

Credit Market Report

July 2025 Edition

WEALTHBRIDGE MARKET INTELLIGENCE



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TABLE OF CONTENT

04 EXECUTIVE SUMMARY

05 GLOBAL MACRO ROUNDUP

06 LOCAL MACRO ROUNDUP

07 FISCAL CREDIT MARKETS

09 MONTHLY LIQUIDITY REPORT

11 GLOBAL AND LOCAL EUROBOND REPORT

12 SPECIAL REPORT/OUTLOOK

Key Takeaways This Month



Macro Events

Key market rates were held steady by the Bank of England, the European Central Bank and Federal Reserve

\$2.75 Bn

Nigeria’s reserves rose by \$2.75 billion as headline inflation drops to 22.22% year-on-year

Market Activity

N1.8Trn

FAAC allocations rose to N1.8 Trillion in July as inflows boosted system liquidity

3.85%

Commercial paper issuances declined by 3.85% m-o-m

8.16%

Nigeria’s Eurobond yield hit 3-year low

Outlook and Forecasts

Special Report: Interest Rate Outlook: Inflation to Hamper Extent of Monetary Easing

Special Report: Bigger Numbers, Bigger Gaps: Why Nigeria’s Rebased GDP Isn’t Enough



1

2

3

4

5

6

7

8

Next Month’s Watchlist

NTB Primary market auction

August 6

Stanbic IBTC Manufacturing PMI Data

August 4-8

Bank of England base rate meeting

August 7

July inflation data

August 15

FGN Savings Bonds maturities (N1.36Bn)

August 11,16

NTB Primary market auction

August 20

DMO FGN Bond auction

August 28

Commercial paper maturities (N182.31 bn)

August 1-29

USD Bullish in July; Key Market Rates Held Steady by BoE, Fed



Indicator	July Close (Average)	June Close (Average)
Crude Oil	\$71.3 (69.89)	\$67.17 (71.44)
10Y Treasury	4.36 (4.37)	4.24 (4.39)
SOFR	4.32 (4.35)	4.45 (4.34)
ECB Rate	2.15 (2.15)	2.15 (2.15)
BoE Rate	4.25 (4.25)	4.25 (4.25)
U.S. Fed Rate	4.50 (4.50)	4.50 (4.50)
EUR/USD	0.8759 (0.5896)	0.8482 (0.8653)
GBP/USD	0.7571 (0.7393)	0.7284 (0.7362)
RMB/USD	7.210 (7.2740)	7.158 (7.183)
Gold	\$3,323.00 (\$3,349.75)	\$3,340.70 (\$3,248.80)

The U.S. Federal Reserve rate also held steady at 4.50% as the MOPC considered upside risks to both the Fed’s inflation and employment goals, given a possible inflationary impact of the newly announced tariffs by the Trump administration.

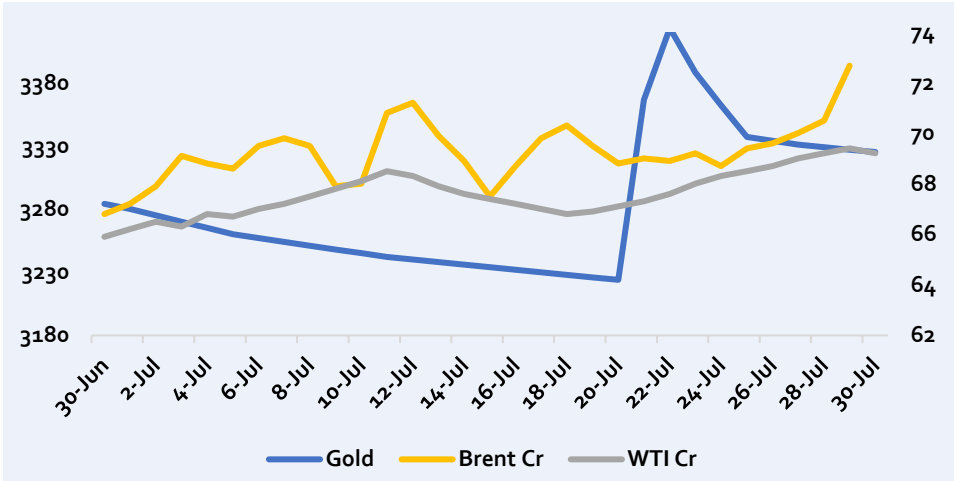
In the forex markets, the EUR weakened to 1.1147 against the USD. The Pound Sterling slid to two-month lows around 1.33 against the dollar amid weak UK retail sales, PMI, and employment data triggered a cautious BoE stance on cuts.

The Chinese Yuan also closed lower than its 30-day average rate of ¥ 7.2740/USD as positive economic data from the U.S. weighed on the major currency pairs.

In July, several key financial indicators showed varied movements compared to June. Crude oil prices saw a 6.15% uptick, closing at \$71.30, while Gold declined by 0.53%. Specifically, Gold prices declined as more investors channeled investments more into the bullish equity markets. From a technical standpoint, the rally in crude prices marked a breakout from the sideways channel defined by the \$65 to \$70 price bounds.

The recent ultimatum issued by President Trump to Russia to end the Ukraine war by August 8— as well as secondary tariffs on importers of Russian oil— could drastically impact the market, as Russia exports over 7 million barrels per day, and disrupting even part of this supply would erase the projected surplus through 2026.

Meanwhile, key credit market rates showed mixed performances. The 10-year U.S. Treasury yield rose to 4.36%, up from June's 4.24%, while the Secured Overnight Financing Rate (SOFR) dropped slightly to 4.32% from 4.45% in June. Amidst economic uncertainty, major central banks chose to hold steady, as the European Central Bank and Bank of England's rates remained unchanged at 2.15% and 4.25%, respectively.



Prices of key commodities in July. (Source: Trading Economics, July 2025) 5



FX Reserves Rise By \$2.75 Bn; Headline Inflation Falls 75 Basis Points

Macro Indicator	Y-o-Y (June) (%)	YoY (May) (%)	M-o-M (June) (%)	M-o-M (May) (%)
Inflation (Food)	21.97	21.14	3.25	2.19
Inflation (Core)	22.76	22.28	2.46	1.10
Inflation (Headline)	22.22	22.97	1.68	1.53

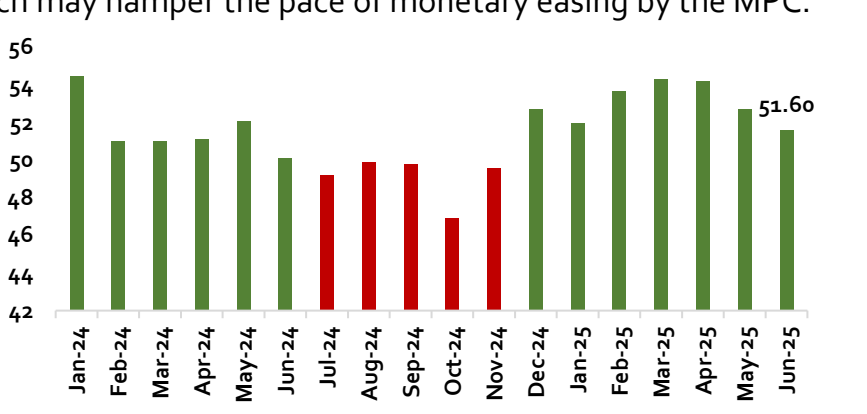
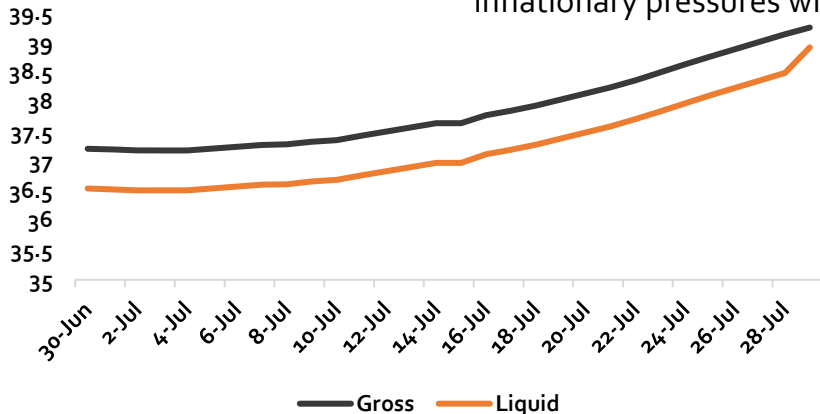
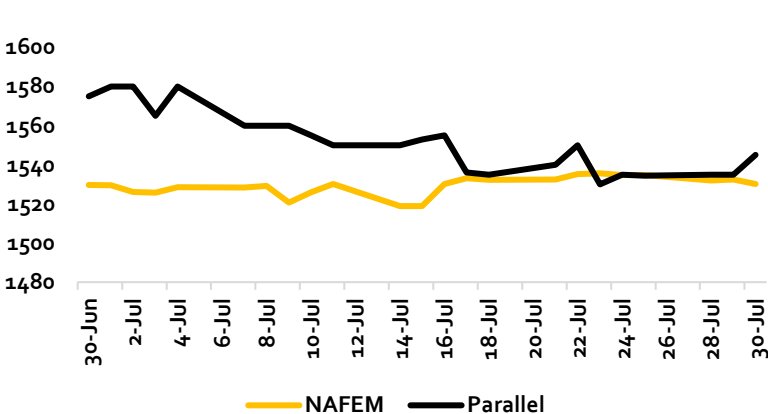
Indicator	Close (July)	Close (June)	Average (July)	Average (June)
NAFEM (₦/\$)	1532.0	1,529.7	1,533.7	1,529.7
Parallel (₦/\$)	1565	1,550	1,552.0	1,557.5
External Reserves (\$'Bn)	39.36	37.21	37.91	37.79

Nigeria’s foreign reserves rose by \$2.75 billion (7.39%) between June 30 and July 31. For the month in review, the 30-day average showed that reserves steadily grew, reflecting smoother market operations and stronger FX inflows.

This accumulation was supported by greater stability at the Nigerian Autonomous Foreign Exchange Market (NAFEM), where the naira has traded more freely under a managed float. Similarly, the Naira depreciated by 0.96% in the parallel market, which has caused the spread between the NAFEM and parallel market to widen from ₦20.29 at the end of June to ₦33.00 at the end of July.

Meanwhile, Headline inflation eased from 22.97% in May to 22.22% in June on a y-o-y basis, while m-o-m inflation rose by 15 basis to 1.68% in June. However, food inflation rose by 83 basis points and 106 basis points on y-o-y and m-o-m bases respectively, driven by an increase in prices of staples.

Although headline inflation eased marginally, the monthly uptick reflects persistent inflationary pressures which may hamper the pace of monetary easing by the MPC.



Sources: CBN, Nairametrics

Nigeria’s foreign reserves. (Source: CBN, July 2025)

Stanbic Manufacturing PMI

OMO, FGN Bonds and NTB Rates Dip By Over 50 Bps Across Tenors



Primary market rates in July continued their steady descent as net positive liquidity in July and soft issuance pressures drove rates lower. FGN bond marginal rates eased to 15.69% and 15.90% for the April 2029 and June 2032 tenors respectively (down from an average of 17.61% in June). This decline in rates was likely driven by oversubscriptions and strong appetite for longer-tenor issuances.

Investors oversubscribed in the bond auction across both tenors, although they preferred the 32s, which was oversubscribed by 336% (₦201.6 billion), compared to the 95.38% oversubscription recorded for the 29s.

Marginal rates in the OMO bills auction also dropped by 55 basis points to 23.87% in July. The OMO bills were oversubscribed by 443.58% (₦1.33 trillion) in July.

Table 4: OMO auctions for July

OMO Bills	July	June
Offer (₦'bn)	300.00	600.00
Subscription (₦'bn)	1,630.75	1,529.49
Allotment (₦'bn)	1,545.75	1,511.94
Marginal Rate	23.87%	24.42%

Source: CBN, July 2025

Table 5: FGN Bonds issuance data for July

FGN Bond Auction	Apr-2029	June-2032	Total (July)	Total (June)
Offer (₦'bn)	20.00	60.00	80.00	100.00
Subscription (₦'bn)	39.075	261.60	300.672	602.855
Allotment (₦'bn)	13.43	172.50	185.93	100.00
Marginal Rate	15.69%	15.90%	15.90%	17.61%

Source: Debt Management Office, July 2025

Table 6: Primary market auctions for Nigerian treasury bills for July

NT-Bills Jul-2025	91-day	180-day	364-day	Total (July)	Total (June)
Offer (N'bn)	150.00	40.00	350.00	540.00	612.02
Subscription (N'bn)	146.74	68.93	1,789.67	2,005.34	2,542.58
Allotment (N'bn)	72.95	20.77	398.10	491.82	612.02
Average Stop Rate (%)	15.37	15.85	16.09%	15.77%	18.47%

Source: CBN, July 2025

Meanwhile, in the treasury bills' primary market, stop rates mirrored this trend: the average stop rate on the 364-day bills dropped to 16.09% in July. The bills were oversubscribed across the tenors (as in June), as investors bids dropped from N2.5 trillion in June to N2.00 trillion in July.

These bids were recorded against the N612 billion and N540 billion offered by the CBN in June and July respectively, as the CBN dropped rates on the bills following a third successive decline in inflation rates.

We expect continued oversubscription and further rates decline in August, which could spur a surge in corporate issuances as cost of credit issuances consequently decline.



FAAC Allocations Surge Past ₦1.8Trn in June; 9.6% Higher M-o-M

System liquidity improved sharply in the month of July, causing short-term interest rates in the money market to ease. Excess system liquidity was driven by an increase in system liquidity, which opened the month at ₦ 534.68 billion. The liquidity surge was largely attributed to inflows from FAAC allocations, CBN’s Open Market Operations and increased activity at its Standard Lending and Deposit Facilities.

Despite the improved liquidity, interbank rates trended in different directions. While the Open Buy Back Rate (OPR) remained flat at 26.50%, the Overnight (OVN) rate dropped 8 basis points to 26.92%. The Standing Deposit Facility (SDF) saw a sharp rise in usage, while use of the Standing Lending Facility (SLF) dropped significantly, signaling reduced funding stress.

The auction saw strong demand, with subscriptions reaching ₦1.63 trillion for the 204-day tenor at a stop rate of 23.87%.

Over the next fortnight, we expect interbank rates to hover around current levels barring any major liquidity events. Meanwhile, NIBOR rates rose across tenors in response to liquidity, with the overnight NIBOR ticking up slightly by 0.05% to close at 26.88%.

Table 7: Opening and Closing Balances

Liquidity Balances	31-July (₦'Bn)	30-June (₦'Bn)	Chg. (Bps)
Opening	61.67	312.50	250.83
Closing	-1,900	-892.78	1,007.22

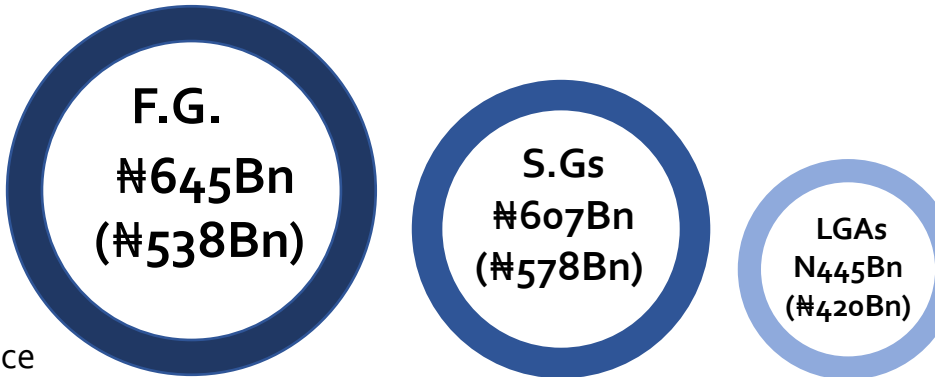
Sources: CBN, WealthBridge Market Intelligence

Table 8: Money Market Rates

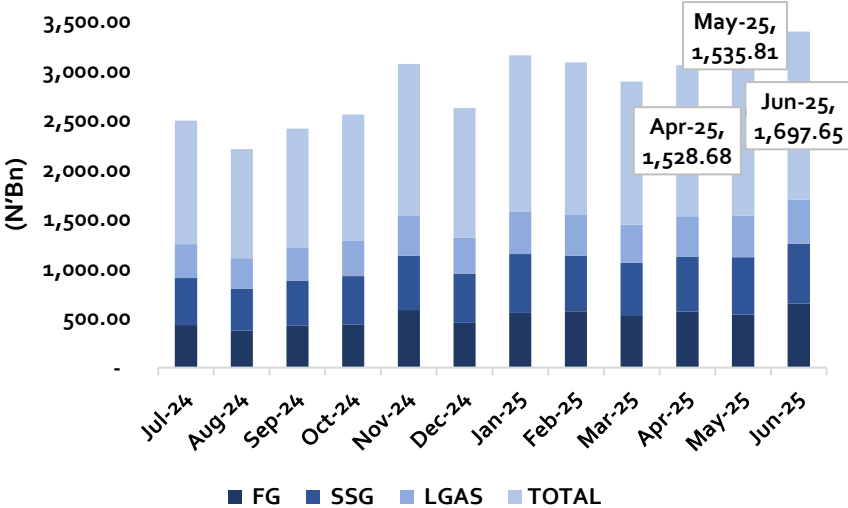
Rate	25/7 (%)	27/6 (%)	Chg.(Bps)
OBB	26.50	26.50	-
OVN	26.92	27.00	(8)
CALL	26.88	26.71	(3)
30 Days	26.24	26.92	(68)
90 Days	26.89	27.25	(36)

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


Commercial Paper Issuances Drop 3.85% to ₦314.56 billion



Commercial paper issuances came in below ₦314.56 billion, a 3.85% drop from the ₦326.68 billion issued in June. Similarly, there were no corporate bond issuances, compared to Presco PLC's ₦82.9 billion issuance in June, while the DMO allotted ₦4.27 billion in its July 17 FGN Savings Bonds auction.

The Corporate bond market capitalization rose from ₦1.401 trillion to ₦1.468 trillion, marking a 4.78% rise from June. Meanwhile the commercial paper market grew from ₦1.238 trillion to ₦1.444 trillion over the month in review.

Table 9: Other commercial Issuances in July

CP Issuer	Series	Issue Size (₦)
 Polysmart SPV Limited	Series 1 Series 2	1 billion 2 billion
 Lekki Gardens Limited	Series 4	2.76 billion
 Zeenab Foods Limited	Series 4	10.22 billion
 SG Holdings Limited	Series 1 Series 2	1.48 billion 33.11 billion
 Coleman Technical Industries Limited	Series 1 Series 2	5.35 billion 11.76 billion
 Capital Sage Technologies Limited	Series 15	0.79 billion

Source: FMDQ, July 2025

The largest issuer for the month under review were Dangote Cement PLC, which issued ₦20.51 billion and ₦123.58 billion in its Series 19 and 20 commercial papers respectively.

Providus Bank also notably issued ₦100 billion in the month of July. The papers were issued in its Series 1 (₦16.33 billion) and Series 2 (₦83.67 billion).

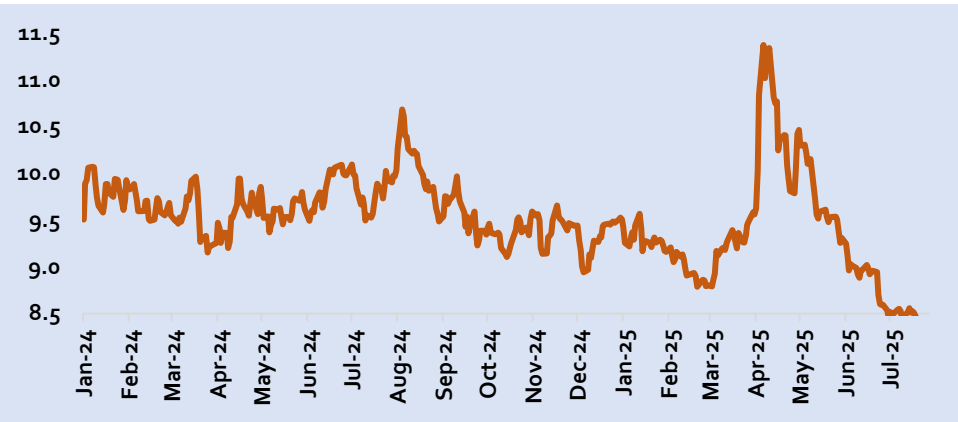
The average discount rate on listed commercial paper issuances dropped by 98 basis points to 21.30% in July from 22.72% in June.

The average valuation yield on the papers also declined on a month-on-month basis from 24.29% in June to 22.49% in July.



Sources: DMO, FMDQ, Nairametrics

Nigeria Eurobond Yields Close July at 8.16%, Hits Three-Year Lows



Average yield on Nigerian Eurobonds.
Source: Debt Management Office

In July, yields on Nigerian Eurobonds dropped to the lowest levels since 2022. The average yield on Nigerian Eurobonds declined by 37 basis points to close July at 8.16%, down from over 11% in April and 9.51% at the start of the year.

This drop is being driven by renewed foreign interest, as investors respond positively to reforms. Key policy actions including exchange rate unification, subsidy removal, and tax changes have boosted confidence and improved Nigeria’s standing among other frontier and emerging markets.

Short term, the outlook for Nigerian Eurobonds is positive, though external risks could create occasional pressure.

Table 10: Select African Eurobond Yields

Sovereign	Yield (%)	M-o-M Yield Chg.
Nigeria	8.16	▼ 37 bps
Cote d’Ivoire	5.91	▼ 51 bps
Egypt	9.82	▼ 3 bps
Kenya	8.31	▲ 42 bps

Sources: DMO, Central Bank of Kenya, Bloomberg

African Eurobonds Post Mixed Yield Trends as Bullish Sentiment Weighs on Emerging Market Debt

Within the month, trade deals were struck between the U.S. and several major trading partners. These developments helped lift overall investor mood and drove more interest in African Eurobonds.

Across Africa, global trade worries and shifting expectations about U.S. interest rates continue to influence sentiment. Hopes of a U.S. rate cut have supported demand for higher-yielding emerging market debt. Going forward, this will help push prices up and yields down.



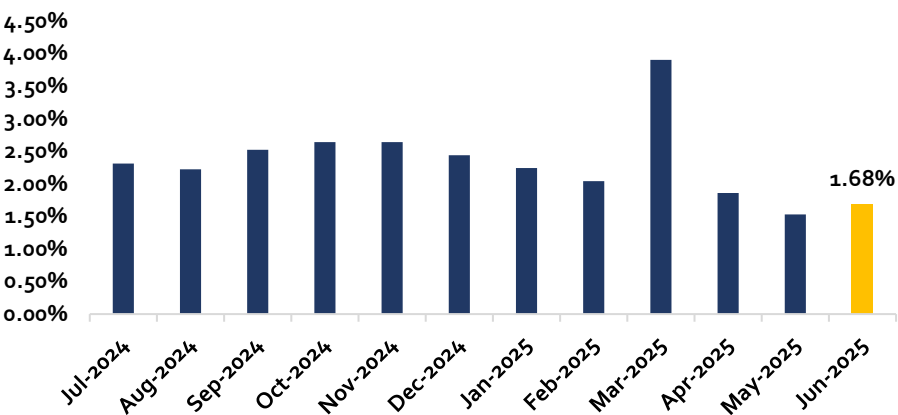
S&P Africa Sovereign Bond Index

Interest Rate Outlook: Inflation to Hamper Extent of Monetary Easing

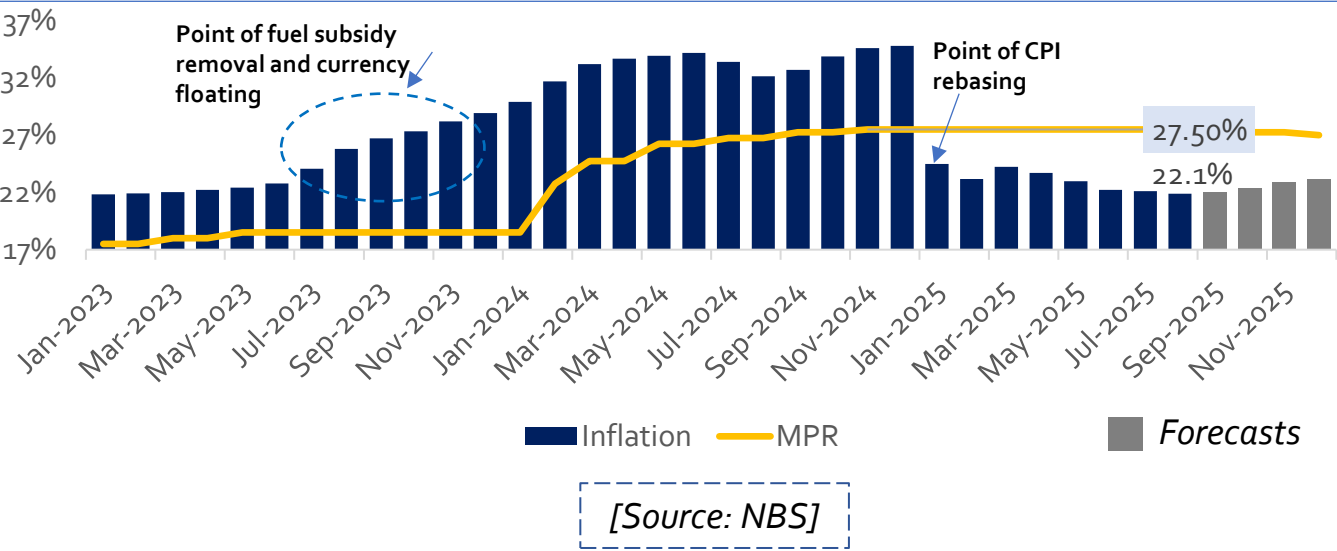
We expect interest rates to trend downwards in Q4 2025, given the presence of inflationary pressures, stability in the forex markets, lower yields in the fixed income markets, and improved liquidity in the banking system.

Monetary Policy Stance: Inflation Risks Dominate

The July 2025 Monetary Policy Committee (MPC) communiqué underscores the Bank’s commitment to inflation containment. While year-on-year headline inflation has shown signs of deceleration, month-on-month inflation accelerated in May and June, driven largely by surging food prices and energy costs. These inflation dynamics suggest that underlying price pressures remain entrenched, limiting the near-term scope for monetary easing.



Month-on-month inflation ticked up in June [Source: NBS]



[Source: NBS]

As a result, the current Monetary Policy Rate (MPR) of 27.50% is likely to be maintained through the third quarter of the year, as the CBN awaits more conclusive evidence of disinflation.

Foreign Exchange Stability: A Supportive Factor

One of the more positive developments is the relative stability in the foreign exchange market over recent months. Improved clarity around FX policy, coupled with stronger market confidence, has contributed to a decline in volatility and reduced the inflationary pass-through from imported goods.

This FX stabilization, while not a sufficient condition for monetary easing, creates a more favourable backdrop for the CBN to consider a modest policy pivot if disinflation trends become more consistent.

Banking Sector Liquidity: Easing Financial Conditions

System liquidity has improved significantly, bolstered by higher FAAC disbursements following increased oil receipts and non-oil revenue gains. Commercial banks are now flush with liquidity, which has pushed interbank rates lower and narrowed funding spreads. If this liquidity environment is sustained, lending rates may continue to decline into Q4, improving credit conditions in the broader economy.

Fixed Income Market: Lower Yields Reflect Easing Expectations

The July 23 Treasury bill auction marked a notable shift in market sentiment, with stop rates on short-term instruments falling to approximately 15.50%. This downward movement in government securities yields reflects investor expectations of a potential rate cut and a broader repricing of risk. As demand for fixed income securities strengthens, yields may continue to drift lower, particularly if inflation expectations ease further.

Outlook: Modest Easing Possible by Year-End

In light of these interlinked trends—persistent inflation risks, improved FX stability, elevated system liquidity, and declining yields—the CBN is likely to maintain its policy rate at 27.50% through Q3 2025. However, should headline inflation demonstrate sustained downward momentum, a gradual monetary easing cycle could commence in Q4. **The most probable scenario is a measured rate cut of 100 to 150 basis points before year-end.**

Other Macro Drivers

Our outlook for August presents a cautiously optimistic range of macroeconomic scenarios, with inflation expected to moderate to 22.01%. This expectation is anchored on a stable FX market, moderating food prices, and the continued impact of other economic reform efforts.

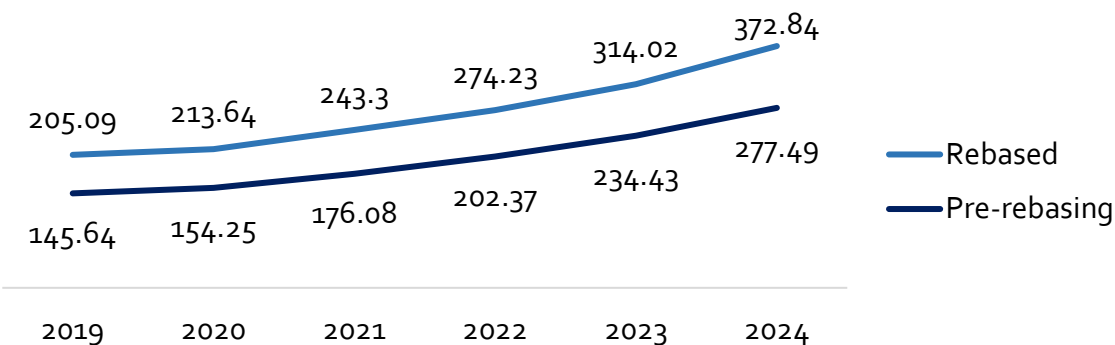
Oil production is projected to rise slightly as output constraints ease and security along pipeline corridors improves. Meanwhile, crude oil prices could gain support from tighter OPEC supply, while threats of US sanctions on India could affect Russian supply of crude oil, causing a surge in crude prices.

	Worst Case Scenario	Base Case Scenario	Best Case Scenario
Inflation (Y-o-Y)	22.31%	22.01%	21.81%
Inflation (M-o-M)	1.93%	1.73%	1.53%
Crude Oil	\$67/bbl	\$70/bbl	\$78/bbl
₦/USD (NAFEM)	₦1540/\$	₦1520/\$	₦1480/\$
₦/USD (Parallel)	₦1560/\$	₦1540/\$	₦1510/\$
Oil Production	1.49mbpd	1.53 mbpd	1.55mbpd

Bigger Numbers, Bigger Gaps: Why Nigeria's Rebased GDP Isn't Enough

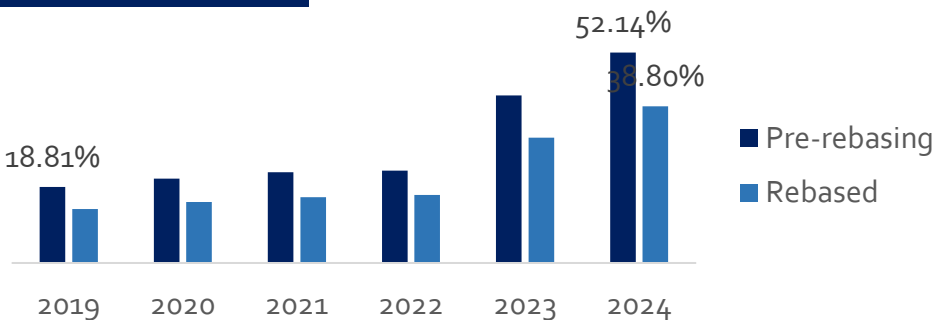


Nominal GDP



Nigeria's 2024 GDP has been rebased to ₦372.82 trillion, reflecting a 35.4% increase from the previous estimate of ₦269.29 trillion. This rebasing, which updates the base year from 2010 to 2019, captures expanded data sources and structural shifts in the economy, including fintech, digital services, and new trade and transport segments. In USD terms, GDP now stands at \$243 billion, still a long stretch from the administration's \$1 trillion ambition.

Debt to GDP ratio



Source: National Bureau of Statistics

Sector Performance: Services Lead, Industry Lags

Real GDP grew by 3.13% year-on-year in Q1 2025 (vs. 2.27% in Q1 2024), driven largely by the services sector (+4.33%).

Within this, telecommunications and information services expanded by 7.40%, buoyed by increased mobile and digital usage during the festive season. The industrial sector rose by 3.42%, supported by marginal manufacturing gains (+1.69%) and improved activity in cement, food processing, and pharmaceuticals.

However, oil sector growth slowed to 1.87% (vs. 4.71% in Q1 2024), reflecting declining production and infrastructure challenges. Agriculture posted a marginal recovery (+0.07%), still constrained by insecurity and input costs.

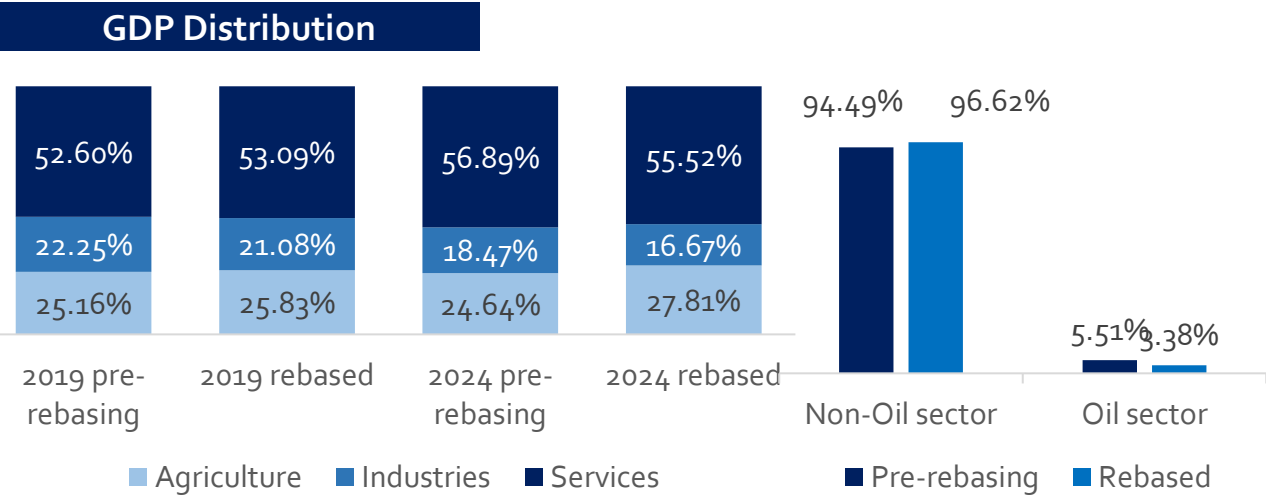
GDP Rebasing: Structural Insights

The new 2019 base year was chosen to reflect the last pre-pandemic year of relative economic normalcy, aligning with IMF guidelines. The rebased data reveals a more service-driven economy: services now account for 55.52% of GDP, while industry has contracted in share due to chronic infrastructure deficits, multiple taxes, and elevated energy costs. Agriculture benefited from improved data coverage, particularly in livestock and forestry, though the sector remains vulnerable to systemic risks.



Oil vs. Non-Oil: A Widening Gap

Despite its role in public revenues, oil’s share of GDP continues to shrink amid production volatility, vandalism, and underinvestment. Non-oil sectors, particularly technology and services, are increasingly driving output and resilience, signaling a gradual but necessary economic rebalancing.



Source: National Bureau of Statistics


H2 2025 Outlook: Cautious Optimism

Growth is expected to remain modest through H2 2025, supported by:

- Easing inflation and recovering consumer demand
- Improved FX stability aiding manufacturing inputs
- Continued government spending, underpinned by external borrowing
- Seasonal agricultural output, albeit tempered by security and logistics risks

While rebasing paints a larger economic canvas, it also highlights the gap between current performance and policy aspirations. Unlocking growth will require more than statistical adjustments, it demands structural reforms, investment inflows, and improved governance across critical sectors.

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