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Economic and Market Update

10 July 2026

Global Update

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- China's consumer price inflation eased to 1.0% y/y in June from 1.2% in May, with core and food inflation softening, highlighting continued weakness in domestic demand despite resilient export activity. In contrast, producer price inflation (PPI) accelerated for the fourth consecutive month to 4.1% y/y (from 3.9%), its highest level in nearly four years, driven by higher energy and industrial input costs. The divergence between slowing consumer inflation and rising producer prices suggests manufacturers are facing mounting cost pressures with limited pricing power, squeezing profit margins. Overall, subdued inflationary pressures at the consumer level provide the People's Bank of China with room to keep interest rates unchanged while monitoring economic conditions.

- In its July World Economic Outlook, the International Monetary Fund (IMF) revised its 2026 global growth forecast to 3.0% from 3.1%, while projecting a recovery to 3.4% in 2027. The Fund also increased its 2026 global inflation forecast to 4.7%, reflecting renewed energy price pressures. The downward revision to global growth was driven by the economic impact of Middle East geopolitical tensions, trade fragmentation, and higher oil prices, although robust AI-related investment and technology spending helped cushion a sharper slowdown. The revised outlook points to a more challenging global macroeconomic environment, with slower growth and elevated inflation likely to keep global financial conditions relatively tight and sustain volatility across commodity and financial markets. However, the recent ceasefire agreement between the United States and Iran has eased geopolitical tensions and contributed to a moderation in crude oil prices, reducing near-term upside risks to global inflation and supporting a more stable outlook for energy markets.

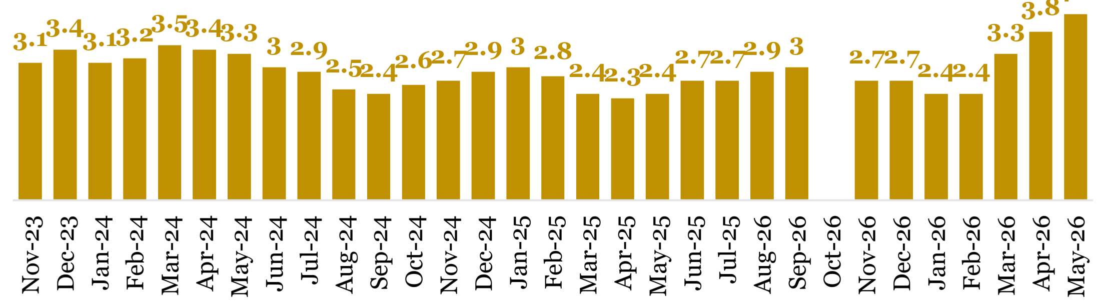
Global Economic Data

	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%

US 10 Year Bond Yields (%)

Source: Investing.com, PSL Research

US Inflation %



Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices rebounded last week as renewed geopolitical tensions in the Middle East reignited concerns over potential supply disruptions. Market sentiment was rattled by fresh military exchanges between the United States and Iran, with U.S. President Donald Trump indicating that the ceasefire between both countries is effectively over. Further tightening the supply outlook, the United States revoked its temporary waiver on Iranian oil sanctions, reinforcing restrictions on Iranian crude exports.

- Against this backdrop, Brent crude rose above $76/bbl for the first time in two weeks. On a week-on-week basis, Brent increased 5.39% to $76.01/bbl from $72.12/bbl, while WTI gained 3.82% to close at $71.41/bbl from $68.78/bbl.

- Looking ahead, prices are expected to remain elevated but volatile, as persistent supply-side risks support the market, while any easing in geopolitical tensions or emerging demand concerns could trigger further price corrections.

YTD PERFORMANCE OF BRENT CRUDE (US$)

Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	76.01	72.12	5.39%
WTI Crude Price ($)	71.41	68.78	3.82%

Domestic Update

- S&P Dow Jones Indices has placed Nigeria on its watchlist for potential Frontier Market reclassification, reflecting progress in foreign exchange market reforms and improved accessibility for international investors. The decision was driven by the CBN's exchange rate liberalization, improved FX liquidity, enhanced market transparency, and reduced barriers to foreign investor participation, addressing concerns that led to Nigeria's exclusion in 2014. A successful reclassification could attract increased foreign portfolio inflows, improve trading liquidity, and enhance valuation across Nigerian equities. It would also broaden access to global investment funds tracking Frontier Market indices, supporting long-term market growth.

- Nigeria has become the first OPEC member to join the International Energy Agency (IEA) as an Association Country, marking a significant milestone in its energy sector. The partnership strengthens cooperation on energy security, policy development, investment, and clean energy transition while providing Nigeria access to the IEA's technical expertise, data, and capacity-building initiatives. The partnership is expected to strengthen investor confidence, improve policy credibility, and support investment across Nigeria's oil, gas, and renewable energy sectors. Over time, enhanced technical cooperation and better energy planning could improve production efficiency, reinforce energy security, and strengthen Nigeria's competitiveness in global energy markets.

- PenCom has granted Pension Fund Administrators (PFAs) a 24-month forbearance until 30 June 2028, allowing them to continue holding investments in the shares and debt instruments of their parent companies while transitioning to full compliance with the Pension Reform Act's related-party investment restrictions. The extension is expected to support capital market stability by preventing forced asset sales, reducing near-term selling pressure, and avoiding market price distortions. It also provides regulatory certainty, enabling PFAs to rebalance their portfolios in an orderly manner while strengthening governance, prudent risk management, and investor confidence.

Foreign Exchange Update

- In the Nigerian Foreign Exchange Market (NFEM), the naira depreciated by 0.69% week-on-week to ₦1,379.62/$ from ₦1,370.19/$ in the previous week. Similarly, the currency weakened by 1.96% week-on-week in the parallel market to ₦1,427.50/$ from ₦1,400.00/$. The depreciation across both markets was driven by renewed foreign exchange demand associated with seasonal summer travel, overseas school-fee payments, and sustained corporate demand for dollars, while retail and end-user demand continued to outpace available supply in the parallel market.

- Meanwhile, Nigeria's gross external reserves increased by 0.41% to US$51.74 billion as of 9 July 2026, from US$51.53 billion recorded on 3 July 2026

Fixed Income Market

- Week-on-week, system liquidity increased by ₦2.06 trillion to close at ₦4.33 trillion, buoyed by OMO and NTB maturity inflows. Meanwhile, the Nigerian Overnight Financing Rate (NOFR) remained unchanged at 22.00%. We expect OMO maturities, coupon inflows, and NTB settlement to dictate liquidity this week.

- The NTB market traded with mixed sentiments during the week, opening on a calm note as investors positioned ahead of the NTB auction. Activity was initially subdued, with selective demand across the curve, particularly on the 17 June bill. Attention later shifted to Wednesday's NTB auction, where the DMO offered ₦700bn across the standard tenors. Total subscriptions came in at ₦2.032tn, while ₦1.06tn was allotted. Stop rates settled at 16.30%, 16.50%, and 17.70% for the 91-, 182-, and 364-day bills, respectively. Following the auction, buying interest strengthened around the newly issued 8 July bill. In the OMO segment, activity remained relatively active throughout the week, with sustained interest in the Jan, Nov, and Sept maturities. We expect cautious sentiment to persist ahead of Wednesday´s NTB auction, where the DMO will offer a total of ₦600bn.

- The FGN Bond market traded with mixed sentiment during the week, as investors largely adopted a cautious stance ahead of the NTB auction and selectively took positions. Activity was concentrated at the mid-to-long end, particularly on the on-the-run 35s and 37s, which traded between 18.32% and 18.45%, while persistent demand was also observed on the 31s around 18.09%. We also observed cherry-picking activity on the 29s, 32s, 33s, 34s, 38s, 49s, 50s, and 53s. Towards the weekend, buy cares at the mid-end of the curve supported modest yield compression, with average benchmark yields declining by 12bps week-on-week. Cautious sentiment is expected to persist ahead of Wednesday´s NTB auction.

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Equity Market

- The Nigerian equities market closed on a bullish note last week, as the All-Share Index (ASI) and market capitalisation both advanced by 6.35% to settle at 243,798.76 points and ₦156.445 trillion, respectively. Although the market traded flat to slightly negative on Friday due to profit-taking in select counters, gains recorded earlier in the week were sufficient to sustain the positive weekly performance. The rally was underpinned by renewed investor confidence and bargain-hunting across fundamentally attractive stocks following the recent market correction. Consequently, the market's year-to-date return improved to 56.67% from 47.31% in the previous week, representing a 936-basis-point week-on-week increase.

- Positive sentiment dominated trading last week, driven by broad-based gains across sectors, with buying interest recorded in INTBREW (+40.00%), RTBRISCOE (+32.02%), FIRSTHOLDCO (+25.82%), HONYFLOUR (+21.43%), ARADEL (+19.67%), NGXGROUP (+17.80%), DANGCEM (+17.51%), HBMNG (+15.12%), CADBURY (+11.79%), WEMABANK (+11.11%), ACCESSCORP (+10.40%), FCMB (+10.20%), NIDF (+10.00%), NAHCO (+10.00%), AIRTELAFRI (+10.00%), ETRANZACT (+9.02%), MTNN (+8.00%), TRANSCORP (+4.79%), GTCO (+4.18%), ZENITHBANK (+3.79%), and DANGSUGAR (+2.86%), outweighing the selling pressure in OANDO (-2.33%), VITAFOAM (-2.65%), MAYBAKER (-5.00%), STANBIC (-6.63%), ETI (-9.98%), GUINNESS (-9.99%), CAP (-9.99%), and GEREGU (-10.00%).

- Trading activity was mixed during the week, as investors exchanged 3.65 billion shares worth ₦220.57 billion, compared to the 3.82 billion shares worth ₦154.39 billion traded in the preceding week. Total turnover value rose significantly, even as trading volume declined slightly week-on-week. Meanwhile, the total number of deals decreased to 251,861 deals from 258,567 deals in the preceding week.

- Sectoral performance was broadly bullish this week, as the Industrial Goods, Oil & Gas, Banking, Insurance, and Consumer Goods sectors all closed in the green, gaining 10.46%, 8.11%, 4.78%, 4.04%, and 3.11%, respectively.

- We anticipate a mixed sentiment this week, as bargain-hunting activity ahead of the H1-2026 earnings season is likely to be tempered by mild profit-taking activities following the strong market rally recorded last week.