A Trading License Holder of the Nigerian Exchange Limited

Economic and Market Update

14 August 2026

Global Update

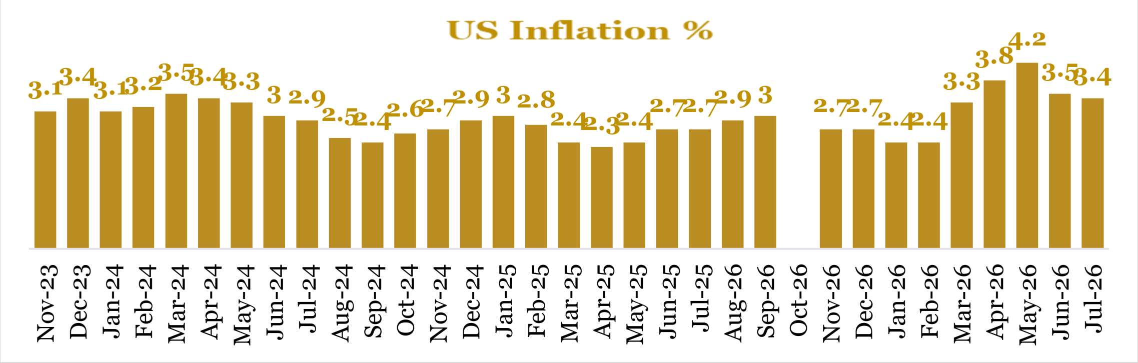
PARTHIAN SECURITIES

- According to the Bureau of Labor Statistics (BLS), US inflation continued to ease in July, with headline CPI moderating to 3.4% y-o-y from 3.5% in June, in line with market expectations. The improvement was also evident in underlying price pressures, as core inflation slowed to 2.5% y-o-y from 2.6%, supported by softer increases in shelter and medical care services, while food inflation remained unchanged at 3.0% y-o-y. On a monthly basis, consumer prices rose by 0.1%, following a 0.4% decline in June, as higher food and apparel prices more than offset lower hotel and motel costs. The moderation in annual inflation was partly supported by easing energy price pressures, although renewed geopolitical tensions could reverse some of these gains through higher oil prices. Against this backdrop, we expect the Fed to maintain the federal funds target range at 3.50%-3.75% at its September 16 meeting, as policymakers continue to evaluate the sustainability of the disinflation trend.

- The UK economy grew by 0.4% quarter-on-quarter in Q2-26, slowing from 0.6% in Q1-26, driven largely by a 0.5% expansion in services, particularly information and communication. Gross fixed capital formation rose by 1.2%, while household spending strengthened, partly supported by temporary factors. However, the H2-26 outlook remains subdued amid elevated energy costs, persistent inflation and softer labour demand. Against this backdrop, we expect the Bank of England to maintain a cautious policy stance as it balances weak growth against lingering inflationary pressures.

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	**3.40%** (Jul. 2026)	**3.50%** (Jun. 2026)	**-0.10%**
China GDP	**4.3%** (Q2-2026)	**5.0%** (Q1-2026)	**-0.70%**
China Inflation	**1.00%** (Jun. 2026)	**1.20%** (May. 2026)	**-0.20%**



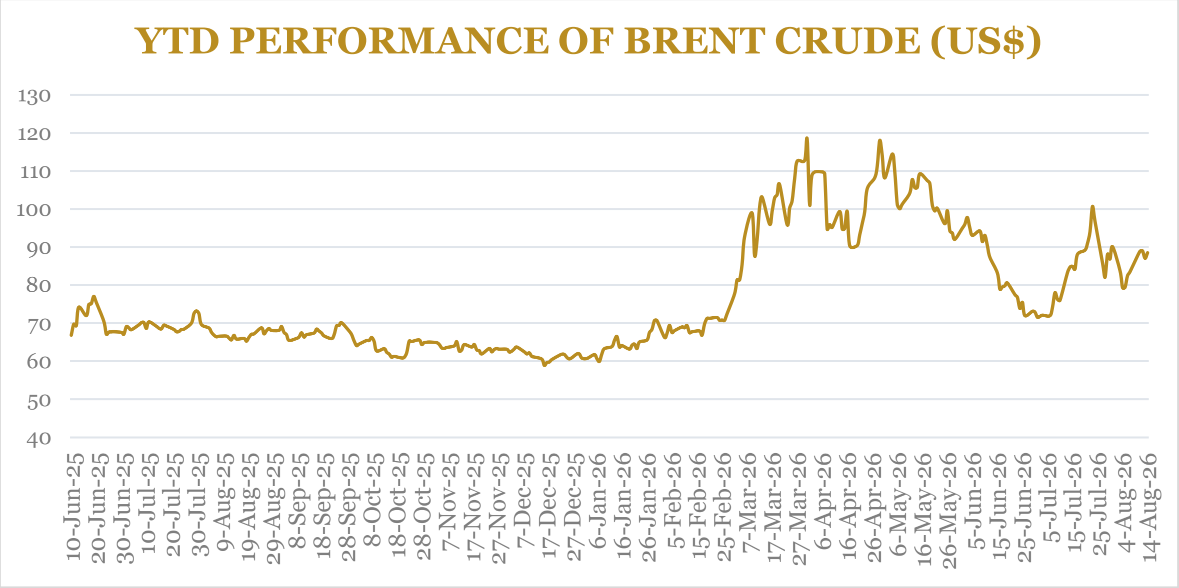
Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices rebounded strongly last week as heightened tensions in the Middle East renewed concerns over potential supply disruptions. The escalation was particularly evident around the Strait of Hormuz, where attacks on oil tankers and reduced vessel traffic increased concerns over the security of a key global shipping route.

- As a result, Brent crude rose by 5.95% week-on-week to US$88.52/bbl, while WTI gained 5.40% to US$82.40/bbl.

- Looking ahead, crude oil prices are likely to remain elevated and volatile as markets continue to monitor developments around the Strait of Hormuz and the broader Middle East conflict. Any further disruption to regional supply or shipping routes could provide additional upside to prices, although a de-escalation in tensions could ease some of the risk premium.



Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	88.52	83.55	5.95%
WTI Crude Price ($)	82.40	78.18	5.40%

Domestic Update

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- The Central Bank of Nigeria (CBN) has revised its domestic liquidity management framework to improve liquidity distribution and provide banks with greater funding flexibility. The changes remove restrictions on Standing Lending Facility (SLF) access introduced in 2022 and reintroduce 4–90 day Repo operations, while allowing banks to access the SLF on the same day as NFEM transactions or primary government securities auctions. The CBN also broadened OMO participation to corporates and individual investors, reversing the market segmentation introduced in 2019. The reforms are expected to improve liquidity transmission, ease funding pressures and reduce volatility in interbank rates, particularly around FX and primary-market settlement dates. Longer-tenor repos should provide banks with more predictable short-term funding, while wider OMO participation could deepen demand for CBN securities and broaden the investor base. This may gradually moderate OMO yields and narrow the yield differential between OMO bills and NTBs. However, clarity on the tax treatment of domestic OMO holdings and the commission structure for client sub-bids remains important for implementation.

- The Securities and Exchange Commission (SEC) has clarified the treatment of foreign investors under Nigeria's transition to a T+1 settlement cycle, providing greater certainty around the settlement process. Under the existing Delivery-versus-Payment (DvP) framework, equities and commodities traded through the CSCS are required to settle by 5:00 p.m. on the following business day. Importantly, the SEC confirmed that foreign investors are not required to prefund their accounts, with brokers and other Capital Market Operators (CMOs) responsible for ensuring that trades are adequately funded and settled within the prescribed timeframe. The clarification should ease concerns around de-facto prefunding, which had raised questions about Nigeria's attractiveness to international investors and contributed to FTSE Russell's review of the country's planned return to Frontier Market status. While the development is positive for foreign investor participation, effective implementation will depend on brokers and custodians consistently meeting the tighter settlement window. A smooth transition that preserves efficient foreign investor access should strengthen Nigeria's case for FTSE Russell reclassification.

Foreign Exchange Update

- The naira strengthened by 0.59% WoW at the official Nigerian Foreign Exchange Market (NFEM) last week, appreciating from ₦1,365.69/$ to ₦1,357.61/$, reflecting improved FX liquidity and supply conditions. In contrast, the parallel-market rate remained unchanged at ₦1,420/$, leaving a ₦62.39/$ spread between the two markets and indicating that some market segmentation persists.

- Nigeria's external reserves increased by 0.38% WoW to US$52.26 billion, up from US$52.06 billion in the previous week.

Fixed Income Market

- System liquidity declined week-on-week from ₦4.35trn to ₦3.57trn, following net NTB and OMO sales. Consequently, the NOFR varied from 21% to 32%, while the average rate remained flat at 22% during the week. This week, we expect OMO and NTB maturities, coupon inflows, and Bond auction sales to dictate liquidity, while the NOFR ranges around similar levels.

- The NTB market remained relatively calm and cautious throughout the week, as investors largely stayed on the sidelines due to the NTB and OMO auctions. The NTB auction recorded robust demand, particularly at the long end, with the 12-Aug maturity receiving ₦4.19trn in subscriptions against a ₦500bn offer. The DMO eventually allotted ₦1.46trn across the three standard tenors, with stop rates printing at 16.30%, 16.50% and 17.59% for the 91-day, 182-day and 364-day bills, respectively. In the OMO segment, activity was more pronounced across the Sep and Dec maturities. The CBN's ₦600bn OMO auction also attracted strong demand, with ₦4.93trn in subscriptions. Stop rates cleared at 20.39% and 20.01% for the 103-day and 138-day tenors, respectively, while ₦2.60trn was allotted. Post-auction, the 29-Dec OMO traded as low as 19.65%, before offers improved to 19.70% on Friday. We expect a calm start to the week, as investors remain on the sidelines ahead of today´s bond auction.

- The FGN Bond market started the week on a relatively active note, with activity concentrated across the mid-tenor on-the-run bonds, particularly the 35s, 37s and 38s, trading between 17.30% and 17.40%. Mild bearish sentiment persisted through Tuesday and Wednesday, with yields rising as investors reacted to the CBN's announcement allowing more participants to participate in the OMO market. The 38s traded as high as 17.85%, while the 35s and 37s traded around 17.70% before tightening. Activity remained subdued on Thursday as investors positioned for higher yields at the upcoming bond auction, following the DMO's ₦1.1tn offer across the 35s, 37s and 38s. However, market sentiment improved towards Friday's close, driven by FPI buying interest, with the 35s and 37s yields falling to 17.45%, while the 38s closed at 17.60%. Off-the-run bonds also saw some buying interest, notably the 31s, which closed the week at 17.25%. We expect a calm start to the week, as investors remain on the sidelines ahead of today´s bond auction.

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Equity Market

- The Nigerian equities market reversed the previous week's marginal gain, with the benchmark All-Share Index (ASI) declining by 1.20% to 242,619.20 points, while market capitalization fell by 1.19% to ₦156.62 trillion. The weaker performance reflected broad-based profit-taking as investors reassessed valuations following the market's strong year-to-date run. Market breadth also deteriorated, with 59 equities declining against 26 gainers, resulting in a 0.44x breadth ratio and indicating that the sell-off extended beyond a few large-cap counters.

- Selling pressure was pronounced across several major counters, led by Unilever (-18.94%), Dangote Sugar (-11.58%), BUA Foods (-10.00%), Ikeja Hotel (-8.51%), HBM Nigeria (-7.22%), Transcorp (-5.13%), MTN Nigeria (-4.73%), UACN (-4.52%), First HoldCo (-3.71%), TIP (-3.70%), Nigerian Breweries (-3.41%), ETI (-2.91%), Zenith Bank (-2.70%), Oando (-1.82%), Seplat Energy (-1.44%), Eterna (-0.83%), Presco (-0.71%), and Fidelity Bank (-0.23%). The decline was partly cushioned by gains in CWG (+9.74%), Airtel Africa (+8.59%), NAHCO (+7.29%), Cadbury Nigeria (+6.71%), NEM Insurance (+4.38%), Wema Bank (+3.14%), NGX Group (+2.06%), Nestlé Nigeria (+1.82%), UBA (+1.34%), GTCO (+0.39%), and AccessCorp (+0.37%).

- Trading activity was mixed, with 12.15 billion shares valued at ₦176.07 billion exchanged in 224,146 deals. Compared with the previous week, trading volume and transaction value increased by 126.78% and 26.61%, respectively, while the number of deals declined by 14.40%.

- Sectoral performance was broadly negative, with the Consumer Goods, Insurance, Banking, Industrial Goods, and Oil & Gas indices declining by 6.72%, 2.27%, 1.48%, 1.22%, and 0.74%, respectively.

- We expect market activity to remain cautious and stock-specific this week as investors digest the remaining H1-2026 earnings releases, particularly from the banking sector, where dividend announcements could influence investor positioning. Attention will also remain on FTSE Russell's review of Nigeria's potential reclassification to Frontier Market status, following clarification that foreign investors would not be required to pre-fund trades under the T+1 settlement framework. In addition, the revised NGX pricing methodology, which takes effect on August 17, could introduce some near-term volatility as market participants adjust to the changes. Overall, investor sentiment is likely to remain measured as participants weigh earnings prospects, dividend expectations and these market-structure developments.