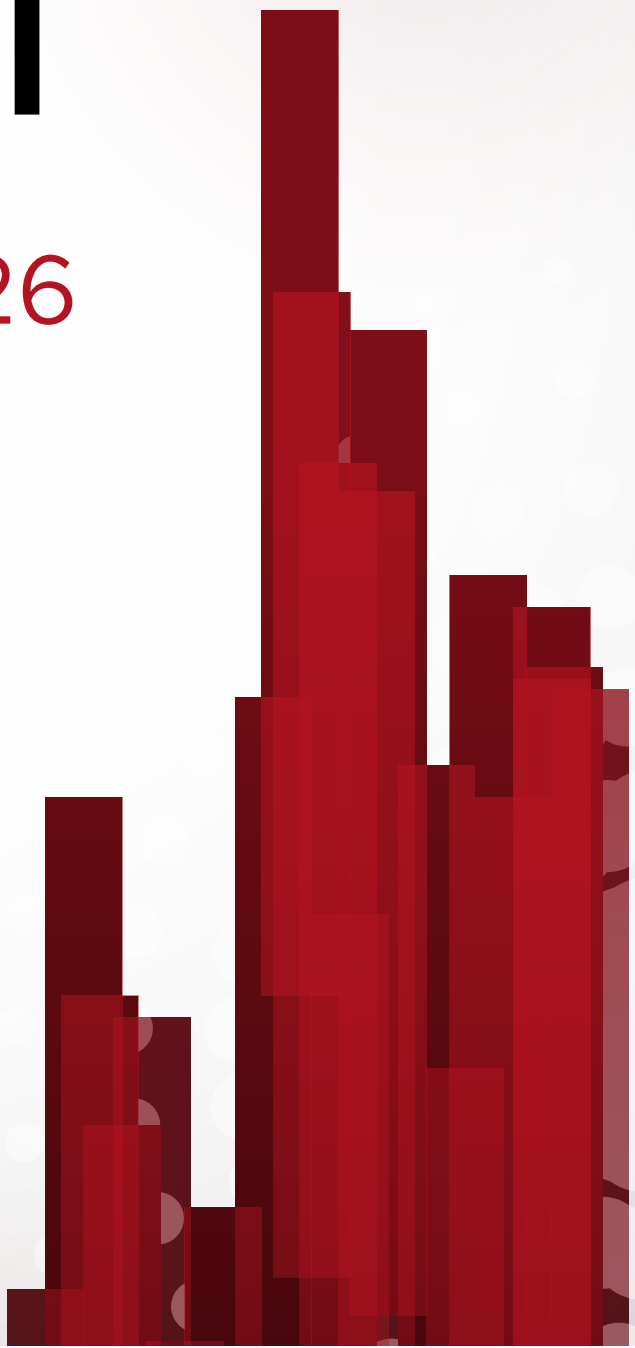


# MONTHLY REPORT

FEBRUARY 2026



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## MACRO-ECONOMIC UPDATE

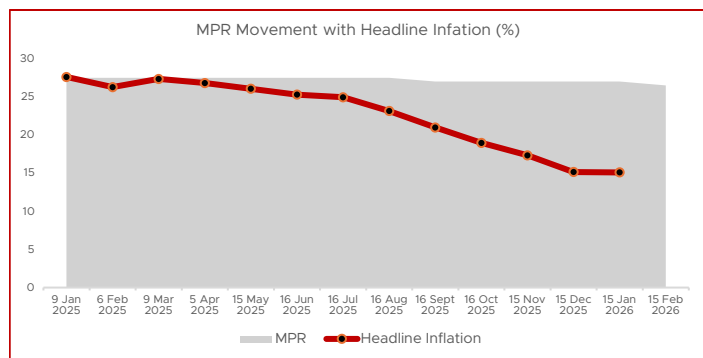
### Monetary Policy Rate

*CBN Delivers Second Consecutive Rate Cut as Inflation and External Buffers Improve*

At the conclusion of its 304th meeting, the CBN's MPC unanimously voted to cut the MPR by 50 bps from 27% to 26.5%. This follows a prior 50 bps cut in September 2025, making February's decision a continuation of cautious recalibration rather than the beginning of a new easing cycle. The rationale rested on three pillars: eleven (11) consecutive months of declining headline inflation, a robust external reserve position that hit \$50.4 billion and stable fuel prices largely attributed to the Dangote Refinery's impact on input costs.

Despite the headline cut, the CRR was retained at 45% for commercial banks ensuring that the rate reduction does not translate into a flood of excess liquidity, while the asymmetric corridor at +50/-450 bps was maintained to discourage idle bank deposits at the CBN.

The private sector welcomed the move cautiously; the LCCI described it as "a cautious, positive step in the right direction" but stressed that businesses still require tangible relief in financing costs to restore production and expand capacity, noting that domestic lending rates remain significantly above the policy benchmark due to risk premiums.



Source: NBS, FCSL Research

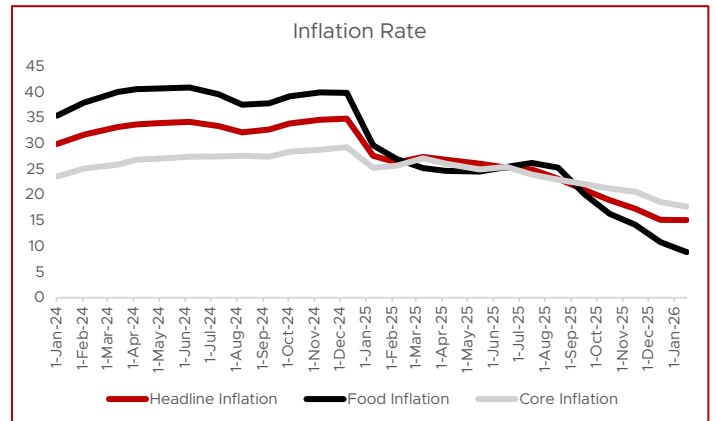
### Inflation

*Nigeria's Inflation Eases to 15.10% as Food Prices Hit Multi-Year Lows*

The NBS released the January 2026 CPI report showing headline inflation at 15.10% year-on-year, marking a slight 5 bps decline from 15.15% in December 2025, and a dramatic 12.51 percentage-point drop from 27.61% in January 2025.

On a month-on-month basis, headline inflation printed at -2.88%, a remarkable shift from 0.54% growth in December. The headline number masked a historic food inflation milestone, as food inflation fell to 8.89% year-on-year in January 2026, its first single-digit reading in 128 consecutive months and the lowest level in 174 months, also a decline of nearly 32 percentage points from the June 2024 peak of 40.87%.

Core inflation eased to 17.72% year-on-year, the lowest since October 2022 with month-on-month core inflation printing at -1.69%, while energy inflation fell to -3.13% on the same basis. The disinflation was broad-based but uneven across states as Benue (22.48%) and Kogi (20.98%) recorded the highest headline rates, while Ebonyi (8.72%) and Katsina (8.94%) were the slowest, a reminder that structural supply-side factors remain geographically concentrated.



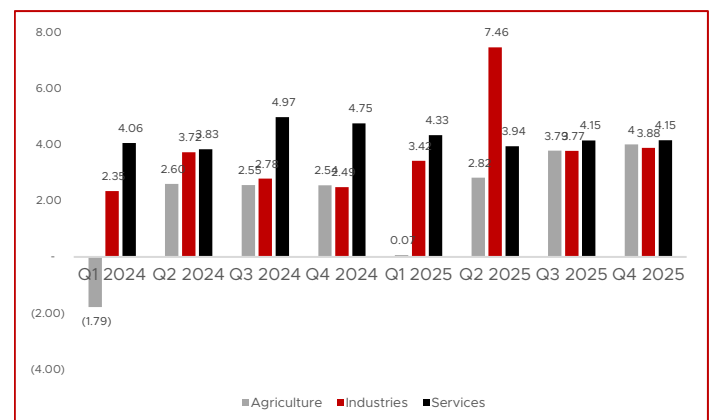
### Gross Domestic Product

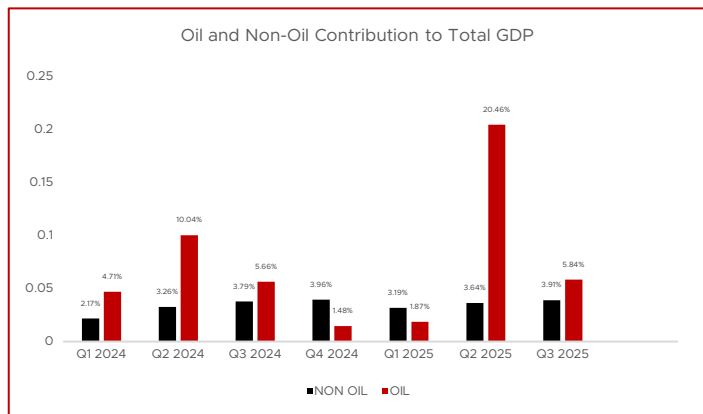
*Nigeria's GDP Growth Accelerates to 4.07% in Q4 2025, Economy Expands to ₦441.5 Trillion*

The NBS reported real GDP growth of 4.07% year-on-year in Q4 2025, surpassing the 3.76% recorded in Q4 2024 and the 3.98% in Q3 2025, with all three major sectors accelerating; agriculture grew 4.00% (from 2.54%), industry expanded 3.88% (from 2.49%), and services rose 4.15%, retaining its dominance at 55.92% of GDP. The oil sector was a notable positive surprise: oil sector growth accelerated to 6.79% year-on-year in Q4 2025, with average daily crude production reaching 1.58 million barrels per day, up from 1.54 million bpd in 2024, though output declined quarter-on-quarter from 1.64 million bpd in Q3.

For the full year, Nigeria's real GDP grew 3.87% in 2025 up from 3.38% in 2024 lifting the size of the economy to ₦441.5 trillion from ₦372.8 trillion and marking the second time in a decade (excluding the post-pandemic rebound) that quarterly growth has crossed the 4% threshold.

The quality of growth, however, remains a concern: the IMF projects 4.2% growth in 2026, and the World Bank recently upgraded its 2026 forecast to 4.4%, but structural challenges persist, with per-capita growth still lagging population expansion, and debt servicing consuming approximately 45% of federal revenue.





## System Liquidity

### CBN Liquidity Sterilization and Policy Easing Shape February Money Market

Nigeria's money market in February 2026 was defined by aggressive liquidity management and a notable policy shift. The month began with the CBN absorbing the effects of the ₦15 trillion liquidity mop up recorded in January, as banks placed excess funds at the Standing Deposit Facility SDF, with balances peaking at ₦3.35 trillion mid-month. A wave of OMO and NTB maturities subsequently pushed system liquidity above ₦4 trillion by February 13, prompting the CBN to sterilize about ₦3.57 trillion within three trading days to stabilize money market conditions.

The month ended with the 304th MPC meeting, where the CBN delivered its first rate cut of 2026, supported by improving macro indicators. Headline inflation declined for the eleventh consecutive month to about 15.1%, the naira strengthened to a two year high of ₦1,335.96 at the NFEM, and external reserves rose to \$50.4bn, the highest level in 13 years. Following the decision, system liquidity rebounded to ₦3.75 trillion, while overnight rates settled around 22.17%, with the CRR maintained at 45% to limit excessive liquidity expansion.

## Outlook

System liquidity is expected to remain elevated as OMO and NTB maturities continue to exceed primary market absorptions, likely keeping interbank rates within the 22.00% to 22.80% range in the near term.

## Treasury Bill

### Liquidity Surge Drives Sharp Yield Compression in NTB Market

Nigeria's Treasury Bills (NTB) market experienced intense demand in February, driven by a surge in system liquidity and strong investor appetite for duration. An estimated ₦8.61 trillion in liquidity inflows largely from OMO and T-bill maturities and bond coupon payments flooded the system and translated into heavy oversubscription at primary auctions. At the February 4 auction, subscriptions reached ₦4.586 trillion against ₦1.15 trillion offered, with 96% of demand concentrated in the 364-day bill, prompting the CBN to cut the stop rate 138 bps to 16.98% from 18.36%. The pattern repeated on February 18, when ₦4.274 trillion in bids, again over 95% targeting the 364-day tenor pushed the one-year stop rate further down to 15.90%, while the 182-day rate held at 16.65% and the 91-day rate eased to 15.80%.

Secondary market dynamics broadly mirrored this demand pressure. The average NTB yield declined 14 bps to 17.3%, while OMO bill yields compressed to around 20.8%, reflecting continued confidence in naira assets. However, the market turned slightly bearish towards the month-end as liquidity conditions tightened, with benchmark NTB yields rising 13 bps to 17.17%, even as OMO yields declined 63 bps to 19.50% as unmet auction demand shifted into the open market.

## Outlook

Demand for NTBs is expected to remain strong as system liquidity remains elevated at over ₦3.7 trillion post-MPC. Continued oversubscription could push the 364-day yield lower, although the CBN's yield-management strategy and potential OMO sterilization could intermittently tighten liquidity and create upward pressure on short-term rates. The key risk to the current bullish trajectory remains a potential reversal in foreign portfolio inflows, which could introduce selling pressure and halt the current pace of yield compression.

Tenor	Jan'26	Auc 2	Feb'26	Auc 1	Feb'26	Auc 2	Change M-o-M (basis points)
91	15.84%		15.84%		15.80%		0.00
182	16.65%		16.50%		16.65%		0.00
364	18.36%		16.98%		15.90%		-0.02

## Fixed Income Market

### Strong Investor Demand Drives Sharp Yield Compression in Nigeria's Bond Market

February 2026 was a defining month for Nigeria's fixed income market, marked by strong institutional demand and rapid yield compression. The Debt Management Office (DMO) offered ₦800 billion across three reopened bonds, 17.95% FGN JUN 2032, 19.89% FGN MAY 2033, and 19.00% FGN FEB 2034 as part of its strategy to extend the maturity profile of domestic debt.

Investor appetite was overwhelming: total bids reached ₦2.70 trillion, implying a 3.4x oversubscription, with demand rising ₦446 billion from January. The 10-year FGN FEB 2034 bond attracted the strongest interest, receiving ₦972.93 billion in subscriptions for just ₦100 billion offered. Despite this demand, the DMO maintained issuance discipline, allotting only ₦524.28 billion, resulting in a 5.15x bid-to-cover ratio. The tight supply immediately pushed prices higher, with the average yield dropping 48 bps to 15.54% after the auction as investors chased allocations in the secondary market.

The rally had already been building across the curve prior to the auction. Secondary market bond yields had declined 88 bps to 16.02% by February 20, led by the mid-segment (-99 bps to 16.26%), followed by short-tenor yields (-96 bps to 16.24%), while long-dated yields fell 46 bps to 15.16%. Retail participation also remained resilient, with the February FGN Savings Bond issuance raising ₦5.913 billion across two- and three-year tenors, offering rates up to 15.356%, even as institutional yields continued to compress.

## Outlook

Following the MPR cut to 26.5% by the Central Bank of Nigeria, the directional bias for yields remains lower as inflation (now 15.1%) continues to moderate, encouraging investors to extend duration and lock in current rates. The main risks to the rally are potential liquidity tightening from aggressive OMO sterilization or a reversal in foreign portfolio flows if FX volatility or political uncertainty ahead of the 2027 election cycle intensifies.

Overall, structural demand for FGN securities remains strong, positioning March for another broadly bullish month in Nigerian fixed income.

## FEBRUARY 2026 BOND AUCTION RESULT

Non-comp	Maturity	Offer (bn)	Sub (₦'bn)	Allot (₦'bn)	Marginal Rate	Rate	Change M-o-M (basis points)
	25-Jun-32	400.00	851.59	188.14	15.68%	15.74%	(15.58)
	15-May-33	300.00	874.69	208.63	15.59%	15.74%	(15.58)
	21-Feb-34	100.00	972.93	127.51	15.59%	15.50%	(15.34)
		800.00	2699.21	524.27			

### Foreign Exchange

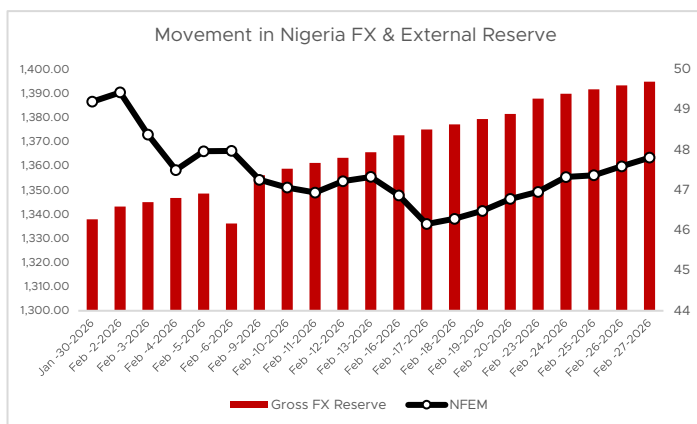
*Naira Rally and Late-Month Reversal Highlight Volatile FX Dynamics in February*

February delivered one of the most dramatic FX developments in Nigeria in recent years. The Naira opened the month around ₦1,390.36/\$ before rallying sharply on strong FX inflows, rising external reserves, and aggressive foreign portfolio investor (FPI) positioning. By February 17, the NFEM rate strengthened to ₦1,335.95/\$, a two-year high.

The parallel market followed the move, with BDC rates compressing from ₦1,450–₦1,460/\$ in early February to ₦1,370–₦1,400/\$ mid-month, roughly a 5–6% appreciation. The rally was strong enough that the Central Bank of Nigeria intervened to slow the Naira's appreciation. Following the MPC meeting, sentiment reversed and the currency weakened modestly toward month-end, closing around ₦1,363/\$ at the NFEM, while BDC rates settled near ₦1,360 buying and ₦1,380 selling.

### Outlook:

March presents a delicate policy balancing act for the Central Bank of Nigeria, which must prevent both excessive depreciation and destabilizing appreciation. We expect the naira to trade within a ₦1,350 to ₦1,400/\$ range in the near term, supported by strong external reserves, improving FX supply dynamics and structural inflows including rising diaspora remittances.



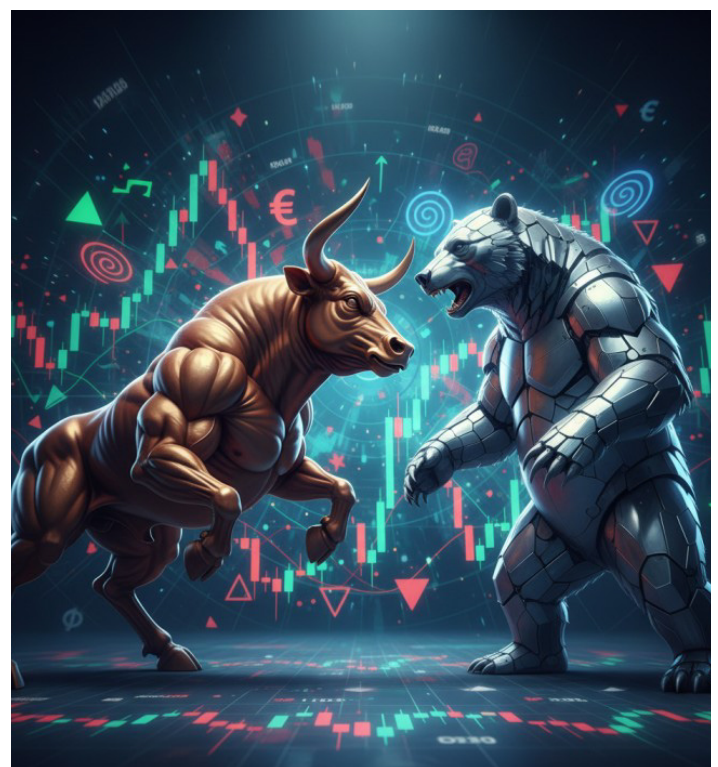
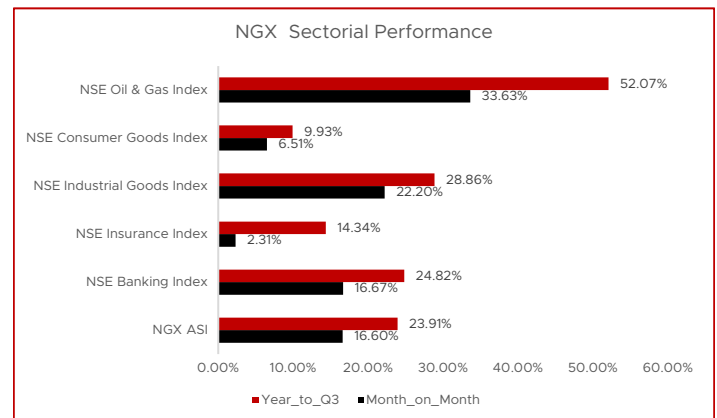
### Equities Market

*February 2026 Sees Record NGX Rally Amid Strong Earnings*

February 2026 marked a historic month for the Nigerian Exchange, with the NGX All-Share Index surging 16.6% to close at 192,826.78 points, after peaking above 193,000. The rally was broad-based, driven by strong full-year 2025 corporate earnings, especially in Financial Services, which accounted for 59.8% of total turnover volume and 38.3% of value traded. ACCESSCORP (344.2m units), ZENITHBANK (248.2m units), and TANTALIZER (233.5m units) led volume, while MTN Nigeria remained the largest stock at ₦14.9 trillion market cap.

Sector performances were led by Oil & Gas (+33.63%), Industrial Goods (+22.20%), Banking (+16.67%), Consumer Goods (6.51%) and the Insurance (+2.31%).

**Outlook:** Momentum is expected to remain constructive, though profit-taking and selective bargain hunting may temper broad-based gains. Key drivers will likely include continued earnings releases, banking sector resilience, and targeted institutional inflows. The Oil & Gas and Financial Services sectors remain positioned to lead, while investor focus may shift toward quality mid-cap opportunities as the market consolidates following February's record rally.



## Disclaimer

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