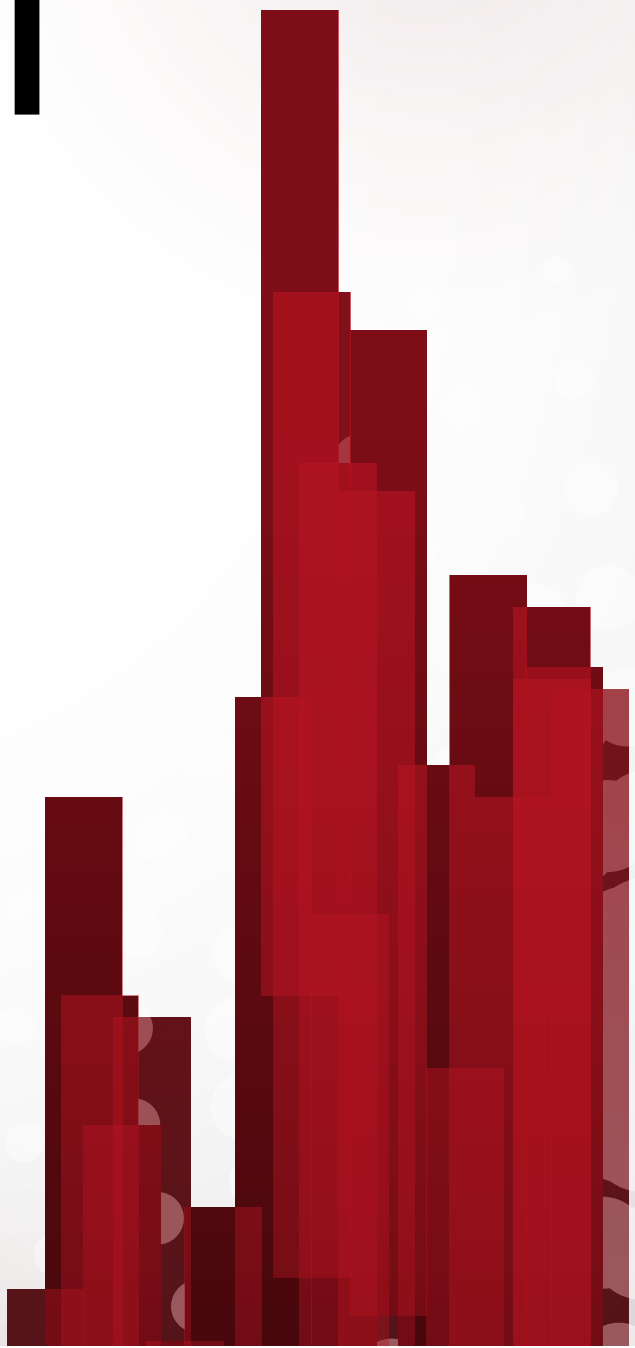


MONTHLY REPORT

AUGUST 2026



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Global Economy

Geopolitical Shock Keeps Inflation and Rate Risks Elevated

Global economic conditions remained relatively resilient in August, but the ongoing U.S.–Iran conflict and disruptions around the Strait of Hormuz continued to weigh on the outlook. Higher energy and shipping costs sustained inflationary pressures, with the IEA cutting its 2026 global oil-demand forecast to a 1.6mb/d decline as elevated fuel prices and supply disruptions weigh on consumption. Oil prices remained highly volatile, with Brent trading around \$90/bbl towards month-end.

In the U.S., softer employment data and benign inflation had reduced expectations for further Fed tightening earlier in the month, although renewed oil-price pressures and the Jackson Hole messaging kept the policy outlook uncertain. By mid-August, markets were pricing a 65% probability of a 25bps Fed rate hike by December, highlighting the growing tension between weakening growth momentum and renewed inflation risks.

In Europe, the energy shock became increasingly visible in inflation dynamics. Eurozone inflation subsequently rose to 3.3% (flash) in August from 2.9% in July, driven largely by higher energy prices, while core inflation eased slightly to 2.4%. This has complicated the ECB's policy outlook, with markets increasingly pricing the possibility of renewed monetary tightening.

Global financial markets nevertheless remained relatively resilient, supported by strong technology and AI-related investment. The S&P 500 gained 2.6% in August, while the Nasdaq rose 3.9%, although markets weakened towards month-end as rising oil prices and geopolitical tensions pushed the U.S. 10-year Treasury yield above 4.75%.

Outlook: The global outlook remains increasingly dependent on the trajectory of the Middle East conflict and energy prices. A prolonged disruption to oil and shipping could reinforce inflation, delay monetary easing and weigh on global growth, while any meaningful de-escalation could provide relief through lower energy prices and improved financial conditions. For September, geopolitical developments, oil prices, central-bank decisions and the resilience of U.S. growth will remain the key market drivers.

Local Economy

Reforms and Stronger External Buffers Support Confidence Amid Persistent Price Pressures

Nigeria's macroeconomic environment in August 2026 reflected improving investor confidence and stronger external fundamentals, although elevated food prices and high interest rates continued to constrain domestic demand. The month was characterised by progress in market-accessibility reforms, a stronger reserve position and improving sovereign-risk perception.

A major development was FTSE Russell's confirmation that Nigeria will return to Frontier Market status from 21 September 2026, following improvements in foreign-exchange liquidity, capital repatriation and settlement infrastructure. The country's gross external reserves also exceeded \$53 billion, strengthening the economy's ability to absorb external shocks and supporting confidence in FX-market stability. Moody's subsequently revised Nigeria's sovereign outlook to positive from stable, citing stronger reserves and improved economic resilience, although the B3 rating was maintained due to fiscal and debt-affordability challenges.

Economic activity also showed resilience. Nigeria's economy expanded by 4.43% year-on-year in Q2 2026, supported by improved performance across both oil and non-oil sectors. However, strong demand for high-yielding fixed-income securities remained evident, with the CBN's August OMO auction attracting ₦4.26 trillion

in subscriptions against a ₦1 trillion offer.

Overall, August strengthened Nigeria's macroeconomic and market-accessibility narrative, although high yields and cost-of-living pressures remain important constraints.

Outlook: Capital-market sentiment is expected to benefit from Nigeria's return to Frontier Market status in September, while the continued accumulation of external reserves should provide additional support for FX stability. However, sustained high yields and persistent consumer pressures may continue to moderate the pace of broader economic expansion.

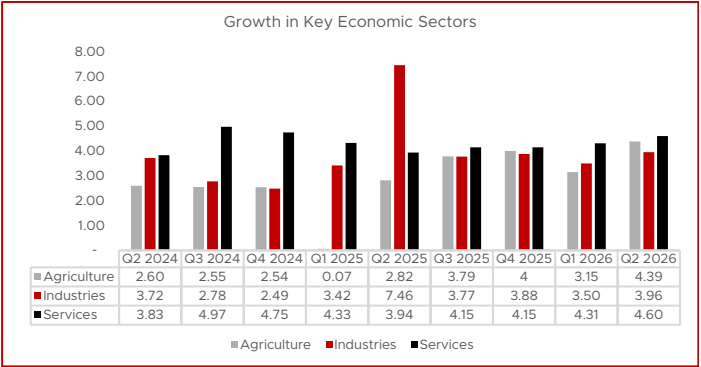
Gross Domestic Product

Growth Outlook - GDP Revised Growth Momentum Strengthens as Oil and Non-Oil Sectors Improve

Nigeria's economic growth outlook improved during August following the release of stronger-than-expected Q2 GDP data. Real GDP expanded by 4.43% year-on-year in the second quarter of 2026, accelerating from 3.89% in Q1 and reflecting improved contributions from both oil and non-oil activities. Higher oil production, which averaged approximately 1.72 million barrels per day during the quarter compared with 1.55 million barrels per day in Q1, supported the improvement.

The stronger growth print reinforces evidence that recent macroeconomic reforms are beginning to support economic activity. Improved FX conditions, stronger external reserves and continued investment in oil production should provide further support to output. However, high borrowing costs and pressure on household purchasing power remain risks to consumption and private-sector investment.

Outlook: Growth is expected to remain relatively resilient in the near term, supported by stronger oil-sector activity, continued expansion in the non-oil economy and improving macroeconomic stability. However, elevated interest rates and weaker consumer purchasing power could constrain the pace of expansion, making sustained reform implementation important for medium-term growth.



Inflation

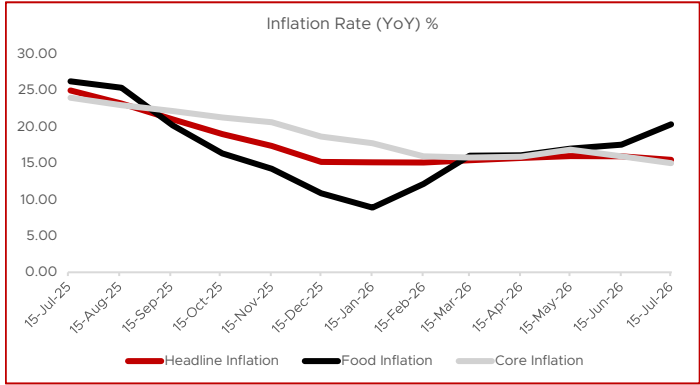
Headline Inflation Eases Further, but Food Prices Remain a Major Risk

Nigeria's headline inflation rate moderated to 15.43% in July 2026 from 15.91% in June, extending the country's disinflation trend. Month-on-month headline inflation also slowed to 1.57%, reflecting a moderation in the pace of overall price increases and strengthening expectations that monetary conditions could gradually ease if the trend is sustained.

However, the headline improvement masked persistent pressure on household budgets. Food inflation accelerated to 20.31%, highlighting continued increases in the prices of key food items and

the impact of logistics and energy costs. This divergence between headline and food inflation remains significant, as persistent food-price pressures could weaken consumer spending and limit the extent of future monetary-policy easing.

Outlook: Inflation is expected to moderate gradually if FX stability and monetary discipline are sustained. However, persistent food and energy pressures from the ongoing geopolitical tension could keep the disinflation process uneven and encourage the CBN to remain cautious on the timing and pace of monetary easing.



System Liquidity

Elevated Liquidity Supports Stable Money Market Conditions

System liquidity remained broadly comfortable throughout August, although balances were volatile around OMO, NTB and bond settlements. Liquidity peaked at ₦6.47tn following a ₦2.48tn OMO maturity in the second week and again benefited from OMO and NTB maturities, before falling to ₦3.54tn–₦3.61tn following auction settlements. Despite these swings, the NOFR remained anchored at 22%, indicating that liquidity remained sufficient to support stable funding conditions. Overall, sizeable maturities and FAAC inflows continued to offset the impact of CBN sterilisation.

Outlook: Liquidity is expected to remain relatively comfortable in the near term, supported by government-related inflows and maturing securities, although CRR maintenance and continued CBN OMO operations could drive short-term volatility.

Nigerian Treasury Bills

Strong Auction Demand Drives Yield Compression

The Treasury bills market maintained a broadly bullish tone in August, supported by elevated system liquidity and strong investor demand. The DMO conducted two NTB auctions during the month, offering ₦700bn each, which attracted ₦4.41tn and ₦3.78tn in subscriptions, respectively, with ₦1.46tn and ₦762.89bn allotted. The CBN also intensified OMO issuance, conducting five auctions during the month. Following the removal of restrictions on participation in OMO auctions, investor appetite strengthened significantly, with subscriptions in the final week reaching ₦4.92tn against ₦600bn offered, representing over 8x oversubscription, and subsequently ₦4.26tn against ₦1.00tn offered. The CBN allotted ₦2.60tn and ₦2.79tn, respectively, underscoring strong demand for high-yielding short-term instruments.

Strong auction demand, coupled with sizeable liquidity injections from OMO maturities, supported secondary-market buying and yield compression, particularly across OMO maturities. By month-end, the 1-year benchmark T-bill yield stood at 19.88%, up from 19.39% at the beginning of the month, reflecting a broadly stable market despite increased supply and strong investor demand.

Outlook: The market is expected to retain a mildly bullish bias, supported by strong investor appetite and liquidity, although further OMO supply could moderate the pace of yield compression.

Tenor	Jul'26 Auc 2	Aug'26 Auc 1	Aug'26 Auc 2	Change M-o-M (basis points)
91	16.30%	16.30%	16.30%	0
182	16.50%	16.50%	16.50%	0
364	17.35%	17.59%	17.15%	-0.2

Nigerian FGN Bond Market

Strong Auction Demand and Liquidity Support Bullish Repricing

The FGN bond market transitioned from cautious trading early in August to a stronger bullish tone following the August bond auction. The DMO auction attracted ₦1.73tn in subscriptions against ₦805.16bn allotted, with stop rates of 17.15%, 17.19% and 17.79% for the 2035, 2037 and 2038 bonds, respectively. The lower-than-expected clearing levels reinforced secondary-market demand, with benchmark yields subsequently declining as local and FPI demand strengthened. By month-end, the 5-year benchmark yield was broadly stable at 17.04%, while the 10-year yield declined marginally to 17.12%. Overall, abundant liquidity, strong auction demand and attractive yields supported the recovery in bond prices

Outlook: The bond market is expected to remain constructive but increasingly selective, with sustained local and FPI demand supporting yields. However, profit-taking at lower yield levels and fresh government supply could limit the pace of further compression.

AUGUST 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	250	513.61	64.13	17.15%	22.60%	-5.45
	18-Apr-37	100	392.48	110.01	17.19%	19.00%	-1.81
	21-Jun-38	750	821.32	631.02	17.79%	19.00%	-1.21
		1100	1727.41	805.16			



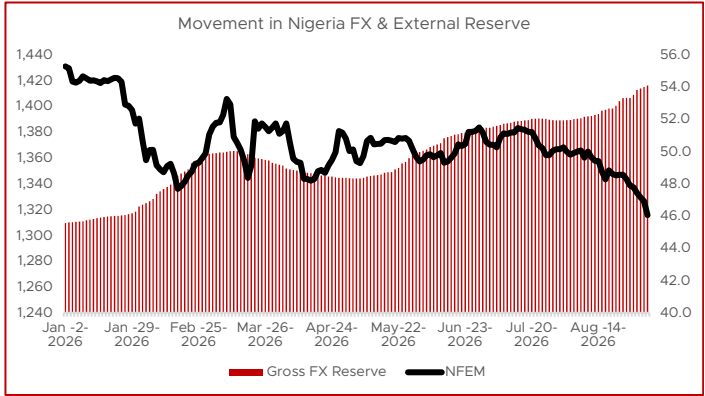
Foreign Exchange

Sustained FPI Inflows Support Naira Appreciation

The FX market recorded a broadly positive performance in August, supported by stronger Foreign Portfolio Investor (FPI) inflows and improved dollar supply. The naira strengthened from around ₦1,364.83/\$ at the start of the month to ₦1,337.29/\$ by month-end, representing an appreciation of approximately 2.0%. The CBN's decision to remove restrictions on FPI participation in OMO auctions further supported offshore participation and improved FX liquidity, helping ease demand pressures.

Meanwhile, foreign exchange reserves rose to a 17-year high of \$53.51bn as of 28th August 2026, strengthening Nigeria's external liquidity buffer. The higher reserve position, alongside improved FX inflows and stronger oil earnings, provides greater capacity to support naira stability and investor confidence.

Outlook: The naira is expected to remain broadly supported in the near term if FPI inflows and FX supply remain sustained. However, renewed corporate dollar demand or a moderation in offshore inflows could limit further appreciation and trigger some consolidation around current levels.



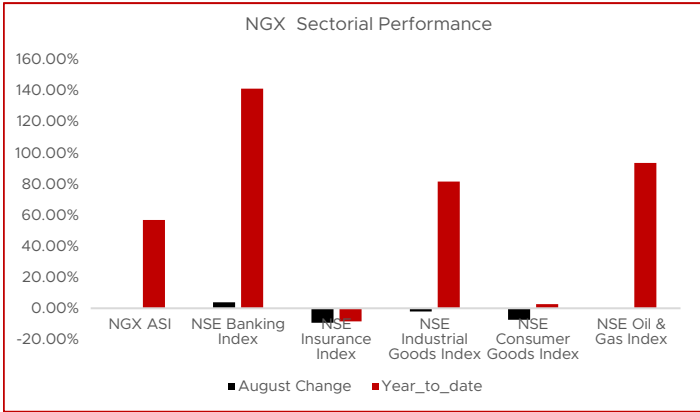
Equities Market

August Correction Snaps NGX's Winning Streak Before a Late Rally Cushions the Blow

The NGX All-Share Index closed August 2026 at 244,199.39 points, declining 0.44% from 245,283.68 points at the end of July, while market capitalisation fell by approximately ₦587 billion to ₦157.739 trillion. The modest monthly decline followed substantial gains earlier in the year and reflected sustained profit-taking and portfolio rebalancing, despite a strong 1.20% rebound on the final trading day of the month. Year-to-date return nevertheless remained robust at approximately 56.93%.

Sectoral performance during August was mixed. As at the final full trading week of the month, Banking was up 0.69% month-to-date, supported by renewed interest in large-cap lenders, while the Oil & Gas Index remained the strongest major sector year-to-date despite being down 1.09% for August. Seplat Energy, First HoldCo and Access Holdings supported the late-month recovery, while earlier weakness in Aradel weighed heavily on Oil & Gas. Consumer Goods and Insurance remained under pressure, with their indices down 8.91% and 10.04% month-to-date respectively, reflecting profit-taking and continued concerns around consumer demand. Industrial Goods also declined marginally during the month.

Outlook: We expect September trading to be supported by improving foreign-investor accessibility, stronger macroeconomic fundamentals and selective value opportunities. However, elevated fixed-income yields and continued profit-taking may sustain volatility, favouring fundamentally strong companies with resilient earnings, attractive valuations and sustainable dividend capacity.



Disclaimer

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Accuracy: We've made reasonable efforts to ensure accuracy but cannot guarantee completeness or absolute accuracy due to changing economic conditions.

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