PARTHIAN
SECURITIES
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Market and Economic Update

15 May 2026

Global Update

PARTHIAN SECURITIES

- U.S. inflation rose to 3.8% y/y in April 2026 from 3.5% in March, driven by broad-based price pressures across energy, transportation, and consumer goods. The uptick was largely fuelled by higher crude oil prices amid geopolitical tensions and supply disruptions, which fed through to elevated gasoline and logistics costs. Food inflation also firmed to 3.1% while core inflation edged up to 3.9%, pointing to persistent underlying demand pressures. Overall, the print reinforces expectations that the Federal Reserve may maintain a cautious policy stance for longer, while sustained cost pressures are likely to weigh on household purchasing power and discretionary spending.

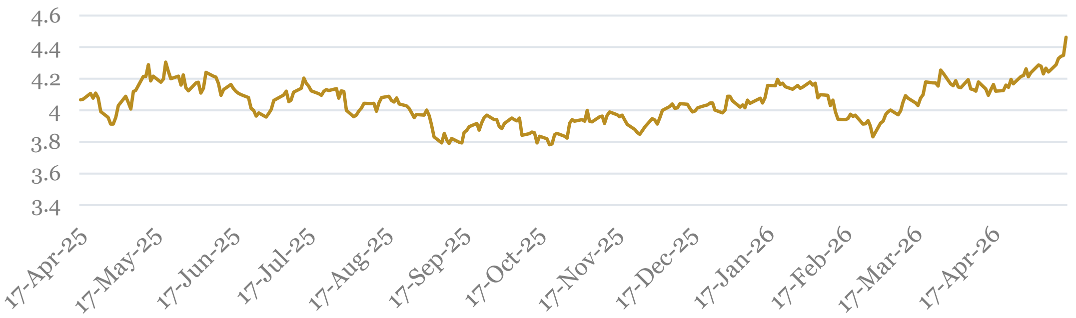
- China's inflationary pressures strengthened in April 2026, driven by rising global crude oil prices and energy supply disruptions that increased production and transportation costs. Headline inflation rose to 1.2% y/y from 1.0% in March, while producer price inflation accelerated sharply to 2.8% from 0.5%, reflecting mounting cost pressures across energy-intensive sectors. The uptick was largely linked to geopolitical tensions surrounding the Iran conflict, which disrupted global oil supply chains and pushed domestic energy prices up by 5.7% during the month. Core inflation also edged higher to 1.2%, suggesting gradually broadening underlying price pressures. Overall, sustained energy-led inflation may erode consumer purchasing power, pressure industrial margins, and reduce the scope for aggressive policy easing in the near term.

- South Africa's unemployment rate rose sharply to 32.7% in Q1 2026 from 31.4% in the previous quarter, reflecting worsening labour market conditions amid weak economic growth. The increase was driven by significant job losses across construction, transport, and social services sectors, while broader business activity remained constrained by infrastructure challenges, electricity supply disruptions, and subdued investment levels. The number of unemployed persons increased to 8.14 million, while youth unemployment remained critically high above 60.0%, reinforcing concerns over long-term economic inclusion. Although inflation moderated to 3.1% in April 2026, elevated unemployment is expected to continue pressuring household income and consumer spending. Persistent labour market weakness could weigh on retail demand, increase fiscal pressures through higher social support requirements, and limit South Africa's medium-term economic growth prospects if structural reforms remain slow.

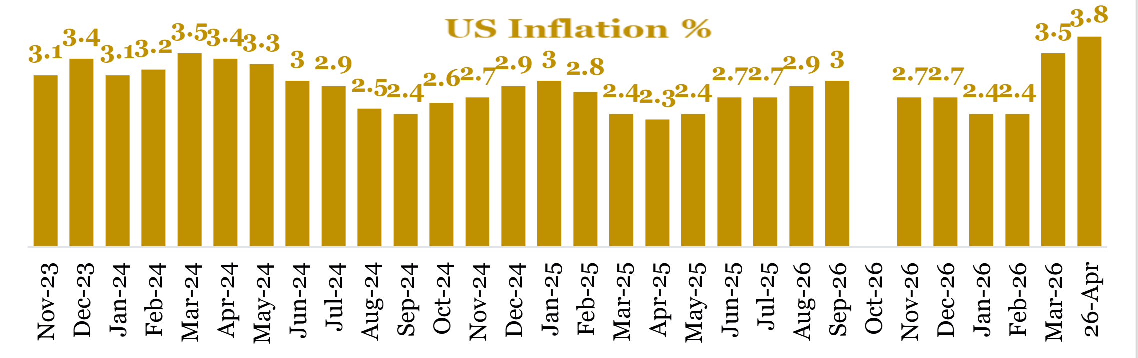
Global Economic Data

	Current	Previous	Change
US GDP	**1.40%** (Q4-2025)	**4.40%** (Q3-2025)	-3.00%
US Interest Rate	**3.50% - 3.75%** (Mar. 2026)	**3.50% - 3.75%** (Jan. 2026)	0.00%
US Inflation	**2.40%** (Feb. 2026)	**2.40%** (Jan. 2025)	0.00%
China GDP	**4.50%** (Q4-2025)	**4.80%** (Q3-2025)	-0.40%
China Inflation	**1.30%** (Feb. 2026)	**0.20%** (Jan. 2026)	1.10%

US 10 Year Bond Yields (%)



Source: Investing.com, PSL Research



Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices rebounded strongly during the week ended May 15, 2025, driven by improving global risk sentiment following renewed optimism surrounding trade discussions between U.S. President Donald Trump and Chinese President Xi Jinping, alongside expectations of stronger global demand recovery. Additional support came from tighter supply expectations, a weaker U.S. dollar, and easing concerns over immediate recession risks in major economies.

- Brent Crude rose to $109.26/bbl (+7.87% WoW), while West Texas Intermediate (WTI) advanced to $105.42/bbl (+10.48% WoW).

- Outlook: Crude oil prices are expected to remain volatile but biased to the upside in the near term, as markets continue to assess developments surrounding U.S.-China trade relations, OPEC+ supply dynamics, geopolitical tensions, and the outlook for global economic growth and energy demand.

YTD PERFORMANCE OF BRENT CRUDE (US$)

Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	109.26	101.29	7.87%
WTI Crude Price ($)	105.42	95.42	10.48%

Domestic Update

- According to the NBS, Nigeria's headline inflation rose for the second consecutive month to 15.69% YoY in April 2026 from 15.38% in March, broadly in line with expectations, and primarily driven by base effects. However, month-on-month inflation moderated sharply to 2.13% from 4.18%, indicating a slowdown in the pace of current price increases and easing energy-related price pressures. Food inflation increased to 16.06% YoY from 14.31%, largely reflecting base effects, while monthly food inflation slowed to 3.63% from 4.17%, suggesting weakened consumer purchasing power constrained the pass-through of higher transportation and operating costs. Core inflation moderated to 15.86% YoY and 1.03% MoM, supported by relative exchange rate stability and easing imported inflation pressures. Ahead of the upcoming MPC meeting, we expect policymakers to retain a cautious stance and keep policy rates unchanged while monitoring inflation, energy costs, and FX developments closely.

- Dangote Petroleum Refinery is targeting a valuation of approximately US$50bn ahead of its planned initial public offering, with expectations to raise up to US$5bn through a potential 10.00% equity sale. The refinery's strong operational performance has continued to reinforce investor confidence, with crude oil processing rising to 661,000 barrels per day and domestic petrol supply totaling 3.18bn litres in Q1 2026, contributing significantly to the decline in fuel imports. Amid preparations for the public listing, Aliko Dangote disclosed that the refinery declined a request by Nigerian National Petroleum Company Limited to increase its existing 7.25% stake, reflecting plans to broaden ownership through wider market participation. In support of the proposed listing, National Pension Commission has approved a special waiver allowing Pension Fund Administrators (PFAs) to participate in the IPO, a move expected to deepen institutional participation, strengthen the domestic capital market, and support long-term energy security.

- S&P Global Ratings upgraded Nigeria's sovereign credit rating from B- to B with a stable outlook, marking the country's first upgrade in 14 years. The decision reflects improved macroeconomic conditions, stronger external reserves, higher oil production, expanding refining capacity, and ongoing economic reforms. The upgrade was supported by reforms introduced since 2023, including FX market liberalization, subsidy removal, fiscal consolidation, and revenue-enhancing measures. Higher crude oil prices and improved refining capacity have also strengthened Nigeria's balance of payments and FX liquidity. The development enhances Nigeria's credibility in global financial markets and may improve access to external financing at lower costs. It is also expected to support foreign portfolio inflows into fixed income and equities, especially banking and industrial stocks. However, inflationary pressures, weak revenue generation, and political risks ahead of the 2027 elections remain key concerns.

Foreign Exchange Update

- At the Nigerian Foreign Exchange Market (NFEM), the Naira weakened by 0.70% to ₦1,371.04/$ on May 15, from ₦1,361.40/$ the previous week. Similarly, Naira fell by 0.36% to ₦1,400.00/$ compared to ₦1,395.00/$ the previous week in the parallel market.

- Following eight consecutive weeks of decline, Nigeria's gross external reserves rebounded by $218.04 million to $48.54 billion as of May 14, from $48.33 billion recorded on May 7.

Fixed Income Market

- System liquidity oscillated across the week, opening between ₦4.92 trillion and ₦6.90 trillion, with Tuesday's session recording the highest balance before a gradual moderation through Thursday. Friday saw a recovery, buoyed by bond coupon inflows, lifting the balance to ₦5.86 trillion. The NOFR held steady at 22% throughout. This week, OMO maturities, CRR debits, and the outcome of the bond auction are expected to be the key drivers of liquidity conditions and funding rates.

- The Treasury Bills market traded with a mild bullish undertone through the week, with demand concentrated on the April–May 2027 NTB papers, trading within the 15.80%–15.95% range. The January paper saw offers emerge at 16.50%. The CBN held two OMO auctions, drawing combined subscriptions well above the ₦1.20 trillion on offer, reflecting robust investor appetite. Stop rates trended lower across both auctions. Activity moderated mid-week as participants adopted a cautious stance ahead of the April CPI print, which came in at 15.69%. This week is expected to open on a calm note amid sideways trading, with the FGN bond auction the primary focus for market participants.

- The FGN bond market opened the week with limited activity, as selective demand emerged across the belly and long end of the curve. From Wednesday, sentiment shifted bearish, with offers elevated across on-the-run securities, particularly the 31s, 32s, and 35s, driving average benchmark yields higher by approximately 22 bps over two sessions. Wide bid-offer spreads constrained participation throughout. The market closed cautiously on Friday, with participants adopting a wait-and-see stance ahead of the auction. We expect market direction this week to be shaped by the outcome of today's bond PMA, where ₦600 billion is on offer across the Jan-35s and Apr-37s.

Equity Market

- The Nigerian equities market sustained its bullish momentum last week, closing higher in three of the five trading sessions as sustained buying interest in large-cap and fundamentally strong stocks supported market performance. Although intermittent profit-taking moderated gains in some sessions, the broader market maintained its upward trajectory amid improving liquidity conditions and continued demand for value stocks. On a week-on-week basis, the All-Share Index (ASI) rose by 2.27% to close at 250,330.92 points and market capitalization grew by 2.13% closing at ₦160.444 trillion, pushing the year-to-date return higher to 60.87% from 57.30% in the preceding week.

- The positive sentiment was driven by sustained buying interest across key sectors, notably Industrial Goods, Banking, Insurance, and Consumer Goods, as investors continued to position in fundamentally strong counters amid improving market sentiment. Significant price appreciation was recorded in BERGER (+55.57%), SCOA (+45.92%), FIDSON (+32.52%), LIVESTOCK (+22.50%), UNILEVER (+21.43%), UACN (+16.93%), EUNISELL (+12.92%), UBA (+10.00%), SKYAVN (+9.33%), PZ (+8.56%), DANGCEM (+8.46%), NASCON (+6.73%), NB (+5.27%), VITAFOAM (+4.30%), FIRSTHOLDCO (+3.24%), ZENITH (+2.38%), MTNN (+2.36%), WAPCO (+2.12%), GTCO (+1.94%), and BUACEMENT (+1.66%), which outweighed the sell-offs in ZICHIS (-11.78%), NCR (-10.00%), STANBIC (-7.91%), ARADEL (-2.40%), CADBURY (-2.34%), and DANGSUGAR (-2.15%).

- Market activity improved with total traded volume and value increasing to 7.772 billion shares and ₦374.040 billion from 7.075 billion shares and ₦324.351 billion, respectively. However, total number of trades fell to 402,945 deals from 474,436 deals in the prior week.

- Sectoral performance was largely bullish as The Industrial Goods, Banking, Insurance, and Consumer Goods sectors gained 4.66%, 2.82%, 2.74%, and 1.65%, respectively. However, the Oil & Gas sectors closed lower by 1.19%.

- We expect mixed sentiment in this week’s trading session, supported by selective bargain hunting in fundamentally sound counters, alongside profit-taking activities in recently appreciated stocks, as investors await the outcome of the Monetary Policy Committee (MPC) meeting.