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Market and Economic Update

29 May 2026

Global Update

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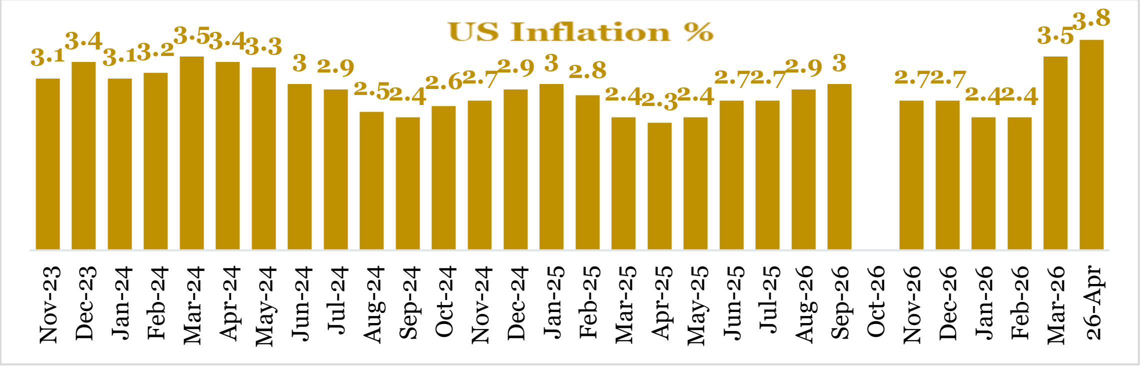
- China's manufacturing activity softened in May 2026, with the official PMI declining to 50.0 points from 50.3 in April, reflecting a loss of economic momentum. The slowdown was primarily driven by weak domestic demand, softer export orders, and rising production costs, as new orders and export orders fell to 49.9 points and 48.6 points, respectively. While production remained relatively resilient at 51.2 points, growing supply-demand imbalances and lingering weakness in the property sector continued to weigh on business sentiment. The moderation in China's manufacturing activity could dampen global commodity demand and trade flows, potentially exerting downward pressure on commodity prices and weakening export prospects for commodity-dependent economies. However, continued strength in high-tech manufacturing (52.9 points) and equipment manufacturing (52.1 points) suggests that advanced industries may continue to provide support to overall economic growth.

- The South African Reserve Bank (SARB) raised its benchmark repo rate by 25 basis points to 7.0%, marking its first rate hike since 2023. The decision was driven by a rise in inflation to 4.0% in April 2026 stemming from the Iran conflict, which has pushed global oil prices higher and increased domestic fuel and transportation costs. The Monetary Policy Committee voted 4-2 in favor of the increase, citing concerns that persistent external shocks could trigger second-round inflationary effects. Consequently, SARB also revised its inflation forecasts upward to 4.4% for 2026 and 3.7% for 2027, while lowering growth projections. The move underscores the central bank's commitment to anchoring inflation expectations and preserving monetary policy credibility.

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%

Source: Investing.com, PSL Research



Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices declined sharply for the second consecutive week, with Brent crude falling by 11.10% WoW to $92.05/bbl from $103.54/bbl, while WTI dropped by 9.57% to $87.36/bbl from $96.60/bbl, bringing cumulative two-week losses to approximately 15.7% and 17.1% respectively.

- The bearish sentiment was largely driven by easing geopolitical risk premiums following reports of progress in ceasefire and diplomatic discussions involving the U.S. and Iran, which reduced concerns over potential supply disruptions in the Middle East. Market sentiment was further pressured by expectations that OPEC+ could approve another production increase, raising fears of a supply glut amid lingering global demand uncertainties.

- Going forward, oil prices are expected to remain highly volatile, with market direction hinging on geopolitical developments in the Middle East, OPEC+ production decisions, and the trajectory of global economic growth and oil demand.

YTD PERFORMANCE OF BRENT CRUDE (US$)

Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	92.05	103.26	-11.10%
WTI Crude Price ($)	87.36	96.60	-9.57%

Domestic Update

- Nigeria's economy expanded by 3.89% year-on-year in Q1 2026, moderating from 4.07% in Q4 2025 but improving from 3.13% in Q1 2025. The slowdown was driven by weaker oil sector growth of 2.57%, as average crude oil production declined to 1.55mbpd from 1.58mbpd in the preceding quarter amid persistent crude theft, pipeline vandalism, and operational challenges. Nevertheless, the non-oil sector, which accounts for 96.08% of GDP, remained resilient, growing by 3.94%, supported by strong performances in telecommunications (12.24%), oil refining (37.46%), financial services (8.40%), and construction (6.38%). The implication is that while Nigeria's growth remains broadly supported by non-oil activities, persistent structural bottlenecks, insecurity, elevated inflation, and weak oil production continue to constrain stronger economic expansion, fiscal revenues, and foreign exchange earnings.

- Nigeria's capital market is set to adopt a T+1 settlement cycle from June 1, 2026, reducing the settlement period from two business days (T+2) to one day (T+1). The transition follows extensive system upgrades and testing by the SEC, CSCS, exchanges, custodians, and market operators. The reform was introduced to improve post-trade efficiency, reduce counterparty and settlement risks, enhance liquidity, and align Nigeria's market infrastructure with international standards. Key implementation milestones include May 29, 2026, as the final trading day under T+2, while trades executed on May 29 and June 1 will settle on June 2. The implication is faster capital recycling, improved investor confidence, greater market liquidity, and enhanced attractiveness of Nigeria's capital market to both domestic and foreign investors.

- Nigeria has signed a Letter of Intent (LoI) to participate in the African Development Bank's (AfDB) $7 billion aviation development programme, an initiative designed to strengthen aviation infrastructure and connectivity across Africa. The programme seeks to modernize airports, improve safety and regulatory standards, enhance air transport efficiency, and promote regional integration. Nigeria's participation reflects its commitment to addressing infrastructure gaps within the aviation sector while positioning itself as a key regional aviation hub. The initiative is also expected to attract private sector investment, improve passenger and cargo movement, and support economic diversification efforts. The agreement underscores the strategic role of aviation in facilitating trade, tourism, investment, and broader economic development.

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Foreign Exchange Update

- In the Nigerian Foreign Exchange Market (NFEM), the naira appreciated by 0.16% to close at ₦1,373.25/$ on May 29, compared to ₦1,375.46/$ the previous week. In contrast, Naira depreciated by 0.46% in the parallel market, closing at ₦1,377.5/$ from ₦1,377.5/$ the previous week.

- Nigeria's gross external reserves improved by 0.72% ($621.94 million) to $49.34 billion as of May 26, from the $48.72 billion recorded on May 19.

Fixed Income Market

- System liquidity strengthened during the week, rising by ₦2.18 trillion to close at ₦6.02 trillion. The increase was supported by OMO maturity inflows, coupon payment, and higher SDF placements. Consequently, the Nigerian Overnight Financing Rate (NOFR) remained flat at 22.00%.

- The NTB Market traded on a relatively calm note during the week, with activity largely concentrated on the newly issued one-year bill and select mid- to long-dated maturities. In the first session, we observed pockets of demand on the 20 May bill, which traded around 16.00% levels throughout the week. By Tuesday, sentiments turned mildly bullish as buying interests extended to the 18-Feb, 20-May, 17-Sep, 20-Aug, and 6-May bills. Following the midweek public holidays, trading resumed on Friday with subdued activity as market participants focused on the OMO auction.

- In the OMO auction conducted by the CBN on Friday, ₦600 billion was offered across the 11-day, 39-day, and 102-day tenors. We saw strong investor demand with subscriptions at ₦2.54 trillion, while ₦1.94 trillion was eventually allotted. Stop rates printed at 21.80% and 20.37% for the 11-day and 102-day tenors, respectively, while no sale was recorded on the 39-day bill. In the secondary market, demand was largely concentrated on the Sept and Oct OMO papers, with the 22-Sept and 6-Oct bills trading around 19.90% and 19.85%, respectively.

- The FGN Bond Market traded on a relatively subdued note during the week, with activity largely concentrated at the belly of the curve. We observed sparse activity at the start of the week, although with mild demands on the 35s and 37s. By Tuesday, buying interest strengthened across the mid-tenor segment, particularly on the 31s, 32s, and 33s, resulting in trades being consummated around 16.90% to 17.00% levels.

- Following the midweek public holidays, trading resumed on Friday with improved sentiments as selective demand emerged across the short- to mid-tenor maturities, notably the 27s, 32s, and 35s. Consequently, the average benchmark yields increased by approximately 9bps week-on-week.

Equity Market

- The Nigerian equities market closed positive last week, with the ASI and market capitalization both appreciating by 0.27% to close at 250,7385.47 points and ₦160.51 trillion, respectively. The market recorded gains in two of the three trading sessions, as the Federal Government declared Wednesday 27th May and Thursday 28th May 2026, as Public Holidays to commemorate 2026 Eid el Adha celebrations. The market's year-to-date return stood at 60.90%, up from 60.47% recorded in the previous week.

- The positive performance was supported by buying interest across key sectors, notably the Oil & Gas, and the Insurance sectors. Significant buying interest was recorded in INTENEGINS (+32.55%), SOVRENINS (+20.61%), TANTALIZER (+18.40%), AIRTELAFRI (+10.00%), NEM (+9.67%), UNIONDICON (+9.45%), VFDGROUP (+8.54%), UPDCREIT (+6.90%), IKEJAHOTEL (+5.79%), ARADEL (+5.33%), ETRANZACT (+5.26%), NASCON (+4.76%) and CWG (+4.35%), which outweighed the sell pressure in DANGSUGAR (-18.22%), PREMPAINTS (-10.00%), CAP (-10.00%), TRANSPOWER (-9.97%), JOHNHOLT (-9.84%), FIDELITYBK (-9.79%), UNILEVER (-7.14%), NAHCO (-6.14%), GTCO (-5.52%), UACN (-3.66%), and STANBIC (-2.95%).

- Market activity moderated, with total traded volume and value decreasing to 2.39 billion shares and ₦111.48 billion from 3.88 billion shares and ₦161.76 billion, respectively. Total number of trades also declined to 241,313 deals from 334,745 deals in the prior week.

- Sectoral performance was mixed as the Insurance and Oil & Gas sectors gained 1.77%, 1.24%, and 0.84%, respectively. However, the Banking, Consumer Goods, and Industrial Goods sectors closed lower by 2.43%, 1.52% and 0.05%, respectively.

- We expect a mixed but mildly positive trading tone in the week ahead as market activity normalizes following the shortened holiday week. Selective bargain hunting in fundamentally sound stocks is likely to persist, while intermittent profit-taking may continue in recently strong performers