CFG AFRICA RESEARCH

H1 2026

PIECING THE DISRUPTIONS TOGETHER & FORGING AHEAD

Coverage Period	January – June 2026
Scope	Global & Domestic Macro, Markets, Fixed Income
Sources	NBS, CBN, NGX, FMDQ, DMO, TradingView
Release Date	July 2026

Content

H1 2026 Half Year Review

This report covers global and domestic macroeconomic developments, capital market performance, and the fixed income landscape across the first half of 2026.

01

EXECUTIVE SUMMARY

H1 2026: Key Themes at a Glance

Executive Summary

H1 2026 | The Disruptions and Nigeria's Response

The first half of 2026 was defined by a sharp external shock; the outbreak of the US-Israel-Iran conflict on 28 February, and by how quickly both global and domestic markets adapted. Brent crude surged 41% in a single month before retreating. Global equities rallied on AI-driven earnings. Nigeria's naira appreciated, reserves hit a 13-year high, and the NGX All-Share Index delivered a 47.43% return after a June correction. The disruptions were real; so was the resilience.

Geopolitical Shock & Oil Volatility

The Middle East conflict drove Brent crude from $73 to a peak of $111/bbl in April before easing back to $73 by June. Energy pass-through re-accelerated inflation in the US and Eurozone, prompting the ECB to hike 25bps. The Fed held rate steady at 3.75%.

Global Equities Resilience

All four major indices posted positive H1 returns: S&P 500 +9.6%, Nasdaq 100 +19.9%, FTSE 100 +5.7%, STOXX 50 +9.3%. Technology and industrials led. AI capex commitments of $700bn for 2026 and an 85% Q1 earnings beat rate sustained the rally.

Domestic Stability Amid External Headwinds

Nigeria's GDP expanded 3.89% y/y in Q1 2026. Headline inflation troughed at 15.06% in February before rising to 15.93% by May on fuel-price pass-through. The naira appreciated ~4.6% to ₦1,380/$ as external reserves climbed to a 13-year high of $51.46bn.

Nigerian Capital Markets at a Crossroads

The NGX ASI surged 47.43% in H1 2026. However, a correction in June wiped ₦13.3tn in market cap. Fixed income saw divergent trends: T-bill yields fell then rebounded, while FGN bond yields trended higher, rising to 18.35% by June. Eurobond yields ended at 7.15%.

Nigeria at a Glance: Macro Dashboard

Key economic indicators for H1 2026

GDP GROWTH (Q1 2026)

3.89%

y/y | Up from 3.13% in Q1 2025

HEADLINE INFLATION

15.93%

May 2026 | Troughed at 15.06% in Feb

CRUDE OIL PRODUCTION

1.55 mbpd

Q1 avg | Below 2.06 mbpd budget target

OFFICIAL FX RATE

₦1,379.68/$

NAFEM | +4.6% appreciation in H1

BRENT CRUDE (H1 AVG.)

~$90/bbl

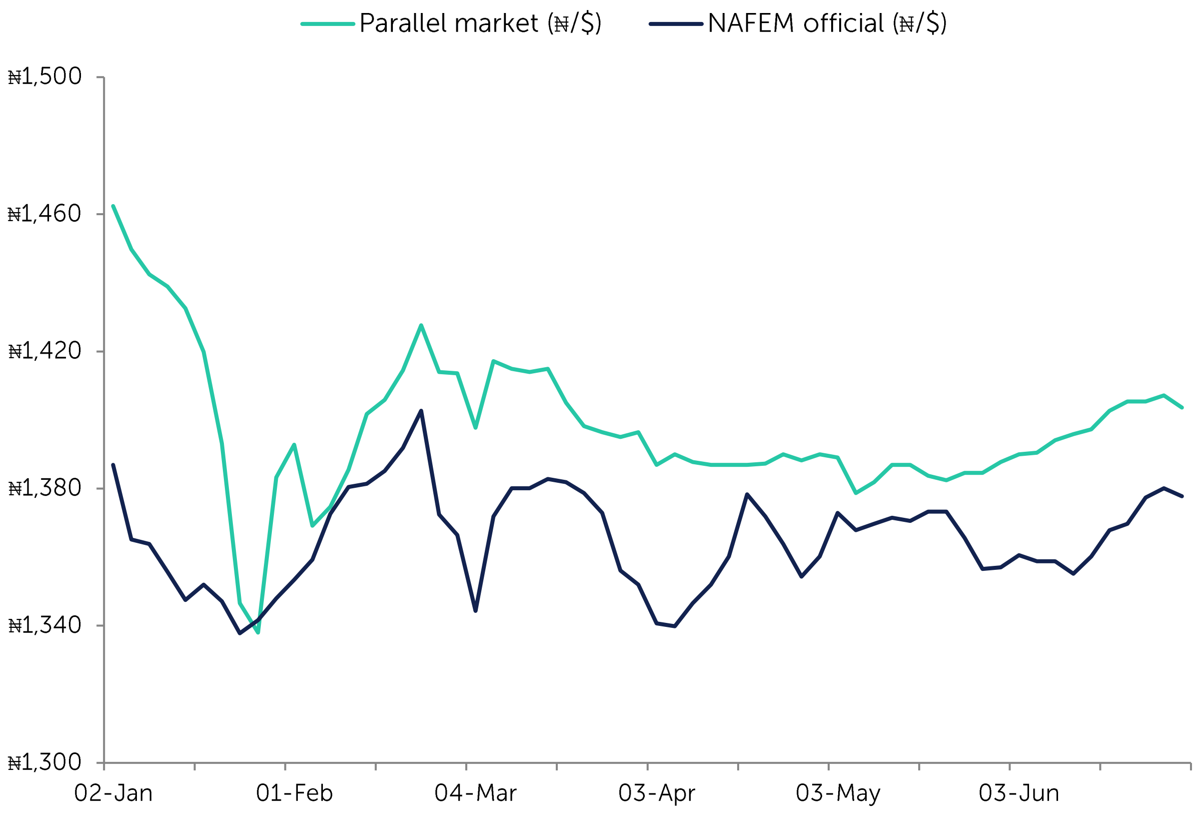
Peaked at $111 in Apr; closed Jun $73

EXTERNAL RESERVES

$51.46bn

30 June | Highest in over a decade

EXCHANGE RATE



Nigeria at a Glance: Market Dashboard

Capital market snapshot for H1 2026 | Source: NGX, FMDQ, DMO, CBN

NGX ASI H1 RETURN

+47.43%

155,613.03 → 229,419.18 points

EQUITY MARKET CAP

₦147.22tn

+₦47.84tn YTD from ₦99.38tn

10-YEAR FGN BOND YIELD

18.54%

vs ~17.50% at Jan open (+104bps)

NAIRA FX RETURN

+4.6%

Naira appreciation — NAFEM window

364-DAY T-BILL YIELD

17.34%

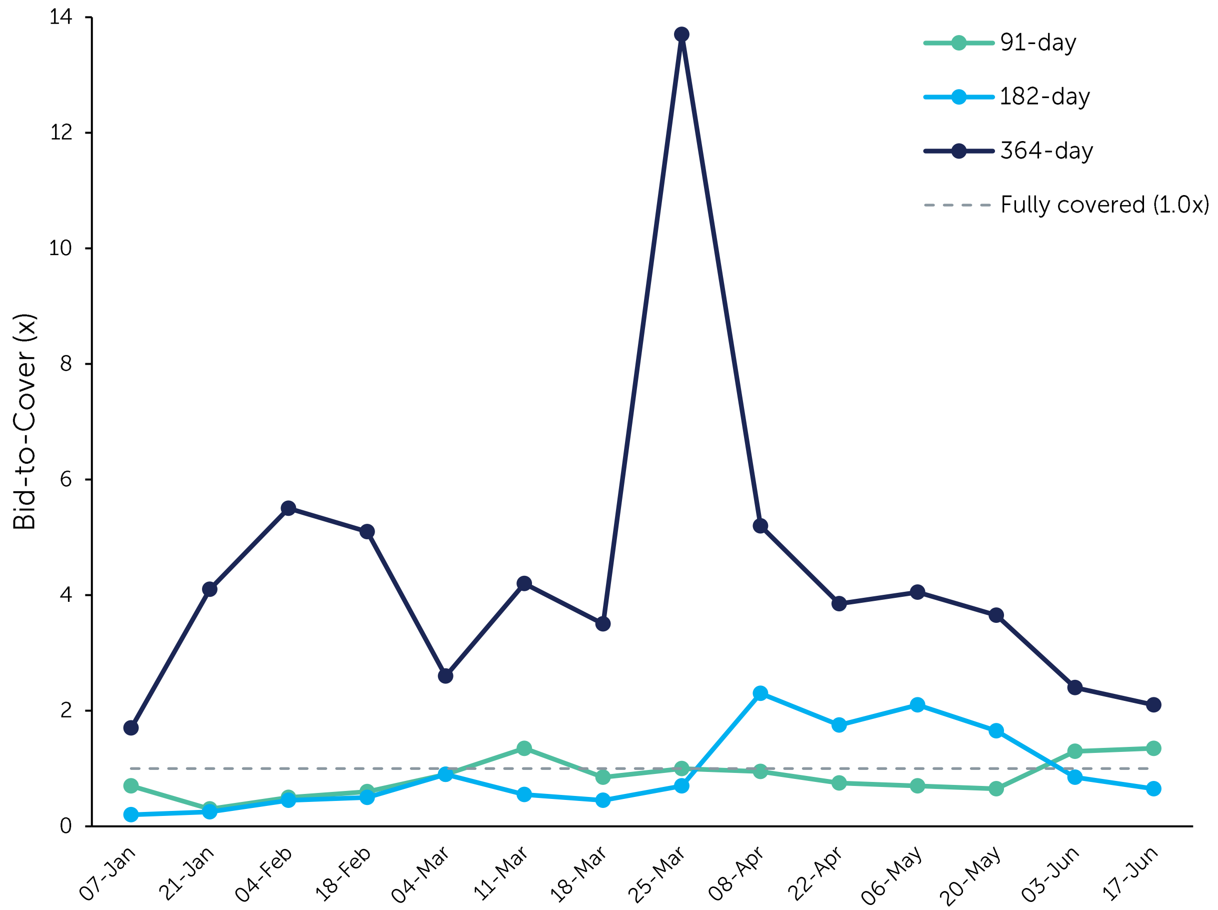
vs 18.47% at Jan open (–113bps)

MONETARY POLICY RATE

26.50%

Cut 50bps in Feb; held in May

NTB BID-TO-COVER RATIO TREND (H1 2026)



02

GLOBAL ECONOMY & MARKETS

GDP, Inflation, Equities, Currencies & Commodities (H1 2026)

Global Economy: Growth & Inflation

Q1 2026 GDP and headline CPI by region | Source: TradingView/Investing.com / CFG Africa, 30 June 2026

United States

GDP Q1 2026
+2.1% q/q

CPI Jun 2026
4.2% y/y

Unemployment
4.3%

PMI Composite
51.7

Fed Rate
3.75% (held)

GDP growth remained solid. Inflation re-accelerated on energy pass-through, pushing CPI from 2.4% to 4.2%. The Fed held rates steady throughout H1.

United Kingdom

GDP Q1 2026
+0.6% q/q

CPI Jun 2026
2.8% y/y

Unemployment
4.9%

PMI Composite
48.5

BoE Rate
3.75% (held)

Modest growth. Inflation eased from 3.4% to 2.8%. The Bank of England held its policy rate. PMI below 50 signals slowing activity.

Eurozone

GDP Q1 2026
−0.2% q/q

CPI Jun 2026
3.2% y/y

Unemployment
6.3%

PMI Composite
47.5

ECB Rate
2.40% (+25bps)

The eurozone contracted in Q1. Inflation rose to 3.2% on energy costs. The ECB raised its deposit rate 25bps to 2.40% in June — its first hike in 11 months.

Global Markets at a Glance: H1 2026

Scorecard: Equities, Volatility, Commodities & Policy | Source: TradingView / CFG Africa

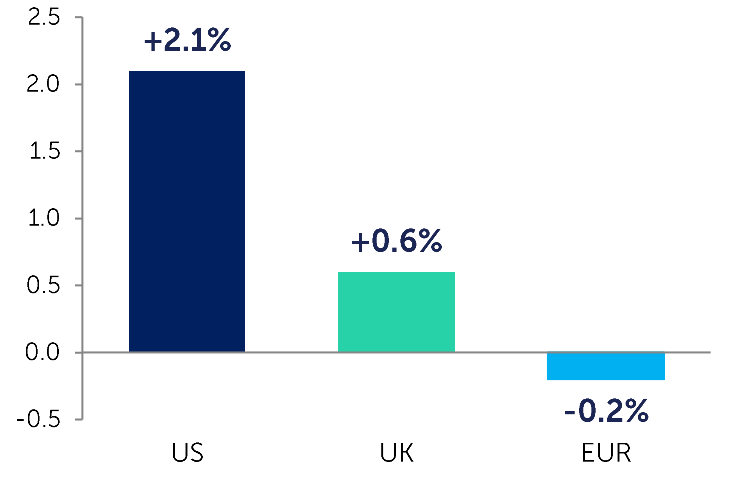
S&P 500 H1 RETURN +9.6%	NASDAQ 100 H1 RETURN +19.9%	FTSE 100 H1 RETURN +5.7%	STOXX 50 H1 RETURN +9.3%
BRENT CRUDE PEAK (APR) $111.16/bbl	GOLD ALL-TIME HIGH (JAN) $5,602/oz	VIX PEAK (MAR) 35.30	US CPI JUN 2026 4.2% y/y
VIX JUN CLOSE 16.46	DXY JUN CLOSE 101.17 (+2.94%)	S&P 500 Q1 BEAT RATE 85%	AI CAPEX COMMITMENTS 2026 $700bn

Global markets maintained a cautious but resilient tone as investors balanced AI-driven earnings optimism against the escalating impact of geopolitical instability and energy supply disruption. All four tracked equity indices posted positive half-year returns. Volatility peaked in March as the Middle East conflict drove Brent up 41.1% in a single month, before de-escalation and strong corporate earnings supported a recovery. The US dollar strengthened 2.94% over H1, while gold and silver unwound safe-haven positioning as equities recovered.

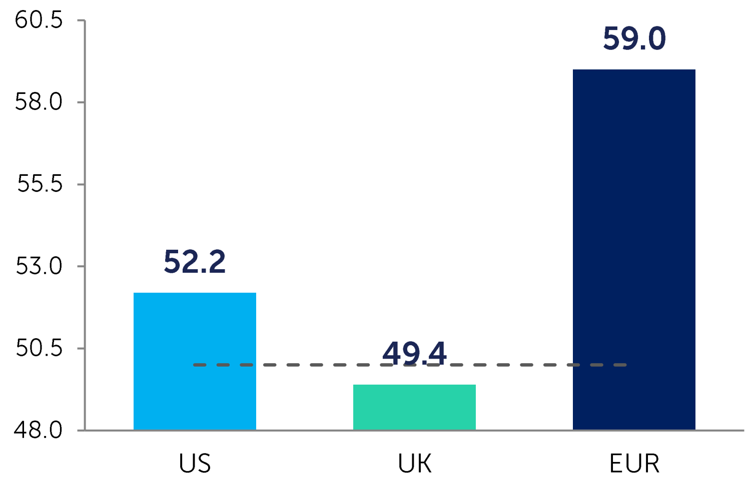
Global Equity Markets: H1 2026 Performance

Index returns and S&P 500 sector breakdown | Source: Bloomberg / TradingView /Investing.com CFG Africa

GDP Q1 2026 (% q/q)



PMI COMPOSITE



United States

S&P 500 +9.6% | Nasdaq 100 +19.9%. Technology and AI infrastructure drove returns. Q1 EPS beat rate 85%; global EPS growth estimate revised up to 27.6%. VIX closed at 16.46 after peaking at 35.30 in March.

United Kingdom

FTSE 100 +5.7%. Energy and materials holdings cushioned the Q1 drawdown. The index's composition limited participation in the technology-led Q2 rally that powered stronger US index returns.

Eurozone

STOXX 50 +9.3%. Sold off sharply in March on energy-import vulnerability, then recovered as oil prices eased and corporate earnings surprised to the upside through Q2.

S&P 500 Sector Performance

Industrials	+20.2%	Technology	+19.8%	Energy	+19.7%	Materials	+12.0%
Real Estate	+11.5%	Health Care	+3.5%	Consumer Disc.	−0.8%	Financials	−1.3%

Industrials, Technology, and Energy led the S&P 500, each returning above 19%. Financials and Consumer Discretionary were the only two sectors to close H1 in negative territory. The Technology sector staged the sharpest recovery through Q2 after being the hardest hit during the March drawdown.

Currencies & Commodities: H1 2026

FX movements and commodity price dynamics | Source: TradingView / CFG Africa, 30 June 2026

Currency Markets

DXY
+2.94%
98.28 → 101.17

EUR/USD
–2.70%
Eurozone energy vulnerability

GBP/USD
–1.47%
PM resignation; energy shock

USD/JPY
+3.61%
BoJ/Fed policy divergence

AUD/USD
+3.69%
Commodity demand support

USD/CHF
+1.97%
Dollar safe-haven dominance

The US dollar strengthened 2.94% over H1, supported by resilient inflation, steady Fed guidance, and safe-haven demand following the outbreak of Middle East conflict. Dollar gains were broad-based, with the euro and pound losing ground to energy vulnerability and domestic political uncertainty respectively.

Commodity Markets

Brent Crude

H1 Return: +20.3%

Peak: $111.16/bbl (Apr)

Opened at $60.99 in Dec 2025. Jumped 41.1% in March on Strait of Hormuz disruption. Reached $111.16 in April. Declined 17.7% in May and 19.8% in June as de-escalation began. Closed June at $73.34.

Gold

H1 Return: –7.3%

ATH: $5,602 (Jan); Jun close: $4,008

Surged 13.2% in January and 7.8% in February as risk aversion spiked. Fell 11.6% in March as investors met energy and equity margin calls. Closed June at $4,007.52.

Silver

H1 Return: –18.2%

Jan peak; Jun close: $58.59

Rose sharply in January and February, then fell 19.9% in March and a further 22.2% in June. The H1 return of –18.23% reflected forced selling and safe-haven outflow as equities recovered.

Global Outlook: H2 2026 Key Themes

Risk factors and opportunities investors should watch | Source: CFG Africa Research

01	Economic Growth	US PMI Composite held at 51.7 in May (expansion), while the UK (48.5) and eurozone (47.5) signalled contraction. Growth momentum is uneven. Energy cost normalization and AI-driven productivity gains provide upside, but elevated rates and fiscal constraints limit expansion in Europe.
02	Geopolitical Risk	The US-Iran memorandum of understanding is a positive signal but remains fragile. Any re-escalation could rapidly restore the $111/bbl oil war premium and re-accelerate inflation globally. Investor confidence will hinge on the trajectory of the Strait of Hormuz situation.
03	Interest Rate Outlook	The Fed held at 3.75% despite CPI rising to 4.2%, signalling caution. The ECB has begun hiking. Rate expectations will shift with inflation data. US CPI trajectory is the primary variable: persistence above 4% would delay any easing cycle and pressure equity valuations.
04	Equity Market Sustainability	The Q2 and Q3 earnings seasons are the first real test of AI capex returns against the $700bn hyperscaler commitment. The 85% Q1 beat rate validated the thesis. Continued delivery is essential to sustain Nasdaq 100 valuations, which carry significant earnings expectations built in.
05	Currency & Commodity Signals	Brent crude at $73.34 implies the war premium has been fully unwound. Any Middle East re-escalation would rapidly reverse that. Gold at $4,008 and DXY at 101.17 signal residual dollar strength and muted safe-haven positioning, both sensitive to Fed rate path and geopolitics.

03

THE DOMESTIC ECONOMY

GDP, Inflation, External Sector, Oil & Energy, Foreign Exchange

Nigerian Macroeconomy: H1 2026 Overview

Summary of key domestic themes | Source: NBS, CBN

H1 2026 presented a more mixed domestic picture than the disinflationary, steady-growth narrative that characterized 2025. Real GDP growth moderated from a post-rebasing peak of 4.07% y/y in Q4 2025 to 3.89% in Q1 2026, remaining comfortably above the 3.13% recorded a year earlier. Headline inflation, having declined for most of 2025, troughed at 15.06% in February before rising for three consecutive months to 15.93% by May, driven primarily by a fuel-price shock triggered by Middle East supply disruption. On the external side, the merchandise trade surplus more than quadrupled quarter-on-quarter to ₦7.55 trillion in Q1, reflecting strong import compression as domestic refining capacity expanded. Nigeria's crude oil production exceeded its OPEC quota for the first time in 2026 in May, even as prices remained highly volatile.

GDP & Growth

3.89% y/y in Q1 2026. Non-oil economy accounted for 96.1% of real GDP. Services (57.7%), Agriculture recovery (+3.15%), and Industry (+3.5%) all contributed positively.

Inflation

Troughed at 15.06% in February. Rose to 15.93% by May on fuel and food price pass-through. Core inflation also accelerated, suggesting broadening second-round effects.

External Sector

Trade surplus rose to ₦7.55tn in Q1 (+340.9% q/q). Capital importation hit $10.37bn (+83.8% y/y), though 95% was portfolio investment, a concentration risk.

Oil & Energy

Production rose from 1.63 to 1.70 mbpd, exceeding OPEC quota (1.5 mbpd) in May for the first time. However, a June pipeline attack highlighted output fragility.

Foreign Exchange

Naira appreciated ~4.6% to ₦1,379.68/$ on the NAFEM window. External reserves reached $51.46bn, highest in over a decade, on CBN reforms and portfolio inflows.

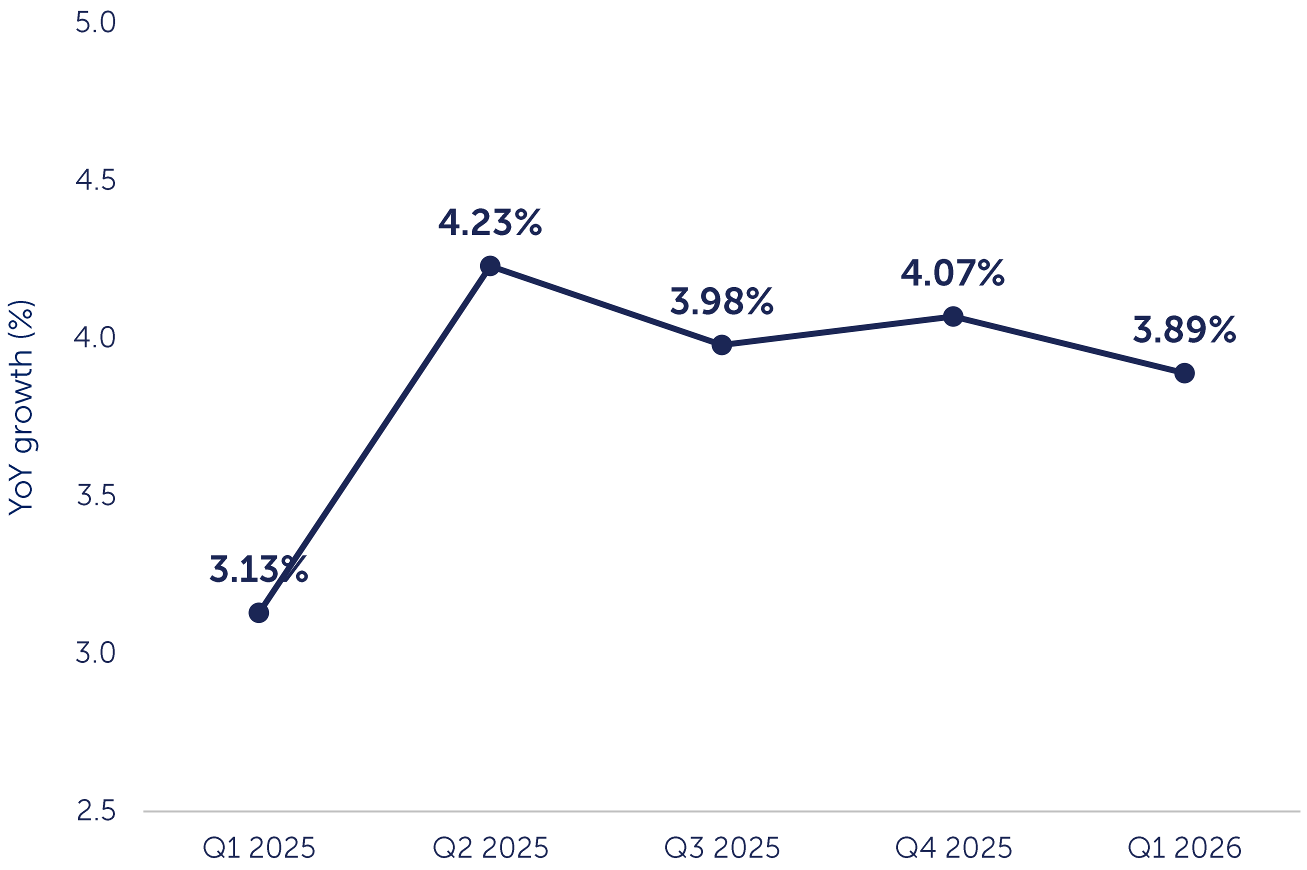
Monetary Policy

MPC cut MPR 50bps to 26.50% in February (first cut since 2022), then held in May. Real interest rates compressed to 10.57% by May as inflation crept higher.

Q1 2026 Gross Domestic Product

Quarterly growth, sectoral contribution and sub-sector trends | Source: NBS Quarterly GDP Reports

NIGERIA: REAL GDP, YEAR-ON-YEAR %



3.89% y/y Q1 2026

Fifth quarter of positive expansion under the rebased (2019 base year) series. Moderated 18bps from 4.07% in Q4 2025.

Non-oil: 96.08% of GDP

Non-oil economy grew 3.94% y/y, slightly below Q4 2025 (3.99%) but resilient. Oil sector grew 2.57% y/y, up from 6.79% in Q4 2025.

Services: 57.7% of GDP

Financial services (+8.5%), telecoms (+11.0%), and transport (+7.4%) were the standout sub-sectors. Consumer-facing segments remained constrained.

Agriculture recovery

Agriculture grew 3.15% y/y in Q1 2026 versus 0.07% a year earlier, recovering from security-related disruptions. Crop production was the primary driver.

Industry: +3.5% y/y

Oil refining surged 37.5% (domestic capacity ramp-up); cement +11.5%. Mining and quarrying grew 1.89% y/y, contributing 4.14% to real GDP.

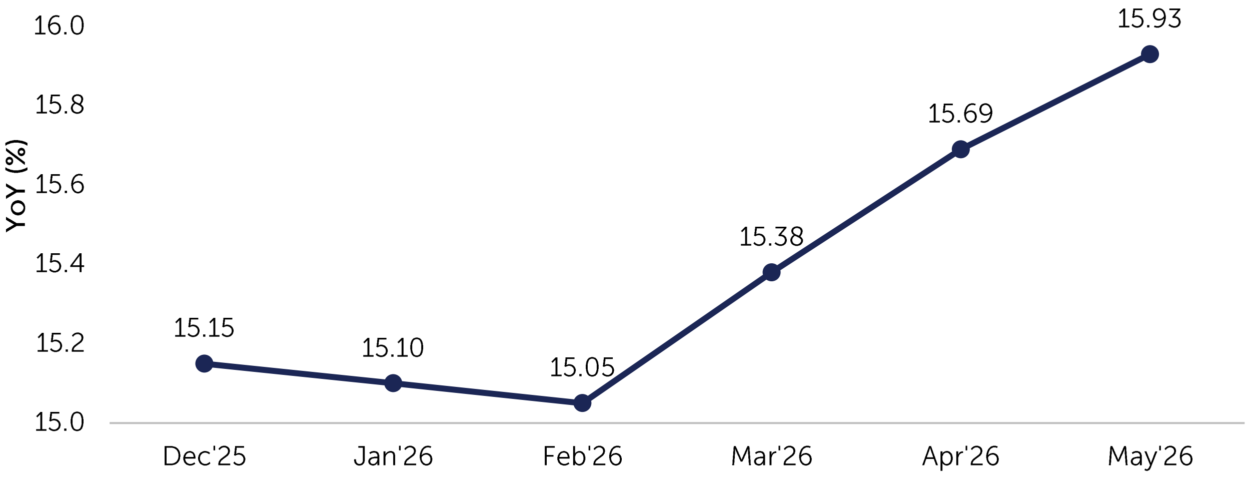
Nominal GDP: ₦110.79tn

Real GDP: ₦51.26tn. Represents 17.8% nominal increase over Q1 2025, reflecting real growth plus elevated price levels captured in the GDP deflator.

Services Drive Growth, Disinflationary Trend Stalls

CPI trends, basket contribution and underlying drivers | Source: NBS CPI Reports

HEADLINE INFLATION RATE, YEAR-ON-YEAR (%)



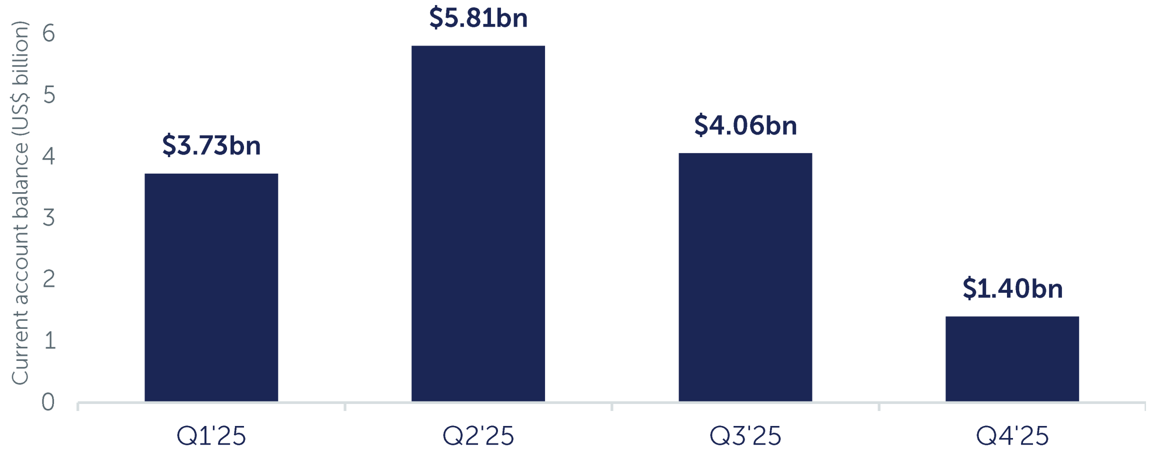
HEADLINE (MAY) **15.93%** Troughed at 15.06% in Feb	FOOD (MAY) **16.96%** Up from 12.12% in Feb (+4.8pp)
CORE (MAY) **16.82%** Broadening beyond fuel/food	URBAN (MAY) **16.07%** Tracking above national rate
RURAL (MAY) **15.60%** MoM 1.17%	M-o-M PEAK **4.18%** March, sharpest since Jan 2025

- The NBS rebased the CPI in late 2025/early 2026 (2024 base year, 934 product varieties across 13 COICOP divisions). This materially lowered headline prints from the 30%+ range seen under the old series.
- Food and non-alcoholic beverages contributed 6.38pp of the 15.93% May headline, the single largest category, followed by restaurants (2.06pp) and transport (1.70pp).
- The March m/m spike of 4.18% was driven by a 4.0% m/m rise in transportation costs as the Middle East fuel-price shock filtered through. April and May saw m/m inflation ease to 2.13% and 1.75% respectively, suggesting the initial shock is being absorbed even as the y/y rate climbs on base effects.
- Core inflation remained above headline inflation in May, suggesting that underlying price pressures continue to persist beyond food and energy, with second-round effects increasingly reflected across transport-intensive services, education, and healthcare.

External Sector: Trade & Capital Flows

Q1 2026 | Source: NBS Foreign Trade in Goods Statistics; CBN Balance of Payments

CURRENT ACCOUNT BALANCE



TRADE SURPLUS Q1 2026

₦7.55tn

+340.9% q/q from ₦1.71tn in Q4 2025

EXPORT GROWTH Y/Y

+2.77%

Crude oil exports: ₦11.20tn (52.9% of total)

IMPORT DECLINE Y/Y

–18.17%

Lower refined petroleum imports as domestic refining expands

CAPITAL IMPORTATION Q1

$10.37bn

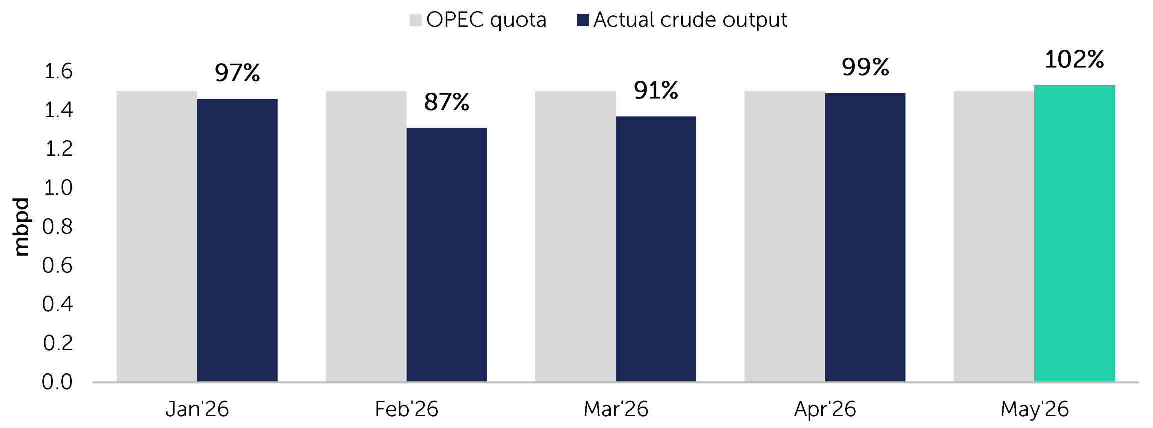
+83.8% y/y | Portfolio: 95% of total inflows

Trade Balance	The merchandise trade surplus widened to ₦7.55tn in Q1 2026 — up 340.9% q/q and ~91% y/y. The improvement was driven primarily by a sharp decline in imports (–18.2% y/y), not strong export growth (exports rose only 2.8% y/y). The NBS attributed this to lower refined petroleum imports as domestic refining capacity expanded alongside Dangote Refinery ramp-up.
Export Composition	Crude oil exports: ₦11.20tn (52.9% of total). Non-crude exports including gas and refined products: ₦9.97tn (47.1%). A narrower non-oil products segment (excl. hydrocarbons) was ₦3.19tn (15.1%). Nigeria's non-oil export growth continues to be supported by hydrocarbon-adjacent products, not agricultural or manufactured goods.
Capital Flows (aConcentration Risk)	Total capital importation reached $10.37bn in Q1 2026 (+83.8% y/y), but the composition is concerning. Portfolio investment accounted for $9.86bn (95.1%), while FDI was just $135.1m (1.3% of inflows) — down 62.3% q/q. The UK and US together accounted for 79.7% of inflows. This dominance of short-term portfolio flows leaves Nigeria vulnerable to sudden reversals in global risk appetite.

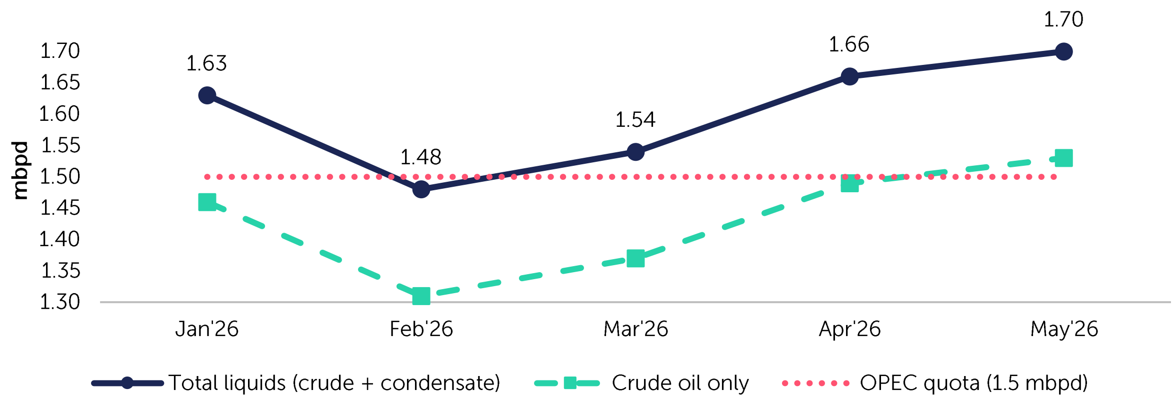
Oil & Energy: Production vs OPEC Quota

January–June 2026 | Source: NUPRC, OPEC Monthly Oil Market Report, CBN

OPEC QUOTA VS. ACTUAL CRUDE PRODUCTION



NIGERIA CRUDE OIL & CONDENSATE PRODUCTION



Production Trend

Production rose steadily from 1.627 mbpd in January to 1.70 mbpd in May, the highest in 11-15 months. Crude oil alone (excl. condensate) reached 1.53 mbpd in May, equivalent to 102% of Nigeria's 1.5 mbpd OPEC quota.

What Drove It

Improved security along the Trans Niger Pipeline and the absence of significant outages. This was not new capacity coming online, it was restored throughput. The production gain remains fragile: a June 15 attack near Odau in Rivers State underscores continued vulnerability.

OPEC Quota vs. Ambition

Nigeria produced below its 1.5 mbpd OPEC quota for most of H1, reaching 87-91% of quota in Feb-Mar before climbing to 102% in May. Still, OPEC's June report noted Nigeria remains 25.7% below its own national target of 2.06 mbpd, well short of its fiscal budget assumptions.

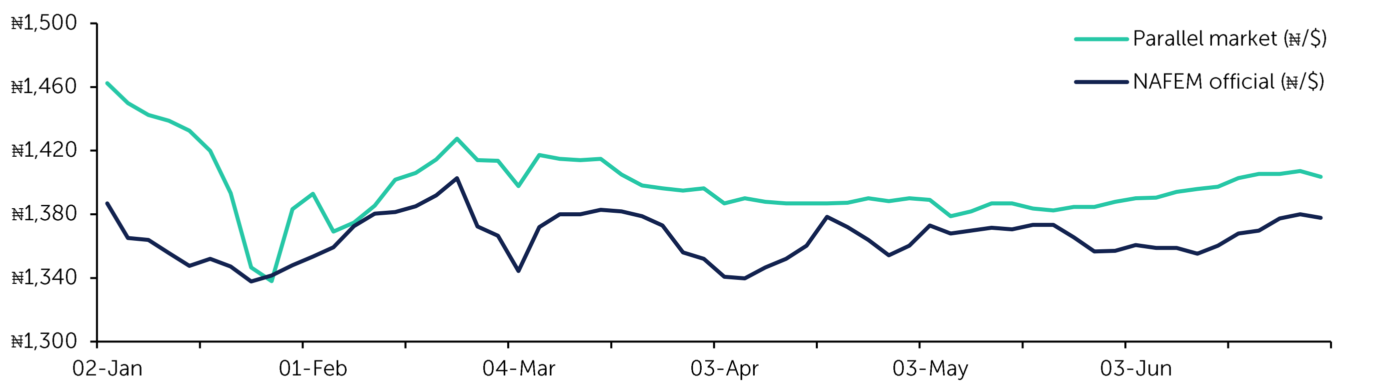
Price-Production Disconnect

Nigerian crude production increased steadily and almost linearly while Brent surged 40%+ and then collapsed. Production showed little response to price, confirming that output is constrained by capacity and security, not price signals. Nigeria benefited from significantly higher naira-denominated oil revenues during the price spike regardless of volume stability.

Foreign Exchange: Naira Stability & CBN Reform

NAFEM window performance and policy developments in H1 2026 | Source: CBN

EXCHANGE RATE



NAIRA RATE (JUN CLOSE)

₦1,379.68/$

H1 APPRECIATION

+4.6%

EXTERNAL RESERVES

$51.46bn

RESERVE CHANGE

+$5.84bn

Market Structure	The CBN continued to operate a managed-float regime via the Nigerian Foreign Exchange Market (NFEM). CBN reforms in 2025-2026, including the 2026 FX Manual, Electronic FX Matching System, and Nigerian FX Code, improved price discovery and reduced speculative activity.
Drivers of Stability	Higher autonomous inflows, recovering oil receipts, strong foreign portfolio investment, and targeted CBN interventions all supported naira stability. The gap between the official and parallel markets narrowed appreciably over H1 2026.
Structural Vulnerabilities	Dependence on oil receipts and portfolio flows remains the key structural weakness. Any deterioration in global oil prices, shift in investor risk appetite, or policy inconsistency could rapidly reverse the gains of H1 2026.
Outlook	The FX outlook remains cautiously optimistic. The naira is expected to remain broadly stable if current reforms continue, supported by stronger oil production, sustained autonomous FX inflows, improved external reserves, and continued investor confidence.

Domestic Economy: Outlook for H2 2026

Key risks and growth drivers to watch | Source: CFG Africa Research

The Nigerian economy enters H2 2026 with a more complex set of trade-offs than a year ago. Real growth is positive but moderating. Inflation has re-accelerated after a period of disinflation. The naira is stable but still dependent on the persistence of portfolio inflows and reform momentum. Fiscal policy remains stretched. The following themes will shape the domestic economic trajectory through year-end.

Growth CAUTIOUSLY POSITIVE	Q1 2026 GDP of 3.89% confirms the economy is expanding. Services and industry remain the core drivers. Agriculture's recovery is notable but needs sustained security conditions to hold. The key risk to growth is a renewed fuel-price shock or tightening of financial conditions that constrains consumer spending and business investment.
Inflation UPSIDE RISK	Headline inflation is likely to remain elevated through Q3 2026 given persistent food price pressures and energy cost pass-through. The base effect comparison against low 2025 prints limits how quickly y/y rates can fall. A material easing in core inflation would require a meaningful decline in food and transport costs, neither of which is guaranteed absent a correction in global energy prices.
Monetary Policy ON HOLD WITH A DOVISH BIAS	We expect the MPC to maintain a cautious policy stance through Q3, keeping the MPR unchanged at 26.50% as it continues to balance persistent inflationary pressures against the need to preserve exchange rate stability. Any policy easing is likely to depend on sustained moderation in both headline and core inflation.
External Sector & FX STABLE BUT FRAGILE	The naira's appreciation in H1 2026 was driven largely by portfolio inflows and CBN intervention. These are reversible. External reserves at $51.46bn provide a meaningful buffer. However, a reversal in global risk appetite, decline in oil prices, or policy slippage could rapidly erode FX gains. Nigeria's current account is not yet anchored by structural export diversification.
Fiscal Outlook KEY WATCH ITEM	Nigeria's fiscal position remains under pressure. Crude oil production below budget benchmarks (1.55 vs. 2.06 mbpd), fuel subsidy dynamics, and rising debt service costs continue to constrain fiscal space. FAAC distributions and government spending levels will be watched for their impact on liquidity, inflation, and public sector demand.

04

MONETARY POLICY
& MONEY MARKET

CBN MPC Decisions, Rates & System Liquidity

Monetary Policy: CBN Eased MPR

MPC decisions and rate settings in H1 2026 | Source: CBN

MONETARY POLICY RATE

26.50%

Cut 50bps in February 2026, the first reduction since 2022

Cash Reserve Ratio (DMBs)

45.00%

Unchanged throughout H1 2026

Liquidity Ratio

30.00%

Held steady since September 2025

Asymmetric Corridor

+50 / –450 bps

Around MPR; unchanged in H1

304th MPC

23–24 February 2026

MPR cut 50bps → 26.50%

The Committee reduced the MPR by 50 basis points to 26.50%, the first policy rate cut since 2022. All other monetary policy parameters were retained. The MPC cited moderating inflation, exchange rate stability gains, and building external reserves as justification for beginning a cautious easing cycle.

305th MPC

19–20 May 2026

MPR held at 26.50% (unanimous)

The Committee held the MPR at 26.50% and left all other policy settings unchanged. The MPC cited the need to consolidate improvements in inflation and exchange rate stability while remaining cautious of persistent domestic and external inflationary risks, specifically the food-price and fuel-cost pressures that had re-emerged from March onward.

Inflation vs. Rates & Money Market Liquidity

Real interest rates, OMO dynamics, and interbank funding costs | Source: CBN / NBS / FMDQ

Inflation vs. MPR

Month	Inflation (%)	MPR (%)	Real Rate (%)
Dec-25	15.15%	27.00%	11.85%
Jan-26	15.10%	27.00%	11.90%
Feb-26	15.06%	26.50%	11.44%
Mar-26	15.38%	26.50%	11.12%
Apr-26	15.69%	26.50%	10.81%
May-26	**15.93%**	**26.50%**	**10.57%**

Real interest rates compressed from 11.90% in January to 10.57% in May as inflation re-accelerated while the MPR held at 26.50%. Despite compression, real rates remain deeply positive, preserving the attractiveness of Nigerian naira fixed income relative to inflation.

Money Market: System Liquidity & Interbank Rates

System Liquidity

System liquidity was highly volatile in H1 2026. CBN liquidity injections from maturing securities were periodically offset by liquidity-absorbing operations (OMO settlements and FGN bond auction outflows). Liquidity peaked at ₦8.0tn in early March before moderating to ₦4.4tn by late June.

Overnight NIBOR

Overnight interbank funding rates rose sharply in February, peaking at 24.36%, before easing to ~22.2%-22.3% by June as liquidity conditions improved during Q2. The ~200bps decline in overnight funding costs reduced the cost of short-term naira funding for banks and money market funds.

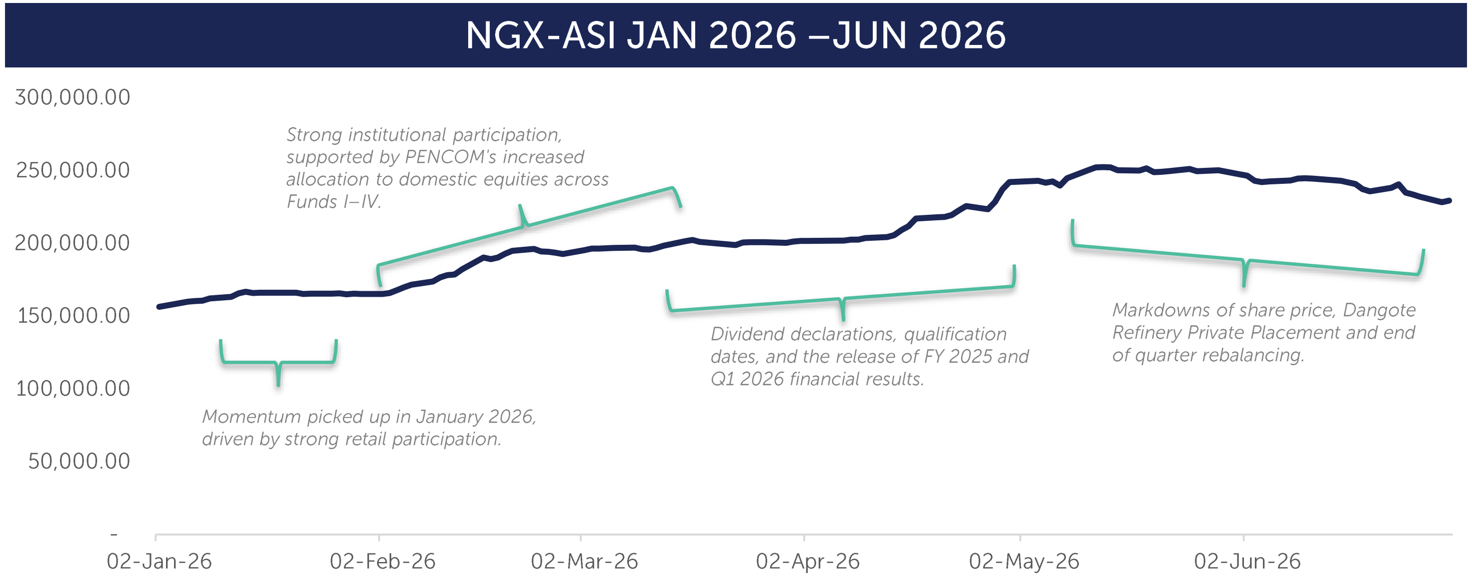
05

NIGERIAN EQUITIES MARKETS

NGX ASI Performance, Participation, Sectors & Gainers (H1 2026)

NGX-ASI: June Correction Dampens Performance

H1 2026 equity market performance | Source: NGX



H1 2026 ASI RETURN	CLOSING ASI (JUN 30)
+47.43%	229,419.18 pts
EQUITY MARKET CAP	**MARKET CAP GAIN YTD**
₦147.22tn	+₦47.84tn

Month-by-Month Narrative

Jan
+6.3% NGX-ASI

Strong retail participation; retail ~50% of domestic market

Feb
Rally

PENCOM increased equity allocation limits, institutional inflows surged

Mar-Apr
Hold

FY 2025 results, dividends, and qualification dates sustained sentiment

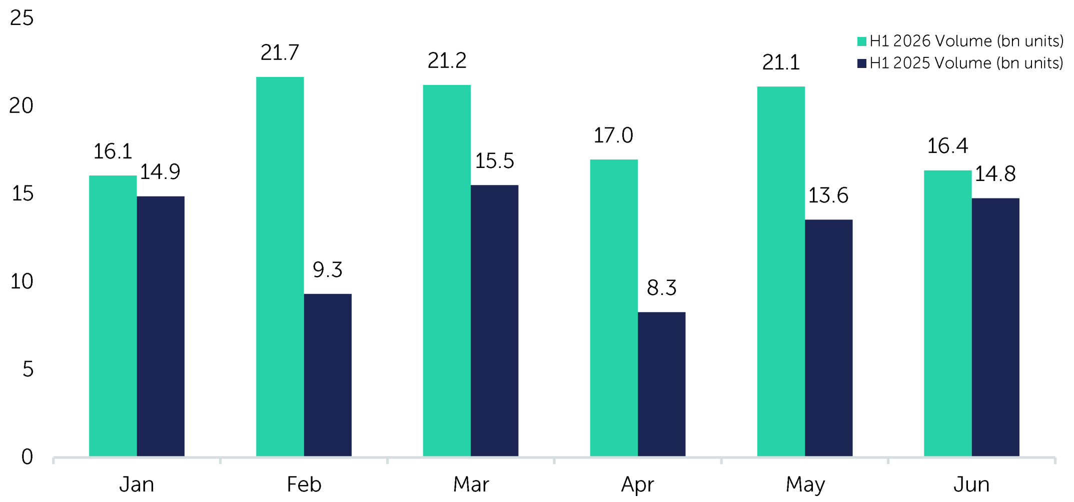
May-Jun
Correction

Dividend closures, Dangote Private Placement, and selling pressure shed ₦13.29tn in market cap

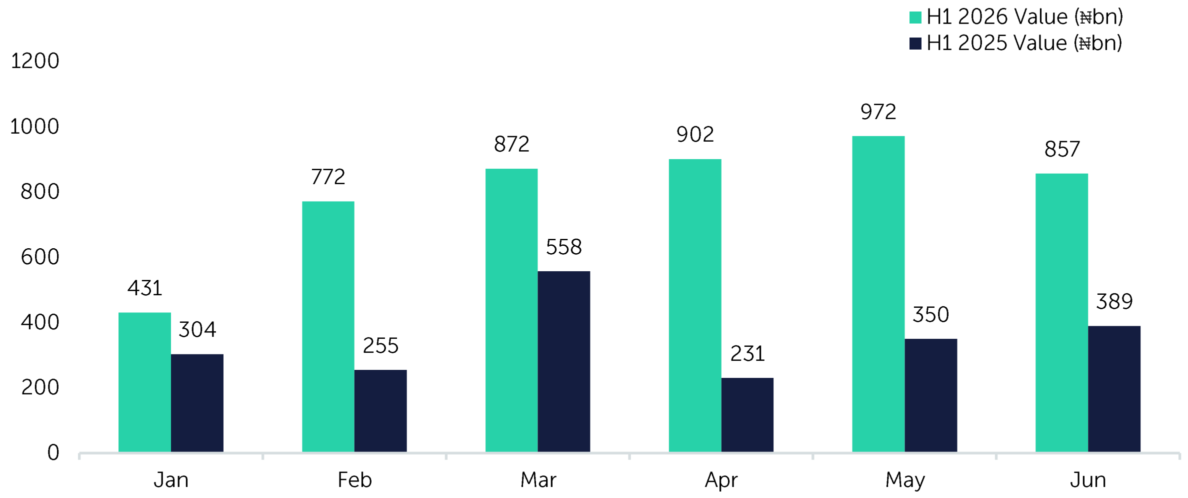
Market Participation: Volume & Value Traded

H1 2026 vs H1 2025 | Source: NGX

VOLUME TRADED (UNITS IN BILLION)



VALUE TRADED (₦ BILLION)



H1 2026 TOTAL VOLUME

113.37bn units

+48.59% YoY from 76.30bn

H1 2026 TOTAL VALUE

₦4.81 trillion

+130.34% YoY from ₦2.09tn

PEAK MONTH (VOLUME)

February 2026

21.67bn units (retail + institutional surge)

KEY DRIVER

PENCOM Allocation

Increased equity limits boosted institutional demand

Trading volume rose 48.59% YoY to 113.37bn units, while trading value surged 130.34% YoY to ₦4.81tn, reflecting both higher participation and significantly higher-priced transactions.

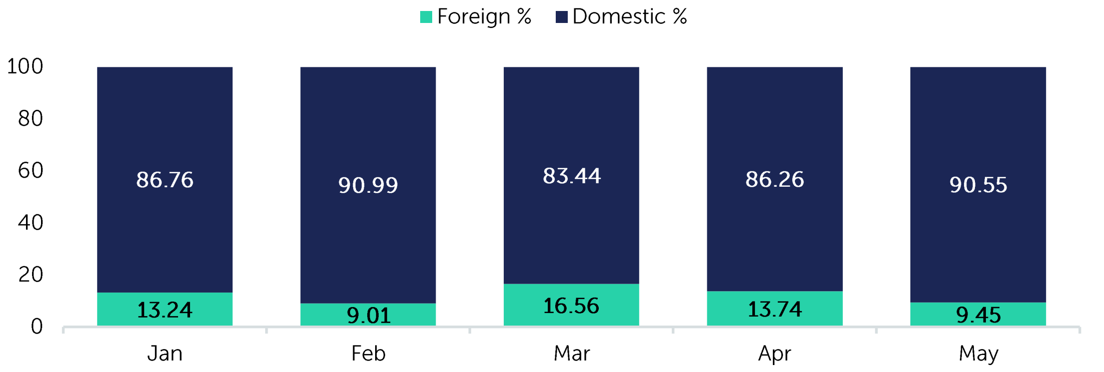
The divergence between volume and value growth signals an increasing institutional footprint: larger-value transactions support market turnover even as unit volumes moderate in later months.

Although volumes moderated between March and June, values remained elevated, indicating a rotation into fundamentally sound, higher-priced large-cap stocks, further supported by PENCOM's increased equity allocation.

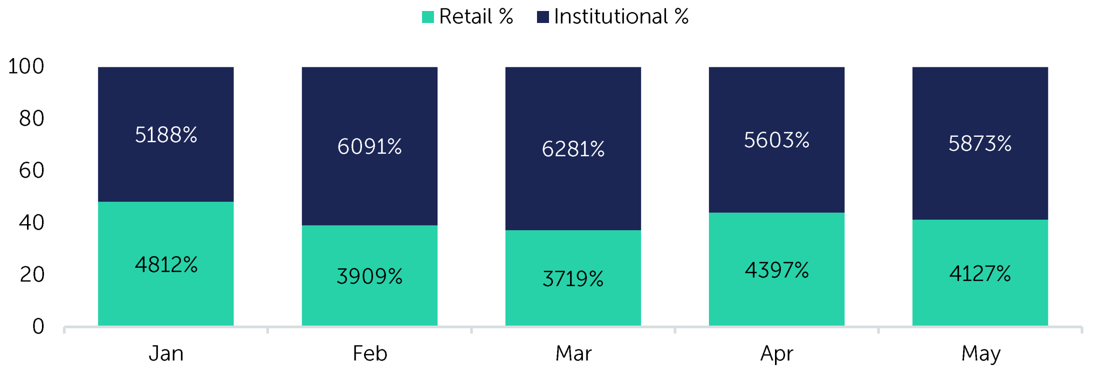
Market Participation: Investor Mix & Market Breadth

Domestic vs. Foreign, Retail vs. Institutional, Market Breadth | H1 2026 | Source: NGX

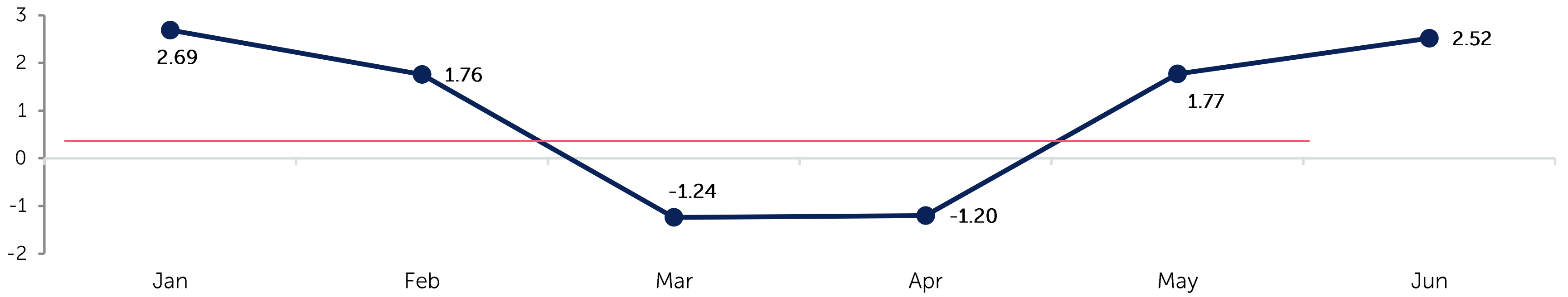
BROAD MARKET PARTICIPATION (FOREIGN vs. DOMESTIC)



DOMESTIC PARTICIPATION (RETAIL vs. INSTITUTIONAL)



MARKET BREADTH (GAINERS-TO-LOSERS RATIO)



PEAK BREADTH
2.69x
January: widespread buying across all caps

TROUGH BREADTH
−1.24x
March: selective buying; institutional dominance

JUN BREADTH
2.52x
Recovered: broad interest despite correction

FOREIGN SHARE RANGE
9%–17%
Subdued: FX and macro uncertainty persisted

Domestic investors drove 83–91% of activity throughout H1 2026. Foreign participation remained muted, reflecting persistent macro and FX uncertainty.

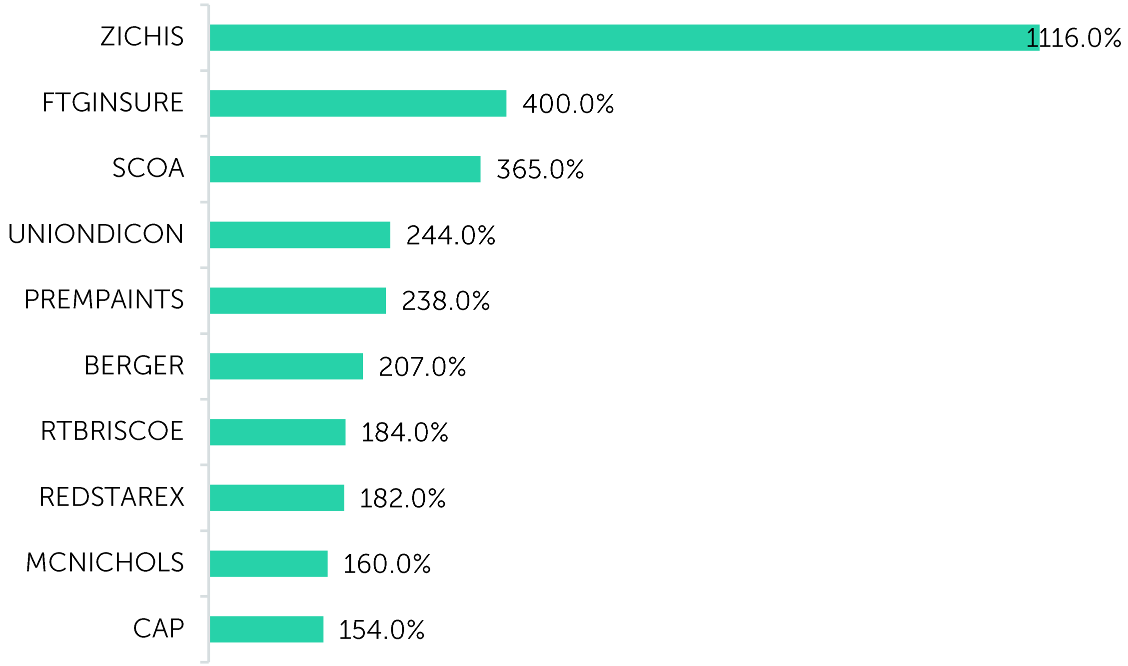
Institutional participation climbed as high as 62.81% (March) following PENCOM's revised equity allocation limits, concentrating flows into large-cap fundamentals.

Breadth turned negative in March and April, a signature of institutional-driven selectivity. Recovery to 2.52x in June shows renewed broad-based demand despite the ASI correction.

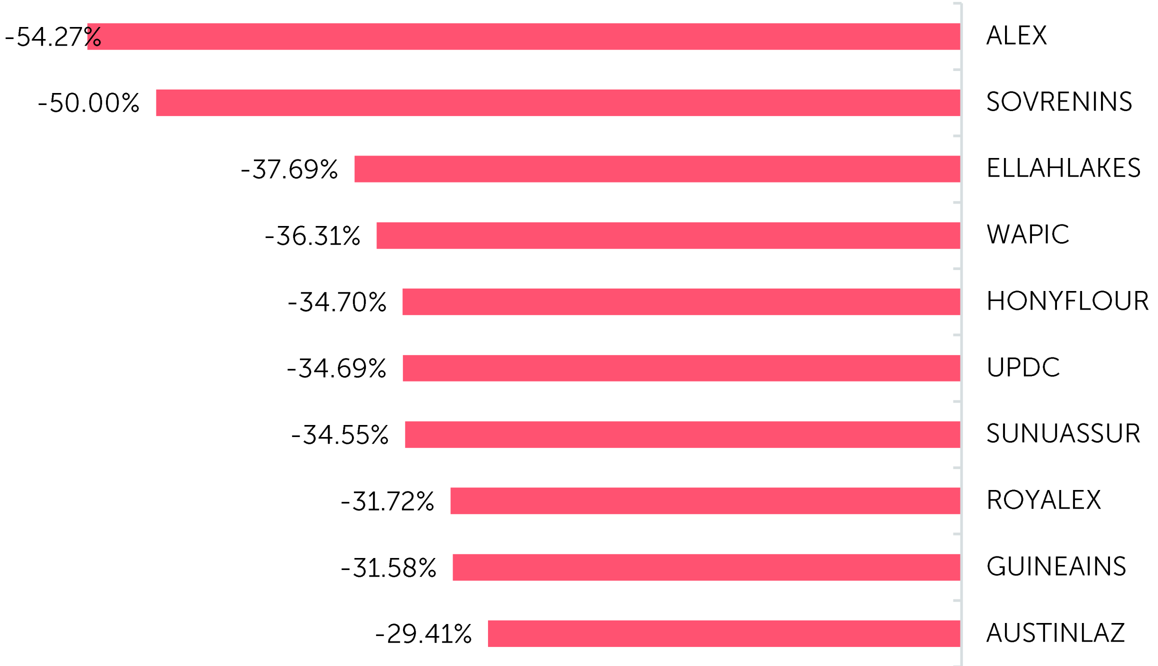
Gainers & Losers: Year-to-Date Performance

Top 10 YTD gainers and losers | H1 2026 | Source: NGX

TOP TEN YEAR-TO-DATE GAINERS



TOP TEN YEAR-TO-DATE LOSERS



YTD GAINERS	JUN GAINERS	YTD LOSERS	JUN LOSERS	YTD UNCHANGED	JUN UNCHANGED
85 stocks	85 stocks	43 stocks	30 stocks	18 stocks	31 stocks

Market Activities: H1 2026

Capital Raising, New Listings, Rights, Restructuring & Regulatory Actions | Source: NGX

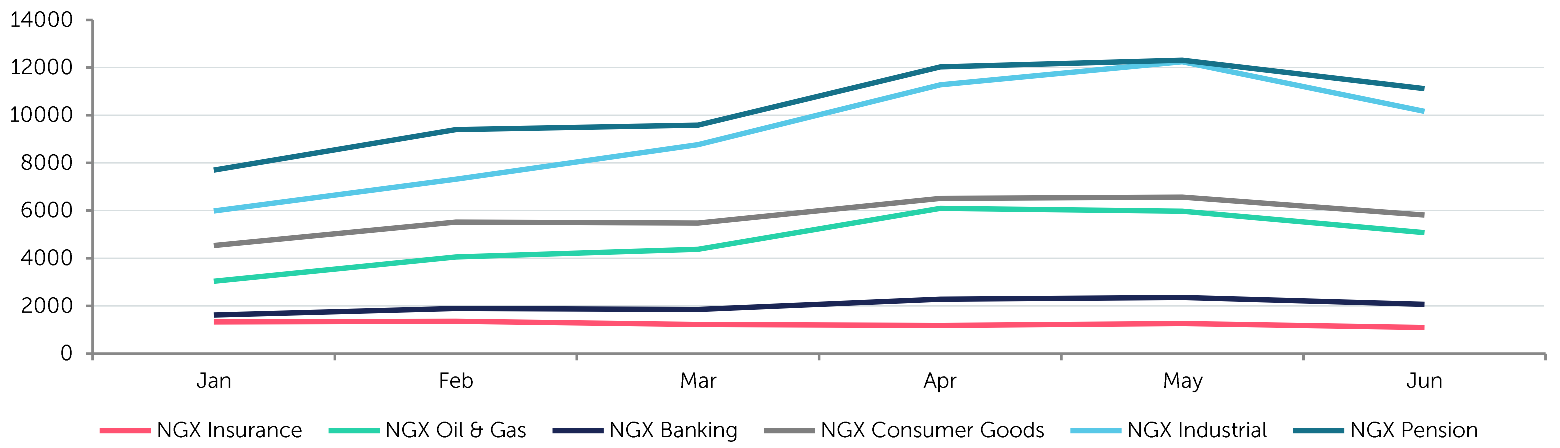
Capital Raising & Supplementary Listings	Rights Issues	New Listings	Rights & Restructuring	Regulatory Actions
First HoldCo: 2 private placements, 3.6bn+ additional shares listed	**Champion Breweries:** ₦15.9bn rights + ₦42bn public offer	**NREIT:** 1.59bn units via introduction + 68.16m Series 5 units	**Linkage Assurance:** ₦16.26bn @ ₦1.32/share (2-for-3)	**SUSPENSIONS:** Premier Paints, Fortis Global, Zichis (lifted after compliance)
UBA: 3.16bn shares listed from rights issue	**Eterna:** ₦21.52bn rights issue (Jan 2026)	**Zichis Agro-Allied:** Listed on Growth Board via introduction	**Guinea Insurance:** ₦5.8bn @ ₦1.10/share (2-for-3)	**DELISTINGS:** ASO Savings (CBN licence revoked), DN Tyre & Rubber, Greif Nigeria
Access Holdings: 1.06bn shares from private placement	**Presco:** ₦236bn rights issue (largest non-financial in 2025)		**Lasaco Assurance:** ₦18.47bn @ ₦2.00/share (5-for-6)	
FCMB Group: 23.18bn shares — 144.89% oversubscribed public offer	**Fidson Healthcare:** ₦21bn rights issue (oversubscribed)		**SUNU Assurances:** ₦2.08bn @ ₦4.50/share (5-for-14)	
Fidelity Bank: 12.97bn shares from private placement	**VFD Group:** ₦50.6bn rights issue (fully subscribed)		**Dangote Sugar:** ₦485.88bn @ ₦60/share (2-for-3)	
	Morison Industries: Private placement at ₦1.50/share		**Fortis Global:** 4-for-1 reconstruction (12.91bn → 3.23bn shares)	
			Abbey Mortgage → Abbey Bank Plc (ABBEYBANK)	
			Deap Capital → Critical Minerals Financing Corp (CMFC)	

NGX Sector Performance: H1 2026

Monthly index points and YTD returns by sector | Source: NGX

Sector	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	YTD
NGX Insurance	1,329.16	1,359.91	1,231.42	1,186.50	1,263.03	1,098.12	-7.67%
NGX Oil & Gas	3,038.79	4,060.73	4,385.20	6,097.34	5,979.61	5,079.06	+90.21%
NGX Banking	1,621.77	1,892.07	1,860.75	2,281.39	2,358.17	2,070.11	+36.56%
NGX Consumer Goods	4,537.24	5,527.59	5,486.35	6,519.03	6,567.93	5,810.03	+38.10%
NGX Industrial Goods	5,985.87	7,314.57	8,775.98	11,277.17	12,246.58	10,162.54	+79.03%
NGX Pension	7,701.37	9,403.34	9,586.59	12,031.13	12,313.01	11,118.88	+56.21%

SECTOR INDEX TREND: H1 2026 (MONTHLY POINTS)



Driver Stocks by Sector

Oil & Gas (+90.2%)	ARADEL +111.6%, SEPLAT +95.6%, JAPAULGOLD +21.2%
Industrial (+79.0%)	BERGER +207.5%, PREMPAINTS +237.5%, WAPCO +130.5%, CAP +153.8%
Pension (+56.2%)	Broad gains across large-cap holdings
Consumer (+38.1%)	UNIONDICON +244.2%, VITAFOAM +105.4%, PZ +92.8%
Banking (+36.6%)	ETI +127.2%, ZENITH +78.0%, JAIZBANK +82.4%
Insurance (−7.7%)	SOVRENINS −50.0%, ALEX −54.3%, WAPIC −36.3%

Valuation, Market Expectations & Model Portfolio

P/E ratios, scenarios, and sector allocation strategy | Source: NGX, CFG Africa Research

African Market P/E Ratios: Current vs. 2-Year Average

Nigeria
11.9x
2-yr avg: 9.6x | Above avg
RE-RATING

Ghana
14.6x
2-yr avg: 7.7x | Above avg
RE-RATING

Egypt
10x
2-yr avg: 8.2x | Above avg
RE-RATING

South Africa
13x
2-yr avg: 15.2x | Below avg
DE-RATING

Kenya
7.4x
2-yr avg: 6.5x | Above avg
RE-RATING

Year-End NGX ASI Scenarios

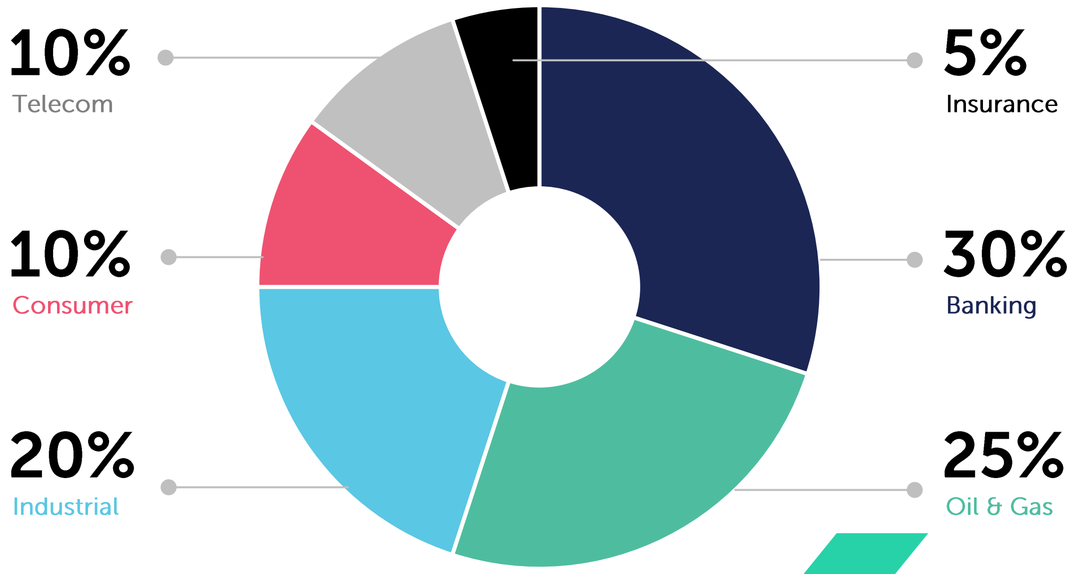
Optimistic
+62%
Target: 252,093 pts
Probability: 65%

Base
+30%
Target: 202,297 pts
Probability: 30%

Pessimistic
–14%
Target: 133,921 pts
Probability: 5%

Expected Return
48.6%
Probability: Weighted

SUGGESTED SECTOR ALLOCATION



06

FIXED INCOME MARKET

Treasury Bills, FGN Bonds & Eurobond Review (H1 2026)

Fixed Income Market Report: H1 2026

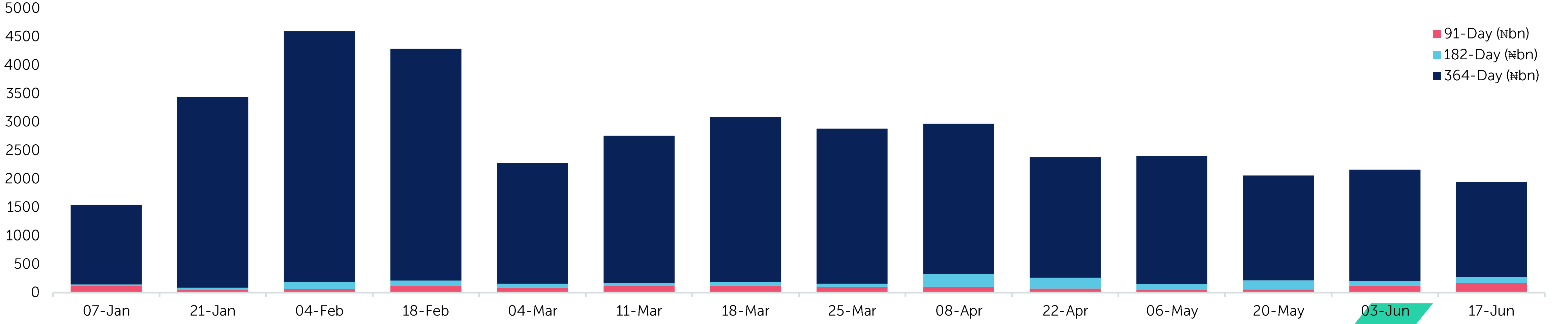
Divergent trends across the naira yield curve | Source: FMDQ / DMO / CBN

Nigeria's naira fixed income market experienced divergent trends in H1 2026. Treasury Bill rates declined sharply in Q1 before partially retracing in June, while FGN Bond marginal yields trended steadily higher throughout the half as investors demanded greater duration compensation. Investor demand remained robust across both markets despite the higher-rate environment, reflecting strong institutional appetite from banks, pension funds, and asset managers.

364-DAY NTB OPEN RATE	364-DAY NTB CLOSE RATE	FGN BOND YIELD (JAN AVG.)
18.47%	**17.34%**	**17.55%**
7 January — high of the half	17 June — net –113bps for the half	Opening auction average yield

FGN BOND YIELD (JUN HIGH)	NTB TOTAL SUBSCRIPTIONS	BOND TOTAL SUBSCRIPTIONS
18.35%	**₦38.67tn**	**₦8.76tn**
22 June — highest in H1 2026	vs ₦12.75tn offered — 3.03x BTC	vs ₦4.95tn offered — 1.77x BTC

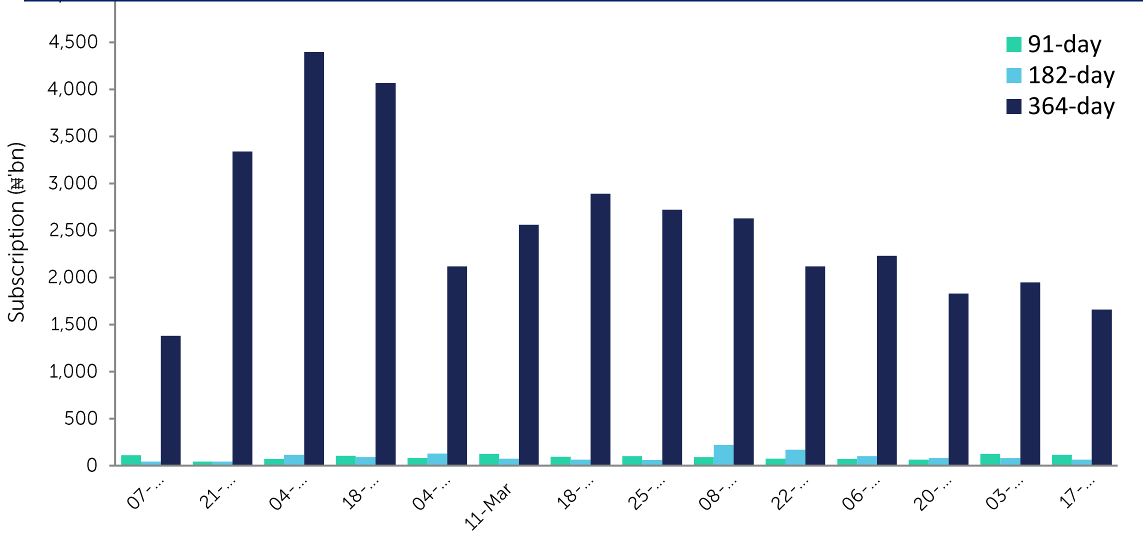
NTB AUCTION SUBSCRIPTIONS BY TENOR (H1 2026)



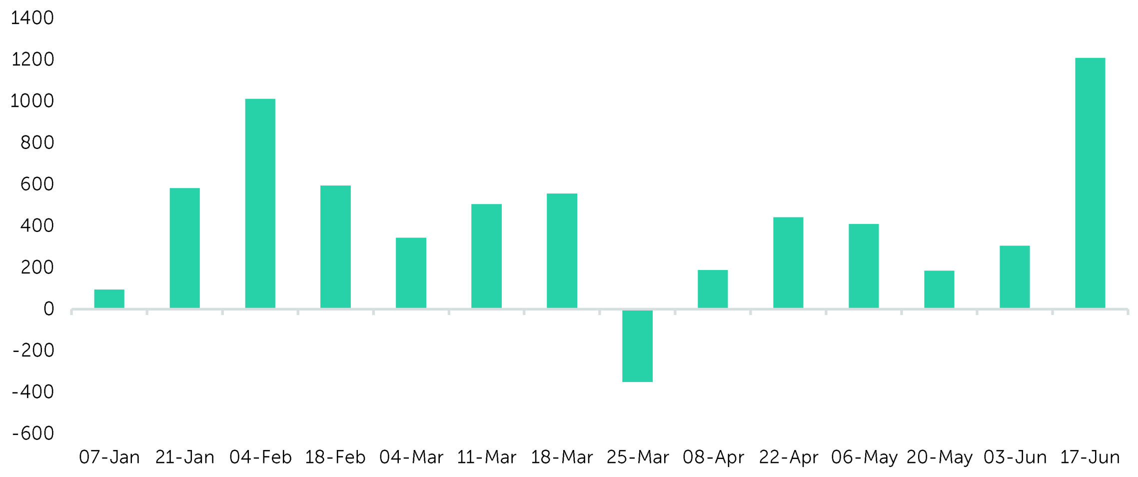
Treasury Bills: Bid-to-Cover & Net Issuance

Demand concentration, allotment strategy and cumulative net issuance | Source: DMO

NTB AUCTION SUBSCRIPTION BY TENOR (H1 2026)



NET ISSUANCE BY AUCTION (₦ BILLION)



H1 2026 NTB Aggregate Auction Summary

Tenor	Total Offer (₦bn)	Total Subscriptions (₦bn)	Total Allotment (₦bn)	Bid-to-Cover	Net Issuance (₦bn)
91-Day	1,600.0	1,318.6	1,268.9	0.82x	344.4
182-Day	1,850.0	1,406.2	961.5	0.76x	538.9
364-Day	**9,300.0**	**35,946.8**	**11,571.4**	**3.87x**	**4,230.3**

Demand Concentration

₦35.95tn of ₦38.67tn in total NTB bids (92.9%) went to the 364-day tenor, investors firmly anchored to locking in long-term yield while it remained elevated.

Peak BTC (March 25)

13.6x bid-to-cover at the 25 March auction after DMO cut offer to ₦200bn, demand of ₦2.73tn overwhelmed a greatly reduced supply, driving the spike.

Net Issuance Leader

17 June recorded the highest single-auction net issuance of the half: ₦1.21tn, as an ₦83.5bn maturity was rolled into a ₦1.29tn allotment.

FGN Bonds: Yield Trend & Curve Dynamics

Six auctions across 2030–2037 maturities | H1 2026 | Source: DMO / FMDQ

FGN Bond Marginal Yield by Auction Date & Maturity

Date	2030	2031	2032	2033	2034	2035	2037
26-Jan	–	17.62	–	–	17.50	17.52	–
23-Feb	–	–	15.74	15.74	15.50	–	–
30-Mar	16.00	–	16.15	16.64	–	–	–
27-Apr	16.30	–	16.50	–	–	16.59	–
18-May	–	–	–	–	–	17.00	17.04
22-Jun	–	–	–	–	–	18.34	18.35

JAN AVG. MARGINAL YIELD
17.55%
Across 2031, 2034 and 2035 tranches

FEB LOW (2034 TRANCHE)
15.50%
Sharpest single-session decline in H1

JUN HIGH (2037 TRANCHE)
18.35%
Highest yield printed in H1 2026

2035 BOND MOVE (H1)
+82bps
17.52% → 18.34%: clearest apples-to-apples

JAN: High Opening
Auctions cleared at 17.50%–17.62% across all three tranches, reflecting the year-opening rate environment and strong but price-sensitive demand. DMO oversold at Jan to front-load funding.

FEB: Sharp Rally
Yields compressed nearly 200bps in a single month. The 2034 cleared at 15.50% vs. 17.50% in Jan, one of the most dramatic single-auction declines recorded. Driven by disinflation and positive macro sentiment.

MAR–APR: Reversal
Yields reversed, rising steadily from the Feb lows. March and April auctions repriced across the 2030, 2032, and 2033 maturities to 16.00%–16.64%, as the market digested the inflation trajectory reversal.

MAY–JUN: Higher for Longer
The 2035 rose from 16.59% (April) to 18.34% (June). The 2037's first-auction clearing at 18.35% confirmed the long end is repricing for supply and duration risk. Demand held up, June was oversubscribed.

FGN Bond Auction Results & Yield Heat Map: H1 2026

Full auction detail and tenor-by-tenor yield map | Source: DMO / FMDQ

Date	Bond	Offer (₦bn)	Subs. (₦bn)	Allotment (₦bn)	Yield (%)
26 Jan	FGN 2031	300.0	514.5	398.2	17.62%
26 Jan	FGN 2034	400.0	1,006.9	576.3	17.50%
26 Jan	FGN 2035	200.0	731.4	570.2	17.52%
23 Feb	FGN 2032	400.0	851.6	188.1	15.74%
23 Feb	FGN 2033	300.0	874.7	208.6	15.74%
23 Feb	FGN 2034	100.0	972.9	127.5	15.50%
30 Mar	FGN 2030	250.0	251.4	88.8	16.00%
30 Mar	FGN 2032	200.0	217.9	64.0	16.15%
30 Mar	FGN 2033	300.0	462.2	332.7	16.64%
27 Apr	FGN 2030	300.0	181.9	46.8	16.30%
27 Apr	FGN 2032	100.0	167.0	18.7	16.50%
27 Apr	FGN 2035	300.0	599.0	211.2	16.59%
18 May	FGN 2035	300.0	262.2	137.7	17.00%
18 May	FGN 2037	300.0	253.9	476.8	17.04%
22 Jun	FGN 2035	600.0	705.2	600.9	18.34%
22 Jun	FGN 2037	600.0	708.3	621.0	18.35%

Yields dropped to a H1 low of 15.5% in February, then rebounded above 18% by June. Across all six auctions, subscriptions averaged 1.77x the amount offered, reflecting sustained investor appetite

	26 Jan	23 Feb	30 Mar	27 Apr	18 May	22 Jun
FGN 2030			16.00	16.30		
FGN 2031	17.62					
FGN 2032		15.74	16.15	16.50		
FGN 2033		15.74	16.64			
FGN 2034	17.50	15.50				
FGN 2035	17.52			16.59	17.00	18.34
FGN 2037					17.04	18.35

Yield Scale

Green = higher yields / stronger investor return. (≥17.5%)

Blue= mid-range yields. (16.5% - 17.5%)

Pink = lower yields / weaker investor return. (≤16.5%)

Eurobond Market: Event-Driven Yield Range

Average Nigerian Eurobond yields in a 90bp band | H1 2026 | Source: FMDQ / Bloomberg

Average Nigerian Eurobond yields traded within a relatively narrow 90bp range (6.79%–7.71%) across H1 2026, with no sustained directional trend. Market performance was driven primarily by shifts in global risk sentiment — particularly developments surrounding the Iran–Israel–U.S. conflict and its implications for the Strait of Hormuz — as well as U.S. macroeconomic releases and evolving Federal Reserve policy expectations. Domestic catalysts including softer CPI and S&P's sovereign upgrade to 'B'/Stable provided periodic support but rarely dictated direction.

H1 YIELD RANGE
6.79%–7.71%
90bps total range — driven by geopolitics

OPENING YIELD (JAN)
~7.09%
Beginning of H1 2026

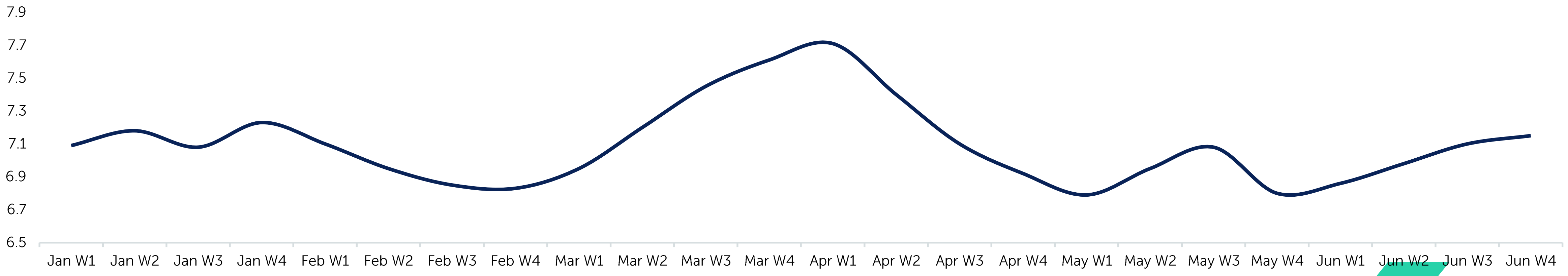
H1 LOW YIELD (MAY)
6.79%
Post-S&P upgrade + NFP beat

H1 HIGH YIELD (APR)
7.71%
Iran tensions peak + Hormuz fears

CLOSING YIELD (JUN)
~7.15%
Strait of Hormuz closure re-escalates

KEY DOMESTIC EVENT
S&P Upgrade
'B'/Stable: first foreign currency upgrade since 2020

NIGERIA AVERAGE EUROBOND YIELD (H1 2026)



Eurobond: Monthly Event Review

H1 2026: what moved yields each month | Source: CFG Africa Research

Month	Yield move	Tone	Events
January	~7.09% → 7.23%	NEUTRAL	A tug-of-war between profit-taking and dip-buying. Strong U.S. jobless claims data drove early compression, repeatedly interrupted by profit-taking and softer oil prices. Month-end mixed U.S. labor data (231k claims vs. 212k forecast; JOLTS at 6.54M vs. 7.25M) tilted sentiment bearish.
February	7.23% → 6.84%	BULLISH	The clearest Nigeria-specific catalyst of H1: January CPI at 15.10% vs. 16.5% consensus triggered a sharp rally. A U.S. Supreme Court ruling striking down tariffs removed a global trade-policy overhang, reinforcing the bullish tone. Yields settled in the 6.80%–6.83% area.
March	6.95% → 7.61%	BEARISH	Start of the geopolitical shock phase. Iran nuclear program headlines, U.S. 'unconditional surrender' demands, and repeated Strait of Hormuz threats drove a ~65bp widening in four weeks. February CPI easing to 15.06% and a steady Fed rate (3.5%–3.75%) offered only brief relief.
April	7.71% → 6.92%	RECOVERY	Opened at the H1 high of 7.71% as Iran-energy infrastructure tensions and Lebanon spillover peaked. A series of de-escalation signals, Hormuz reopening, U.S.–Iran ceasefire extension, cooler March CPI (3.3% vs. 3.4% expected), drove a complete retracement of the early-April spike.
May	6.79% → 6.80%	RANGE-BOUND	Traded 6.79%–7.11%. NFP at 115k (vs. 65k forecast) pulled yields to the month low. Hotter-than-expected CPI/PPI and a 'fragile ceasefire on life support' narrative pushed yields back above 7.0%. Standout: S&P upgraded Nigeria to 'B'/Stable, anchoring yields lower into month-end.
June	6.86% → 7.15%	BEARISH	Yields ground higher as the Strait of Hormuz returned: Iran suspended talks, conflicting ceasefire reports, then closure after collapse of the Trump-backed peace framework. A dispute over proposed Hormuz transit fees added an inflation-adjacent oil-supply risk angle into H1 close.

Fixed Income Outlook: H2 2026

Rate direction and market expectations across all three markets | Source: CFG Africa Research

Treasury Bills

We expect Treasury Bill yields to remain elevated through H2 as the government's domestic funding requirements continue to support regular NTB issuance. Investor demand should remain strongest at the 364-day tenor, although larger auction sizes may moderate the pace of any decline in stop rates. System liquidity, domestic borrowing requirements and the CBN's monetary policy stance will remain the key drivers of market direction.

FGN Bonds

We expect the DMO to maintain an active issuance programme through H2 as it continues to meet the government's domestic funding requirements. Continued bond reopenings are likely to keep bond yields elevated over the medium term.

Eurobonds

We expect Nigerian Eurobond yields to trade within the 6.8%–7.5% range through H2 2026, remaining broadly stable in the absence of a major geopolitical shock. Improving domestic fundamentals should continue to support valuations, although global risk sentiment is expected to remain the dominant driver of market direction.

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