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SECURITIES

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Economic and Market Update

04 September 2026

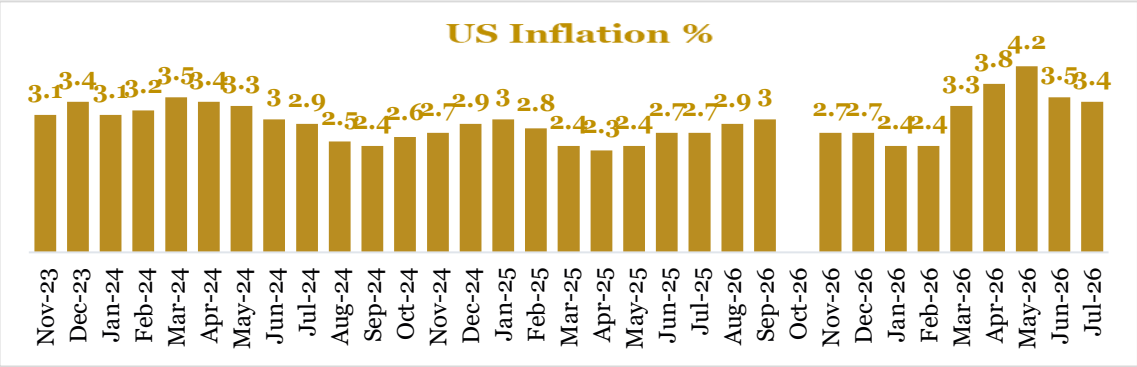
Global Update



- Eurozone headline inflation accelerated to 3.3% (year-on-year) in August from 2.9% in July, marking its highest level since May 2026. The increase was largely driven by a sharp rise in energy inflation, which climbed to 14.3% from 10.3% in July, amid higher energy prices linked to ongoing geopolitical tensions in the Middle East. Meanwhile, underlying price pressures remained relatively contained. Core inflation eased to 2.4% from 2.5%, supported by a moderation in services inflation to 3.0% from 3.3%. Food inflation was unchanged at 1.2%, while non-energy industrial goods inflation increased marginally to 1.2% from 0.9%. We expect the August inflation data to strengthen the case for a 25bps rate hike at the ECB’s September 10 meeting, given that headline inflation has risen further above the 2.0% target.
- According to the Bureau of Labor Statistics (BLS), US non-farm payrolls increased by 162,000 in August, up from a revised 23,000 gain in July and well above market expectations of 56,000. The stronger-than-expected reading suggests some resilience in the labour market following the slowdown recorded in recent months. The increase was driven primarily by gains in food services (+59,000) and local government education (+42,000), which rebounded following declines in July. Manufacturing (+16,000) and healthcare (+13,000) also recorded employment gains, although healthcare growth remained below its 12-month average of 32,000. Conversely, employment in the Information sector declined by 23,000, while most other major sectors were broadly unchanged. Meanwhile, the unemployment rate held steady at 4.1%, while the labour force participation rate rose by 0.2% to 61.6%. The stronger labour market data reduces the pressure on the Federal Reserve to ease policy and has increased expectations of a possible rate hike at the FOMC’s September 15–16 meeting. However, the employment data alone is unlikely to determine the policy decision, with the August inflation report due ahead of the meeting expected to be a key consideration. A further moderation in inflation would support a hold, while a renewed acceleration in price pressures would strengthen the case for a 25bps rate hike.

Global Economic Data

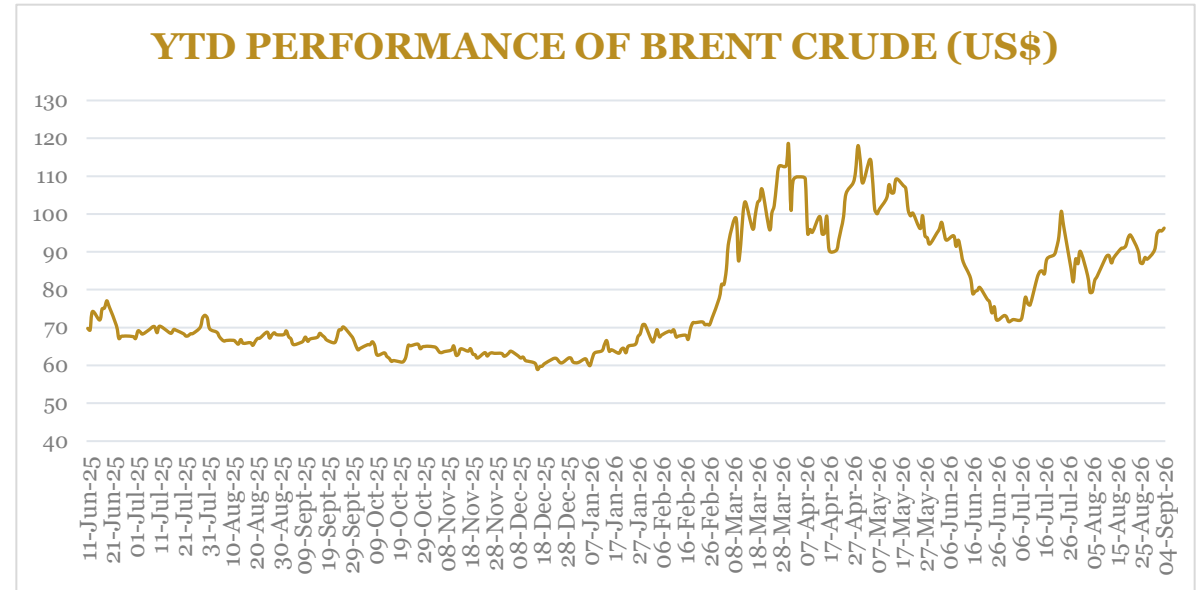
	Current	Previous	Change
US GDP	1.50% (Q2-2026)	2.10% (Q1-2026)	-0.60%
US Interest Rate	3.50% - 3.75% (Jul. 2026)	3.50% - 3.75% (Jun. 2026)	0.00%
US Inflation	3.40% (Jul. 2026)	3.50% (Jun. 2026)	-0.10%
China GDP	4.3% (Q2-2026)	5.0% (Q1-2026)	-0.70%
China Inflation	1.00% (Jun. 2026)	1.20% (May. 2026)	-0.20%



Source: [Tradingeconomics.com](https://tradingeconomics.com), PSL Research

Crude Oil Price Update

- Global crude oil prices rebounded strongly last week as renewed military exchanges between the US and Iran heightened concerns over potential supply disruptions and pushed up the geopolitical risk premium. However, strong US production and adequate inventory levels provided some counterbalance to the supply concerns, limiting the potential for a sharper price increase.
- On a week-on-week basis, Brent crude rose by **9.28%** to US\$96.28/bbl, while WTI gained **9.69%** to US\$91.48/bbl.
- Looking ahead, we expect crude oil prices to remain volatile, with the direction of US–Iran tensions and the potential impact on key oil supply routes likely to remain the key drivers. A de-escalation in geopolitical tensions could ease the risk premium and moderate prices, while further military escalation or disruptions to major transportation routes could sustain upward pressure.



Source: [Investing.com](https://www.investing.com), PSL Research

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil(\$)	96.28	88.10	9.28%
WTI Crude Price (\$)	91.48	83.40	9.69%

Domestic Update



- Nigeria's real GDP growth accelerated to 4.43% year-on-year in Q2 2026 from 3.89% in Q1 2026 and 4.23% in Q2 2025, marking the strongest quarterly growth since Q2 2025. The improvement was driven by stronger performance across services and agriculture, alongside a recovery in oil output. Services remained the dominant engine of growth, accounting for 56.62% of real GDP, while agriculture also recorded stronger momentum. However, industrial growth moderated sharply to 3.96% in Q2 2026 from 7.46% in Q2 2025 (although it was slightly up compared to 3.92% in Q1 2026), indicating that persistent supply-side constraints continue to limit the scope of the recovery.
- FTSE Russell has confirmed that Nigeria will be reclassified from its current Unclassified status to Frontier Market status effective September 21, 2026. Ahead of the effective date, 31 Nigerian equities have been identified as eligible for the FTSE Russell Frontier Index Series, comprising 10 large-cap, 10 mid-cap and 11 small-cap stocks. The large-cap names include Aradel, Dangote Cement, FirstHoldCo, GTCO, MTN Nigeria, Nestlé Nigeria, Nigerian Breweries, Presco, Stanbic IBTC, and Zenith Bank. We view the forthcoming reclassification as a positive development for the Nigerian equities market, as its return to the Frontier Market universe should improve the visibility and accessibility of local equities to global investors.
- The Securities and Exchange Commission (SEC) has approved the proposed initial public offering (IPO) of Dangote Petroleum Refinery and Petrochemicals, with the offer scheduled to open on September 14, 2026. The transaction comprises 4.10 billion ordinary shares at ₦525.00 per share, translating to a base offer size of approximately ₦2.15 trillion. Proceeds from the offering are expected to support the company's expansion programme, including plans to increase refining capacity from 650,000 barrels per day to 1.40 million barrels per day. The size of the offer is likely to have some implications for market liquidity as investors position for participation. The 270% oversubscription recorded during the July private placement suggests strong underlying investor appetite for the company and could prompt some investors to rebalance existing equity positions to fund subscriptions. However, we expect the impact on the broader equities market to remain contained, as a portion of investors may have already allocated funds ahead of the offer. Over the medium to long term, the proposed listing is positive for the Nigerian Exchange (NGX), as Dangote Refinery would add a sizeable large-cap counter to the market, increase aggregate market capitalization and deepen the range of investment opportunities available to domestic and foreign investors. The listing would also provide investors with direct exposure to Nigeria's downstream energy sector and one of the country's largest industrial assets.

Foreign Exchange Update

- The naira maintained its upward trajectory last week, with gains recorded in both the official and parallel FX markets. The Nigerian Foreign Exchange Market (NFEM) rate strengthened by 122bps to ₦1,321.22/\$ from ₦1,337.29/\$, while the parallel-market rate appreciated by 72bps to ₦1,390/\$ from ₦1,400/\$. The continued strengthening of the naira points to easing pressure in the foreign exchange market, supported by improved liquidity conditions.
- Gross external reserves continued their upward trajectory, reaching an 18-year high of \$54.08 billion as of September 3, up 1.45% from \$53.31 billion a week earlier. The sustained accretion reflects stronger dollar inflows from oil receipts, capital flows and remittances. The improved reserve position strengthens Nigeria's external buffer, enhances its capacity to meet FX obligations and gives the CBN greater room to manage periods of heightened FX demand, supporting naira stability.

Fixed Income Market

- System liquidity closed the week at c. ₦4.66tn, marginally higher than the c. ₦4.65tn opening balance on Mon, 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 27%, respectively, during the week.
- The NTB market opened the week on a relatively calm note, with market participants adopting a cautious stance due to the auction. At the auction, the DMO received total subscriptions of c.₦3.35tn against ₦750bn offered, with the 364-day paper accounting for c.₦3.24tn of subscriptions against ₦500bn offered. Overall, ₦865.71bn was allotted, with stop rates unchanged at 16.30% and 16.50% for the 91-day and 182-day papers, while the 364-day cleared 31bps lower at 16.84%. The newly issued 2-Sep bill subsequently traded around 16.50%. In the OMO segment, bullish momentum remained sustained throughout the week, with demand concentrated on the Dec, Jan, and Feb maturities. The CBN's OMO auction attracted robust demand, with c.₦5.50tn in subscriptions against ₦1.00tn offered, and ₦2.88tn allotted. Stop rates printed at 19.59%, 18.99%, and 18.99% for the 01-Dec, 26-Jan, and 02-Feb maturities, respectively. Post-auction demand remained firm, particularly for the 02-Feb paper, which traded as low as 18.10% towards the end of the week.
- The FGN Bonds market opened the week on a calm note, with mixed sentiment across the curve and activity constrained by wide bid/ask spreads. In the earlier half of the week, pockets of demand were observed at the belly of the curve, particularly on the 35s, 37s, and 38s, although only a handful of trades passed through. Following the OMO and NTB auctions, renewed buying interest emerged, driving yield compression across select mid-tenor maturities. The bullish momentum was sustained into Thursday and Friday. Consequently, the 35s and 37s closed at 16.75%, while the 38s settled around 16.80%. Overall, the average benchmark yield compressed by about 20bps week-on-week.



Equity Market

The Nigerian equities market sustained its positive momentum last week, driven by increased investor positioning in fundamentally sound stocks following FTSE Russell's decision to proceed with Nigeria's reclassification to Frontier Market status, effective September 21. Notably, the market closed higher in four of the five trading sessions, with the All-Share Index (ASI) gaining **2.36%** to close at 246,992.44 points, while market capitalization rose by **2.40%** to ₦159.559 trillion. Consequently, the market's year-to-date return improved to 58.72% from 55.06% recorded in the previous week.

Market breadth also improved, with 56 equities advancing compared with 35 decliners. The positive market performance was broadly supported by gains across key sectors, led by Nigerian Breweries (**+18.80%**), Oando (**+11.78%**), UACN (**+10.00%**), May & Baker (**+10.54%**), PZ Cussons (**+10.52%**), Seplat Energy (**+10.00%**), Ikeja Hotel (**+9.95%**), ETI (**+8.98%**), Aradel (**+8.51%**), Zenith Bank (**+6.28%**), Nestlé Nigeria (**+5.83%**), NEM Insurance (**+5.82%**), MTN Nigeria (**+5.04%**), Dangote Sugar (**+4.35%**), Fidelity Bank (**+4.17%**), NGX Group (**+4.00%**), Fidson Healthcare (**+3.90%**), FirstHoldCo (**+3.41%**), HBMNG (**+3.29%**), Wema Bank (**+3.14%**), GTCO (**+2.87%**), Transcorp (**+2.78%**), Access Holdings (**+1.69%**), Eterna (**+1.27%**) and Stanbic IBTC (**+0.26%**). Conversely, Beta Glass (**-17.38%**), NASCON (**-15.90%**), International Glass Industries (**-9.97%**), NAHCO (**-9.22%**), Unilever Nigeria (**-3.42%**), BUA Cement (**-2.22%**), Custodian Investment (**-1.97%**), TIP (**-0.99%**) and UBA (**-0.11%**) were among the decliners.

Trading activity also strengthened, with 4.36 billion shares worth ₦210.33 billion traded in 223,284 deals. This represents a 73.71% increase in volume, 70.83% rise in transaction value and 28.66% growth in the number of deals compared with the previous week, indicating a meaningful improvement in market participation.

- Sector performance was broadly positive, led by the Oil & Gas Index, which gained **9.10%**. The Insurance, Banking and Consumer Goods indices also advanced by **3.85%**, **3.58%** and **3.52%**, respectively, while the Industrial Goods Index declined marginally by **0.35%**.
- This week, we expect the positive momentum to persist, supported by improved market participation on the back of FTSE Russell reclassification of Nigeria to a Frontier market. Nevertheless, the pace of the recent gains could encourage profit-taking and intermittent volatility. We therefore expect investors to remain selective, with preference likely to be skewed towards fundamentally sound and liquid large- and mid-cap stocks.