



PARTHIAN
SECURITIES

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Economic and Market Update

16 October 2026

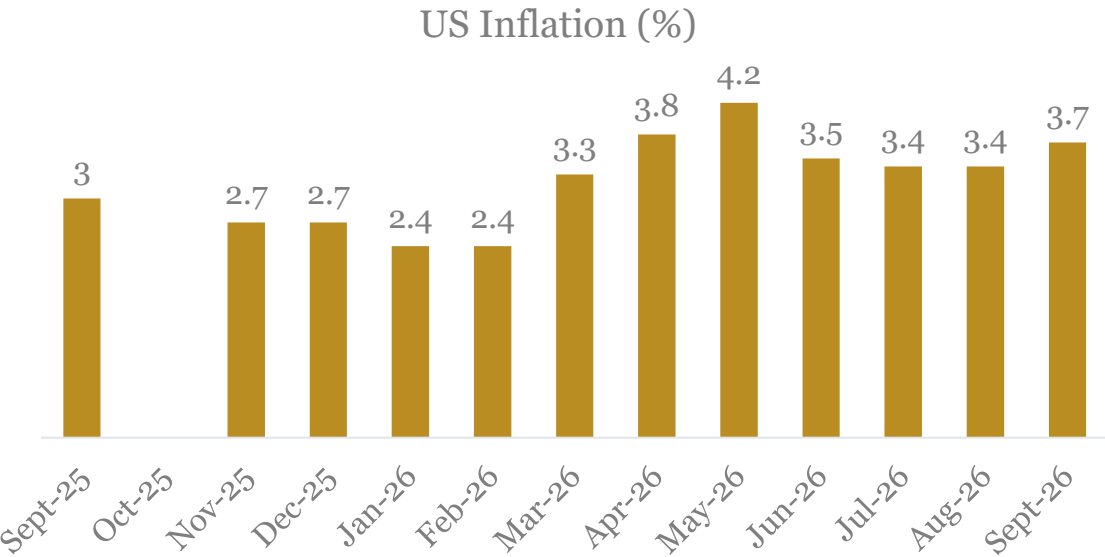
Global Update



- US headline inflation accelerated to 3.7% year-on-year in September from 3.4% in August, while monthly CPI rose by 0.6%. Core inflation also increased to 2.6% from 2.4%, moving further above the Federal Reserve’s 2% target. Gasoline prices surged by 9.1% month-on-month and 34.2% year-on-year, accounting for more than half of the monthly CPI increase, while shelter costs rose by 0.4%. Renewed energy pressures and rising core inflation reinforce the case for maintaining a restrictive monetary policy stance, making interest rate cuts unlikely in the near term. This could sustain elevated Treasury yields and support the US dollar, while weighing on equity valuations and emerging-market capital flows. Higher fuel and transportation costs may also squeeze corporate margins and household purchasing power.
- China’s headline inflation edged up to 0.9% year-on-year in September 2026 from 0.8% in August, falling short of market expectations of 1.0%. Month-on-month inflation moderated to 0.2% from 0.4%, while core inflation remained unchanged at 1.0%, pointing to persistently weak domestic demand. Higher energy costs, particularly a 16.6% annual increase in gasoline prices, supported headline inflation, although food prices declined by 1.7%. Meanwhile, producer price inflation accelerated to 5.0% from 3.8%, its highest level since June 2022, reflecting rising oil and commodity costs. The divergence between subdued consumer inflation and accelerating producer prices highlights the uneven nature of China’s economic recovery, with mounting industrial cost pressures yet to translate into stronger household demand. Sustained input cost increases could compress manufacturers’ margins or feed into consumer prices, while persistently weak domestic demand remains a constraint on broader economic growth.

Global Economic Data

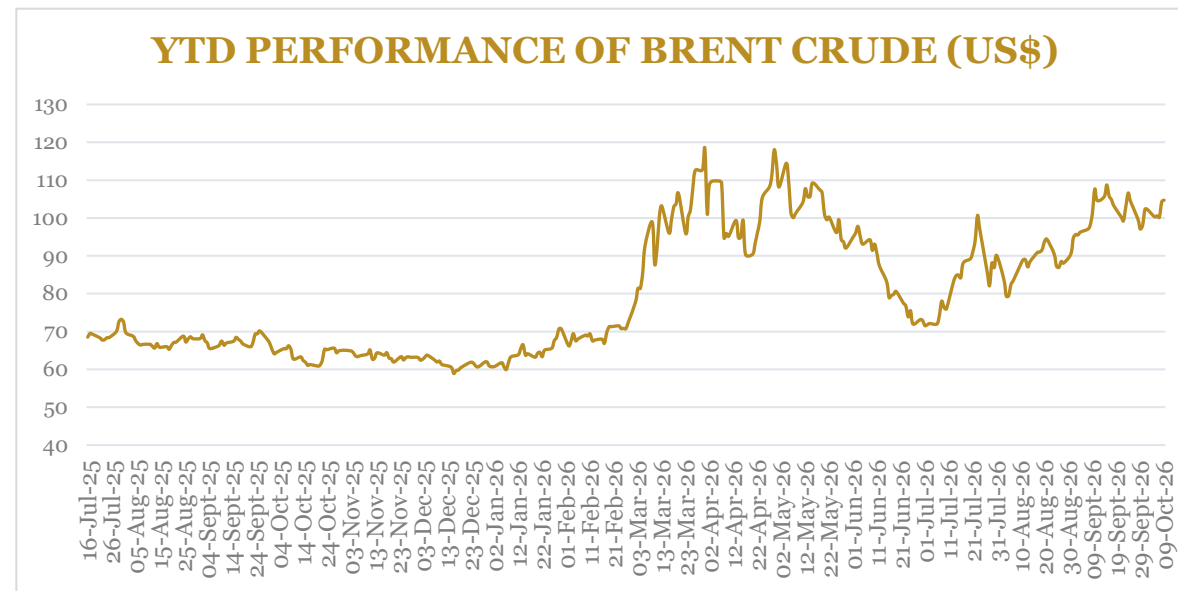
	Current	Previous	Change
US GDP	2.20% (Q2-2026)	2.50% (Q1-2026)	-0.30%
US Interest Rate	3.75% - 4.00% (Sep. 2026)	3.50% - 3.75% (Jul. 2026)	0.25%
US Inflation	3.70% (Sep. 2026)	3.40% (Aug. 2026)	0.30%
China GDP	4.3% (Q2-2026)	5.0% (Q1-2026)	-0.70%
China Inflation	0.90% (Sep. 2026)	0.8% (Aug. 2026)	0.10%



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

Crude Oil Price Update

- Crude oil prices strengthened significantly last week as escalating geopolitical tensions heightened concerns over global supply disruptions. Renewed attacks on commercial vessels around the Strait of Hormuz, threats to Saudi energy infrastructure and Ukrainian strikes on Russian refineries intensified concerns over crude and refined-product availability. A larger-than-expected drawdown in US crude inventories also supported prices, while uncertainty over Russia's ability to maintain diesel exports added to supply concerns.
- Brent crude rose by **4.91%** week-on-week to US\$109.86/bbl, while West Texas Intermediate (WTI) advanced by **10.41%** to US\$101.41/bbl.
- Looking ahead, prices are likely to remain volatile, with developments around Middle East shipping routes, attacks on energy infrastructure and Russian refined-product supply shaping market direction. Further disruptions could sustain the geopolitical risk premium, while effective supply interventions or easing tensions could moderate prices. For Nigeria, higher crude prices could support export earnings and fiscal revenue, although domestic fuel costs and inflationary pressures remain key risks.



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

Crude Oil Prices	Current	Previous	Change
Brent Crude Oil(\$)	109.86	104.72	4.91%
WTI Crude Price (\$)	101.41	91.85	10.41%

Domestic Update



- Nigeria's headline inflation moderated for the fourth consecutive month to 14.63% year-on-year in September 2026, from 15.39% in August. Month-on-month inflation decelerated to 0.06% from 0.71%, while core inflation declined to 12.95% from 13.29%. However, annual food inflation edged up marginally to 19.59%, despite a 1.55% monthly decline. Improved harvests, relative exchange-rate stability and subdued consumer demand supported price moderation. Nevertheless, higher refinery gantry prices contributed to a 1.11% monthly increase in core prices. Sustained disinflation could create room for further monetary easing and lower borrowing costs, although rising fuel and distribution expenses remain upside risks. The key challenge is to sustain price moderation through improved supply conditions rather than weak consumer demand, which continues to constrain economic activity and corporate earnings.
- Nigeria's crude oil production rose to 1.53 million barrels per day (mbpd) in September 2026, exceeding its 1.50 mbpd OPEC quota by 30,000 bpd for the fifth consecutive month. Combined crude and condensate output also increased by 2.34% month-on-month to 1.72 mbpd. Improved operational stability and fewer pipeline disruptions supported production and crude evacuation. Sustained output growth could strengthen oil revenue and foreign exchange inflows, supporting fiscal and external stability. However, the narrow 30,000 bpd margin above quota leaves production vulnerable to renewed operational disruptions.
- Fitch Ratings upgraded Nigeria's outlook to positive from stable while retaining its 'B' credit rating, supported by stronger external reserves, ongoing reforms and improved growth prospects. However, it raised concerns about persistent fiscal risks. The Ratings agency also revised the outlooks of nine Nigerian banks and two bank holding companies (Access Bank, Zenith Bank, First HoldCo, UBA, GTCO, Fidelity Bank, FCMB, Wema Bank, and BOI) to positive from stable, while affirming their long-term credit ratings at 'B', reflecting improved foreign exchange reserves, naira appreciation, moderating inflation and ongoing economic reforms.
- The IMF raised Nigeria's 2026 economic growth forecast by 0.1% to 4.2%, while retaining its 2027 projection at 4.3%, citing improved macroeconomic stability and favourable terms of trade. However, it warned that rising food and energy prices could deepen poverty and food insecurity, recommending temporary, targeted cash transfers to vulnerable households, supported by stronger revenue mobilization and efficient public spending. The IMF projects global growth to slow to 3.1% in 2026 before recovering to 3.4% in 2027, amid elevated commodity prices and geopolitical risks.

Foreign Exchange Update

- The naira weakened across both FX market segments during the week. At the official window, the NFEM rate depreciated by 0.08% to ₦1,332.26/US\$ from ₦1,331.19/US\$ in the previous week. Similarly, the parallel-market rate weakened by 0.72% to ₦1,390.00/US\$ from ₦1,380.00/US\$. Consequently, the gap between the two rates widened to ₦57.74/US\$, equivalent to an FX premium of 4.33%, from ₦48.81/US\$ (3.67%) previously, indicating increased pressure in the parallel market.
- Meanwhile, Nigeria's gross external reserves rose marginally by US\$22.48mn to US\$55.09bn as of 15 October 2026, from US\$55.07bn on 8 October.

Fixed Income Market

- Nigeria's headline inflation moderated for the fourth consecutive month to 14.63% year-on-year in September 2026, from 15.39% in August. Month-on-month inflation decelerated to 0.06% from 0.71%, while core inflation declined to 12.95% from 13.29%. However, annual food inflation edged up marginally to 19.59%, despite a 1.55% monthly decline. Improved harvests, relative exchange-rate stability and subdued consumer demand supported price moderation. Nevertheless, higher refinery gantry prices contributed to a 1.11% monthly increase in core prices. Sustained disinflation could create room for further monetary easing and lower borrowing costs, although rising fuel and distribution expenses remain upside risks. The key challenge is to sustain price moderation through improved supply conditions rather than weak consumer demand, which continues to constrain economic activity and corporate earnings.
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- Federal interest payments reached ₦7.7 trillion in H1 2026, exceeding revenue of ₦6.2 trillion by 24.2%, or ₦1.5 trillion. Interest costs rose by 37.5% year-on-year, while external debt service declined by 21.5% to \$1.82 billion. High domestic borrowing costs drove interest expenditure higher, while lower principal repayments reduced external debt-service outflows. Despite a 72.2% increase in federal revenue to ₦6.2 trillion, capital spending fell to ₦700 billion. High interest costs constrain infrastructure spending and growth, while heavy borrowing sustains elevated yields, crowds out private credit and increases refinancing risks. Durable fiscal improvement requires stronger revenue mobilisation, spending discipline and productive borrowing to expand future revenues and support debt sustainability.



Equity Market

- The Nigerian equities market extended its bearish run for a third consecutive week, as sustained sell-offs in heavyweight stocks weighed on market performance with the market closing negative in three out of the five trading sessions. The NGX All-Share Index and market capitalisation both declined by **0.33%** to close at 247,539.73 points and ₦160.73 trillion, respectively. Consequently, the year-to-date return moderated to 59.07% from 59.60% in the previous week.
- The market's negative performance was driven by broad-based sell-offs across several counters, led by UPDCREIT (**-11.88%**), ENAMELWA (**-9.95%**), NASCON (**-9.48%**), ZENITHBANK (**-6.46%**), GTCO (**-5.10%**), FIRSTHOLDCO (**-3.93%**), OANDO (**-3.98%**), and ACCESSCORP (**-3.39%**). However, LIVESTOCK (**+44.49%**), ETRANZACT (**+42.98%**), GUINNESS (**+9.93%**), NIDF (**+6.97%**), and ETI (**+6.57%**) recorded gains.
- Trading activity weakened during the week, with a total of 1.66 billion shares valued at ₦98.09 billion exchanged in 184,632 deals, compared with 2.72 billion shares worth ₦158.28 billion in 209,986 deals in the previous week. Consequently, traded volume, transaction value and the number of deals declined by 38.89%, 38.03% and 12.07%, respectively. The broad-based contraction in trading activity indicates reduced investor participation and a more cautious market stance amid sustained bearish sentiment.
- Sectoral performance was mixed, with the Banking Index recording the steepest decline of **3.15%**, followed by the Insurance Index, which fell by **0.14%**. In contrast, the Oil & Gas Index advanced by **3.13%**, while the Consumer Goods Index gained **0.09%**. The Industrial Goods Index closed flat at **0.00%**.
- We expect mixed market sentiment this week, with trading activity likely to be driven by selective bargain hunting as investors reassess market valuations ahead of the release of Q3 2026 earnings reports.