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A Trading License Holder of the Nigerian Exchange Limited

Economic and Market Update

31 July 2026

Global Update

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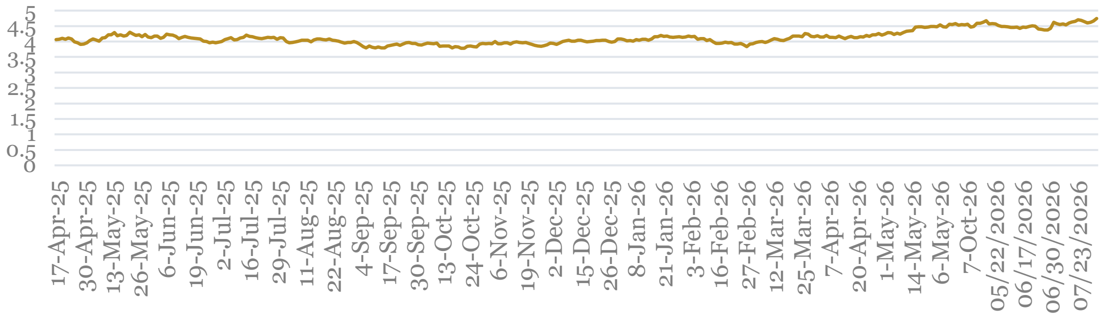
- According to the U.S. Bureau of Economic Analysis (BEA), the U.S. economy expanded by 1.5% q/q in Q2 2026, slowing from 2.1% in Q1 and coming in below the consensus estimate of 2.1%. The weaker performance was mainly driven by softer private investment and a decline in government spending, which outweighed the positive impact of stronger consumer spending. Government expenditure contracted by 0.8% q/q, largely reflecting lower federal spending, while growth in private investment eased to 3.0% from 7.9% in the previous quarter. Meanwhile, consumer spending rebounded to 3.2% q/q from 0.5%, supported by stronger goods and services consumption, partly aided by AI-related investments and tax refunds under the One Big Beautiful Bill. On a year-on-year basis, real GDP growth moderated to 2.1% in Q2 2026 from 2.7% in the preceding quarter, indicating a gradual easing in the pace of economic expansion.

- At its July policy meeting, the U.S. Federal Open Market Committee (FOMC) left the federal funds rate unchanged at 3.50%–3.75%, in line with market expectations, although three policymakers voted in favour of a 25bps rate hike. The Committee acknowledged that the U.S. economy continues to expand at a solid pace despite heightened geopolitical uncertainty, while labour market conditions remained broadly stable, with the unemployment rate easing to 4.2% in June from 4.3% in May. Headline inflation moderated to 3.5% y/y from 4.2% in May, supported by lower oil prices following the temporary U.S.–Iran ceasefire. However, the Fed maintained a cautious stance, noting that inflationary pressures remain elevated amid persistent supply-side challenges and renewed upside risks to energy prices, while reaffirming its commitment to restoring price stability.

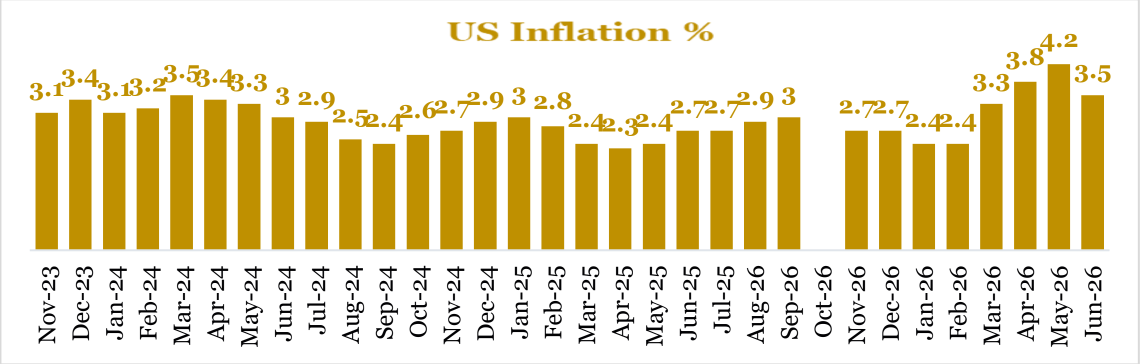
Global Economic Data

	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%**

US 10 Year Bond Yields (%)



Source: Investing.com, PSL Research



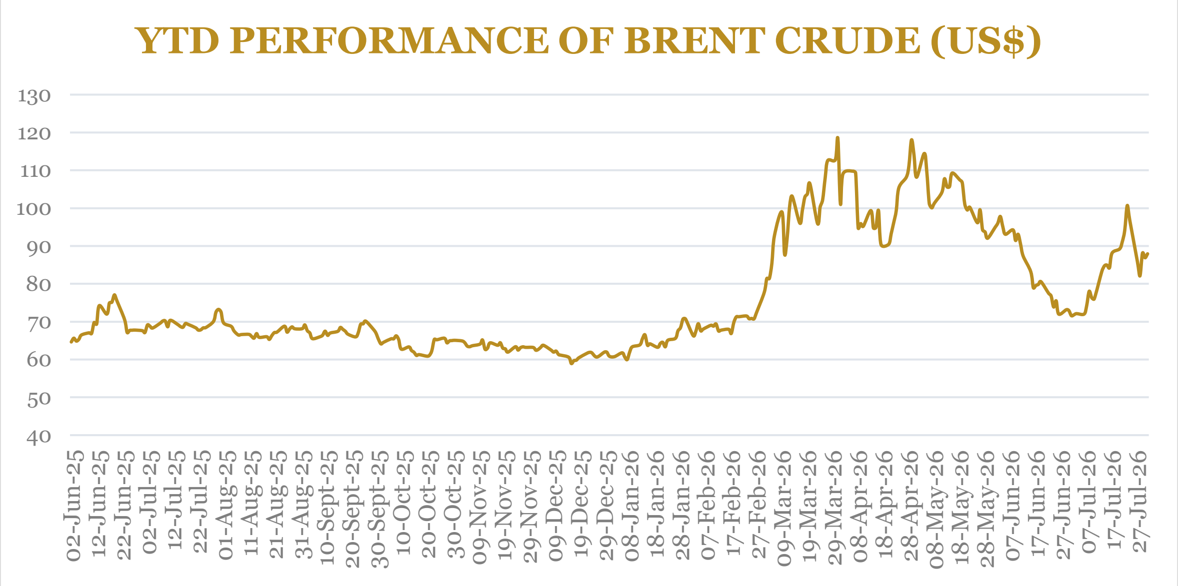
Source: Tradingeconomics.com, PSL Research

Crude Oil Price Update

- Global crude oil prices retreated last week, reversing the previous week's gains as easing geopolitical tensions between the U.S. and Iran helped reduce immediate concerns over supply disruptions. Specifically, reports of increased tanker movements through the Strait of Hormuz, helped eased fears of disruptions to the Strait of Hormuz despite lingering regional tensions.

- As a result, Brent crude declined by 4.09% week-on-week to close at US$87.93/bbl, while WTI fell by 0.56% to settle at US$84.67/bbl.

- Looking ahead, crude oil prices are likely to remain volatile as investors continue to monitor geopolitical developments in the Middle East, the security of major shipping routes, and the potential impact of global supply and demand dynamics on the energy market.



Source: Investing.com, PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil($)	87.93	91.68	4.09%
WTI Crude Price ($)	84.67	85.15	0.56%

Domestic Update

- According to the Nigerian Exchange (NGX) Domestic and Foreign Portfolio Investment Report, total equity market transactions declined by 11.8% month-on-month to ₦1.71 trillion in June 2026 from ₦1.94 trillion in May, largely reflecting weaker participation from domestic investors. Domestic transactions, which accounted for 89.1% of total market activity, fell by 13.2% to ₦1.53 trillion as both retail and institutional investors reduced trading activity. In contrast, foreign investor participation improved marginally, with transactions rising by 1.7% to ₦186.79 billion. Despite the decline in overall market activity, net outflows narrowed to ₦48.99 billion from ₦61.01 billion in May, indicating a moderation in capital outflows during the month.

- S&P Global has agreed to acquire a majority stake in Agusto & Company Limited, a leading Pan-African credit rating agency, subject to regulatory approvals. Following the completion of the transaction, expected in H2 2026, Agusto will continue to operate independently while leveraging S&P Global's global expertise, resources, and distribution network. The partnership is expected to strengthen the visibility and credibility of African issuers, improve investor confidence, and support deeper participation in the region's debt markets. While the acquisition is unlikely to materially alter Nigeria's domestic ratings landscape in the near term, it represents a strategic step towards strengthening Africa's credit ratings ecosystem over the longer term.

- AVA Capital Plc was admitted to the Main Board of the Nigerian Exchange (NGX) on 31 July 2026 through a Listing by Introduction, with 5.00 billion ordinary shares admitted to trading at ₦7.50 per share, debuting with a market capitalization of ₦37.50 billion. As the listing did not involve the issuance of new shares, the transaction was not a capital-raising exercise but marks the company's transition into the public market. The listing is expected to enhance AVA Capital's corporate visibility, strengthen investor engagement, and improve access to future funding opportunities. While near-term trading is likely to be driven by price discovery and investor sentiment, the company's longer-term market performance will depend on its ability to deliver sustained earnings growth and maintain strong corporate governance.

- The Securities and Exchange Commission (SEC) has launched a fully electronic registration platform for Capital Market Operators (CMOs) as part of its ongoing efforts to modernize Nigeria's capital market. The digital platform is expected to simplify registration and compliance processes, improve regulatory efficiency, and reduce processing timelines for market participants. Over time, the initiative is expected to enhance market transparency, strengthen the ease of doing business, and support broader participation in the capital market, reinforcing investor confidence in the regulatory environment.

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Foreign Exchange Update

- The naira weakened marginally in the Nigerian Foreign Exchange Market (NFEM) last week, depreciating by 0.45% to close at ₦1,368.22/$ from ₦1,362.09/$, while the parallel market exchange rate remained unchanged at ₦1,405.00/$. On a month-on-month basis, the naira depreciated by 0.84% in the official market relative to ₦1,379.68/$ recorded at the end of June, whereas the parallel market appreciated by 0.36% from ₦1,400.00/$, reflecting sustained stability in the informal foreign exchange market.

- Meanwhile, Nigeria's gross external reserves declined by US$107.73 million during the week to US$51.92 billion as of 30th July 2026, marking the first weekly decline in three months. Despite the moderation, the reserve position remains relatively strong, providing continued support for external liquidity and exchange rate stability.

Fixed Income Market

- System liquidity declined from ₦4.51tn at the start of the week to ₦2.98tn by Friday, primarily due to net OMO and NTB settlement outflows. Despite the decline in liquidity, the Nigerian Overnight Financing Rate (NOFR) remained unchanged at 22.00% throughout the week.

- The NTB market opened the week on a cautious yet mildly bullish note, as investors remained on the sidelines ahead of the NTB auction. At the PMA, the DMO offered ₦700bn across the three standard tenors. Total subscriptions settled at ₦3.62tn, while ₦1.25tn was allotted, leaving approximately 65% of demand unmet. Stop rates on the 91-day and 182-day bills remained unchanged at 16.30% and 16.50%, respectively, while the 364-day bill declined by 31bps to 17.35%. Following the auction, the rally continued as rates on the newly issued one-year bills dropped to 16.90 by the end of the week.In the OMO segment, activity was driven by the CBN's ₦600bn auction across the 91-day, 119-day and 133-day tenors. Total subscriptions came in at ₦3.48tn, with ₦3.47tn allotted at stop rates of 20.60%, 20.29% and 20.15%, respectively.

- The FGN Bond market sustained its bullish momentum throughout the week, although trading activity remained relatively subdued as investors continued to react to the revised DMO auction calendar and the decline in NTB stop rates at the PMA. Activity was largely concentrated on the short- to mid-tenor segment, particularly the 33s, 35s, 37s, and 38s, with selective demand also extending to the off-the-run maturities. Buying interest strengthened as the week progressed, driving yields lower across the benchmark curve. By the close of the week, the average benchmark yields had compressed by approximately 27bps week-on-week.

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Equity Market

- The Nigerian equities market closed on a bearish note last week, with the benchmark All-Share Index (ASI) and market capitalization declining by 0.84% and 0.79%, respectively, to settle at 245,283.68 points and ₦158.326 trillion. The market's decline reflected cautious investor sentiment as participants reacted to a mixed batch of H1 2026 corporate earnings and interim dividend announcements. While positive earnings and attractive dividend declarations sustained buying interest in selected counters, profit-taking in select large-cap banking, industrial goods, consumer goods, and telecommunications stocks outweighed gains across the broader market. Consequently, the market's month-to-date return settled at 6.92%, while the year-to-date return moderated to 57.67% from 58.96% in the previous week.

- Selling pressure dominated trading during the week, with notable losses recorded in TIP (-12.50%), Transcorp Power (-10.00%), CAP (-9.97%), Mecure Industries (-9.94%), Access Holdings (-9.93%), NAHCO (-8.82%), Oando (-8.50%), Vitafoam (-7.70%), Fidson Healthcare (-6.45%), Nigerian Breweries (-6.41%), NGX Group (-5.27%), Cadbury Nigeria (-4.44%), UBA (-3.26%), NASCON (-3.06%), UACN (-2.95%), BUA Cement (-2.47%), Stanbic IBTC Holdings (-2.45%), Zenith Bank (-2.33%), PZ Cussons (-2.30%), MTN Nigeria (-1.53%), and GTCO (-1.52%). However, the losses were partially offset by buying interest in Eterna (+8.20%), NEM Insurance (+7.89%), Transcorp (+7.55%), First HoldCo (+7.51%), HBM Nigeria (+3.86%), Guinness Nigeria (+2.96%), Dangote Sugar (+2.88%), Fidelity Bank (+2.62%), May & Baker (+2.56%), and Custodian Investment (+1.98%).

- Trading activity strengthened during the week, with investors exchanging 5.119 billion shares valued at ₦404.76 billion in 285,223 deals. Compared with the previous week, trading volume, value, and the number of deals increased by 15.47%, 32.22%, and 11.59%, respectively, indicating improved market participation despite the bearish market sentiment. Sectoral performance was largely bearish last week, as the Consumer Goods, Banking, Oil & Gas, and Industrial Goods sectors declined by 2.29%, 0.69%, 0.24%, and 0.20%, respectively. The Insurance sector, however, closed higher, gaining 1.72%.

- We expect the market to trade with a mixed sentiment this week as investors continue to digest H1-2026 corporate earnings and position accordingly. While selective buying interest in fundamentally strong stocks may provide support, intermittent profit-taking and cautious positioning could limit upside and trigger bouts of market volatility.