



PARTHIAN
SECURITIES

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Economic and Market Update

18 September 2026

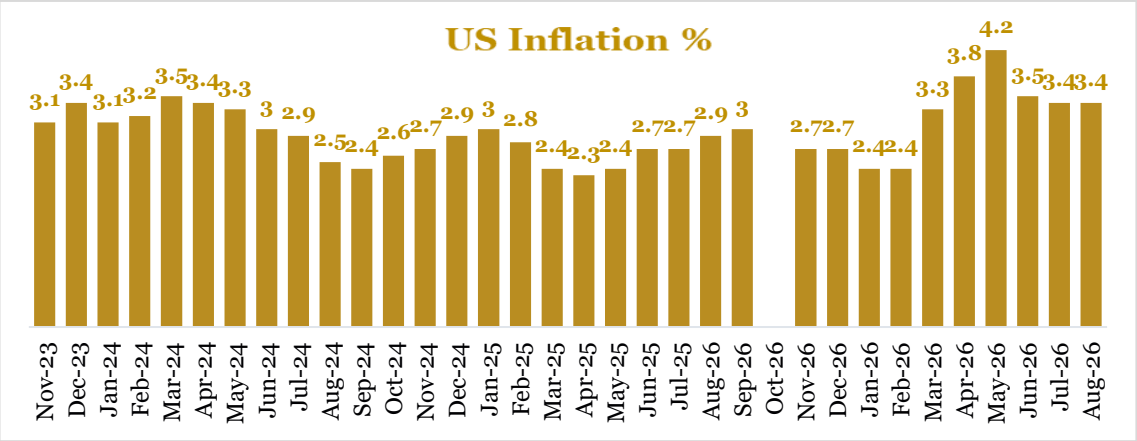
Global Update



- The Federal Reserve raised the federal funds target range by 25bps to 3.75%–4.00% at its September meeting, marking its first rate hike since July 2023. The decision reflects persistent inflationary pressures, alongside resilient domestic demand and a relatively stable labour market. The Fed also raised its 2026 GDP growth forecast to 2.3% from 2.2%, while increasing its headline and core PCE inflation forecasts to 3.7% and 3.4%, respectively. Notably, 16 of 18 FOMC policymakers projected at least one additional rate hike by year-end, reinforcing the Committee’s continued concern over inflation. We expect monetary policy to remain restrictive, with elevated energy prices and persistent inflation keeping further tightening on the table. However, the timing of any additional hike will remain data-dependent, particularly on the trajectory of inflation and labour-market conditions.
- The Bank of England (BoE) kept its benchmark interest rate unchanged at 3.75% in September, despite UK inflation accelerating to 3.1% YoY in August from 2.6% in July. The increase in inflation has been driven largely by higher energy costs following the prolonged Middle East conflict, with the Bank now projecting inflation to peak at around 3.75% in Q4:2026 and slightly above 4.0% in Q1:2027. The decision to hold rate reflects the BoE’s assessment that domestic demand remains sufficiently constrained by tight financial conditions and a softer labour market. While higher energy costs are pushing up headline inflation, the Bank noted that there is limited evidence of broader pass-through into wages and underlying price pressures. We expect the BoE to retain its cautious stance in the near term, with the persistence of elevated energy prices and any signs of renewed domestic price pressures likely to determine the direction of policy at subsequent meetings.

Global Economic Data

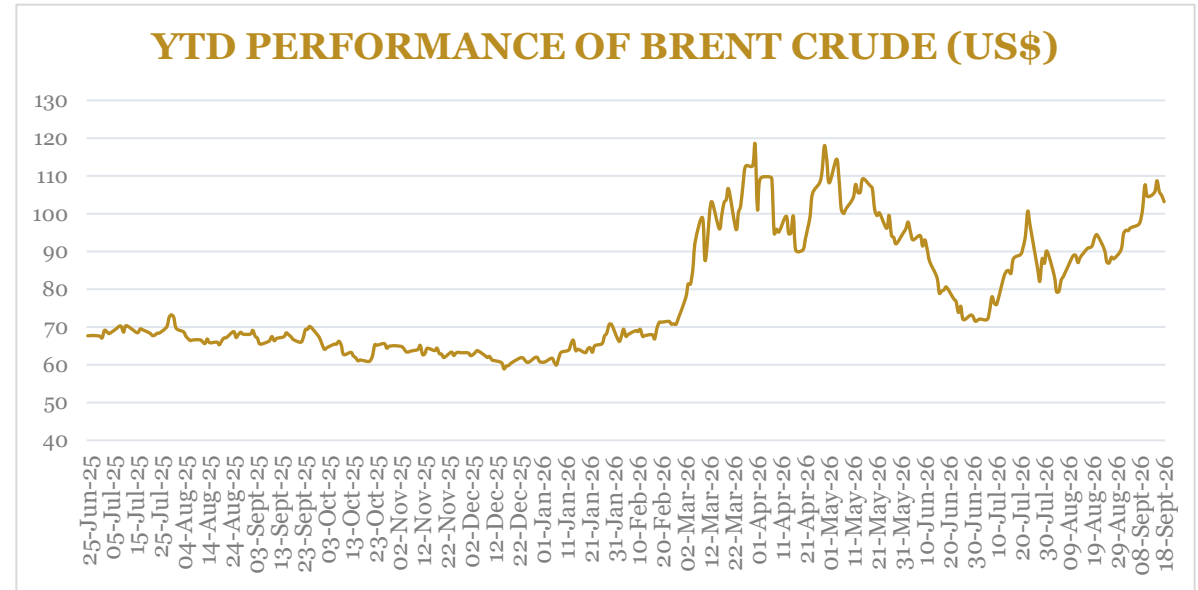
	Current	Previous	Change
US GDP	1.50% (Q2-2026)	2.10% (Q1-2026)	-0.60%
US Interest Rate	3.75% - 4.00% (Sep. 2026)	3.50% - 3.75% (Jul. 2026)	0.25%
US Inflation	3.40% (Aug. 2026)	3.40% (Jul. 2026)	0.00%
China GDP	4.3% (Q2-2026)	5.0% (Q1-2026)	-0.70%
China Inflation	1.00% (Jun. 2026)	1.20% (May. 2026)	-0.20%



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

Crude Oil Price Update

- Global crude oil prices declined last week, reversing the gains recorded over the previous two weeks, as signs of progress in US-Iran diplomatic efforts eased concerns over prolonged supply disruptions. The decline was further supported by softer demand expectations.
- On a week-on-week basis, Brent crude declined by **1.36%** to US\$103.19/bbl, while WTI fell by **0.52%** to US\$99.53/bbl.
- Looking ahead, we expect crude oil prices to remain volatile as the market balances geopolitical risks against demand concerns. Further progress in US-Iran negotiations could reduce the supply-risk premium and place additional downward pressure on prices, while renewed disruptions to oil production or major shipping routes could trigger another rebound.



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

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil(\$)	103.19	104.61	1.36%
WTI Crude Price (\$)	99.53	100.05	0.52%

Domestic Update



- Nigeria's headline inflation rate moderated for the third consecutive month, easing marginally to 15.39% YoY in August from 15.43% in July. The decline was supported by lower food and core inflation, with food inflation falling to 19.57% from 20.31%, while core inflation moderated more significantly to 13.29% from 14.97%. The improvement in food prices reflects increased market supply as the main harvest season commenced, while the moderation in core inflation points to softer underlying price pressures. On a monthly basis, inflation slowed considerably to 0.71% from 1.57% in July, its lowest level since November 2025. The moderation was supported by improved food availability and relative naira stability. Even though inflation has fallen for three consecutive months, we expect the MPC to maintain a cautious stance at the September meeting, as energy-price pressures could interrupt the disinflation trend in the coming months.
- J.P. Morgan has included Nigeria's local-currency government bonds in its newly launched Government Bond Index-Emerging Markets (GBI-EM) Edge, with 16 eligible FGN securities assigned a 7.40% weighting and a combined value of US\$17.47bn. The inclusion marks Nigeria's return to the J.P. Morgan sovereign bond index universe after its removal in 2015, with the country ranking as the eighth-largest constituent of the US\$328.00bn index. The re-entry reflects improvements in Nigeria's FX market, including increased liquidity and greater ease of access to and repatriation of foreign investment. Meanwhile, the relatively high yield on eligible FGN bonds, averaging about 17.10%, could further support foreign investor demand. We expect the inclusion to broaden the investor base for naira-denominated government securities and improve secondary-market liquidity as benchmark-linked investors begin allocating to Nigerian bonds. Sustained foreign inflows could also support FX liquidity and place downward pressure on bond yields. However, greater foreign participation may increase the market's sensitivity to global risk sentiment and exchange-rate movements, heightening the potential for capital outflows during periods of market stress.

Foreign Exchange Update

- The naira weakened marginally across both the official and parallel FX markets last week. At the official window, the NFEM rate depreciated by 35bps week-on-week to ₦1,331.20/US\$, while the parallel-market rate declined by 36bps to ₦1,390/US\$.
- Meanwhile, Nigeria's gross external reserves rose by 0.38% to US\$54.69 billion as of 17 September 2026 from US\$54.41bn as at 11 September 2026 extending a continuous improvement in Nigeria's external liquidity position. The higher reserve level provides additional buffer for FX liquidity and external obligations.

Fixed Income Market

- System liquidity closed the week at c. ₦2.46tn, significantly lower than the c. ₦4.33tn opening balance on Monday, 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 remained relatively subdued through the week, with activity largely selective across the curve. Demand was mainly concentrated around the September bills, particularly the 9-Sep paper, which traded around 16.55%–16.57% for most of the week. However, some interest was also observed on the 11-Mar and 15-Jul bills towards the end of the week, trading at 17.20% and 17.05%, respectively. Overall, activity remained muted, partly due to the Bond and OMO auctions and subsequent liquidity tightening. The OMO segment was relatively more active, with sustained demand across the Oct, Nov, Jan, and Feb maturities. The CBN's OMO auction attracted robust demand, with ₦3.03trn in subscriptions against ₦1.00trn offered, while ₦2.52trn was allotted. Stop rates cleared at 19.25%, 19.05%, and 18.39%, respectively. Following the auction, activity remained concentrated on the Nov and Feb papers, with yields around 19.50% and 18.30%, respectively.
- The FGN Bonds market remained relatively active through the week, although the overall tone turned bearish following Monday's Bond auction. The market opened cautiously ahead of the auction, where the DMO offered ₦1.00trn across the new 36s and Jun 38s, with total subscriptions of ₦1.49trn. The DMO allotted ₦748.64bn, alongside a non-compete allocation of c.₦850bn, with stop rates at 16.79% and 16.85%, respectively. Following the auction, the initial bullish undertone gave way to profit-taking, particularly on the Jun 38s, while the new Sep 36s traded around 16.65%–16.70%. Selling pressure persisted through Wednesday and Thursday, pushing benchmark yields higher, while pockets of cherry-picking emerged across select maturities. By Friday, activity remained subdued, although bids improved across the curve. Overall, the average benchmark yield increased by 20bps week-on-week.



Equity Market

- The Nigerian equities market recovered strongly last week, with the NGX All-Share Index (ASI) gaining **2.78%** to close at 249,804.56 points, while market capitalization rose by **2.90%** to close at ₦162.16 trillion. The rebound reversed the previous week's 1.60% decline and lifted the market's year-to-date return to 60.53% from 56.16%. The recovery was supported by renewed buying interest across several large-cap stocks, following the broad-based sell-off recorded in the previous week.
- Market breadth improved, with 52 equities advancing against 32 decliners. NGX Group (**+21.55%**), FirstHoldCo (**+17.65%**), Beta Glass (**+10.00%**), MTN Nigeria (**+9.73%**) and Aradel (**+9.62%**) supported the market's positive performance, while Transcorp Power (**-18.94%**), John Holt (**-18.89%**), Ellah Lakes (**-18.14%**), LivingTrust Mortgage Bank (**-17.46%**), and Omatek Ventures (**-12.41%**) led the decliners.
- Trading activity was mixed, with 3.25 billion shares worth ₦237.99 billion traded in 287,919 deals. Compared with the previous week, traded volume declined by 10.96%, while transaction value and the number of deals increased by 82.82% and 17.62%, respectively. The rise in traded value despite lower volume suggests greater activity in higher-value transactions during the period.
- Sector performance was broadly positive, with all five major sectoral indices advancing. Banking (**+4.43%**) recorded the strongest gain, followed by Insurance (**+3.79%**), Oil & Gas (**+3.71%**) and Industrial Goods (**+3.12%**), while Consumer Goods posted a more modest **0.52%** increase.
- This week, we expect market activity to remain sensitive to the outcome of the MPC meeting scheduled for September 21–22, developments in the primary market auctions and Nigeria's reclassification to the FTSE Russell Frontier Market universe, which takes effect on September 21. These catalysts could drive sector rotation and portfolio repositioning, while investors may continue to take selective positions in liquid stocks with supportive fundamentals and near-term catalysts.