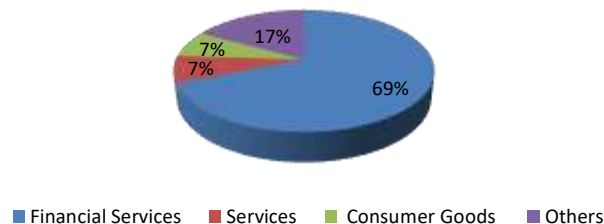
The local equities market ended the week with losses, except for Thursday, as selling pressure impacted banking stocks. Consequently, the NGX ASI dipped to a 1.19 WoW.

Offshore investors remained active in GTCO, ZENITHBANK, and OKOMUOIL. NGXGROUP reached a new 52-week high of ₦33.00, with corporate actions from GUINNESS, FIDELITYBK, and WemaBank driving activity.

On the other hand, global stock markets showed mixed performance. U.S. markets struggled due to tariff uncertainties, while European and Japanese markets performed better, driven by regional factors.

The global outlook is affected by trade policies and economic changes, with Japan's potential interest rate hikes and the end of deflation influencing future market movements.

Volume Drivers



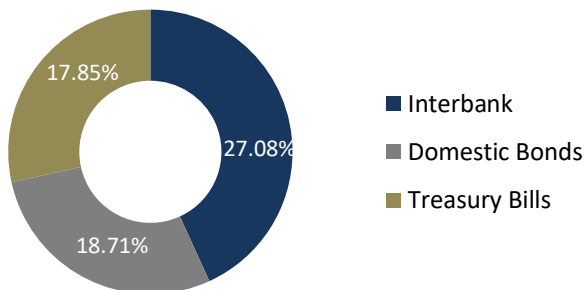
DFC Model Equity Portfolio

Position	Position	Weekly	Year to Date
This Week	Last Week	Return	Return
69,734,460	70,588,195	-1.21%	0.59%

The DFC MEP dropped 1.21% for the week, reducing its year-to-date growth to 0.59%. Losses in key stocks outweighed gains, but outlook remains cautiously optimistic.

Stock Pick

Company	Sector	Current Price	Target Price	Upside	Rating
First Holdco	Financial	29.50	35.20	23%	Buy
WAPCO	Industrial	75.00	80.00	8%	Buy
UACN	Consumer	35.00	43.50	24%	Buy
Cadbury Plc	Consumer	25.00	28.00	22%	Buy
Zenith Bank	Financial	47.30	54.00	13%	Buy



■ This week, the double primary auction absorbed liquidity, leading to a rise in interbank rates.

The Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 123bps and 124bps, reaching 27.08% and 27.67%, respectively. Lower expected interest rates and unmet auction demand supported the secondary treasury bill market, pushing the average benchmark yield down by 172bps to 19.88%.

The secondary OMO bill market saw a slight yield decline to 22.39%. However, the FGN bond market reversed its bullish trend, with sell-offs across the curve causing the benchmark yield to rise by 15bps to 18.38%.

N1.922 trn

The DMO offered ₦650 billion across 91-day, 182-day, and 364-day NTB papers, attracting ~~₦~~**N1.922** trillion in subscriptions. Stop rates fell to 17.75% and 17.82% for the mid and long tenors, respectively, while the short tenor remained at 17.00%

18.07%

Sentiment at the FGN Bond market was mixed, with buying interest in the January 2035 paper and selling pressure on the February 2031 and February 2034 maturities, leading to a slight uptick in yields. Overall, the average mid-yield remained relatively unchanged week-on-week, settling at 18.07%.

N1,560/\$

The Naira depreciated this week to ₦1,560/\$, driven by tight dollar liquidity and heightened demand from foreign portfolio investors and local corporates. Offshore demand remained robust, pushing rates higher, despite the CBN intervening with over \$131.7 million in sales—the second-largest single-day sale this year.

	CURRENT	PREVIOUS	CHANGE
Brent	70.61	73.27	-3.63%
WTI	67.36	69.89	-3.62%
Gold	2,925.00	2,860.30	2.26%
Silver	32.74	31.68	3.35%
Platinum	968.70	942.30	2.80%
Palladium	956.50	907.00	5.46%

Global commodities experienced mixed movements this week. Brent crude declined by 3.63%, closing at \$70.61, down from \$73.27, driven by concerns over OPEC+ oil production cuts, global economic sentiment and ongoing tariff tension. Similarly, WTI crude dropped by 3.62%, ending the week at \$67.36, compared to \$69.89 previously, reflecting a similar bearish outlook.

In the precious metals market, gold saw a gain of 2.26%, rising to \$2,925.00 from \$2,860.30, supported by investor demand amid global economic uncertainty. Silver performed even stronger, increasing by 3.35% to close at \$32.74, up from \$31.68.

In the platinum group metals, platinum rose by 2.80%, ending the week at \$968.70, up from \$942.30, reflecting positive investor sentiment. Palladium surged by 5.46%, closing at \$956.50, compared to \$907.00, marking a strong week for the metal.

Outlook

Next week, we anticipate that interbank liquidity will remain tight, primarily due to the impacts of CRR and ₦550 billion in net funding from the NTB auction. This could keep rates elevated at around 32.5%, unless significant inflows are observed. In the Treasury Bills market, we expect a cautious sentiment, with the NTB auction offering ₦550 billion across 91-day, 182-day, and 364-day tenors, while ₦162.167 billion matures in the same week.

For FGN Bonds, we foresee the market trading with a mixed tone, as limited activity and wide bid/ask spreads are expected to continue. In the equities market, we expect participants to remain cautious, with potential interest emerging at attractive entry points, driven by earnings releases and possible corporate actions.

Market Data

	CURRENT	PREVIOUS	CHANGE
NGX ASI	106,538.60	107,821.39	-1.19%
MARKET CAP	66.72	67.10	-0.70%
VOLUM TRADED	1.82	1.85	-2%
VALUE OF TRADE	47.23	51.39	-8%
Source: NGX, DFC Research DEALS	64,222	63,090	2%

FOREIGN EXCHANGE			
	CURRENT	PREVIOUS	CHANGE
NAFEM	1,560.00	1,517.24	-2.28%
BDC	1,585	1,570	-0.96%

Source: FMDQ, DFC Research

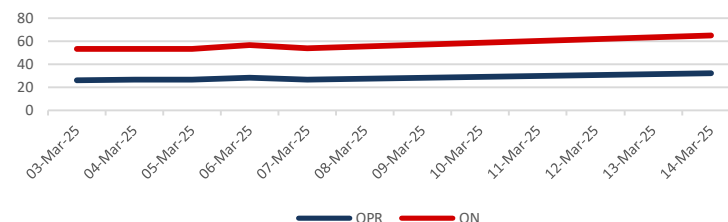
BENCHMARK TREASURY BILL YIELD			
	CURRENT	PREVIOUS	CHANGE
90 DAYS	16.77%	17.62%	-0.85
182 Days	16.82%	17.97%	-1.15%
364 Days	17.85%	17.90%	-0.05

Source: CBN, DFC Research

BENCHMARK FGN BOND YIELD			
	CURRENT	PREVIOUS	CHANGE
5 YEARS	18.75%	19.00%	-0.25%
10 YEARS	18.71%	18.47%	0.24%
20 YEARS	18.12%	18.12%	0.00%
30 YEARS	16.74%	16.74%	0.00%

Source: FMDQ, DFC Research

Interbank Rates

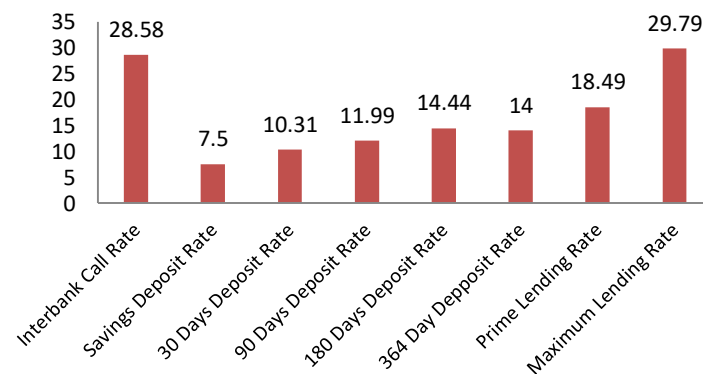


Source: CBN, DFC Research

BENCHMARK FGN EURO BOND YIELD			
	CURRENT	PREVIOUS	CHANGE
5 YEARS	8.71%	8.35%	0.36%
10 YEARS	9.58%	9.27%	0.32%
15 YEARS	9.94%	9.72%	0.22%
30 YEARS	10.20%	9.94%	0.26%

Source: FMDQ, DFC Research

Money Market Indicators (%)



Source: CBN, DFC Research

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