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A Trading License Holder of the Nigerian Exchange Limited

Economic and Market Update

5 June 2026

Global Update

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- U.S. labour market conditions showed signs of gradual easing, with initial jobless claims rising to 225,000 from 217,000 in the previous week, while continuing claims increased to 1.92 million. The increase suggests a moderation in labour demand as elevated interest rates and slower economic activity continue to weigh on hiring across some sectors. However, claims remain well below levels typically associated with labor market stress, indicating that employment conditions remain broadly resilient. The Federal Reserve may view the data as supportive of a more balanced labor market without signaling a sharp economic slowdown. Consequently, markets are likely to continue focusing on upcoming inflation and employment data for clearer guidance on the timing and pace of future monetary policy adjustments.

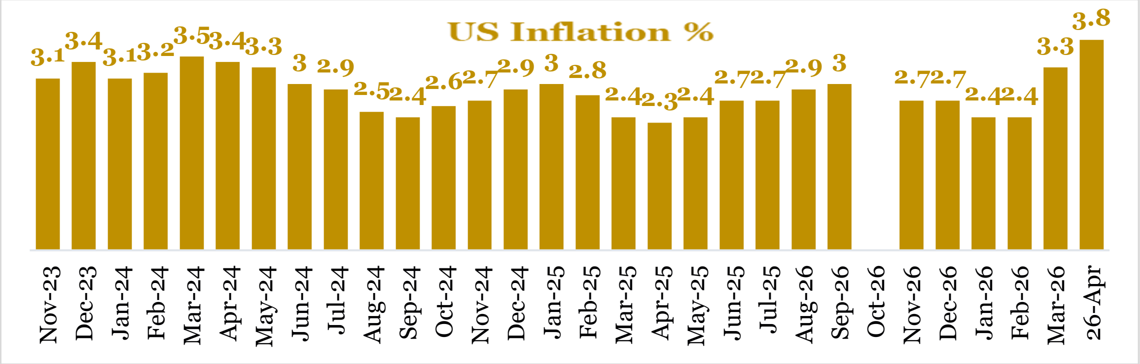
- China's services sector gained momentum in May 2026, with the Caixin Services PMI rising to 52.5 points from 50.7 points in April, marking the strongest expansion in three months. The improvement was primarily driven by stronger domestic demand, increased consumer spending, and a rise in new business orders, which boosted overall business activity and employment. The resilience of the services sector helped offset weakness in manufacturing, where softer export demand and lingering property-sector challenges continue to weigh on growth. This is positive for China's near-term economic outlook, as stronger services activity could support consumption-led growth and improve labour market conditions. However, weak external demand and structural economic headwinds remain key risks to sustaining broader economic momentum in the coming quarters.

Global Economic Data

	Current	Previous	Change
US GDP	**1.60%** (Q1-2026)	**0.50%** (Q4-2025)	**-1.10%**
US Interest Rate	**3.50% - 3.75%** (May. 2026)	**3.50% - 3.75%** (Apr. 2026)	**0.00%**
US Inflation	**3.80%** (Apr. 2026)	**3.30%** (Mar. 2025)	**0.50%**
China GDP	**1.30%** (Q1-2026)	**1.20%** (Q4-2025)	**0.10%**
China Inflation	**1.20%** (Apr. 2026)	**1.00%** (Jan. 2026)	**0.20%**

US 10 Year Bond Yields (%)

Source: Investing.com, PSL Research



Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices rebounded modestly last week, recovering from the sharp losses recorded in the previous week. Brent crude rose by 1.13% WoW to settle at $93.09/bbl from $92.05/bbl, while WTI gained 3.64% to $90.54/bbl from $87.36/bbl.

- The rebound was primarily driven by supply-side concerns following escalating geopolitical tensions between Russia and Ukraine, including attacks on energy infrastructure that heightened fears of potential disruptions to global crude supplies. Additional support came from expectations that OPEC+ would maintain a disciplined production strategy after reaffirming its commitment to market stability and balancing global supply-demand conditions.

- Going forward, oil prices are expected to remain volatile as investors continue to monitor geopolitical developments, OPEC+ production decisions, 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($)	93.09	92.05	1.13%
WTI Crude Price ($)	90.54	87.36	3.64%

Domestic Update

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- Nigeria's private sector activity gained further momentum in May 2026, with the Purchasing Managers' Index (PMI) rising to 54.1 points from 52.4 points in April, marking the strongest improvement in business conditions in nine months. The expansion was underpinned by stronger customer demand, robust growth in new orders, increased output, and product innovation across major sectors of the economy. Businesses also increased inventory accumulation and purchasing activity in response to improving demand conditions. However, operating costs remained elevated, largely due to higher fuel prices linked to geopolitical developments in the Middle East, although both input cost and output price inflation showed signs of moderation. Overall, the data points to continued resilience in the non-oil sector and provides support for economic growth, although inflationary pressures, infrastructure constraints, and weak business sentiment remain key risks to the outlook.

- Nigeria attracted $10.37 billion in capital inflows in Q1 2026, representing an increase of 83.8% year-on-year and 61.0% quarter-on-quarter. The growth was largely supported by improved foreign exchange market liquidity, relative exchange rate stability, attractive domestic yields, and increasing investor confidence in the government's reform agenda. Portfolio investments remained the dominant source of inflows, accounting for 95.1% of total capital importation at $9.86 billion, driven mainly by investments in money market instruments and bonds. While the surge in inflows is positive for external reserves, foreign exchange liquidity, and overall market sentiment, the limited contribution from Foreign Direct Investment (FDI), which accounted for just 1.3% of total inflows, highlights the continued reliance on short-term capital. This underscores the need for sustained structural reforms aimed at attracting more stable, long-term investments that support productive capacity and economic growth.

- The Supreme Court has approved the merger between Unity Bank Plc and Providus Bank Limited, removing the final legal hurdle to the transaction and paving the way for the emergence of Providus and Unity Bank Limited. The apex court dismissed an appeal challenging the merger and awarded ₦10 million in costs against the appellants in favour of each respondent. The court also ordered the transfer of all assets, liabilities, and undertakings of Unity Bank to Providus Bank within 10 days and approved a merger consideration of ₦3.18 per Unity Bank share or 18 Providus Bank shares for every 17 Unity Bank shares held. The merger aligns with ongoing banking sector recapitalization efforts and is expected to create a stronger institution with approximately 230 branches nationwide.

Foreign Exchange Update

- In the Nigerian Foreign Exchange Market (NFEM), the naira appreciated by 0.81% to close at ₦1,362.21/$ on June 5, compared to ₦1,373.25/$ the previous week. In contrast, Naira weakened by 1.25% in the parallel market closing at ₦1,395.00/$ from ₦1,377.5/$ the previous week.

- Nigeria's gross external reserves improved by 0.92% ($456.77 million) to $50.04 billion as of June 4, from the $49.58 billion recorded on May 29.

Fixed Income Market

- System liquidity declined by ₦1.23trn week-on-week to close at ₦4.79trn, largely driven by net OMO and NTB outflows. Despite the reduction, the Nigerian Overnight Financing Rate (NOFR) remained flat at 22.00%. This week, we expect funding rate to hover around current levels, with system liquidity largely to be driven by NTB and OMO maturities.

- The NTB market opened the week on a relatively calm note, with mild buying interest concentrated on the April and May papers. Activity remained subdued on Tuesday as investors selectively targeted attractive levels, while attention shifted to the NTB primary market auction on Wednesday. At the auction, we observed strong demand, with total subscriptions of ₦2.16trn against a ₦1trn offer. Eventually, ₦1.46trn was allotted across the three standard tenors while stop rates printed at 16.05%, 16.19%, and 16.35% for the 91-day, 182-day, and 364-day maturities, respectively. Following the auction, profit-taking emerged for the rest of the week, particularly on the newly issued June bill.

- In the OMO segment, activity was largely concentrated on the July, Sept, and Oct maturities. The CBN conducted an OMO auction on Tuesday, offering ₦600bn across the 7-day, 35-day, and 133-day tenors. The auction attracted robust demand, with subscriptions reaching ₦3.28trn while ₦3.04trn was allotted. Stop rates printed at 21.54%, 21.40%, and 20.02%, respectively. We expect robust liquidity to support improved market activity today, particularly on the newly issued one-year bill.

- The FGN Bond market traded with a cautious and bearish tone last week as selling pressure persisted across the curve. We observed activity majorly on the 31s, 35s, and 37s, with trades executed between 16.96% and 17.15%. Market participation remained subdued for most of the week as investors focused on the OMO and NTB auctions. However, sentiment improved slightly on Friday as investors selectively cherry-picked attractive levels, with demand for the 31s and 37s supporting a modest rally. Overall, the average benchmark yield edged higher by 2bps week-on-week. We expect cautious trading sentiments to persist today amid uncertain market direction.

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Equity Market

- The Nigerian equities market ended last week in negative territory as profit-taking activities across key large- and mid-cap counters outweighed buying interest, reversing the gains posted in the preceding week. The benchmark NGX All-Share Index (NGX-ASI) fell by 2.80% week-on-week to close at 243,379.63 points from 250,385.47 points, with market capitalization declining by ₦4.92 trillion to ₦155.59 trillion. Accordingly, the market's year-to-date return moderated to 56.40% from 60.90% in the previous week, although overall performance remains firmly positive for the year.

- The negative sentiment was driven by sell-offs across key sectors, notably Industrial Goods, Consumer Goods, and the Insurance sectors. Significant selling pressure was recorded in ETERNA (-12.92%), JOHNHOLT (-12.09%), FIRSTHOLDCO (-11.43%), WEMABANK (-10.45%), BUACEMENT (-10.00%), REDSTAREX (-9.85%), LEARNAFRCA (-9.80%), ARADEL (-9.51%), NEM (-8.81%), CWG (-8.33%), NGXGROUP (-8.29%), OANDO (-5.88%), MTNN (-5.49%), NB (-4.31%), WAPCO (-3.51%), STANBIC (-3.13%), BUAFOODS (-2.90%), ZENITHBANK (-2.36%), and CAP (-2.23%), which outweighed the buying interest in INTENEGINS (+60.62%), ABBEYBDS (+47.24%), TRIPPLEG (+9.80%), IKEJAHOTEL (+9.45%), RTBRISCOE (+8.86%), CONHALLPLC (+7.20%), OMATEK (+4.52%), ACCESSCORP (+3.95%), NEIMETH (+3.92%) and DANGSUGAR (+1.19%).

- Market activity strengthened significantly last week, with total traded volume rising to 3.966 billion shares valued at ₦169.955 billion across 343,880 deals. This reflects a notable recovery compared to the 2.398 billion shares worth ₦111.480 billion exchanged across 241,313 deals in the preceding week.

- Sectoral performance was largely bearish as the Oil & Gas, Industrial Goods, Bank, Insurance and Insurance and Oil & Gas, and Consumer Goods sectors loss 5.18%, 4.40%, 3.42%, 1.89%, and 0.73%, respectively.

- We expect market sentiment to remain mixed with a slight positive bias this week, as the recent pullback may present attractive entry opportunities for investors seeking fundamentally sound stocks at discounted prices.