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Economic and Market Update

26 June 2026

Global Update

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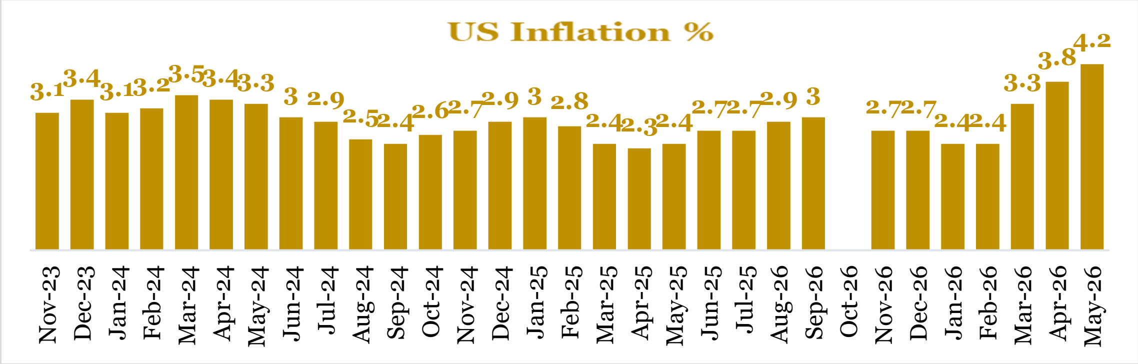
- Eurozone consumer confidence improved to -17.7 in June from -19.0 in May, while the EU-wide indicator rose to -17.0 from -18.2, reflecting a gradual improvement in household sentiment after recent economic headwinds. The recovery was supported by easing geopolitical tensions in the Middle East, declining energy prices, and improving expectations regarding inflation and household purchasing power. These developments reduced pressure on consumer finances, although confidence remained below historical norms amid elevated interest rates and a subdued growth outlook. The modest improvement signals a gradual recovery in domestic demand, which could support retail sales and broader economic activity if sustained. However, confidence remains weak by historical standards, suggesting households are likely to remain cautious with discretionary spending. For the European Central Bank, the data provides some reassurance that consumer sentiment is stabilizing but is unlikely to materially alter its data-dependent monetary policy stance until stronger evidence of durable economic growth and easing inflationary pressures emerges.

- South Africa's producer inflation accelerated to 7.8% YoY in May from 4.8% in April, while producer prices increased 2.6% MoM. The sharp increase was driven mainly by higher prices for petroleum, chemical, rubber and plastic products following the spike in global oil prices. Mining producer inflation also strengthened to 28.1%, supported by higher prices for non-ferrous metals and coal. The surge reflected the pass-through of elevated global energy prices caused by earlier geopolitical tensions in the Middle East, which significantly increased fuel and manufacturing input costs. Rising prices for petroleum products, alongside higher mining output prices, outweighed subdued agricultural producer prices and intensified cost pressures across the manufacturing sector. The sharp rise in producer inflation signals increasing cost pressures for manufacturers, raising the likelihood that businesses may pass higher production costs to consumers in the coming months. This could sustain upward pressure on consumer inflation, which already rose to 4.5% in May, and complicate the disinflation process. For the South African Reserve Bank, persistent producer inflation may reinforce a cautious monetary policy stance, delaying interest rate cuts despite moderating global oil prices. For investors, higher input costs could compress corporate profit margins in manufacturing and consumer sectors, while mining companies may continue to benefit from elevated commodity prices.

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%** (Jun. 2026)	**3.50% - 3.75%** (May. 2026)	**0.00%**
US Inflation	**4.20%** (May. 2026)	**3.80%** (Apr. 2025)	**0.40%**
China GDP	**1.30%** (Q1-2026)	**1.20%** (Q4-2025)	**0.10%**
China Inflation	**1.20%** (Apr. 2026)	**1.00%** (Jan. 2026)	**0.20%**

Source: Investing.com, PSL Research



Source: Tradingeconomics.com, PSL Research

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Crude Oil Price Update

- Global crude oil prices extended their losses last week as easing geopolitical tensions in the Middle East, improving supply expectations continued to weigh on market sentiment. Brent crude declined by 9.31% week-on-week to close at $72.60/bbl from $80.05/bbl, while WTI fell by 9.52% to $69.23/bbl from $76.51/bbl.

- The sell-off was primarily driven by the continued de-escalation of tensions following the ceasefire agreement between Israel and Iran, which significantly reduced fears of supply disruptions through the Strait of Hormuz. Market sentiment was further pressured by expectations that Iranian crude exports would remain uninterrupted, while signs of ample global supply and renewed speculation that OPEC+ could proceed with its planned production increases reinforced the bearish outlook.

- Despite the sharp decline, prices found some support towards the end of the week after U.S. government data showed a larger-than-expected drawdown in crude inventories, indicating resilient near-term demand. Nevertheless, the easing geopolitical risk premium remained the dominant driver of market direction.

- Outlook: Crude oil prices are expected to remain volatile in the near term as investors assess the durability of the Middle East ceasefire, monitor OPEC+ production policy, and evaluate global economic data for clues on future oil demand.

YTD PERFORMANCE OF BRENT CRUDE (US$)

Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	80.05	80.57	-9.31%
WTI Crude Price ($)	69.23	76.51	-9.52%

Domestic Update

- Private sector credit rose by ₦503.9 billion (0.63%) to ₦81.04 trillion in May from ₦80.54 trillion in April, despite the CBN maintaining the Monetary Policy Rate at 27.5% to contain inflation. Credit growth reflected resilient demand from businesses and households, supported by improved banking sector liquidity, stronger bank balance sheets following recapitalization efforts, and continued financing needs across key sectors despite elevated borrowing costs. The increase signals continued economic activity and supports investment and output growth. However, sustained credit expansion could slow the pace of monetary policy transmission if lending remains resilient. The loan growth is positive for banking earnings through higher interest income, although elevated interest rates may increase debt-servicing costs and asset-quality risks if economic conditions weaken.

- The NCC and CAC have mandated that any transfer of 10% or more of the shareholding or ownership in a licensed telecommunications company must obtain prior approval from the NCC before registration by the CAC. The requirement takes immediate effect and also applies to multiple transactions that cumulatively exceed the threshold. The policy is designed to strengthen regulatory oversight, enhance transparency, safeguard competition, and prevent ownership changes that could undermine market integrity. While the new framework may extend the timeline for mergers, acquisitions, and large equity transfers, it is expected to improve investor confidence by providing greater regulatory certainty. Telecom operators and investors will need to factor regulatory approval into transaction planning, increasing compliance requirements while promoting stronger corporate governance and supporting the long-term stability of Nigeria's telecommunications sector.

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Foreign Exchange Update

- In the Nigerian Foreign Exchange Market (NFEM), the naira weakened by 0.76% to close at ₦1,380.93/$ on June 26, compared to ₦1,370.46/$ the previous week. In contrast, Naira appreciated by 0.25% in the parallel market closing at ₦1,396.50/$ from ₦1,400.00/$ the previous week.

- Nigeria’s gross external reserves improved by 0.42% ($212.79 million WoW) to $51.24 billion as of June 25, from the $51.04 billion recorded on June 18.

Fixed Income Market

- System liquidity declined by ₦290 billion week-on-week, closing with a credit balance of ₦4.10 trillion, largely due to FGN Bond and OMO sales. However, the Nigerian Overnight Financing Rate (NOFR) remained unchanged at 22.00%. We expect the funding rate to remain stable at its current level today, barring any significant changes to liquidity.

- The NTB market traded on a relatively calm note for most of the week, as investors remained focused on the FGN Bond and OMO auctions. Consequently, activity in the secondary market was largely subdued early in the week before improving towards the close. Demand was concentrated on the mid- to long-dated bills, particularly the 17 June paper, which traded around 17.25% from 17.40% at the start of the week, reflecting improved buying interest.

- In the OMO segment, the CBN conducted two auctions during the week, offering a total of ₦1.2 trillion across four tenors. The 99-day and 134-day bills cleared at stop rates of 20.40% and 20.02%, respectively, while the 70-day and 140-day bills cleared at 20.75% and 19.99%. Both auctions were significantly oversubscribed, reflecting sustained investor appetite, while secondary-market demand remained concentrated on the Aug, Sep, and Oct maturities. We expect participants to adopt a cautious approach as we await the release of the Q3 NTB calendar by the DMO.

- The FGN Bond market traded with a predominantly bearish undertone during the week, as investors remained cautious following the DMO's bond auction and continued to reprice yields higher. At the auction, the DMO offered ₦1.2 trillion and allotted approximately ₦1.22 trillion across the 35s and 37s, with stop rates printing at 18.34% and 18.35%, respectively. Although post-auction demand briefly emerged on the newly issued bonds, selling pressure resurfaced, particularly across the belly of the curve. Activity was concentrated on the 29s, 31s, 32s, 35s, and 37s, with the 35s and 37s trading as high as 18.65% and 18.80%, respectively. Consequently, average benchmark yields trended higher by approximately 87bps over the course of the week. We expect a similar sentiment to persist, as market participants maintain a cautious stance.

Equity Market

- The Nigerian equities market closed on a bearish note, marking two consecutive weeks of losses, as the bullish momentum seen in the first two trading sessions shifted to bearish in the last three trading session with sell-offs pronounced in Oil & Gas, the Industrial Goods and Banking sector, with ARADEL (-19.00%), OANDO (-12.17%), DANGCEM (-10.00%), BUACEMENT (-10.00%), and GEREGU (-10.00) recording significant losses which collectively weighed on overall market performance. As a result, the All-Share Index (ASI) and market capitalization both declined by 1.65% and 1.60% week-on-week to close at 232,049.02 points and ₦148.91 trillion, respectively. Consequently, the market's year-to-date (YtD) return moderated to 49.12%, down from 51.62% recorded last week.

- The negative sentiment was driven by sell-offs across sectors, with selling pressure recorded in ARADEL (-19.00%), ACADEMY (-17.28%), OANDO (-12.17%), REDSTAREX (-11.05%), DANGCEM (-10.00%), WEMABANK (-10.00%), BUACEMENT (-10.00%), GEREGU (-10.00%), CUSTODIAN (-9.97%), PREMPAINTS (-9.93%), ETRANZACT (-9.79%), LEARNAFRCA (-9.09%), DANGSUGAR (-8.11%), TRANSCORP (-5.68%), IKEJAHOTEL (-3.14%), and UCAP (-3.06%), outweighing the buying interest in GTCO (+10.69%), FIRSTHOLDO (+10.00%), AIRTELAFRI (+10.00%), NIDF (+4.65%), ZENITHBANK (+4.50%), MTNN (+3.75%), and WAPCO (+0.73%).

- Trading activity weakened during the week, with investors exchanging 2.32 billion shares worth ₦134.49 billion compared to the 3.08 billion shares worth ₦254.61 billion traded in the preceding week. Similarly, the total number of deals declined to 249,328 deals from 287,157 deals.

- Sectoral performance was largely bearish as the Oil & Gas, Industrial Goods, Insurance, and Consumer Goods sectors lost 9.86%, 8.21%, 4.39%, and 1.53%, respectively while the Banking sector gained 3.51%.

- We expect the current market sentiment to persist this week, as cautious trading is likely to continue. However, bargain hunting activities in fundamentally sound stocks could help moderate further downside pressure.