The Brook Securities Limited
RC:172151

(Trading License Holder of Nigerian Exchange Limited)
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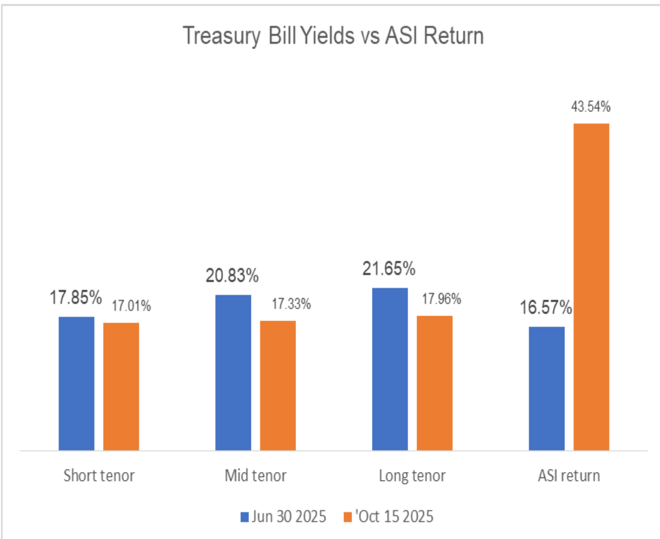
(Participating Institution of NASD OTC) Securities Limited)

https://thebrooksecurities.com +234 201 271 7900 research@thebrooksecurities.com

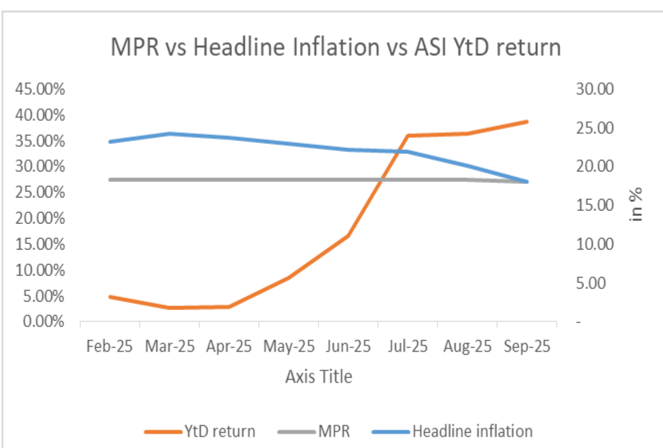
Macroeconomic Report | October 2025

Declining Inflationary Pressures Signal Further Rate Cuts, Boost for Equity Market



Nigeria's headline inflation has been on a downward trend for few months. Signals on disinflation emerged when headline inflation moderated from 24.23% in March 2025 to 23.71% in April 2025. The declining trend was sustained until it fell to 18.02% in September 2025, the latest data from the National Bureau of Statistics (NBS) shows.

One of the factors that prompted the CBN to reduce the Monetary Policy Rate (MPR) by 50 basis points from 27.50% in August 2025 to 27.00% in September was the declining inflationary pressures.



'The Committee's decision to lower the monetary policy rate was predicated on the sustained disinflation recorded in the past five months, projections of declining inflation for the rest of 2025 and the need to support economic recovery efforts"…Olayemi Cardoso, CBN Governor, said after the MPC Meeting in September 2025.

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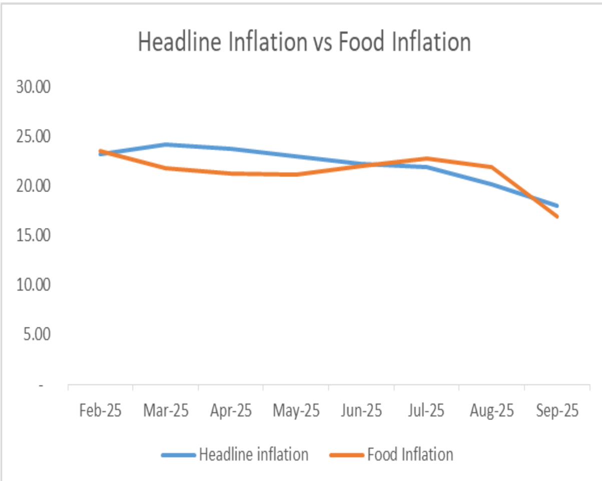
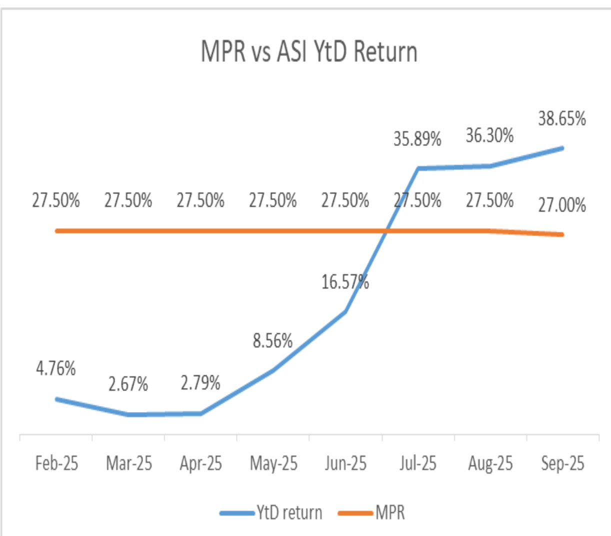
The disinflationary trend coincided with the rising returns in the equity market. From April when the All Share Index (ASI) was 2.79%, market return gradually rose to 38.65% as of September 2025.



In the fixed income market, Treasury bill yields are declining. The yield on the short tenor declined from 17.85% in June 2025 to 17.0% on 15 October 2025. The yield on mid-tenor fell from 20.83% to 17.33%, while the yields on long term similarly fell from 21.65% to 17.96% during the same period.



The yield on the bond due January 2026 fell from 19.90% on June 30 to 16.84% on October 15. Similarly, the yield on the bond due March 2027 declined from 18.64% in June 2025 to 16.03% as of October 15, 2025.

The rising return in the Nigerian equity market provides a better alternative for investors even if there is a further rate cut in the benchmark interest rate, MPR, by the CBN, which is body language has suggested.

The All-Share Index (ASI) as of October 16, 2025 recorded 44.14%. Interestingly, over 75% of equities listed on the NGX have outperformed the ASI, with some equities still having a buy recommendation placed on them by many investment houses.

The outperformers include Beta Glass, 648.84%; Mutual Benefits Assurance, 526.23%; The Initiates, 460.00%; Chellarams, 339.19%; EllahLakes, 320.89; Champion Breweries, 319.95%; UPDC, 299.37%; VitaFoam, 267.39%, and Honeywell Flour, 251.59%. The list of outperforming stocks also includes those in the table below:

Stock	YtD Return	Stock	YtD Return
HONEYWELL FLOUR MILL	251.6%	CWG	140.3%
ASSOCIATED BUS COMPANY	234.1%	TRIPPLE GEE AND COMPANY	139.5%
FTN COCOA PROCESSORS	224.2%	NIGERIAN BREWERIES	139.4%
CADBURY NIGERIA	220.9%	MTN NIGERIA COMMUNICATIONS	135.7%
NCR (NIGERIA)	220.0%	E-TRANZACT INTERNATIONAL	130.8%
ACADEMY PRESS	220.0%	OKOMU OIL PALM	129.7%
S C O A NIGERIA	219.9%	EUNISELL INTERLINKED	128.3%
NASCON ALLIED INDUSTRIES	219.0%	ABBEY MORTGAGE BANK	126.7%
PRESCO	211.6%	ROYAL EXCHANGE	126.0%
LOTUS HALAL EQUITY ETF	211.4%	UNILEVER NIGERIA	124.6%
SOVEREIGN TRUST INSURANCE	191.1%	NIGERIAN ENAMELWARE	119.9%
CAVERTON OFFSHORE SUPPORT GRP	180.2%	NESTLE NIGERIA	118.9%
AIICO INSURANCE	178.3%	NIGERIAN EXCHANGE GROUP	116.3%
FIDSON HEALTHCARE	173.2%	U A C NIGERIA	116.2%
INTERNATIONAL BREWERIES	170.3%	NORTHERN NIGERIA FLOUR MILLS	113.3%
SKYWAY AVIATION HANDLING COMPANY	169.2%	VETIVA CONSUMER GOODS ETF	112.2%
NEIMETH INTERNATIONAL PHARMACEUTICALS	162.0%	WEMA BANK	106.6%
GUINNESS NIGERIA	161.6%	MECURE INDUSTRIES	104.3%
NEM INSURANCE	157.1%	AXAMANSARD INSURANCE	103.4%
RED STAR EXPRESS	149.4%	STANBIC IBTC HOLDINGS	103.2%
CUSTODIAN INVESTMENT	145.6%	OMATEK VENTURES	102.7%
NIGERIAN AVIATION HANDLING COMPANY	145.4%	MCNICHOLS	100.0%