PARTHIAN
SECURITIES

*A Trading License Holder of the Nigerian Exchange Limited*

# Economic and Market Update

07 August 2026

# Global Update

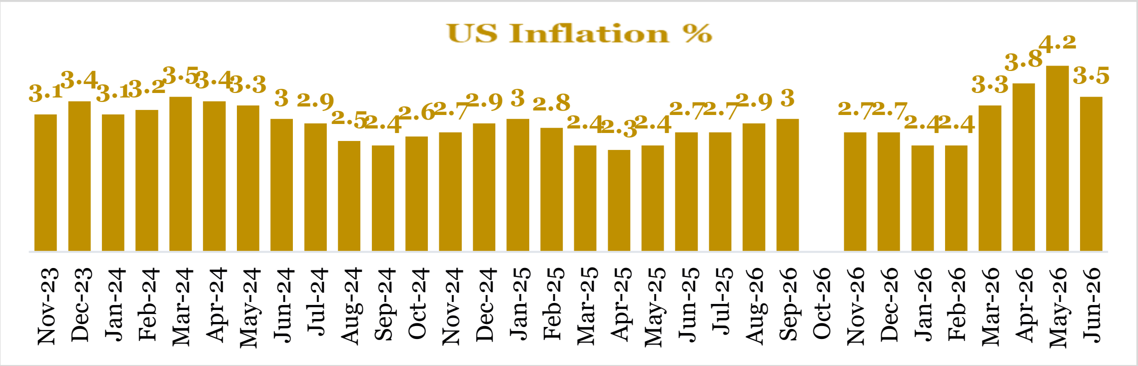
- According to the U.S. Bureau of Labor Statistics, non-farm payrolls declined by 23,000 in July, following a revised 20,000 increase in June and falling well short of market expectations for an 80,000 gain. The weaker-than-expected reading points to continued softness in labour demand amid heightened economic uncertainty and restrictive monetary conditions. The decline was primarily driven by lower employment in local government education (-50,000), retail trade (-19,000), and financial services (-14,000), while healthcare employment continued to expand, albeit at a slower pace (+22,000). Meanwhile, the unemployment rate edged down to 4.1% from 4.2%, although the decline was accompanied by a further reduction in the labour force participation rate to 61.4%, its lowest level in over five years. This suggests that the lower unemployment rate partly reflected reduced labour force participation rather than a meaningful improvement in employment conditions.

- According to S&P Global, the U.S. Composite PMI strengthened to 54.5 points in July from 51.9 points in June, marking the fastest expansion since October 2025 and surpassing the preliminary estimate of 53.6 points. The stronger reading reflected improved activity across the private sector, led by a notable rebound in services, where the PMI rose to 54.6 points from 51.2 points on the back of firmer new orders and improved business confidence. Manufacturing output also remained in expansionary territory at 53.9 points, although supply chain disruptions limited further improvement. Labour market conditions showed some recovery, with private-sector employment returning to growth after contracting since April. However, the stronger economic activity was accompanied by renewed price pressures, as input costs rose at their fastest pace since November 2022, while output price inflation reached a one-year high, highlighting persistent inflationary risks.

- According to China's National Bureau of Statistics, manufacturing activity weakened in July, with the Manufacturing PMI falling to 49.20 points from 50.30 points in June, returning to contractionary territory. The slowdown was broad-based, with the Non-Manufacturing and Composite PMIs declining to 49.00 and 49.30, respectively, while the New Orders Index fell to 48.50, reflecting weaker domestic and external demand. Persistent softness in household consumption and the property sector, compounded by disruptions from flooding and typhoons, continued to weigh on industrial activity. Meanwhile, elevated input costs and subdued output prices highlighted ongoing margin pressures. Given China's significant role in global commodity demand, a prolonged slowdown could weigh on raw material demand and commodity-exporting economies.

**Global Economic Data**

| | Current | Previous | Change |
|---|---|---|---|
| US GDP | **1.50%** (Q2-2026) | **2.10%** (Q1-2026) | **-0.60%** |
| US Interest Rate | **3.50% - 3.75%** (Jul. 2026) | **3.50% - 3.75%** (Jun. 2026) | **0.00%** |
| US Inflation | **3.50%** (Jun. 2026) | **4.20%** (May. 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%** |



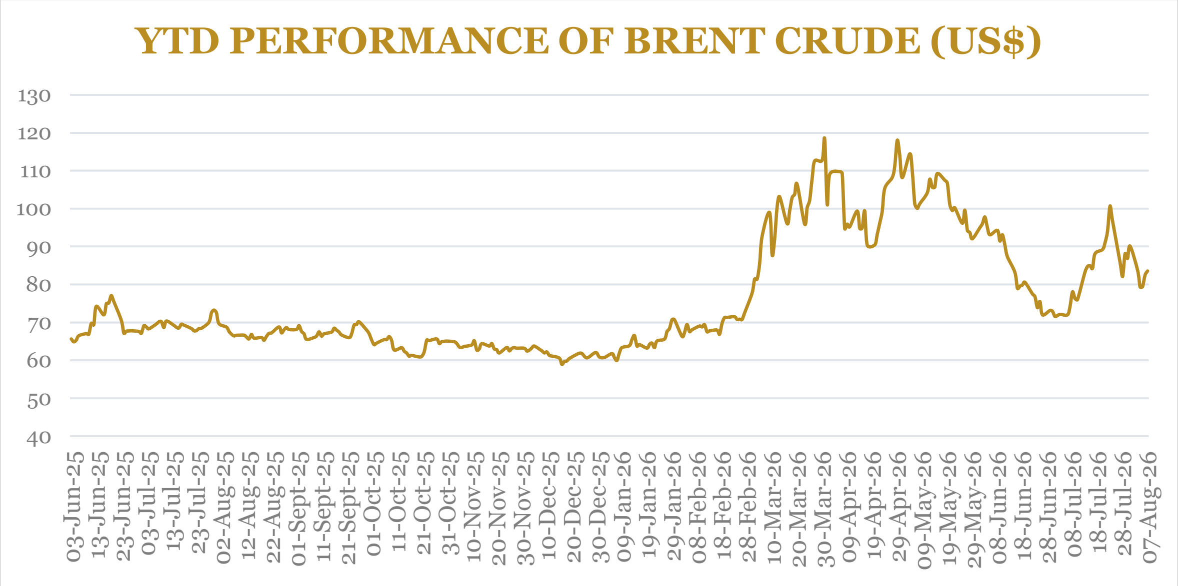

*Source: Tradingeconomics.com, PSL Research*

# Crude Oil Price Update

- Crude oil prices extended their decline last week as hopes of a potential resolution to the U.S.-Iran conflict eased concerns over near-term supply disruptions. Even though renewed attacks by Iran-backed Houthi militants introduced fresh geopolitical risks, continued tanker movements and stable regional crude flows helped contain fears of immediate supply shortages.

- Consequently, Brent crude declined by 7.29% week-on-week to close at US$83.55/bbl, while WTI fell by 7.67% to settle at US$78.18/bbl.

- We expect crude oil prices to remain volatile as investors monitor developments in the Middle East, particularly the risk of further regional escalation, alongside global supply and demand dynamics.




*Source: Investing.com, PSL Research*

| Crude Oil Prices | Current | Previous | Change |
|---|---|---|---|
| Brent Crude Oil($) | 83.55 | 90.12 | 7.29% |
| WTI Crude Price ($) | 78.18 | 84.67 | 7.67% |

# Domestic Update

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- According to the CBN, Nigeria's Composite PMI rose to 51.1 points in July from 50.1 points in June, marking the third consecutive month of private-sector expansion. The improvement was largely driven by a recovery in services activity, which returned to expansion at 51.1 points after three months of contraction, supported by entertainment, health, and education services. Agriculture remained stable at 52.1 points, although weakness in crop production continued to pose risks to food supply and inflation. Meanwhile, industry remained in contraction for the fourth consecutive month at 49.6 points, with oil-related activities recording the sharpest contraction at 40.0 points. Overall, relatively stable FX conditions should support private-sector activity, although persistent weakness in agriculture and industry could continue to weigh on growth and inflation dynamics.

- The National Insurance Commission (NAICOM) has confirmed that 43 insurance and reinsurance companies met the new Minimum Capital Requirements following the 31 July 2026 recapitalization deadline, while eight remain under a 14-day verification process after submitting their compliance documents close to the deadline. The successful completion of the exercise should strengthen industry capitalization, enhance insurers' capacity to underwrite larger and more complex risks, and support greater investment in technology and product development. With the recapitalization phase largely completed, investor attention is likely to shift from capital adequacy to capital efficiency, particularly the ability of insurers to convert stronger balance sheets into sustained premium growth, improved underwriting profitability, investment income and higher returns on equity.

- The National Economic Council (NEC) has approved a US$4.50bn oil-backed pre-export financing facility for NNPC, with the proceeds split between US$1.50bn to refinance the outstanding 2023 facility and US$3.00bn in new funding. The transaction provides additional external liquidity at a time of elevated government financing needs, while limiting immediate pressure on the domestic borrowing market. It also builds on the US$5.00bn Total Return Swap (TRS) arrangement with First Abu Dhabi Bank, under which US$1.50bn has already been accessed. The stronger oil production outlook, with output reaching 1.56mbpd in June, should support NNPC's crude delivery obligations and improve the government's cash flow through upfront settlement of related statutory liabilities. Overall, the refinancing should ease near-term debt repayment pressures and provide additional funding for infrastructure, while potentially reducing reliance on higher-cost domestic financing.

# Foreign Exchange Update

- The naira recorded mixed performance across the foreign exchange markets in the week ended 7 August 2026. The Nigerian Foreign Exchange Market (NFEM) rate appreciated by 0.19% week-on-week to ₦1,365.69/$ from ₦1,368.22/$, while the parallel market weakened by 1.07% to ₦1,420.00/$ from ₦1,405.00/$. The widening divergence points to renewed dollar demand in the parallel market despite relative stability in the official window.

- Meanwhile, Nigeria's gross external reserves increased by US$89.70 million to US$52.03 billion as of 6 August 2026, extending the recent improvement in Nigeria's external liquidity position.

# Fixed Income Market

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- System liquidity increased from ₦2.53tn at the start of the week to ₦4.08tn by Friday, primarily driven by net OMO and NTB maturity inflows. The Nigerian Overnight Financing Rate (NOFR) ranged from 21% to 32%, averaging 22% throughout the week.

- The NTB market opened the week on a calm note, maintaining its bullish momentum following the DMO's cancellation of the NTB auction. Demand remained concentrated at the long end of the curve, particularly the July maturities, with the 29 Jul bill trading around 16.85%. However, sentiment turned mildly bearish towards the latter half of the week, as sell-cares improved at the long end, while activity remained relatively subdued. Offers on the 29 Jul bill had improved to 17.00% levels. In the OMO segment, the CBN conducted two consecutive auctions during the week. Total subscription at the first auction was ₦2.97trn, against a total offer of ₦600bn. The CBN allotted ₦2.52trn on the 141-day bill, while no allotment was made on the 113-day tenor - the stop rate on the allotted 141-day bill printed at 20.10%. At the second OMO auction, the 133-day bill recorded an oversubscription of over 645%, attracting ₦1.94trn in subscriptions, while the 112-day bill was undersubscribed by 13%, with subscriptions of ₦263bn. The CBN allotted a total of ₦2.17trn against the ₦600bn offered. Stop rates on the 112-day and 133-day bills cleared at 20.35% and 20.15%, respectively.

- The FGN Bond market opened the week on a calm but bullish note, supported by the cancellation of the NTB auction and the CBN's OMO auction announcement. Activity was initially concentrated at the mid-end of the curve, particularly the 35s, 37s and 38s, with offers declining to 17.05% and off-the-run securities offered at sub-17.00% levels. The bullish momentum continued into mid-week, albeit at a more moderate pace, with selective buying interest across the 31s, 35s, 37s and 38s, while benchmark yields compressed marginally. Towards the latter half of the week, sentiment turned more cautious, with limited activity and improved offers across the mid-tenor bonds. By Friday, the 34s, 35s and 37s traded around 17.20%–17.35%, reflecting the bearish bias that emerged towards the close of the week.

# Equity Market

- The Nigerian equities market closed last week on a mildly bullish note, with the benchmark All-Share Index (ASI) and market capitalization rising by 0.12% to settle at 245,573.60 points and ₦158.51 trillion, respectively. The marginal gain was supported by buying interest in selected banking stocks, particularly First HoldCo, AccessCorp and Zenith Bank, which helped offset declines across several other sectors. Market breadth remained negative, with significantly more decliners than gainers, highlighting the narrow nature of the market's advance. Consequently, the year-to-date return improved to 57.86%, from 57.67% in the previous week.

- Buying interest was concentrated in selected counters, led by First HoldCo (+12.23%), Eterna (+10.00%), Vitafoam (+7.90%), NASCON (+2.63%), AccessCorp (+2.47%), Zenith Bank (+1.98%), Stanbic IBTC (+1.38%), MTN Nigeria (+0.96%), and UBA (+0.90%). However, selling pressure remained dominant, with notable declines recorded in ETI (-18.94%), CAP (-9.98%), Cadbury Nigeria (-9.92%), Custodian Investment (-9.88%), NAHCO (-9.68%), May & Baker (-7.50%), Dangote Sugar (-7.24%), Transcorp (-7.14%), NEM Insurance (-6.43%), PZ Cussons (-3.61%), TIP (-3.57%), Nigerian Breweries (-3.56%), NGX Group (-3.00%), Oando (-2.32%), Nestlé Nigeria (-2.22%), GTCO (-1.54%), Unilever Nigeria (-1.35%), Wema Bank (-1.03%), HBM Nigeria (-0.83%), and UACN (-0.53%). Overall, 26 equities appreciated, compared with 63 that declined, reinforcing the weak breadth despite the positive index close.

- Trading activity was mixed during the week, with investors exchanging 5.359 billion shares valued at ₦139.05 billion in 261,869 deals. Compared with the previous week, trading volume increased by 4.69%, while transaction value and the number of deals declined by 65.65% and 8.19%, respectively, indicating lower transaction value despite the modest increase in volume traded.

- The Insurance, Consumer Goods, Industrial Goods, and Oil & Gas indices declined by 3.31%, 1.75%, 0.17%, and 0.03%, respectively, while the Banking sector advanced by 2.33%, emerging as the sole sectoral gainer during the week.

- We expect the market to remain volatile with a cautious bias this week as investors continue to assess H1-2026 earnings and interim dividend announcements. Selective interest in stocks with strong earnings delivery, resilient cash flows and attractive dividend prospects could provide support, although persistent selling pressure across selected counters could constrain further market gains.