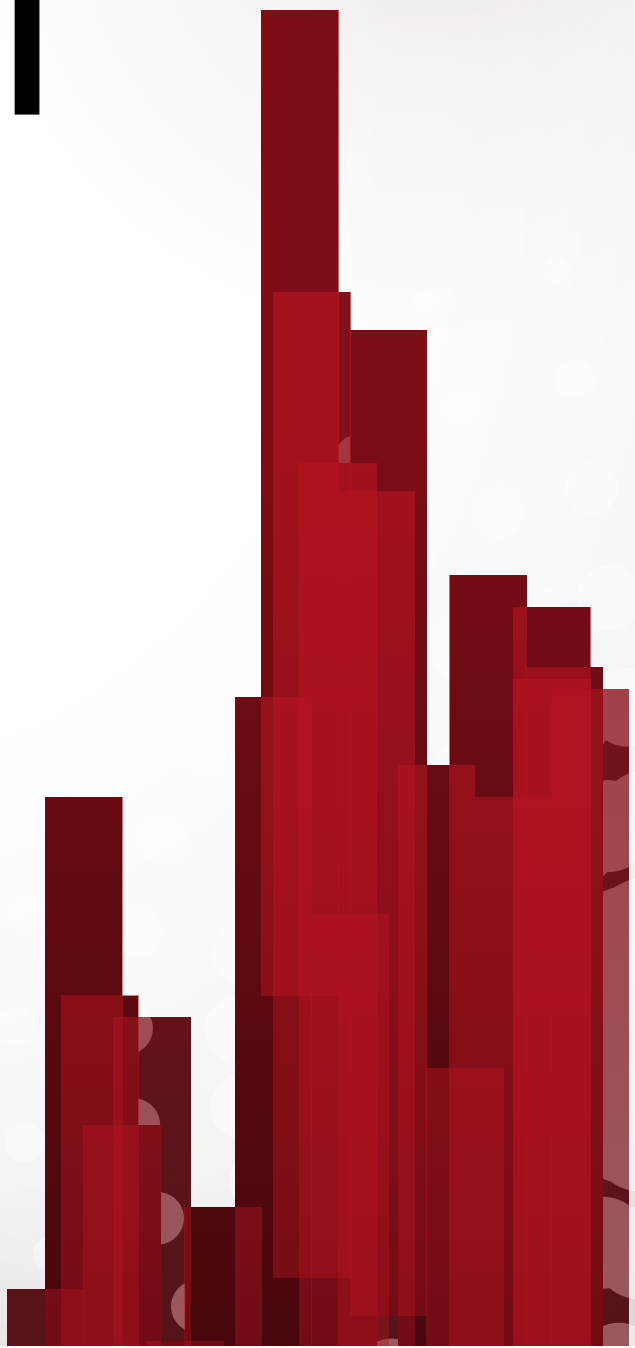


MONTHLY REPORT

MAY 2026



Team Members

Andrew Esene

aesene@fcsIng.com

Henry Agba

hagba@fcsIng.com

Favour Oluwayale

foluwayale@fcsIng.com

Jonathan Ohimai

johimai@fcsIng.com

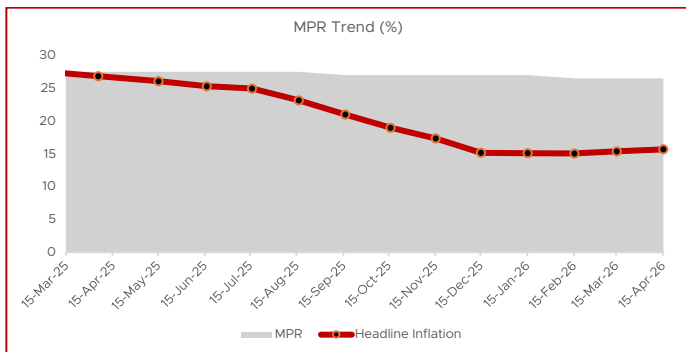
Monetary Policy Rate

Monetary Policy Update: May 2026 MPC Holds Rates Amid Inflation and External Risks

At the conclusion of its 305th meeting, the CBN's Monetary Policy Committee (MPC) unanimously voted to retain the Monetary Policy Rate (MPR) at 26.5%, following the 50bps rate cut implemented in February 2026. The Committee also retained all other policy parameters, including the Cash Reserve Ratio (CRR) at 45% for commercial banks, 16% for merchant banks, 75% for non-TSA public sector deposits, the Liquidity Ratio at 30%, and the asymmetric corridor at +50/-450bps around the MPR.

The decision was driven by renewed inflationary pressures, with headline inflation rising to 15.69% in April 2026 from 15.38% in March, alongside concerns over rising food prices, geopolitical tensions in the Middle East, elevated global energy prices, and the need to preserve exchange rate stability. The MPC also acknowledged improving macroeconomic fundamentals, including stronger GDP growth, rising external reserves of approximately \$49.5 billion, the successful completion of the banking recapitalisation exercise, and Nigeria's recent sovereign rating upgrade.

The private sector broadly viewed the decision as a cautious pause rather than a reversal of the easing cycle. While the hold supports exchange rate stability and inflation management, businesses continue to face elevated borrowing costs, suggesting that financing conditions will remain restrictive until inflation shows a more sustained decline.



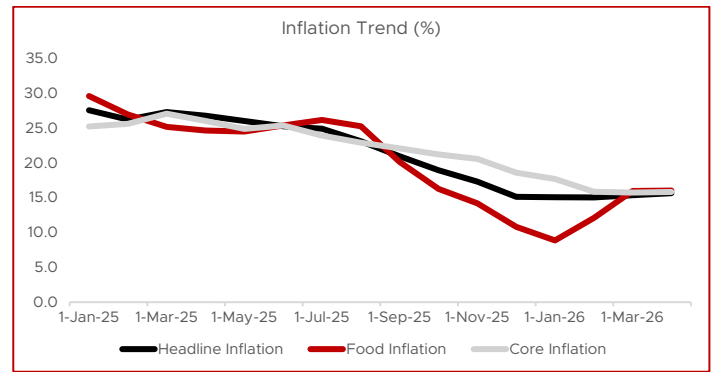
Inflation

Nigeria's Inflation Edges Higher to 15.69% as Food and Energy Pressures Re-emerge

The NBS released the April 2026 CPI report showing headline inflation at 15.69% year-on-year, representing a 31bps increase from 15.38% in March 2026. This marks the second consecutive monthly increase following eleven months of disinflation and reflects renewed pressure from food prices, transportation costs, and energy-related expenses amid higher global oil prices and geopolitical tensions.

On a month-on-month basis, headline inflation slowed to 2.13% from 4.18% in March, indicating that while prices continued to rise, the pace of increase moderated significantly. Food inflation rose to 16.06% year-on-year from 15.99% previously, driven by increases in staple food prices and distribution costs, while core inflation edged higher to 15.86% year-on-year from 15.75%.

Although inflation remains substantially below the levels recorded in 2024, the recent uptick suggests that the disinflation trend may be losing momentum. Rising energy costs, persistent food supply challenges, and external geopolitical risks continue to pose upside risks to prices, reinforcing the CBN's decision to maintain a cautious monetary policy stance at its May 2026 MPC meeting.



Gross Domestic Product

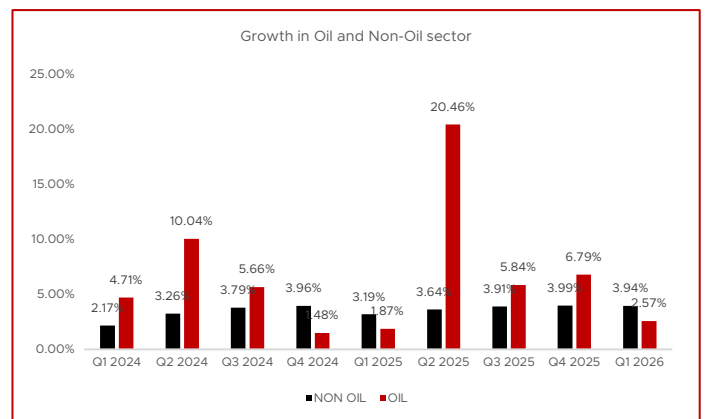
Nigeria's GDP Growth Strengthens to 3.89% in Q1 2026 as Non-Oil Sector Remains Resilient

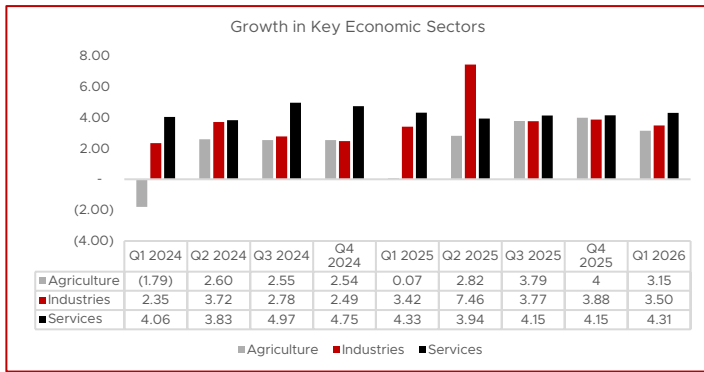
The NBS reported real GDP growth of 3.89% year-on-year in Q1 2026, improving from 3.13% in Q1 2025, supported by stronger performances in both the oil and non-oil sectors. The oil sector expanded by 2.57% YoY, up from 1.87% a year earlier, while the non-oil sector grew 3.94% YoY compared to 3.19% in Q1 2025. Growth was primarily driven by telecommunications (+12.24%), construction (+6.38%), crop production (+3.39%), and real estate (+2.29%), underscoring the increasing importance of services and infrastructure-related activities to economic output.

The oil sector benefited from stronger gas production, which rose 2.97% YoY to 687.1 billion standard cubic feet, helping offset weaker crude oil production volumes during the quarter. Meanwhile, the non-oil economy was supported by relatively stable macroeconomic conditions and softer inflation during the first two months of the quarter, which improved consumer spending and business activity before inflationary pressures resurfaced in March.

While the growth outturn highlights the resilience of Nigeria's non-oil economy, particularly the ICT sector, sustaining higher growth will require stronger investment, improved productivity, and continued reforms.

Looking ahead, growth is expected to remain supported by digital services, gas investments, and improving security in oil-producing regions, although rising inflationary pressures and global economic uncertainty could moderate the pace of expansion in subsequent quarters.





System Liquidity

Strong Liquidity Buffers Sustain Stable Funding Conditions Despite Heavy Auction Activity

System liquidity remained firmly positive throughout May, supported by sizeable OMO maturities, FAAC inflows, bond coupon payments, and periodic CRR settlements. Although liquidity experienced temporary declines following significant OMO and NTB auction settlements, these were largely offset by substantial maturities and government inflows.

Liquidity fluctuated within a range of approximately ₦2.78tn to ₦7.14tn during the month, peaking in early May following a ₦2.71tn OMO maturity and later receiving additional support from a ₦1.97tn OMO maturity during the final week of the month. Despite intermittent liquidity withdrawals through OMO issuances and bond auction settlements, system liquidity remained comfortably positive throughout the period.

Consequently, the Nigerian Overnight Financing Rate (NOFR) remained remarkably stable at 22.00% throughout the month, reflecting ample liquidity conditions and limited funding pressures within the banking system. The CBN's decision to retain the Monetary Policy Rate (MPR) at 26.50% during the May MPC meeting further reinforced stability across money markets.

Outlook: System liquidity is expected to remain relatively comfortable, supported by anticipated FAAC inflows, coupon payments, and periodic OMO maturities. However, liquidity conditions will continue to be influenced by the CBN's liquidity management operations, including OMO issuances and potential CRR debits. Money market rates are expected to remain broadly stable around current levels barring any significant liquidity tightening measures.

Nigerian Treasury Bills

Strong Investor Demand and Robust Auction Participation Support Treasury Bills Market

The Treasury bills market maintained a constructive tone throughout May, underpinned by strong investor demand, healthy system liquidity, and attractive yield levels across both NTB and OMO instruments.

Secondary market activity was concentrated in longer-dated NTBs and OMO maturities, particularly the April–May 2027 NTBs and July–September 2026 OMO papers. Demand remained resilient despite a series of primary market issuances, with investors actively deploying excess liquidity into short-term fixed income securities.

The month witnessed several heavily subscribed OMO auctions. The CBN conducted five OMO auctions during the period, with total subscriptions consistently exceeding offer sizes, highlighting strong investor appetite for short-dated risk-free instruments. Stop rates broadly ranged between 19.97% and 21.90%, while total allotments

significantly surpassed offer amounts at several auctions.

Similarly, NTB auctions recorded robust participation. The DMO conducted two NTB auctions during the month, attracting combined subscriptions of approximately ₦4.39tn against total offers of ₦1.35tn. Stop rates remained broadly stable at around 15.95%, 16.14%, and 16.15% across the 91-day, 182-day, and 364-day tenors, respectively.

Despite occasional profit-taking in newly issued bills, investor demand remained strong throughout the month. Benchmark NTB rates ended May mixed, with the 364-day benchmark easing marginally to 18.33% from 18.46% at the start of the month.

Outlook: The Treasury bills market is expected to remain supported by healthy liquidity conditions and sustained investor demand for attractive short-term yields. Activity is likely to remain concentrated in longer-dated NTBs and OMO instruments, while auction outcomes, liquidity conditions, and monetary policy expectations will continue to influence market direction.

Tenor	Apr'26 Aug 2	May'26 Aug 1	May'26 Aug 2	Change M-o-M (basis points)
91	15.95%	15.95%	15.95%	0.00
182	16.19%	16.14%	16.14%	(0.05)
364	16.20%	16.15%	16.15%	(0.05)

Nigerian FGN Bond Market

Cautious Trading Dominates Bond Market Amid Auction Repricing and Inflation Concerns

The FGN bond market traded with mixed sentiment throughout May as investors balanced attractive yield opportunities against inflation concerns, monetary policy uncertainty, and supply from the DMO bond auction calendar.

Early in the month, investors selectively accumulated mid-tenor bonds, particularly the 2032–2035 maturities, taking advantage of elevated yields. However, market sentiment became more cautious ahead of the May bond auction and MPC meeting, resulting in intermittent selling pressure across on-the-run securities.

A key highlight of the month was the DMO bond auction, where ₦600bn was offered across the 2035 and 2037 maturities. Investor demand remained relatively cautious, with only ₦334bn allotted and stop rates clearing higher at 17.00% and 17.04%, respectively. The auction reinforced investors' preference for elevated yield levels amid prevailing macroeconomic uncertainty.

Secondary market activity remained concentrated in the belly of the curve, particularly the 2031–2037 maturities. While yields temporarily rose following the auction, selective buying interest emerged towards month-end, resulting in modest yield compression across several benchmark maturities.

Overall, benchmark yields ended the month mixed, with the 5-year benchmark yield rising by 21bps while longer-dated benchmark yields remained largely stable.

Outlook: The bond market is expected to remain cautiously traded in the near term. Investors are likely to continue selectively accumulating attractive yield levels, particularly within the mid-tenor segment. Inflation expectations, future auction outcomes, liquidity conditions, and monetary policy signals will remain key drivers of sentiment and yield direction.

MAY 2026 BOND AUCTION RESULT

Non-comp	Maturity	Offer (bn)	Sub (₦'bn)	Allot (₦'bn)	Marginal Rate	Rate	Change M-o-M (basis points)
	29-Jan-35	300.00	262.23	137.67	17.00%	22.60%	(5.60)
	18-Apr-37	300.00	253.94	196.86	17.04%	18.49%	(1.45)
		600.00	516.17	334.53			

Foreign Exchange

Naira Trades Within a Narrow Range Amid Improved FX Liquidity and FPI Participation

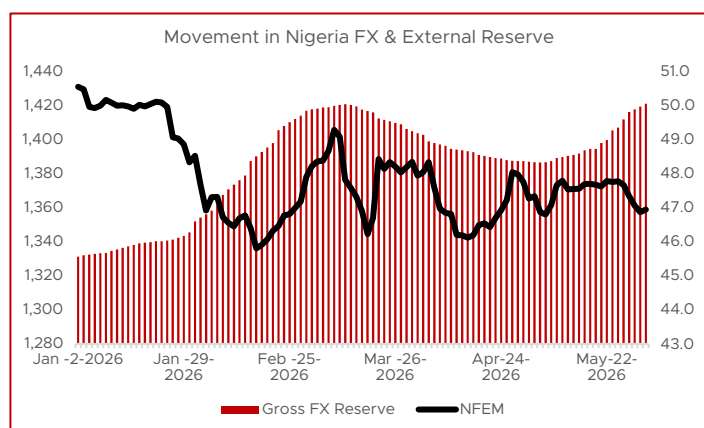
The foreign exchange market remained relatively stable throughout May despite periodic demand pressures and fluctuating supply conditions.

The month began positively, with increased participation from Foreign Portfolio Investors (FPIs) and local counterparties supporting FX liquidity and driving the naira to intra-month highs around ₦1,355/\$. However, intermittent demand pressures and periods of thin supply led to occasional bouts of depreciation.

Market conditions improved during the second half of the month as offshore participation increased, particularly around OMO auction periods, which encouraged foreign inflows and helped narrow bid-offer spreads. Supply from both FPIs and domestic participants largely offset demand pressures, resulting in relatively balanced market conditions.

Overall, the Naira traded within a relatively narrow range throughout the month and closed broadly stable around ₦1,373/\$, reflecting improved liquidity conditions and the continued effectiveness of the CBN's FX market reforms.

Outlook: The FX market is expected to remain largely driven by demand and supply dynamics. Continued FPI participation, improved FX liquidity, and stable market confidence should provide support for the Naira. However, persistent demand pressures and shifts in global risk sentiment may continue to generate short-term volatility. Overall, the local currency is expected to trade around current levels in the near term, barring any significant changes in liquidity conditions or capital flows.



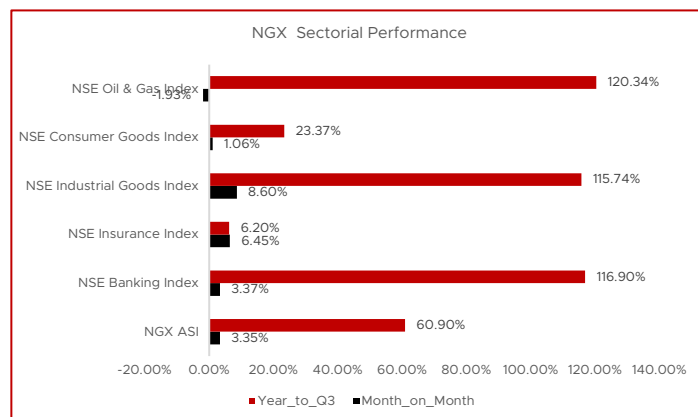
Equities Market

May 2026 Sees NGX Break Historic 250,000-Point Milestone Amid Small-Cap Surge

The NGX ASI closed the month up +3.35%, with the index opening at 242,277.8 and closing at 250,385.47 — a gain of 8,107.9 points. The 3.35% monthly gain, while positive and extending the market's unbroken run of monthly gains from January through May, represented the slowest monthly advance of 2026, moderating significantly from April's sharper 20.36% rise.

Sector performances for the month were led by the NGX Industrial Goods Index (+8.60%), driven largely by a 21.65% rally in Dangote Cement. The NGX Insurance Index followed with a +6.45% advance, supported by broad gains across insurers. The NGX Banking Index closed up +3.37%, Consumer Goods edged up +1.06%. The only sector to close in negative territory was the NGX Oil/Gas Index, which eased -1.93%, weighed down by losses in Aradel.

Outlook: With some stocks up hundreds of percent year-to-date and the ASI now firmly above the 250,000 psychological level, we expect selective opportunities and possible profit-taking ahead, though the breach of this milestone signals underlying resilience going into H2 2026. Key drivers going forward will likely include Q2 2026 earnings releases, the next MPC meeting, and continued rotation from large-cap banking names into industrials, telecoms, and consumer goods.



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Contact Information

Security Brokerage/Investment Management

Omoefe Taiga	otaiga@fcsIng.com	+234 803 579 1526
Onyinyechi Onwubu	oonwubu@fcsIng.com	+234 907 642 8400
Lambert Nnadi	Innadi@fcsIng.com	+234 907 923 5160
Annabel Okpala	aokpala@fcsIng.com	+234 707 480 7472
Enoh Agofure	eagofure@fcsIng.com	+234 808 857 5296
	sales@fcsIng.com	

Investment Banking/Corporate Finance

Andrew Esene	aesene@fcsIng.com	+234 806 063 6852
Henry Agba	hagba@fcsIng.com	+234 708 487 4059
Favour Oluwayale	Foluwayale@fcsIng.com	+234 906 936 0557
	corpfinance@fcsIng.com	