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A Trading License Holder of the Nigerian Exchange Limited

Economic and Market Update

28 August 2026

Global Update

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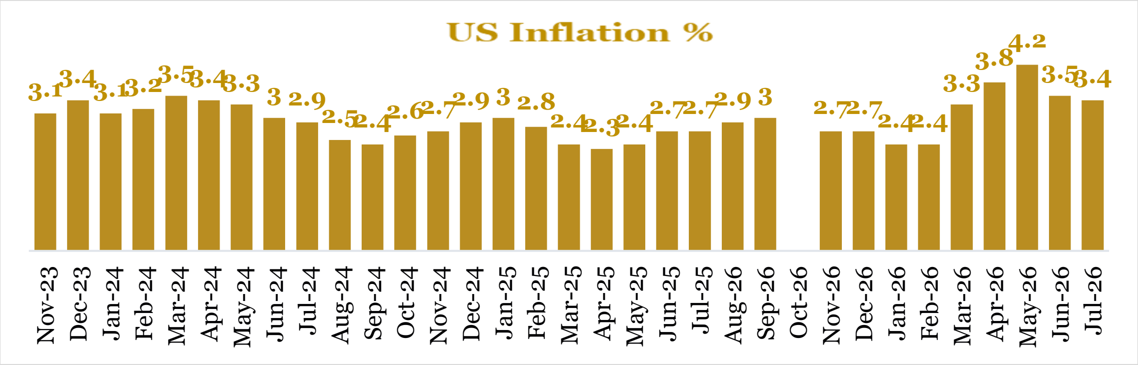
- According to the Bureau of Economic Analysis (BEA), the US Personal Consumption Expenditures (PCE) price index remained unchanged at 3.7% (year-on-year) in July 2026, in line with June but above the 3.6% market expectation. The steady reading reflected persistent price pressures across both goods and services, with goods inflation holding at 3.7%, while services inflation remained unchanged at 3.7%. Within the goods segment, durable goods inflation increased to 3.9% from 3.7%, while non-durable goods inflation accelerated to 3.4% from 2.9%. Meanwhile, core PCE inflation, which excludes food and energy, also remained unchanged at 3.3%, indicating that underlying price pressures is yet to ease materially. On a monthly basis, PCE inflation increased by 0.2% in July, reversing the 0.1% decline recorded in June. Overall, the July data point to continued stickiness in US inflation, particularly across services and goods, which could reinforce the Fed's cautious stance on monetary policy.

- According to the US Department of Labor, initial jobless claims fell by 4,000 to 203,000 in the week ended August 22, below the 208,000 market expectation, pointing to continued stability in labour market conditions. The decline extends the recent trend of subdued claims, suggesting that layoffs remain limited despite softer hiring momentum. On a non-seasonally adjusted basis, the largest declines in claims were recorded in California (-800), New Jersey (-752), and Florida (-647), while increases were most pronounced in New York (+722), Illinois (+700), and Michigan (+305). Meanwhile, the four-week moving average edged higher by 1,250 to 205,500, from 204,250 previously, indicating that the underlying trend in claims remained broadly stable. Overall, the data continue to point to a relatively resilient labour market, with no significant deterioration in layoffs.

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%**



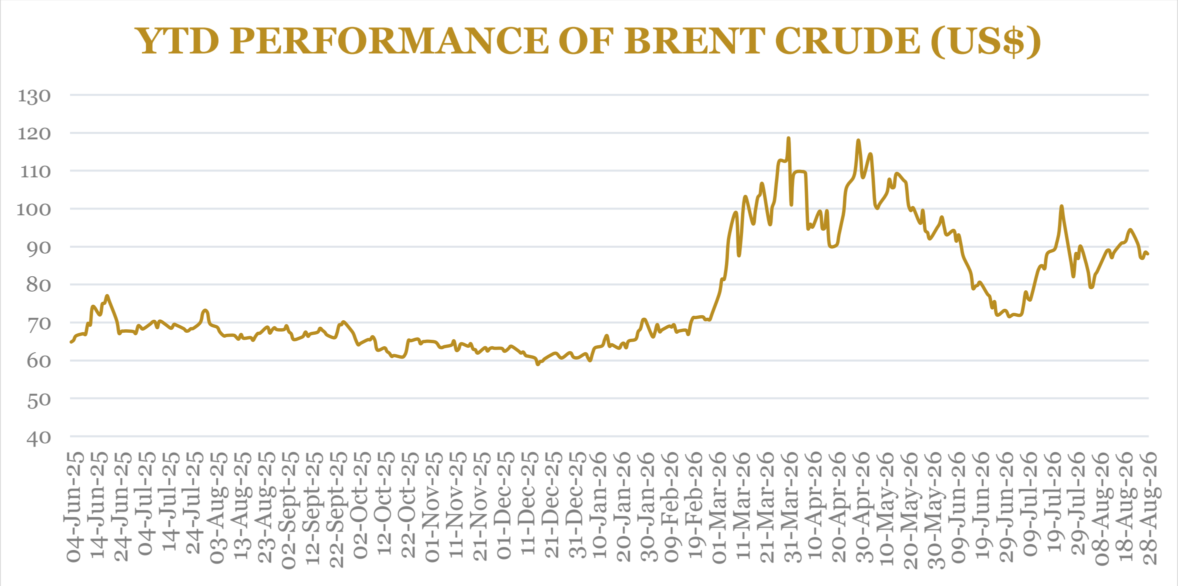
Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices came under pressure last week as easing concerns over potential supply disruptions through the Strait of Hormuz reduced the geopolitical risk premium in oil prices. Renewed expectations of progress in U.S.-Iran negotiations further supported the moderation in risk sentiment.

- Consequently, Brent crude declined by 4.93% week-on-week to US$88.10/bbl, while WTI fell by 4.20% to US$83.40/bbl.

- Looking ahead, we expect crude oil prices to remain volatile as market attention remains focused on developments in the Middle East and their implications for global supply. While further easing of geopolitical tensions could sustain the downward pressure on prices, any renewed escalation or disruption to key production and transportation routes could quickly reverse the recent decline.



Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	88.10	92.67	4.93%
WTI Crude Price ($)	83.40	87.06	4.20%

Domestic Update

- Nigeria is set to return to FTSE Russell's Frontier Market classification effective September 21, 2026, following a review of concerns around the transition from T+2 to T+1 settlement. The review found no material settlement, operational or funding challenges, paving the way for Nigeria's re-entry into the global frontier-market investment universe after being classified as "Unclassified" since 2023. The reclassification is expected to improve the visibility of Nigerian equities among global investors and could support foreign portfolio participation over time. It also reflects progress in key areas of market accessibility, including settlement efficiency, FX liquidity and capital repatriation. However, the reclassification alone is unlikely to guarantee immediate capital inflows, with the extent of the benefit dependent on sustained improvements in market liquidity, FX accessibility and investor confidence. The indicative index files expected on September 2 should provide further clarity on the potential implications for Nigerian equities.

- Dangote Petroleum Refinery raised its gantry price of petrol by ₦65 to ₦1,265/litre, effective August 29, 2026, marking the refinery's third price increase in just eight days. The latest adjustment brings the cumulative increase from ₦1,165/litre on August 21 to ₦1,265/litre, representing an 8.6% rise, while the coastal price increased to ₦1.67 million per metric tonne. The repeated price adjustments come amid heightened volatility in the international oil market and rising freight and logistics costs, with ongoing US-Iran tensions adding to uncertainty around crude supply and transportation. We expect the latest increase to feed through to depot and retail prices, potentially raising transportation costs and adding to near-term inflationary pressures.

- MTN Group is exploring banking licences in selected African markets, including Nigeria, as it seeks to expand its digital financial services business. The move builds on the strong growth of its fintech ecosystem, with MoMo serving nearly 70 million active users across 16 markets and processing over US$500.00 billion in transactions in 2025, while BankTech-facilitated loans rose by over 80% YoY to US$3.50 billion. For MTN Nigeria (MTNN), a banking licence could enable greater control over its financial services value chain through deposit mobilization and direct lending, while leveraging its extensive customer base and digital infrastructure. Although higher regulatory capital and credit-risk requirements could constrain the pace of expansion, the initiative presents a potential long-term growth avenue for MTNN and could heighten competition across Nigeria's financial services industry.

Foreign Exchange Update

- The naira strengthened across both the official and parallel FX markets last week. The Nigerian Foreign Exchange Market (NFEM) rate appreciated by 69bps to ₦1,337.29/$ from ₦1,346.49/$, while the parallel-market rate gained 36bps to ₦1,400/$. Notwithstanding, the spread between both markets widened marginally to ₦62.71/$ from ₦58.51/US$ in the previous week.

- Meanwhile, Nigeria's gross external reserves rose by US$478.45 million to US$53.31 billion as of August 27, 2026.

Fixed Income Market

- System liquidity decreased by c.₦860bn, closing the week with a credit balance of ₦3.61trn, following net OMO and NTB auction settlements. The NOFR average rate remained unchanged at 22%, while the minimum and maximum rates were 20.5% and 32%, respectively, during the week.

- The NTB market remained relatively subdued earlier in the week, with activity largely muted ahead of the NTB auction. At the auction, total subscriptions stood at ₦3.79trn vs an allotment of ₦762.89bn, with the 364-day bill clearing 44bps lower at 17.15%, while stop rates on the 91- and 182-day bills remained unchanged at 16.30% and 16.50%, respectively. Post-auction, activity improved modestly, with demand focused at the long end of the curve.The OMO segment remained the more active part of the market. The CBN conducted two OMO auctions during the week. At the first auction, the CBN offered a total of ₦1trn across the 97-day and 132-day tenors, with total subscriptions reaching ₦4.26trn vs an allotment of ₦2.80trn. Stop rates cleared at 19.90% and 19.65%, respectively. At the second auction, the CBN offered N1.0trn across the 96-day and 152-day tenors, with stop rates clearing at 19.85% and 19.32%, respectively. Total sales amounted to N1.9trn from a subscription of N4.36trn. Post-auction, participants continued to seek papers in the secondary market to meet unmet demand, supporting bullish momentum. The 26-Jan paper closed the week around 18.70%.

- The FGN Bonds market remained relatively subdued through the week, albeit with a mildly bullish undertone. Early in the week, pockets of demand were observed across the mid-tenor maturities. Following the NTB and OMO auctions, which cleared below market expectations, renewed buy-cares emerged, supporting a decline in bond yields. The mildly bullish sentiment was sustained into Thursday, particularly on the 35s. Consequently, the 35s and 37s closed at 17.10% and 17.15%, respectively, while the 38s settled at 17.35%. The bullish tone also filtered into the off-the-run maturities, particularly at the short end of the curve, with the 29s trading as low as 16.75%. By Friday, activity remained calm, although the 38s remained the most sought-after paper, trading around 17.40%. Overall, the benchmark average yield declined marginally by 3bps week-on-week.

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Equity Market

- The Nigerian equities market staged a modest recovery last week, with the NGX All-Share Index (ASI) gaining 0.81% to close at 241,298.47 points, following the 1.35% decline recorded in the previous week. Similarly, market capitalization increased by 0.84% to ₦155.83 trillion. Notably, the market opened for four days, with Tuesday declared a public holiday by the Federal Government to commemorate Eid-ul-Mawlid. The ASI gained in two of the four sessions and declined in the other two. Nonetheless, renewed buying interest in selected Banking and Oil & Gas counters supported the weekly recovery. Consequently, the market's year-to-date return improved to 55.06% from 53.81% in the previous week.

- However, market breadth remained weak, with 24 stocks advancing against 55 decliners. FirstHoldCo (+11.58%), Seplat Energy (+10.00%), Transcorp Hotels (+9.76%), Access Holdings (+9.26%) and NEM Insurance (+3.17%) recorded some of the strongest gains, while Fidson Healthcare (-17.69%), Ikeja Hotel (-10.00%), TotalEnergies Marketing Nigeria (-10.00%), Oando (-5.97%) and TIP (-5.43%) led the decliners.

- Trading activity also moderated considerably, with 2.51 billion shares valued at ₦123.22 billion traded in 173,561 deals. This represents a 59.77% decline in volume, 21.89% decrease in transaction value and 6.93% reduction in the number of deals from the previous week.

- Sector performance was mixed, as the NGX Oil & Gas and Banking indices advanced by 4.54% and 2.89%, respectively. The Industrial Goods Index was unchanged, while the Consumer Goods and Insurance indices declined by 0.67% and 0.63%, respectively.

- We expect sentiment to remain cautiously positive in the near term, supported by renewed interest in the Banking and Oil & Gas sectors and continued positioning ahead of Nigeria's return to the FTSE Russell Frontier Market universe. However, the sharp moderation in trading activity and relatively narrow market breadth suggest that investors are likely to remain measured in their approach. Against this backdrop, we expect gains to remain selective, with investor attention likely to favour fundamentally sound counters offering attractive valuations.