

Access Quarterly



Q2 2026 Edition



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GLOBAL ECONOMY



GLOBAL ECONOMY

Section 0.1

Global macroeconomic conditions remained fragile during the second quarter of 2026 as heightened geopolitical tensions, persistent policy uncertainty and divergent growth trajectories across major economies continued to weigh on the global outlook. Although the temporary ceasefire between Iran and Israel initially eased concerns over energy supply disruptions, lowering oil prices and improving investor sentiment, renewed tensions involving the United States and Iran have reintroduced significant risks to energy security, global supply chains and maritime trade through the Strait of Hormuz, triggering renewed volatility across commodity and financial markets.

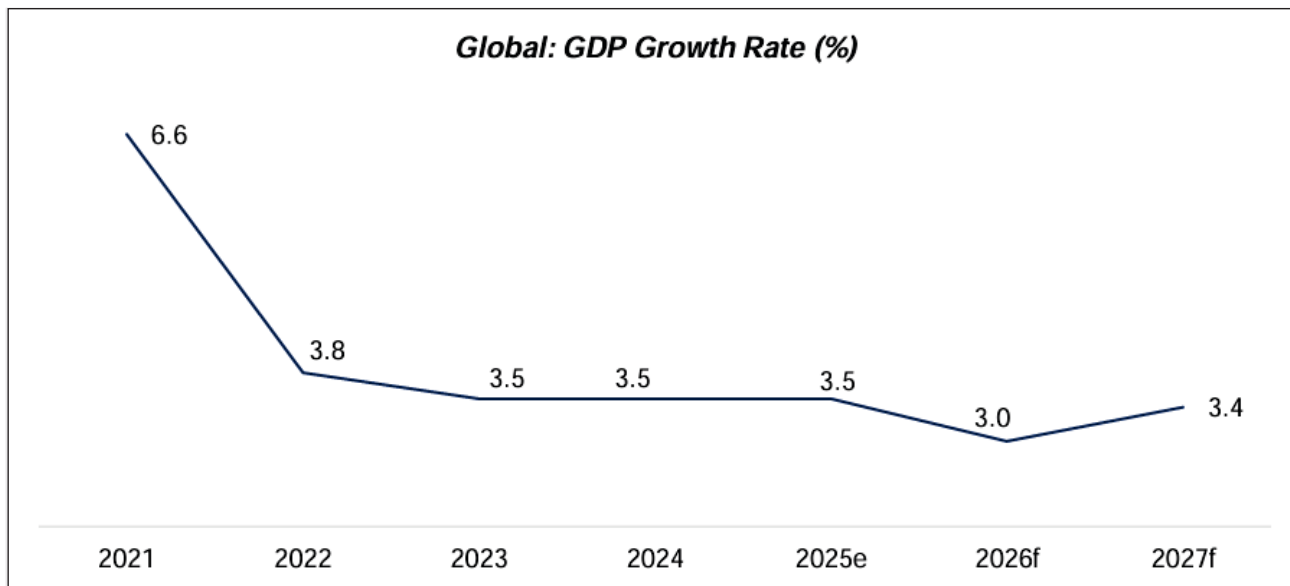
Against this backdrop, the IMF's July 2026 World Economic Outlook revised global growth for 2026 downward to 3.0%, from 3.1% projected in April, reflecting the impact of the Middle East conflict, rising trade fragmentation and risks associated with elevated artificial intelligence related asset valuations. Despite these headwinds, the global economy has remained relatively resilient, supported by sustained investment in artificial intelligence and technology, which has partly offset the adverse effects of geopolitical tensions and energy market disruptions. Nevertheless, growth remains uneven across economies and below pre pandemic norms, with global output projected to recover only modestly to 3.4% in 2027.

Global trade remained resilient despite the challenging operating environment. According to the United Nations Trade and Development (UNCTAD), merchandise trade increased 12.5% year-on-year to approximately US\$13.7 trillion in the first half of 2026, while services trade expanded 10.5%, adding around US\$2 trillion and placing

global trade on course for a record year. The expansion was supported by resilient trade flows, stronger South-South commerce and robust demand for artificial intelligence and green technologies. However, escalating geopolitical tensions, shipping disruptions, higher energy costs and rising trade protectionism continue to cloud the outlook.

Global business activity also remained resilient. The Global Composite Purchasing Managers' Index (PMI) edged up to 52.0 in June 2026 from 51.8 in May, signalling continued expansion in private sector activity, supported by stronger manufacturing output and a modest improvement in new orders. However, elevated input costs, persistent supply chain vulnerabilities and heightened geopolitical uncertainty continued to constrain business investment and corporate confidence.

Commodity markets remained highly sensitive to developments in the Middle East. Crude oil prices declined sharply from their conflict induced peak as concerns over prolonged disruptions to shipping through the Strait of Hormuz temporarily eased, with the OPEC Reference Basket falling from US\$146.05 per barrel on 19 March to US\$76.87 per barrel at the end of June. However, renewed tensions between the United States and Iran have increased the risk of renewed volatility in global energy markets. Any sustained disruption to oil production, export infrastructure or key maritime routes will continue to fuel volatility in global oil markets and complicate the policy outlook for both advanced and emerging market economies.



UNITED STATES/EURO AREA



United States

The United States economy strengthened in the first quarter of 2026, with real GDP expanding at an annualised rate of 2.1%, up from 0.5% in the fourth quarter of 2025. The rebound was driven by stronger business investment, resilient consumer spending, higher exports and increased government expenditure, while a downward revision to imports also supported overall growth. Nevertheless, the pace of expansion remained moderate as elevated interest rates, persistent trade policy uncertainty and geopolitical tensions continued to weigh on business confidence and domestic demand.

Inflationary pressures eased during the second quarter, with headline inflation declining to 3.5% year on year in June from 4.2% in May, marking the first moderation in five months. The decline reflected lower energy prices following the temporary easing of tensions in the Middle East, particularly the sharp fall in gasoline prices, while core inflation moderated to 2.6%, indicating a gradual easing in underlying price pressures.

Amid moderating inflation but persistent geopolitical and trade policy uncertainty, the Federal Reserve maintained a cautious monetary policy stance, leaving the federal funds target range unchanged at 3.50% - 3.75% at its June 2026 meeting. While acknowledging the moderation in

inflation, policymakers noted that price pressures remained above target and that geopolitical developments and trade policy uncertainty continued to pose upside risks to the inflation outlook. Accordingly, the Committee reaffirmed its data dependent approach, indicating that future policy decisions would be guided by incoming economic and inflation data.

Business activity remained resilient despite elevated cost pressures and persistent uncertainty. The Composite Purchasing Managers' Index (PMI) rose to 52.2 in June from 51.5 in May, signalling a modest acceleration in private sector activity, supported primarily by stronger manufacturing output. Growth in the services sector remained positive but moderated amid softer domestic demand and continued cost pressures.

Labour market conditions remained resilient but showed further signs of gradual cooling. According to the U.S. Bureau of Labor Statistics, non-farm payroll employment increased by 57,000 in June, the weakest monthly gain in four months, while the unemployment rate edged down to 4.2% from 4.3% in May. The moderation in hiring suggests easing labour demand as businesses adopted a more cautious approach amid slowing economic activity and lingering policy uncertainty.



Source: Bloomberg
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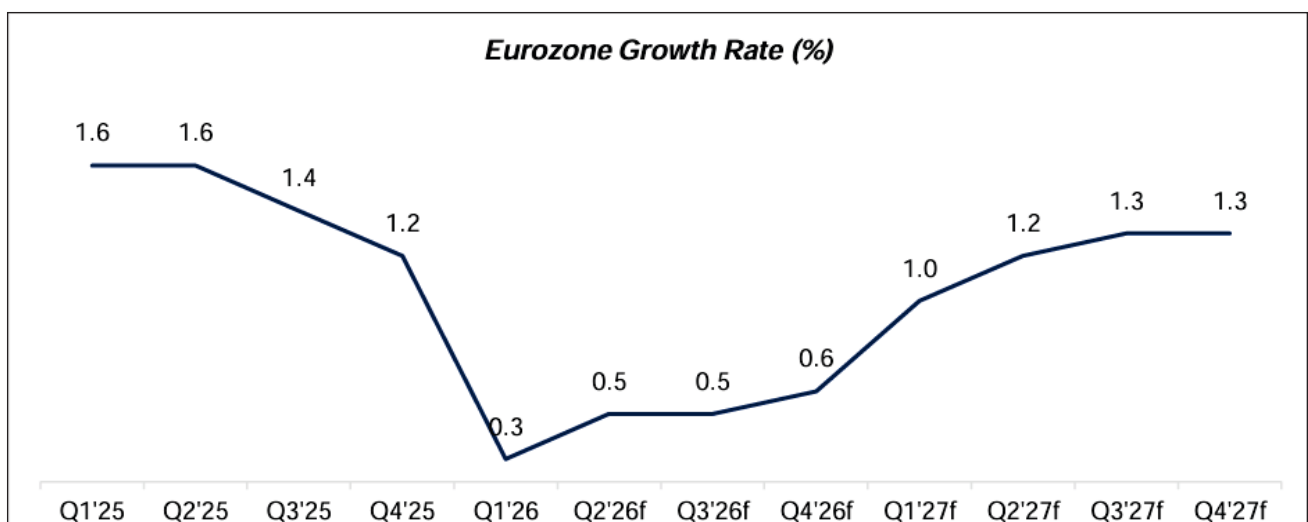
Euro Zone

Economic activity in the Euro Area moderated in the first quarter of 2026, with real GDP growth slowing to 0.3% year on year from 1.2% in the fourth quarter of 2025, marking the weakest expansion since the fourth quarter of 2023. The slowdown reflected weaker investment, with gross fixed capital formation rising only 0.3% compared with 3.3% in the previous quarter, a 0.9% contraction in exports following 2.1% growth, and softer household consumption as higher energy costs eroded purchasing power. Stronger government expenditure, which accelerated to 2.3% from 1.5%, together with slower import growth, helped cushion the slowdown.

Inflationary pressures moderated in June 2026 following several months of elevated price growth. Headline inflation declined to 2.8% from 3.2% in May but remained above the European Central Bank's (ECB) 2.0% target. The moderation

reflected slower energy inflation, which eased to 8.7% from 10.8%, alongside softer price increases for services and food, alcohol and tobacco. Inflation for non-energy industrial goods remained unchanged at 0.9%, while core inflation declined to 2.4% from 2.6%. Nevertheless, the inflation outlook remained subject to geopolitical developments and energy market volatility.

Amid moderating inflation but elevated geopolitical risks, the European Central Bank (ECB) raised its key policy rates by 25 basis points in June 2026, increasing the main policy rate to 2.40% from 2.15%. While acknowledging the recent moderation in inflation, the ECB noted that the conflict in the Middle East continued to pose upside risks to inflation and downside risks to economic growth, reaffirming its commitment to returning inflation sustainably to its 2.0% target.



Source: Bloomberg

f – Forecast

BRICS+



During the second quarter of 2026, the BRICS economies operated in a challenging external environment characterised by heightened geopolitical tensions, persistent trade policy uncertainty and divergent domestic economic conditions. The escalation of the Middle East conflict drove higher global energy prices, increasing import costs and inflationary pressures, particularly across energy importing economies.

Economic conditions remained mixed across the bloc. China continued to face weak domestic demand and property sector challenges despite additional policy support. India remained the fastest growing major economy, supported by resilient consumption, public investment and services

activity, although higher energy costs temporarily increased inflationary pressures. Brazil benefited from resilient agricultural exports and moderating inflation, supporting expectations of further monetary policy easing. Meanwhile, Russia remained supported by energy exports and defence spending, while South Africa continued to face structural constraints, including electricity shortages and weak investment.

Looking ahead, the BRICS economies are expected to remain important drivers of global growth. However, the outlook will continue to be shaped by domestic reform efforts, evolving global trade policies and geopolitical developments.





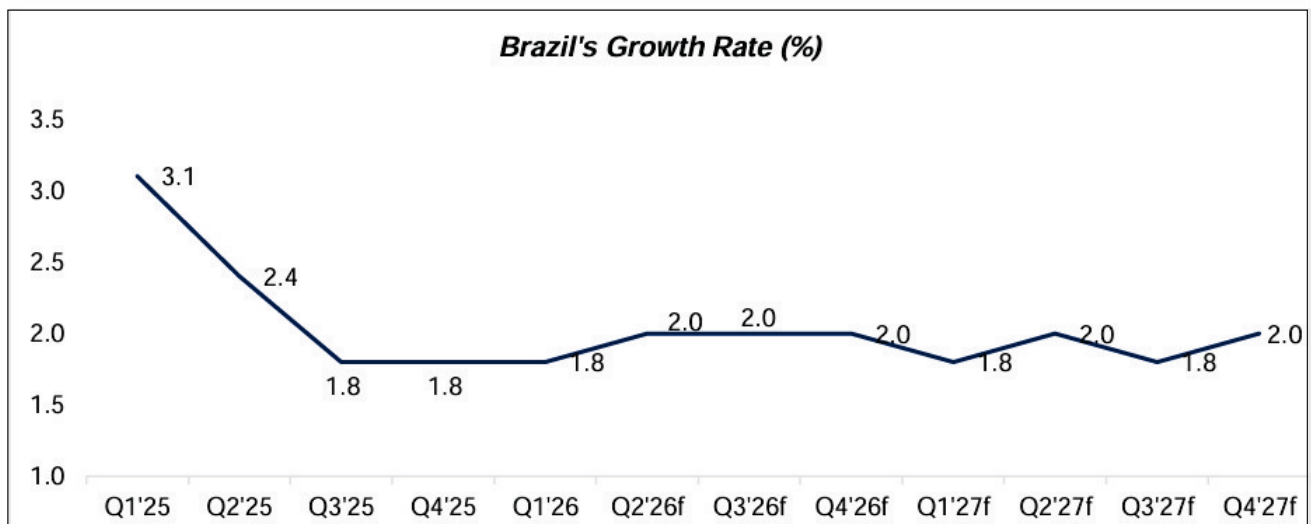
Brazil

Brazil's economy remained resilient in the second quarter of 2026, following a stronger than expected start to the year. Real GDP expanded by 1.8% year on year in the first quarter, supported by robust agricultural production, resilient household consumption and stronger investment. However, elevated borrowing costs and global uncertainty continued to weigh on private sector investment and broader business activity.

Inflationary pressures eased towards the end of the quarter, with annual consumer inflation (IPCA) moderating to 4.64% in June from 4.72% in May, as slower price increases in food, transportation, clothing and education reduced overall inflationary

pressures following the easing of energy costs. Nevertheless, inflation remained above the Central Bank of Brazil's target, prompting the government to raise its 2026 inflation forecast to 5.1% from 4.5%, well above the central bank's 3.0% target.

Business activity improved modestly despite elevated interest rates and external uncertainty. The Brazil Composite Purchasing Managers' Index (PMI) rose to 50.7 in June from 49.5 in May, returning to expansionary territory after contracting in the previous month. The improvement was driven mainly by stronger services activity, while the manufacturing downturn eased.



Source: Bloomberg

f – Forecast



Russia

Russia's economy weakened at the start of 2026, with real GDP contracting by 0.2% year on year in the first quarter, compared with 1.0% growth in 2025, marking the first annual contraction since early 2023. The decline was driven by weaker investment, slowing manufacturing activity, lower construction output and the effects of high interest rates, sanctions and uncertainty surrounding the Ukraine conflict. Although defence spending continued to support parts of the economy, overall growth remained subdued.

Inflation accelerated, with annual inflation rising to 6.0% in June from 5.3% in May, driven by higher fuel prices and supply disruptions following attacks on

domestic refineries. Despite rising price pressures, the Central Bank of Russia reduced its benchmark interest rate by 25 basis points to 14.25% in June.

Private sector activity remained weak amid subdued domestic demand and tight financial conditions. The Russia Composite Purchasing Managers' Index (PMI) declined to 48.9 in June from 49.2 in May, marking a fourth consecutive month of contraction. The weakness was driven primarily by softer services activity, while manufacturing remained relatively resilient.



Source: Bloomberg

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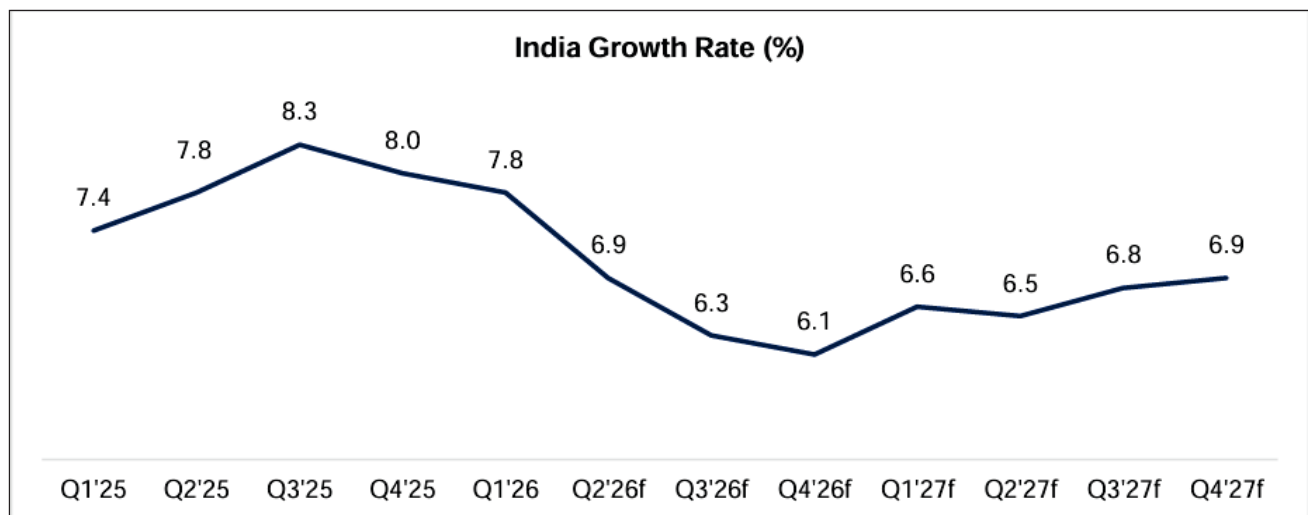
India

India posted strong economic growth in the first quarter of 2026, with real GDP expanding by 7.8% year-on-year, while full year 2025/26 growth reached 7.7%. The expansion was supported by robust domestic consumption, resilient services activity and sustained public infrastructure investment. However, global trade uncertainty, higher energy prices and weaker external demand moderated the pace of growth. Despite these headwinds,

India's diversified economic base and sound macroeconomic policies continued to support resilient economic performance. Inflation accelerated during the second quarter, with headline consumer inflation rising to 4.38% year-on-year in June from 3.93% in May, the highest level

since December 2024. Higher food and fuel prices, driven by supply disruptions linked to the U.S. Iran conflict and weaker than expected monsoon rains, increased price pressures. In response, the Reserve Bank of India (RBI) maintained the repo rate at 5.25%, adopting a cautious stance amid rising inflation risks and heightened global uncertainty.

Private sector activity remained robust, although growth moderated during the quarter. The HSBC India Composite Purchasing Managers' Index (PMI) eased to 57.1 in June from 59.3 in May, marking the weakest expansion since March. Nevertheless, the index remained well above the 50-point threshold, indicating continued expansion in both manufacturing and services, supported by resilient domestic demand despite softer export growth.



Source: Bloomberg

f – Forecast



China

China's economy gained momentum at the start of 2026, with real GDP expanding by 5.0% year-on-year in the first quarter, up from 4.5% in the fourth quarter of 2025. Growth was supported by stronger industrial production, resilient exports, high technology manufacturing and supportive fiscal and monetary policies. However, weak domestic demand, the property sector downturn and subdued private investment continued to constrain the recovery, while geopolitical tensions and global trade frictions remained key downside risks to the outlook.

Inflation remained subdued despite temporary energy price pressures arising from tensions in the Middle East. Headline inflation eased to 1.0% in June from 1.2% in May, as softer food and energy

prices offset underlying price pressures. Weak consumer demand and the property market downturn continued to weigh on inflation. The People's Bank of China (PBOC) maintained policy rates while preserving an accommodative stance to support growth and domestic demand.

Business activity remained in expansionary territory, signalling continued resilience in the private sector despite external headwinds. The Composite Purchasing Managers' Index (PMI) edged up to 50.6 in June from 50.5 in May, supported by stronger manufacturing output and new orders. Nevertheless, weak domestic demand and persistent property sector challenges continued to weigh on business confidence.



Source: Bloomberg

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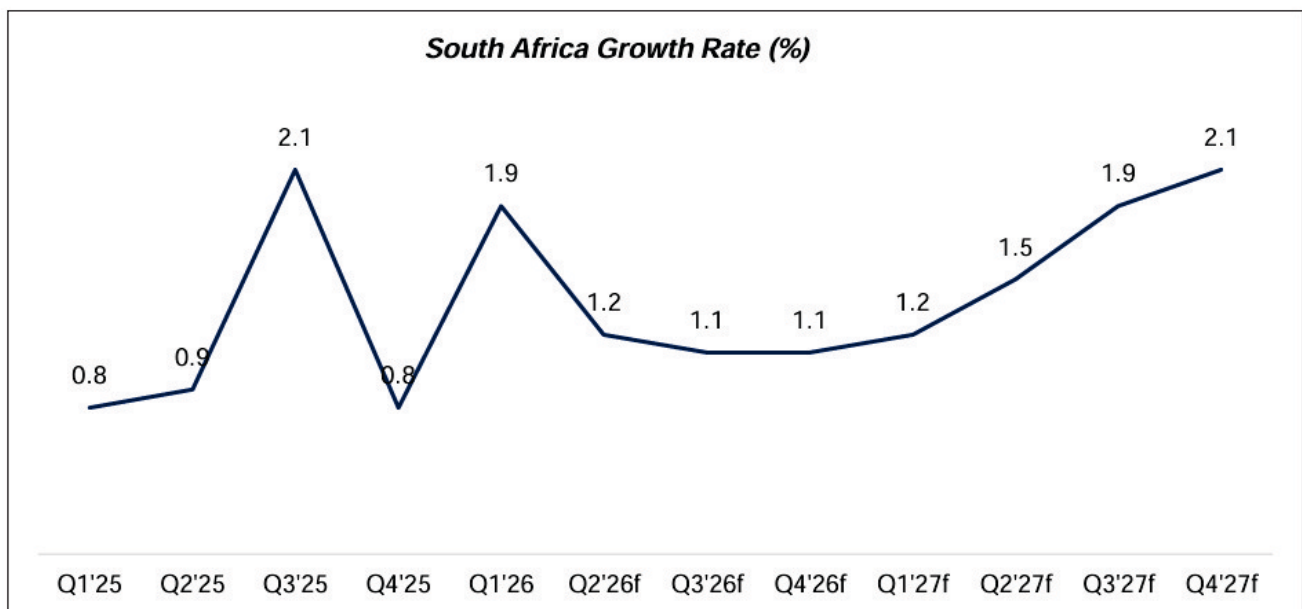
South Africa

South Africa's economy strengthened at the start of 2026, with real GDP expanding by 1.9% year on year in the first quarter, up from 0.8% in the fourth quarter of 2025. Growth was supported by improved performance in agriculture, finance, transport and business services. However, mining and manufacturing remained constrained by electricity shortages and logistics bottlenecks, while weak external demand continued to weigh on the broader outlook.

Inflation edged higher during the second quarter, with headline inflation rising to 5.0% in June from 4.5% in May, driven by higher fuel, transport and

food prices. Although inflation moved closer to the upper band of the South African Reserve Bank's (SARB) 3% - 6% target range, it remained broadly contained, allowing the Bank to maintain a cautious and data dependent monetary policy stance.

Private sector activity improved modestly, with the South Africa Purchasing Managers' Index (PMI) rising to 50.5 in June from 49.6 in May, returning to expansionary territory. The improvement was supported by stronger output and easing cost pressures, although weak domestic demand and persistent structural constraints continued to weigh on business confidence.



Source: Bloomberg

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AFRICA



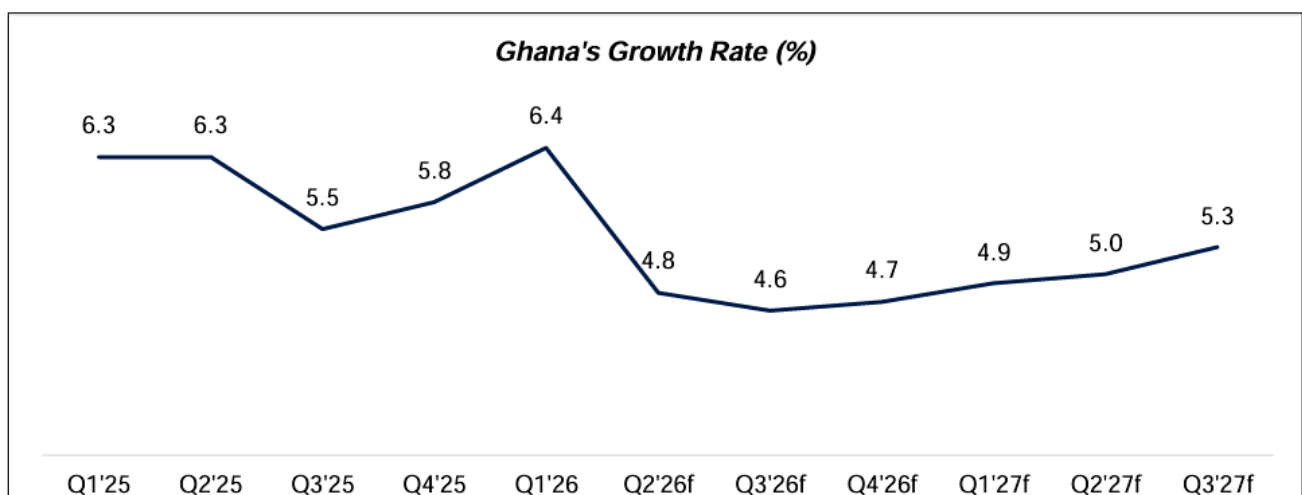
Ghana

Ghana's economy strengthened further at the start of 2026, with real GDP expanding by 6.4% year-on-year in the first quarter, up from 5.8% in the fourth quarter of 2025. Growth was broad based, supported by stronger performance across the services, industry and agriculture sectors. Services remained the primary growth driver, underpinned by information and communication, trade and financial services, while improved mining, manufacturing and agricultural output reinforced economic expansion.

Inflation accelerated during the second quarter, with headline inflation rising to 5.3% in June from 3.7% in May, driven by higher food, transport and

energy prices amid rising global commodity costs. Despite the increase, inflation remained below the Bank of Ghana's medium term target range, allowing the Bank to maintain its policy rate at 14.0% while adopting a cautious, data dependent approach amid external inflation risks.

Business activity weakened in the second quarter, with the Ghana Composite Purchasing Managers' Index (PMI) declining to 47.7 in June from 50.0 in May, signalling the first contraction in four months. The slowdown was driven by weaker new business as funding constraints reduced customer demand and weighed on overall private sector activity.



Source: Bloomberg

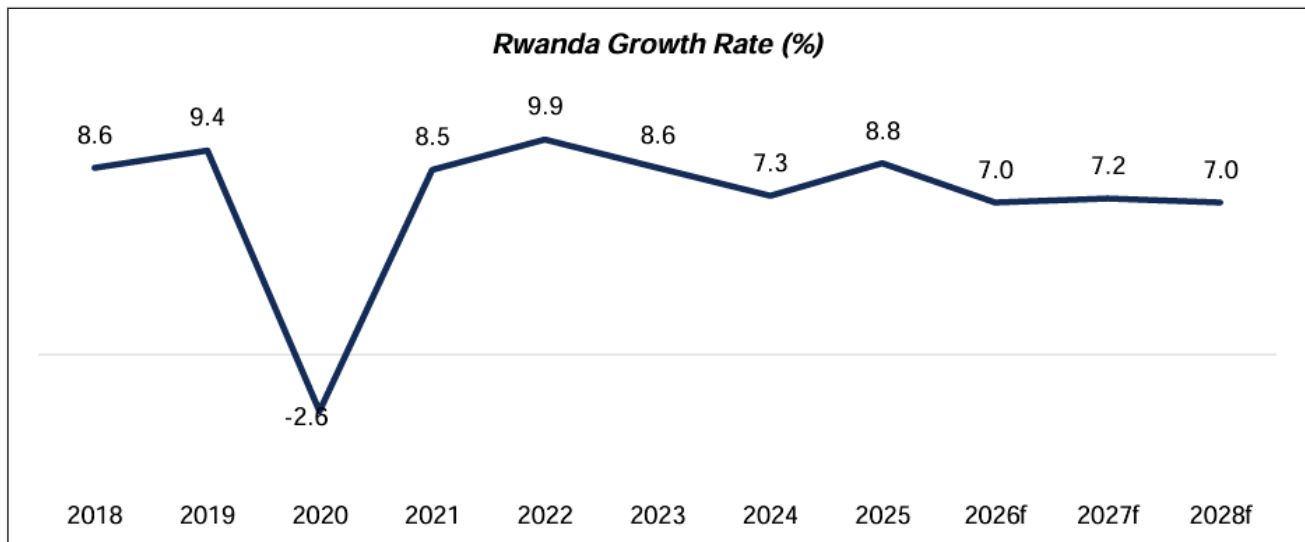
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Rwanda

Rwanda's economy remained resilient in the first quarter of 2026, with real GDP expanding by 10.0% year-on-year, following 11.2% growth at the end of 2025. Growth was broad based, supported by strong performance across the services, industry and agriculture sectors. Services remained the largest contributor to the economy, while higher mining, construction, manufacturing and export crop production, particularly coffee and tea, continued to underpin economic activity.

Inflation accelerated during the second quarter, with headline inflation rising to 12.7% year-on-year in June from 12.3% in May, driven by higher healthcare, transport and utility costs. In response, the National Bank of Rwanda raised its policy rate by 100 basis points to 8.25% to contain persistent inflationary pressures amid higher global energy costs and external uncertainties.



Source: Bloomberg

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THE NIGERIAN ECONOMY



THE NIGERIAN ECONOMY

Nigeria

Nigeria's macroeconomic environment remained resilient during the second quarter of 2026, driven by continued policy reforms, stronger crude oil production and improved fiscal and monetary policy coordination. These developments strengthened external buffers, enhanced exchange rate stability and improved investor confidence despite heightened global geopolitical and trade uncertainties.

The Monetary Policy Committee (MPC) maintained the Monetary Policy Rate (MPR) at 26.5% at its 306th meeting, reaffirming a cautious stance aimed at preserving price and exchange rate stability. The asymmetric corridor was retained at +50/-450 basis points, while the Cash Reserve Ratio (CRR) remained unchanged at 45% for deposit banks, 16% for merchant banks and 75% for eligible public sector deposits, demonstrating the Bank's continued commitment to prudent

liquidity management.

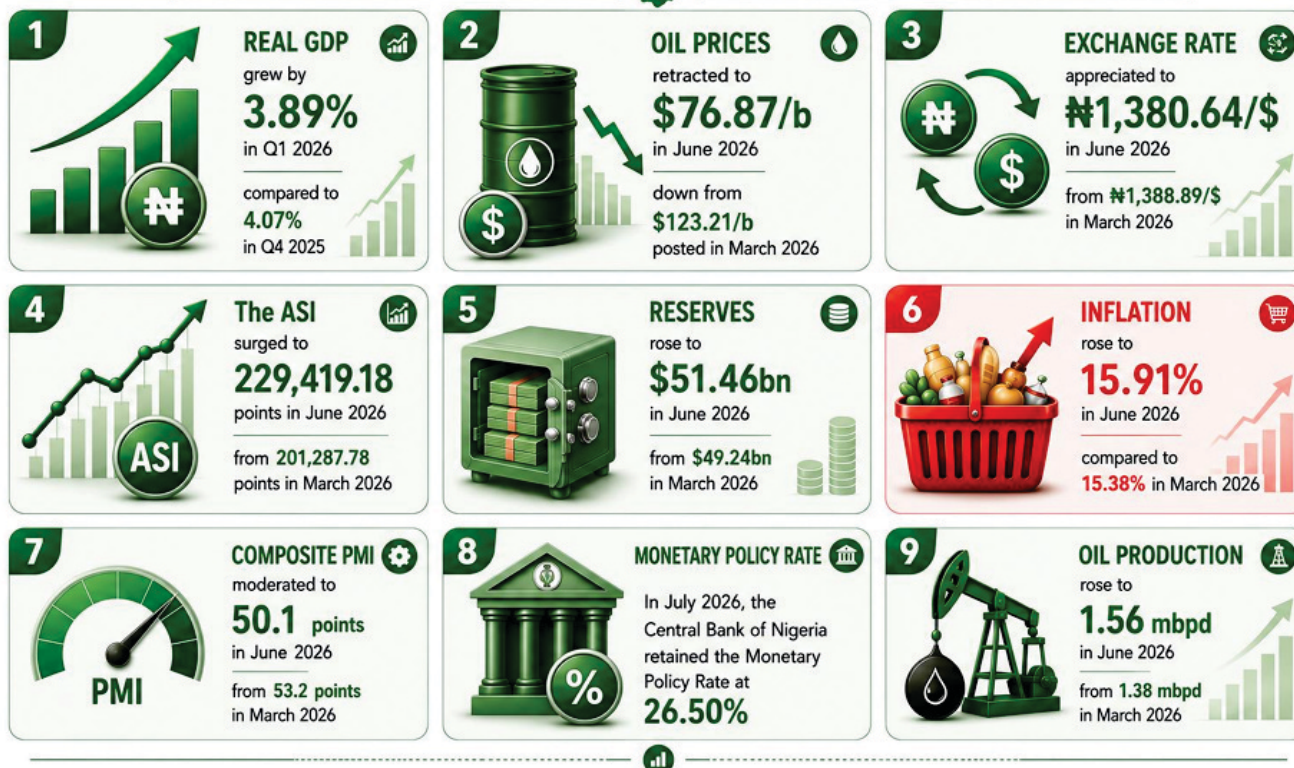
Foreign exchange conditions remained stable during the quarter, with the naira appreciating to N1,380.64/US\$ at the end of June from N1,388.89/US\$ at the end of the previous quarter. The appreciation was driven by stronger external inflows, higher crude oil production, increased remittance receipts, CBN interventions and improved market confidence.

Headline inflation moderated marginally to 15.91% year-on-year in June from 15.93% in May, benefiting from lower global energy prices following the temporary easing of Middle East tensions. However, renewed hostilities have increased upside risks to inflation through higher energy, transportation and production costs, highlighting the need for continued macroeconomic policy vigilance.





Nigeria's Economy at a Glance – Q2 2026

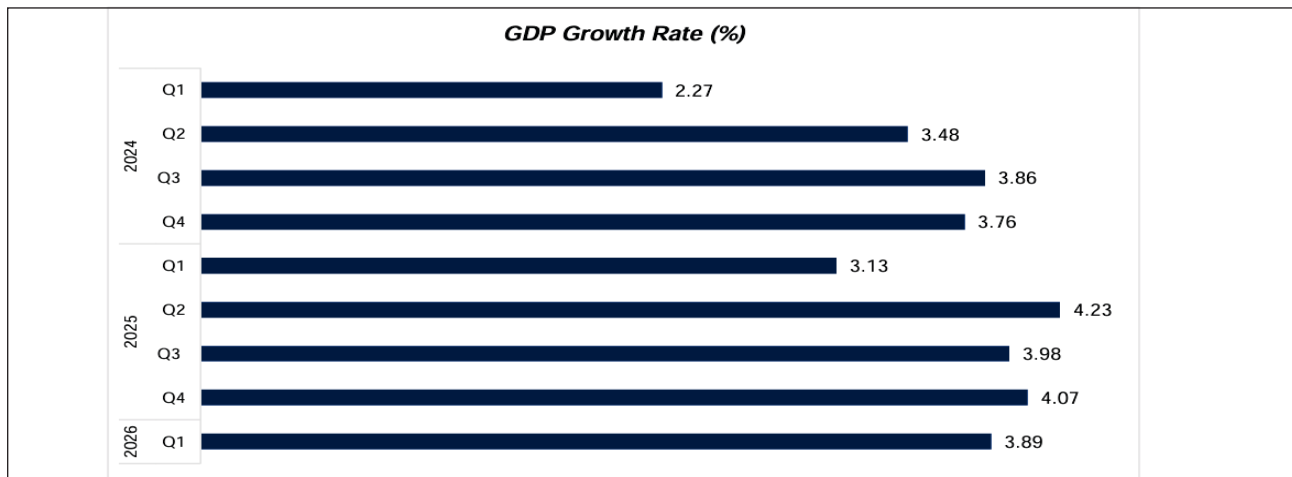


Source: NBS, CBN, OPEC, FMDQ

2.1. GDP Growth

Nigeria's economy remained resilient in the first quarter of 2026 despite persistent inflation, elevated interest rates and global uncertainty. According to the National Bureau of Statistics (NBS), real GDP grew by 3.89% year-on-year, up from 3.13% in the first quarter of 2025 but slightly below 4.07% in the fourth quarter of 2025, indicating a moderation in growth momentum. Growth was driven by improved agricultural output, stronger non-oil activity and resilient services, highlighting the economy's broad-based expansion.

The services sector grew by 4.33%, supported by financial services, ICT, trade and other business activities. Agriculture returned to growth at 0.07%, reversing the 1.79% contraction recorded a year earlier, while industry expanded by 3.42%, driven by manufacturing, construction and utilities. The oil sector also recovered, growing by 1.87% on the back of higher crude oil production and improved upstream efficiency.



Source: NBS

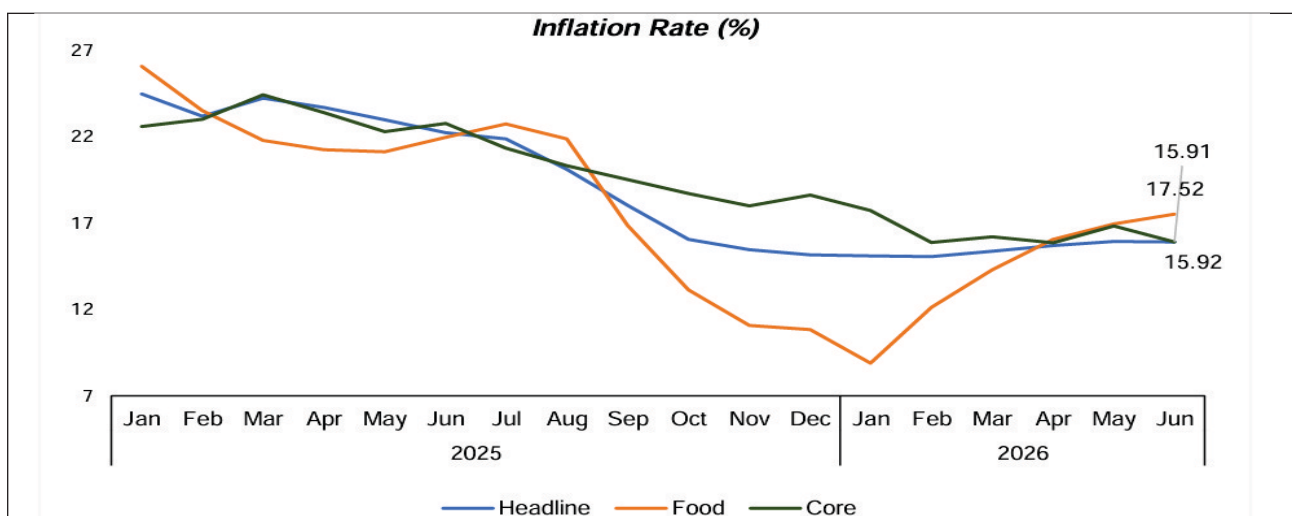
2.2. Inflation

Inflation moderated marginally in June 2026, with headline inflation easing to 15.91% year-on-year from 15.93% in May, while month-on-month inflation slowed to 1.66% from 1.75%. The moderation was supported by exchange rate stability and the cumulative effects of earlier monetary tightening. However, renewed geopolitical tensions in the Middle East continue to pose upside risks through higher global energy prices and potential supply chain disruptions.

Food inflation remained the main source of price pressures, rising to 17.52% year-on-year in June from 16.96% in May, driven by higher prices of key

food staples and persistent supply constraints. Month-on-month food inflation also increased to 3.75% from 2.98%, indicating sustained pressure on food prices.

Core inflation, which excludes food and energy, declined to 15.92% year-on-year in June from 16.82% in May, indicating easing price pressures across non-food components of the consumer basket. While stable foreign exchange conditions and softer consumer demand helped moderate underlying inflation, elevated food prices and global uncertainties continue to present upside risks to the near-term inflation outlook.



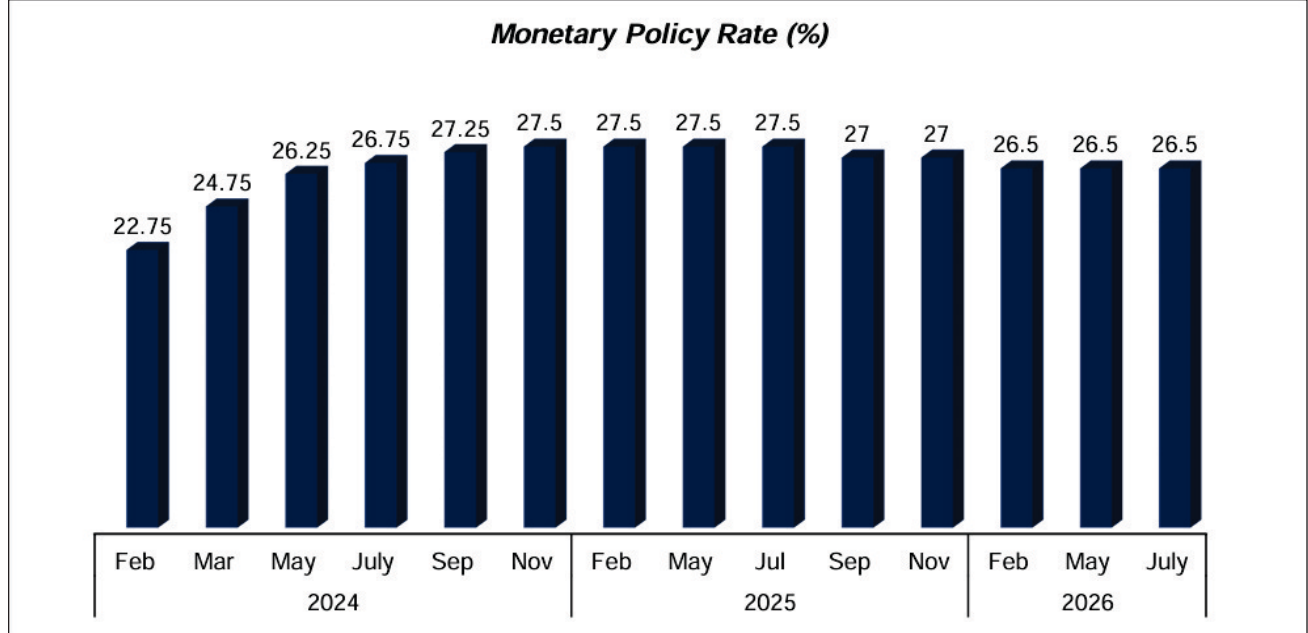
Source: NBS



2.3 Monetary Policy

At its July 2026 meeting, the Monetary Policy Committee (MPC) retained the Monetary Policy Rate (MPR) at 26.5%, maintaining a cautious stance to preserve price and exchange rate stability amid persistent inflationary pressures and heightened external risks. While acknowledging increased global uncertainty, particularly renewed tensions in the Middle East and their implications for energy

prices and domestic inflation, the Committee left all policy parameters unchanged to evaluate the evolving macroeconomic environment and the full impact of earlier policy tightening. The MPC also noted that stronger fiscal and monetary policy coordination has enhanced macroeconomic resilience, helping to mitigate external shocks and support economic stability.

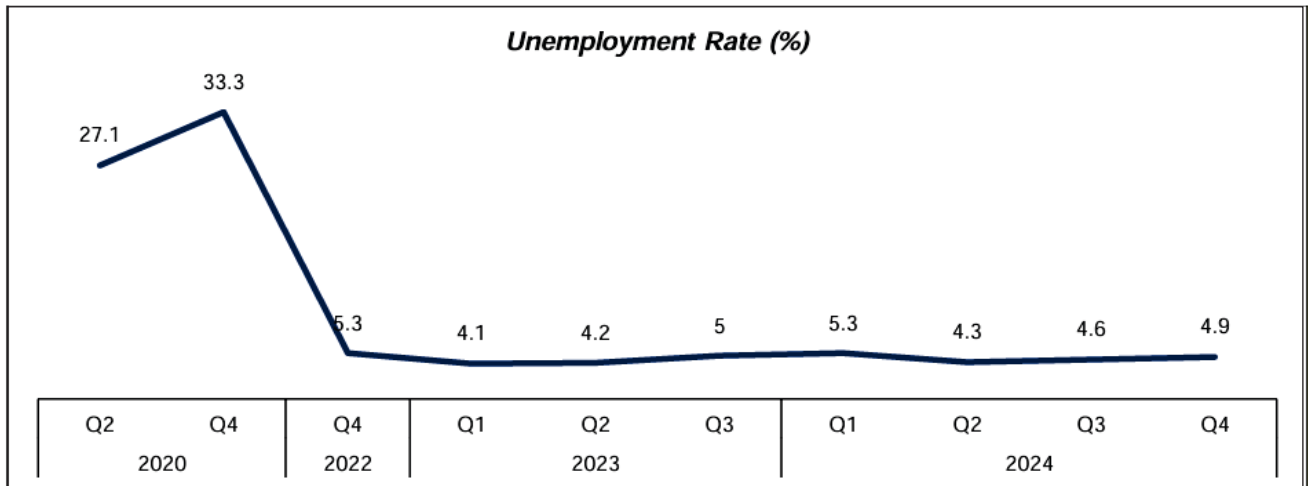
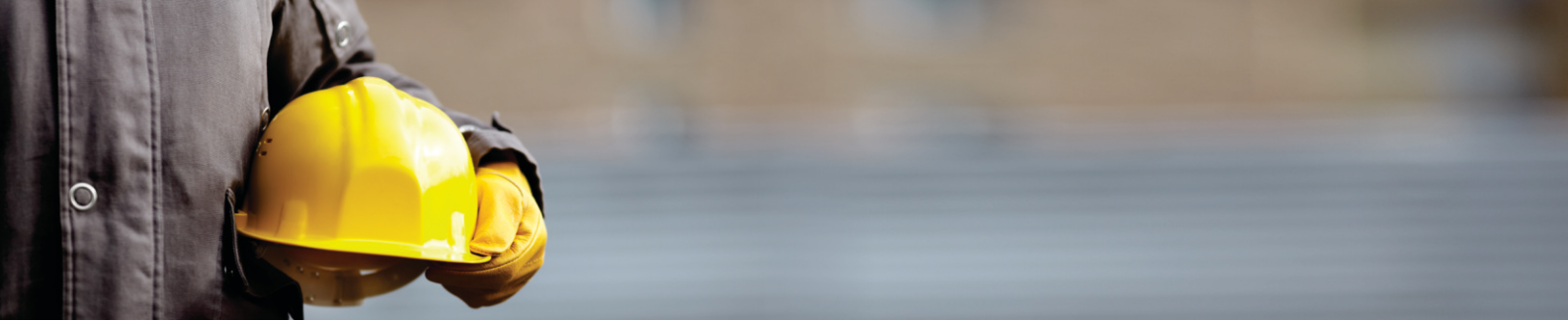


Source: NBS

2.4 Unemployment

According to the available Nigeria Labour Force Statistics published by the National Bureau of Statistics (NBS), labour market conditions improved in the second quarter of 2024. The unemployment rate declined to 4.3% from 5.3% in the preceding quarter, while youth unemployment

fell to 6.5% from 8.4%. Time-related underemployment, which measures the proportion of employed people willing and available to work additional hours, also moderated to 9.2% from 10.6%.

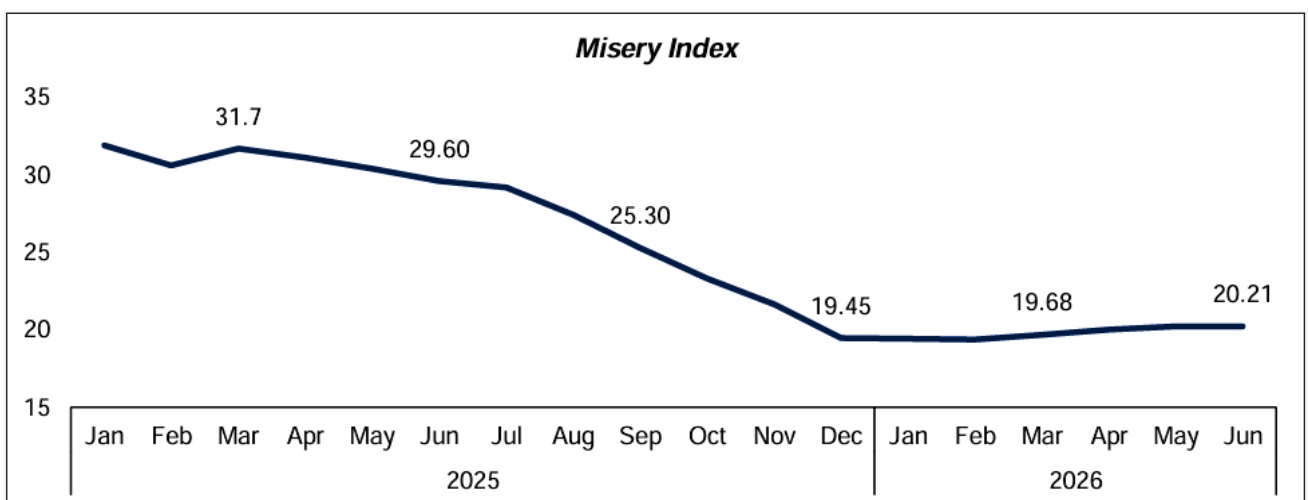


Source: NBS

2.5 Misery Index

Nigeria's macroeconomic environment strengthened further during the second quarter of 2026, with the Misery Index, which combines inflation and unemployment, declining to 19.68% in June from 20.21% in March. The improvement was driven by moderating inflationary pressures and gradual improvements in labour market conditions.

The Central Bank of Nigeria's (CBN) sustained monetary policy tightening helped contain inflation and preserve exchange rate stability, while stronger activity across key non-oil sectors, particularly services and trade, supported employment growth and improved overall macroeconomic conditions.



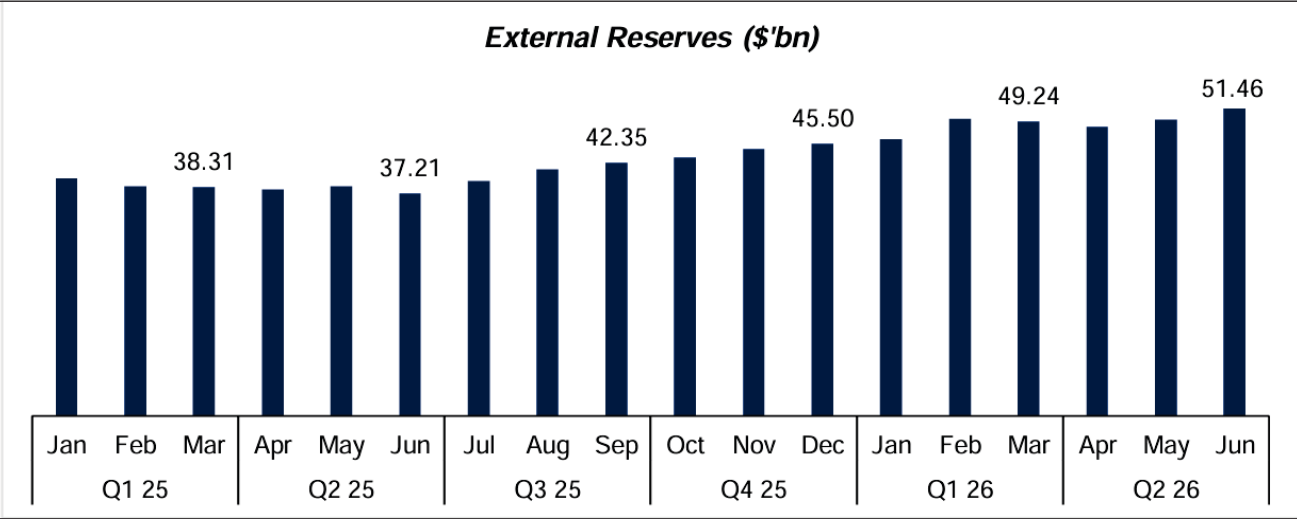
Source: NBS



2.6 External Reserves

Nigeria's external reserves strengthened in the second quarter of 2026, rising to US\$51.46 billion by the end of June from US\$49.24 billion in the preceding quarter. This represents an increase of 4.51% quarter-on-quarter, marking the country's highest external reserve position in 17 years and reflects improved conditions in the external sector alongside stronger foreign exchange inflows. The improvement was driven by stronger foreign

exchange inflows, higher oil export receipts, increased diaspora remittances, sustained portfolio investments and continued foreign exchange market reforms that enhanced reserve accumulation. The higher reserve position strengthened the CBN's capacity to support exchange rate stability, meet external obligations and reinforce investor confidence amid heightened globaleconomicuncertainty.



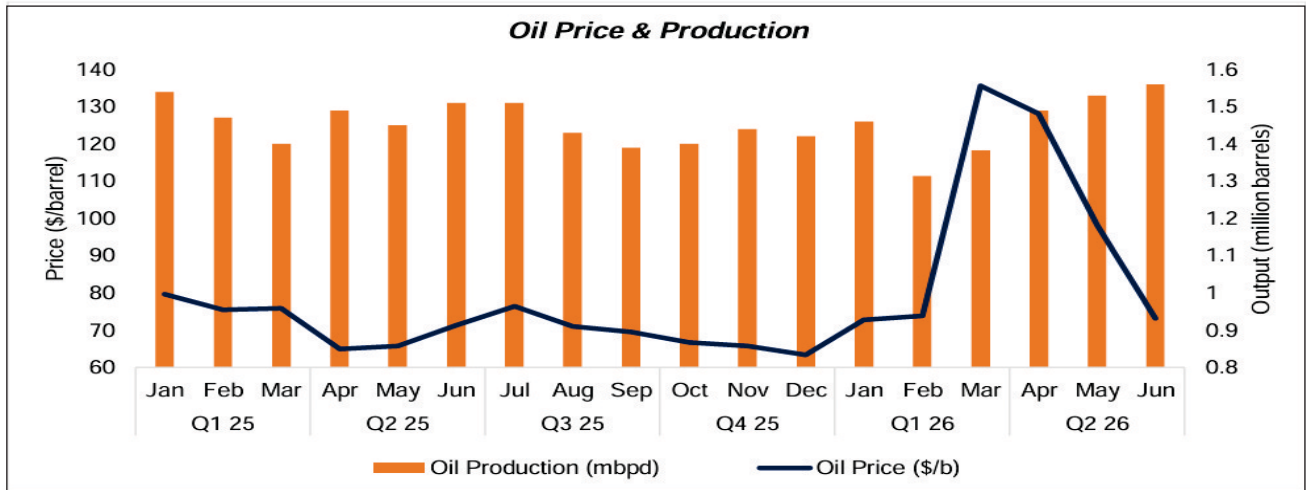
Source: NBS

2.7 Oil Price & Production

Crude oil prices declined sharply during the second quarter of 2026, falling from US\$123.21 per barrel at the end of March to approximately US\$76.87 per barrel by the end of June. The decline was driven by easing geopolitical tensions in the Middle East, improved global supply and higher OPEC+ production. While lower oil prices helped moderate global inflationary pressures and energy costs, they also reduced Nigeria's oil export earnings, highlighting the economy's continued exposure to

oil price volatility.

Domestic oil production improved during the quarter. Crude oil output increased to 1.56 million barrels per day in June from 1.38 million barrels per day at the end of the previous quarter. Including condensates, total liquids production rose to 1.74 million barrels per day, providing additional support to export receipts and external sector performance.



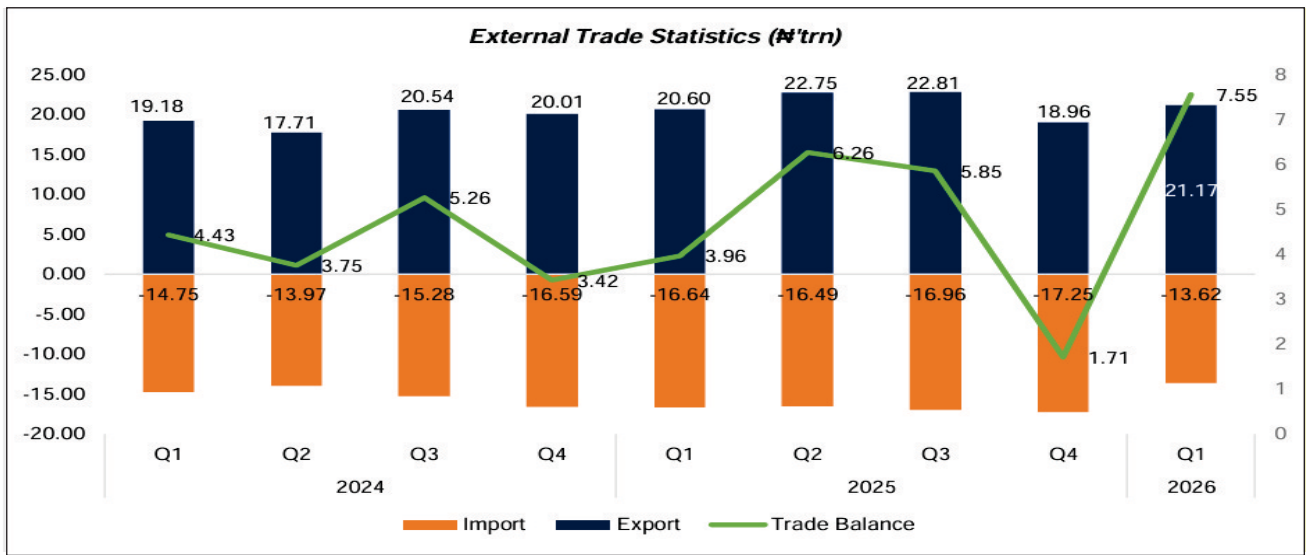
Sources: CBN, NUPRC

2.8 External Trade

Nigeria's merchandise trade balance strengthened significantly in the first quarter of 2026, with the trade surplus widening to N7.55 trillion from N1.71 trillion in the preceding quarter. The improvement was driven by stronger export earnings and weaker import demand. Export receipts increased to N21.17 trillion in Q1 2026 from N18.96 trillion in Q4 2025, supported by higher crude oil, refined petroleum and natural gas exports. Meanwhile, imports declined to N13.62 trillion from N17.25 trillion, largely due to lower petroleum product imports following the expansion of domestic

refining capacity, particularly at the Dangote Refinery.

The stronger trade position improved foreign exchange liquidity, enhanced external sector resilience and strengthened Nigeria's capacity to withstand external shocks. However, the continued concentration of export earnings in crude oil signals the need to accelerate export diversification and broaden the country's foreign exchange earnings base to reduce exposure to commodity price volatility.



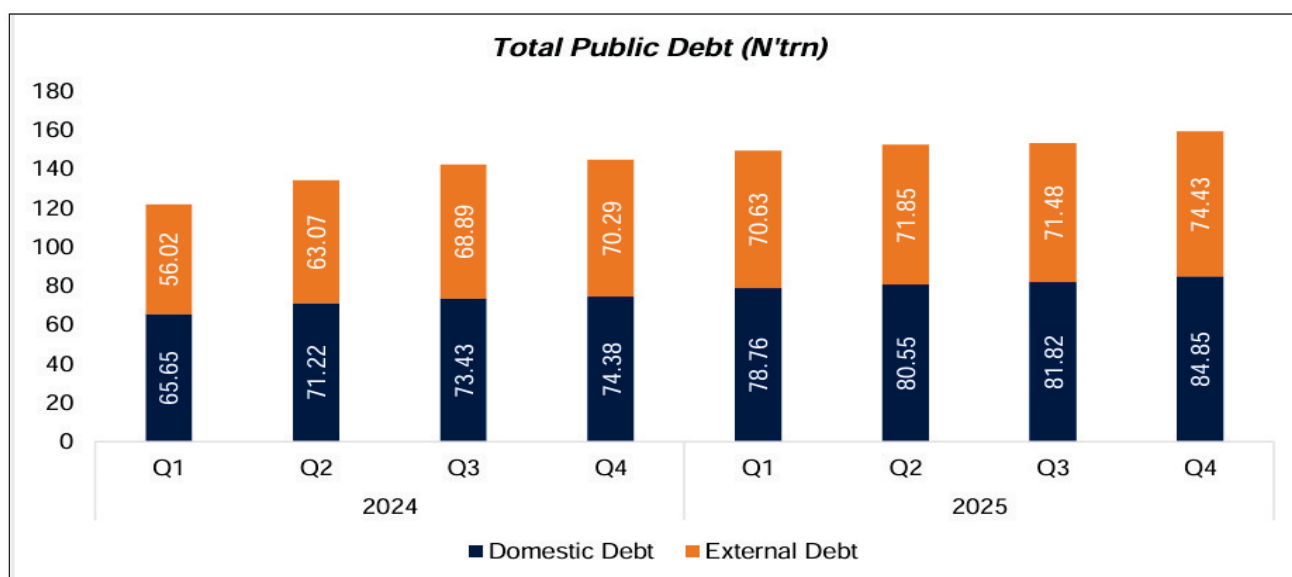
Source: NBS



2.9 Public Debt

According to the Debt Management Office, Nigeria's total public debt increased by 3.90% on a quarter-on-quarter basis in the fourth quarter of 2025, rising to N159.28 trillion, equivalent to US\$110.97 billion, from N153.29 trillion, equivalent to US\$103.94 billion, in the preceding quarter. The increase reflects new borrowings from both domestic and external sources, with domestic financing accounting for a larger share of the expansion.

Domestic debt stood at N84.85 trillion, equivalent to US\$59.12 billion, representing 53.27% of total public debt, while external debt amounted to N74.43 trillion, or US\$51.86 billion, accounting for 46.73%. The composition of the debt stock indicates a continued reliance on the domestic market to meet funding requirements, alongside the use of external borrowing as a complementary source of financing.

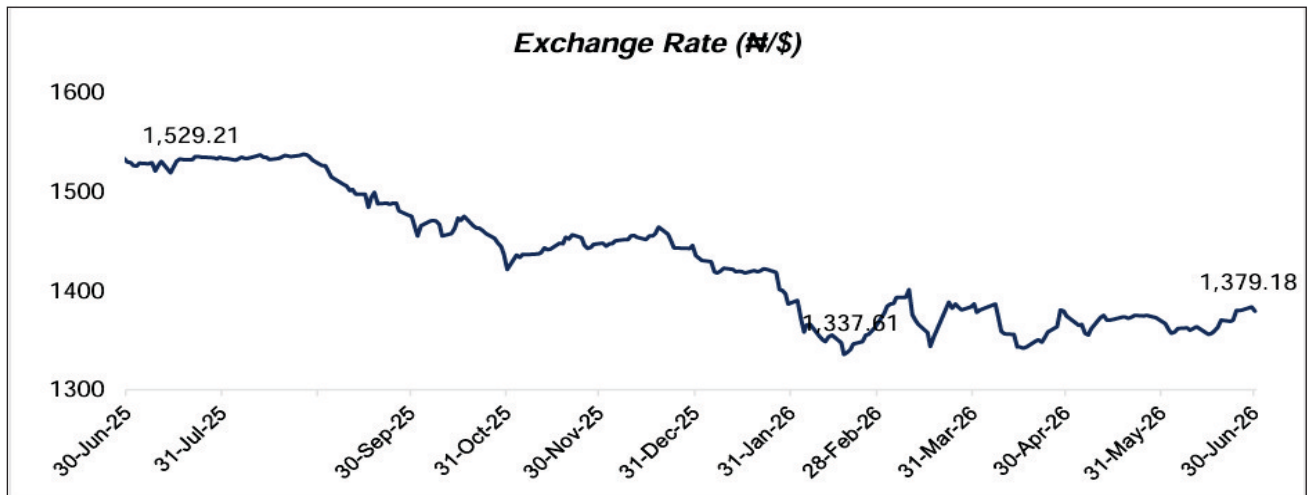


Source: DMO

2.10 Exchange Rate

The Nigerian naira strengthened during the second quarter of 2026, extending the period of relative stability observed in recent months. The currency appreciated to 1,380.64/US\$ at the end of June from 1,388.89/US\$ at the end of the preceding quarter, driven by improved foreign exchange liquidity, rising external reserves, sustained foreign portfolio inflows, stronger oil export receipts and the Central Bank of Nigeria's (CBN) continued commitment to a market determined exchange rate framework.

Greater transparency and the continued implementation of a unified exchange rate system contributed to more efficient price discovery and curtailed speculative activity. On the demand side, lower imports of refined petroleum products, following the expansion of domestic refining capacity, reduced demand for foreign exchange and eased pressure on the naira.



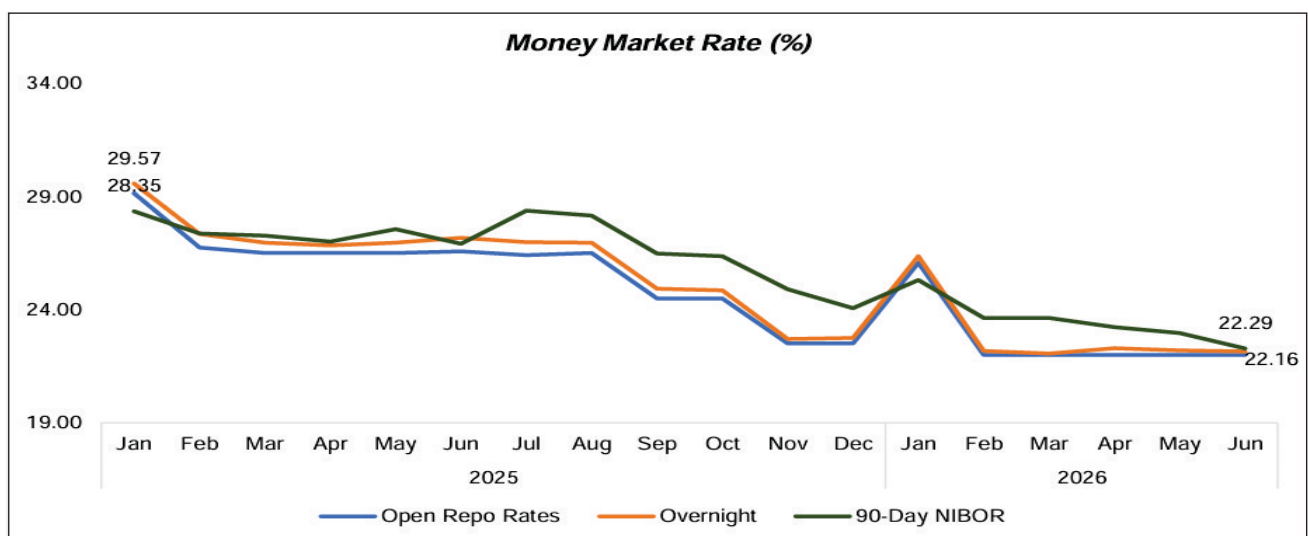
Source: FMDQ

2.11. The Money Market

Money market conditions remained broadly stable during the second quarter of 2026, underpinned by resilient system liquidity despite intermittent liquidity management operations by the Central Bank of Nigeria (CBN). Liquidity injections from the Federation Account Allocation Committee (FAAC) largely offset the impact of Open Market Operations (OMO) settlements, keeping short-term funding conditions stable. Consequently, the Open Repo Rate (OPR) remained unchanged at 22.00%, while the 90-day NIBOR declined to 22.33% in June from 23.64% in March, signalling

lower interbank funding costs and improved market liquidity.

The stability in money market indicators points to adequate banking system liquidity and effective liquidity management by the CBN. Looking ahead, funding rates are expected to remain broadly stable, supported by ample system liquidity, although additional liquidity tightening measures, sizeable OMO issuances and other monetary policy actions could place upward pressure on short term interest rates.



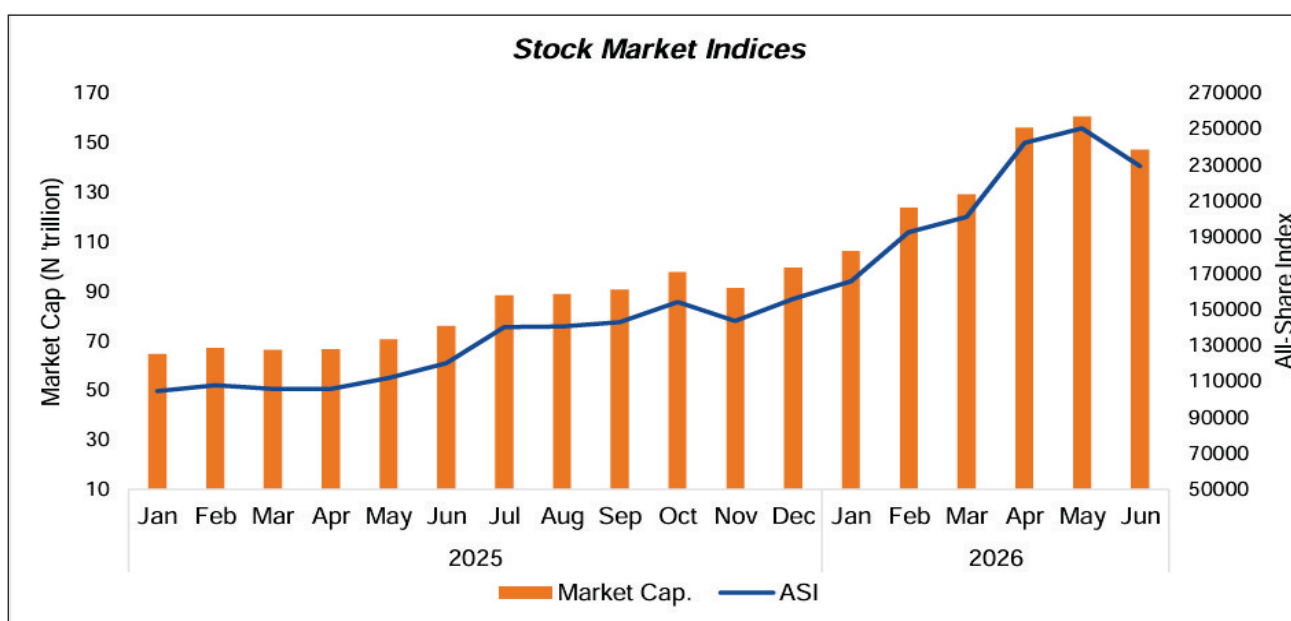
Source: FMDQ



2.12. The Stock Market

The Nigerian equities market delivered a strong performance during the second quarter of 2026, with the Nigerian Exchange (NGX) All Share Index rising by 13.98% quarter-on-quarter to 229,419.18 in June from 201,287.78 in March. The sustained rally reflected stronger investor confidence, improved market sentiment and higher equity valuations.

Market capitalisation increased to N147.22 trillion from N129.21 trillion in the preceding quarter, driven by robust corporate earnings, sustained buying interest and stronger participation from both domestic and foreign investors. Improved macroeconomic conditions and growing confidence in the Nigerian capital market continued to underpin market performance.

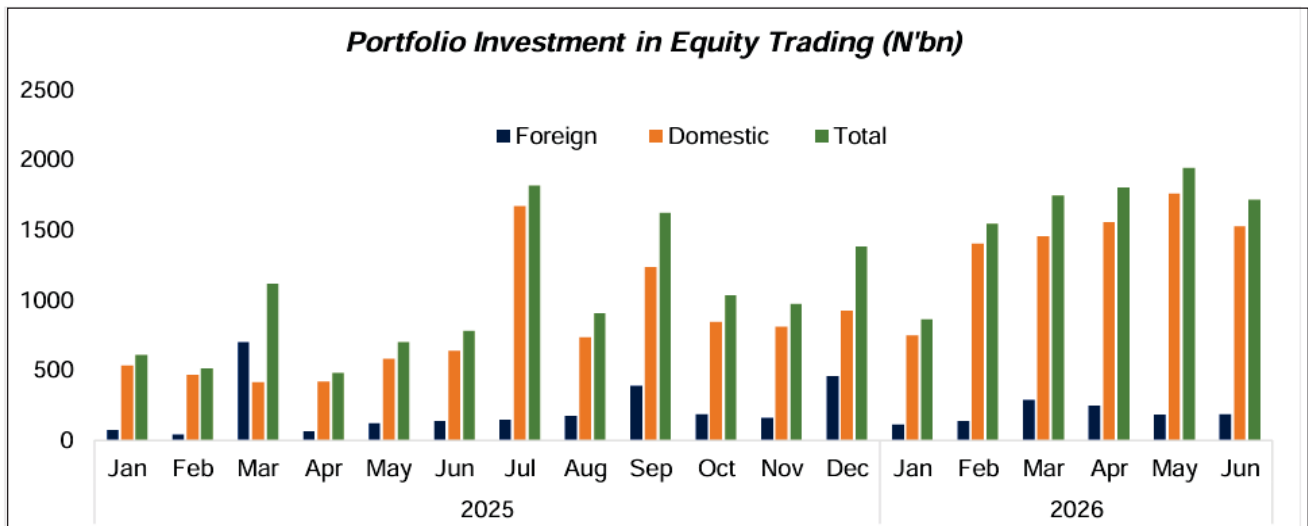


Source: NGX

2.13. Portfolio Investment – NGX

Foreign participation on the Nigerian Exchange (NGX) strengthened during the second quarter of 2026, with the value of foreign transactions increasing by 14.06% quarter-on-quarter to N618.18 billion from N541.99 billion in the preceding quarter. Despite the increase in foreign trading activity, the share of foreign investors in total market turnover declined to 11.32% from 13.06% in Q1 2026, as domestic investor participation expanded at a faster pace.

In the broader financial markets, trading activity eased during the second quarter of 2026. According to data from the FMDQ Securities Exchange, total market turnover declined by 12.30% quarter-on-quarter to 169.40 trillion from N193.15 trillion in Q1 2026, reflecting lower trading volumes amid prevailing liquidity conditions and evolving market dynamics.



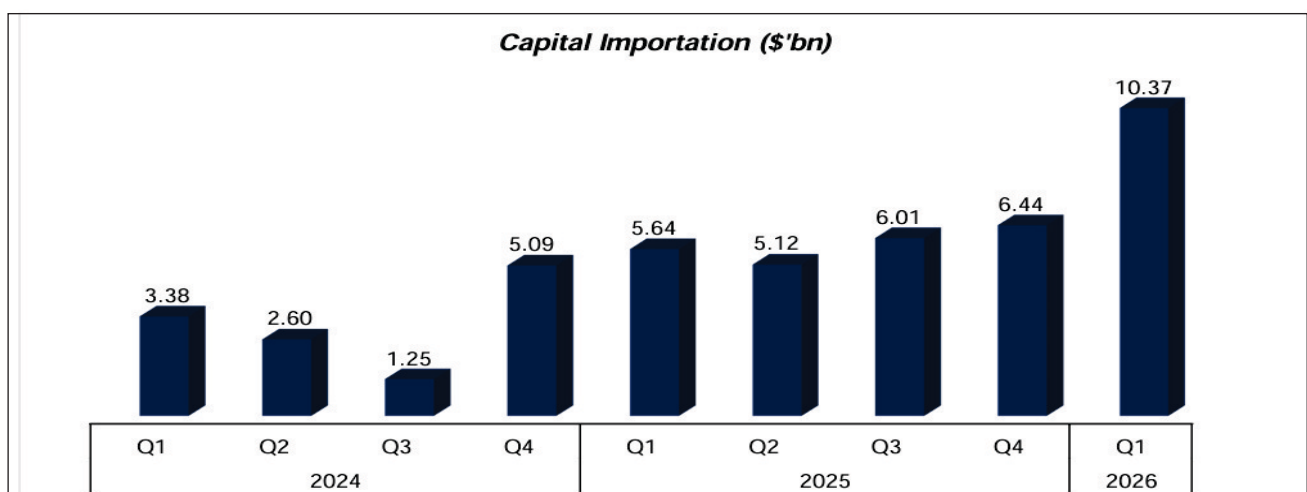
Source: NGX

2.14. Capital Importation

Total capital importation remained robust in the first quarter of 2026, increasing to US\$10.37 billion from US\$6.44 billion in Q4 2025 and US\$5.64 billion in Q1 2025. The increase reflected stronger investor confidence, supported by attractive domestic yields and a more stable macroeconomic environment. Foreign Portfolio Investment (FPI) remained the dominant source of inflows, rising to US\$9.86 billion and accounting for 95.09% of total capital importation, highlighting sustained foreign demand for Nigerian fixed income and money market instruments. In contrast, Other Investments contributed US\$0.37 billion, while

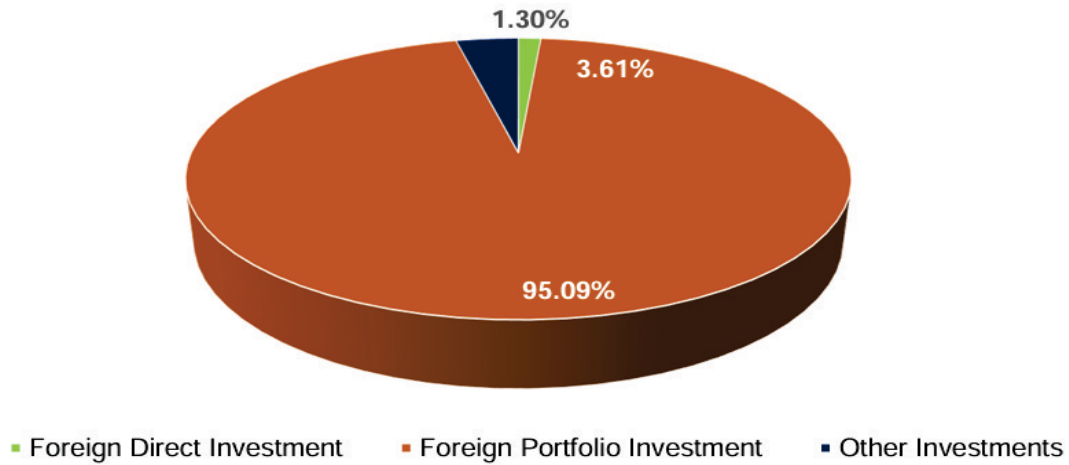
Foreign Direct Investment (FDI) remained subdued at US\$0.14 billion, underscoring the continued reliance on short term portfolio flows.

The banking sector attracted the largest share of capital inflows at US\$7.55 billion, representing 72.79% of the total, reflecting strong foreign investor interest in financial assets. By source, the United Kingdom remained the largest investor with US\$5.08 billion, followed by the United States at US\$3.18 billion, reaffirming their positions as Nigeria's leading external capital providers.





Capital Composition - Q1 2026



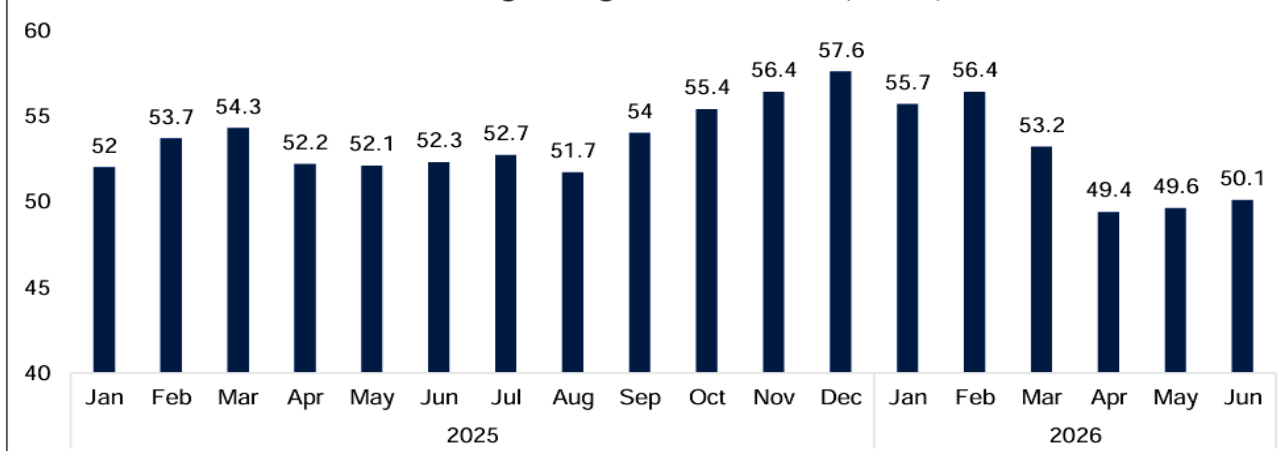
Source: NBS

2.15. Purchasing Managers' Index

Nigeria's economic activity improved modestly in June 2026, with the Central Bank of Nigeria's (CBN) Composite Purchasing Managers' Index (PMI) rising to 50.1 from 49.6 in May, returning to expansion after two consecutive months of contraction. The improvement was driven by stronger business activity across the agriculture, industry and services sectors, although elevated input costs and subdued consumer demand continued to constrain the pace of growth.

Sectoral performance remained uneven. The Agriculture PMI increased to 52.1 from 50.9, extending its expansion to a twenty third consecutive month. Services PMI edged up to 49.4 from 49.3, while the Industry PMI rose to 49.5 from 49.3. Despite these modest gains, both the services and industry sectors remained below the 50-point threshold, indicating that underlying business activity remained weak.

Purchasing Managers' Index - PMI (Points)



Source: NBS



2.16. Credit Ratings

S&P Global Ratings upgraded Nigeria's long term foreign and local currency sovereign credit ratings to 'B' from 'B-' in May 2026 and affirmed the short-term ratings at 'B', with a Stable Outlook. The upgrade reflects increased confidence in Nigeria's reform agenda, underpinned by foreign exchange market liberalisation, fiscal consolidation, stronger revenue mobilisation, higher oil production and expanded domestic refining capacity, all of which have strengthened macroeconomic stability and growth prospects.

S&P noted that Nigeria's external position has improved, supported by higher foreign exchange reserves, stronger oil export earnings, increased refining capacity and a market determined exchange rate regime. Improved oil production and the expansion of the Dangote Refinery have strengthened the current account, enhanced foreign exchange liquidity and increased the economy's resilience to external shocks. The agency also cited the Government's commitment to sustaining fuel subsidy reforms as a key factor supporting fiscal sustainability.

The Stable Outlook reflects S&P's expectation that continued reforms, stronger growth and improved external buffers will offset structural challenges, including a narrow tax base and high debt servicing costs. The agency noted that further fiscal consolidation, stronger revenue mobilisation and lower external financing needs could support future upgrades, while any reversal of ongoing reforms or a deterioration in fiscal and external balances could weigh on the sovereign rating.

2.17. Socio-Economic Landscape

Agricultural financing and rural development received renewed policy support in 2026 following the launch of the Bank of Agriculture's (BOA) transformation programme. The initiative aims to expand access to single digit financing for smallholder farmers, strengthen rural financial inclusion and improve the effectiveness of agricultural intervention programmes through closer collaboration with development partners.

The programme targets two million farmers nationwide through a phased implementation strategy. An initial 500,000 farmers have received agricultural inputs, while more than 1,200 tractors have been deployed across 22 states as part of a nationwide mechanisation programme to distribute over 2,000 tractors.

The initiative is expected to strengthen agricultural value chains, increase domestic food production, improve food security and moderate food inflation over the medium term. It is also expected to support rural employment, strengthen household incomes and contribute to more inclusive and sustainable economic growth.



2.18. Financial Sector Developments

CBN Strengthens Financial Holding Company Framework

The Central Bank of Nigeria (CBN) issued an Exposure Draft of the Revised Guidelines for the Licensing and Regulation of Financial Holding Companies (FHCs) as part of its ongoing efforts to strengthen the resilience, governance and regulatory oversight of banking groups. The proposed framework seeks to align the financial holding company regime with evolving market developments, international regulatory standards and emerging financial sector risks.

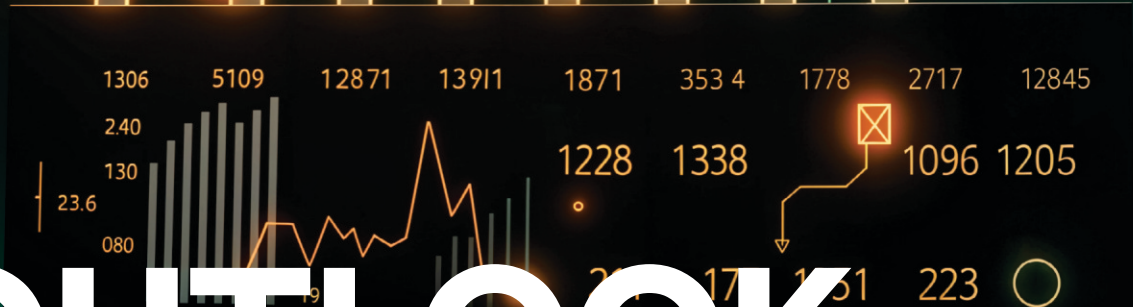
The draft guidelines introduce enhanced governance, ownership and supervisory requirements aimed at improving group structures, strengthening capital oversight and reinforcing consolidated supervision. Key proposals include a minimum 51% equity ownership in regulated subsidiaries, tighter controls over shared services, clearer capital expectations and stronger corporate governance standards to improve transparency, risk management and operational effectiveness across financial groups.

The proposed reforms are expected to strengthen financial stability by enhancing regulatory oversight, reducing contagion risks within banking groups and promoting more effective capital allocation across financial holding companies. For the banking industry, the revised framework is likely to improve governance standards, reinforce investor confidence and support a more resilient and well capitalised financial system capable of sustaining long-term economic growth.

Fiscal Position:

Nigeria's fiscal position strengthened during the first half of 2026, supported by sustained fiscal reforms, stronger domestic revenue mobilisation and a more structured public financing framework. The N68.32 trillion 2026 Appropriation Act prioritises investment in infrastructure, security and human capital, while the extension of the 2025 budget implementation to June 2026 accelerated capital project execution and improved budget performance. In addition, recent tax reforms and the US\$1.25 billion World Bank Development Policy Financing (DPF) are expected to broaden the revenue base, improve the business environment and support private sector-led economic growth.

Despite these improvements, fiscal vulnerabilities remain. The projected fiscal deficit of approximately N20.10 trillion, rising public debt and elevated debt servicing costs continue to constrain fiscal space. Sustaining fiscal consolidation will require stronger non-oil revenue mobilisation, improved expenditure efficiency, higher oil production and prudent debt management to preserve fiscal sustainability, strengthen macroeconomic resilience and create greater capacity for long term economic development.



OUTLOOK FOR Q3 2026 NIGERIA



Section 3

OUTLOOK FOR Q3 2026 - Nigeria



GDP Growth

Nigeria's economy is projected to grow by 3.8% - 4.5% in 2026, supported by sustained macroeconomic reforms, stronger policy credibility, higher oil production, expanding domestic refining capacity and improved performance across key sectors. While elevated inflation and tight financial conditions may continue to constrain domestic demand and private investment, improving macroeconomic fundamentals are expected to sustain growth momentum. Nevertheless, heightened geopolitical tensions, particularly the Middle East conflict, remain a key downside risk through their potential impact on global energy markets, inflation and external demand.



Foreign Exchange

The naira is expected to remain broadly stable in 2026, trading within N1,300 - N1,450/US\$, supported by higher crude oil production, stronger export receipts and improved foreign exchange inflows, which should enhance market liquidity and anchor exchange rate expectations. However, renewed geopolitical tensions, global financial market volatility, capital flow reversals and disruptions to the oil market remain key downside risks that could trigger episodes of exchange rate pressure.



Crude Oil

Oil prices are projected to average US\$75 - US\$85 per barrel by end 2026, supported by OPEC+ production discipline and easing geopolitical tensions. However, price gains are expected to remain limited by higher non-OPEC supply, moderating global oil demand and a softer global growth outlook, although renewed geopolitical disruptions could trigger periods of heightened market volatility.



Monetary Policy

The Monetary Policy Rate (MPR) is projected to decline by a cumulative 200 basis points to 24.50% by end 2026, as improving foreign exchange market conditions and stronger macroeconomic fundamentals create scope for a gradual easing of monetary policy. However, the CBN is expected to remain cautious amid persistent external and domestic risks. Geopolitical tensions in the Middle East and increased fiscal spending ahead of the 2027 general elections could intensify inflationary pressures, complicate policy decisions and limit the pace of monetary easing.



Foreign Reserves

External reserves are projected to increase to US\$53 - US\$55 billion by end 2026, supported by higher oil export receipts, sustained multilateral inflows and improving confidence in the foreign exchange market. Although geopolitical tensions in the Middle East continue to pose risks to global trade and financial markets, any sustained increase in oil prices could further strengthen reserve accumulation, provided domestic oil production remains robust and external inflows are maintained.



Inflation

Inflation is projected to moderate to 13.0% - 15.0% by end 2026, supported by a tight monetary policy stance, exchange rate stability, easing imported inflation and improved domestic food supply, which are expected to moderate price pressures and anchor inflation expectations. However, the outlook remains vulnerable to geopolitical risks, particularly an escalation of the Middle East conflict, which could increase global oil prices, disrupt supply chains and exert upward pressure on domestic energy, transport and food prices.

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