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Market and Economic Update

06 March 2026

Global Update

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- Geopolitical tensions in the Middle East intensified on Saturday, February 28, following a joint military strike by the United States and Israel on Iran aimed at curbing its nuclear ambitions. The development has heightened concerns over potential disruptions to global crude oil and Liquefied Natural Gas (LNG) supply, particularly given the strategic importance of the Strait of Hormuz, a key route for global oil exports. Since the escalation, crude oil prices have surged by 26.33% to USD92.06 per barrel, the highest level in about 30 months. Sustained increases in energy prices could trigger renewed global inflationary pressures, especially in advanced economies such as the US, UK, and Eurozone where energy costs significantly influence headline inflation. This could slow the ongoing disinflation trend and reinforce the cautious stance adopted by major central banks, potentially delaying monetary policy easing.

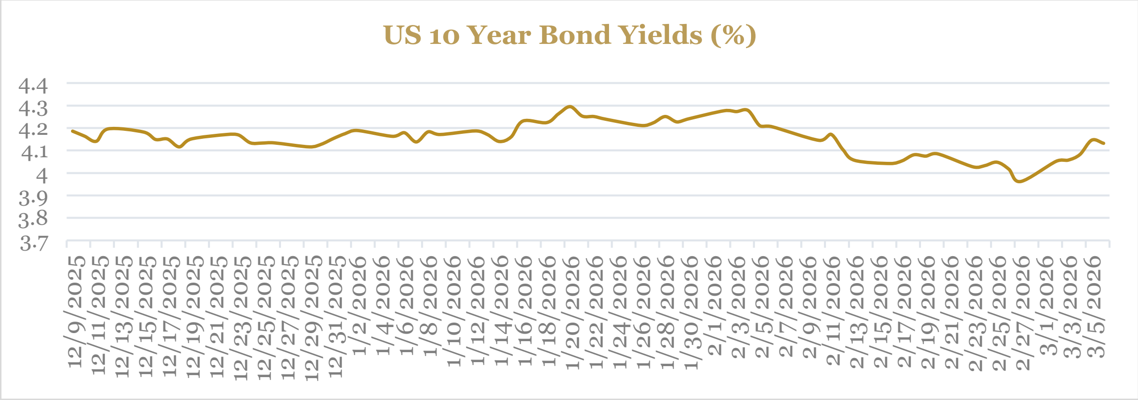
- Data from S&P Global showed that the UK Composite PMI held steady at 53.70 points in February, unchanged from January's 17-month high, though slightly below market expectations of 53.90, indicating continued resilience in private sector activity. The stable reading was largely driven by stronger manufacturing performance, with the Manufacturing PMI rising to 52.50 from 51.60, marking its fastest expansion since September 2024, supported by improved new orders, stronger client confidence, and a rebound in export demand. Meanwhile, the Services PMI edged slightly lower to 53.90 from 54.00, as firms faced higher input costs, particularly rising labour expenses. Despite this moderation, the services sector remained firmly in expansion territory, supported by solid domestic demand, although export orders remained subdued amid ongoing geopolitical uncertainty. Employment also declined for the 17th consecutive month, reflecting firms' continued adjustment to higher minimum wage costs.

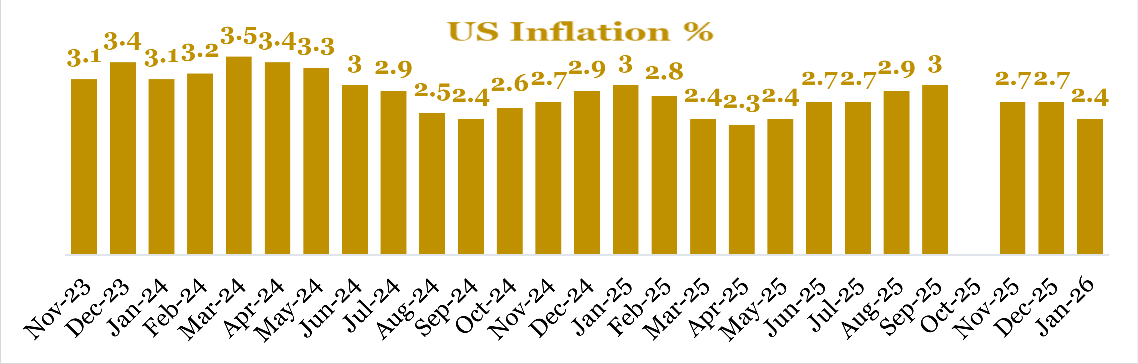
- Eurozone inflation edged up to 1.90% YoY in February 2026, rising from 1.70% in January, yet remaining below the European Central Bank's 2.0% target, according to Eurostat. The uptick reflected stronger price pressures in services (3.40% vs 3.20%) and non-energy industrial goods (0.70% vs 0.40%), while energy continued to deflate, though at a slower rate (-3.20% vs -4.00%). Food, alcohol, and tobacco inflation held steady at 2.60%, and core inflation inched higher to 2.40% from 2.30%. The euro appreciated slightly to an average of USD1.18 (from 1.17), moderating import-driven inflation, while robust demand in services continued to support price pressures. Inflation increased in 12 member states, led by Finland, France, and Italy, whereas Latvia saw the largest decline. Rising inflation adds cost-of-living pressures for households, increases business operating costs, and may prompt investors to seek higher fixed-income yields to preserve real returns.

- According to Eurostat, Eurozone GDP grew 0.2% QoQ in Q4 2025, slightly below Q3's 0.3%, bringing full-year growth to 1.2% YoY. Expansion was driven mainly by household consumption (+0.4% QoQ) supported by a strong labour market, wages, and seasonal spending, alongside government spending (+0.5%) and fixed investment (+0.6%). Net trade weighed on growth as exports fell 0.4% amid global trade and geopolitical challenges.

Global Economic Data

	Current	Previous	Change
US GDP	**1.40%** (Q4-2025)	**4.40%** (Q3-2025)	**-3.00%**
US Interest Rate	**3.50% - 3.75%** (Jan. 2026)	**3.50% - 3.75%** (Dec. 2025)	**0.00%**
US Inflation	**2.40%** (Jan. 2026)	**2.70%** (Dec. 2025)	**-0.30%**
China GDP	**4.50%** (Q4-2025)	**4.80%** (Q3-2025)	**-0.40%**
China Inflation	**0.20%** (Jan. 2026)	**0.80%** (Dec. 2025)	**-0.60%**





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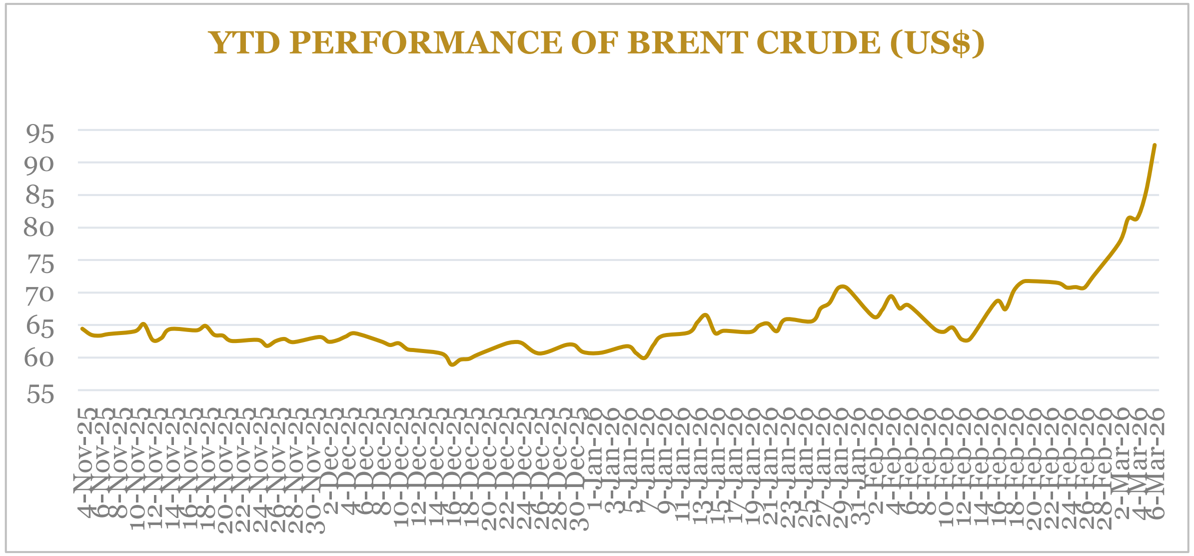
Crude Oil Price Update

- Crude oil prices jumped last week as rising tensions between the US/Israel and Iran disrupted shipping through the Strait of Hormuz. Although OPEC+ announced a modest increase in production and the US hinted at a possible release from strategic reserves, concerns over a broader Gulf supply shortfall kept prices elevated.

- For Nigeria, higher oil prices may provide some support to the external sector through stronger crude export earnings. Supply disruptions in the Middle East could also prompt Asian buyers to diversify imports toward alternative producers such as West Africa, potentially boosting demand for Nigerian crude. However, elevated global oil prices is translating into higher domestic fuel and transportation costs, which could add pressure to both food and core inflation in the short to medium term.

- On a week-on-week basis, Brent crude advanced by 27.88% to close at $92.69 per barrel, while WTI rose 35.63% to settle at $90.90 per barrel.



Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	92.69	72.48	27.88%
WTI Crude Price ($)	90.90	67.02	35.63%

Source: Investing.com, PSL Research

Domestic Update

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- Nigeria's composite PMI rebounded to 53.2 points in February 2026, up from 49.7 points in January, returning above the 50-point mark and signaling a return to expansion. The Stanbic IBTC PMI showed that the output index rose to 55.8 from 50.2, while new orders climbed to 55.5 from 49.9, supported by improved affordability and competitive pricing. All four sectors covered in the survey expanded, with wholesale and retail trade recovering after January's dip. Employment grew for the ninth consecutive month, reaching the fastest pace since October, even as backlogs hit their highest level since May 2020 due to delayed client payments, material and labour shortages, and ongoing power supply challenges. Renewed private-sector momentum is expected to help drive output growth above 4% in Q1 2026.

- Central Bank of Nigeria added LBMA Good Delivery-standard gold to Nigeria's foreign reserves, increasing total gold holdings to about $3.5 billion. The gold, sourced domestically under the National Gold Purchase Programme managed by the Solid Minerals Development Fund, was acquired locally with the CBN as the sole off-taker, allowing the bank to expand reserves without deploying foreign currency. The move supports reserve diversification, strengthens external buffers, and aligns with global reserve management trends where gold demand is rising amid geopolitical and macroeconomic uncertainties.

- The Federal Government announced that phase one of the National Single Window (NSW) for trade will be launched on March 27, 2026, as part of efforts to streamline cargo clearance and enhance cross-border trade efficiency. The initiative will digitize and consolidate trade documentation across government agencies and port operators, allowing traders to submit and process regulatory documents through a single online portal. Commissioned by President Tinubu on April 16, 2024, the NSW is designed to modernize and harmonize Nigeria's trade facilitation system, with the government targeting full operationalization by Q1 2026.

Foreign Exchange Update

- Last week, the Naira weakened at the Nigerian Foreign Exchange Market (NFEM), depreciating by 2.14% to ₦1,393.26/$ as of March 6, from ₦1,363.40/$ recorded in the previous week. Similarly, in the parallel market, the currency declined by 3.17% to ₦1,420.00/$, compared with ₦1,375.00/$ a week earlier.

- Nigeria's gross external reserves increased by $325.35 million to $49.93 billion as of March 5 from $48.60 billion as of February 26.

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Fixed Income Market

- System liquidity opened the week in a net credit position of ₦4.39 trillion before strengthening mid-week, buoyed by OMO repayments, to peak at ₦5.93 trillion on Tuesday. Conditions remained robust through the remainder of the week, closing Friday at ₦5.89 trillion. Interbank funding costs stayed well-anchored throughout, with the overnight rate ending the week at 22.21% (OPR: 22.00%), reflecting the easy liquidity environment.

- The bills market sustained a bearish tone through the week, with risk-off sentiment and NTB auction positioning weighing on demand. Offered rates climbed higher, particularly on the short end, with the new 1-year bill trading around 16.50–16.60% by week's end. The CBN conducted two OMO auctions totalling ₦491.6bn in allotment, with stop rates settling at 19.35% and 19.40%. The mid-week NTB auction cleared at 15.95%, 16.65%, and 16.73% across the 91-, 182-, and 364-day tenors.

- The FGN bond market sustained a bearish tone through the week. Amid geopolitical tensions in the Middle East, selling pressure was most pronounced on Monday as average yields rose approximately 35 bps d/d. Activity remained concentrated at the belly of the curve throughout, with the 2031s–2035s attracting the bulk of interest as offers ranged between 16.00% and 16.15%. Wide bid-ask spreads weighed on execution across the week, keeping traded volumes moderate despite intermittent cherry-picking at attractive yield levels.

Equity Market

- The Nigerian equities market closed last week on a positive note, supported partly by renewed buying interest in oil and gas stocks amid escalating geopolitical tensions in the Middle East, following US–Israel military strikes on Iran and subsequent retaliatory actions, which fueled a rally in global oil prices. In addition, the prior week's selloffs created attractive entry points, prompting bargain hunting in heavyweight counters. Consequently, the NGX All-Share Index advanced by 2.15% week-on-week to close at 196,968.15 points, while market capitalization rose by 2.16% to ₦126.44 trillion. As a result, the year-to-date return improved to 26.58%, compared to 23.91% in the preceding week..

- Market performance was largely driven by strong gains in several bellwether and mid-cap stocks. Leading the gainers were PREMPAINTS (+32.73%), ETERNA (+28.72%), NGXGROUP (+21.73%), UACN (+20.63%), CUSTODIAN (+20.44%), ARADEL (+19.96%), OANDO (+18.90%), PZ (+9.72%), NIDF (+9.19%), STANBIC (+9.02%), WAPCO (+5.00%), NESTLE (+4.84%), DANGCEM (+4.62%), MTNN (+3.95%), BUACEMENT (+2.74%), NB (+2.56%), and GTCO (+1.71%). On the downside, MULTIVERSE (-18.72 %), JAIZBANK (-18.45%), AFRIPRUD (-15.32%), DANGSUGAR (-12.66%), MANSARD (-10.33%), and BERGER (-9.93%) recorded notable losses.

- Market activity moderated during the week, as total traded volume declined to 3.70 billion shares valued at ₦177.69 billion across 370,980 deals, compared with 5.49 billion shares worth ₦196.71 billion executed in 370,233 deals in the preceding week. This reflects a slowdown in market participation over the review period.

- Sector performance was broadly mixed, with the Oil & Gas, Industrial Goods, and Banking sectors posting gains of 9.43%, 3.89%, and 0.24%, respectively. In contrast, the Insurance and Consumer Goods sectors ended the week lower, declining by 1.88% and 0.09%, respectively.

- Escalating tensions in the Middle East and their potential impact on global equity markets could spill over into the Nigerian equities market if the situation persists. However, ongoing earnings releases and corporate actions are also expected to shape investor sentiment. Investors are likely to favour fundamentally strong, dividend-paying stocks, while intermittent profit-taking may emerge in recent gainers.