United Capital

Economic and Financial Markets: H1 Review & H2 Outlook - 2026

NAVIGATING GLOBAL DISRUPTIONS THROUGH RESILIENCE AND EMERGING OPPORTUNITIES

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Executive Summary

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The global Gross Domestic Product (GDP) is projected to grow at 3.0% in 2026 (from 3.5% in 2025). This reflects the negative impact of the US–Iran conflict on energy, food and fertiliser prices. This is partly offset by strong investment in artificial intelligence (AI), semiconductors, digital infrastructure and renewable energy. Global inflation remains above central-bank targets, keeping monetary policy relatively tight through H2 2026. Brent crude oil is expected to average US$72/b in H2 2026, down from US$92/b in H1, assuming the ceasefire holds.

Sub-Saharan Africa is expected to grow by 4.3% in 2026, supported by reforms and commodity exports. Oil exporters such as Nigeria, Angola and Algeria remain beneficiaries of stronger terms of trade. Oil-importing economies face inflation and FX pressures. Key risks include higher energy prices, debt burdens, food insecurity and geopolitical shocks.

East Africa remains Africa's fastest-growing sub-region, driven by infrastructure, logistics, energy, manufacturing and digital services. Uganda, Rwanda, Kenya, Tanzania and Ethiopia are expected to maintain robust growth, although higher oil prices, debt-servicing costs and tighter global financing conditions present downside risks.

The West African Economic and Monetary Union (WAEMU) region is expected to sustain strong growth, benefiting from rising hydrocarbon exports, favourable gold and cocoa prices, easing inflation and improved external reserves. Risks include energy-price shocks, security concerns, climate events and elevated public debt.

For Nigeria, GDP growth is forecasted at 4.1% in 2026, led by telecommunications, banking, trade, crop production, construction, real estate and cement. Nigeria's fastest-growing sectors include Oil Refining (+37.5%), Quarrying (+23.4%), Telecommunications (+12.2%), Cement (+11.5%) and Entertainment (+11.3%). Inflation is expected to moderate to an average of 15.38% in 2026 (H2 2026 average: 15.25%). External reserves are projected to rise to US$53.25bn, providing over 13 months of imports cover. The value of Naira is forecast to average US$/₦1,360 in H2 2026. Crude oil production is expected to reach 1.8mbpd, while Bonny Light averages US$75.55/b.

The NGX-ASI is forecast to deliver a further return of 11.6% in H2 2026 bringing the 2026 total return to 64.53%. The major drivers are Banking, Building Materials, Telecommunications, Food & Beverages and Power sectors.

Key investment opportunities are in artificial intelligence (AI), semiconductors, data centres and renewable energy globally. In Nigerian equity market performance will be driven by the following sectors, especially banking, telecoms, building materials, power and consumer sectors.

Invest in long duration FGN Bonds and 364-day Nigerian Treasury Bills (NTBs) with attractive real yields. The following sectors in Nigeria will benefit from the structural reforms taking place in the economy. Infrastructure, energy transition, digital economy and agribusiness financing. Also are insurance, pension-related assets, Exchange-Traded Funds (ETFs) and Real Estate Investment Trusts (REITs) will benefit.
Major Risks: Renewed Middle East tensions, sharp commodity-price volatility, persistent inflation, capital-flow reversals, election-related uncertainty, weaker oil prices, high public debt and global financial-market corrections.

1.0 Global Economy

1.0
Global Economy

1.1 The US-Iran War Changed the Global Economy

The US-Iran war which started on 28 February 2026 altered the global economy prospect in the H1 2026. Inflation rates across major countries which were expected to drop early 2026 maintained upward trend after the War. This is because of the spike in the global crude oil price following the supply shock that was associated with the war. Crude oil, fertiliser and critical raw materials shortages were caused by the closure of the Strait of Hormuz and destruction of oil infrastructure. Consequently, economic growth rates were revised downward in many regions and inflation rate started upward movement. Central Banks in many regions changed their monetary policy stance from expectation of easing to tightening or at least wait and see.

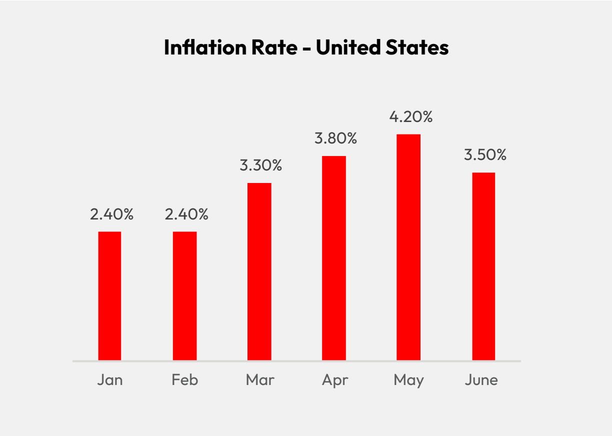
Inflation and Policy Rates Relationship in Select Major Countries

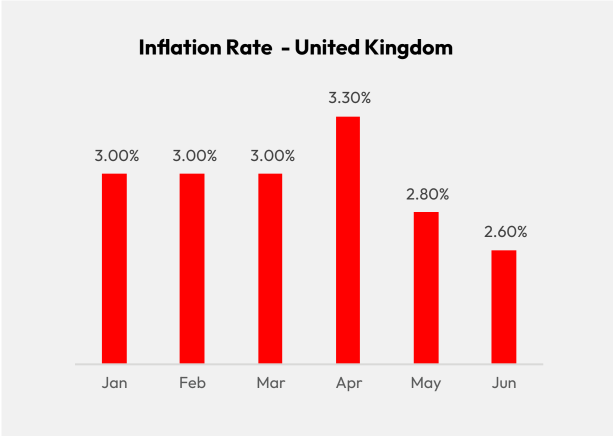
	Indicators	Dec -26	Jan-26	Feb-26	Mar-26	Apr-26	May -26	Jun-26
USA	Inflation Rate	2.70%	2.40%	2.40%	3.30%	3.80%	4.20%	3.50%
	Policy Rate	4.00%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
	Premium	1.30%	1.35%	1.35%	0.45%	-0.05%	-0.45%	0.25%
UK	Inflation Rate	3.40%	3.00%	3.00%	3.30%	2.80%	2.80%	2.60%
	Policy Rate	4.00%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
	Premium	0.60%	0.75%	0.75%	0.45%	0.95%	0.95%	1.15%
Euro Area	Inflation Rate	2.00%	1.70%	1.90%	2.60%	3.00%	3.20%	2.80%
	Policy Rate	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.40%
	Premium	0.15%	0.45%	0.25%	-0.45%	-0.85%	-1.05%	-0.40%
China	Inflation Rate	0.80%	0.20%	1.30%	1.00%	1.20%	1.20%	1.00%
	Policy Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Premium	2.20%	2.80%	1.70%	2.00%	1.80%	1.80%	2.00%
Japan	Inflation Rate	2.10%	1.50%	1.30%	1.50%	1.40%	1.50%	1.50%
	Policy Rate	0.50%	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%
	Premium	-1.60%	-0.75%	-0.55%	-0.75%	-0.65%	-0.75%	-0.50%

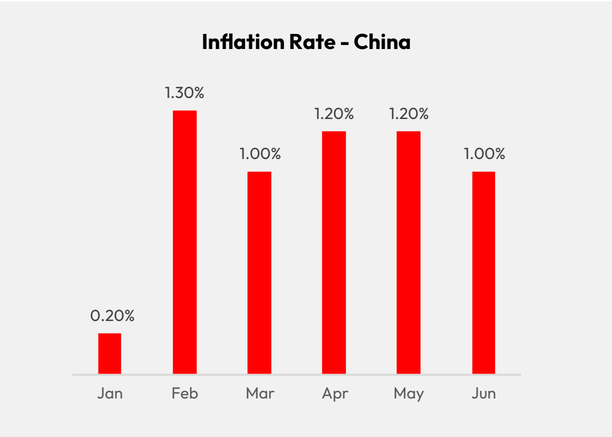
In major advanced economies, inflationary pressures have proven remarkably stubborn. The USA, UK and the Euro Area all recorded inflation rates that exceeded their respective 2% targets, with the US Consumer Price Index standing at 3.5%, UK at 2.6% and the Euro Area at 2.8% as of the latest readings. The persistence of inflation in these economies reflects the sustained pass-through of elevated energy costs into broader consumer prices. Inflation rate eased in June from the level recorded in May on announcement of Ceasefire.

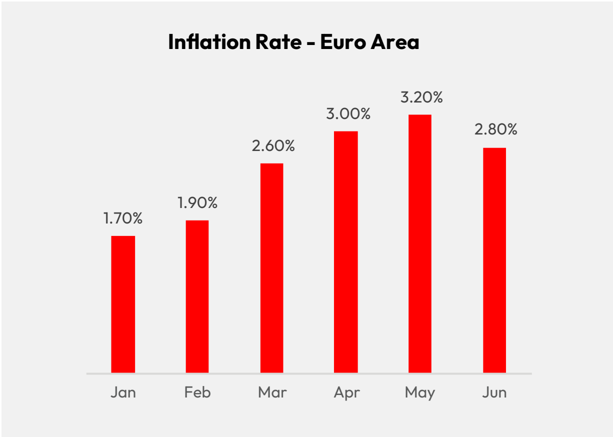
1.2 Inflation Rates in Many Countries

The direct consequence of the war is increase in inflation rate in many countries. This has resulted in an increase in interest rate and yields on fixed income securities, both local and foreign currencies.









In addition, we have observed currency depreciation in many developing countries, particularly in oil importing economies. Meanwhile, there has been currency stability and appreciation in some oil exporting countries, outside the Middle East region. Nigeria has benefited from these developments but has also faced increase in inflation rate and weak purchasing power.

Across emerging and developing economies, the inflation landscape is even more heterogeneous. Several African economies recorded notable increases in inflation during H1 2026. Ghana, Rwanda, Ethiopia, and South Africa all posted higher inflation figures, reflecting the combined pressures of elevated global energy prices, currency depreciation, and domestic supply constraints. The surge in fuel and fertiliser costs has fed through to food prices and transportation costs.

Recent Inflation Rate Trends in Selected Countries – June 2026				
S/N	Countries	January 2026	Current	Change
1	Niger	-4.80%	-2.90%	1.90%
2	Ghana	3.70%	5.30%	1.60%
3	South Africa	4.00%	5.00%	1.00%
4	Guinea Bissau	-2.20%	-1.20%	1.00%
5	Ethiopia	13.40%	13.90%	0.50%
6	Burkina Faso	-0.40%	0.10%	0.50%
7	India	3.93%	4.38%	0.45%
8	Algeria	4.47%	4.90%	0.43%
9	Rwanda	12.30%	12.70%	0.40%
10	Mali	1.00%	1.30%	0.30%
11	Benin	-0.70%	-0.40%	0.30%
12	Cote d'Ivoire	1.60%	1.80%	0.20%
13	Japan	1.40%	1.50%	0.10%
14	Nigeria	15.93%	15.91%	-0.02%
15	Tanzania	4.20%	4.00%	-0.20%
16	United Kingdom	2.80%	2.60%	-0.20%
17	China	1.20%	1.00%	-0.20%
18	Egypt	14.60%	14.30%	-0.30%
19	Kenya	6.70%	6.40%	-0.30%
20	Togo	0.40%	0.10%	-0.30%
21	Euro Area	3.20%	2.80%	-0.40%
22	Morocco	1.70%	1.20%	-0.50%
23	United States	4.20%	3.50%	-0.70%
24	Angola	10.88%	10.11%	-0.77%
25	Senegal	1.30%	0.40%	-0.90%

1.3 Global Inflation H2 2026 Outlook

Looking ahead, inflation outlook in H2 2026 remains poised on the upside in many countries. US - Iran war, renewed increases in energy prices, persistent wage growth in advanced economies, or further currency depreciation in emerging markets could trigger inflationary pressure. On the downside, weaker global demand, tighter financial conditions, or improved stability in food and commodity markets could moderate the inflation rate.

Ultimately, if the US - Iran war subsides, the second half of 2026 is likely to see a gradual easing of global inflationary pressures. Nevertheless, this might not be a decisive return to low and stable inflation across all regions. The global inflation environment could remain structurally differentiated. Advanced economies may approach price stability faster than the emerging economies. Emerging and frontier economies may continue to grapple with elevated and more volatile inflation rates up till early October. Monetary policy will therefore remain a key anchor in the outlook. Central Banks will continue to navigate the delicate balance between supporting growth and bringing down inflation rate.

1.4 Monetary Policy Decisions

The US-Iran war which started on 28 February 2026 altered the global economy prospect in the H1 2026. Inflation rates across major countries which were expected to drop early 2026 maintained upward trend after the War. This is because of the spike in the global crude oil price following the supply shock that was associated with the war. Crude oil, fertiliser and critical raw materials shortages were caused by the closure of the Strait of Hormuz and destruction of oil infrastructure. Consequently, economic growth rates were revised downward in many regions and inflation rate started upward movement. Central Banks in many regions changed their monetary policy stance from expectation of easing to tightening or at least wait and see.

The US Federal Reserve (Fed) reduced its policy rate from 4.0% in October 2025 to 3.75% by December 2025 and then held it steady at 3.75% through June 2026. The Fed, which had already initiated a mild easing cycle before the start of 2026 chose to pause further action in H1 2026. The pause reflects a balancing act. While growth remained relatively resilient, inflation maintained upward trend making a rate cut a difficult decision to justify. The Fed's stance during this period signals a shift from tightening to cautious neutrality, with policy remaining restrictive.

A similar trajectory is observed for the Bank of England (BoE). The BoE reduced its policy rate from 4.0% in October 2025 to 3.75% by December 2025 and likewise maintained the rate at 3.75% throughout H1 2026. This suggests that the United Kingdom entered 2026 with a pre-emptive easing already delivered. However, weak growth and elevated inflation prevent further immediate rate cuts. The BoE's position reflects a high degree of policy caution, especially given the UK's weak growth profile.

In contrast, the European Central Bank (ECB) maintained a completely unchanged policy stance. The ECB held its policy rate at 2.15% consistently from October 2025 through April 2026. However, the ECB increased the policy rate at it June 2026 meeting to 2.4% as inflation rate remained above the target rate of 2%. The Bank of Japan (BoJ) provides a distinct counterpoint to other major Central Banks. Its policy rate increased modestly from 0.50% in October and November 2025 to 0.75% from December 2025 and remained at that level through April 2026. The BoJ further increased rate to 1% in June 2026, the highest level since September 1995. The interest rate is aimed at fighting the rising inflation in the country.

1.5 H2 2026 Monetary Policy Decisions Outlook

There are expectations that inflation rates will increase in many advanced and emerging countries within the next four months. Against this backdrop, more Central Banks in many advanced countries may increase their policy rate to tame inflationary pressure. Meanwhile, recent developments in the conduct of monetary policy suggest that subtle political pressure may delay interest rate hike. In the short term, the resolution of the Middle East conflict remains the single most important variable for global monetary policy. If the ceasefire holds and oil prices normalise, Central Banks may resume cautious easing in late 2026 or early 2027. If the conflict escalates, forcing oil prices to remain above $100 for an extended period, Central Banks may be forced to hike rates.

H2 2026 Monetary Policy Decisions Outlook		
Central Bank	**H2 2026 Outlook**	**Key Determinants**
Federal Reserve	Likely on hold through H2; potential first cut in 2027 if inflation moderates	US – Iran War duration; inflation data and labour market weakness
European Central Bank	Risk of rate hikes if oil stays above $100; otherwise hold	Energy prices; weak growth data
Bank of England	Limited easing scope; one cut possible if growth weakens	Wages growth; services inflation; US – Iran war impact on UK
Bank of Japan	Further hike expected (to 1.25%) by end-2026	Wage data (5-7% increases); energy prices and inflation rate consideration

1.6 Impacts of US – Iran War

Global Economy

Energy Shock and Supply Disruptions
- 20% of global oil and gas flows through the Strait of Hormuz
- Causing severe global oil supply disruption, increase in freight, insurance premium and crude oil price

Rising Oil & Gas Prices and Global Inflation
- Brent crude oil price peaked at US$118.35/b YTD which is 94.49% growth over the 2025 close price level.
- Following the peace agreement between USA and Iran, Crude oil price has dropped below US$80/b and may trade lower in the H2 2026 on the peace deal is sustained
- Higher energy prices have driven up transport, fertiliser, and food costs, intensifying inflation globally

Supply Chain & Trade Disruptions
- Suspension of Shipping routes in Asia-Pacific and Middle East
- Containers are stranded; freight costs have soared
- Disruption of helium, petrochemicals

Global Financial Markets

Market Volatility
- Equity markets remain volatile as investors adjust to uncertain energy supplies and geopolitical tension

Surging Energy & Commodity Prices
- Compression of profit margins for heavy energy dependent sectors such as industrial, consumer goods food manufacturing
- Increase in logistic costs dropping profit margins

Flight to Safety
- Rising yields reflect expectations of higher inflation and tighter policy
- Gold prices are falling on expectations of higher interest rates
- Pressure on FX in emerging markets

Insurance Sector Pressure
- Escalating hostility has increased underwriting risks
- Insurance premium has increased due to elevated insurable risk

Impacts of US – Iran War on Africa

Energy Prices and Supply Disruption
Net oil importing African countries face higher fuel import bills, worsening inflation, and FX pressure, while exporters benefit from windfall revenue.

Trade and Shipping Disruptions
Attacks have reduced shipping traffic significantly, increased freight costs and delivery times by over 10 days. Therefore, raising import prices across Africa and disrupts global supply chains.

Financial Market Spillovers
Rising global risk aversion has weakened African currencies and increasing debt servicing costs.

What Must African Countries Do

Reduce Exposure to External Energy Shocks
- Accelerate energy diversification
- Build strategic petroleum reserves at national and regional levels
- Move downstream: expand local refining, fertiliser, and petrochemical capacity

Strengthen Food Security and Agricultural Self-Sufficiency
- Expand domestic fertiliser production (ammonia, urea)
- Increase grain storage and strategic food reserves
- Use African Continental Free Trade Area (AfCFTA) to create regional food supply chains insulated from global shocks

Build Economic Shock Buffers and Macro Resilience
- Deepen local currency markets and reduce reliance on short-term external debt
- Expand use of regional development finance (AfDB, Africa-focused swap lines

Summary of Net Impacts			
Category	**Countries**	**Net Impacts**	**Reasons**
Clear Gainers	Nigeria, Algeria, Angola	Positive	High exposure to oil & gas exports and fiscal buffers
Conditional / Mixed	Egypt, South Africa, Djibouti	Mixed	Strategic or logistics gains offset by inflation or trade losses
Clear Losers	Kenya, Ghana, Ethiopia, Tanzania, Morocco, Tunisia	Negative	Energy & food import dependence plus limited buffers
Severely Exposed	Sudan, Somalia	Highly Negative	Fragility, food, insecurity, no shock absorption
There will be significant drop of foreign remittances in the highly remittance-dependent countries such as Comoros, The Gambia, Lesotho and Liberia			

- Foreign Direct Investments (FDIs) in Africa have risen sharply in recent years.
- World Bank reports over US$100 billion in FDIs flowing into Sub Saharan Africa between 2022 and 2023.
- However, the current crisis threatens ongoing investments in major energy projects (including hydrogen, solar, and wind), as well as logistics, mining, and agriculture.

Impact of US - Iran War on Nigeria

Earnings

- Increase in crude oil price lifts Nigeria's revenue.
- This narrows fiscal deficits and increase external reserves and buffers.

Negative: Fuel Import Costs & Subsidy Pressures

- Higher oil price and freight raise oil pump prices.
- Nationwide increase in the pump price on petroleum products.
- Increase in domestic transport and energy leading to rise in inflation.

Food Inflation

- Rising fertiliser prices due to disruption in Middle East supply.
- Expected rise in logistics costs threaten food production and livestock markets in Nigeria.

Forex Market Pressure

- Global risk aversion and Dollar strength as capital flows to safe asset temporarily.
- This could weaken the Naira and increase imported inflation.
- However, the strong external reserve and CBN measures should provide a buffer.

IMTO measure of the CBN may guarantee Naira appreciation or stability

Impact on Nigeria's Financial System

Equities Market

- Energy: Oil & gas stocks may rally due to higher oil prices.
- Industrials, agriculture, and consumer goods may face margin pressures due to rising energy and import costs.

Fixed Income Market

- Inflationary pressures may cause:
  - Higher yields on government bonds
  - Lower bond prices
  - Potentially delayed monetary easing, consistent with global patterns

FX Market

- Profit of companies with FX obligations may come under pressure.
- Increase in demand for Dollar denominated financial instruments if Naira depreciates.
- Drop in Dollar denominated asset if Naira continues to drop.
- Opportunity to buy Gold ETF at low price and sell later.

Winners	Losers
Oil & Gas (Upstream) • Benefit from elevated crude prices due to supply shortages. **Downstream: Refining Crude Oil** • Countries with large crude oil refining capacity will benefit. • Oil marketing companies may buy products locally to reduce freight costs. **LNG & Alternative Energy Producers** • LNG disruptions increase demand for alternative suppliers. • Renewables energy policy to gain momentum globally. **Insurance (Selective)** • Increase in premium due to heightened • underwriting uncertainty. **Government** • Government revenue may increase and reduce fiscal deficits.	**Aviation, Shipping, Logistics, Tourism** • Fuel prices, insurance rates, and rerouting costs increases. • Shipping delays ripple across global supply chain. • Attacks have disrupted tourism and air travel across the Gulf region. **Manufacturing, Food and Agriculture** • Shortages of gases, fertiliser, feedstocks, and energy raise input costs and disrupt production. **Consumer Goods & Retailers** • Higher transport and energy costs squeeze margins **Consumer Spending** • Weaker consumers' spending due to lower purchasing power from increase in inflation.

1.7 Global Economic Growth

The International Monetary Fund (IMF) projects global economic growth at 3.0% in 2026 before recovering to 3.4% in 2027. This compared with an average of 3.5% in 2024–2025. The outlook reflects the interaction of two opposing forces.

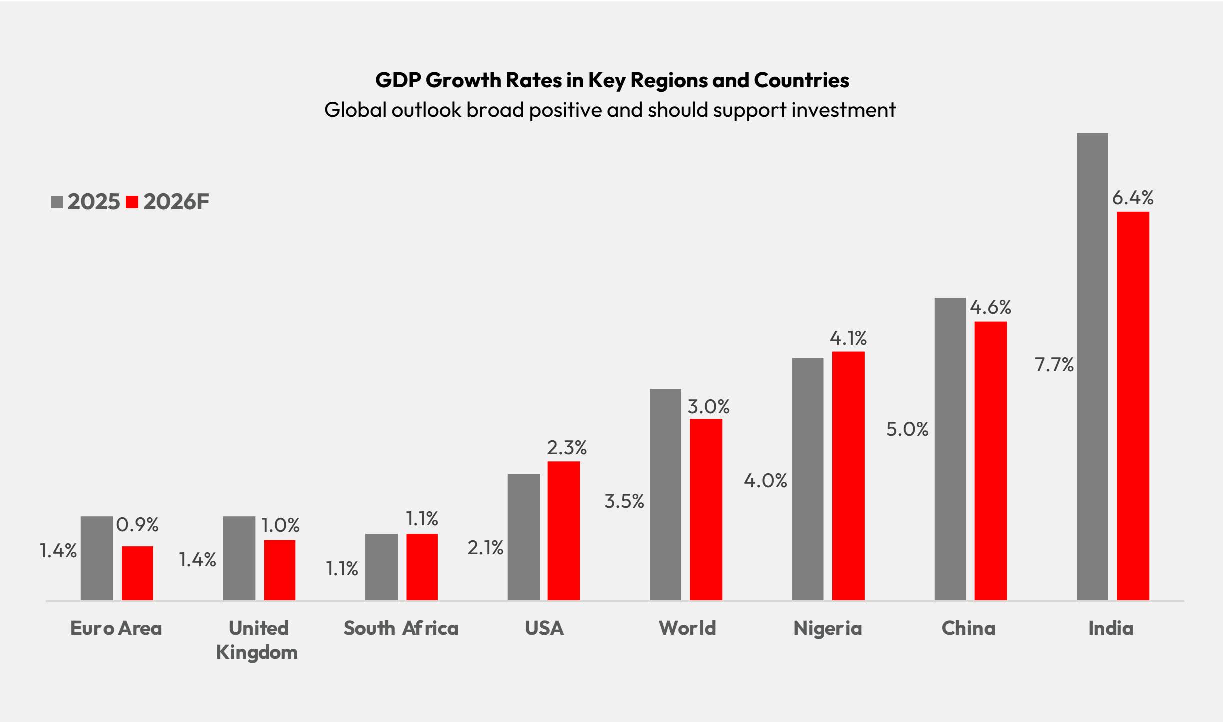
i. The adverse effects of the Middle East conflict, which has disrupted energy markets and increased inflationary pressures.

ii. The positive impact of an accelerating global technology cycle led by advances in artificial intelligence (AI).

While the global economy has shown greater resilience than initially anticipated, growth prospects vary significantly across countries. The variations depend on each country's exposure to energy-market disruptions and their participation in technology value chains.

The principal driver of global economic growth is the rapid expansion of AI-related investment and technology adoption. Strong demand for semiconductors, AI hardware, digital infrastructure, and data centres has boosted activity in economies that are deeply integrated into global technology supply chains. Some of the specific countries are Korea, Taiwan China, Malaysia, Thailand, and Vietnam. The United States also continues to benefit from robust business investment in equipment and intellectual property. China's growth is being supported by infrastructure spending and expansion in high-technology manufacturing. In addition, increased energy efficiency and the growing adoption of renewable energy have improved economic resilience to higher energy prices.

At the same time, elevated commodity prices remain a significant constraint on growth. The IMF projects that crude oil prices will rise by about 32%, natural gas prices by 22%, fertiliser prices by 26%, and food prices by 8% in 2026 relative to 2025. These increases are expected to keep global inflation elevated at 4.7% in 2026, interrupting the disinflation trend observed since early 2024. Energy-importing economies, especially low-income countries with limited participation in the technology sector, are likely to face slower growth, higher import bills, and deteriorating food security conditions. Trade fragmentation and persistent geopolitical uncertainty also pose risks to global trade and investment.



Source: International Monetary Fund

Regional growth outcomes will therefore remain uneven. Advanced economies are projected to grow by 1.7% in 2026, while emerging markets and developing economies are expected to expand by 3.8%. India is forecast to remain one of the fastest-growing major economies at 6.4%, supported by strong private consumption and services activity, while Sub-Saharan Africa is expected to record growth of 4.3%. Nigeria's economy is projected to grow by 4.1%, benefiting from improved macroeconomic stability and stronger terms of trade associated with higher energy prices. Overall, the IMF concludes that the balance between geopolitical disruptions and technology-driven productivity gains will be the dominant determinant of global growth over the medium term.

1.8 Crude Oil Market

The global crude oil market in H1 2026 was shaped primarily by the escalation of the US-Iran conflict, renewed supply disruptions across major maritime chokepoints. The OPEC+ production dynamics also had marginal impacts on the oil market developments. The outbreak of crisis in the Middle East significantly altered global oil trade flows, tightened supply conditions and heightened volatility across energy markets. This led to increase in crude oil prices across the world.

The Strait of Hormuz remained the most critical pressure point in the global energy market during the review period. According to the US Energy Information Administration (EIA), total oil flows through the Strait of Hormuz declined sharply. It dropped to 14.6 million barrels per day (mb/d) in Q1 2026 from 20.7mb/d in Q4 2025. This reflects the direct impacts of military tensions, security concerns and shipping disruptions in the Gulf region. This represents one of the steepest quarterly declines ever recorded through the chokepoint.

The conflict also disrupted Liquefied Natural Gas (LNG) flows. LNG volumes transiting the Strait of Hormuz fell sharply to 7.3 billion cubic feet per day (bcf/d) in Q1 2026 from 10.1 bcf/d in Q4 2025. This led to worsening concerns over energy security in Europe and Asia. Consequently, crude oil price increase in a margin that was not expected prior to the crude oil US-Iran war.

The Supply Shock: Pre-War and War Peak

Oil Market	Pre-War (Q4 2025)	War Peak (Q1 2026)	Change
Strait of Hormuz oil flows (million b/d)	20.7	14.6	(29.5%)
World Oil Supply (million b/d)	103.8	95.4	(8.1%)
Cape of Good Hope oil flows (million b/d)	9.6	8.0	(16.7%)
LNG through Hormuz (Bcf/d)	10.1	7.3	(27.7%)

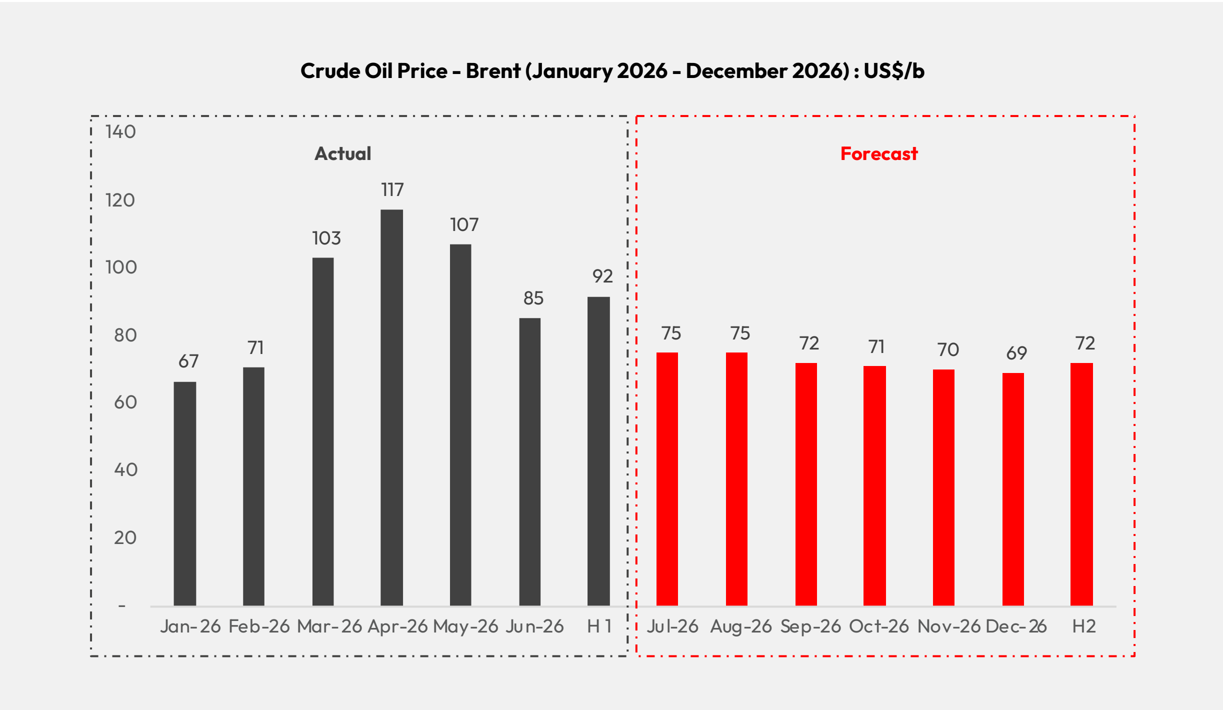
Source: EIA Short-Term Energy Outlook, May 2026

The reduction in Hormuz flows contributed to a sharp rise in crude oil prices during the first half of the year. Brent crude prices surged above US$100/b during peak periods of the conflict as markets priced in the possibility of prolonged supply disruptions and the potential closure of critical export routes. The rally was further amplified by already-tight market conditions arising from OPEC+ production management policies and declining global spare capacity.

Beyond the Strait of Hormuz, disruptions across other global energy chokepoints further complicated global oil logistics. Persistent security concerns around the Bab el-Mandeb Strait and Red Sea shipping routes forced many vessels to reroute around the Cape of Good Hope. This significantly increases transit time, fuel consumption and freight costs. According to the EIA, oil flows around the Cape of Good Hope averaged 8.0 mb/d in Q1 2026 compared to 9.6 mb/d in Q4 2025, while LNG flows declined to 4.6 bcf/d from 6.0 bcf/d over the same period.

Prices of refined petroleum products increased significantly. Diesel prices surged sharply due to constrained refining flows and supply shortages. Countries heavily dependent on diesel imports faced inflationary pressures and rising transportation costs. Jet fuel prices also rose materially, increasing operational costs for airlines globally. At the level of global benchmarks, Brent crude prices exhibited a sharply upward but volatile trajectory in H1 2026. At the start of the year, prices were relatively moderate, averaging about $66.6 per barrel in January and $70.9 per barrel in February. This reflects the lingering influence of a soft demand environment and expectations of global supply adequacy. However, from early March onward, the market experienced a major shock triggered by geopolitical disruptions, particularly around the Middle East and the Strait of Hormuz, a critical oil transit route.

Nigeria's Bonny Light crude maintained a premium pricing structure, consistent with its status as a light, sweet crude. In May 2026, Bonny Light at $130 per barrel, before correcting in line with global prices. The premium reflects both crude quality and the strong demand for low-sulphur feedstock, especially during periods of refining constraints. On the demand side, the conflict created mixed implications for global oil consumption. Higher oil prices and slowing global economic activity weakened demand expectations across major importing economies. However, the extent of demand disruption remained relatively limited during H1 2026 because of continued resilience in Asian consumption and relatively low global inventories.



Sources: U.S. Energy Information Administration, United Capital Research

1.9 Global Commodity Prices

Commodities Price Monitor as of June 30, 2026				
Commodity	**Unit Price**	**Price (US$)**	**YTD**	**Drivers**
Oil Crude – Brent	US$/bl	72.92	19.84%	• The US–Iran ceasefire eased crude oil price • Prices expected to drop in H2 2026 lower than in recorded in H1 2026
Oil Crude – Bonny Light	US$/bl	73.2	15.55%	• The US–Iran ceasefire eased crude oil price • Prices expected to drop in H2 2026 lower than in recorded in H1 2026
Copper	US$/lb	6.254	10.07%	• Prices were supported by strong demand from electric vehicles, data centres and renewable energy projects • Also, supply constraints arising from Middle East-related sulfuric acid shortages further supported copper prices
Gold	US$/toz	4,038.50	(7.93%)	• Gold prices declined as investors took profits following the strong rally recorded in 2025 • A stronger US Dollar and higher real interest rates reduced investor demand for gold
Compressed Natural Gas (CNG)	US$/MMBtu	3.275	(11.15%)	• Natural gas prices declined as the ceasefire eased concerns over LNG supply disruptions from the Middle East • Also, high prices earlier in the year weakened demand, contributing to the subsequent decline in prices
Coffee	US$/lb	296.45	(15.00%)	• Coffee prices declined as improved harvests in Brazil and Colombia increased global supply • The easing of weather-related supply shortages continued to weigh on prices
Cocoa	US$/MT	5,078.00	(16.27%)	• Cocoa prices fell as production recovered in Côte d'Ivoire and Ghana, improving global supply • The shift from a supply deficit to a surplus accelerated the decline in cocoa prices

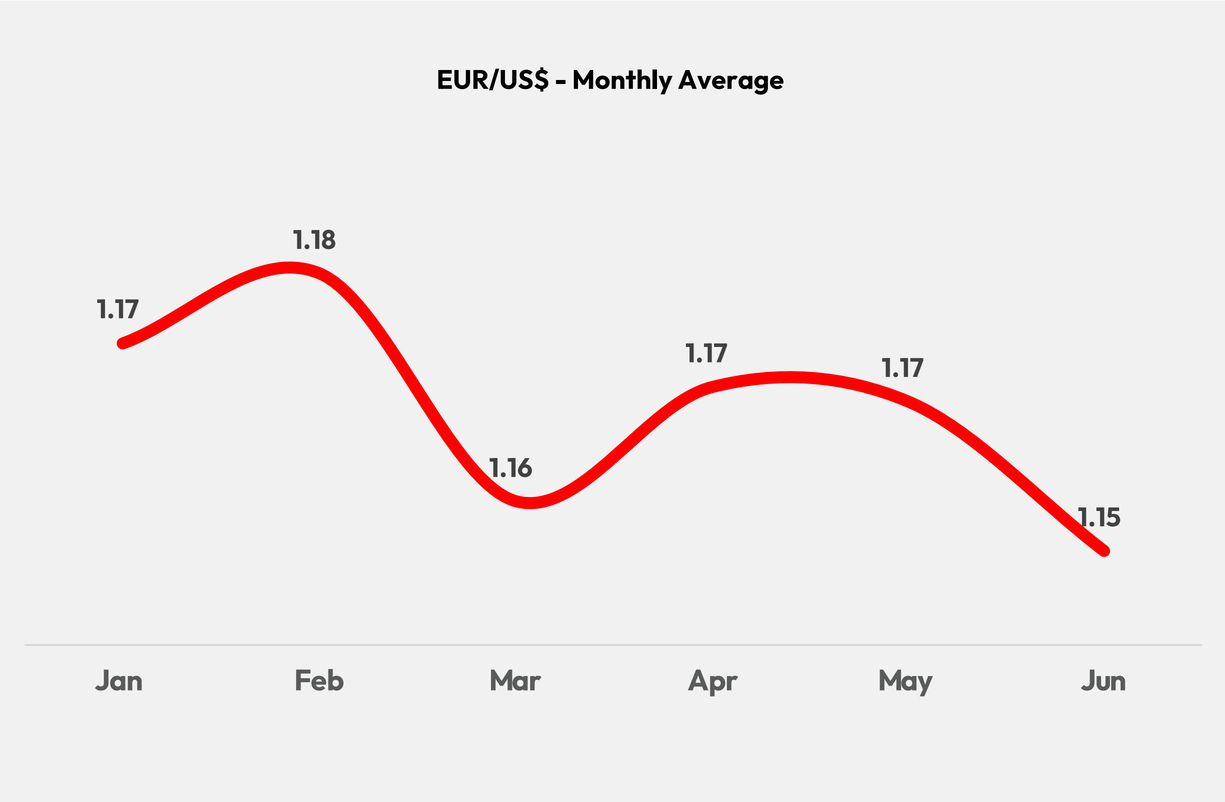
1.10 H2 2026 Crude Oil Outlook

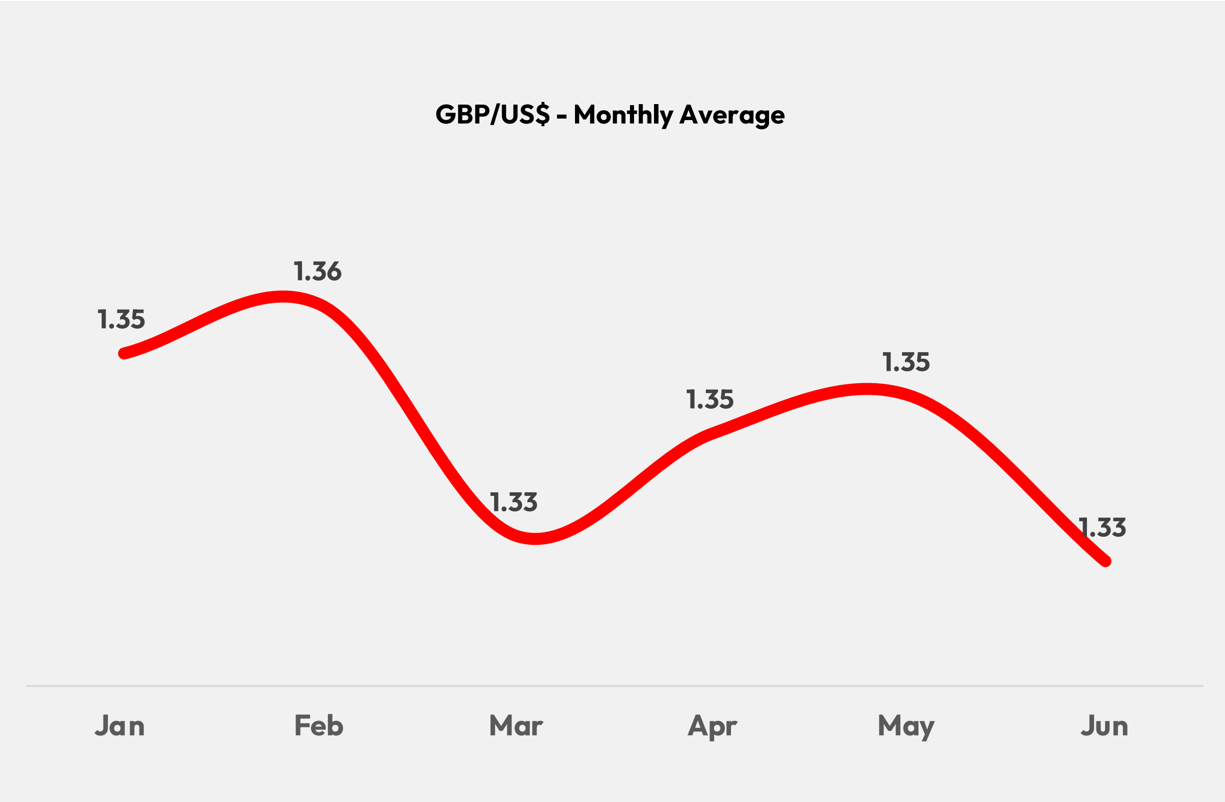
Looking ahead to H2 2026, the crude oil market is expected to shift from tightness to more balanced conditions if the US – Iran war ceases. Several key factors will shape this trajectory. First, the gradual normalisation of supply chains, particularly the reopening of disrupted transit routes should restore global supply levels. Second, OPEC+ production policy remains a critical variable, with the group maintaining flexibility to adjust output in response to market conditions.

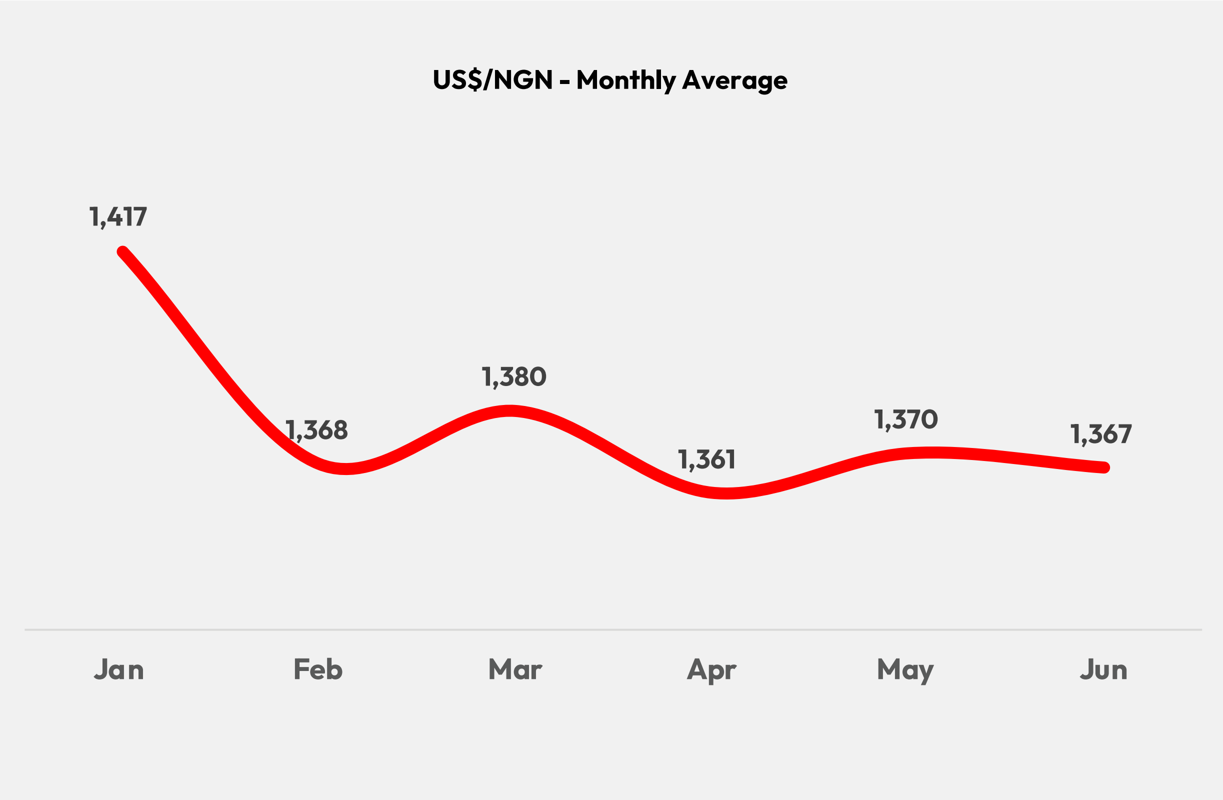
In price terms, this translates into a moderating outlook for crude oil, with expectations that prices will gradually ease from H1 peaks toward a lower range. The average crude oil price in H1 2026 which was US$92/b is expected to drop to US$72/b in H2 2026. This represents an average crude oil price drop of 22% between H1 and H2. The same drop in Brent is expected in price of Bonny Light Crude Oil. There is high probability that the growth in the crude oil production in H2 2026 will not be enough to offset the expected drop in the crude oil price. Consequently, oil revenue should be lower in H2 2026 than in H1 2026.

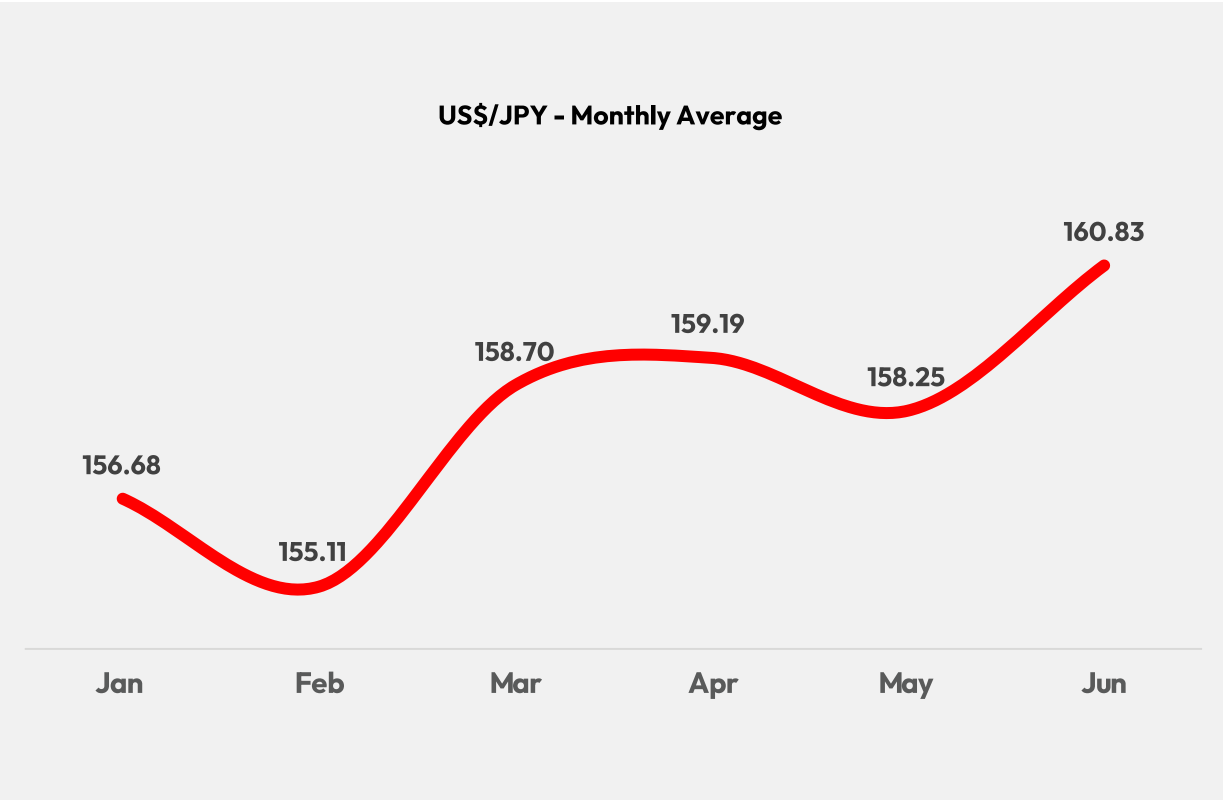
Currency Pairs – Actual vs Outlook: H2 2026 Forecast of Key Currency Pairs

Currency Pair	H1 2026	H2 2026	Key Drivers of the Forecast Rates
Euro/US$	1.14	**1.18**	Slight appreciation in the value of Euro from current level of EURO/US$1.14 • A weak-but-positive growth environment in Euro Area should support the Euro if inflation remains reasonably controlled and financial conditions stabilise • We expect the Fed-ECB rate gap to narrow during 2026, reducing one of the keys supports for the US$ • Large US fiscal deficits, growing government debt, reserve diversification by some central banks, reduced attractiveness of US$ assets as yield differentials narrow and all negative to US$ in the short-term
GBP/US$	1.33	**1.36**	Slight appreciation in the value of Pound against the US$ from the current level of GBP/US$1.33 • However, weak UK economy remains the biggest constraint on a stronger Pound • Pound is also very sensitive to concerns about UK fiscal credibility and political developments • Expectations of US$ weakening as Fed policy becomes less restrictive
US$/NGN	1,379.68	**1,360**	Slight appreciation in the value of Naira against the US$ from the current level of US$/NGN1,379.68 • FX-market reforms and improved transparency • Stronger reserves and better external balances • Rising oil production and FX inflows • Improved economic growth outlook Downside Risks: Oil prices weaken sharply. Global risk aversion increases. Inflation remains stubbornly high
US$ /JPY	162.57	**164**	Slight depreciation in the value of JPY against the US$164 from the current level of US$ /JPY162.57 • US yield advantages relative to JPY yields and structural Dollar demand persist despite BOJ tightening • The outcome hinges on whether the BOJ delivers on normalisation and whether the Fed follows through on cuts


EUR/US$ - Monthly Average
1.17
1.18
1.16
1.17
1.17
1.15
Jan
Feb
Mar
Apr
May
Jun


GBP/US$ - Monthly Average
1.35
1.36
1.33
1.35
1.35
1.33
Jan
Feb
Mar
Apr
May
Jun


US$/NGN - Monthly Average
1,417
1,368
1,380
1,361
1,370
1,367
Jan
Feb
Mar
Apr
May
Jun


US$/JPY - Monthly Average
156.68
155.11
158.70
159.19
158.25
160.83
Jan
Feb
Mar
Apr
May
Jun

2.0 Sub-Saharan Africa Economy

2.0
Africa's Economy

2.1 Sub-Saharan Africa

Sub-Saharan Africa (SSA) entered 2026 with a strong economic momentum, having achieved 4.5% GDP growth in 2025. This hard-won stabilisation was underpinned by sustained domestic reforms, including exchange rate realignments, subsidy reductions, and strengthened monetary policy frameworks, particularly in countries such as Ethiopia and Nigeria. The outbreak of the US - Iran war in late February 2026 has fundamentally altered this trajectory. The conflict represents a major new external shock that has forced a downward revision of growth forecasts and a reversal of the disinflationary trend that characterised 2025. The IMF has revised its 2026 growth forecast for Sub-Saharan Africa down to 4.3% from 4.5% in 2025.

The impact is highly uneven across the region. Oil-exporting nations benefit from higher revenue but remain vulnerable to volatility and the risk of procyclical fiscal responses. Oil-importing countries, particularly non-resource-rich and fragile states, face deteriorating trade balances, rising living costs, and limited buffers to absorb the shock.

2.2 Sub-Saharan Africa's Inflationary Trend

Inflation remained one of the most significant macroeconomic challenges across SSA during H1 2026. Although inflationary pressures moderated in some economies compared with peak 2024 - 2025 levels, headline inflation generally remained elevated. This is due to elevated energy costs, currency depreciation, high food prices, climate-related agricultural disruptions, and imported inflation pressures. The escalation of the US - Iran conflict worsened inflationary conditions across many SSA economies through. This is due to higher crude oil prices, increased shipping and freight costs, rising fertiliser prices and broader imported inflation effects.

Food inflation remained particularly severe across several African economies due to weather-related agricultural disruptions, insecurity affecting farming activity and weak transportation infrastructure. Central Banks across the region generally maintained tight monetary policy stances during H1 2026 to stabilise exchange rates, anchor inflation expectations and contain imported inflation pressures. SSA economies remained highly vulnerable to external shocks during H1 2026, particularly due to elevated global interest rates, strong US Dollar conditions and heightened global risk aversion. Several African currencies experienced renewed depreciation pressures during peak periods of geopolitical uncertainty as investors shifted toward safe-haven assets.

2.3 Monetary Policies in Some African Countries

The South African Reserve Bank (SARB) raised its policy rate by 0.25% to 7.00% in May 2026, marking its first-rate hike since 2023. The decision was driven by rising inflation risks from Middle East tensions. The higher oil prices and concerns that elevated energy costs could spill into other sectors of the economy drove the tightening stance. Inflation accelerated to 4.0% in April from 3.1% in March due to higher fuel prices, while SARB revised its 2026 inflation forecast upward to 4.4%.

The SARB warned that prolonged geopolitical tensions could lead to broader inflationary pressures through higher transport, food, and wage costs. Policymakers noted that additional monetary tightening may be required should these risks materialise. The Bank also lowered its growth forecasts, reflecting expectations that higher borrowing costs and global uncertainty will weigh on investment and household spending.

In contrast, the National Bank of Angola reduced its policy rate by 0.50% to 17.00% in May 2026 as inflationary pressures continued to ease. Inflation has been on a downward trend since peaking in 2024, supported by tight monetary policy, relative exchange rate stability, and improved goods availability. The rate cut reflects growing confidence that inflation will remain on a moderate path despite ongoing global uncertainties.

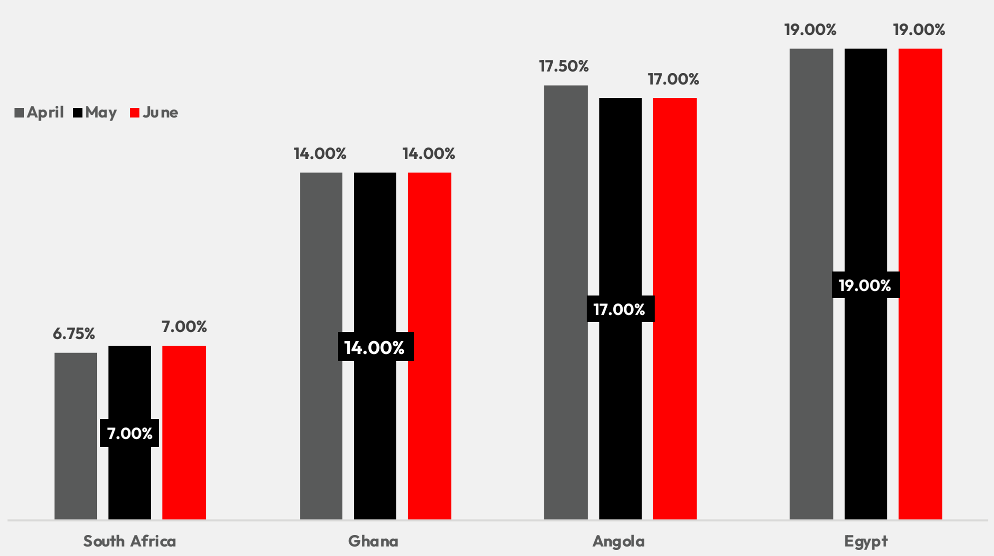
The contrasting policy decisions highlight the differing economic conditions across African markets. While South Africa is prioritising inflation control amid rising external risks, Angola has begun easing monetary conditions to support economic activity as inflation moderates.

2.4 Select African Market Countries Snapshot

i. African equity markets delivered mixed performance in H1 2026
ii. Strong earnings drove equity performance in Ghana, Tunisia and Egypt
iii. Most African currencies depreciated against the US$ due to flight to safety
iv. The South African Rand, however, appreciated on stronger investor inflows
v. Bond yields remained elevated as central banks maintained tight monetary policy

H1 2026 was marked by cautious investor sentiment, with attractive real yields sustaining demand for fixed income despite uneven equity market performance and broad-based currency weakness.

Recent Monetary Policy Rates Announced by Major African Central Banks



Pan African Stock Market Monitor		
Market	**Index**	**Date**
Ghana	14,724.26	67.89%
Tunisia	19,864.00	47.69%
Egypt	50,532.70	20.81%
Morocco	420.14	(4.42%)
South Africa	110,313.85	(4.79%)

Currency Performance in Select African Countries			
Countries	**Signs**	**Spot Rate**	**YTD Change**
South Africa	ZAR: Rand	16.39	4.07%
Angola	AOA: Kwanza	919.27	(0.03%)
Tunisia	TND: Dinar	2.94	(1.98%)
Morocco	MAD: Dirham	9.39	(2.84%)
Egypt	EGP: Pound	49.13	(2.91%)
Ghana	GHS: Cedi	11.33	(7.28%)

Key Rates in Select African Countries					
Countries	**Bond Yield**	**YTD Change**	**Inflation**	**Real Return**	**Policy Rate**
Egypt	22.54%	2.70%	14.30%	8.24%	19.00%
Angola	19.80%	6.98%	10.11%	9.69%	17.00%
Ghana	21.00%	8.85%	5.30%	15.70%	14.00%
South Africa	8.45%	2.86%	5.00%	3.45%	7.00%

2.5 Sub-Saharan Africa's H2 2026 Outlook

The outlook for SSA in H2 2026 remains cautiously optimistic, supported by relatively strong commodity prices, improving reform momentum, moderating global inflation and continued infrastructure investment across parts of the region. Regional growth is expected to remain positive, although significant downside risks persist. Countries implementing credible reforms may continue to attract foreign portfolio inflows, development finance and multilateral support. Further escalation of Middle East tensions could worsen imported inflation, increase energy costs and disrupt global trade flows. Extreme weather conditions and agricultural disruptions remain major threats to food security, inflation stability and rural economic activity.

2.6 East African Economy – Review and Outlook

In the H1 2026, East Africa remained one of Africa's strongest-performing regions, supported by resilient economic growth, easing macroeconomic pressures, and continued infrastructure expansion. Uganda and Rwanda emerged among the region's fastest-growing economies, while Kenya, Tanzania, and Ethiopia maintained solid growth momentum. Regional activity benefited from improved fiscal management, declining inflation relative to recent years, and stronger trade and services performance. Large-scale investments in transport, energy, logistics, and aviation infrastructure across Kenya and Ethiopia further strengthened the region's growth outlook, reinforcing East Africa's position as Africa's fastest-growing sub-region.

The key drivers of these developments were robust domestic demand, sustained public investment, expanding services sectors, growing regional trade integration, and ongoing economic reforms. Kenya's growth was supported by financial services, ICT, tourism, remittances, and recovering private-sector activity. Ethiopia's reform agenda and investments in power, transport, and manufacturing boosted economic activity. Across the region, improved macroeconomic stability, moderation in inflation, and infrastructure spending encouraged investment and productivity gains. However, risks persisted from higher global energy prices, tighter international financing conditions, elevated debt-servicing costs, and geopolitical tensions that increased import and transport costs for oil-importing economies.

East Africa's economic outlook for the second half of 2026 remains broadly positive. The region is expected to continue outperforming most other African sub-regions, supported by strong domestic demand, infrastructure investment, expanding services sectors, and ongoing economic reforms. Uganda, Rwanda, Tanzania, Kenya, and Ethiopia are projected to sustain relatively robust growth, underpinned by investments in energy, transport, logistics, manufacturing, and digital services. However, growth may moderate slightly due to the following factors:

i. Higher global oil and fertiliser prices
ii. Tighter external financing conditions
iii. Declining aid flows
iv. Elevated debt-servicing costs

All these factors may put pressure on fiscal balances and external accounts. While inflation is expected to remain manageable in most countries, policymakers will need to balance growth-supportive measures with efforts to preserve macroeconomic stability amid heightened global uncertainty and geopolitical risks.

2.7 East African Market Countries Snapshot

- East African equity markets recorded strong gains in H1 2026
- All the markets posted positive returns, supported by resilient economic activity
- East African currencies weakened against the US$ due to flight to safety
- Bond yields declined as inflationary pressures eased across the region
- Positive real yields continued to support local fixed income markets
- Overall, strong equity performance offset the impact of weaker regional currencies

Stock Market Performance in Select East African Countries

Market	Index	YTD
Tanzania	4,048.80	46.59%
Rwanda	255.05	39.94%
Uganda	2,045.30	25.34%
Kenya	3,755.40	19.65%

Currency Performance in Select East African Countries

Countries	Signs	Spot Rate	YTD Change
Kenya	KES: Shilling	129.45	(0.35%)
Rwanda	RWF: Franc	1,463.73	(0.63%)
Uganda	UGX: Shilling	3,659.40	(1.09%)
Ethiopia	ETB: Birr	158.68	(2.07%)
Tanzania	TZS: Shilling	2,625.00	(6.29%)

Key Rates in Select East African Countries

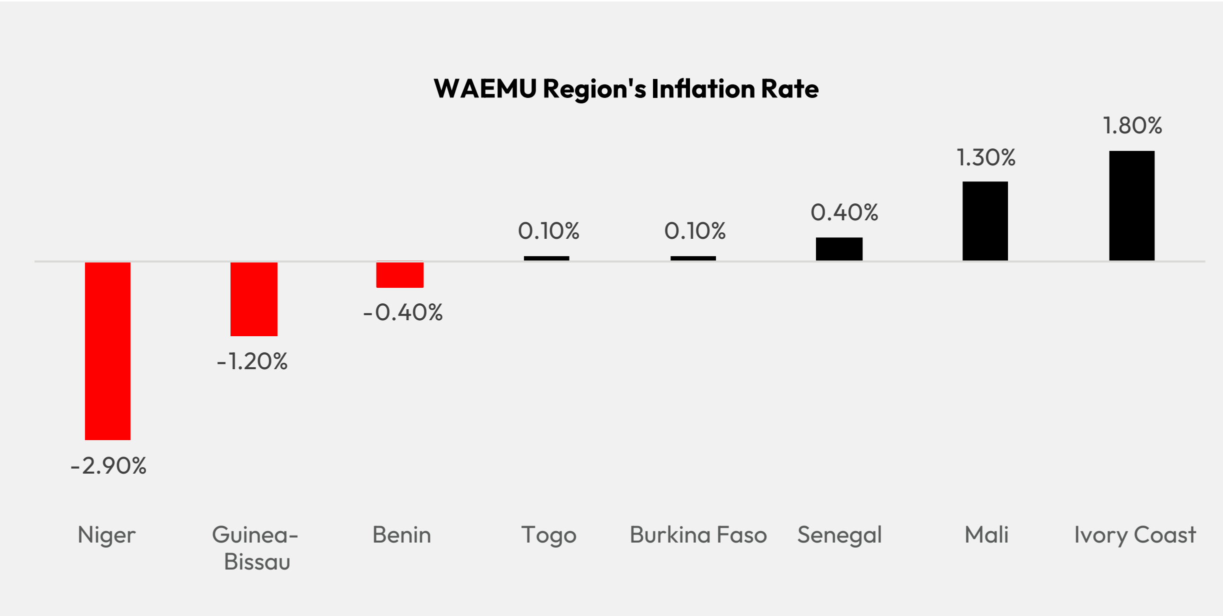
Countries	Bond Yield	YTD Change	Inflation	Real Return	Policy Rate
Ethiopia*	-	-	13.90%	-	15.00%
Uganda	15.70%	(7.22%)	3.70%	12.00%	9.75%
Kenya	12.32%	(2.53%)	6.40%	5.92%	8.75%
Rwanda	12.70%	(0.78%)	12.70%	0.00%	8.25%
Tanzania	12.00%	(12.41%)	4.00%	8.00%	5.75%

*Ethiopia does not currently have an active 10-year bond in issue; as such, their corresponding real return cannot be computed

2.8 West African Economic and Monetary Union

2.8.1 WAEMU Region's Inflation

In the first half of 2026, inflation trends across the West African Economic and Monetary Union (WAEMU) region remained broadly moderate. Ivory Coast at 1.8% recorded the highest number while Niger at -2.9% recorded the lowest number. Overall, the region's inflation profile supports a stable investment climate, though the divergence highlights pockets of economic fragility. Looking ahead, we expect inflation to remain contained across most WAEMU countries in the near term, supported by prudent monetary policy and relatively stable exchange rate.



2.8.2 WAEMU Region's GDP Growth Vs. Inflation Rate

In the first half of 2026, the WAEMU region sustains a broadly favourable macroeconomic environment, characterised by strong GDP growth and moderate well-contained inflation across member states. Core economies such as Benin, Ivory Coast, and Burkina Faso continue to anchor regional performance, with growth ranging between 4.8% and 7.0% and inflation stabilising around the 2.0% threshold, reflecting effective monetary coordination and resilient domestic demand. Meanwhile, Senegal and Togo exhibit stable but moderating growth dynamics, with Senegal's expansion easing toward ~3.0% after earlier highs and Togo maintaining steady growth around 5.0%–5.5%. Both were supported by low and controlled inflation. In the more volatile segment, Mali, Guinea-Bissau, and Niger demonstrate mixed but resilient trends, with growth generally holding between 4.5% and 6.0%. Meanwhile, inflation moderates or rebounds toward the 2.0% range following earlier fluctuations, including deflationary episodes in some cases.

2.8.3 WAEMU Region's Inflation

The WAEMU region is expected to maintain strong economic momentum through the remainder of 2026. This will be supported by robust domestic demand, rising hydrocarbon exports, favourable gold and cocoa prices, easing inflation, and improved external reserves. Growth is likely to remain among the strongest in Africa, aided by accommodative monetary conditions and ongoing fiscal consolidation. However, the outlook faces downside risks from the following factors:

i. Higher global energy prices
ii. Tighter financing conditions
iii. Elevated public debt burdens
iv. Security challenges
v. Climate-related shocks

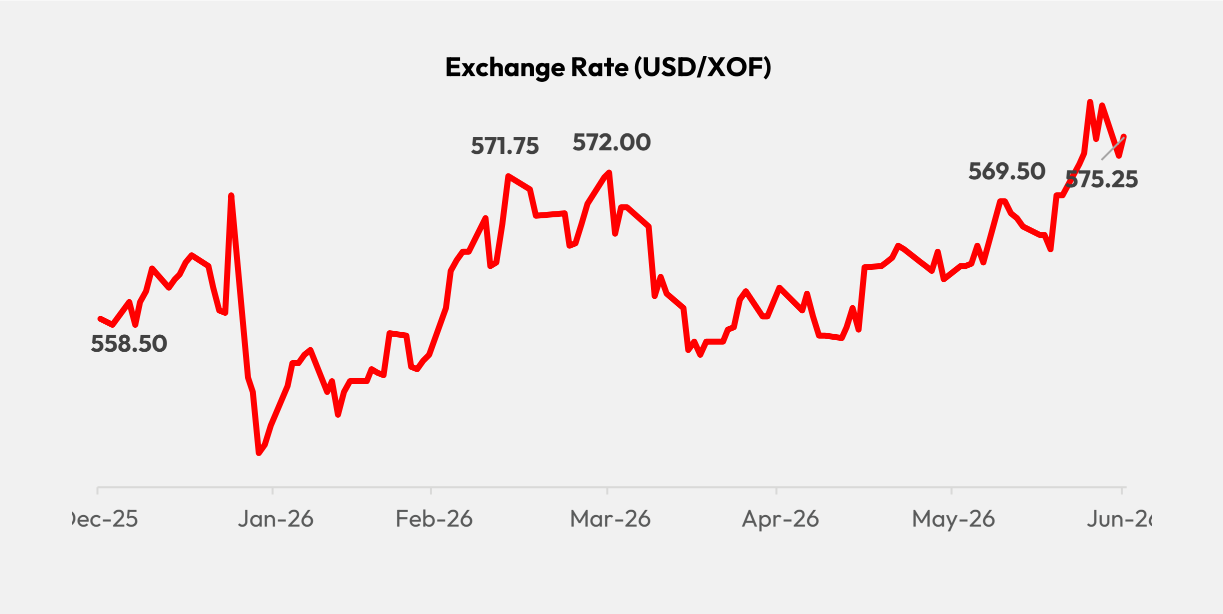
These factors could weigh on investment and fiscal stability.

GDP Growth Rate and Consumer Prices (Actual Vs. Forecast), WAEMU Region						
	Real GDP (%)			Inflation (%)		
	Actual	Projections		Actual	Projections	
	2025	2026	2027	2025	2026	2027
Nigeria	4.0%	4.1%	4.3%	23.0%	16.0%	15.9%
Angola	3.1%	2.3%	2.6%	20.2%	12.9%	12.8%
Gabon	2.5%	2.7%	2.8%	2.0%	2.5%	2.4%
Chad	5.6%	5.2%	4.9%	-2.6%	0.5%	3.9%
Equatorial Guinea	-6.4%	-2.7%	-1.3%	2.8%	3.2%	2.9%
South Africa	1.1%	1.1%	1.3%	3.2%	3.9%	3.4%
Kenya	4.9%	4.5%	4.7%	4.1%	5.9%	5.9%
Ghana	6.0%	4.8%	4.9%	14.2%	5.8%	7.8%
Côte d'Ivoire	6.5%	6.2%	6.3%	0.1%	1.8%	2.0%
Cameroon	3.1%	3.3%	3.8%	3.4%	3.5%	3.2%
Senegal	7.9%	2.2%	2.3%	1.4%	2.5%	2.2%
Zambia	3.8%	4.3%	4.7%	13.9%	9.0%	8.0%
Ethiopia	9.2%	9.2%	7.9%	13.2%	11.8%	10.7%
Tanzania	5.9%	5.9%	6.1%	3.3%	4.0%	4.3%
D.R. Congo	5.7%	5.9%	5.4%	7.4%	3.3%	6.4%
Uganda	6.7%	7.5%	8.2%	3.6%	4.0%	4.9%
Mali	4.9%	5.5%	5.7%	2.3%	2.2%	2.0%
Burkina Faso	5.0%	4.9%	4.8%	-0.5%	1.5%	2.1%

Source: IMF and United Capital Research

2.8.4 WAEMU Region's Market Snapshot

Although inflation remained within the Central Bank's target range, it edged higher in H1 2026 due to rising energy. The XOF depreciated during H1 2026 against the US$ due to weakness recorded in Euro. The BRVM Composite Index appreciated by 31.08% in H1 2026. This was driven by robust corporate earnings and low interest rates. The fixed-income markets and yields remained attractive during the period. Niger and Guinea-Bissau record high yields because of political risks.

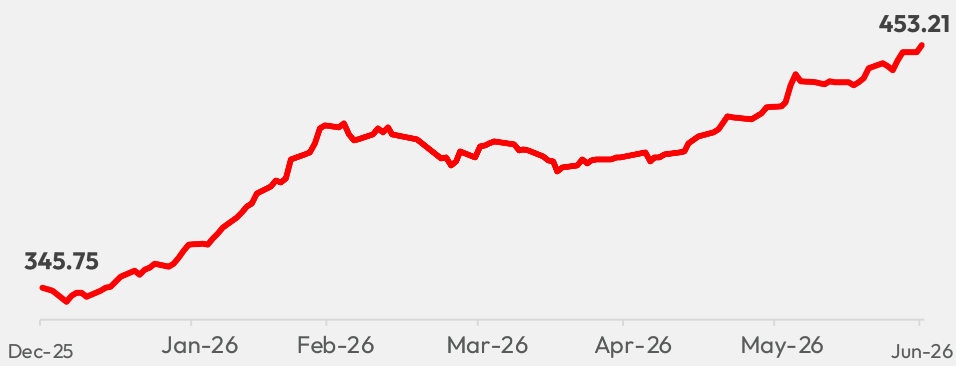


Inflation Rate in West African and Monetary Union (WAEMU) Region			
Countries	**January 2026**	**June 2026**	**Change**
Niger	(10.20%)	(2.90%)	7.30%
Mali	(0.80%)	2.00%	2.80%
Guinea - Bissau	(3.00%)	(1.20%)	1.80%
Ivory Coast	1.40%	1.80%	0.40%
Togo	0.00%	0.10%	0.10%
Senegal	0.40%	0.40%	0.00%
Burkina Faso	0.20%	0.10%	(0.10%)
Benin	0.90%	(0.40%)	(1.30%)

Key Rates in WAEMU Countries					
Countries	**Tenor**	**Bond Yield**	**YTD Change**	**Inflation**	**Real Return**
Niger	5 Year	10.00%	3.73%	(2.90%)	12.90%
Guinea - Bissau	3 Year	8.00%	1.00%	(1.20%)	9.20%
Burkina Faso	5 Year	7.00%	0.00%	0.10%	6.90%
Benin	2 Year	6.00%	(1.00%)	(1.20%)	7.20%
Togo	5 Year	6.00%	0.00%	(2.90%)	8.90%
Mali	3 Year	7.00%	1.00%	2.00%	5.00%
Senegal	5 Year	6.00%	0.00%	0.40%	5.60%
Ivory coast	5 Year	7.00%	(0.46%)	0.00%	7.00%

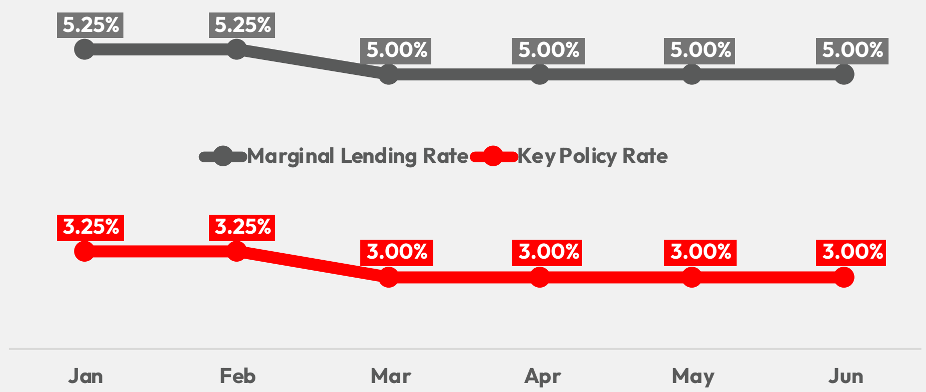
BRVM Composite Index (ICXCOMP)

ICXCOMP up by 31.08% YTD to close H1 2026 at 453.21



Key Policy Rates in WAEMU Region

The Central Bank of West African States (BCEAO) cut rates once in H1 2026 in its March Meeting. However, the Central Bank kept its policy rate unchanged at 3.00% in June 2026 to prioritise monetary AND PRICE STABILITY



3.0 Nigerian Economy

3.0
Nigerian Economy

3.1 S&P Global Ratings Upgrades Nigeria's Credit Rating

On 15 May 2026, S&P Global announced that it has upgraded Nigeria's sovereign credit rating from "B-" to "B" with a Stable Outlook, citing improvements in the country's external position, macroeconomic reforms, FX market liberalisation, and stronger balance of payments position.

Key Drivers of the Upgrade

i. Improved external reserves and stronger balance of payments position
ii. Higher oil production and elevated crude oil prices supporting FX inflows
iii. Increased domestic refining capacity reducing fuel import dependence
iv. Sustained implementation of FX market reforms and exchange rate liberalisation
v. Improved policy credibility and commitment to economic reforms
vi. Stronger medium-term growth expectations and improving macroeconomic resilience
vii. Greater investors' confidence in Nigeria's fiscal and external outlook

Implications for the Nigerian Economy

i. Improves foreign investor confidence and supports capital inflows
ii. Could lower sovereign borrowing costs over time in international debt markets
iii. Supports Naira stability and improves access to foreign capital
iv. Reinforces confidence in ongoing macroeconomic and fiscal reforms
v. Enhances Nigeria's attractiveness compared to other frontier and emerging markets

Implications for Capital Markets

i. Equities Market:
   - Could support increased foreign portfolio participation in the NGX
   - Improves outlook for banking, energy, and industrial stocks

ii. Fixed Income Market:
   - Supports demand for FGN Bonds
   - Low sovereign risk premiums over time
   - Lower yields on Long Teram Bonds
   - Stimulate borrowings in capital market from:
     - Corporate Bonds
     - Bonds (FGN & States)

Nigeria's Credit Rating					
Agency	**Date**	**Previous**	**New**	**Outlook**	**Key Determinants**
S&P Global	May 2026	B-	B	Stable	Improved macroeconomic profile, stronger external position, FX reforms, higher oil production and prices, improved balance of payments, increased domestic refining capacity
Moody's Rating	May 2025	Caa1	B3	Stable	Improved fiscal and external positions, stronger FX reserves, improved balance of payments, enhanced policy credibility
Fitch Ratings	April 2025	B-	B	Stable	FX liberalisation, tighter monetary policy, reduced external vulnerabilities, improved investor confidence

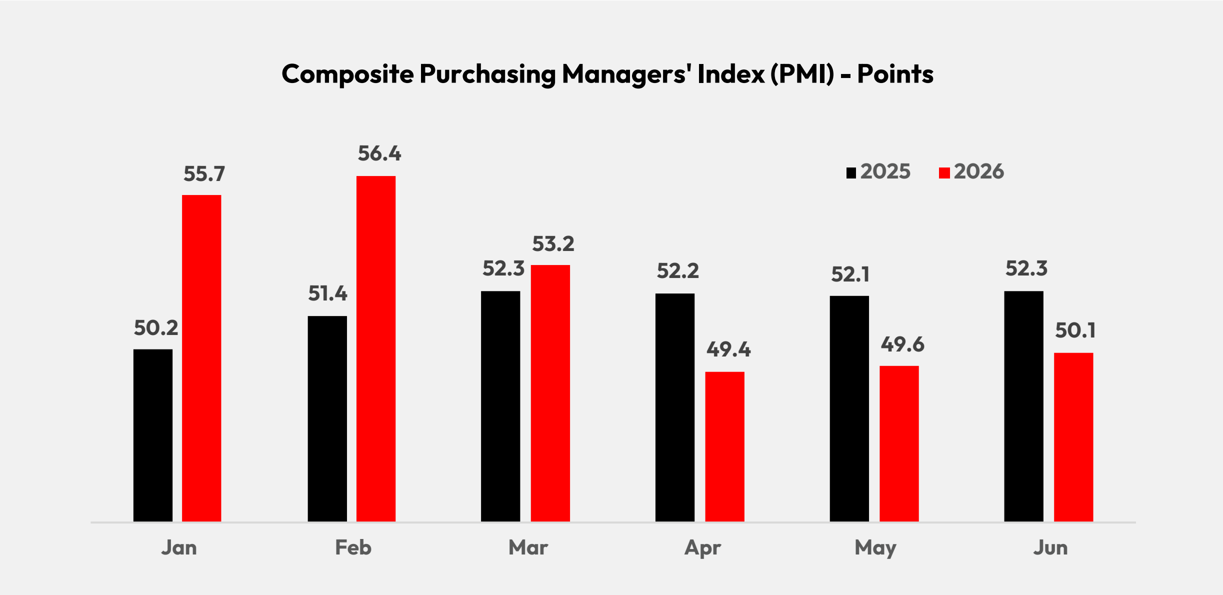
3.2 Purchasing Managers' Index (PMI)

The first half of 2026 saw notable changes in Nigeria's private sector activity, as reflected in the Central Bank of Nigeria's (CBN) Purchasing Managers' Index (PMI). Nigeria's PMI began 2026 on a notably strong footing. In January, the index rose to 55.7 points, a significant improvement from 50.2 points recorded in January 2025. This upward trajectory strengthened further in February, with PMI peaking at 56.4 points, compared with 51.4 points in February 2025. These readings pointed to strong growth in private sector activity, supported by higher demand, increased output, and inventory rebuilding.

However, by March, the pace of expansion moderated. Although PMI remained in expansionary territory at 53.2 points, the Index declined from February levels and showed only modest improvement over 52.3 points recorded in March 2025. This moderation suggested a normalisation of earlier rapid growth momentum rather than a reversal of underlying strengths in the private sector.

The most notable shift occurred in April, when the PMI fell to 49.4 points. This marked the first reading below the 50-point expansion threshold in 2026 and signalled a temporary slowdown in business activity. Rather than a swift rebound, the softness persisted into May, with PMI edging up marginally to 49.6 points. This came in still below the 50-point threshold and showed a second consecutive month of mild contraction in private sector activity. The second reading below 50 points suggested that the weakness in output, new orders, and business confidence was more persistent than expected, rather than a temporary slowdown.

However, there was a recovery in June with the PMI figures, returning to expansionary territory, rising gradually to 50.1 points. With the Index moved above the 50-point mark, the modest increase suggests that recovery remains gradual. This suggests the private sector remained resilient but faced weaker growth conditions than expected earlier in the year. This was linked partly to the adverse impact of the US-Iran war.



Purchasing Managers' H2 2026 Outlook

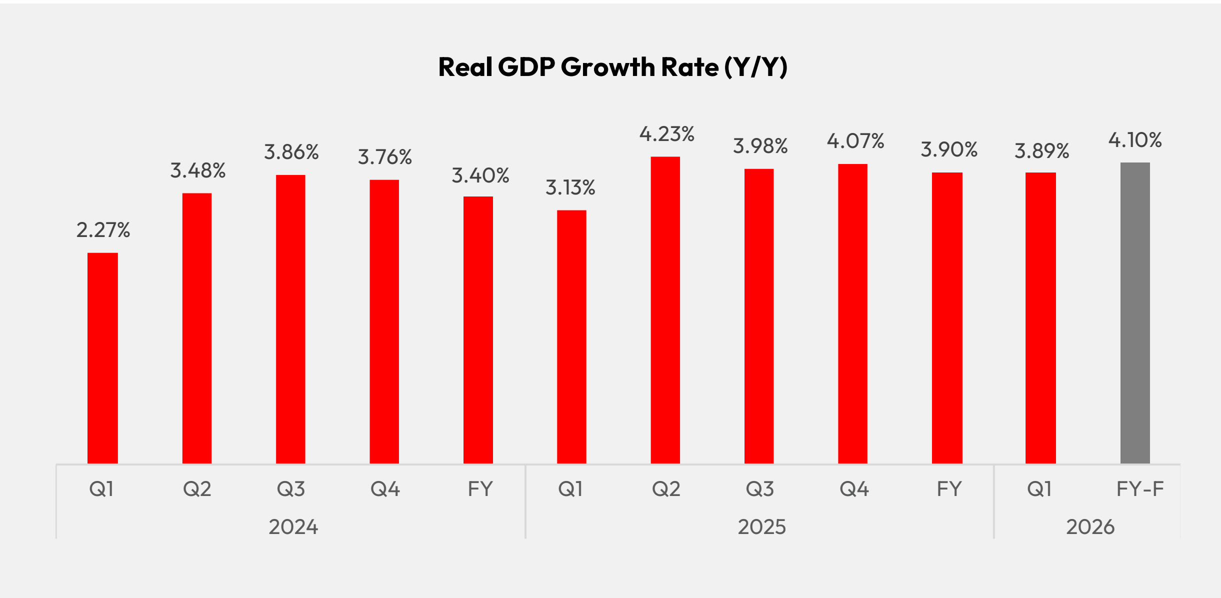
For the second half of 2026, the trajectory of the Middle East conflict remains the single most important variable for Nigeria's PMI. If the ceasefire holds and oil prices stabilise, the PMI could recover to expansionary range as external pressures ease and demand recovery. If the conflict persists or escalates, there may be further contractions, particularly in the services and industrial sectors.

Purchasing Managers' Outlook (H2 2026)		
Scenario	**Probability**	**H2 2026 PMI Implication**
Ceasefire holds; oil prices stabilise	High to moderate	PMI could recover to expansionary range as external pressures ease and demand recovers
Conflict persists; oil remains above $100	Moderate	PMI may remain near 50 points thresholds; services and industry face continued pressure
Conflict escalates; Strait closure worsens	Low	PMI could fall into contraction territory (below 50 points)
Dangote Refinery full capacity ramps up	Moderate	Reduced fuel import dependence could cushion future external shocks

3.3 Gross Domestic Product (GDP)

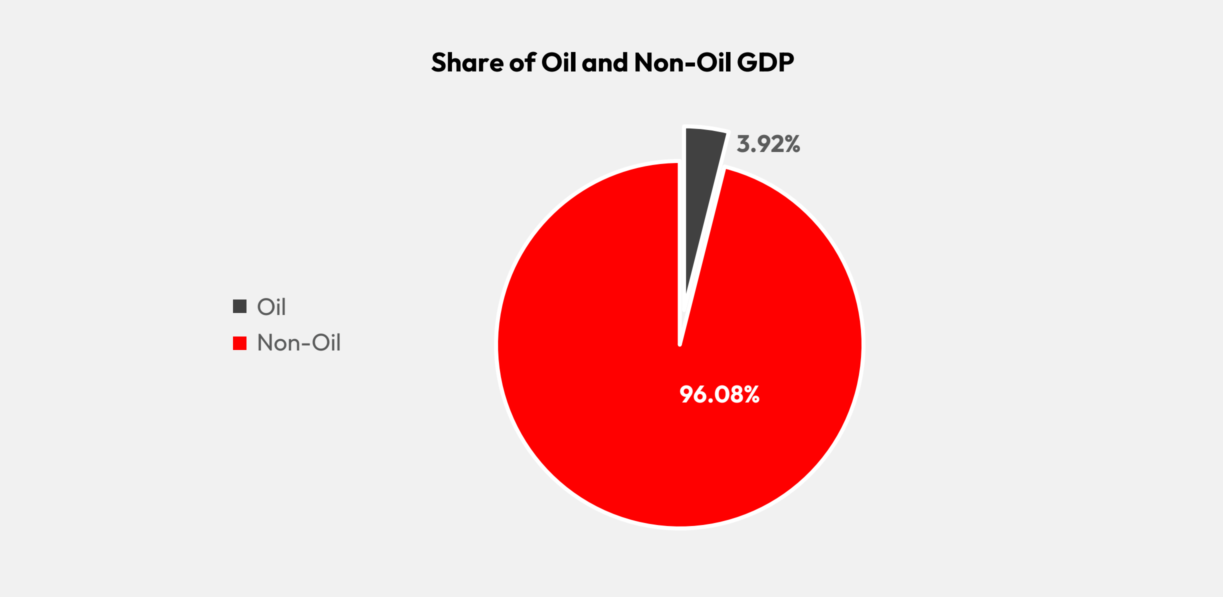
Nigerian economy as measured by Gross Domestic Product (GDP) expanded by 3.89% year on year (y/y) in Q1 2026, the highest Q1 growth rate recorded since Q1 2024. The growth was largely driven by the non-oil sector, especially the services sector, alongside a strong rebound in agriculture and moderate industrial expansion. The impressive growth rate shows that the economic reform of the current administration is achieving the desired goals, laying the foundation for an inclusive and sustainable growth.

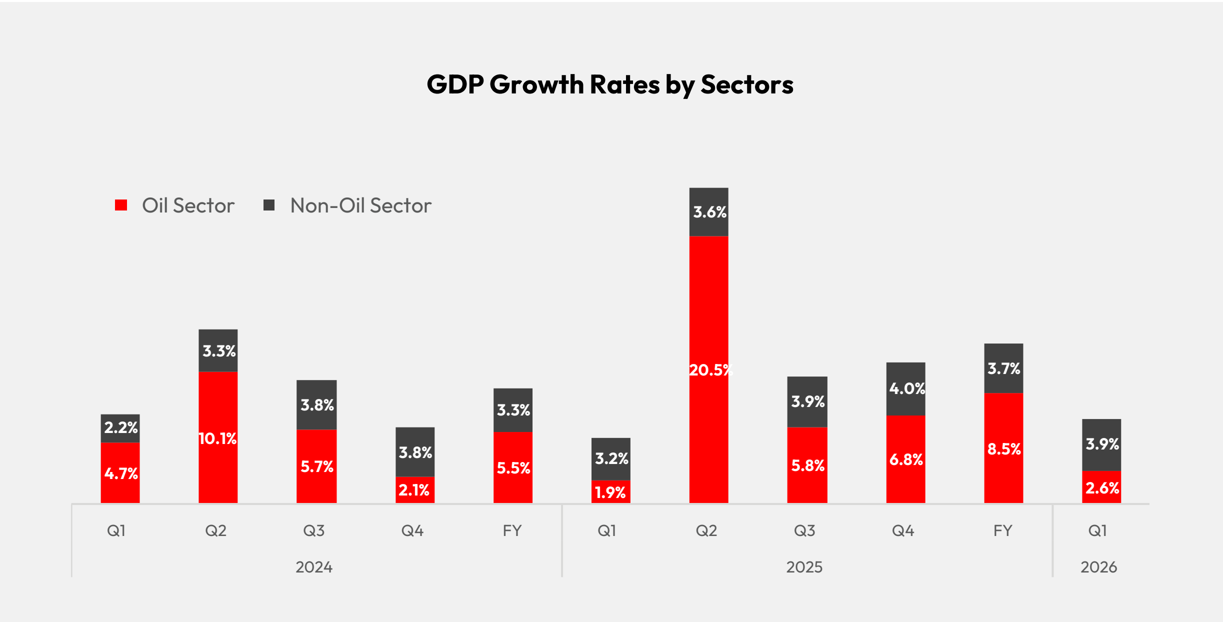
This is good for business confidence in the Nigerian economy, an indication that policy measures are beginning to consolidate gains at the start of 2026. Earlier in April 2026, the International Monetary Fund (IMF) released a GDP growth forecast of 4.10% for Nigeria in 2026. While growth remains firmly positive, maintaining momentum through the rest of 2026 will require continued policy support, reforms, and productivity across growth driving sectors. If growth enhancing policies are properly implemented, Nigerian economy has the potential to achieve a growth rate more than 5% in the short-term.



Non-Oil Sector Sustains Growth Amid Modest Recovery in Oil Sector

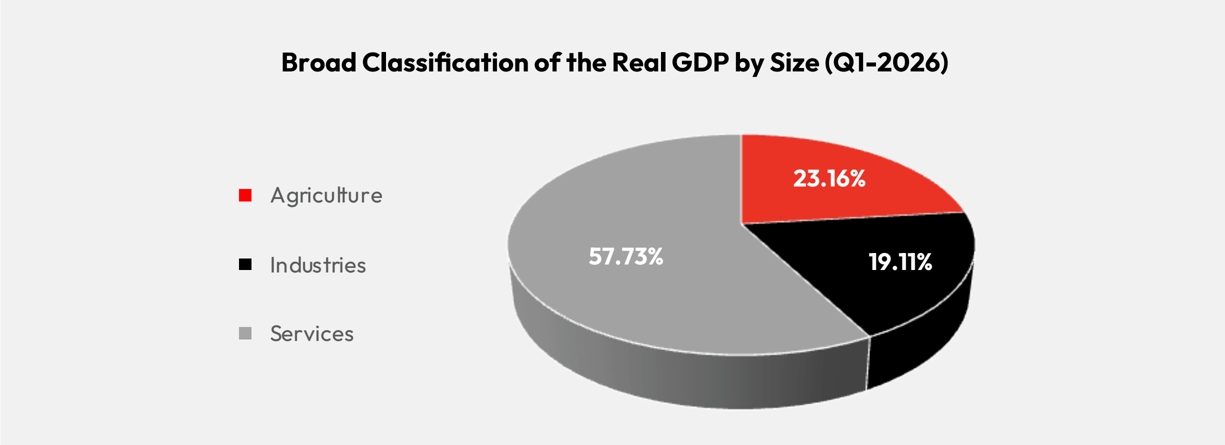
The non-oil sector continued to drive overall economic performance, expanding by 3.94% y/y compared with 3.19% in Q1 2025. The growth in the non-oil sector was driven by Telecommunications, Crop Production, Trade, Manufacturing, Financial Institutions, Real Estate, Construction and Transportation and Storage. In real term, the non-oil sector contributed 96.08% to the GDP in Q1 2026, higher than the 96.03% contribution in Q1 2025. The oil sector expanded by 2.57% y/y in Q1 2026 compared with 1.87% reported in Q1 2025. This growth is supported by average crude oil production of 1.55 million barrels per day (mbpd), which is slightly lower than 1.62mbpd in Q1 2025. Consequently, the oil sector contributed 3.92% to real GDP compared with 3.97% recorded in Q1 2025.





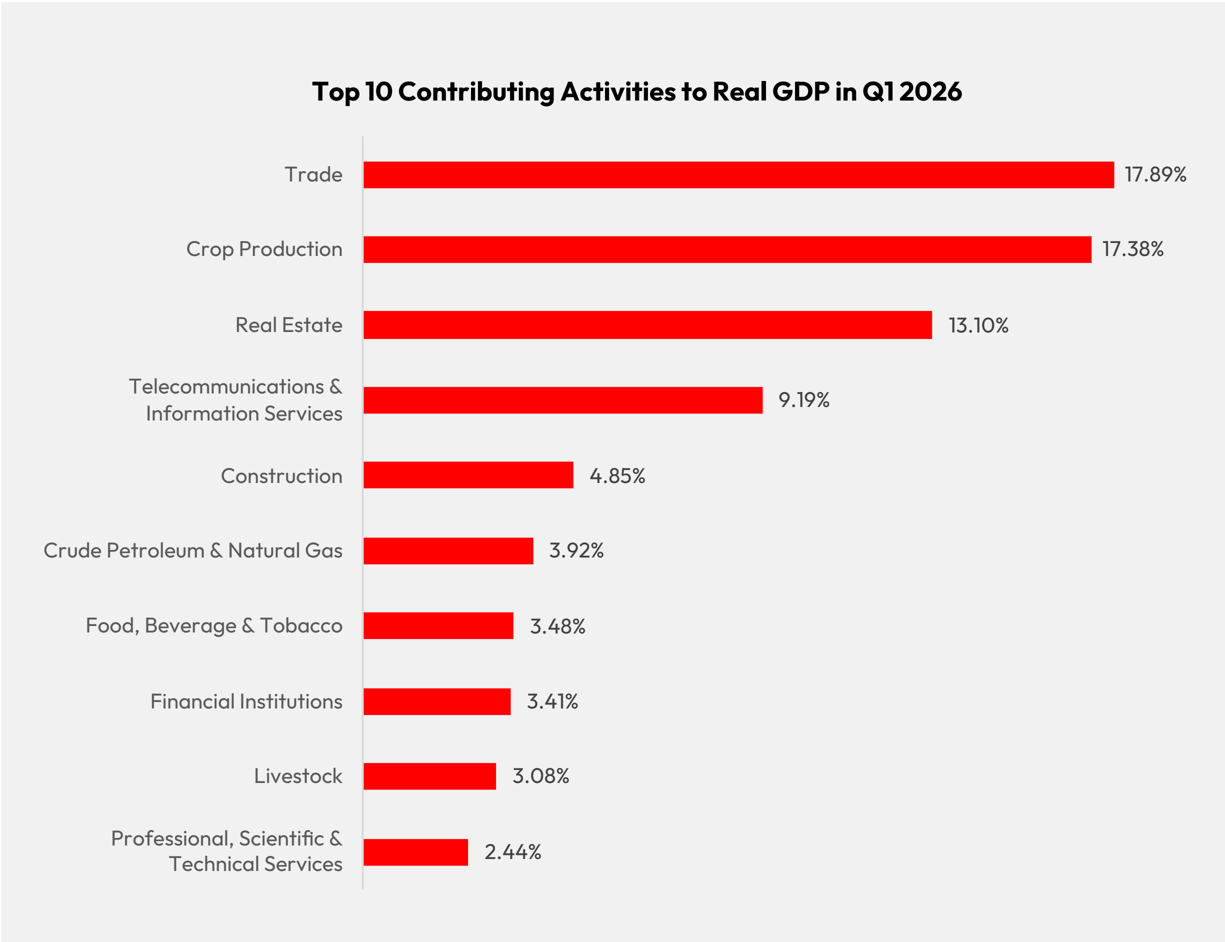
Services Maintain Leadership; Agriculture Stabilises; Industry Gains Traction

Further analysis of the Nigerian economy into broad sectors shows that services sector remained the largest part of the economy, accounting for 57.73% of total output (57.50% in Q1 2025). Agriculture contributed 23.16% (23.33% in Q1 2025), while industry accounted for 19.11% (19.18% in Q1 2025). The services sector grew to 4.33% in Q1 2026 from 4.31% in Q1 2025. Although the contribution of the oil sector to the total GDP is low, its revenue and foreign exchange contribution to the economy remain high. The major drivers of the economy are telecommunications, financial services, trade and commerce, transportation and logistics, real estate, entertainment and professional services.



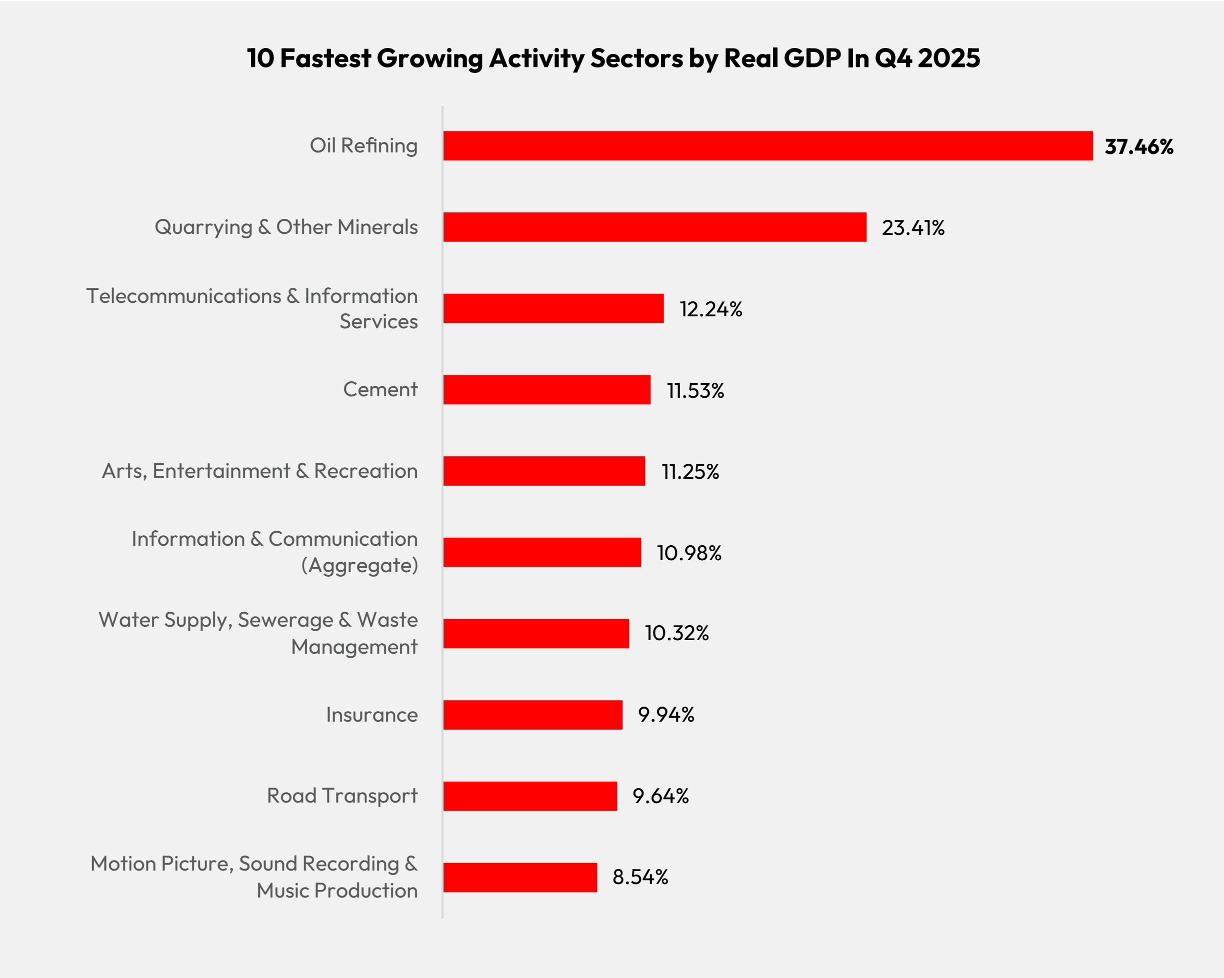
Top 10 Contributing Activities to Real GDP in Q1 2026

The following are the largest contributing sectors of the Nigerian economy in Q1 2026: Trade (17.89%) and Crop Production (17.38%) emerged as the largest contributors to real GDP, reflecting the central role of consumption and agricultural activity in the economy. These were followed by Real Estate (13.10%), Telecommunications & Information Services (9.19%), Construction (4.85%), Crude Petroleum & Natural Gas (3.92%), Food, Beverage & Tobacco (3.48%), Financial Institutions (3.41%), Livestock (3.08%) and Professional, Scientific & Technical Services (2.44%).



Top 10 Contributing Activities to Real GDP in Q1 2026

The fastest growing sectors of the Nigerian economy in Q1 2026 are: Oil Refining (37.46%), Quarrying & Other Minerals (23.41%), and Telecommunications & Information Services (12.24%). Similarly, Cement (11.53%), Arts, Entertainment, & Recreation (11.25%), Information & Communication (10.98%), Water Supply, Sewages & Waste Management (10.32%), Insurance (9.94%), Road Transport (9.64%), Motion Picture, Sound Recording, and Music Production (8.86%). Telecommunication & Information Services reflect strong performance in strategic and transformative sectors that are critical for industrialisation, energy security, and digital economic development. This sectoral growth implies that Nigeria's economy in Q1 2026 experienced a broad-based expansion.



3.4 Strategic Insights

The sustained growth prospect of the Nigerian economy creates strong deal origination opportunities in infrastructure, energy transition, and digital economy. This also drives strong demand for financial capital (equity, long-term debt and other hybrid long-term capital). The dominance of Trade and Agriculture means Small and Medium Enterprises (SMEs) and informal sector micro-credit demand will remain high and continue to growth in the economy.

Strategic Recommendations

Nigerian economy has the capacity to grow more than 5%. To achieve this, United Capital Research recommends the following measures:

i. Government should prioritise macroeconomic stability by reducing inflation and stabilising the exchange rate to sustain investor confidence.
ii. Boost oil output through improved security, technology deployment, and full implementation of petroleum sector reforms.
iii. Expand agricultural production via better access to inputs, improved security, and efficient supply chains to help lower food inflation and support rural income.
iv. Address power sector constraints through improved electricity supply and liquidity support to enhance industrial productivity.
v. Improve credit support and regulatory simplification to enable manufacturing and SMEs to scale production.
vi. Accelerate critical infrastructure projects, particularly in transport and logistics, to ease supply bottlenecks and improve market access.
vii. Finally, promote non-oil exports and ensure policy consistency to strengthen foreign exchange earnings and sustain broad-based economic growth.

H2 2026 Gross Domestic Product Outlook

Looking ahead into H2 2026, we expect modest growth in GDP. The consensus growth projection for full year 2026 from the IMF, World Bank and CBN is a range of 4.1% to 4.5%. This implies that the growth rate for the remainder of the year will be higher than the growth rate in Q1 2026. The primary driver of H2 2026 growth will remain the services sector. Continued expansion in telecoms, digital services, banking, and trade is expected to maintain output growth. This reflects both structural demand and ongoing technological adoption. In addition, growth in crop production, construction, real estate and cement manufacturing will continue to drive expansion.

The oil sector presents a conditional upside for H2. Production is expected to improve modestly toward 1.65–1.7 million barrels per day, supported by improved security conditions and sector reforms. However, this upside could be tempered by uncertainties in global oil markets. Forecasts suggest a potential softening of oil prices toward the $70–$90 per barrel range, which could weaken fiscal revenues and external balances despite higher output. A combination of domestic and external events will shape the outlook of the economy in H2 2026.

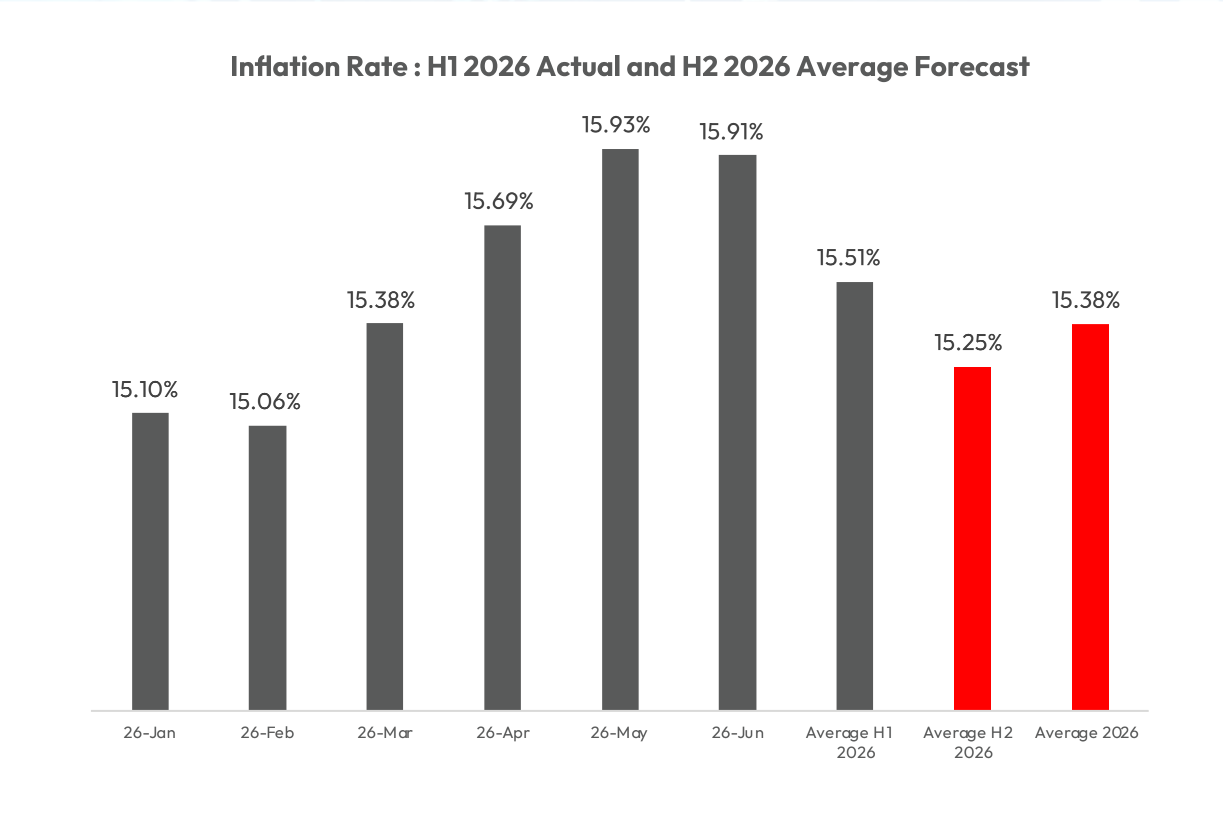
3.5 Inflation Rate Outlook & Yields Expectation

Inflation rate appears to have peaked in May and June 2026. Leading indicators suggest a gradual moderation in consumer prices over the remainder of the year. Several factors are expected to contribute to a slowdown in the Consumer Price Index (CPI) and a corresponding decline in the inflation rate:

i. Lower crude oil prices, which should reduce energy and transportation costs.
ii. The onset of the main harvest season, leading to improved food supply and easing food price pressures.

iii. Continued relative stability in the foreign exchange market, helping to moderate imported inflation and production costs.
iv. As a result, inflation is expected to trend downward during the second half of 2026.
v. Our revised average inflation rate forecast for the year 2026 is now 15.38%
vi. The average inflation rate forecast for H2 2026 is 15.25%.

Despite the expected drop in the inflation rate in second half of the year 2026, interest rate may not drop in line with the drop in inflation rate.



3.6 Interest Rate Outlook

Despite the anticipated moderation in inflation, monetary policy may remain relatively tight. This will limit the scope for a significant reduction in interest rates. Key factors that could constrain a decline in interest rates include:

i. Election-related considerations, which may heighten risks.
ii. The impact of substantial government borrowing in Q3 2026, which could exert upward pressure on yields and interest rates.
iii. The need to maintain exchange rate stability, requiring the monetary authorities to preserve an attractive yield environment.
iv. This will encourage capital flow and investor confidence.

Consequently, interest rates may not decline at the same pace as inflation rates.

3.7 Monetary Policy Rate

The first half of 2026 witnessed a pivotal shift in the Central Bank of Nigeria's (CBN) monetary policy stance. This marks the transition from an extended tightening cycle to a cautious easing phase, before an abrupt pause triggered by external shocks. The Monetary Policy Committee (MPC) delivered a 0.50% cut to 26.5% in February 2026. This was the first-rate reduction after a prolonged period of aggressive tightening, before unanimously voting to hold at 26.5% in May 2026 as the US - Iran war disrupted the disinflationary trajectory.

H2 2026 Policy Rate Outlook

Major deciding factors for monetary policy determination in H2, 2026 are:

i. **Inflation Consideration:** Although expected to decline from current level, it will remain above CBN's target, making CBN maintain tight monetary policy stance.
ii. **FX Stability:** The need to maintain stability in the exchange rate as FX revenue is expected to drop because of drop.
iii. **Election Consideration:** It is unconventional for the Central Bank to lower interest rates when general election is around the corner. This is because Central Banks usually adjust their monetary policy tools to mop up the election liquidity that the elections release to the economy. In addition, the world economy currently faces a lot of uncertainties that each country must access their impacts to determine appropriate monetary policy response. The wars between US and Iran, and between Russian and Ukraine all have major implications on global inflation, energy and food supplies and they affect each country differently. Given all the current and short-term outlook of the global economy, the appropriate monetary policy is to hold rates at the current level.

Upcoming Monetary Policy Committee Meetings in H2 2026

H2 2026 Monetary Policy Committee's Meeting Calendar		
Meeting Number	**Date**	**Expected Decision and Drivers**
306th MPC Meeting	July 20–21, 2026	Hold Rates. High inflation above the CBN's target and the need to maintain FX stability
307th MPC Meeting	September 21–22, 2026	Hold Rates. Although inflation rate may decline from July, the need to maintain FX stability will necessitate a hold decision.
308th MPC Meeting	November 23–24, 2026	Hold Rates. Although inflation rate for the month of October 2026, just before the November Meeting may drop further, the need to maintain FX stability will necessitate a hold decision.

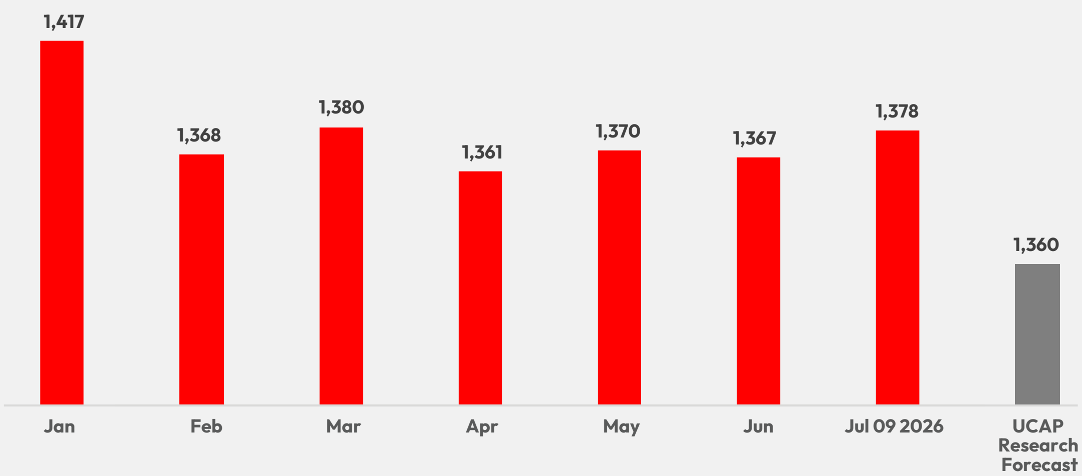
Monthly Average Yields: Actual Vs Forecast : January – December 2026					
Month	**NTB 91 - Days**	**NTB 182 - Days**	**NTB 364 - Days**	**FGN Bond 10-Year**	**Eurobond 3-Year**
January – A	16.47%	18.07%	22.58%	16.86%	5.65%
February – A	16.49%	18.16%	20.47%	16.48%	5.56%
March – A	16.61%	18.04%	19.95%	15.56%	6.27%
Apri l– A	16.61%	17.61%	19.35%	14.93%	5.86%
May – A	16.60%	17.55%	19.26%	14.96%	5.80%
June – A	16.85%	17.80%	20.26%	16.28%	6.09%
July – F	17.16%	18.24%	21.56%	18.10%	5.88%
August – F	17.10%	18.17%	21.50%	18.04%	5.82%
September – F	17.04%	18.12%	21.44%	17.98%	5.76%
October – F	16.89%	17.96%	21.29%	17.83%	5.61%
November – F	16.60%	17.68%	21.00%	17.54%	5.32%
December – F	17.12%	18.19%	21.52%	18.06%	5.83%
A – Actual, F – Forecast					

3.8 External Environment

3.8.1 Exchange Rate Appreciated by 4.52% in H1 2026

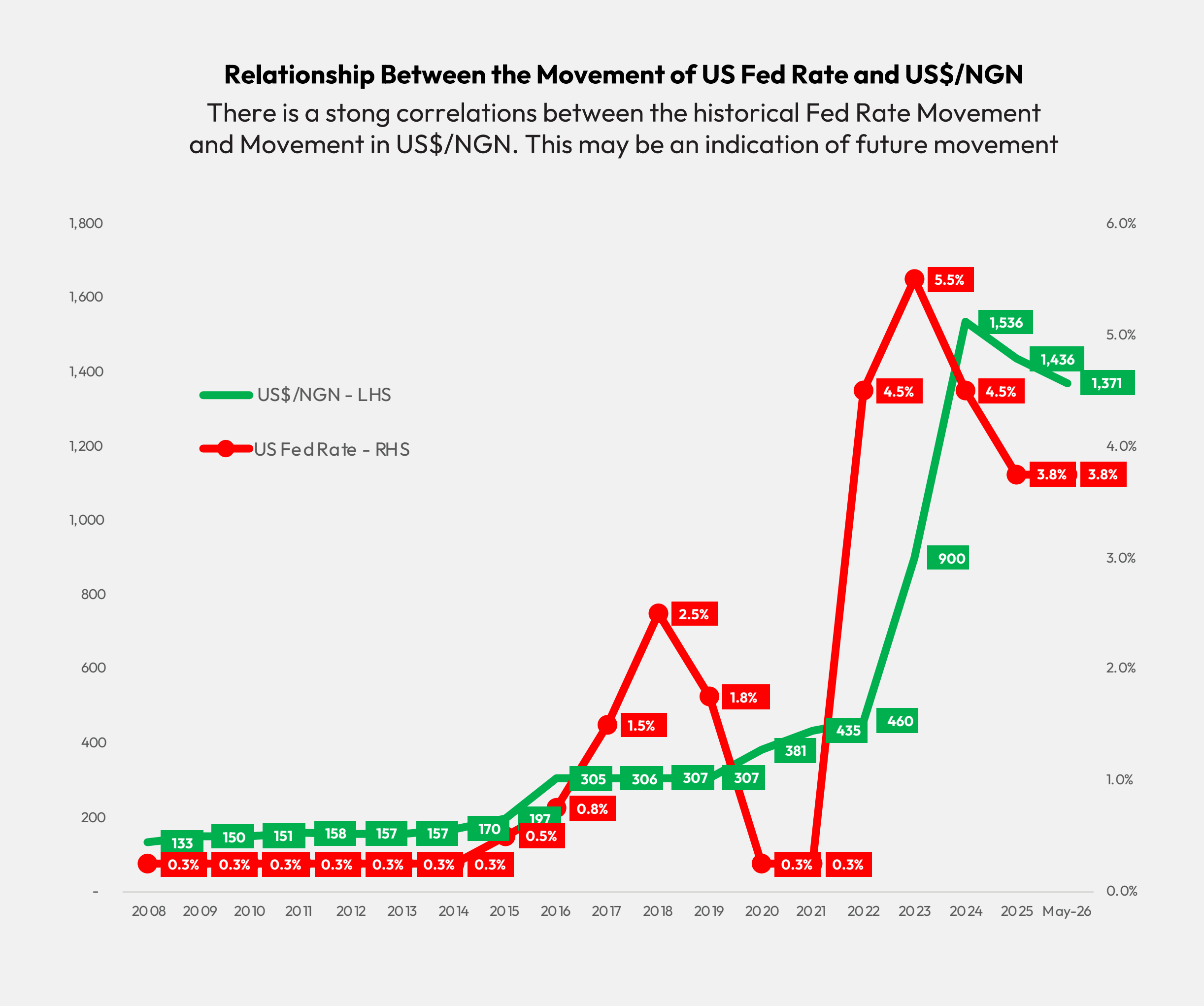
The value of Naira appreciated by 4.52% in H1 2026 against the US$. The most important structural drivers were rising FX supply (coming from oil, remittances, capital inflows) and improved market confidence resulting from FX reforms. Going into H2 2026, we expect stability and marginal appreciation in the value of the Naira against US$.

Exchange Rate (USD/NGN) Monthly Average - H1 2026 and Year End Forecast



Relationship between US$/NGN and US Fed Rate (Year End Figures - 2008 - May 25, 2026)

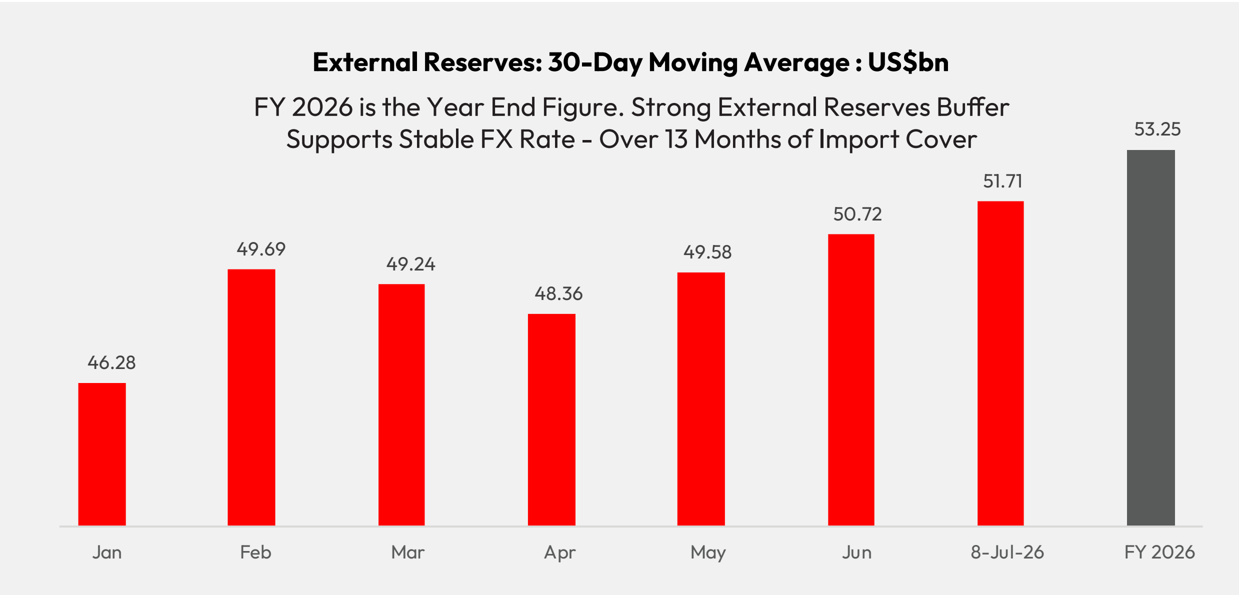
There is a positive relationship between the historical movement in US Fed rate and the Naira FX rate. This is because of flight to safety. An increase in the Fed Rate leads to an increase in the Eurobond. This causes re-allocation of funds from the local market to the Eurobond to take advantage of the higher interest rate in the international market. Will the trend continue in near future? The Fed rate was approximated to one place of decimal.



H2 2026 Exchange Rate Outlook – Scenario Analysis		
Scenario	**Exchange Rate Range ($/₦)**	**Key Assumptions**
Best Case	1,200 – 1,300	Ceasefire holds; crude oil production above1.7m/b; Bonny Light Crude Oil US$80-US$90; strong capital inflows, Dangote Refinery continues to export (limiting imports) and get sizeable local supply of crude oil in Naira, Monetary policy remains tight while inflation rate remains within 15% region.
Base Case	1,300 – 1,400	Ceasefire holds but fragile; crude oil production between 1.6m/d – 1.7m/b; Bonny Light US$75-US$80; strong capital inflows, Dangote Refinery continues to export (limiting imports) and get sizeable local supply of crude oil in Naira, monetary policy remains tight while inflation rate remains within 15% region.
Worst Case	1,400 – 1,600	Crude oil production between 1.3m/b – 1.4m/b; Brent US$60-US$65; slowdown in capital inflows, Dangote Refinery sells refined oil to local market in US$ putting demand pressure on US$, monetary policy becomes accommodative, increase in inflation above 16%.

3.9 External Reserves

Nigeria's external reserves performance in H1 2026 shows a clear three-phase pattern: early stability, sustained drawdown, and late-period recovery. The major drivers are increase in crude oil revenue, increase in capital importation, increase in net export balance, increase in remittances from abroad and growing confidence in the Nigeria economy. The current level of the reserves is enough to cover over 10 months of imports. It also provides stability for Naira stability and possibly appreciation. Our revised forecast for year end is US$53.25bn This will be enough to cover over 13 months imports.

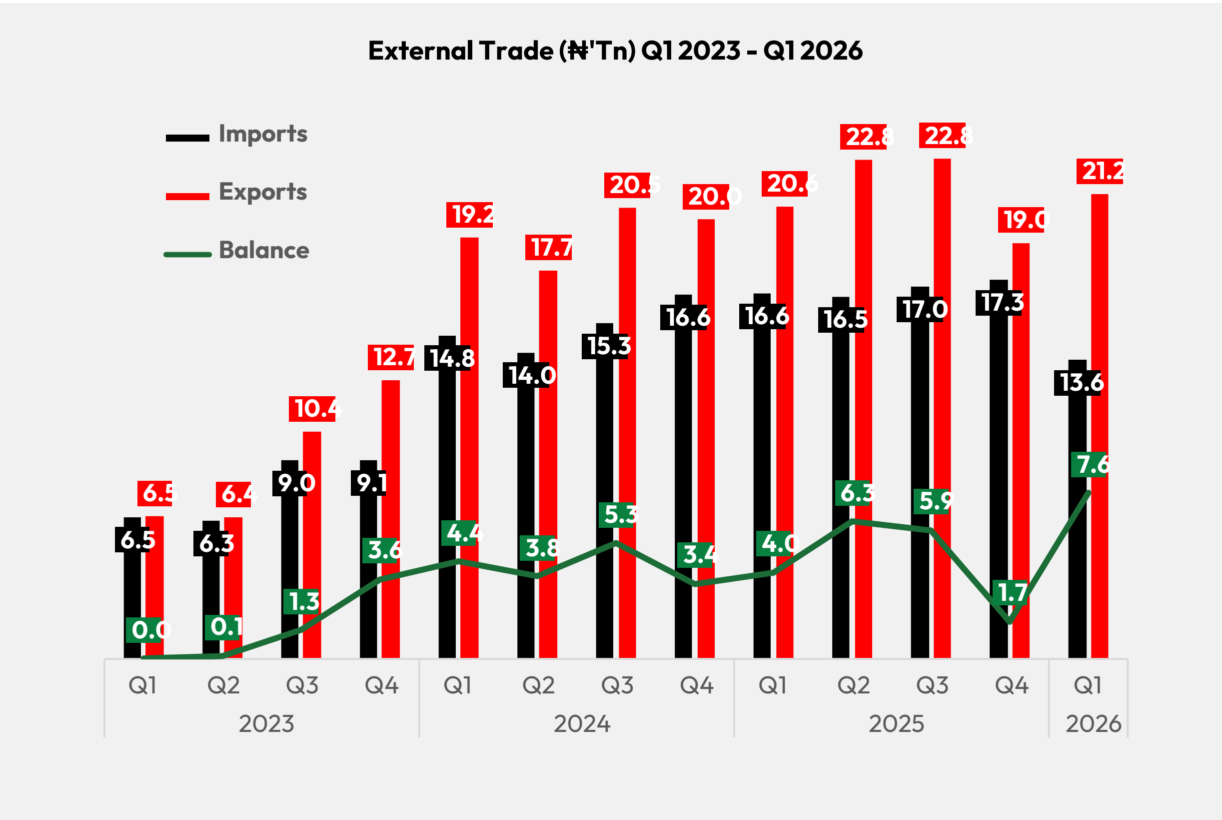


Sources: CBN and United Capital Research

Scenario Analysis for H2 2026 External Reserves Position		
Scenario	**H2 2026 Reserve Outlook**	**Implications**
Baseline	US$50 - US$51billion	• Stability in the value of the Niara around the current level • Increase in Foreign investors participation in Nigerian Financial Market
Optimistic	Over US$51billion	• Appreciation in the value of Naira • Increase in Foreign investors participation in Nigerian Financial Market
Pessimistic	US$40 - US$49 billion	• Depreciation in the value of Naira against US$ • Pullback from the foreign investors in the Nigerian marketst

3.10 External Trade

Nigeria's trade surplus improved significantly in Q1 2026, driven by increase in exports in the face of drop in imports. Exports rose modestly by 2.77% to ₦21.17tn from N20.60tn. This is supported by crude oil receipts and stable demand. Imports, however, declined by 18.17% to ₦13.62tn in Q1 2026 from N20.60tn in Q1 2025 as local substitution strategies further gained traction. Exports accounting for 60.85% of total trade and reinforcing Nigeria's position as a net exporter. Consequently, the trade surplus expanded to ₦7.55tn in Q1 2026 from N3.95tn in Q1 2025. Nigeria's trade surplus maintained sustained growth path in the past three years. This is good for the stability and appreciation in the value of the currency against the US Dollar in the short-to medium term.



Composition of Trade – Top Exports and Import Goods in Q1 2026

Our analysis of the leading exports and imports of goods in Q1 2026 shows that petroleum oil products led the exports table at 52.92% of the total exports. This is followed by Natural Gas at 9.49% and Urea at 6.49%. Meanwhile, Petroleum Oil also led the imports table at 14% followed by Gas oil at 2.68% and Durum Wheat at 2.50% of total. The operation of the Dangote Refinery has helped to reduce the importation of refined petroleum products. This has helped to conserve foreign exchange and created jobs within the oil and gas industry, and the associated value chain. We expect this development to continue as Dangote Refinery and other refineries in the country expand refining capacities. Consequently, leading to stable exchange rate in the short-to-medium term.

Top Traded Products in the World in Q1 2026					
S/N	**Exports**	**Share**	**S/N**	**Import**	**Share**
1	Petroleum Oil	52.92%	1	Petroleum Oil	14.00%
2	Natural Gas	9.49%	2	Gas Oil	2.68%
3	Urea	6.49%	3	Durum wheat (Not in seeds)	2.50%
4	Other Petroleum Gases	6.33%	4	Machines	2.20%
5	Kerosine Type Jet Fuel	6.27%	5	Used Vehicles	2.09%
6	Gas Oil	2.95%	6	Motorcycles and Auxiliary Motor	1.02%
7	Cocoa Beans	2.82%	7	Other Seeders	1.01%
8	Partially Refined Oil	2.26%	8	Other Medicaments	0.91%
9	Motor Spirit	2.14%	9	Other Parts of Aeroplanes and Helicopters	0.83%
10	Other Light Oil	1.55%	10	Butanes	0.81%

Sources: National Bureau of Statistics, United Capital Research

Trade by Partners

India emerged as Nigeria's top export destination with 13.09% of total exports, followed by France at 9.29% and Netherlands at 9.22%. On the import side, China remained the largest source, contributing 37.42% of total imports, followed by United States at 20.60% and India at 7.29%. Strengthening and sustaining direct currency swap arrangements between Nigeria and China could help reduce demand pressure on the US Dollar. This, in turn, would support the stability and potential appreciation of the Naira against the Dollar. A more stable exchange rate environment is also likely to boost investor confidence, encouraging both foreign and domestic investors to make long-term strategic investment decisions in Nigeria.

Top 5 Trading Partners				
S/N	**Exports**	**Share**	**Imports**	**Share**
1	India	13.09%	China	37.42%
2	France	9.29%	United States	20.60%
3	Netherlands	9.22%	India	7.29%
4	Spain	7.68%	Germany	2.87%
5	United States	5.5%	UAE	1.63%

Sources: National Bureau of Statistics, United Capital Research

Regional Trade Analysis

Nigeria's regional trade structure in Q1 2026 reflects strong global integration and clear competitive advantage in energy exports. Exports were led by Europe (₦7.93tn; 37.44%) and Asia (₦6.42tn; 30.31%), while imports were dominated by Asia (₦7.55tn; 55.45%) and America (₦3.24tn; 23.76%), highlighting efficient trade linkages. Nigeria maintained a robust trade surplus with Africa, exporting ₦4.06tn versus imports of ₦0.65tn, primarily driven by petroleum exports to Togo, South Africa and Côte d'Ivoire. Within Economic Community of West African States (ECOWAS), exports of ₦2.27tn outweighed imports of ₦76.54bn, reinforcing Nigeria's dominant role as a regional trade anchor and energy supplier. Overall, Nigeria's trade position underscores a well-established global footprint and strong regional leadership, providing a solid foundation for sustained external sector strength and future diversification.

Share of Exports and Imports by Region in Q1 2026

S/N	Region	Exports Value (N'Trn)	Share	Imports	Imports Value (N'Trn)	Share
1	Europe	7.93	37.44%	Asia	7.55	55.45%
2	Asia	6.42	30.31%	America	3.24	23.76%
3	Africa	4.06	19.19%	Europe	2.1	15.39%
4	America	2.61	12.35%	Africa	0.65	4.81%
5	Oceania	0.15	0.7%	Oceania	0.08	0.59%

Sources: National Bureau of Statistics, United Capital Research

Macroeconomic Implications

Nigeria's Q1 2026 trade surplus supports strong growth prospect for Nigerian economy. Strong export receipts are critical to enhancing foreign exchange liquidity, thereby supporting the stability and potential appreciation of the Naira. In addition, targeted fiscal and trade incentives are needed to stimulate non-crude oil exports and diversify Nigeria's export base. Ongoing port reforms and infrastructure upgrades are equally essential to improving the competitiveness of non-oil exports. Efficient port systems will not only facilitate trade but also position Nigerian ports as preferred import destinations for goods entering the West African sub-region. This will generate additional revenue for the government. Furthermore, there is a need to promote intra-African trade, particularly through settlement mechanisms that minimise reliance on the US Dollar. This will help reduce demand pressure on the Dollar and contribute to greater exchange rate stability.

3.11 Domestic & Foreign Portfolio Participation in Equity Trading

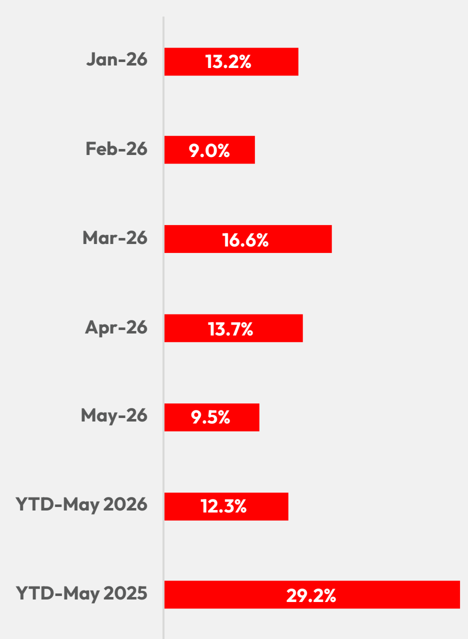
The total value of transactions executed by domestic and foreign investors on the NGX between January and May 2026 stood at N7.89 trillion, representing a 131% increase from N3.41 trillion recorded during the same period in 2025. Domestic investors remained the dominant market participants, accounting for an average of 88% of total transactions, while foreign investors contributed 12%. Foreign participation declined to 9.5% in June 2026 from 13.2% in January 2026, with domestic investors accounting for the remaining 90.5%. On a year-to-date basis, foreign participation stood at 12.3%, down from 29.2% in the corresponding period of 2025. Despite the decline in foreign participation, overall market activity increased significantly, driven by stronger domestic investor engagement. Notably, retail investors continued to demonstrate resilience, while domestic institutional investors maintained robust market participation. The data underscores the depth of domestic investor activity and suggests that sustained participation by both retail and institutional investors can support long-term market growth.

Summary of Transactions as at 31 May 2026 – Trillion

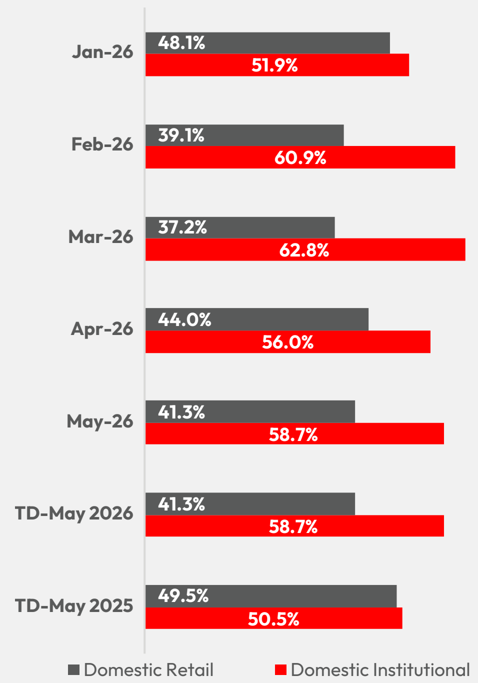
Month	Total	Foreign	Domestic	Foreign	Retail*	Institutional*
Jan-26	0.86	0.11	0.75	13.2%	48.1%	51.9%
Feb-26	1.54	0.14	1.40	9.0%	39.1%	60.9%
Mar-26	1.74	0.29	1.46	16.6%	37.2%	62.8%
Apr-26	1.80	0.25	1.56	13.7%	44.0%	56.0%
May-26	1.94	0.18	1.76	9.5%	41.3%	58.7%
May-26	7.89	0.97	6.92	12.3%	41.3%	58.7%
May-26	3.41	1.00	2.42	29.2%	49.5%	50.5%

*Domestic. Sources: NGX and United Capital Research

Share of Foreign Investors in Equity Trading



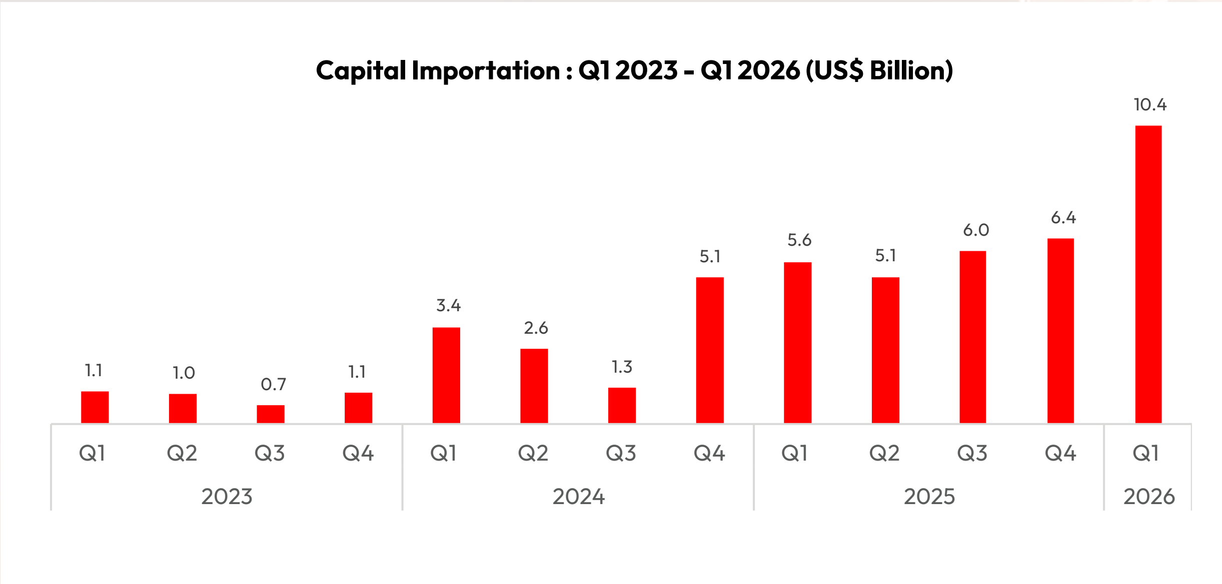
Share of Retail and Institutional Investors in Domestic Equity Trading



3.12 Capital Importation

Strong Capital Inflows Boost Confidence and Support Naira Stability

Nigeria's capital importation recorded robust growth in Q1 2026, rising to US$10.4bn from US$5.6bn in Q1 2025, representing a year-on-year increase of 84%. This marks the highest Q1 inflow since 2013, according to data released by the National Bureau of Statistics (NBS). The strong performance underscores renewed foreign investors' confidence in Nigeria's short-to medium-term economic outlook. It also reflects the attractiveness of investment opportunities within the country's financial system, which foreign investors are increasingly tapping into.



FPIs Dominate Inflows, Highlighting Need to Deepen FDI Growth

Capital importation in Q1 2026 by investment type indicates a dominant share of Foreign Portfolio Investments (FPIs), which surged to US$9.86bn, accounting for 95% of total inflows. Others, including trade credits, loans, currency deposits, and related claims—amounted to US$374mn, representing 4%, while Foreign Direct Investment (FDI) contributed a modest US$135mn, or 1% of the total. A breakdown by investment instruments shows that money market instruments led with US$6.5bn (63%), followed by bonds at US$3.2bn (31%). The strong appetite for these instruments reflects attractive yields in Nigeria's fixed income market, supported by relative currency stability.

Large Global Financial Market Centres Increasing Exposure in Nigeria

The breakdown of capital importation by country of origin shows that the top ten source countries, with a combined inflow of US$10.25bn, accounted for 98.8% of the total. The United Kingdom, United States, South Africa, Mauritius, and the UAE contributed 49%, 31%, 9.5%, 3.8%, and 1.9%, respectively. Standard Chartered Bank and Stanbic IBTC Bank emerged as the leading channels for these inflows, jointly accounting for 69.4% during the period. By sector, Banking and Financing dominated, attracting 96.2% of total capital importation.

Capital Importation by Type of Investment Q1 2023 - Q1 2026 (US$ Million)														
Investment Type	2023				2024				2025				2026	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1 Share
FDIs	48	86	60	184	119	30	104	422	126	143	296	358	135	1%
FPIs	649	107	87	310	2,076	1,405	899	3,999	5,205	4,200	4,854	5,486	9,862	95%
Others	436	837	508	595	1,181	1,170	250	668	311	778	865	600	374	4%
Total	1,133	1,030	655	1,088	3,376	2,604	1,253	5,089	5,642	5,121	6,015	6,443	10,372	100%

FDI – Foreign Direct Investment. FPI – Foreign Portfolio Investments. Others – Other Investments, Trade Credit, Loans, Currency Deposits and Other Claims

Sources: National Bureau of Statistics, United Capital Research

Breakdown of Capital Importation in Q1 2026 – US$ Million											
Capital Importation by Country				Capital Importation by Banks				Nature of Business			
S/N	Country	Amount	Share	S/N	Bank	Amount	Share	S/N	Sector	Amount	Share
1	UK	5,084	49.0%	1	Standard Chartered	5,084	49.0%	1	Banking	7,550	72.8%
2	USA	3,184	30.7%	2	Stanbic IBTC	3,184	30.7%	2	Financing	2,429	23.4%
3	South Africa	984	9.5%	3	Rand Merchant	984	9.5%	3	Manufacturing	152	1.5%
4	Mauritius	390	3.8%	4	Citibank	390	3.8%	4	Shares	75	0.7%
5	UAE	195	1.9%	5	Access Bank	195	1.9%	5	Trading	66	0.6%
6	France	159	1.5%	6	First Bank	159	1.5%	6	Others	38	0.4%
7	Belgium	105	1.0%	7	GT Bank	105	1.0%	7	Agriculture	37	0.4%
8	Luxembourg	92	0.9%	8	Zenith Bank	92	0.9%	8	I T Services	11	0.1%
9	Kenya	34	0.3%	9	FCMB	34	0.3%	9	Telecoms	7	0.1%
10	Singapore	26	0.2%	10	Ecobank Nigeria	26	0.2%	10	Electrical	3	0.0%
	Total	**10,251**	**98.8%**		**Total**	**10,195**	**98.3%**		**Total**	**10,369**	**99.97%**

Sources: National Bureau of Statistics, United Capital Research

Market Implications: Stable Currency, Moderate Inflation Outlook

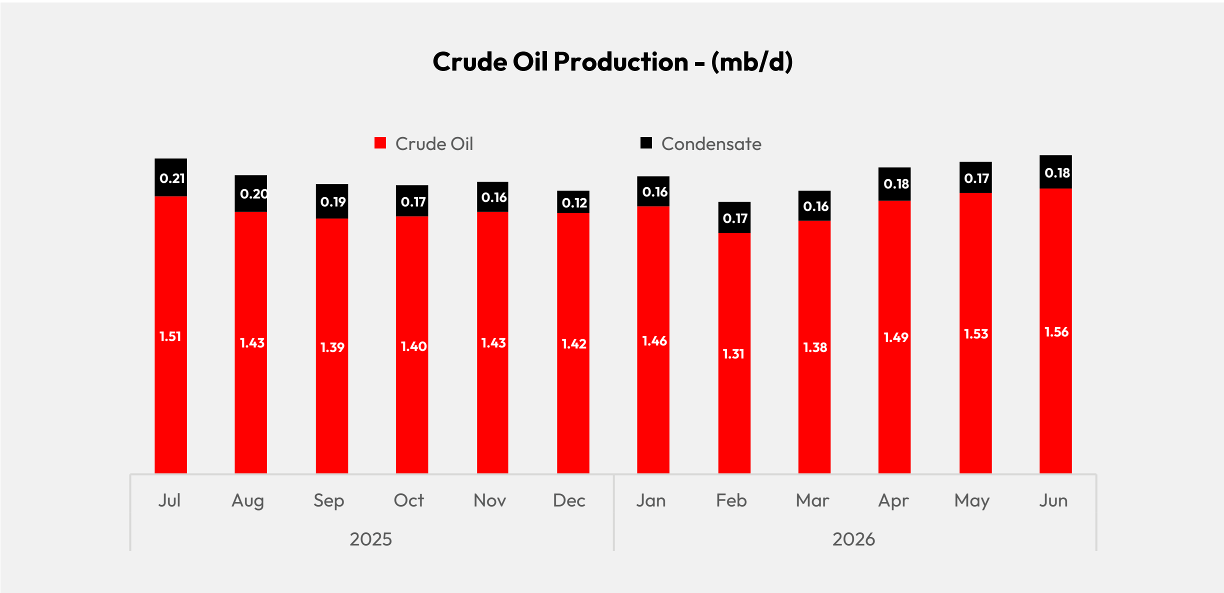
Stronger inflows support stability and appreciation in the value of Naira through improved FX liquidity and reserves. Inflation may be moderate due to exchange rate stability and reduced import costs. However, interest rates could remain elevated in the near term to sustain capital inflows and curb inflation expectations. Overall, improved investor confidence and capital availability are positive for economic growth, supporting investment, financial market depth, and broader economic activity.

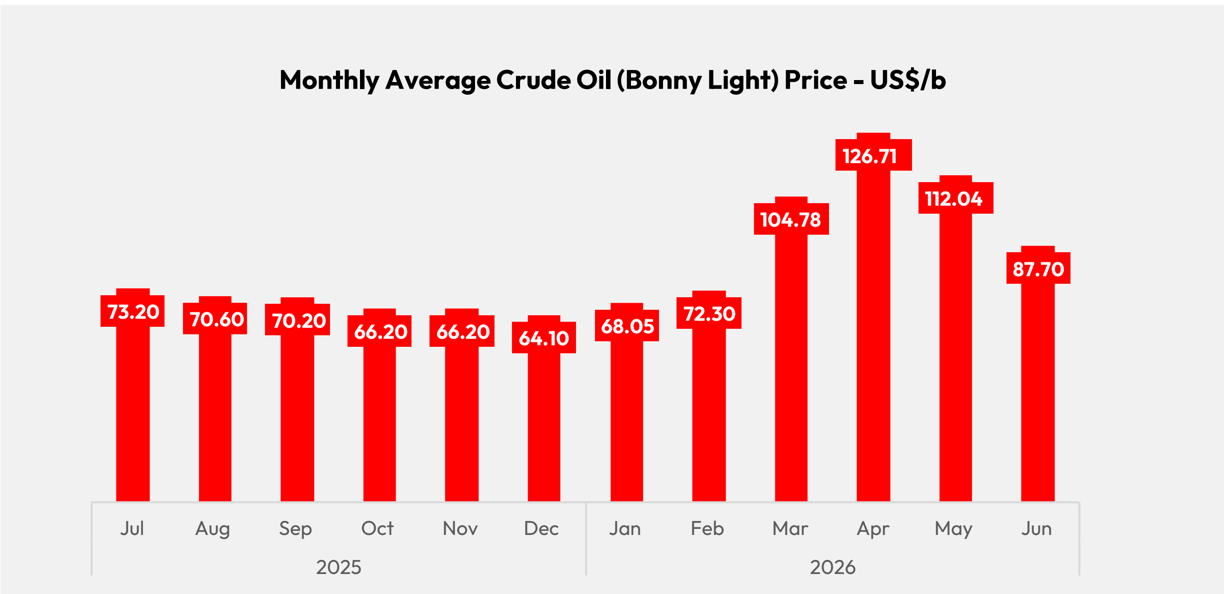
H2 2026 Capital Importation Outlook

Looking ahead to H2 2026, the outlook for capital importation is cautiously optimistic but subject to volatility. The base case is that inflows will remain elevated relative to 2025 levels but may not sustain the exceptional US$10.3bn pace seen in Q1 2026. Upside potential exists if macroeconomic stability is maintained. Continued exchange rate stability, a credible disinflation path, and consistent policy signals could attract further foreign participation, particularly in fixed income and equity markets. Structural improvements that enhance ease of doing business or deepen market transparency could also support more durable capital inflows, including foreign direct investment. On the downside, risks remain pronounced. The heavy reliance on potentially volatile portfolio flows means that any adverse shift, such as a rise in global interest rates, renewed exchange rate instability, or inflation surprises could trigger outflows or sharp declines in inflows. Additionally, if domestic monetary policy begins to ease significantly, the yield advantage attracting foreign capital could diminish, reducing inflow value.

3.13 Crude Oil Production

Nigeria recorded crude oil production of 1.56million barrels per day (mb/d) in June 2026, the highest in the last twelve months. The sustained improvement reflects ongoing success in tackling crude oil theft, pipeline vandalism, and operational inefficiencies, which had significantly constrained production levels in late 2025. The sustained increase in oil production should help cushion the impacts of the expected low crude oil price in the H2 2026.





Looking ahead to the remainder of 2026 and into the medium term, there are grounds for cautious optimism regarding production growth. Recent investments in Nigeria's oil and gas industry are expected to gradually increase production output. These investments include upstream rehabilitation, security infrastructure to combat theft, and the ramp-up of domestic refining capacity. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has signalled its commitment to supporting these efforts through regulatory reforms and enhanced monitoring. Consequently, we expect that production will exceed the OPEC quota going forward and bring production close to budgetary targets.

4.0

Financial Markets

4.0
Financial Markets

4.1 Equity Market – The Equity Performance in H1 2026

In H1 2026, the NGX-ASI recorded a gain of 47.43% on the back of strong buy interest starting in January and advancing sharply in February and April before the pullback in June. The major drivers of the equity performance in H1 2026 are:

i. Impressive corporate earnings and corporate dividend declaration.
ii. Improved macroeconomic performance – stable exchange rate, moderate inflation rate despite the global economic headwinds.
iii. Sovereign credit upgrades: S&P (B/B- to B), Fitch (B- to B), Moody's (Caa1 to B3).
iv. FTSE Russell's announcement of reclassification of Nigeria to Frontier Market status from unclassified.
v. Bank recapitalisation: ₦4.65 trillion raised; 33 banks met new requirements.
vi. Improved market infrastructure, extension of trading hours.

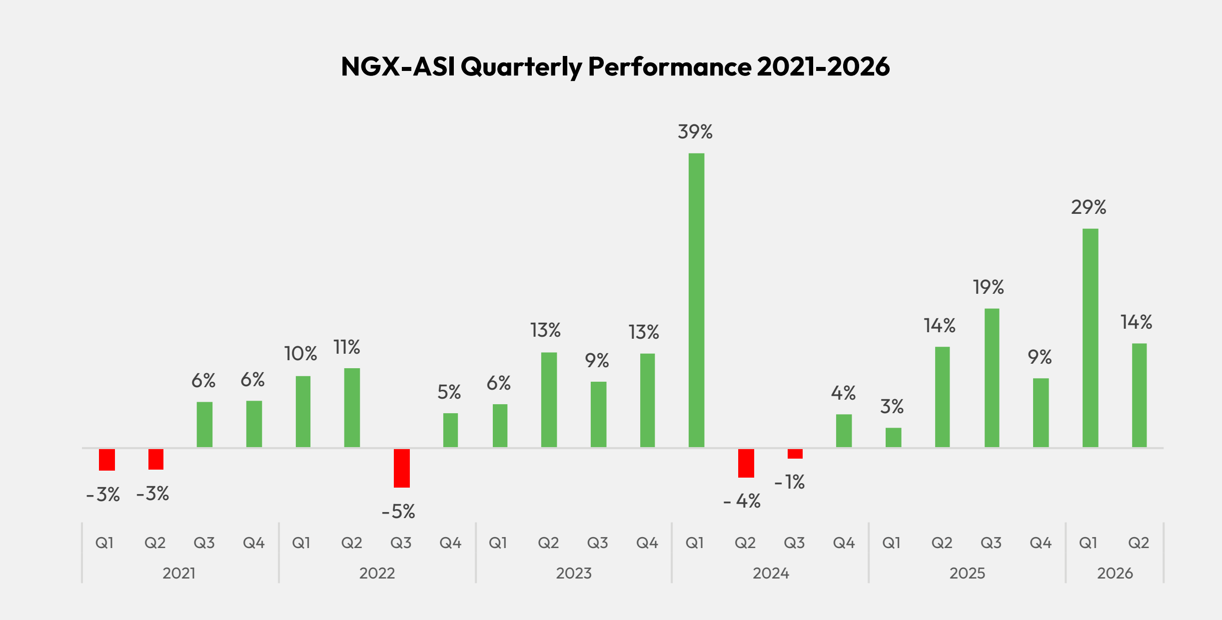
Quarterly Performance of The Nigerian Exchange (2021-2026)

Our analysis of the quarterly performance of the NGX-ASI between 2021 and 2026 shows that 2026 is the only year that the equity market recorded very strong performance of 29% in Q1 and followed by another strong performance of 14% in Q2. Although the equity market dropped in the month of June 2026, the Q2 performance still closed higher than the due to the strong gains recorded in April and May 2026. Our sectoral analysis of the equity market shows that the Oil & Gas Sector was the best performing sector with a growth of 90.21% while Insurance Sector dropped marginally by 7.67%.

Looking into H2 2026, we believe the equity market still has strong growth potential. Our forecast growth rate in the equity market in H2 2026 is 11.60%. The following sectors will drive the expected growth rate in H2 2026:
i. Banking
ii. Building Materials
iii. Telecommunications
iv. Food and Beverages
v. Power

The major drivers of growth:
i. Improved corporate earnings
ii. Improved dividend payment
iii. Macroeconomic Stability
iv. Expected inclusion by Global Index providers and subsequent share price appreciation.

Meanwhile, there may be a pullback at a point because of the proposed Dangote Refinery Initial Public Offering (IPO).



Monthly Performance of NGX - ASI & Sectoral Indices							
Index	**January**	**February**	**March**	**April**	**May**	**June**	**YTD**
ASI	6.27%	16.60%	4.39%	20.36%	3.35%	(8.37%)	47.43%
Oil and Gas	13.80%	33.63%	7.99%	39.04%	(1.93%)	(15.06%)	90.21%
Industrial Goods	5.45%	22.20%	19.98%	28.50%	8.60%	(17.02%)	79.03%
Banking	6.99%	16.67%	(1.66%)	22.61%	3.37%	(12.22%)	36.56%
Consumer goods	3.21%	6.51%	(0.24%)	11.31%	1.06%	(6.33%)	15.57%
Insurance	11.76%	2.31%	(9.45%)	(3.65%)	6.45%	(13.06%)	(7.67%)
Sources: NGX and United Capital Research							

4.2 Extension of Trading Hours at Nigerian Exchange

On April 27, 2026, the Nigerian Exchange Limited (NGX) implemented a significant structural reform by expanding its daily trading hours from 9:30 am – 2:30 pm to 9:00 am – 4:00 pm (WAT). This represents a net increase of 2.5 hours of trading time per day, marking one of the most significant changes to Nigeria's market structure in recent years. The reform, approved by the Securities and Exchange Commission (SEC) Nigeria, builds on the momentum of Nigeria's recent reclassification to Frontier Market status by FTSE Russell and signals a deliberate shift toward a more accessible, liquid, and globally competitive market. Trading hours now align more closely with major exchanges such as NYSE/NASDAQ: 9:00 a.m. – 4:00 pm London Stock Exchange (LSE): 8:30 am. – 4:30 pm and Johannesburg Stock Exchange (JSE): 9:00 am – 5:00 pm.

NGX's New Trading Schedule			
Market Session	**Old Time (WAT)**	**New Time (WAT)**	**Operational Relevance & Function**
Pre-open	9:30 am	9:00 am	Order entry and modification begin; no execution occurs.
Pre-open Imbalance	9:55 am	9:25 am	Order matching software calculates opening price volatility blocks.
Continuous Trading	10:00 am	9:30 am	Regular matching engines go live; instantaneous execution begins.
Pre-Close	2:20 am	3:50 pm	Continuous trading stops, orders filter exclusively into the closing auction pool.
Pre-Close Imbalance	2:25 am	3:55 pm	Final calculations executed to determine a mathematically stable closing price.
Market Close	2:30 am	4:00 pm	Closing bell rings; formal daily transaction ledger locks.
Total Trading Hours	5 hours	7.5 hours	
Sources: NGX and United Capital Research			

4.3 Strategic Implications for the Nigerian Capital Market

The legacy 2:30 pm WAT close was a major point of friction for global asset managers. Western institutional funds, particularly those based in London (GMT) and New York (EST), faced major operational bottlenecks. Under the old system, when New York desks opened at 9:30 am EST (which is 2:30 pm WAT), the Nigerian market was simultaneously ringing its closing gong. The extension to 4:00 pm WAT provides a crucial 1.5-hour operational overlap with the US market open. It aligns seamlessly with the full European afternoon trading block. This synchronisation allows foreign portfolio investors (FPIs) to rebalance portfolios and respond to real-time global economic data in lockstep with international desks.

For domestic retail participants, shifting the market opening earlier to 9:00 am and moving the closing bell to 4:00 pm offers a wider operational window to manage personal portfolios. This structural change makes equity investing highly accessible to professionals balancing active workplace responsibilities, helping foster a deeper culture of retail financial inclusion across the nation.

4.4 NGX Transitions to T+1 Settlement Cycle

In another major milestone, the Securities and Exchange Commission Nigeria (SEC) approved the transition of the Nigerian capital market to a T+1 settlement cycle for equities and commodities transactions effective June 01, 2026. The migration applies to trades cleared and settled through the Central Securities Clearing System (CSCS). This represents a significant structural reform aimed at improving market efficiency, reducing settlement risk, enhancing liquidity and aligning Nigeria's post-trade infrastructure with global best practices. The reform follows Nigeria's earlier migration from a T+3 settlement framework to T+2 in November 2025, indicating the rapid pace of capital market modernisation in the country.

Post-Trade Operational Shift: T+2 vs. T+1

The contraction of the settlement window drastically reduces the post-trade processing timeline. Below is the operational schedule structured by the CSCS to manage the accelerated workflow.

T+2 Framework Vs. T+1 Framework

Operational Milestone	Legacy T+2 Framework	New T+1 Framework	Operational & Risk Implications
Trade Execution (T)	Trade executed on the NGX floor; data flows in real-time to the CSCS	Trade executed on the NGX floor; data flows in real-time to the CSCS	Unchanged, but highly integrated with the extended 4:00 pm daily close
Trade Allocation & Confirmation	Allowed up to T+1 morning for brokers and institutional custodians to match details	Must be finalised on evening of Trade Date (T)	Drastically cuts down permissible window for manual error correction
Clearing & Cash Netting	Executed overnight on T+1; obligations communicated to clearing banks	Executed overnight on Trade Date (T)	Forces instantaneous credit and liquidity assessments across clearing desks
Final Settlement (Securities & Funds)	Occurs on T+2 (e.g. Monday trades are settled on Wednesday)	Occurs on T+1 (e.g. Monday trades settle conclusively on Tuesday)	Cash transfers between bank accounts and securities move across CSCS portfolios simultaneously

Trading Settlement Evolution Across Select Jurisdictions: Global Settlement Evolution

Countries	T+3	T+2	T+1	T+0 Pilot
Nigeria	Pre-Nov 2025	Nov 2025 – May 2026	May 29, 2026	Under consideration
United States	Pre-2017	2017 - 2024	May 2024	-
India	Pre-2021	2021-2022	Jan 2023	Active pilot
Europe	-	Current	Oct 2027 (target)	-

4.5 Implications of the T+1 for Capital Market Growth and Development

Faster settlement cycles generally support higher market liquidity because investors regain access to funds more rapidly after transactions. This reform is expected to improve trading efficiency, support higher turnover, reduce settlement bottlenecks and enhance overall market activity. This is particularly beneficial for institutional investors executing large transactions. Global institutional investors typically prefer markets with efficient settlement systems, low operational risk and internationally aligned infrastructure. Nigeria's migration to T+1 therefore sends a positive signal regarding operational sophistication, regulatory modernisation and market accessibility. The development could support renewed foreign portfolio participation in Nigerian equities and fixed income markets over the medium term.

Shorter settlement cycles reduce the time during which market participants are exposed to price volatility, default risk and liquidity disruptions. This enhances the overall stability and resilience of the financial system. Retail and institutional investors now receive sale proceeds faster than under the previous system. This improves reinvestment flexibility, cash flow management and market responsiveness.

4.6 Nigeria's Re-Entry into Frontier Market Indices

Nigeria was downgraded and subsequently removed from key global investable indices between 2023 and 2024. This was due to persistent foreign exchange illiquidity, capital repatriation challenges and the widening gap between the official and parallel market exchange rates. Financial Times Stock Exchange (FTSE) Russell (a subsidiary of the London Stock Exchange Group) announced in April 2026 that it would restore Nigeria from "Unclassified" to Frontier Market status effective September 2026. This is due to improvements in market accessibility, foreign exchange liquidity and trading infrastructure. The development has materially improved market expectations that Nigeria could also be reclassified by Morgan Stanley Capital International (MSCI). However, MSCI has explicitly stated in its May 2026 annual market accessibility review that "more time is needed to assess the impact" of Nigeria's foreign exchange reforms. The following stock may benefit from the inclusion into the indices

Potential Re-admission of Nigerian Stocks to FTSE and MSCI Indices		
S/N	**FTSE Frontier Index (Effective September 21, 2026)**	**MSCI Frontier Markets Indexes (Under Review)**
1	MTN Nigeria Communications Plc	MTN Nigeria Communications Plc
2	Dangote Cement Plc	Dangote Cement Plc
3	Guaranty Trust Holding Company Plc	Guaranty Trust Holding Company Plc
4	Zenith Bank Plc	Zenith Bank Plc
5	Seplat Energy Plc	Seplat Energy Plc
6	Nestle Nigeria Plc	Nestle Nigeria Plc
7	Aradel Holdings Plc	Aradel Holdings Plc
8	United Bank for Africa Plc	United Bank for Africa Plc
9	FBN Holdings Plc	FBN Holdings Plc
10	Stanbic IBTC Plc	Stanbic IBTC Plc
11	BUA Cement Plc	BUA Cement Plc
12	Airtel Africa Plc	Airtel Africa Plc
13	HBM Nigeria Plc (Formerly, Lafarge Africa Plc)	HBM Nigeria Plc (Formerly, Lafarge Africa Plc)
14	Access Holding Plc	Access Holding Plc
15	Nigerian Breweries Plc	Nigerian Breweries Plc
16	Fidelity Bank Plc	Fidelity Bank Plc

4.7 Implications of Reclassification into Frontier Market Index

The most immediate implication of the reclassification is the potential increase in the flow of foreign portfolio investment (FPI) into Nigerian equity market. Inclusion in frontier market indices typically compels passive investment funds and exchange-traded funds (ETFs) tracking those benchmarks to allocate capital to constituent markets. This will increase liquidity, increase corporate governance and capital appreciation.

5.0 Fixed Income Market

5.0
Fixed Income Market

5.1 Monthly Average Yields on Nigerian Treasury Bills (NTBs) (Dec. 25 – June 2026)

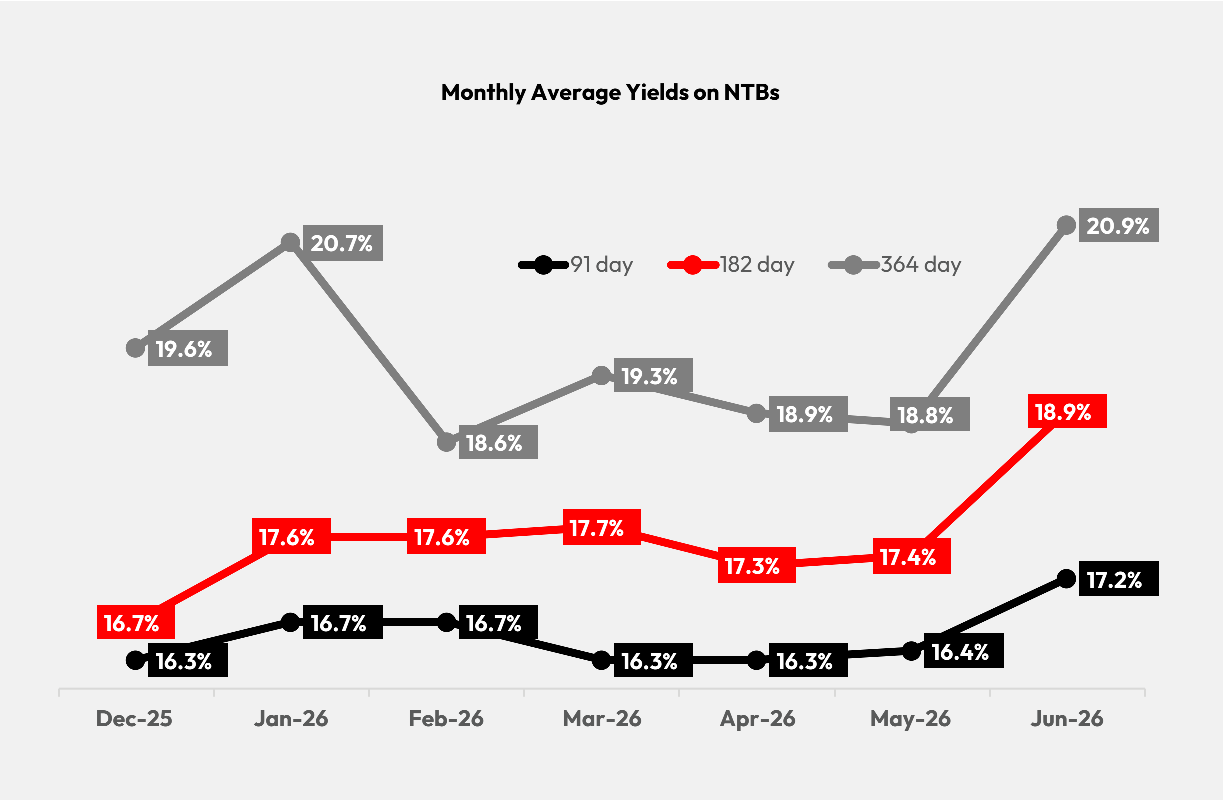
The 364-day NTB consistently offers a premium over shorter tenors, ranging between approximately 18.6% and 20.9%. This indicates that:

i. Investors demand higher compensation for longer-duration exposure
ii. Market participants still expect elevated inflation and relatively tight monetary conditions
iii. Government borrowing demand remains strong

There was a sharp increase in the yields in June 2026 across all maturities: yield on 91-Day NTB increased from 16.4% to 17.2%, 182-Day NTB moved from 17.4% to 18.9% and 364-Day NTB moved from 18.9% to 20.9%. The broad-based increase suggests:

i. Liquidity tightens in the money market
ii. Increased government funding requirements
iii. Higher demand by investors for compensation against inflation risk
iv. Possible anticipation of continued restrictive monetary policy

The NTB market is sending a clear signal: Nigeria remains in a high-interest-rate environment. The recent rise in yield offers the most attractive risk-free investment opportunities seen in recent months. For investors, the best opportunity lies in selectively locking in long-dated NTBs near 20%–21%, while using a laddered strategy to preserve flexibility and reinvestment optionality.



Nigerian Treasury Bills (NTBs) Yields – Secondary Market			
NTBs	**Dec 31, 2025**	**June 30, 2026**	**Change**
91 - Day	16.30%	17.16%	0.86%
182 - Day	16.70%	18.93%	1.93%
364 - Day	19.59%	20.89%	1.30%

5.2 Nigerian Treasury Bills Expected Maturity and Issue in Q3 2026

The FGN plans to issue N5.8trn in new Nigerian Treasury Bills (NTBs) during Q3 while only N2.6trn of NTBs will mature same period. This implies a new issuance-to-maturity ratio of 2.19x, indicating a substantial net increase in NTBs supply. The significant excess of new issuances over maturing instruments is likely to tighten liquidity conditions in the money market. Consequently, this could exert upward pressure on short-term interest rates and NTB yields during the quarter. This will happen if market liquidity does not increase sufficiently to accommodate the higher issuance levels. In summary, NTBs Q3 expected issue suggests a more aggressive domestic funding strategy by the FGN. This may lead to higher short-term market rates as the increased supply of FGN Bond competes for available liquidity.

	Total Maturing Nigerian Treasury Bill in Q3, 2026 - N' Billion				Planned Nigerian Treasury Bill to Be Issued in Q3, 2026 - N' Billion			
	91 - Day	182 - Day	364- Day	Total Maturing	91 - Day	182 - Day	364- Day	Total To Issue
July	159	90	398	648	300	300	1,400	2,000
August	131	174	408	713	300	300	1,500	2,100
September	261	239	785	1,284	300	300	1,100	1,700
Total	551	503	1,591	2,645	900	900	4,000	5,800

5.3 Government 10-Year Bond Yields Performance in H1 2026

Most of the Global Sovereign Bond yields we tracked rose in H1 2026, closing the period above December 2025 levels, largely in response to the Middle East crisis. Yields are expected to increase further in July before they begin to drop towards the end of July as inflation rates across major economies drop. This is also anchored on expectation that the US-Iran ceasefire will be maintained. Otherwise, if there are further escalations that increase energy and food costs, and disrupt logistics, inflation may rise, which may lead to higher global yields in H2.

Sovereign Bond in Many Countries			
Name	**Dec 31, 2025**	**June 30, 2026**	**Change**
NGR 10 Year Bond Yield	16.81%	17.55%	0.74%
US 2 Year Treasury Yield	3.47%	4.14%	0.67%
Japan 10 Year Yield	2.08%	2.68%	0.60%
US 5 Year Treasury Yield	3.71%	4.19%	0.48%
UK 10 Year Yield	4.47%	4.77%	0.30%
US 10 Year Treasury Yield	4.18%	4.42%	0.24%
Hong Kong 10 Year Yield	3.10%	3.29%	0.19%
India 10 Year Yield	6.59%	6.75%	0.16%
France 10 Year Yield	3.56%	3.65%	0.09%
Germany 10 Year Yield	2.86%	2.86%	0.00%
China 10 Year Yield	1.86%	1.74%	(0.12%)

Nigerian Treasury Bills (NTBs) Yields – Secondary Market			
FGN Bonds	**Dec 31, 2025**	**June 30, 2026**	**Change**
5-Year	17.11%	18.33%	1.22%
7-Year	17.06%	18.68%	1.62%
10-Year	16.81%	17.55%	0.74%

5.4 Bond Issuance Programme – Q3 2026 Vs. Q3 2025

The FGN plans to issue N4.9trn in new FGN Bond in Q3 2026 compared with N600 bn in Q3 2025. This represents 8.17x between Q3 2026 and Q3 2025 indicating substantial increase during the period. This also shows the Federal Government's higher domestic borrowing needs to fund the 2026 budget deficit. The significant excess of new issuance over same period last year may lead to significant liquidity mop up in the market. This may lead to a rise in the financial market. The tenors in 2026 are far longer than the tenors in 2025, this shows confidence in the FGN issues Corporates may also be able to attract longer tenored bonds in the market, trailing the FGN Bond tenor. This also provides opportunity for our Mutual Fund to invest in FGN Bond for an extended period.

Proposed FGN Bond Issuance Programme in Q3 2026 Compared with Q3 2025 – N' Billion					
	Upper Limit	**Range of Tenor**		**Upper Limit**	**Range of Tenor**
July 2025	120	5 Years - 7 Years	July 2026	1,700	10Years - 20 Years
August 2025	240	5 Years - 7 Years	August 2026	1,600	10 Years - 15 Years
September 2025	240	5 Years - 7 Years	September 2026	1,600	10 Years - 15 Years
Total	600		Total	4,900	

6.0

Sector Focus: Banking Sector

6.0
Sector Focus: Banking Sector

6.1 Banking Sector

The first half of 2026 has been a transformative period for Nigeria's banking sector, marked by the historic completion of the ₦4.65 trillion recapitalisation programme in March 2026. The sector has adopted capital adequacy ratios (CAR) of 10% for national/regional banks and 15% for internationally authorised institutions, reinforcing financial system resilience.

6.2 Completion of the 24-Month Recapitalisation Programme

On March 28, 2024, the Central Bank of Nigeria (CBN) issued a circular raising minimum capital requirements across all banking licence categories, with a 24-month compliance deadline of March 31, 2026. The new thresholds represented significant increases from previous levels:

CBN Minimum Capital Requirement			
Bank Category	**Previous Requirement (N' Bn)**	**New Requirement (N' Bn)**	**Increase**
International Commercial Banks	50	500	900%
National Commercial Banks	25	200	700%
Regional Commercial Banks	10	50	400%
National Merchant Banks	15	50	233%
National Non-Interest Banks	5	20	300%
Regional Non-Interest Banks	2	10	400%

CBN defined the new minimum capital base as the addition of share capital and share premium. This ensured that the capital raise represents fresh injection rather than recycled reserves.

Outcome of Banking Recapitalisation	
Metric	**Value**
Total fresh capital raised	₦4.65 trillion
Number of banks meeting requirements	33 out of 37
Domestic capital sourcing	72.55%
International capital sourcing	27.45%
Compliance deadline	March 31, 2026
Programme duration	24 months

Sources: CBN Official Statement, April 2026 and United Capital Research

6.3 Implications for the Economy

The expanded capital base positions Nigerian banks to underwrite larger ticket transactions and participate in infrastructure financing. It will also support the Federal Government's ambition of building a US$1 trillion economy by 2030. International banks are now better positioned to compete regionally and support Nigerian businesses under the African Continental Free Trade Area (AfCFTA). The banking sector is also now more resilient to domestic and external shocks than before. Nigerian banks are better positioned to absorb losses, manage risks, and maintain lending during periods of economic stress.

6.4 Implications for the Financial Markets

The first quarter of 2026 reveals a banking sector that is broadly profitable but divided in terms of strategy, valuation, and risk appetite. Ten banks generated a combined ₦6.85 trillion in gross earnings. Access Bank led with ₦1.37 trn, ETI with N1.14trn and Zenith with ₦1.01trn. Total Profit After Tax (PAT) stood at ₦1.59trn. Zenith Bank, and First Holdco and Access Holding contributed the most to bottom-line. The market is pricing GTCO (P/E of 23.77x) and Stanbic (24.41x) at a significant premium compared to Wema (4.27x), suggesting higher growth expectations for the former.

Snapshot of Q1 2026 Performance of Banks in Nigeria - N'Trillion

Banks	Gross Earnings	Net Interest Income	Profit Before Tax	Profit After Tax	Net Assets	Earning Per Share	P/E Ratio (x)	Book Value Per Share	Loan to Deposit
Access	1.37	0.34	0.27	0.22	4.39	3.69	6.67x	80.86	38.70%
ETI	1.14	0.54	0.27	0.19	3.97	5.22	18.67x	161.77	43.35%
Fidelity	0.43	0.18	0.09	0.07	1.38	1.36	15.88x	25.32	63.10%
FirstHoldCo	0.94	0.43	0.32	0.26	3.47	6	11.25x	78.10	51.40%
GTCO	0.57	0.35	0.3	0.21	3.62	5.89	23.77x	99.2	24%
Stanbic	0.26	0.13	0.16	0.11	1.25	7.15	24.41x	78.49	60.90%
Sterling	0.13	0.06	0.03	0.02	0.54	0.38	20.8x	7.92	49%
UBA	0.8	0.38	0.16	0.14	4.31	3.11	14.20X	93.28	29.70%
Wema	0.2	0.09	0.07	0.06	0.68	7.9	4.27x	21.4	55%
Zenith	1.01	0.63	0.36	0.31	5.16	7.64	17.26x	125.8	46.50%

Sources: Companies unaudited Q1 2026 Financials

6.5 Outlook for the Banking Sector

Banks could gradually deploy their newly raised cash into high-yielding assets such as FGN sovereign bonds, equities and high-margin corporate lending. This is to quickly offset the heavy issuance and compliance costs incurred during the capital raise. Because the share capital and outstanding shares have expanded drastically, banks could face some pressure to scale up gross earnings in H2 2026 to prevent a sharp contraction in Return on Equity (ROE) and Return on Assets (ROA). As banks ramp up loan generations to maximise their massive capital pools, credit risk management teams must remain highly disciplined. Ensuring rigorous underwriting standards will be vital to prevent a resurgence of Non-Performing Loans (NPLs).

The sector remains resilient, supported by strong earnings, accelerating digital adoption and the just concluded which should strengthen capital buffers and lending capacity. The weak infrastructure in the country across many areas provides huge financing opportunities for the banking sector. Other opportunities are in energy, manufacturing, agribusiness, telecoms, SMEs, and financial inclusion. There are also huge fee income opportunities from digital payments and transaction banking. However, key risks include elevated credit risk from a high-interest-rate environment, asset-quality deterioration following regulatory forbearance phase-out, high inflation, exchange-rate volatility, and regulatory uncertainty. Overall, the medium-term outlook is positive, although risk management and capital preservation remain critical success factors.

6.6 Digital Banking

Digital banking is becoming a major growth driver for Nigerian banks, supporting revenue diversification, customer acquisition, and financial inclusion. Banks are increasingly investing in mobile banking platforms, digital wallets, AI-powered customer engagement, cloud infrastructure, and real-time payment solutions to improve efficiency and enhance user experience. The rapid growth of electronic payments and agency banking is expanding access to financial services, particularly in rural areas which are underserved areas. Fintech-bank partnerships are also creating opportunities in embedded finance, merchant payments, digital lending, wealth management, and cross-border payments. Furthermore, data analytics enabling more targeted lending and risk assessment. However, rising cybersecurity threats, fraud risks, technology outages, and increased competition from fintechs and digital-only banks remain key challenges. Digital transformation is expected to remain a critical source of growth, efficiency gains, and non-interest income for the sector.

6.7 Fintech Partnerships

This is evolving from simple payment-service collaborations to deeper, ecosystem-based relationships. Banks increasingly partner with fintechs to provide digital payments, agency banking, lending, savings, identity verification, and embedded finance solutions, enabling them to reach underserved customers more efficiently. The Central Bank's financial inclusion agenda and rapid growth in electronic transactions have accelerated these partnerships. We have also observed integration of fintech capabilities into traditional banking platforms to drive efficiencies. Banks are leveraging fintech expertise in artificial intelligence, data analytics, digital onboarding, and cloud-based services to enhance customer experience and reduce operating costs. In return, Fintechs benefit from banks' large balance sheets, regulatory licenses, and customer bases.

Going forward, opportunities are strongest in SME financing, digital lending, merchant acquiring, cross-border payments, open banking, wealthtech, and embedded finance. However, increasing cybersecurity threats, data privacy concerns, regulatory compliance requirements, and competitive pressures could intensify execution risks. Overall, bank-fintech collaboration is expected to be a key driver of innovation, non-interest income growth, and financial inclusion in Nigeria.

6.8 Role of AI in Digital Banking, Fraud Detection and Cybersecurity

AI is becoming a key enabler of digital banking in Nigeria, helping banks improve efficiency, customer experience, risk management, and profitability. As banks accelerate digital transformation, AI is being integrated across several functions. AI systems can also monitor transaction patterns in real time, detect suspicious activities, and strengthen anti-money laundering (AML) controls, helping reduce fraud losses.

6.9 Customer Service

AI-powered chatbots and virtual assistants provide 24/7 support, faster query resolution. It also helps with personalised product recommendations, reducing service costs and improving customer satisfaction.

6.10 Credit Risk Assessment

Banks are using AI and advanced analytics to assess borrower's behaviour, improve credit scoring, and enhance lending decisions. This is commonly useful for SMEs and retail customers with limited credit histories.

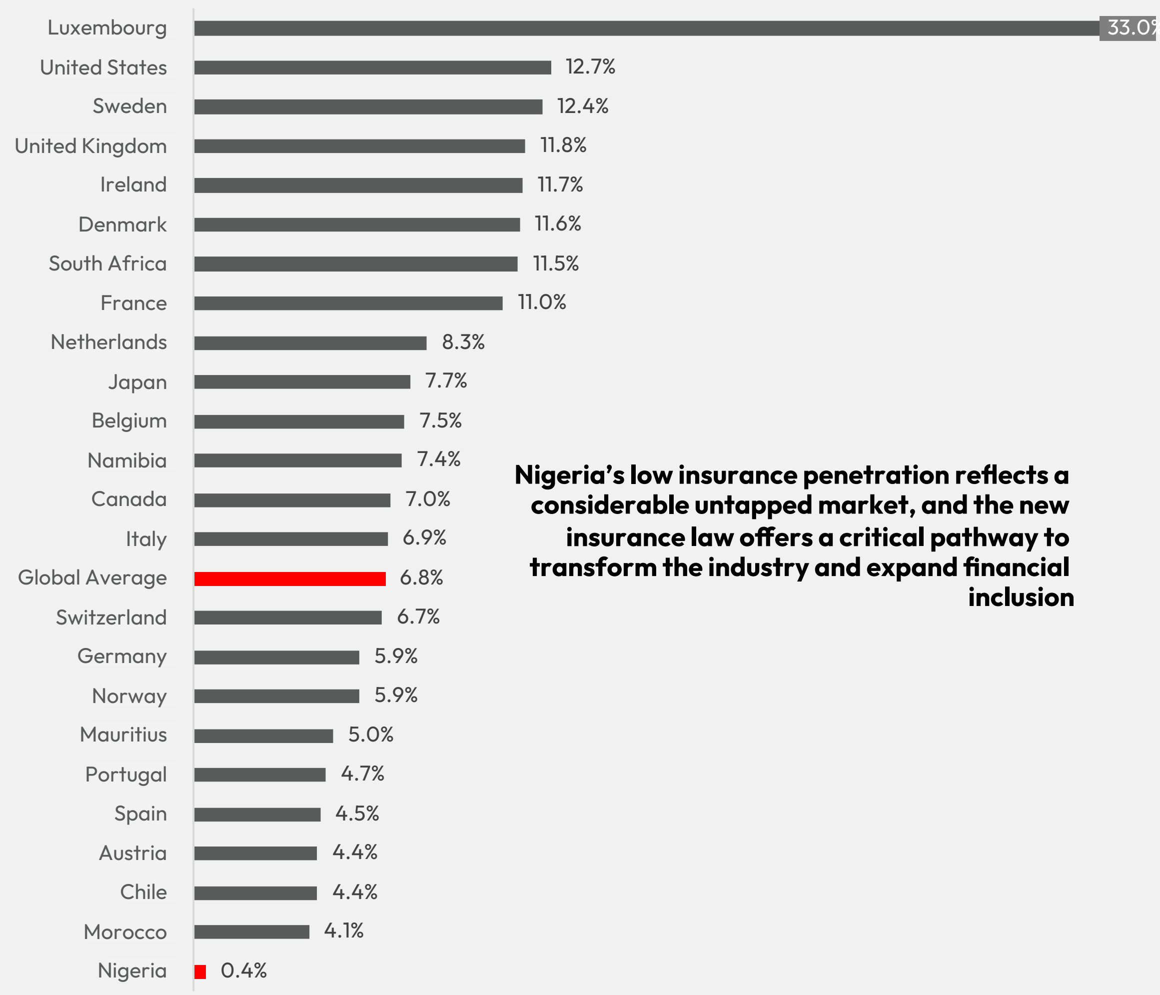
7.0

Insurance Sector

7.0
Insurance Sector

Nigeria's insurance penetration remains low, underscoring the sector's underdevelopment relative to the size of the economy. Measured as the ratio of total insurance premiums to GDP, penetration rates continue to highlight weak adoption and limited trust in insurance products, with a significant portion of households and businesses still uninsured and exposed to financial risks.

This low base, however, presents a strong growth opportunity for insurers as rising economic activity, regulatory reforms, and increased awareness gradually improve uptake and deepen financial protection. Looking ahead, we expect a modest but steady improvement in penetration levels over the medium term, supported by digital distribution channels, compulsory insurance enforcement, and product innovation targeted at underserved segments, although progress is likely to remain gradual given structural challenges such as low-income levels, limited financial literacy, and distribution inefficiencies.

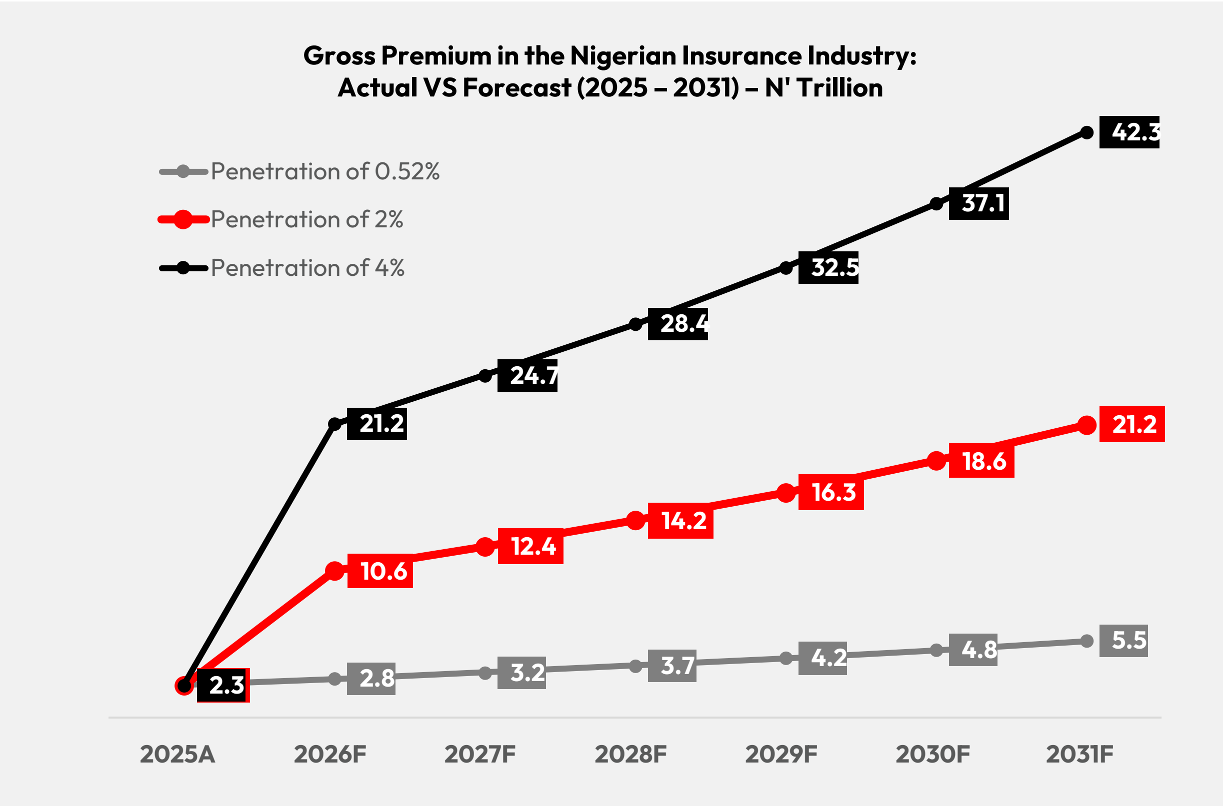


Nigeria's low insurance penetration reflects a considerable untapped market, and the new insurance law offers a critical pathway to transform the industry and expand financial inclusion

7.1 Gross Premium in the Nigerian Insurance Industry

In the first half of 2026, Nigeria's insurance industry continues to operate from a low penetration base of 0.52% (as of 2025). This reflects limited premium generation relative to GDP despite gradual growth in gross premiums, which stood at about ₦2.3 trillion in 2025 and is forecast to rise to ₦2.8 trillion in 2026. This highlights the significant structural gap between current performance and the industry's potential, with a wide disparity relative to a 2% penetration benchmark, which would imply a substantial scale-up in premium volumes.

The under-penetration underscores weak insurance adoption but also presents a compelling opportunity for expansion. The regulatory initiatives such as Nigerian Insurance Industry Reform Act, (NIIRA) 2025 aims to deepen market participation and improve enforcement of compulsory insurance. Looking ahead, insurance penetration can increase from the current level of about 0.5% to 2% and to 4% if operators can implement the provision of the NIIRA 2025. With the expected growth in the economy, digital adoption in the industry and implementation of the NIIRA 2025, the gross premium can grow significantly. The expected gross premium under various penetration targets is shown on the chart below.



7.2 Gross Premium by Penetration Rate

i. Insurance Penetration is at 0.52% as of 2025
ii. Target of 2% could jump-start the industry
iii. After achieving 2%, go for 4% target
iv. NIIRA 2025 can serve as a catalyst for the leap
v. Also, the growth prospect in the Nigerian economy could leap the insurance industry

Gross Premium by Business Assuming Penetration Rate of 0.52% (N' Billion)

Business Type	2025A	2026F	2027F	2028F	2029F	2030F	2031F
Fire	321	349	363	441	509	582	663
General Accident	150	178	199	218	239	273	311
Motor	253	286	348	416	474	541	617
Marine & Aviation	187	254	305	380	404	462	526
Oil &Gas	477	639	766	887	1,015	1,158	1,321
Others	187	184	236	223	268	306	349
Life Business	727	868	1,001	1,136	1,327	1,514	1,726
Gross Premium	**2,301**	**2,758**	**3,219**	**3,701**	**4,237**	**4,836**	**5,512**

Gross Premium by Business Assuming Penetration Rate of 2% (N' Billion)

	2025A	2026F	2027F	2028F	2029F	2030F	2031F
Fire	321	1,340	1,394	1,692	1,956	2,232	2,545
General Accident	150	683	762	838	917	1,046	1,193
Motor	253	1,098	1,336	1,599	1,820	2,077	2,367
Marine & Aviation	187	975	1,172	1,458	1,552	1,772	2,020
Oil &Gas	477	2,453	2,942	3,404	3,896	4,447	5,069
Others	187	705	906	854	1,030	1,175	1,340
Life Business	727	3,333	3,842	4,363	5,093	5,813	6,627
Gross Premium	**2,301**	**10,586**	**12,355**	**14,207**	**16,264**	**18,563**	**21,160**

Gross Premium by Business Assuming Penetration Rate of 4% (N' Billion)

	2025A	2026F	2027F	2028F	2029F	2030F	2031F
Fire	321	2,679	2,788	3,383	3,911	4,465	5,089
General Accident	150	1,366	1,525	1,676	1,833	2,093	2,385
Motor	253	2,196	2,672	3,197	3,639	4,154	4,735
Marine & Aviation	187	1,950	2,344	2,916	3,104	3,543	4,039
Oil &Gas	477	4,905	5,885	6,807	7,793	8,894	10,139
Others	187	1,409	1,812	1,709	2,060	2,351	2,680
Life Business	727	6,667	7,684	8,725	10,186	11,627	13,253
Gross Premium	**2,301**	**21,172**	**24,710**	**28,413**	**32,527**	**37,126**	**42,320**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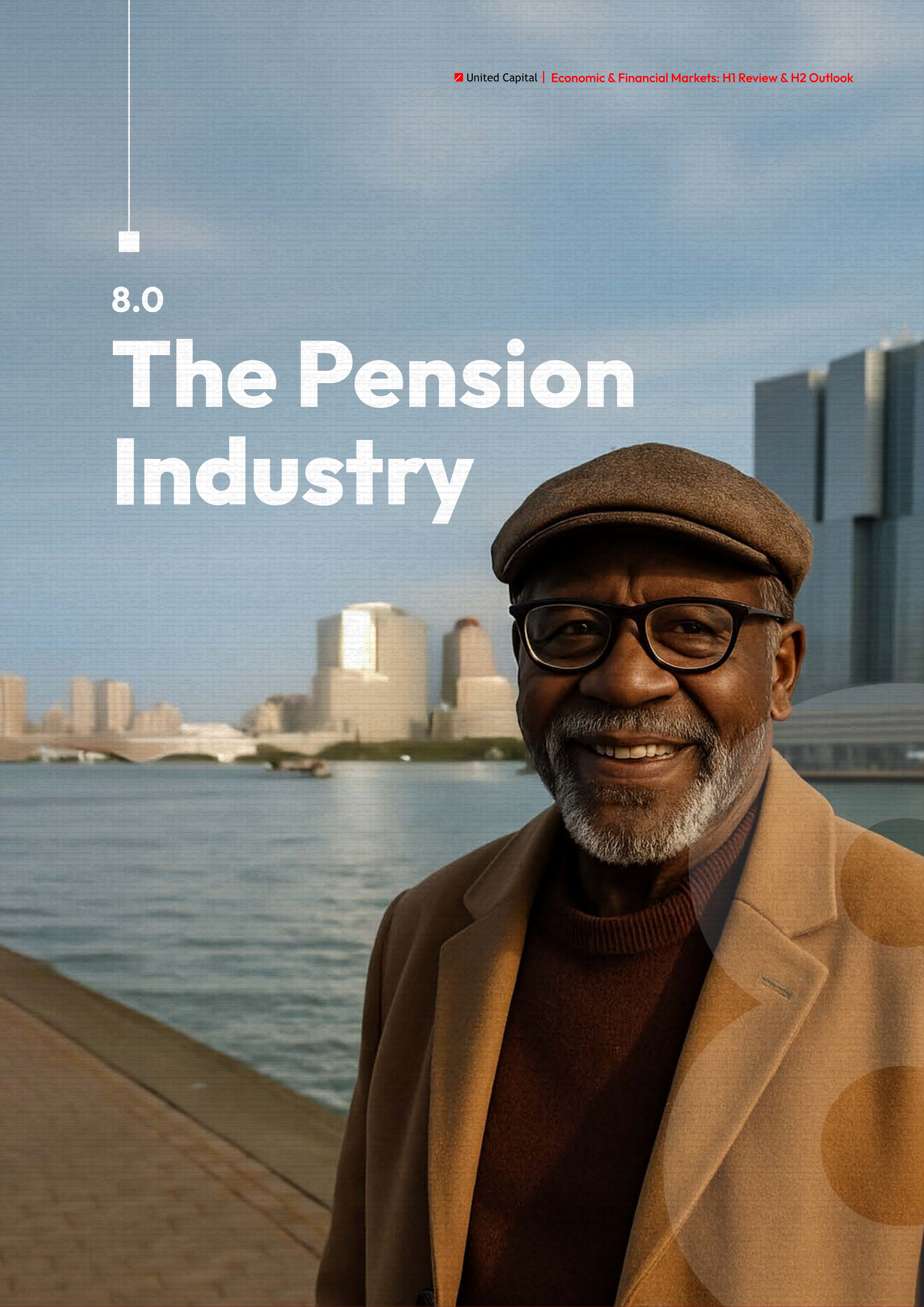
8.0 The Pension Industry

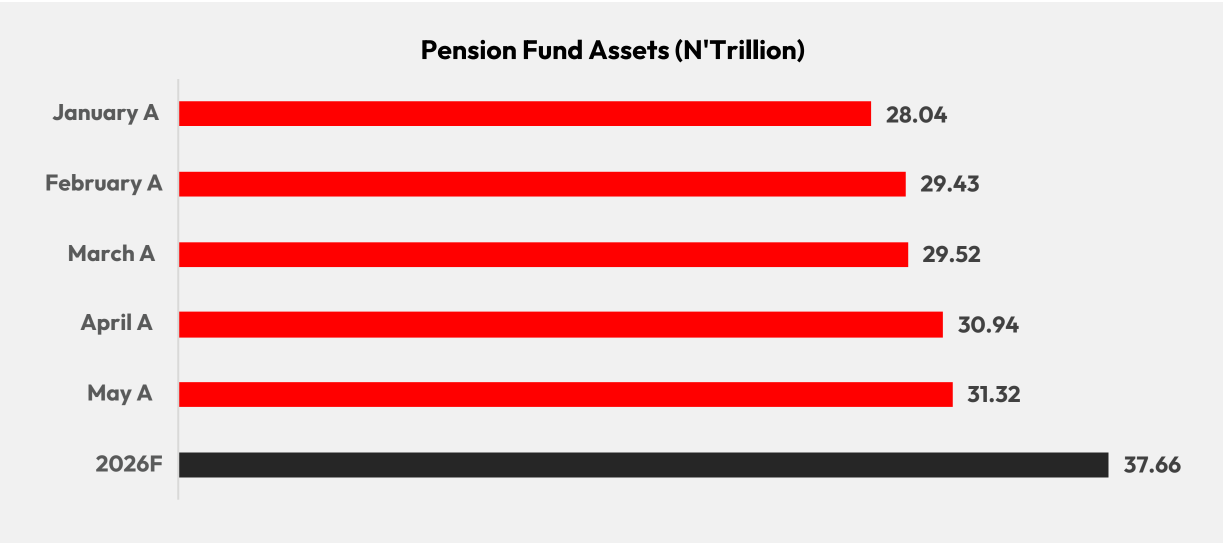


8.0
The Pension Industry

8.1 Pension Fund Assets

Pension Fund Assets to Continue to Grow

Nigeria's pension industry maintained a strong growth trajectory in the first five months of 2026. Total pension fund assets increased to a record ₦31.32tn in May from ₦28.04tn in January. This reflects continued contribution inflows, favourable investment returns and expanding participation in the Contributory Pension Scheme. While pension fund assets grew between January and May, the June 2026 equity market downturn is expected to temporarily moderate asset growth during the month. With the expected recovery in the equity market, we project total pension assets to reach approximately ₦37.66tn by the end of 2026. This will be supported by supported by sustained growth in contributions, relatively stable domestic macroeconomic conditions and positive portfolio performance.



RSA Fund II remained the largest fund category, accounting for over 40% of total industry assets and underscoring its central role in the pension landscape. On the asset allocation front, equity holdings increased across the RSA funds following the National Pension Commission's (PenCom) February 2026 revision to the investment guidelines. The revised guideline raised the maximum permissible equity allocation for RSA Funds I, II, III and VI-Active.

By April, Fund I and Fund III had increased their equity exposure to 35% and 15%, respectively, fully utilising the revised regulatory limits. The policy change provides PFAs with greater flexibility to increase exposure to domestic equities, reinforcing institutional demand for quality listed companies.

Looking ahead, continued pension asset accumulation, rising scheme participation and the higher equity allocation limits are expected to strengthen domestic liquidity in the capital market. This will in turn, provide a stable source of long-term funding and support valuations in the Nigerian equity market.

Pension Fund Assets - January- May 2026 Actual (A) - 2026 FY Forecast (F): (N' Trillion)						
Category	**January A**	**February A**	**March A**	**April A**	**May A**	**2026 F**
Total Net Asset Value	28.04	29.43	29.52	30.94	31.32	37.66
Fund I	0.48	0.54	0.56	0.62	0.65	1.11
Fund II	11.86	12.67	12.59	13.36	13.48	16.17
Fund III	7.19	7.45	7.53	7.81	7.90	9.28
Fund IV	2.27	2.31	2.34	2.37	2.39	2.85
Fund V	0.00	0.00	0.01	0.13	0.17	0.29
Fund VI - Active	0.23	0.26	0.29	0.34	0.39	0.66
Fund VI - Retiree	0.02	0.03	0.03	0.03	0.03	0.05
Existing Schemes	3.29	3.40	3.43	3.52	3.55	5.53
CPFAs	2.70	2.77	2.74	2.76	2.78	4.00

S/N	Fund	Fund Name	Focus	Previous Limit	New Limit
1	Fund I	RSA Fund 1	High risk profile with the highest exposure to variable income instruments This is an optional fund for active contributors who are 49 years old and below	**30%**	**35%**
2	Fund II	RSA Fund 2	Balanced risk profile with slightly lower exposure to variable income instruments This is the default fund for all active contributors aged 49 years and below.	**25%**	**33%**
3	Fund III	RSA Fund 3	Conservative risk profile prioritizing capital preservation as contributors approach retirement This is the default fund for active contributor who are 50 years old and above.	**10%**	**15%**
4	Fund VI	Non-Interest Fund (Active)	Active contributors who choose to move from Funds I-III	**25%**	**33%**

9.0
H2 2026 Outlook

9.0

H2 2026 Outlook

Global Economy

The IMF's World Economic Outlook (WEO), July 2026 edition, projects global growth at 3.0% in 2026 from 3.5% recorded in 2025. The outlook is shaped by two opposing forces. The negative impact of the Middle East conflict, which has raised energy, food and fertiliser prices. The positive impact of the global AI and technology investment boom. Key investment opportunities lie in AI, semiconductors, digital infrastructure, data centres, renewable energy, energy security projects, and commodity-exporting economies benefiting from higher terms of trade.

Global Inflation and Monetary Policy

Inflation across major economies is expected to remain above central banks' targets, partly reflecting the impact of tensions in the Middle East. While inflation may have peaked in May 2026, its trajectory in H2 2026 will depend largely on the speed and sustainability of peace efforts between the US and Iran. Until inflation moderates closer to the 2% targets in the US, UK, and Euro Area, monetary policy is likely to remain tight. Consequently, the direction of monetary policy in H2 2026 will be primarily driven by incoming inflation data and its alignment with Central Banks' objectives.

Crude Oil Market

The impact of the Middle East crisis has moderated the crude oil demand growth. Supply is recovering as production and exports are gradually improving following the US–Iran peace agreement. Key drivers of supply in H2 2026 include recovery in Middle East oil production and exports, and OPEC+ production increases and supply management policies. Overall, supply is expected to improve, but lingering geopolitical risks should keep oil prices relatively firm in H2 2026. Key drivers of demand include global economic growth and industrial activity. Crude oil prices are expected to trade lower in H2 2026 than in H1 2026. The forecast average crude oil price (Brent) in H2 2026 is around US$72/b, lower than the US$92/b recorded in H1 2026. The major determinant of the crude oil price in H2 2026 is the crisis in the Middle East and its impact on crude oil supply.

Global Equity and Fixed Income Markets

Global equity markets are expected to remain resilient in H2 2026, supported by AI-driven investment, solid corporate earnings, and steady economic growth. However, persistent inflation and geopolitical uncertainties may increase market volatility. In the fixed income market, bond yields are expected to remain relatively high but gradually moderate as inflation eases and central banks move closer to policy easing. Overall, the outlook for both asset classes remains cautiously positive, supported by improving macroeconomic fundamentals and strong investor demand.

Major Risks

Major risks remain tilted to the downside. Key risk factors are renewed Middle East tensions, commodity price spikes, supply-chain disruptions, trade fragmentation, high public debt, and the possibility of an AI-driven asset market correction.

Regional Outlook

Sub-Saharan Africa is expected to grow by 4.3% in 2026 (from 4.5% in 2025), remaining broadly resilient despite a challenging global environment. Growth will be supported by improved macroeconomic stability and reform efforts in major economies such as Nigeria and South Africa. Nigeria is benefiting from favourable terms of trade and South Africa from ongoing structural reforms. Opportunities arising from gains from economic reforms, improved policy credibility, commodity-price support for exporters, and stronger macroeconomic stabilisation.

Risks: Major risks to the outlook are highlighted here. Higher energy and food prices, worsening poverty and food insecurity, reduced development assistance, geopolitical shocks, inflation pressures, capital outflows, and social instability in vulnerable economies. Food insecurity could intensify if fertiliser and energy disruptions persist.

East African Economy

East Africa's economic outlook for H2 2026 remains broadly positive. The region is expected to continue outperforming most other African sub-regions, supported by strong domestic demand, infrastructure investment, expanding services sectors, and ongoing economic reforms. Uganda, Rwanda, Tanzania, Kenya, and Ethiopia are projected to sustain relatively robust growth, underpinned by investments in energy, transport, logistics, manufacturing, and digital services. However, growth may moderate slightly due to the following factors:

i. Higher global oil and fertiliser prices
ii. Tighter external financing conditions
iii. Declining aid flows
iv. Elevated debt-servicing costs

All these factors may put pressure on fiscal balances and external accounts. While inflation is expected to remain manageable in most countries, policymakers will need to balance growth-supportive measures with efforts to preserve macroeconomic stability amid heightened global uncertainty and geopolitical risks.

West African Economic and Monetary Union (WAEMU)

The WAEMU region is expected to maintain strong economic momentum through the remainder of 2026. This will be supported by robust domestic demand, rising hydrocarbon exports, favourable gold and cocoa prices, easing inflation, and improved external reserves. Growth is likely to remain among the strongest in Africa, aided by accommodative monetary conditions and ongoing fiscal consolidation. However, the outlook faces downside risks from the following factors:

i. Higher global energy prices
ii. Tighter financing conditions
iii. Elevated public debt burdens
iv. Security challenges,
v. Climate-related shocks

These factors could weigh on investment and fiscal stability.

Nigerian Economic Outlook

Looking ahead into H2 2026, we expect modest GDP growth. The consensus growth projection for full year 2026 from the IMF, World Bank and CBN is a range of 4.1% to 4.5%. This implies that the growth rate for the remainder of the year will be higher than the growth rate in Q1 2026. The primary driver of H2 2026 growth will remain the services sector. Continued expansion in telecoms, digital services, banking, and trade is expected to maintain output growth. This reflects both structural demand and ongoing technological adoption. In addition, growth in crop production, construction, real estate and cement manufacturing will continue to drive expansion.

Inflation and Monetary Policy

Inflation rate appears to have peaked in May and June 2026. Leading indicators suggest a gradual moderation in consumer prices over the remainder of the year. Several factors are expected to contribute to a slowdown in the Consumer Price Index (CPI) and a corresponding decline in the inflation rate:

i. Lower crude oil prices, which should reduce energy and transportation costs.
ii. The onset of the main harvest season, leading to improved food supply and easing food price pressures.
iii. Continued relative stability in the foreign exchange market, helping to moderate imported inflation and production costs.
iv. As a result, inflation is expected to trend downward during the second half of 2026.
v. Our revised average inflation rate forecast for the year 2026 is now 15.38%
vi. The average inflation rate forecast for H2 2026 is 15.25%.
vii. Despite the expected drop in the inflation rate in H2 2026, interest rate may not drop in line with the drop in inflation rate.

Despite the anticipated moderation in inflation, monetary policy may remain relatively tight. This will limit the scope for a significant reduction in interest rates. Key factors that could constrain a decline in interest rates include:

i. Election-related considerations, which may heighten risks.
ii. The impact of substantial government borrowing in Q3 2026, which could exert upward pressure on yields and interest rates.
iii. The need to maintain exchange rate stability, requiring the monetary authorities to preserve an attractive yield environment.
iv. This will encourage capital flow and investor confidence.
v. Consequently, interest rates may not decline at the same pace as inflation rates.

External Reserves

The growth in the external reserves in H1 2026 is expected to continue into H2 2026. We see positive drivers in the H2 2026, coming from strong inflows into Nigeria from trade, investment and remittances. We are inclined to revise our earlier forecast from US$50.01bn to US$53.25bn. This will be more than enough to cover over 13 months of imports. The reserves level in 2026 should continue to support stable foreign exchange rate and inspire investor confidence in the Nigerian economy and financial markets.

Exchange Rate

Naira recorded an average exchange rate of ₦1,375.40/US$ in H1 2026. We forecast an average rate of ₦1,360.00/US$ in H2 2026, implying a modest appreciation against the US Dollar. This outlook is supported by elevated crude oil prices, higher oil production, improved external trade performance, stronger capital inflows, and increased diaspora remittances. These factors are expected to boost foreign exchange liquidity and strengthen Nigeria's external position. As a result, improved FX inflows from oil exports, investments, and remittances should support exchange rate stability and moderate pressure on the Naira. Although risks from global market volatility and oil price swings remain, our base-case scenario points to a gradual appreciation of the Naira in H2 2026.

Equity Market

Looking into H2 2026, we believe the equity market still has strong growth potential. Our forecast growth rate in the equity market in H2 2026 is 11.60%. The following sectors will drive the expected growth rate in H2 2026:

i. Banking
ii. Building Materials
iii. Telecommunications
iv. Food and Beverages
v. Power.

Major growth drivers are:

i. Improved corporate earnings
ii. Improved dividend payment
iii. Macroeconomic Stability
iv. Expected inclusion by Global Index providers and subsequent share price appreciation.

Meanwhile, there may be a pullback at a point because of the proposed Dangote Refinery Initial Public Offering (IPO). This is because investors may sell some positions to take advantage of the Dangote Refinery IPO.

Fixed Income Securities

We expect yields in the fixed-income securities market to decline slightly from end of July through H2 2026. This trend will be positive for the equity market. It will also foster the development of alternative investment products such as Exchange-Traded Funds (ETFs) and Real Estate Investment Trusts (REITs). It will encourage the issuance of corporate and government bonds at both state and federal levels. Despite the anticipated drop in yields, Nigerian fixed-income instruments remain attractive on a risk-adjusted basis compared to most other emerging markets.

Forecast of Key Economic and Financial Market Variables			
S/N	**Economic Indicators**	**2025**	**2026**
1	GDP Growth Rate	4.02%	4.1%
2	Inflation Rate - Year Average	23.33%	15.38%
3	Monetary Policy Rate	27.00%	26.50%
4	Exchange Rate - Average	1,518	1,360
5	Crude Oil Production (mbd)	1.50	1.80
6	Crude Oil Price (US/bbd) - Bonny Light	70.09	75.55
7	External Reserves (US$ Billion)	46.10	53.25
8	91 - Day Nigerian Treasury Bill Yield	15.74%	16.80%
9	182 - Day Nigerian Treasury Bill Yield	16.79%	17.97%
10	364 - Day Nigerian Treasury Bill Yield	20.28%	20.85%
11	FGN Bond - 10 - Year Yield	16.76%	16.89%
12	Equity Market - NGX ASI	51.19%	64.53%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10.0

Investment Strategy: Asset Allocations in H2 2026

10.0
Investment Strategy: Asset Allocations in H2 2026

Equity:

i. **Focus on High-Return Equities:** Invest in companies with, strong fundamentals, prospects for capital appreciation and consistent dividend payments (both interim and final). Please see our stock recommendation table. We have also identified undervalued stocks in the banking industry that did not declare dividend for FY 2025 but are strong buy at current prices.
ii. **Dividend Reinvestment:** Reinvest all dividends received to compound returns over time.
iii. **Dynamic Portfolio Management:** Move between stocks based on market conditions and upon reaching target prices.
iv. **Tax Efficiency:** Avoid withdrawing funds from stockbroking accounts to minimise Capital Gains Tax (CGT) exposure.
v. **Seek Guardian:** Your investment Adviser will always be there to guide you throughout the H2 2026. You will need to move close to your investment advisers to know the best way to navigate the H2 2026. This is important as the noise around the next general election and current crisis in the Middle East can create market volatility.
vi. **New Listing in the Market:** Please stay close to your stockbrokers and investment adviser to take advantage of some quality IPO in the market. United Capital Research will provide details later.

Mutual Fund:

i. **Select a trusted Mutual Fund Manager:** Speak with a trusted mutual fund manager like United Capital Asset Management Limited that has historical good performance and registered with the Securities and Exchange Commission (SEC).
ii. **Blend the Assets:** Ensure that you invest in balanced fund which has exposure to blended instrument, from fixed income and equity to maximise your return.
iii. **Growth the Investment Periodically:** Ensure you invest regularly throughout the H2 2026 so that the fund compounds.

Bond:

i. **Tap into Tax Advantage:** Interest received from bond investments are now tax exempt. Leverage on this to grow your investment.
ii. **Go Long:** Select bonds that has long duration and with high yields/coupon.
iii. **Yields May Drop:** As inflation rate drops in the advanced economy and in Nigeria, interest rate and yields Bond may drop. This will make current yields very attractive. You can also leverage the bond portfolio to take advantage of the opportunities in other asset class – particularly equities or alternatives.
iv. **Reinvest the Coupon:** Ensure the periodic coupon (interest payment) is reinvested either in the bond portfolio is in a mutual fund portfolio to compound the return.
v. **Leverage Portfolio:** You can also leverage the bond portfolio to take advantage of the opportunities in other asset class – particularly equities or alternatives.

Nigerian Treasury Bill (NTB):

i. **Go Long:** Select 364-Day NTB which has highest yields. Yields may also drop from August 2026 if global developments remain calm.
ii. **Leverage Portfolio:** You can also leverage the NTB portfolio to take advantage of the opportunities in other asset class – particularly equities or alternatives.

Commercial Paper (CP):

i. **Go Long:** Select a 364-day CP offering strong yields from a company with a solid business model and healthy cash-flow outlook.
ii. **Seek Expert's Advice:** Your investment Adviser will always be there to guide you on the best CP to invest in to achieve your goal.

Alternatives:

i. **Tax Advantage:** ETFs/REITs have tax advantage under the new tax law.
ii. **Private Note:** There are currently some private note offerings from reputable companies in the market that provide attractive yields. Please speak with your Investment Manager for further details and suitability.
iii. **Seek Expert's Advice:** Expert guidance is required to choose ETFs or REITs that match your investment goals.

Stock Recommendation

S/N	Company	Current Price	Target Price	Upside
1	International Breweries	10.50	17.00	61.90%
2	Access Holdings Plc	22.00	35.00	59.09%
3	First Holdco	56.05	84.75	51.20%
4	Mutual Benefits Assurance Plc	3.17	4.70	48.26%
5	Nigerian Breweries	72.50	105.00	44.83%
6	United Bank for Africa Plc	38.40	55.50	44.53%
7	MTN Nigeria Plc	720.00	1,000.00	38.89%
8	Wema Bank Plc	26.00	35.00	34.62%
9	Transnational Corporation Plc	41.50	55.00	32.53%
10	FCMB Group Plc	10.35	13.50	30.43%
11	AXA Mansard Insurance Plc	12.00	15.50	29.17%
12	Sterling Financial Holdings Company	7.75	10.00	29.03%
13	ETI	95.20	120.00	26.05%
14	Aradel Holdings Plc	1,417.50	1,750.00	23.46%
15	Transcorp Power Plc	245.5	300.00	22.20%
16	BUA Cement Plc	340.20	410.00	20.52%
17	GTCO	125.00	150.00	20.00%
18	Dangote Cement Plc	963.00	1,150.00	19.42%
19	AIICO Insurance Plc	4.01	4.75	18.45%
20	Zenith Bank Plc	110.00	130.00	18.18%
21	Lafarge Africa Plc	310.00	360.00	16.13%

Expected Return on Our Model Portfolio – One Year Holding Period			
Asset Class	**Expected Returns**	**Asset Allocation**	**Weighted Return**
Equity Portfolio	27.20%	50.00%	13.60%
Mutual Funds of Blended Assets	10.12%	20.00%	2.02%
Bond - Tax Equivalent Yields	8.50%	10.00%	0.85%
Treasury Bills	9.50%	5.00%	0.48%
Commercial Paper	11.00%	7.00%	0.77%
Alternatives - ETFs, REITs, Commodities, Private Credits/Notes, etcernatives	12.12%	8.00%	0.97%
Portfolio Return		100.00%	18.69%

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About United Capital Research

Shaping Africa's Economic Narrative, One Insight at a Time

United Capital's Research team delivers rigorous, independent economic and financial markets analysis that inform financing & investment decisions, guides policy conversations, and empowers our clients to navigate complex financial landscapes with confidence.

Our research is not merely observational; it is a strategic compass. We translate data into decisions and complexity into clarity for every stakeholder we serve.

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Comprehensive annual reports analysing global, regional, and domestic events with recommendations.

GDP Report
Rigorous analysis of Nigeria's gross domestic product performance, growth drivers, sectoral contributions, and the economic outlook for the period ahead.

Inflation Watch
Timely tracking of consumer price trends, inflationary pressures, and the implications for purchasing power, interest rates, and investment strategy.

Monetary Policy Watch
Dedicated coverage of the Central Bank of Nigeria's policy decisions, interest rate movements, liquidity management, and the broader implications for credit and capital markets.

Economic Update
Regular, data-driven commentary on macroeconomic developments, market movements, and emerging trends, keeping clients informed and ahead of the curve.

The Investors Compass
A strategic guide for investors navigating Nigeria's capital markets, offering actionable insights on

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- SECURITIES TRADING
- CONSUMER FINANCE
- INVESTNOW