# Credit Market Report

## *September 2025 Edition*

**WEALTHBRIDGE MARKET INTELLIGENCE**

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# Key Takeaways This Month

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## Macro Events

**Federal Reserve Benchmark Rates**: 4.25% (-25bps)
**Gold:** $3,861.30 (↑11.98% MoM) **Crude Oil:** $62.58 (↓8.07% MoM)

**FX reserves:** $42.36 billion (+1.09 billion)
**Headline inflation**: 20.12% (↓176 points MoM)

## Market Activity

**FAAC allocations**: ₦2.2 Trillion (↑13.8% MoM)
**FGN Bond yields:** 16.10% (↓ 208 points)

**Commercial paper issuances:** ₦71.92 Billion (↑ 4.08% MoM)
**Nigerian Eurobond yield:** 7.87% (↓3 points)

## Outlook and Forecasts

**Special Report:**

- Between the Signals: How CRR Hikes Undermines CBN's Monetary Easing

## Next Month's Watchlist

| | | |
|---|---|---|
| 1 | NTB Primary market auction | October 2 |
| 2 | Stanbic IBTC Manufacturing PMI Data | October 4-8 |
| 3 | September inflation data | October 15 |
| 4 | US Fed FOMC meeting | October 28-29 |
| 5 | FGN Savings Bonds maturities (₦1.52Bn) | October 11,12 |
| 6 | NTB Primary market auction | October 16 |
| 7 | NTB Primary market auction | October 30 |
| 8 | Commercial paper maturities (₦42.74 bn) | October 1-30 |

# Gold Makes ATH in September; Market Rates Eased by Fed

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| Indicator | Sept Close (Avg) | August Close (Avg) |
|---|---|---|
| **Crude Oil ($/bbl)** | $62.58 (67.35) | $68.12 (67.50) |
| **10Y Treasury (%)** | 4.15 (4.11) | 4.23 (4.34) |
| **SoFR (%)** | 4.13 | 4.34 |
| **ECB Rate (%)** | 2.15 (2.15) | 2.15 (2.15) |
| **BoE Rate (%)** | 4.00 | 4.00 |
| **U.S. Fed Rate (%)** | 4.25 | 4.50 |
| **EUR/USD** | 0.8515 (0.8525) | 0.8554 (0.8593) |
| **GBP/USD** | 0.7439 (0.7414) | 0.7571 (0.7393) |
| **RMB/USD** | 7.117 (7.127) | 7.128 (6.748) |
| **Gold** | 3,861.30 (3,661.27) | 3,447.94 (3,364.88) |

Global markets in September saw mixed trends across commodities, rates, and currencies. Brent crude dropped to $62.58 as surplus risks resurfaced, with the U.S. EIA warning prices could fall below $60 in Q4.

Gold surged to $3,861.30, supported by safe-haven demand and central bank buying. The Fed held its rate at 4.50%, and the ECB remained at 2.15%, while the BoE held steady at 4.00%. U.S. 10Y Treasury yields eased to 4.15% (↓24bps), and SOFR remained flat at 4.13%. The EUR/USD slipped to 0.8515 (↓0.3%), while the GBP/USD fell to 0.7439 (↓1.7%) and the RMB/USD steadied at 7.117. Overall, the global market shows cautious behavior with a mix of falling oil, rising gold, and steady central bank policies amidst macroeconomic volatility.

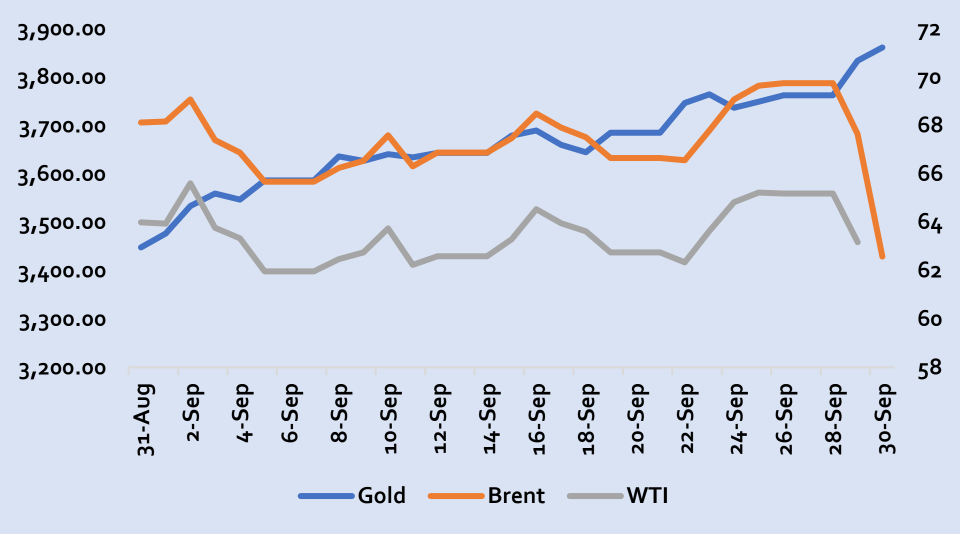
**Oil**: Brent dropped to $62.58 (↓8.07%) from August's $68.12, pressured by surplus concerns as OPEC+ unwinds voluntary cuts. The EIA warns prices could dip below $60 in Q4 remain.

**Gold:** Gold surged to $3,861.30 (↑11.98%), driven by safe-haven demand and central bank buying, surpassing $3,447.94 in August and nearing April's record highs.

**Rates:** The U.S. Fed cut its key rate by 25bps to 4.25%, and the ECB rate held at 2.15%. The BoE also kept rates at 4.00%, citing cooling inflation and weaker growth.

**Bonds:** The U.S. 10Y Treasury yield eased to 4.15% (↓24bps) from 4.23%, as softer inflation expectations gained traction. The SOFR rate was flat at 4.13%.

**FX:** The EUR/USD slipped to 0.8515 (↓0.3%) amid weak growth signals, while GBP/USD fell to 0.7439 (↓1.7%). The RMB steadied at 7.117.




*Prices of key commodities in September. (Source: Trading Economics)*

# Currency Gains, Reserve Build-up, Inflation Eases

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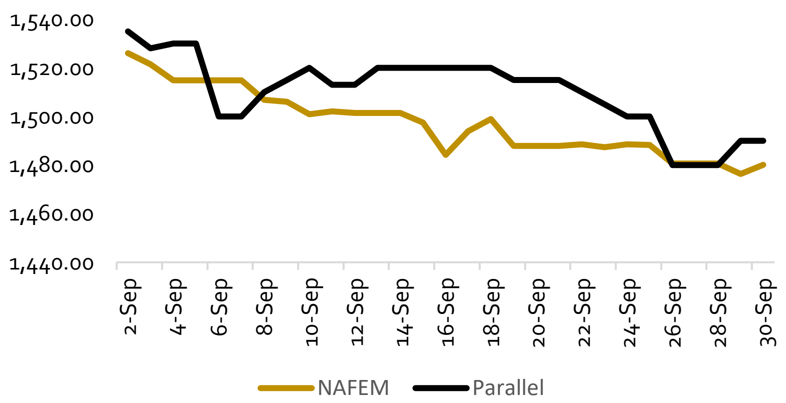
| Macro Indicator | Y-o-Y (Sept) (%) | YoY (August) (%) | M-o-M (Sept) (%) | M-o-M (August) (%) |
|---|---|---|---|---|
| Inflation (Food) | 21.87 | 21.88 | 1.65 | 3.12 |
| Inflation (Core) | 20.33 | 22.76 | 1.43 | 0.97 |
| Inflation (Headline) | 20.12 | 21.88 | 0.74 | 1.99 |

| Indicator | Close (Sept) | Close (August) | Average (Sept) | Average (July) |
|---|---|---|---|---|
| NAFEM (₦/$) | 1,480.15 | 1531.57 | 1,449.75 | 1534.43 |
| Parallel (₦/$) | 1,490 | 1550 | 1,511.74 | 1549.97 |
| External Reserves ($'Bn) | **42.36** | **41.27** | **41.85** | **40.56** |

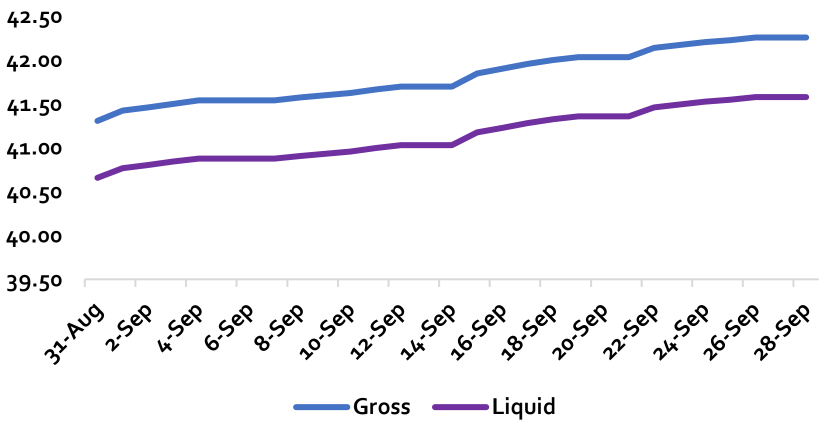
Nigeria's external reserves increased by $1.09 billion in September, rising from $41.27 billion to $42.36 billion, underscoring stronger FX inflows and improving market stability.

At the NAFEM market, the naira appreciated by 3.36%, closing at ₦1,480.15/$ compared to ₦1,531.57/$ in August. The parallel market also strengthened, with the naira moving from ₦1,550/$ to ₦1,490/$. While the NAFEM–parallel spread narrowed slightly on closing rates, it widened when assessed on monthly averages.

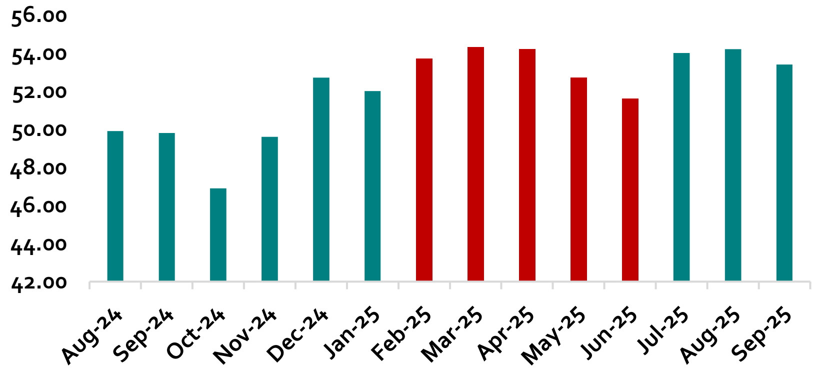
Inflation eased notably, with headline inflation falling to 20.12% (from 21.88%). On a monthly basis, the index slowed to 0.74% from 1.99%. Food inflation printed at 21.87% year-on-year, while the monthly food index moderated to 1.65% from 3.12%, driven by lower average prices of key staples such as vegetable oil, beans, rice, maize flour, sorghum, wheat flour, and millet.




*Sources: CBN, Nairametrics*




*Nigeria's foreign reserves. (Source: CBN 2025)*




*Stanbic Manufacturing PMI*

# OMO Rates Spike, Bond Yields Ease Amid Strong Demand

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In September, the primary market for government securities experienced a notable shift in marginal rates. While FGN bond yields declined significantly, OMO rates moved higher.

Yields on the August 2030 and June 2032 bonds fell to 16.00% and 16.10%, respectively, from 17.95% and 18.00% in August. This decline reflected strong demand for longer-dated instruments, even as inflationary pressures persisted.

The 2030 bond was oversubscribed by 115% (up from 105% in August), underscoring investors' appetite for attractive yields. The 2032 bond recorded 103% oversubscription, pointing to steady—though more measured—demand.

Conversely, in the short-term debt market, OMO bill rates jumped to 26.44% (from 23.70% in August). Despite the higher pricing, the auction was heavily oversubscribed at 443.58%, highlighting robust demand for short-term, high-yield instruments

Table 4: OMO auctions for August

| OMO Bills | September | August |
|---|---|---|
| Offer (₦'bn) | 60.00 | 600.00 |
| Subscription (₦'bn) | 1,179.60 | 2,202.80 |
| Allotment (₦'bn) | 620.65 | 2,122.10 |
| **Marginal Rate** | **26.44%** | **23.70%** |

Source: CBN, August 2025

*Table 5: FGN Bonds issuance data for September*

| FGN Bond Auction | Aug-2030 | June-2032 | Total (Sept) | Total (August) |
|---|---|---|---|---|
| Offer (₦'bn) | 100.00 | 100.00 | 200.00 | 200.00 |
| Subscription (₦'bn) | 231.79 | 1,028.20 | 1,259.99 | 269.16 |
| Allotment (₦'bn) | 87.798 | 488.826 | 576.624 | 136.17 |
| **Avg Marginal Rate** | **16.00%** | **16.20%** | **16.10%** | **17.98%** |

Source: Debt Management Office, August 2025

# Strong NTB Demand: ₦2.4trn Subscriptions as Yield Dynamics Shift

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*Table 6: Primary market auctions for Nigerian treasury bills for September*

| NT-Bills Jul-2025 | 91-day | 180-day | 364-day | Total (Sept) | Total (August) |
|---|---|---|---|---|---|
| Offer (₦'bn) | 350.00 | 140.00 | 550.00 | 560.00 | 610.00 |
| Subscription (₦'bn) | 96.65 | 88.43 | 679.25 | 2,418.5 | 1,089.72 |
| Allotment (₦'bn) | 65.02 | 80.64 | 407.97 | 33.80 | 474.03 |
| **Average Stop Rate (%)** | **15.16** | **15.4** | **16.90%** | **15.82%** | **15.88%** |

Source: CBN, August 2025

In September, the treasury bills market reflected persistent investor demand for short-term government debt, with mixed movements in stop rates. The average stop rate for the 91-day and 180-day bills moderated slightly to 15.16% and 15.40%, compared to 15.18% and 15.50% in August, respectively.

In contrast, the 364-day bills recorded a marginal decrease in stop rate to 16.90%, from 16.97% the previous month, reflecting relatively steady investor expectations amid continued liquidity tightening and inflation concerns.

Investors maintained strong interest across all maturities, though total subscriptions jumped sharply to ₦2.42 trillion, from ₦1.09 trillion in August. This rise reflects renewed confidence and elevated demand for fixed-income instruments.

Specifically, the 364-day bills were oversubscribed by 124%, attracting ₦679.25 billion, down from ₦1.79 trillion in August. While demand remains strong, this marks a softening in risk appetite for longer-term paper. Going forward, investor interest is expected to remain robust, although the outlook for yields could soften if monetary easing continues.

# FAAC Allocations Hit ₦2.2 Trillion in August; Liquidity Boost Eases Rates

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Stronger FAAC inflows: Total FAAC disbursements surged to ₦2.2 trillion in August, up 13.8% MoM from ₦1.88 trillion in July, driven by higher federally collected revenues.

- FG: ₦810bn (vs ₦735bn in July)
- States: ₦710bn (vs ₦660bn)
- LGAs: ₦522bn (vs ₦485bn)Liquidity injection:

The larger FAAC allocations, alongside maturing OMO instruments, eased funding pressures in the financial system. Opening balances improved to ₦315.63bn (vs ₦239.43bn in July).

Money market response: Interbank rates declined across the board, reflecting improved liquidity conditions and CBN's dovish stance.

- OBB fell to 24.50% (from 28.90%)
- Overnight rate eased to 24.88% (from 27.00%)
- 30-day NIBOR dropped to 25.83% (from 27.50%)

**Outlook:** Interbank rates are expected to remain subdued in the near term, supported by sustained liquidity injections and the easing monetary policy stance.

Table 7: Opening and Closing Balances

| Liquidity Balances | (₦'Bn) (Sept) | (₦'Bn) (August) |
| --- | --- | --- |
| Opening | (298.75) | 203.93 |
| Closing | 315.63 | (239.43) |

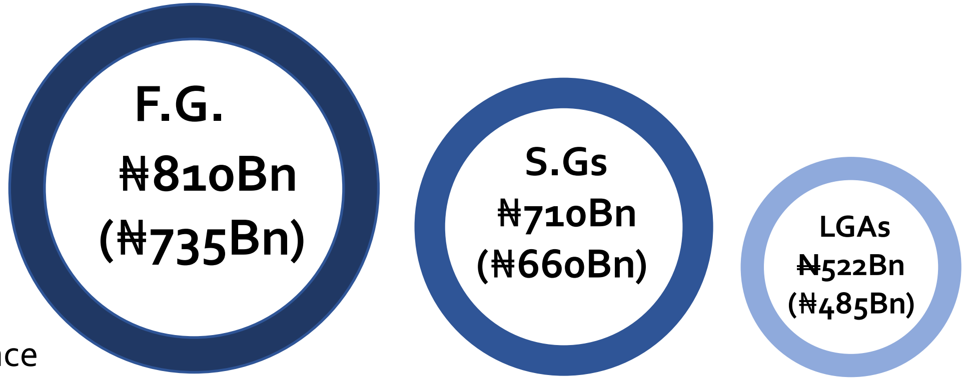
Sources: CBN, WealthBridge Market Intelligence

*Table 8: Money Market Rates*

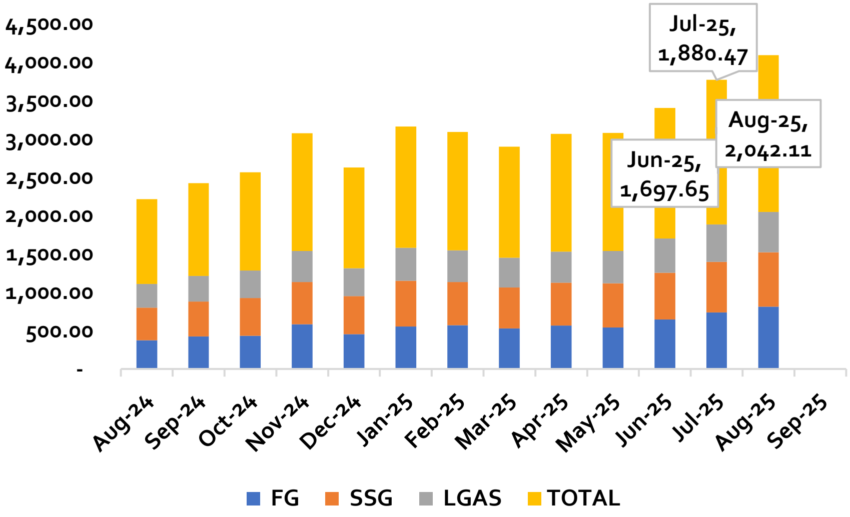
| Rate | 26/9 (%) | 29/8 (%) | Chg.(Bps) |
| --- | --- | --- | --- |
| OBB | 24.50 | 28.9 | (440.0) |
| OVN | 24.88 | 27.00 | (212.0) |
| CALL | 24.78 | 28.75 | (397.0) |
| 30 Days | 25.83 | 27.50 | (167.0) |
| 90 Days | 26.80 | 28.38 | (158.0) |

Sources: FMDQ, WealthBridge Market Intelligence

**Fig.1: FAAC Allocations across tiers for June (May)**




Source: Office of the Accountant General, July 2025




Source: Office of the Accountant General

# CP Uptick to ₦71.9bn; Sub-National Green Bond Debuts at ₦214bn

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Commercial paper activity improved in September, with issuances totalling ₦71.92 billion, up 4.1% from August's ₦69.10 billion. The bulk came from Dangote Sugar PLC, Zeenab Foods and MeCure Industries Limited . This underscores continued reliance on the CP market for short-term funding.

Bond Market capitalization edged up slightly to ₦1.47 trillion from ₦1.43 trillion, reflecting valuation gains rather than fresh inflows. Similarly, the FGN savings bond market recorded no issuance in September following the dual-tranche activity in August.

A standout development came from Lagos State, which issued Nigeria's first-ever sub-national green bond, raising ₦214 billion. While this landmark deal boosted sentiment, the overall CP market capitalization still declined to ₦1.09 trillion from ₦1.32 trillion, highlighting mild contraction despite select activity.

**Table 9: Other commercial Issuances in August**

| CP Issuer | Series | Issue Size (₦) |
|---|---|---|
| Dangote Sugar PLC | Series 13<br>Series 14 | 27.42 billion<br>22.58 billion |
| Zeenab Foods Limited | Series 1 | 10 billion |
| MeCure Industries Limited | Series 5 | 11.92 billion |

Source: FMDQ, July 2025

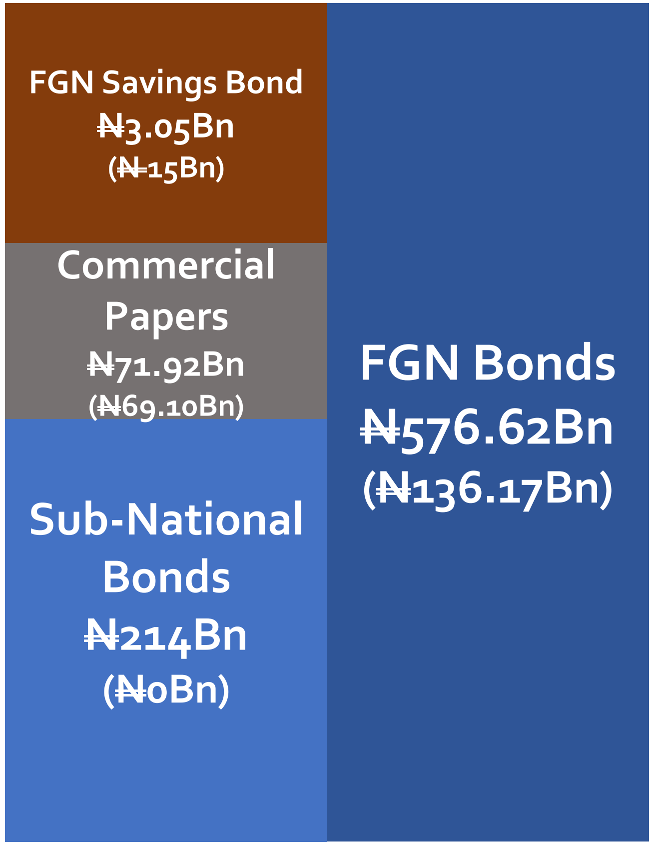
Commercial Paper Issuances:

- Totaled ₦71.92bn in September, up 4.1% from ₦69.10bn in August.
- Activity was driven by three issuers:
  - ✓ **Dangote Sugar PLC** – ₦50.00bn across Series 13 (₦27.42bn) & Series 14 (₦22.58bn).
  - ✓ **Zeenab Foods Limited** – ₦10.00bn (Series 1).
  - ✓ MeCure Industries Limited – ₦11.92bn (Series 5).

Corporate Bonds:

- No issuances were recorded in September, continuing the lull from August.
- Despite muted activity, corporate bond market capitalization edged slightly higher to ₦1.47trn (from ₦1.43trn).

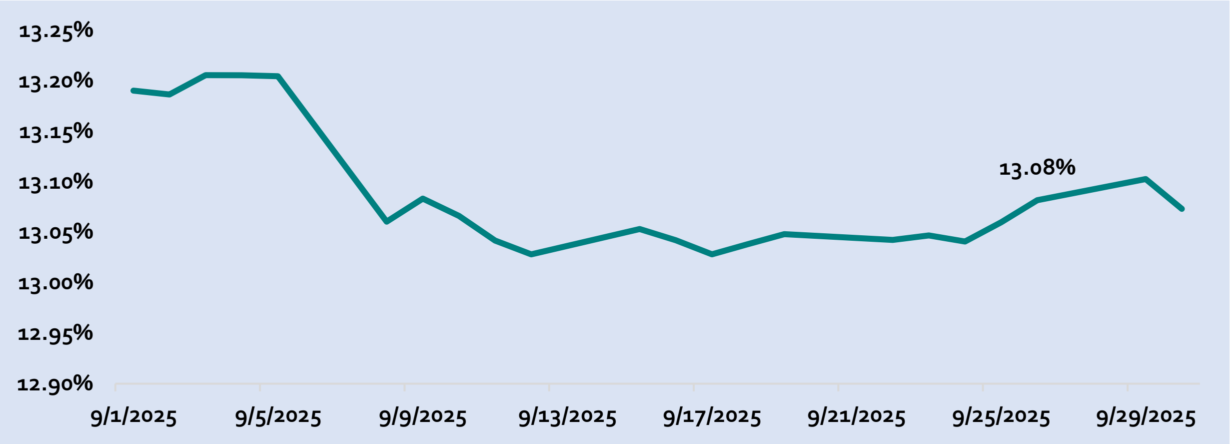
**Debt Issuances in August (July)**




*Sources: DMO, FMDQ, Nairametrics*

# Nigeria Eurobond Yields Ease to 7.87% as Reforms Bolster Investor


Average yield on Nigerian Eurobonds. *Source: Debt Management Office*




S&P Africa Sovereign Bond Index

Nigerian Eurobond yields extended their downward trend in September, closing at **7.87%**, down from **7.90%** at the start of the month. This moderation reflects sustained investor confidence, supported by ongoing reforms in **FX liberalization** and **tax restructuring**, which markets view as key to restoring macroeconomic stability.

Across Africa, Eurobond yields posted **mixed movements**. Egypt saw the sharpest decline, with yields dropping **82bps to 8.15%**, driven by strong macroeconomic data and renewed foreign investor inflows. Kenya also recorded a notable improvement, as yields fell **110bps to 7.55%**, buoyed by optimism around fiscal consolidation and funding stability.

In contrast, Côte d'Ivoire's Eurobond yields rose **72bps to 6.84%**, weighed down by **political tensions** and fiscal slippage concerns. Overall, the regional trend was tilted toward easing yields, as global investors continued to respond positively to reform narratives and improved risk appetite.

Table 10: Select African Eurobond Yields

| Sovereign | Yield (%) | M-o-M Yield Chg. |
|---|---|---|
| Nigeria | 7.87 | ▼ 3 bps |
| Cote d'Ivoire | 6.84 | ▲ 72 bps |
| Egypt | 8.15 | ▼ 82 bps |
| Kenya | 7.55 | ▼ 110 bps |

Sources: Central Bank of Kenya, Bloomberg

# Between the Signals: CRR Hikes Undermine CBN's Monetary Easing

The CBN's recent policy mix sends conflicting signals to the market. While the 50bps cut in MPR (27.5% → 27%) suggests a pivot toward easing, the simultaneous recalibration of the Cash Reserve Ratio (CRR) has produced a far more restrictive liquidity environment.

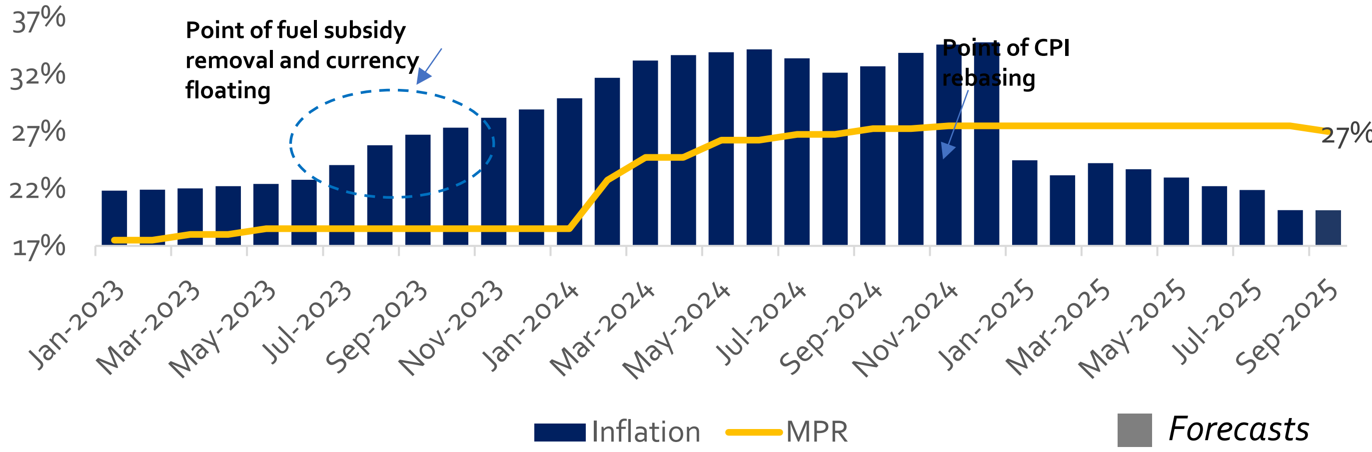
The introduction of a dual CRR regime, 50% on standard deposits and 75% on non-TSA public sector deposits, is expected to materially tighten system liquidity. This sterilisation move was designed to offset the surge in FAAC-driven inflows and rein in price instability from the currency market, but it also erod banks' capacity to intermediate credit, effectively neutralizing the impact of the MPR cut.

**FAAC Injections: Strong but Absorbed**

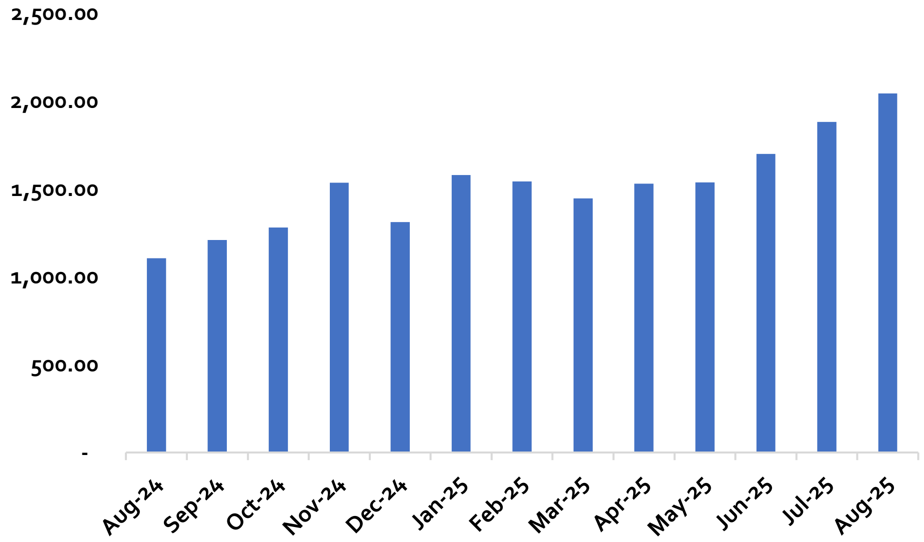
FAAC allocations surged to ₦2.2 trillion in September, an 84.9% YoY increase. This has become a dominant source of naira liquidity in the system. However, the higher CRR requirement is expected to absorb much of this injection. Under the new framework, an additional ₦475bn of banking system liquidity is sterilized, almost matching the size of FAAC inflows. Thus, what looks like easing at the fiscal level is being offset by monetary tightening.

**SDF/SLF Corridor: Limited Transmission**

The narrowing of the SDF/SLF corridor to ±250bps around the MPR has reduced the incentive for banks to hold idle reserves while lowering the cost of short-term borrowing. In theory, this should ease interbank pressures. In practice, however, the higher CRR lock-up and reduced SDF returns mean banks still have limited deployable cash.




*[Source: NBS]*




*FAAC Allocations for all three tiers of government. {Source: Office of the Accountant General]*

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The return on excess reserves placed at the CBN has dropped to 24.5%, discouraging banks from passively parking liquidity, while the cost of borrowing through the SLF eased to 29.5%, potentially supporting short-term funding. However, in practice, the higher CRR lock-up means banks still have less cash to deploy, muting the intended benefits.

**Liquidity Impact of the New CRR Regime**

On the surface, higher FAAC inflows appear to support market liquidity, particularly in an environment where short-term yields remain elevated. However, the tightening effect of the new Cash Reserve Ratio (CRR) framework is increasingly offsetting, and in some cases overwhelming, these injections.

Using a simplified model, non-TSA public sector deposits are estimated at ₦1.9 trillion, or 1.6% of total money supply (₦119.5 trillion as of August 2025). Under the former 50% CRR rule, about ₦0.95 trillion would have been locked up with the CBN. The new 75% requirement sterilises ₦1.425 trillion, effectively removing an additional ₦475 billion from the system's lendable liquidity.

This adjustment coincides with monthly FAAC inflows of about ₦2.2 trillion. Even under the assumption that 80% of these funds remain in the system, the net liquidity boost is capped at roughly ₦1.76 trillion. In practice, the CRR absorbs almost as much liquidity as FAAC injects, leaving the overall stance restrictive. This means the policy environment should be viewed less as easing and more as a targeted withdrawal masked by fiscal expansion.

**Market Response: Yields Anchored by Liquidity, Not Policy**

Treasury bill yields remain anchored in the 17–18% corridor, while short-tenor commercial papers price between 20–30%. The MPR cut has not transmitted into funding markets because liquidity scarcity, not policy signalling, is dictating pricing.

**Conclusion: A Sterilised Easing Cycle**

The CBN's stance can best be described as sterilised easing, policy rates are lowered, but liquidity conditions are simultaneously tightened. This creates margin pressure for banks and sustains high borrowing costs for corporates, keeping credit constrained despite the headline easing cycle.

For investors, the key is to focus less on MPR signals and more on actual liquidity transmission mechanisms, CRR rules, FAAC flows, and interbank conditions. Without structural recalibration, Nigeria's credit market will remain functionally tight, with elevated yields supported more by structural supply suppression than by investor conviction.

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