

# NOVA Weekly Economic Report

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19th – 25th August 2025

## INTERNATIONAL NEWS

The U.S. dollar attempted a modest rebound after falling sharply following Federal Reserve Chair Jerome Powell's dovish remarks at Jackson Hole. Powell signaled a possible rate cut in September, citing rising risks to employment. This pushed market odds of a rate cut next month to 84%.

The dollar remained weak against major currencies, including the euro and yen, while the Australian dollar briefly hit a one-week high. Market focus now shifts to upcoming inflation and payroll data, which could influence the Fed's next move.

Source: Reuters

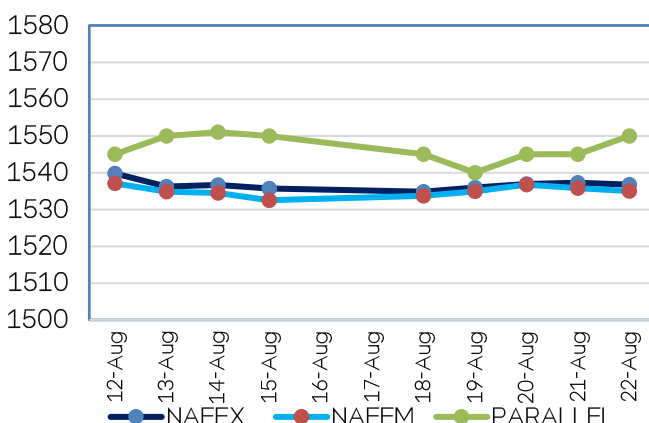
## LOCAL NEWS

Nigeria's commercial paper (CP) market saw strong growth in the first seven months of 2025, with new listings reaching ₦1.58 trillion—up 107% from the same period in 2024. This surge is driven by businesses seeking short-term funding to manage high borrowing costs. As of July, outstanding CPs stood at ₦1.54 trillion, reflecting a shift away from long-term instruments like bonds, which showed minimal growth. The high-interest rate environment has prompted increased CP usage, especially among banks. With inflation easing to 21.88%, analysts expect a potential 200 bps rate cut later in the year, though global and domestic risks may keep monetary policy cautious.

Source: Punch

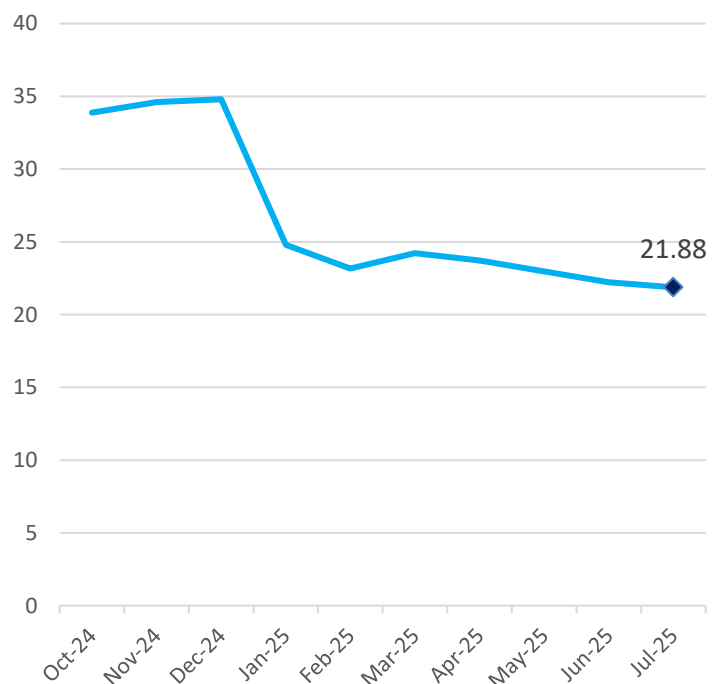
## FOREIGN EXCHANGE MARKET

At the NAFEX window, the naira closed at **1,536.8** and the NAFEM window closed at **1,535**.



## MACROS

### Inflation YoY



## ECONOMIC INDICATORS

INDICATORS	CURRENT	PREVIOUS
INFLATIONRATE (YoY%)	21.88	22.97
OIL PRICE (BRENT) (US\$/BARREL)	68.88	71.79
OIL PRODUCTION (MBPD)	1.78	1.8
FX RESERVE(USD MILLION)	\$41BN	\$39.4BN
MONETARY POLICY RATE	27.50	27.50

## BONDS

In the bond market, activity was largely muted at the start of the week, with investors adopting a wait-and-see approach ahead of the primary auction. However, sentiment turned bearish following the auction results, as investors reacted to higher-than-expected stop rates and reduced demand. This shift led to a sell-off in the secondary market, driving the benchmark bond yield up by 8 basis points week-on-week, to close at 16.50%.

COUPON RATE- % p.a.	FGN BONDS	CLOSING YIELD (%)
16.29	17-Mar-27	16.82
19.30	17-Apr-29	16.89
18.50	21-Feb-31	17.63
19.00	21-Feb-34	17.26
13.00	21-Jan-42	15.60
15.70	21-Jun-53	16.07

## MONEY MARKET

System liquidity opened with a positive balance of N287.76Bn. (Opening balance was 570.15bn, Standing Deposit Facility was N539.1Bn, and Standing Lending Facility was at 821.5Bn).

MONEY MARKET RATES	22-AUG-25	21-AUG-25
Open Repo (OPR)	26.50	32.50
Overnight (O/N)	27.00	33.00

Source: CNN

## T-BILL

In the fixed income market, Nigerian Treasury Bills (NTBs) traded mixed ahead of upcoming auctions. Investor sentiment remained cautious, leading to an uptick in stop rates—rising by 35 basis points on the 91-day bill and 94 basis points on the 364-day bill. As a result, the average yield across the NTB curve increased by 38 basis points to settle at 18.40%.

TYPE	SECURITY	DISCOUNT RATES (%)
NTB	11-Sept-25	16.36
NTB	18-Sept-25	16.38
NTB	25-Sept-25	16.40
NTB	9-Oct-25	15.68
OMO	16-Sep-25	24.66
OMO	23-Sept-25	25.20
OMO	6-Jan-26	24.16

## COMMODITIES

	CURRENT RATE	PREVIOUS RATE
Wheat(\$/bu)	507.8	507.67
Cocoa(\$/Mt)	7582.0	7435.0
Gold(\$/t.oz)	3366.3	3327.03

Sources: FMDQ

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