

June 6, 2025

OH YEAH, WE HAVE A BREAK-UP

In a plot twist that feels like a Netflix series, Elon Musk and Donald Trump are no longer BFFs.

Earlier this year, Elon Musk and Donald Trump were exchanging words like “genius” and “inspirational”. The kind of bromance energy that makes investors pay attention. Trump called Musk a “great mind” and “a guy we need to protect.” Musk, in turn, reportedly admired Trump’s business instincts and even hinted that a second Trump presidency might be “better for the economy.” You know the bromance was serious when you see Trump playing with Elon’s kid. That’s not just politics, that’s godfather energy. Fast forward... The world’s richest man and the most powerful person in the United States have reportedly fallen out. Billionaire friendships and economic cycles have one thing in common: boom and bust.



Elon Musk is pushing back against Donald Trump’s latest tax bill, after unsuccessfully lobbying Republican lawmakers to keep tax credits for electric vehicles intact. Meanwhile, Trump and GOP senators are exploring ways to reduce the \$40,000 SALT deduction included in the House’s version of the bill. Elon Musk called for Trump’s impeachment and hinted that Trump was suppressing files related to disgraced Jeffrey Epstein to hide his own involvement. In retaliation, Trump threatened to cut Musk’s government contracts.

Now, with both of them stepping into the ring with their gloves tight, the question is: who will come out victorious? Will Musk’s tech empire and X (twitter) arsenal win the day? Or will Trump’s political heavyweight status throw a knockout punch? Trump is already throwing some quick punches, knocking down tesla share price in the process.

Well, when two elephants fight, short-sellers grab popcorn. Who am I betting on? I am betting against both of them. For Elon Musk, you don’t fight the most powerful man in USA and come out clean without significant drop in Tesla share price. Meanwhile, Donald Trump seem to be fighting too many battles on different fronts. From fighting deportation, Harvard, international students, travel bans, to much more larger fights in form of tariffs and trade policies, intervention in Russia-Ukraine war, etc.

Will this affect your portfolio? Maybe not, but it will definitely affect your X (twitter) feeds.

BENCHMARK RATES

The European Central Bank slashed rates by 25bps to 2.00%, making the eighth cut in the past year. This cut is in line with market expectations and signals the ECB’s commitment to supporting economic growth amid challenges in the eurozone. With current inflation rate (1.9%) below the target 2.00%, this might be the last rate cut from the ECB. The ECB annual GDP forecast remains 0.9%.

Meanwhile, the US FED continue to be cautious despite growing calls for rate cut, especially from the US president. Donald Trump has sited the need for rate cut many times, often referring to how ECB has been cutting rates as an example for the US. However, the FED remain cautious on cutting rate due to uncertainties around Trump’s administration, ranging from policy summersault to tariffs. Meanwhile, in May 2025, the U.S. private sector added just 37,000 jobs, marking the slowest pace since March 2023.

The FED’s body language remains that if uncertainty persist, it will continue to hold rate, despite the presidents call for rate cut.



NIGERIA’S CREDIT RATING UPGRADED TO B3

Moody’s Ratings has upgraded Nigeria’s credit rating, driven by improved confidence in government reforms, removal of subsidies, exchange rate stability, and improved fiscal outlook.

The credit agency upgraded Nigeria’s foreign currency debt rating from Caa1 to B3, which is still quite far from the investment grade region. The credit rating agency says it expect Nigeria to continue progressing on its external and fiscal policies, though at a lower pace as oil prices continue to fall.

In response, the Nigeria’s Eurobond market witnessed improved buy interest during the week. Prices climbed as yields fell across the curve, signaling renewed investors interest. However, activity level moderated at the end of the week as the country’s longest maturity instrument now yields 10.43%.

With the looming global uncertainties and lingering risks to the country’s reform agenda, the room for further significant yield decline in Nigeria Eurobond market seem constrained.

Meanwhile, at the NTB primary auction, the CBN offered N450 billion across maturities (compared to N500 billion at the previous auction). Total subscription stood at N1.31 trillion, with over N1.2 trillion on the 364-day bill alone. Despite investors’ interest, the CBN allotted exactly the N450 billion offered, with bid-to-cover ration closing at 2.91x.

Stop rates dipped for the 91-day and 364-day bills to 17.98% and 19.35% respectively (from 18.00% and 19.56%), while the 182-day bill closed flat at 18.50%.

THE DOMESTIC EQUITIES MARKET: TRULY DOMESTIC

The domestic bourse continued its bullish trend this week, with the benchmark All Share Index (NGX-ASI) closing higher by 2.57% week-on-week. This week’s performance brings the year-to-date return of the market to 11.36%. The direction of the Nigeria’s equities market continued to be influenced by bellwethers like GTCO (+22.89% YTD), MTNN (+59.60% YTD), and NESTLE (+81.77% YTD).

Sectoral performance was positive as the five major sectoral indices closed the week in the positive region, with the banking index leading the pack with a 4.69% this week.

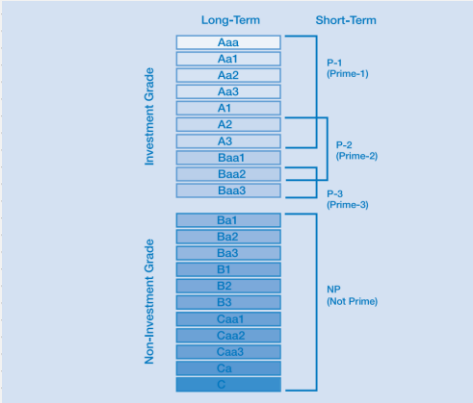
Activities in the market continue to be dominated by domestic investors, with relatively low foreign investors participation, this begs the question “how close are these stocks to their fair?”. The Nigeria equities market has shown signs of dis-integration with the global equities market, possibly because of the dominance of local players in the market.

IN OTHER NEWS

- Dangote Oil Refinery is buying significantly more oil from the US: According to data compiled by Bloomberg, the refinery bought more from US than Nigeria in June 2025.

References

- Bloomberg
- NGX
- Moody’s Rating and Scale Definition



Source: Moody's Rating and Scale Definition

