



# DFC INSIGHT

## — The Weekly Report —

June 13, 2025

### **Middle East Tensions Escalate as Iran Launches Retaliatory Drone Offensive**

Tensions in the Middle East have escalated dramatically following Iran's launch of hundreds of drones toward Israel in direct retaliation for the Israeli strike that killed several top Iranian military and political leaders.

In anticipation of the attack, Israel has activated full-scale defense protocols, including the closure of schools and hospitals, and has advised citizens to shelter indoors. This represents a critical inflection point in the regional standoff, raising the specter of a wider conflict with potential global implications.

The evolving crisis adds a significant layer of risk for global markets. Energy prices are likely to surge further as fears mount over possible disruptions to oil production and shipping through the Strait of Hormuz. Investors are expected to accelerate their move into safe-haven assets, with sharp inflows into gold, the U.S. dollar, and U.S. Treasuries. Equities, particularly in the Middle East and emerging markets, could see heavy selling as the conflict deepens.



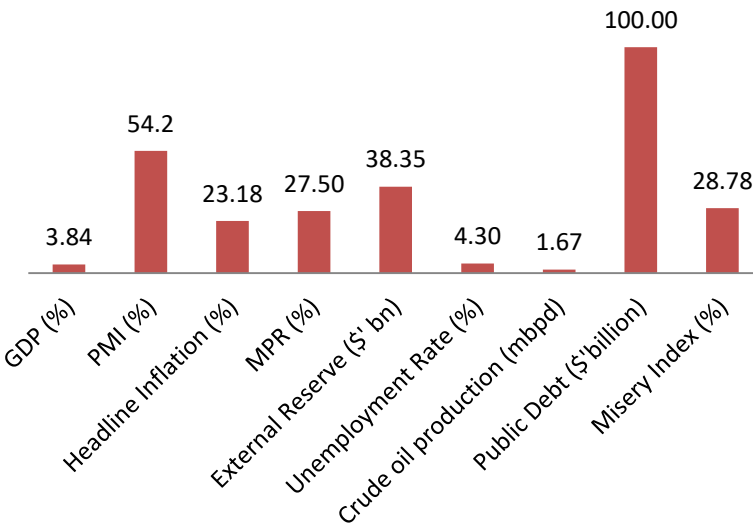
The situation also deals a blow to already fragile diplomatic efforts in the region. With Iran's retaliation now underway and Israel bracing for impact, prospects for de-escalation are diminishing. Markets will be watching closely for the scale of Israel's response, as any prolonged or widened military engagement could ripple through global supply chains, disrupt oil flows, and further destabilize investor confidence.

Trade Surplus Strengthens on Export Growth; Structural Tailwinds Support Outlook

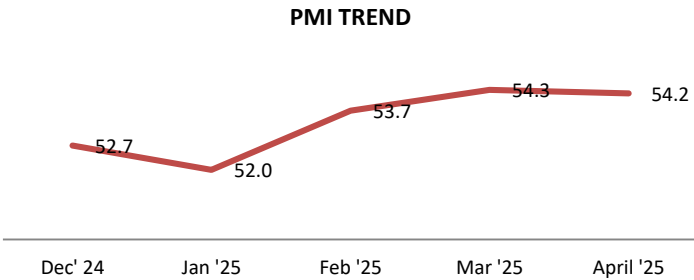
Nigeria recorded a trade surplus of **₦5.17 trillion** in Q1 2025, as exports rose to **₦20.60 trillion**—driven by **₦12.96 trillion** in crude oil and **₦7.64 trillion** in non-crude exports—while imports declined to **₦15.43 trillion** due to currency depreciation, domestic refining gains, and weaker demand for foreign goods. Total trade stood at **₦36.02 trillion**, slightly below Q4 2024 but higher year-on-year. Notably, trade with the U.S. resulted in a **₦0.12 trillion surplus**, reversing a prior deficit. With oil prices steady and non-oil export efforts ongoing, the surplus trend is likely to continue in Q2.

Meanwhile, the World Bank retained Nigeria’s 2025 GDP growth forecast at **3.6%**, up from 3.4% in 2024, supported by the resilience of the services sector and ongoing structural reforms. This contrasts with a projected global slowdown to **2.3%** in 2025 amid geopolitical risks and trade frictions.

In the oil sector, NNPC Ltd. reported **₦5.89 trillion** in April revenue and **₦748 billion** in post-tax profit, with crude production rising to **1.61mbpd** and gas output increasing to **7,354mmscf/d**. Progress continues on upstream projects and refinery assessments, with completion targeted by Q4 2025. Analysts stress the importance of transparency and market listing to strengthen investor confidence. Overall, Nigeria’s macroeconomic trajectory shows cautious improvement, though deepened reforms and stronger non-oil sector performance remain essential for sustained growth.



	US	UK	China	Euro Area
GDP Growth Rate (%)	2.40	0.10	1.60	0.00
Interest Rate (%)	4.50	4.50	3.10	2.65
10 Year Govt Bond (%)	4.49	4.76	1.65	3.16
Unememployment Rate (%)	4.20	4.40	5.40	6.10
Inflation Rate (%)	2.40	2.80	-0.10	2.20
PMI (%)	50.20	44.90	50.50	48.60



## Equities Market Report

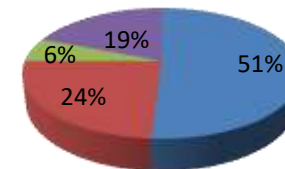
Global markets ended mixed as early optimism from U.S.–China trade talks was overshadowed by a sharp escalation in Middle East tensions. The **Dow Jones** fell **1.32%**, while the **S&P 500** and **Nasdaq** remained modestly positive year-to-date.

European markets declined, with Germany's **DAX** down **3.24%**, and Japan posted mixed results amid yen strength. Chinese equities slipped on persistent deflation concerns, despite midweek gains from trade-related optimism.

The **Nigerian equities market** advanced **0.71%** during a shortened three-day trading week, supported by gains in **Dangote Cement**, **MTNN**, **BUA Foods**, and **Stanbic IBTC**. Consumer stocks performed strongly, with several hitting new 52-week highs. Foreign interest was noted in banks and energy names, while local investors focused on telecoms and mid-cap stocks.

Highlights included record highs in **MTNN**, **Presco**, and **BUA Foods**, the suspension of **Notore Chemical**, and dividend adjustments in select names. Nigerian equities continue to benefit from positive macro data and improving investor sentiment.

### Market Drivers



■ Financial Services ■ Services ■ Consumer Goods ■ Others

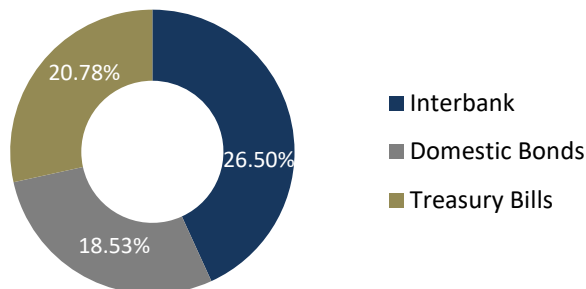
### DFC Model Equity Portfolio

Position	Position	Weekly	Year to Date
This Week	Last Week	Return	Return
67,891,425	66,984,425	1.35%	-2.06%

The DFC Model Equity Portfolio posted a **1.35% return for the week**, trimming the year-to-date (YtD) loss to **-2.06%**, as a mix of banking, telecom, and consumer stocks lifted overall performance. The market responded positively to Nigeria's Q1 2025 trade surplus of **₦5.17 trillion**, driven by rising crude and non-crude exports, and a lower import bill. Additionally, optimism around sustained GDP growth, anchored at **3.6%** by the World Bank, and NNPC's strong operational figures helped support select energy and financial counters.

### Stock Pick

Company	Sector	Current Price	Target Price	Upside	Rating
First Holdco	Financial	24.95	35.20	23%	Buy
Access Corp	Financial	23.70	32.00	35%	Buy
UACN	Consumer	32.90	43.50	32%	Buy
Fidelity Bank	Financial	19.50	23.44	20%	Buy
Zenith Bank	Financial	45.20	54.00	13%	Buy



■ The interbank market remained highly liquid during the week, supported by total inflows of ₦363.13 billion.

Major contributors included ₦264 billion from OMO maturities, ₦81.84 billion in NTB maturities, and disbursements from the 13% derivation fund to states, facilitated by the CBN. These inflows effectively counterbalanced net CRR debits, helping to sustain market stability.

In response, the Overnight Policy Rate (OPR) held firm at 26.50%, while the Overnight (O/N) rate inched up by 3 basis points to 26.99%.

### Mild Bullish NTB Trading

The Nigerian Treasury Bills market remained largely quiet this week, with low activity across both NTB and OMO maturities. Early in the week, interest was limited to select OMO papers such as the 9-Oct-2025, 23-Apr-2026, and 20-Jan-2026 bills. A slight bullish shift emerged midweek on mid-to-long dated maturities—particularly the 4-Jun and 20-Jan OMO bills—with trades around 18.80%, though volumes stayed modest.

### FGN Bond Moderate Interest

The FGN bond market traded between subdued and moderately active levels this week, with demand focused on mid- to long-dated papers. Early activity was light, with **May 2033s** trading around **19.30%–19.40%**. Midweek saw moderate interest in **Apr 2029s** and **Feb 2031s**, though offers were limited. By week's end, selective buying emerged across bonds like **Feb 2031s**, **May 2033s**, **Jan 2035s**, **Jul 2045s**, and **Jun 2053s**, but wide bid-ask spreads restrained execution. Overall, the **average mid-yield fell 3bps w/w to 18.53%**.

### Naira Gains On CBN Support

The naira strengthened for a third straight week, trading between ₦1535–₦1546/\$, supported by strong foreign inflows and a reported \$500m CBN private placement. Despite midweek local demand and tighter liquidity from Middle East tensions, CBN intervention stabilized the market. The naira appreciated 24bps w/w to ₦1549.35/\$, while reserves fell by \$256.72m to \$38.02bn.

## Commodity Market

### Global Commodities Rally Amid Geopolitical Tensions

Global commodity markets ended the week on a strong bullish note, driven largely by escalating geopolitical risks in the Middle East. A reported Israeli airstrike on Iranian targets heightened fears of a broader regional conflict, prompting a surge in demand for traditional safe-haven assets. Gold prices climbed sharply, closing at US\$3,450.10 per ounce, while silver also gained significant ground, ending the week at US\$36.365 per ounce.

Both Brent and West Texas Intermediate (WTI) crude oil futures jumped to multi-month highs, buoyed by concerns that further conflict in the Middle East could lead to supply disruptions in a region that plays a critical role in global oil production.

Overall, the week underscored how sensitive global markets remain to geopolitical developments, particularly in regions integral to commodity supply chains.

	CURRENT	PREVIOUS	CHANGE
Brent	73.41	63.88	14.92%
WTI	72.06	60.06	19.98%
Gold	3,450.10	3,288.60	4.91%
Silver	36.37	33.04	10.08%
Platinum	1,211.00	1,054.60	14.83%
Palladium	1,048.00	969.00	8.15%

## Outlook

Next week, ₦985.88 billion in OMO maturities will boost system liquidity, though outflows from CBN currency swap settlements and ₦134 billion in net NTB issuance may offset gains, potentially pushing interbank rates toward 30%.

In the NTB market, focus will be on a ₦162.02 billion auction, with limited maturities (₦27.19 billion) likely keeping yields elevated. FGN bonds may retain a mixed-to-bullish tone, though attention could shift to the NTB supply. Eurobond sentiment is expected to stay cautious amid ongoing geopolitical risks.

In equities, investors may remain on the sidelines ahead of May inflation data, with selective positioning possible before half-year earnings. The naira is likely to hold steady as CBN interventions continue, while oil prices should stay elevated due to Middle East tensions.



## Market Data

	CURRENT	PREVIOUS	CHANGE
NGX ASI	115,429.54	114,616.75	0.71%
MARKET CAP	72.79	72.28	0.71%
VOLUME TRADED	2.06	3.21	-36%
VALUE OF TRADE	51.02	76.35	-33%
DEALS	65	64,156	-99.90%

Source: NGX, DFC Research

BENCHMARK TREASURY BILL YIELD			
	CURRENT	PREVIOUS	CHANGE
90 DAYS	17.76%	18.56%	-0.045
182 Days	18.90%	19.45%	-0.029
364 Days	18.80%	19.02%	-0.012

Source: FMDQ, DFC Research

BENCHMARK FGN BOND YIELD			
	CURRENT	PREVIOUS	CHANGE
5 YEARS	19.18%	19.35%	-0.88%
10 YEARS	19.09%	19.08%	0.05%
20 YEARS	18.39%	18.39%	0.00%
30 YEARS	17.07%	17.07%	0.00%

Source: CBN, DFC Research

BENCHMARK FGN EURO BOND YIELD			
	CURRENT	PREVIOUS	CHANGE
5 YEARS	8.41%	8.41%	0.00%
10 YEARS	9.71%	9.71%	0.00%
15 YEARS	9.96%	9.90%	0.61%
30 YEARS	10.43%	10.45%	-0.19%

Source: FMDQ, DFC Research

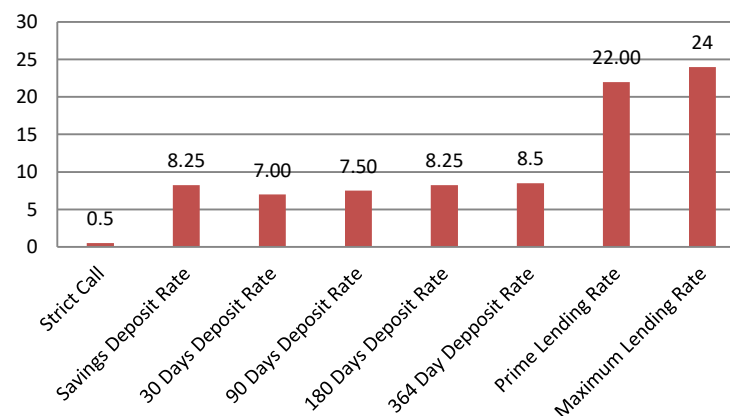
FOREIGN EXCHANGE			
	CURRENT	PREVIOUS	CHANGE
NAFEM	1,539.72	1,553.12	0.86%
BDC	1,585	1,585	0.00%

Source: CBN, DFC Research

	CURRENT	PREVIOUS	CHANGE
System Liquidity	1,130.68	577.79	552.89

Source: FMDQ, DFC Research

### Money Market Indicators (%)



Source: CBN, DFC Research

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