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Economic and Market Update

24 July 2026

Global Update

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- UK inflation eased to a 14-month low of 2.6% year-on-year in June 2026, down from 2.8% in May and below economists' expectations of 2.7%. On a monthly basis, consumer prices rose by 0.1%, compared with 0.3% in June 2025. The moderation was driven primarily by lower transport costs, particularly declining motor fuel prices, and softer food inflation following a temporary easing in global energy prices after the Iran ceasefire. However, core inflation remained unchanged at 2.6%, while services inflation eased marginally to 3.6%, indicating persistent underlying price pressures. Despite the encouraging data, the Bank of England expects inflation to rebound later this year as higher energy costs re-emerge.

- The Eurozone presented mixed monetary signals as headline inflation eased to 2.8% y/y in June from 2.9% in May, while core inflation moderated to 2.3% from 2.4%, reflecting softer energy and non-energy industrial goods prices. However, persistent services inflation and renewed geopolitical tensions have complicated the disinflation narrative. Against this backdrop, the European Central Bank (ECB) kept its deposit rate unchanged at 2.25% in July but indicated that a 25-basis-point rate hike in September remains firmly on the table. The resurgence of Middle East tensions, which has pushed Brent crude toward $100 per barrel and lifted European natural gas prices to multi-year highs, threatens to reverse recent inflation gains. Consequently, the ECB faces an increasingly difficult policy dilemma: easing too early risks reigniting inflation, while prolonged monetary tightening could further weaken an already fragile economic recovery, reinforcing a higher-for-longer interest rate environment across the region.

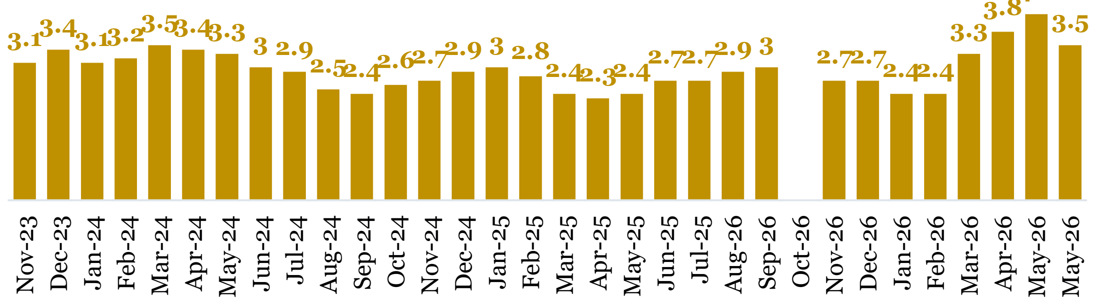
Global Economic Data

	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	**3.50%** (Jun. 2026)	**4.20%** (Apr. 2026)	**0.40%**
China GDP	**4.3%** (Q2-2026)	**5.0%** (Q1-2026)	**0.10%**
China Inflation	**1.00%** (Jun. 2026)	**1.20%** (May. 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 rallied sharply last week as escalating geopolitical tensions in the Middle East intensified concerns over global supply security. Brent crude surged by 9.85% WoW to settle at $96.78/bbl from $88.10/bbl, while WTI gained 3.22% to close at $85.15/bbl from $82.49/bbl.

- Looking ahead, crude oil prices are expected to remain highly volatile as markets continue to assess geopolitical developments in the Middle East, the security of critical shipping lanes, and potential supply responses from major producers.

YTD PERFORMANCE OF BRENT CRUDE (US$)

Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	96.78	88.10	9.85%
WTI Crude Price ($)	85.15	8249	3.22%

Domestic Update

- The CBN's Monetary Policy Committee unanimously retained the Monetary Policy Rate (MPR) at 26.50%, alongside the 45.0% CRR for Deposit Money Banks, 30.0% Liquidity Ratio, and +500/-100 basis-point policy corridor, reflecting a cautious approach despite headline inflation easing marginally to 15.91% in June from 15.93%. The decision was driven by persistent food inflation, renewed Middle East geopolitical tensions, and the need to preserve gains from recent reforms, including improved FX stability (₦1,335.96/$–₦1,430.85/$ YTD) and stronger external reserves (US$52.02 billion). The policy stance reinforces higher-for-longer interest rates, supporting positive real yields and exchange rate stability. However, by prioritizing macroeconomic credibility over near-term growth, the CBN is signaling that restoring price stability remains the essential foundation for sustainable investment, capital inflows, and long-term economic expansion.

- The National Pension Commission (PenCom) has announced plans to increase Nigeria's statutory pension contribution rates as part of its ongoing review of the Pension Reform Act (PRA) 2014. Under the current Contributory Pension Scheme (CPS), employers contribute 10% and employees 8% of monthly emoluments, for a combined 18% contribution. PenCom is consulting organised labour, the National Assembly, and other stakeholders before finalising the proposed amendments. The reform aims to strengthen retirement security, improve pension adequacy, and align the pension framework with evolving economic realities. It also seeks to enhance the long-term sustainability and effectiveness of Nigeria's pension system.

- The Federal Government has announced plans to issue a ₦729 billion Series II bond to settle verified legacy debts owed to electricity Generation Companies (GenCos) under the Presidential Power Sector Debt Reduction Programme. The planned issuance follows the successful ₦501 billion Series I bond issued in January 2026 and will bring the first phase of the programme to approximately ₦1.23 trillion. The bond, which is expected to open in August 2026, aims to improve liquidity across Nigeria's electricity value chain, restore investor confidence, and strengthen the financial sustainability of the power sector. The initiative forms part of the broader ₦4 trillion debt reduction programme designed to resolve longstanding market liabilities.

Foreign Exchange Update

- In the Nigerian Foreign Exchange Market (NFEM), the naira appreciated by 1.33% week-on-week, closing at ₦1,362.09/$ from ₦1,380.18/$ in the previous week, reflecting improved liquidity and sustained stability in the official foreign exchange market. Similarly, the naira strengthened in the parallel market, appreciating by 1.06% week-on-week to ₦1,410.00/$ from ₦1,425.00/$, indicating improved sentiment and a narrowing premium between the official and informal markets.

- Meanwhile, Nigeria's gross external reserves rose by 0.22% (US$114.29 million) to US$52.03 billion as of 23 July 2026, from US$51.92 billion on 16 July 2026. The continued increase reflects sustained foreign exchange inflows and reinforces the Central Bank of Nigeria's capacity to support exchange rate stability and strengthen external buffers.

Fixed Income Market

- Week-on-week, system liquidity increased by ₦1.97trn to close with a credit balance of ₦3.78trn, primarily due to the net OMO, NTB maturity, and coupon inflows. Consequently, the Nigerian Overnight Financing Rate (NOFR) declined from 22.13% on Monday to print at 22.00% on Friday.

- The NTB market traded with a bullish tone over the week, supported by improved demand across both the NTB and OMO curves. Activity was initially subdued as investors awaited the outcome of the FGN Bond auction, but buying interest strengthened as the week progressed, particularly on the 15 July bill, which remained the most sought-after paper and traded as low as 17.20%. Additional demand was observed on the 8 July, 17 Sept, and 18 Feb maturities. In the OMO market, sustained buying interest amid the absence of fresh CBN issuances compressed rates, with the Nov and Jan OMO papers trading as low as 19.45% and 18.50%, respectively.

- The FGN Bond market traded with a strong bullish bias over the week, following the bond auction, where robust demand and a high volume of unmet bids provided the catalyst for the initial rally. As the week progressed, demand broadened across the mid-tenor segment due to FPIs and local investors' buy-cares, driving the 35s and 37s below the 18.00% level, while offers on the 33s, 34s and 38s also compressed to the 17.60%–17.85% range. Following the DMO's release of its updated bond auction calendar late on Friday, in which it revised the August auction offer downward to a range of ₦900bn - ₦1.1trn from the previously announced ₦1.2trn - ₦1.6trn, bullish momentum strengthened further, driving yields below the 17.60% level.

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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 appreciated by 1.60% and 1.61% respectively, to settle at 247,357.40 points and ₦159.588 trillion. The market closed positive in three of the five trading sessions, with broad-based gains recorded across sectors. The rally was underpinned by renewed investor confidence and bargain-hunting across fundamentally sound stocks, further buoyed by the release of impressive H1 2026 corporate earnings, which reinforced positive sentiment. Consequently, the market's year-to-date return improved to 58.96% from 56.45% in the previous week.

- Positive sentiment dominated trading, with buying interest recorded in FIRSTHOLDCO (+25.59%), UNILEVER (+19.31%), CADBURY (+18.42%), BUACEMENT (+17.56%), ACCESSCORP (+16.80%), CUSTODIAN (+13.70%), NGXGROUP (+12.80%), FCMB (+11.11%), GUINNESS (+11.00%), ZENITHBANK (+10.96%), IKEJAHOTEL (+10.59%), CNIF (+10.00%), NASCON (+8.89%), ETERNA (+5.90%), PZ (+4.94%), DANGSUGAR (+4.79%), HBMNG (+4.33%), ETI (+3.79%), MTNN (+2.84%), and GTCO (+2.17%), outweighing the selling pressure in BUAFOODS (-10.00%), NESTLE (-10.00%), PRESCO (-10.00%), UACN (-7.75%), CHAMPION (-5.11%), FIDELITYBK (-3.89%), FIDSON (-2.68%), and STANBIC (-2.34%).

- Trading activity was strong during the week. Trading volume rose to 4.43 billion shares from 2.82 billion shares recorded in the preceding week, representing a 57.25% increase. The value of transactions rose to ₦306.14 billion from ₦182.49 billion in the preceding week, representing a 67.75% increase. Similarly, the number of deals rose to 255,589 from 226,729 in the preceding week, representing a 12.73% increase.

- Sectoral performance was largely bullish this week, as the Banking, Industrial Goods, Insurance, and Oil & Gas sectors closed in the green, gaining 8.35%, 5.01%, 3.86%, and 0.11%, respectively, while the Consumer Goods sector closed in the red, shedding 3.76%.

- We anticipate a mixed-to-positive sentiment this week, as investors continue to cherry-pick fundamentally sound stocks, with the release of more H1 company earnings expected to further shape market direction.