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Monthly Economic and Financial Markets Report  
**APRIL 2026**



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# Middle-East Crisis: Economic & Market Impacts



# Middle-East Crisis: Economic & Market Impacts

## Strait of Hormuz

The current Middle East crisis represents a major global supply shock, driven primarily by closure of the Strait of Hormuz, disruptions to oil & gas infrastructure and aviation sectors

These have caused:

- Surging oil and LNG prices
- Increase in fertiliser prices
- Global inflationary pressure
- Supply chain disruptions
- Market volatility
- Capital flight to safety

## Nigeria Impacts

Higher oil revenue offers temporary fiscal relief, but inflation, crude import costs, and exchange rate pressures may pose significant challenges. With large oil refining and production capacity in Nigeria, the country can meet some of the global supply gaps created by the war, if appropriate incentives are given

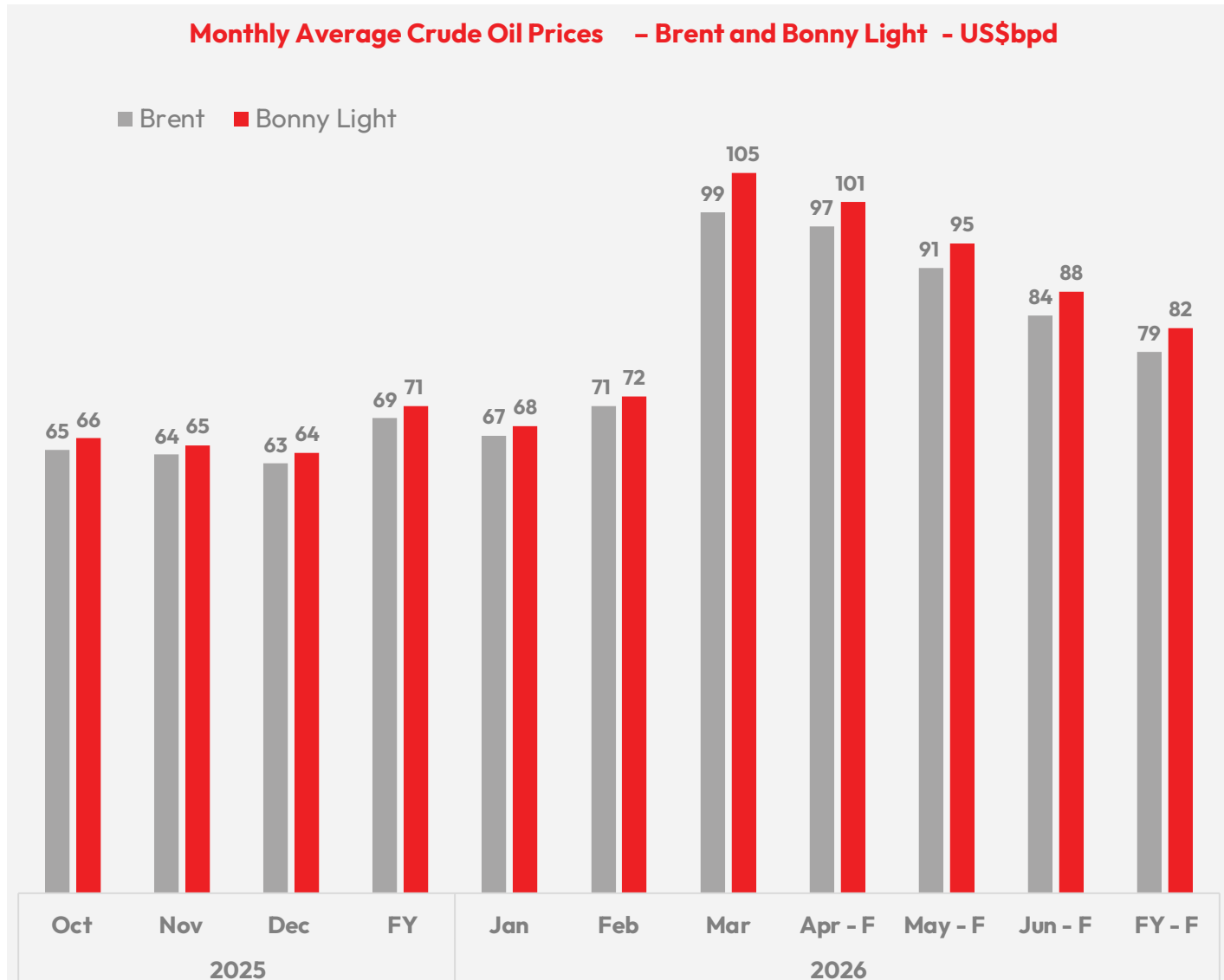
## Winners:

Oil & gas producers, alternative energy, defense/security, some insurers

## Losers:

Shipping, aviation, tourism, manufacturing, agriculture/food supply chains and consumer goods

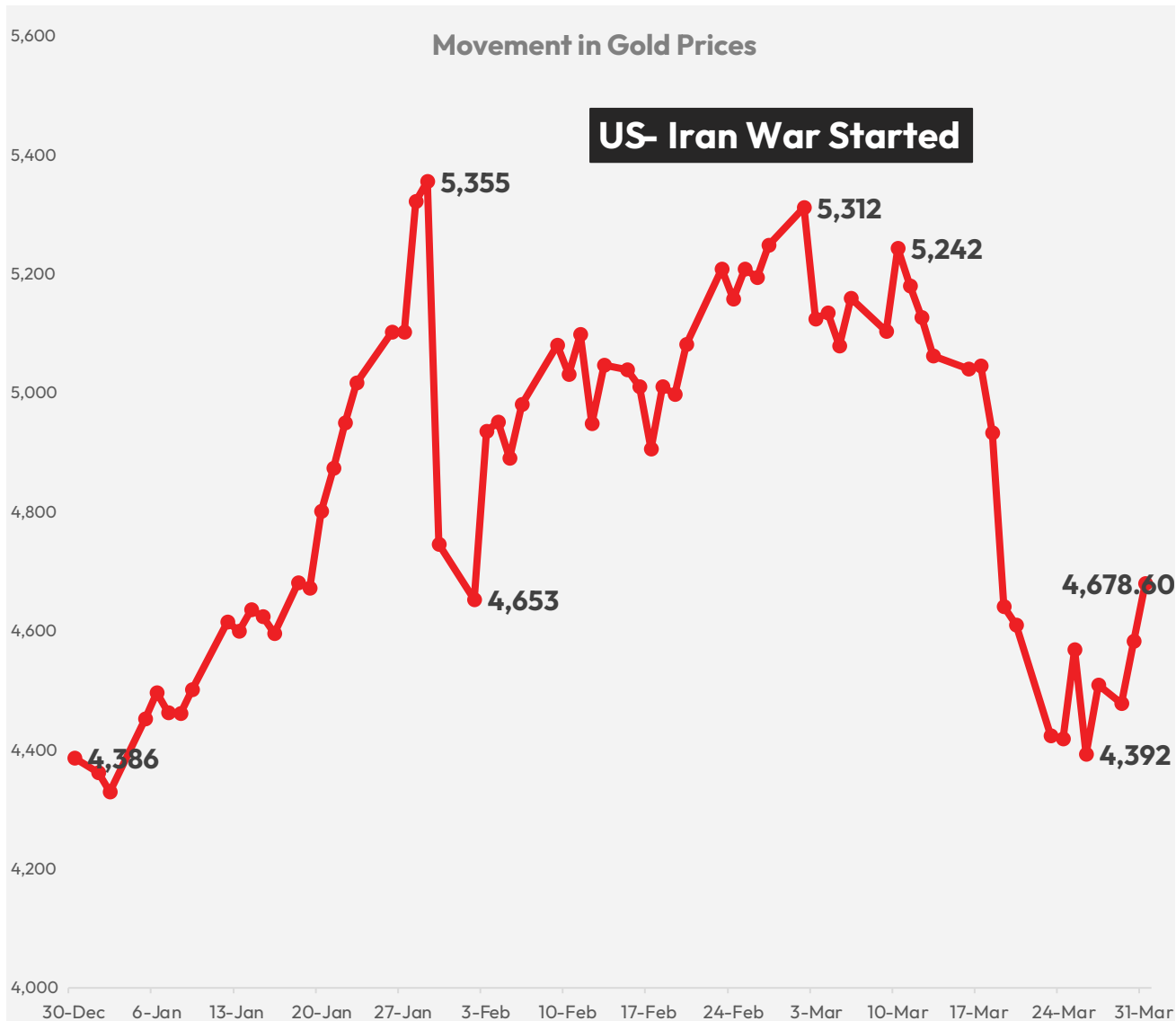
## MIDDLE-EAST CRISIS: ECONOMIC & MARKET IMPACTS [CONT'D]



### Crude Oil Prices

- Average oil price will remain higher in Q2 2026 than in Q1 2026
- However, oil prices are expected to decline in Q2 2026 from the elevated levels recorded in March, assuming a ceasefire
- Energy-driven inflation is expected to surge in Q2 2026, rising above the levels recorded in March, 2026
- Central Banks in several developed countries may raise interest rates to curb the anticipated rise in inflation
- The yields on Euro Bonds may rise

## MIDDLE-EAST CRISIS: ECONOMIC & MARKET IMPACTS [CONT'D]



### Why is Gold Price Trending Down?

- Expectation of increase in interest rate in the near-term
- Driven by expectation of increase in inflation induced by rising energy prices
- Stronger Dollar pushing gold prices lower
- Profit-Taking after a massive price rally
- Liquidity need during market stress pushes gold price down
- Opportunities for Gold ETF for clients or portfolio

### Response from Major Central Banks in March 2026

- **US Federal Reserve** – Hold, despite a push for a cut
- **Bank of England** – Hold, citing renewed inflationary pressure
- **European Central Bank** – Hold, and notes the US-Iran war creating upside risks for inflation and downside risks for growth

## MIDDLE-EAST CRISIS: ECONOMIC & MARKET IMPACTS [CONT'D]

### 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 has increased by 94% Year Till Date to US\$118.35/b
  - Price may hit US \$120–US\$150 if the disruption persists
  - Higher energy prices driving 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, gas, and fertiliser supply threatens manufacturing and food production worldwide
- **Downside Risks to Global Growth**
  - Global GDP may slow if high energy prices persist
  - Asia and Europe are most vulnerable

### Global Financial Market

- **Market Volatility**
  - Equity markets remains 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 the FX in the emerging markets economies
- **Insurance Sector Pressure**
  - Escalating hostility has increased underwriting risks
  - Insurance premium has increased due to elevated insurable risk

## ■ MIDDLE-EAST CRISIS: ECONOMIC & MARKET IMPACTS [CONT'D]

### Winners

- **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

### Losers

- **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

# Currency Pairs – Actual vs Outlook

## Q2 and Q3 2026 Forecast of Key Currency Pairs

Currency Pair	Q1 2026	Q2 2026	Q3 2026	Key Drivers of the Forecast Rates
Euro/US\$	1.1 553	<b>1.1890</b>	<b>1.2027</b>	The Euro is expected to appreciate modestly against the US\$ in Q2 and Q3 2026, supported by a narrowing US rate premium, improving global risk appetite, and stabilising Euro Area fundamentals
US\$ /JPY	15 8.72	<b>152.97</b>	<b>151.01</b>	A narrowing yield gap and rising intervention risk. The Bank of Japan’s gradual tightening cycle—including rate hikes, even as calls for policy easing grow in the US likely to support a stronger Yen against the US\$
GBP/US\$	1.3 226	<b>1.3479</b>	<b>1.3524</b>	Expectations of a stabilising US monetary policy stance, together with the prospect of gradual Bank of England tightening, are likely to narrow the interest-rate differential over time. Although geopolitical tensions and risk-off sentiment have recently strengthened the US\$, a moderation in global uncertainties—such as improving energy market conditions or easing geopolitical pressures—could soften safe-haven demand for the US\$, thereby creating room for a recovery in the GBP
US\$/NGR	1,386.7 2	<b>1,367.12</b>	<b>1,341 .27</b>	Geopolitical tensions involving Iran are expected to ease as 2026 progresses, which could reduce pressure on the Naira. In addition, FX liquidity is projected to improve in Q3, supported by stable oil flows, stronger IMTO inflows, and ongoing CBN reforms

# Commodities Prices Monitor

## Commodities Price Monitor as of March 31, 2026

Commodity	Unit Price	Price (US\$)	MTD	Drivers
Oil Crude – Bonny Light	US\$/bbl	105	44.79%	<ul style="list-style-type: none"> <li>Rising geopolitical tensions US–Israel–Iran war, elevating risk of supply disruptions across the Middle East and boosting African crude premium</li> <li>Stronger global refinery demand for light-sweet crude grades, supporting higher differentials</li> </ul>
Oil Crude – Brent	US\$/bbl	99	38.06%	<ul style="list-style-type: none"> <li>Heightened fears of shipping route disruptions (Strait of Hormuz, Red Sea) due to US–Iran hostilities, lifting global benchmark prices</li> <li>Market repositioning as traders price in potential production outages or export constraints from key OPEC+ members</li> </ul>
Gold	US\$/toz	4,593.70	(13.81%)	<ul style="list-style-type: none"> <li>Expectation of increase in interest rate in the near-term driven by expectation of increase in inflation</li> <li>Stronger Dollar pushing gold prices lower</li> </ul>
Compressed Natural Gas (CNG)	US\$/MMBtu	3.036	(2.30%)	<ul style="list-style-type: none"> <li>Concerns over wider Middle Eastern instability threatening pipeline infrastructure and LNG shipping lanes, nudging prices upward</li> <li>Seasonal demand improvements alongside inventory rebuilding by utilities</li> </ul>
Coffee	US\$/lb	294.16	3.74%	<ul style="list-style-type: none"> <li>Price declines driven by improving supply outlook from major producers like Brazil and Vietnam</li> <li>Geopolitical conflict impact limited; broader commodity risk-off sentiment diverts speculative flows</li> </ul>
Copper	US\$/lb	5.5206	(6.35%)	<ul style="list-style-type: none"> <li>Weakening global manufacturing activity and slower Chinese industrial demand</li> <li>Geopolitical tensions raise uncertainty but do not directly constrain supply, keeping downside pressure intact</li> </ul>
Cocoa	US\$/MT	3,299.75	9.16%	<ul style="list-style-type: none"> <li>Market correction following previously elevated prices caused by West African supply concerns</li> <li>Fund liquidation and easing weather-related fears overshadow limited geopolitical influence from Middle East tensions</li> </ul>

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# Impact of Middle East Crisis on African Economy

# Impact of Middle East Crisis on African Economy

## Impacts

### A. 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 revenues

### B. 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

### C. Financial Market Spillovers:

- Rising global risk aversion has weakened African currencies and increasing debt-servicing costs

## What Must African Countries Do:

### A. Reduce Exposure to External Energy Shocks:

- i. Accelerate energy diversification
- ii. Build strategic petroleum reserves at national and regional levels
- iii. Move downstream: expand local refining, fertiliser, and petrochemical capacity

### B. Strengthen Food Security and Agricultural Self-Sufficiency:

- i. Expand domestic fertiliser production (ammonia, urea)
- ii. Increase grain storage and strategic food reserves
- iii. Use AfCFTA to create regional food supply chains insulated from global shocks

### C. Build Economic Shock Buffers and Macro Resilience:

- i. Build fiscal buffers during commodity upswings
- ii. Deepen local currency markets and reduce reliance on short-term external debt
- iii. Expand use of regional development finance (AfDB, Africa-focused swap lines)

## ■ IMPACTS OF MIDDLE EAST CRISIS ON AFRICAN ECONOMY [CONT'D]

Summary of Net Impacts			
Category	Countries	Net Impacts	Reasons
<b>Clear Gainers</b>	Nigeria, Algeria, Angola	Positive	High exposure to oil&gas exports and fiscal buffers
<b>Conditional / Mixed</b>	Egypt, South Africa, Djibouti	Mixed	Strategic or logistics gains offset by inflation or trade losses
<b>Clear Losers</b>	Kenya, Ghana, Ethiopia, Tanzania, Morocco, Tunisia	Negative	Energy & food import dependence plus limited buffers
<b>Severely Exposed</b>	Sudan, Somalia	Highly Negative	Fragility, food insecurity, no shock absorption
<p>There will be significant drop of foreign remittances from the region to the highly remittance - dependent countries such as Comoros, The Gambia, Lesotho and Liberia</p> <ul style="list-style-type: none"> <li>Foreign Direct Investments (FDIs) from the region into Africa has risen sharply in recent years</li> <li>World Bank reports over US\$100 billion in FDIs flowing into Sub-Saharan Africa between 2022 and 2023</li> <li>However, the current crisis threatens ongoing investments in major energy projects (including hydrogen, solar, and wind), as well as logistics, mining, and agriculture</li> </ul>			

# WAEMU Region, Ethiopia, Ghana and Nigeria

Most WAEMU countries are expected to grow more slowly in 2026 than in 2025, while inflation is set to accelerate across much of the region

## GDP Growth Rate and Inflation Rate – Actual and Forecast in WAEMU Region, Ethiopia, Ghana and Nigeria

	Countries	GDP Growth Rate					Inflation Rate				
		Actual		Forecast			Actual		Forecast		
		2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
1	Benin	7.5%	8.1%	7.0%	7.2%	7.3%	1.2%	1.1%	1.7%	1.6%	1.6%
2	Burkina Faso	4.8%	5.3%	5.0%	5.8%	5.5%	4.2%	-0.5%	3.1%	2.0%	2.0%
3	Côte d'Ivoire	6.0%	6.3%	5.8%	6.50%	7.0%	3.5%	0.1%	3.3%	2.7%	2.0%
4	Guinea -Bissau	4.1%	5.5%	4.8%	4.9%	5.0%	3.7%	0.9%	3.0%	2.3%	2.0%
5	Mali	4.7%	4.1%	5.0%	5.2%	5.3%	3.2%	4.0%	3.7%	2.8%	2.5%
6	Niger	8.3%	7.0%	6.7%	6.4%	6.1%	9.1%	-4.7%	1.2%	2.0%	2.0%
7	Senegal	6.1%	6.7%	2.2%	2.6%	3.0%	0.8%	1.4%	2.8%	2.2%	2.1%
8	Togo	6.5%	5.9%	5.0%	5.8%	6.2%	2.9%	0.4%	2.8%	2.5%	2.1%
9	Ethiopia	8.1%	9.2%	8.0%	6.9%	8.4%	26.7%	16.0%	11.6%	12.1%	8.3%
10	Ghana	5.8%	6.0%	4.8%	4.9%	5.0%	22.9%	14.6%	9.0%	8.0%	8.0%
11	Nigeria	4.1%	4.0%	4.1%	4.2%	4.3%	33.2%	23.0%	14.9%	12.1%	10.7%

Sources: World Bank, April 2026, United Capital Research

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# Impacts of Middle East Crisis on Nigerian Economy

Crude oil

The image is a composite graphic. In the foreground, a dark barrel labeled 'Crude oil' sits on a dark, textured surface. The background is a dramatic scene of a battlefield at dusk or dawn, with tanks and smoke. Overlaid on this scene is a financial candlestick chart with a prominent green arrow pointing upwards, symbolizing economic growth or recovery.

# Impacts of Middle East Crisis on Nigerian Economy

## Nigerian Economy

- **Positive: Higher Oil Prices May Lift Export Earnings**
  - Increase in crude oil price 114% to US\$135.6/b YTD lifts Nigeria's revenue
  - This narrows fiscal deficits and increase external reserves and buffers
- **Negative: Fuel Import Costs & Subsidy Pressures**
  - Higher global crude 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 increase in logistics costs threaten food production and livestock/feed 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

## Nigerian Financial Market

- **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

# Scenario 1 - Base Case

Brent Oil Price	Possible Outcomes	Actions
<p><b>US\$100-US\$120</b></p>	<ul style="list-style-type: none"> <li><b>i. Real GDP:</b> 2.8% to 3.4% — oil sector value -add improves; non-oil slows modestly on cost pressures</li> <li><b>ii. Inflation Rate:</b> 1 .5%-2.5% above prior baseline (energy, transport, food)</li> <li><b>iii. Fiscal Balance :</b> Improvement of 1.0%-1.5% of GDP vs baseline from oil receipts, partly off set by higher fuel import</li> <li><b>iv. Current Account :</b> Modest surplus/narrower deficit. Higher crude exports and costlier refined imports</li> <li><b>v. FX &amp; Reserves :</b> Mixed — Oil inflows help, but stronger US\$ and higher import bills keep FX tight; volatility elevated</li> <li><b>vi. Policy Rate Path :</b> Easing slower than planned; inflation risks argue for cautious stance</li> </ul>	<ol style="list-style-type: none"> <li>1. Tilt asset allocation toward energy -linked earnings while protecting rate -sensitive books</li> <li>2. Reduce equity investments in vulnerable sectors or avoid them for now. The sectors are – aviation, heavy logistics, energy- intensive manufacturing</li> <li>3. Nigeria should increase supply of crude to Dangote Refinery and other refiners to increase local supplies</li> <li>4. Nigeria can hedge refined fuel &amp; critical imports to cap landed - cost volatility</li> <li>5. Front-load fertiliser procurement and secure alternative supply channels</li> <li>6. Government should consider conditional fund transfer to workers and vulnerable Nigerians</li> </ol>

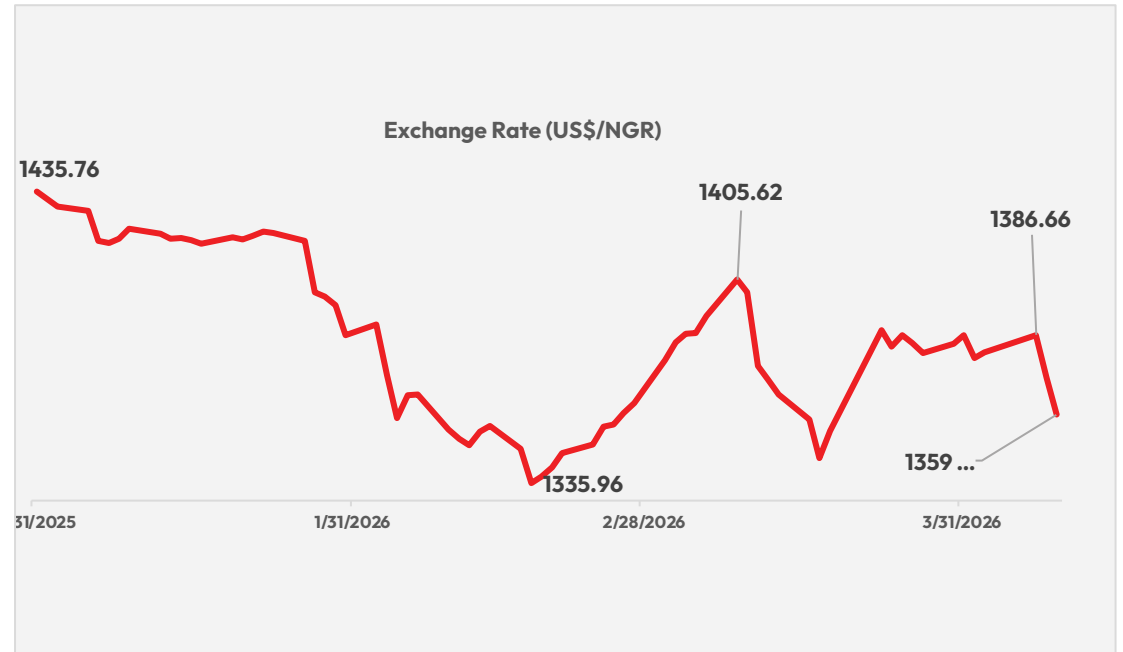
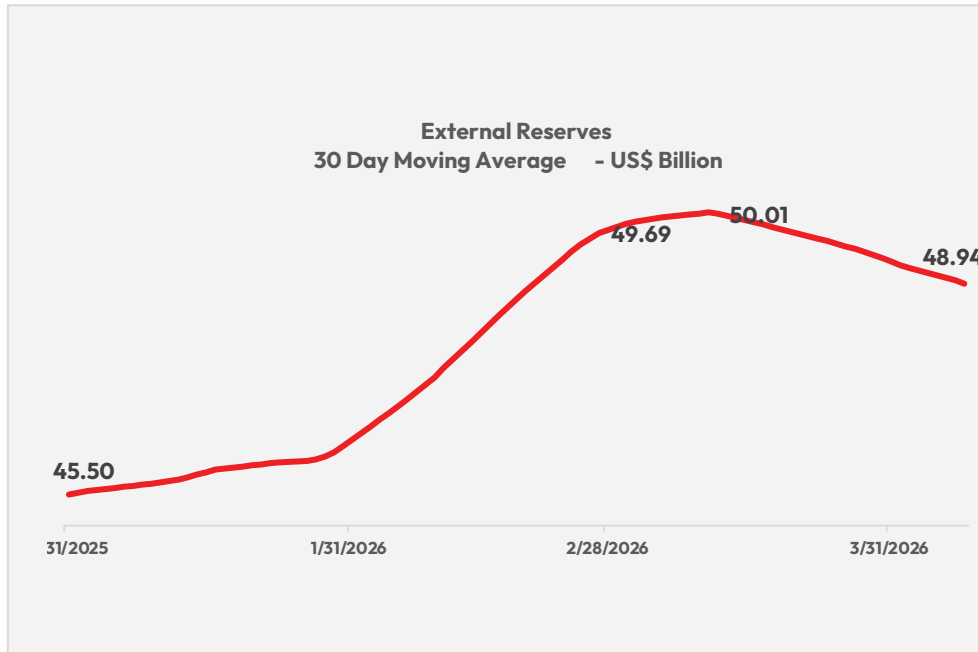
# Scenario 2 - Upside Risk

Brent Oil Price	Possible Outcomes	Actions
<p><b>US\$150–US\$180</b></p>	<ul style="list-style-type: none"> <li><b>i. Real GDP:</b> 1.5% to 2.5% – Oil windfall more than offset by heavier costs for fuel, inputs, and logistics; non- oil sectors slow sharply</li> <li><b>ii. Inflation Rate:</b> 3.0%–5.0% above baseline; food inflation accelerates on fertiliser and logistics shocks</li> <li><b>iii. Fiscal Balance :</b> Ambiguous – gross oil receipts jump, but need for social transfers surge with increase in prices of consumer goods leading to limited net improvement</li> <li><b>iv. Current Account :</b> Deterioration risk if crude/refined oil imports, freight, insurance overwhelm crude earnings; shipping disruptions lengthen lead time</li> <li><b>v. FX &amp; Reserves :</b> Significant pressure from global risk-off and higher import bills; two-way volatility rises as US\$ strengthens</li> <li><b>vi. Policy Rate Path:</b> Tighter for longer to anchor inflation expectations; sovereign yields rise with global risk premia</li> </ul>	<ul style="list-style-type: none"> <li>1. Reduce equity investments in vulnerable sectors or avoid them for now. The sectors are - aviation, heavy logistics, energy-intensive manufacturing</li> <li>2. Reprice credit to vulnerable sectors or avoid them for now</li> </ul>

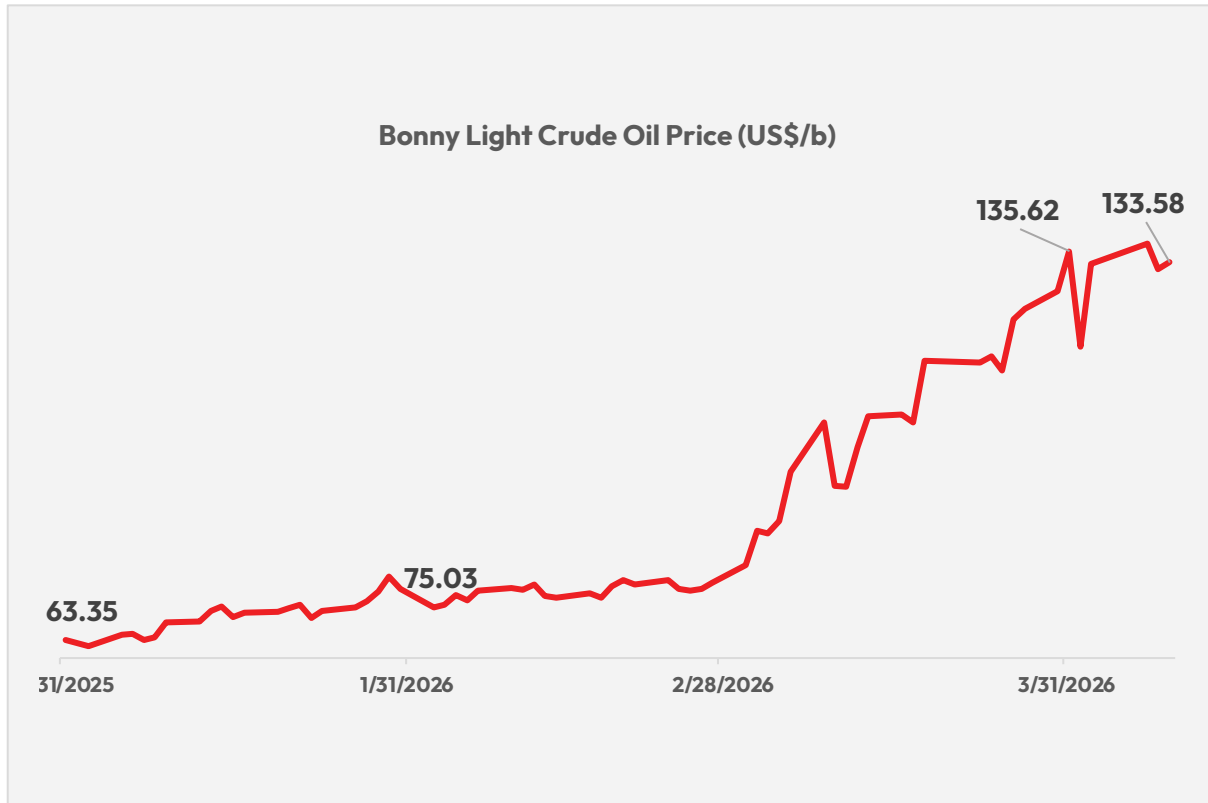
# Scenario 3 - Downside Relief

Brent Oil Price	Possible Outcomes	Actions
<p><b>US\$80-US\$95</b></p>	<ul style="list-style-type: none"> <li><b>i. Real GDP:</b> 3.5% to 4.2% – oil still supportive; non-oil rebounds as costs and freight normalise</li> <li><b>ii. Inflation Rate:</b> 0.5%-1.0% above baseline (lingering food/transport effects fade over the year)</li> <li><b>iii. Fiscal Balance :</b> Clear improvement – higher crude receipts vs manageable import bill</li> <li><b>iv. Current Account :</b> Strengthens; fewer shipping bottlenecks reduce imports' landed costs</li> <li><b>v. FX &amp; Reserves:</b> Stabilisation and gradual reserve build up; narrower parallel-market gaps</li> <li><b>vi. Policy Rate Path:</b> Measured easing will resume when disinflation is sustained and global volatility diminishes</li> </ul>	<p>Gradually increase equity investments in the vulnerable sectors previously avoided. The sectors are - aviation, heavy logistics, energy -intensive manufacturing</p>

# Movement of Key Rates in Nigeria - Q1 2026



## MOVEMENT OF KEY RATES IN NIGERIA - Q1 2026 [CONT'D]




- Strong external reserves initially helped cushion FX demand pressures
- But external reserves later declined as it was used to meet growing foreign-exchange obligations
- Although crude oil prices have risen, low production has limited the accompanying revenue gains
- High crude oil prices have added pressure on consumer goods
- The FGN is expected to earn more revenue in Q2, 2026 than in Q1
- In the near term, we anticipate relative FX stability even as inflation continues to rise

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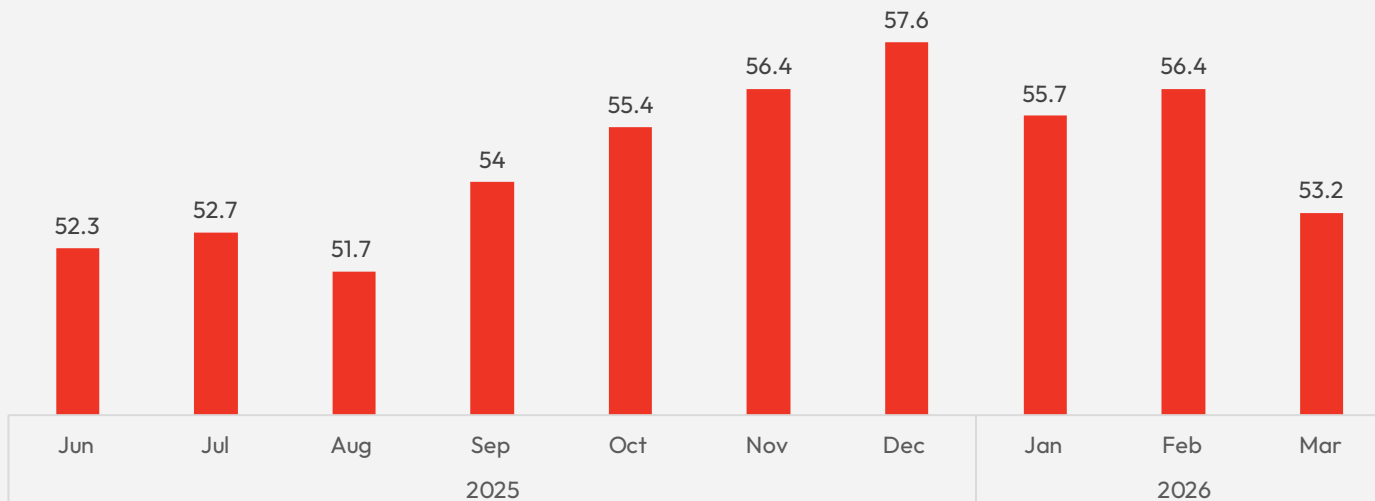


# Macroeconomic Trends in Nigeria & Implications for Markets & Businesses



# Nigerian Economy

Composite Purchasing Manager' Index (PMI) - Points



Index	Feb-26	Mar-26	Change
<b>Composite PMI</b>	56.4	53.2	(3.2)
<b>Industry PMI</b>	56.8	54.0	(2.8)
<b>Services PMI</b>	55.3	52.0	(3.3)
<b>Agriculture PMI</b>	56.6	52.8	(3.8)

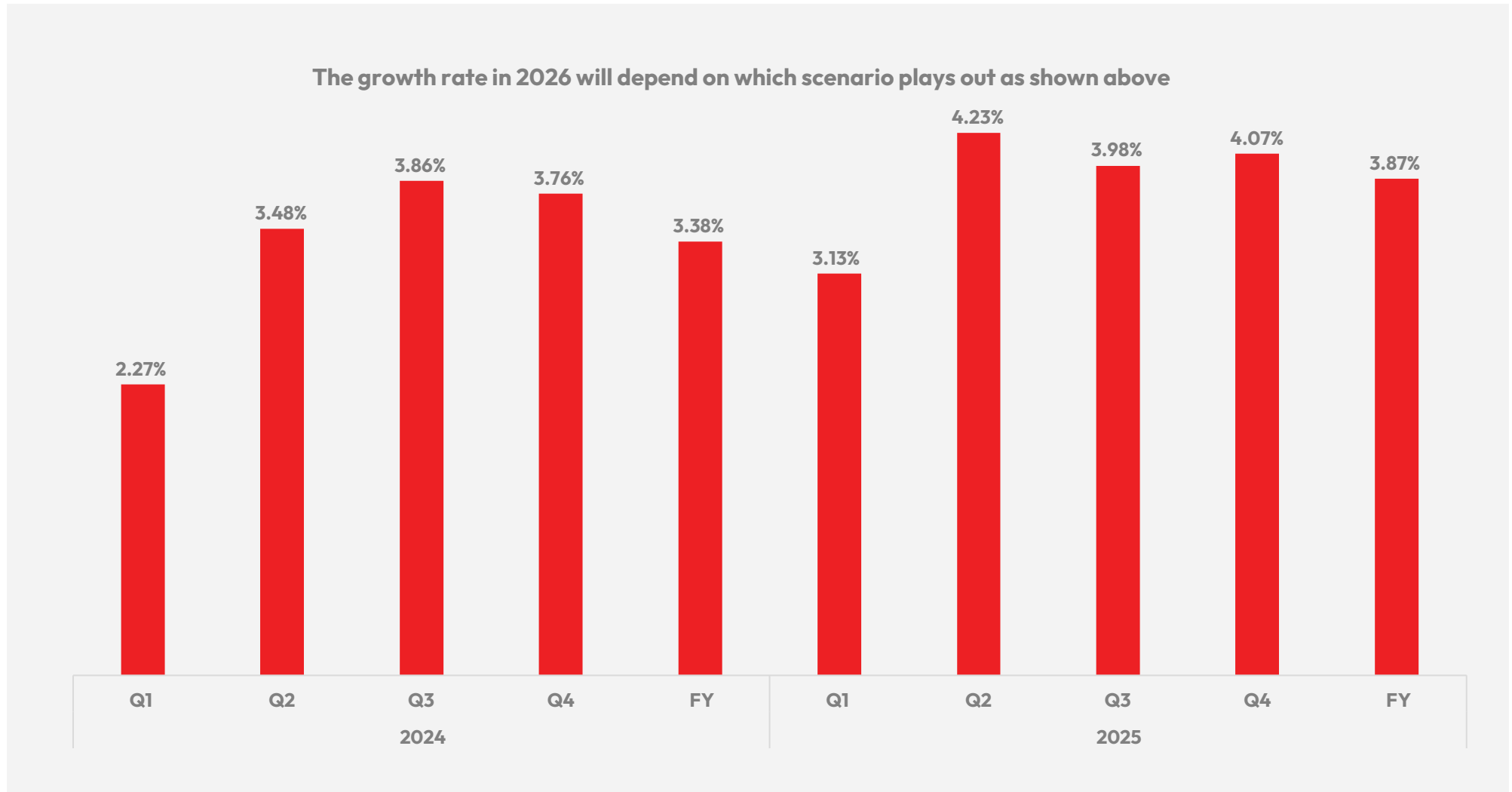
- PMI is a leading indicator of economic health. It is used to gauge the direction of the economy before official GDP figures are released
- A sustained expansion in the PMI often signals higher GDP growth, increased employment, and rising business confidence. This in turn, can support lower interest rates and further encourage investment in the financial markets

## ■ NIGERIAN ECONOMY [CONT'D]

### March 2026 Purchasing Managers Index (PMI)

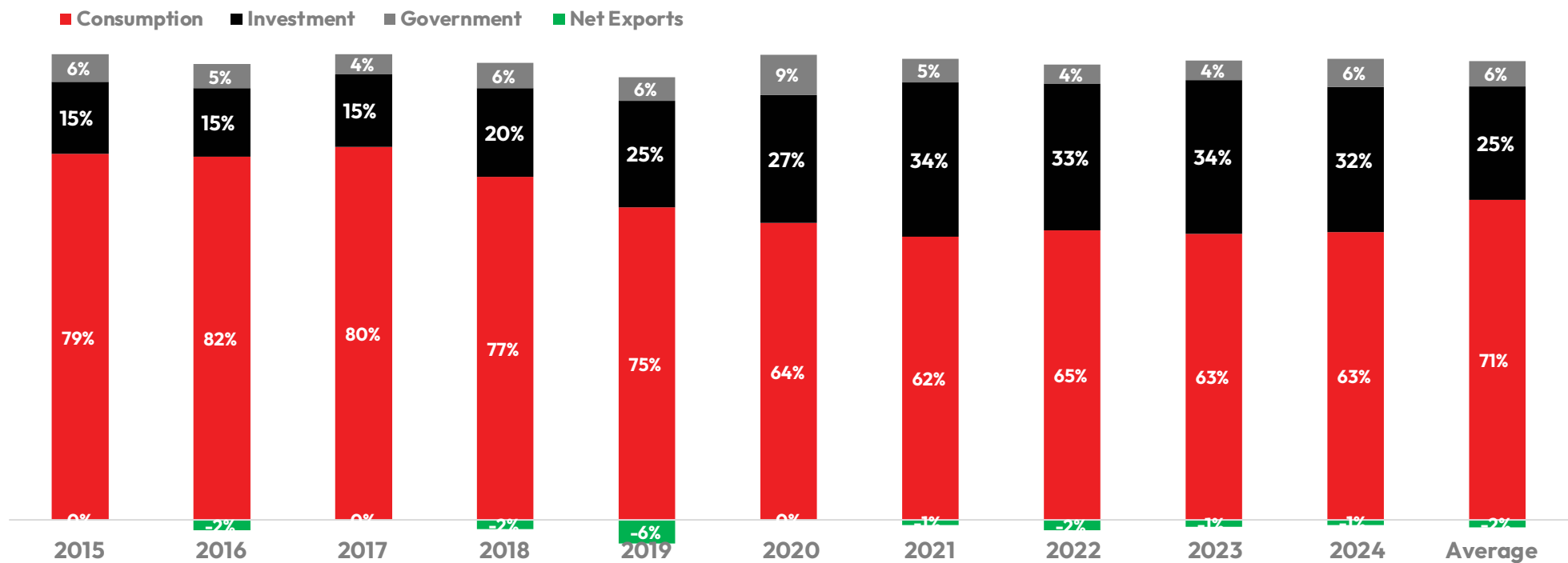
- Composite PMI remains in expansion region of 53.2 points
- Meaning that economic activity remained strong in March 2026 and through Q1 2026
- Industry sector remained in expansion at 54.0 points
- Services sector settled at 52.0 points from 55.3 points
- Agriculture sector also remained in expansion from 56.6 points to 52.8 points
- All the sectors remained in the expansionary range
- Increase in PMI signals an expansion in business activity
- It also indicates firms are growing
- PMI below 50 points signals economic contraction
- This position may change slightly in Q2 2026 and Q3 2026
- As the impacts of the current US-Iran war may dampen GDP growth rate and increase inflation

**■ NIGERIAN ECONOMY – QUARTERLY REAL GDP GROWTH RATE - (Q1 2024 - Q4 2025) [CONT'D]**



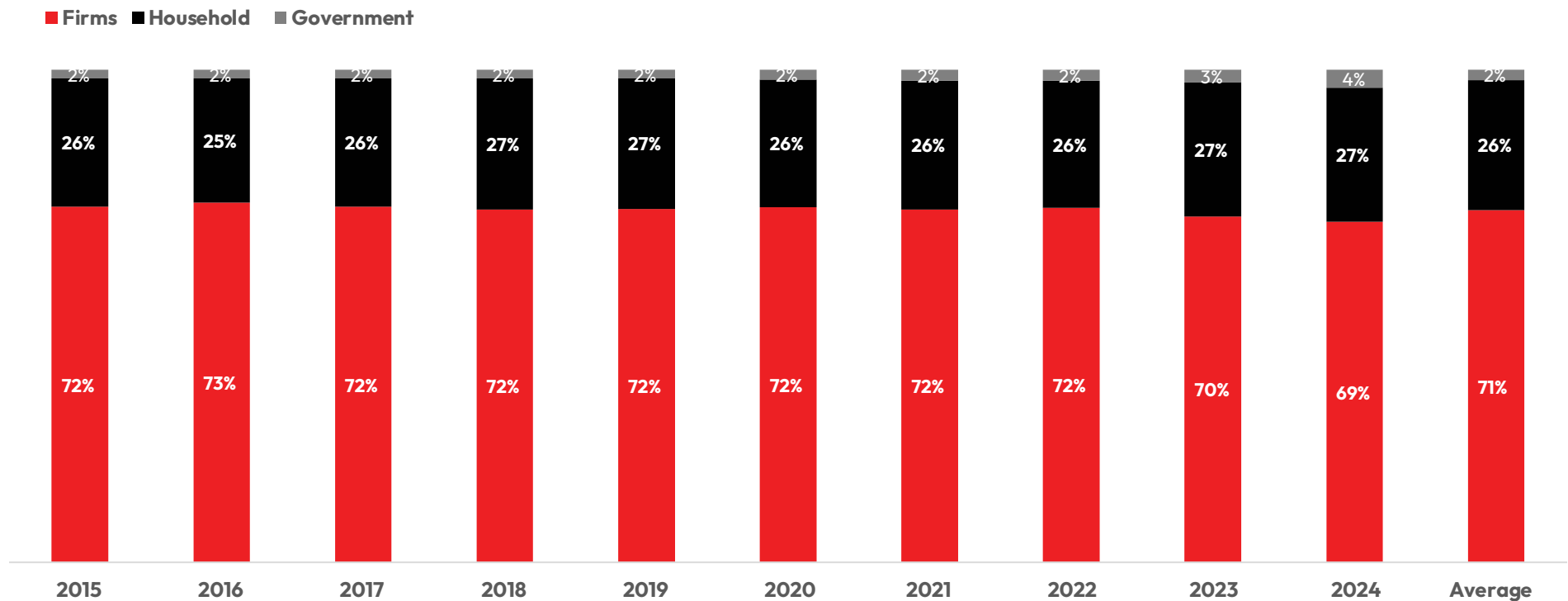
## ■ NIGERIAN ECONOMY – GDP - EXPENDITURE DISTRIBUTION APPROACH - 2015 - 2024 [CONT'D]

The recent rise in crude oil prices—and, by extension, PMS prices—is already exerting pressure on consumer spending, with potential significant consequences for the Nigerian economy. Household consumption accounts for a substantial share of GDP, averaging 71% of the total. Meaning that any significant impacts in this will affect demand for consumer goods

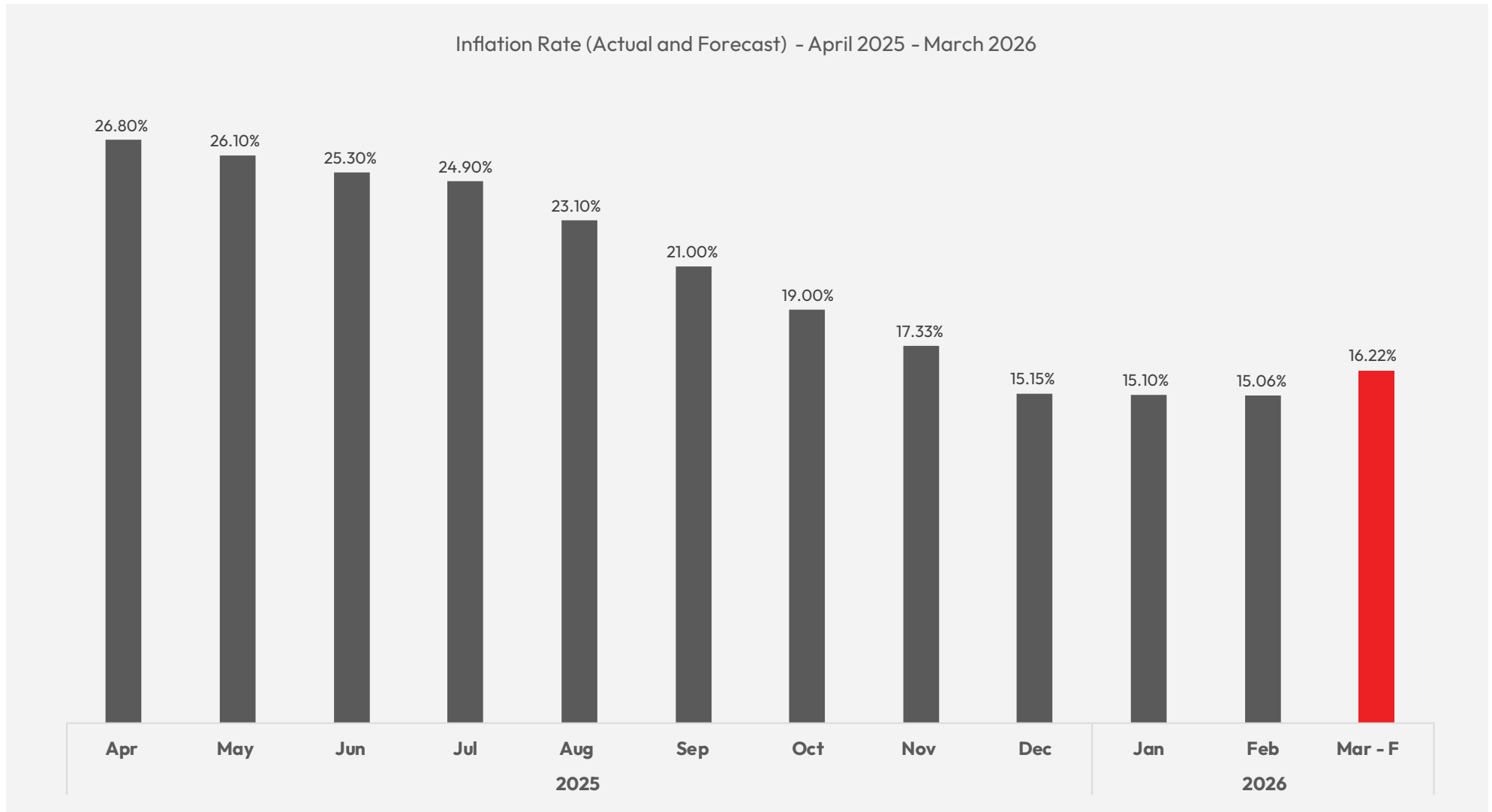


## ■ NIGERIAN ECONOMY – GDP - INCOME DISTRIBUTION APPROACH - 2015 - 2024 [CONT'D]

The recent rise in crude oil prices—and, by extension, PMS and diesel costs—can erode firms’ operating surplus (business profits), particularly for companies unable to pass increased costs on to consumers. Consequently, the credit and investment risk may rise



## ■ NIGERIAN ECONOMY [CONT'D]



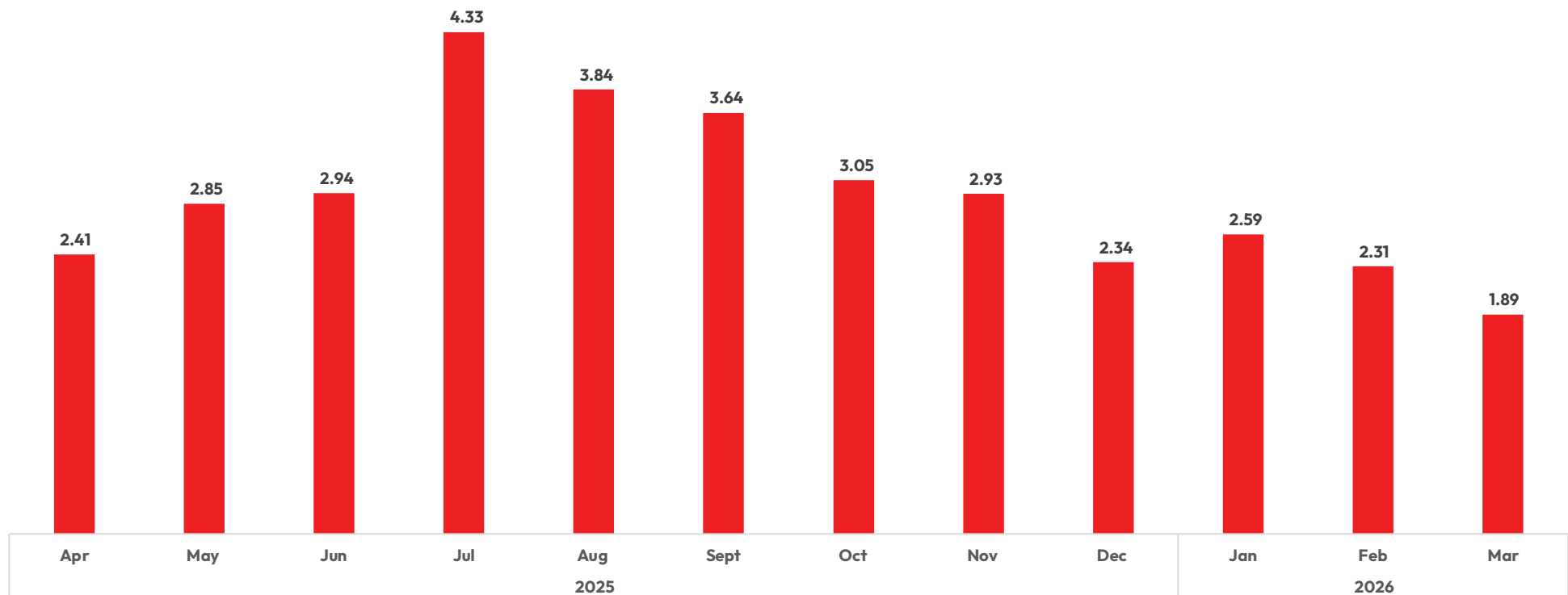
■ NIGERIAN ECONOMY [CONT'D]

Inflation Highlight			
	Jan-26	Feb-26	Change (%)
<b>Headline Inflation</b>	15.10%	15.06%	(0.04%)
<b>Food Inflation</b>	8.89%	12.12%	3.23%
<b>Core Inflation</b>	17.72%	15.88%	(1.84%)
<b>Urban Inflation</b>	15.36%	15.53%	0.17%
<b>Rural Inflation</b>	14.44%	13.93%	(0.51%)

- United Capital Research forecasts an increase in inflation rate in March 2026
- We expect it to rise from 15.06% in February 2026 to 16.22% in March 2026
- The increase is largely driven by increase in energy prices due to middle east war
- The war has exerted upward pressure on prices of consumer good items
- Central Banks are now reassessing their monetary policy stance
- We expect the Central Bank of Nigeria (CBN) to hold rates in the short-term
- However, CBN will continue to use Open Market Operation to stabilise FX market

## ■ NIGERIAN ECONOMY – FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) – N’ TRN [CONT’D]

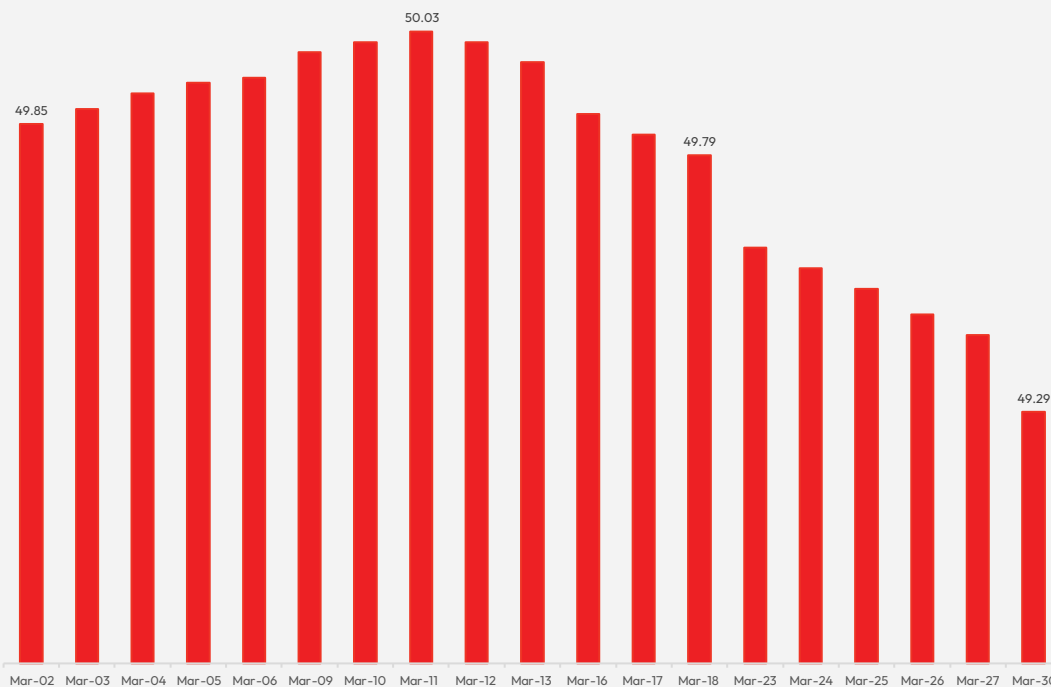
FAAC inflows peaked in July 2025 before declining through March 2026. The figures between July October 2025 were driven largely by transfers to the Non-Oil Excess Account, which ranged between ₦800 billion–₦1.5 trillion



## ■ NIGERIAN ECONOMY – FEDERATION ACCOUNT ALLOCATION COMMITTEE(FAAC) – N’ TRN [CONT’D]

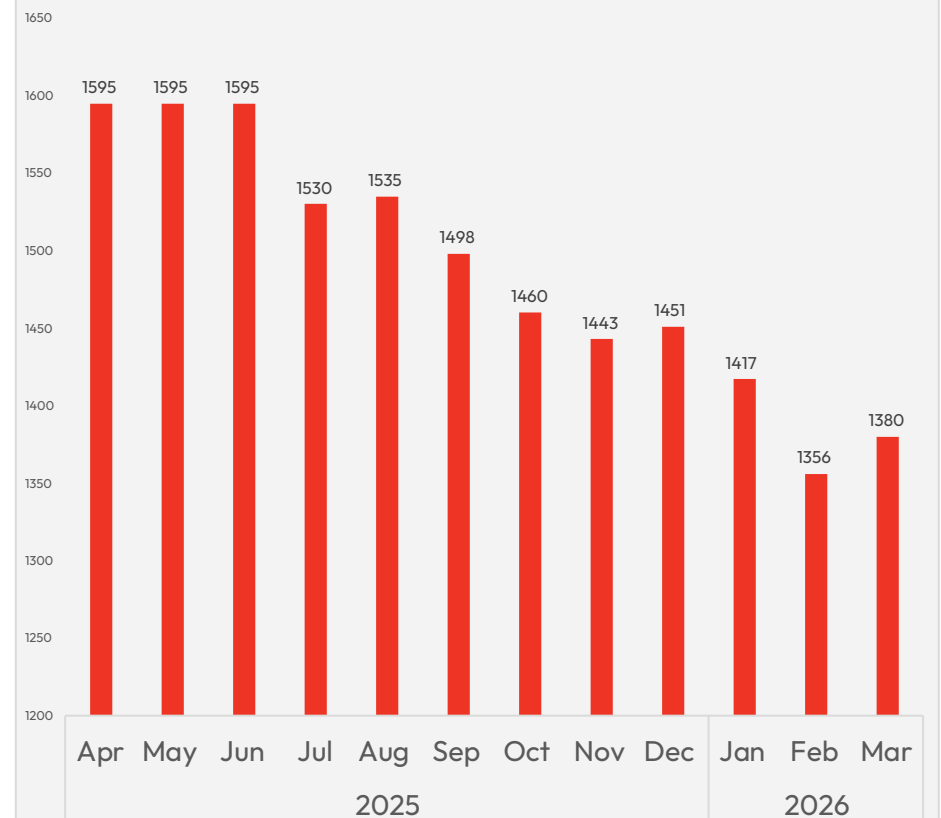
### External Reserves

External Reserves peaked at US\$50.03billion on March 11, 2026 before it dropped consistently to close the month due to the impact of the Middle East crisis and consequent demand pressure in the foreign exchange market. The CBN was able to maintain stable exchange because of the strong external reserves buffers



### Exchange Rate (US\$/NGN)

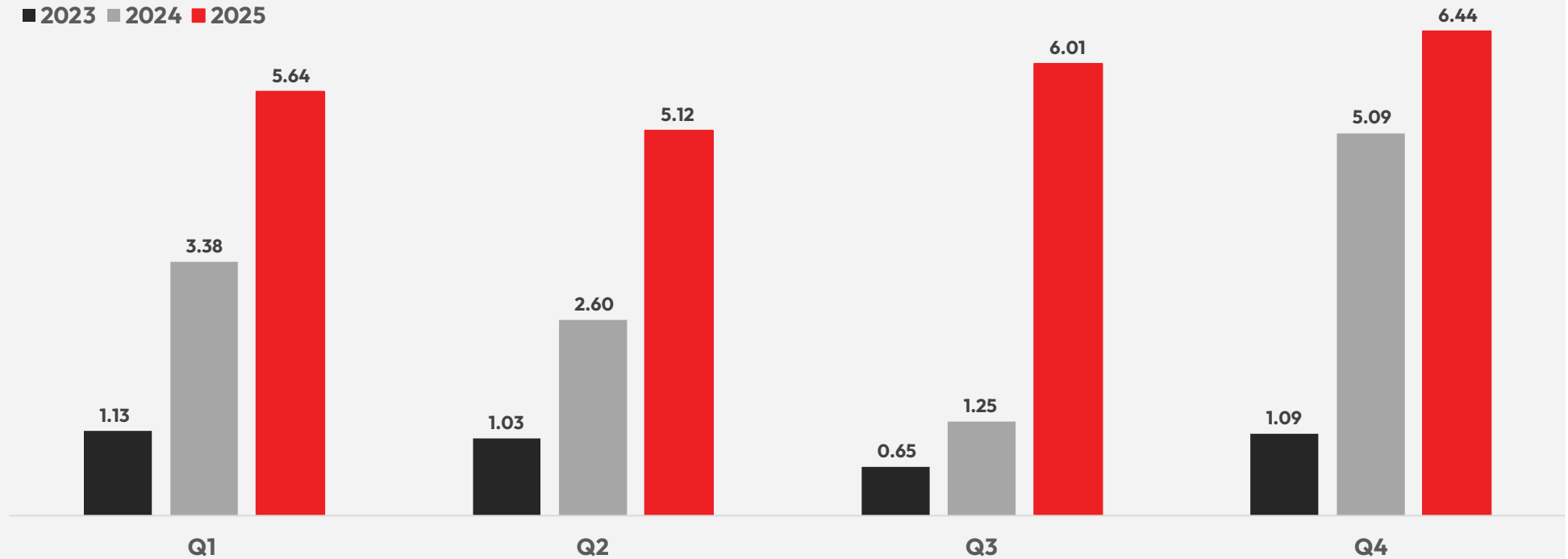
Exchange rate remained resilient despite the demand pressure at the FX market. This was supported by robust external reserves



## ■ NIGERIAN ECONOMY – CAPITAL IMPORTATION – US\$’ BILLION [CONT’D]

Foreign Portfolio Investments (FPIs) accounted for 85% of total capital inflows in Q4 2025, amounting to US\$5.49 billion. Money market instruments, totaling US\$3.08 billion, represented 56% of FPIs and 48% of overall capital importation. In the short - term, we expect the attractive yields on the fixed income securities to attract FX to the Nigerian economy, and this will help to stabilise the FX market

■ 2023 ■ 2024 ■ 2025



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# Equity Market



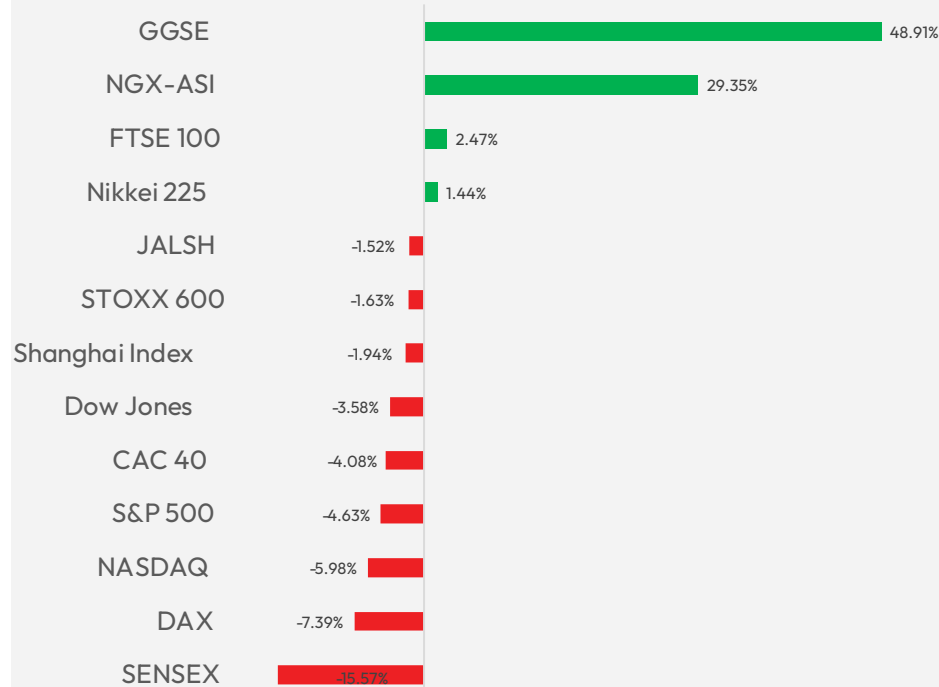
# Global Markets – Equities Market Performance and Outlook

## Global Stock Market Performance Q1 2026

Year-to-date, the NGX All-Share Index (NGX-ASI) has gained 29.32%, outperforming most global peers except Ghana that has gained 48.91%. Nigeria performed well due to strong domestic liquidity, improving external reserves, and sustained interest in Banking, Industrial, ICT, and Oil and Gas stocks that have helped the market remain resilient. Major international indices continue to lag behind

**We expect the market to cool off in Q2 2026 until major Half Year earnings and interim dividends announcements**

Global Equities Q1 Performance



Equities Market Performance in Q1 2026

S/N	Stock Indices	Countries	Year Till Date (YTD)
1	GGSE	Ghana	48.91%
2	NGX ASI	Nigeria	29.35%
3	FTSE 100	United Kingdom	2.47%
4	Nikkei 225	Japan	1.44%
5	JALSH	South Africa	(1.52%)
6	STOXX 600	European	(1.63%)
7	Shanghai Index	China	(1.94%)
8	Dow Jones	United States	(3.58%)
9	CAC 40	France	(4.08%)
10	S&P 500	United States	(4.63%)
11	NASDAQ	United States	(5.98%)
12	DAX	Germany	(7.39%)
13	SENSEX	India	(15.57%)

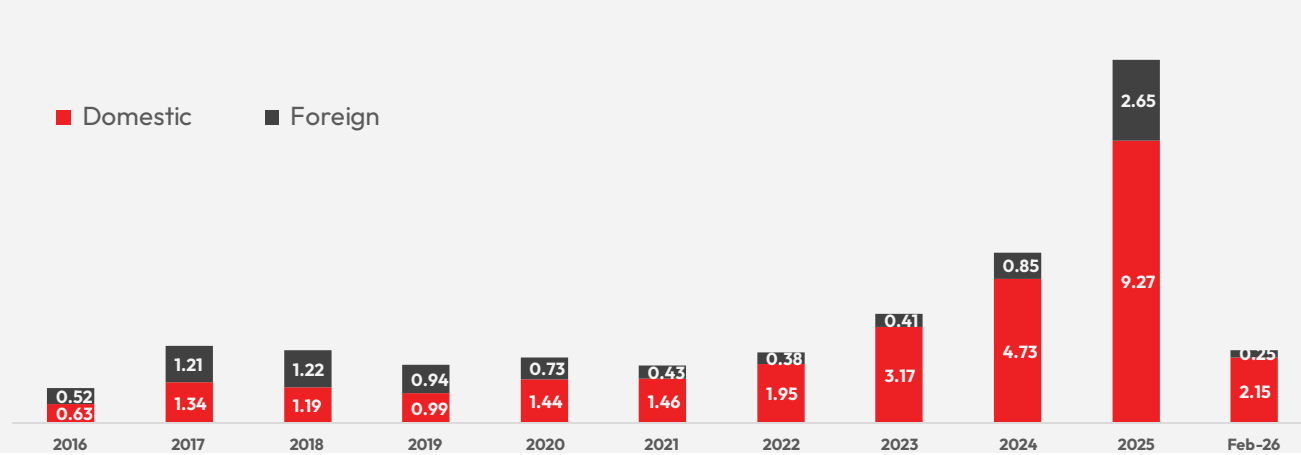
# Nigerian Equity Market Q1, 2026 Performance

Index	December 31, 2025	March 31, 2026	Change
<b>NGX-ASI</b>	155,613.03	201,287.78	29%
<b>Oil/Gas Index</b>	2,670.24	4,385.20	64%
<b>Industrial Goods Index</b>	5,676.48	8,775.98	55%
<b>Banking Index</b>	1,515.85	1,860.75	23%
<b>Consumer Goods Index</b>	3,975.48	4,359.85	10%
<b>Insurance Index</b>	1,189.32	1,231.42	4%

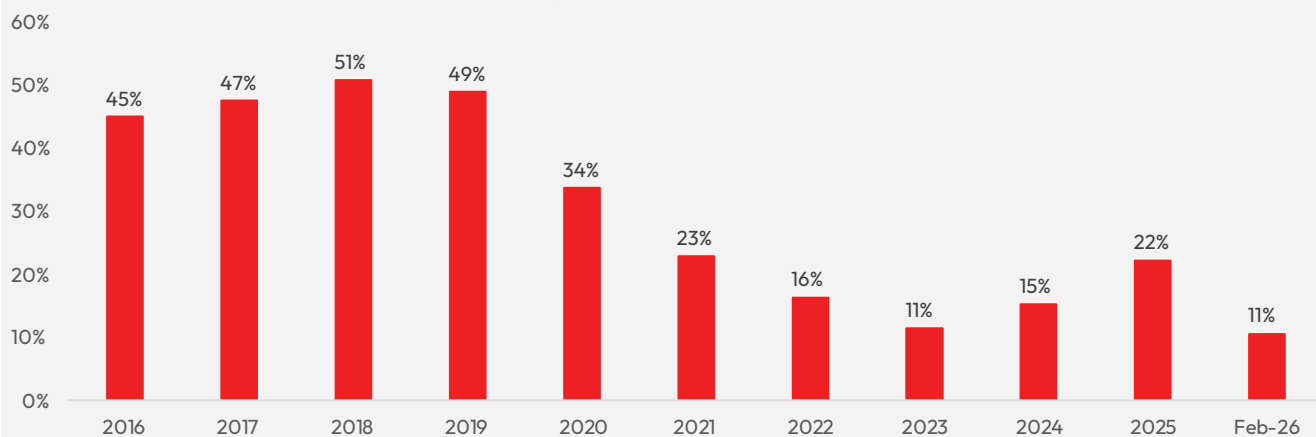
- In Q1 2026, the NGX-ASI showed strong performance, closing at 201,287.78 points with a YTD Gain of 29%
- All sectors under our coverage closed the quarter in the green owing to strong investor sentiment and gains in large cap stocks in each of the sectors
- The Oil and Gas Index closed the quarter with the highest YTD gain 64% due to strong buy interests in SEPLAT and ARADEL
- The Insurance Index closed the quarter with the least gain of 4%
- There may be a slow down in the equity market in the Q2, 2026 to reflect, cost pressure, increase in inflation rate

# Transactions in the Nigerian Equity Market by Sources

Foreign and Domestic Transaction in the Equity Market - N' Trillion



Historical Foreign Transactions in the Equity Market



## Foreign Investors' Participation in NGX

- Foreign investors' participation remained below 25% from 2021 through February 2026
- Local and retail investors involvement have continued to rise
- This growing domestic dominance has strengthened the resilience of the equity market
- However, the ripple effects of the current Middle East crisis may soon begin to weigh on overall market performance

# Nigerian Capital Market Transitions to T+1 Settlement Cycle

## T+1 Settlement Cycle

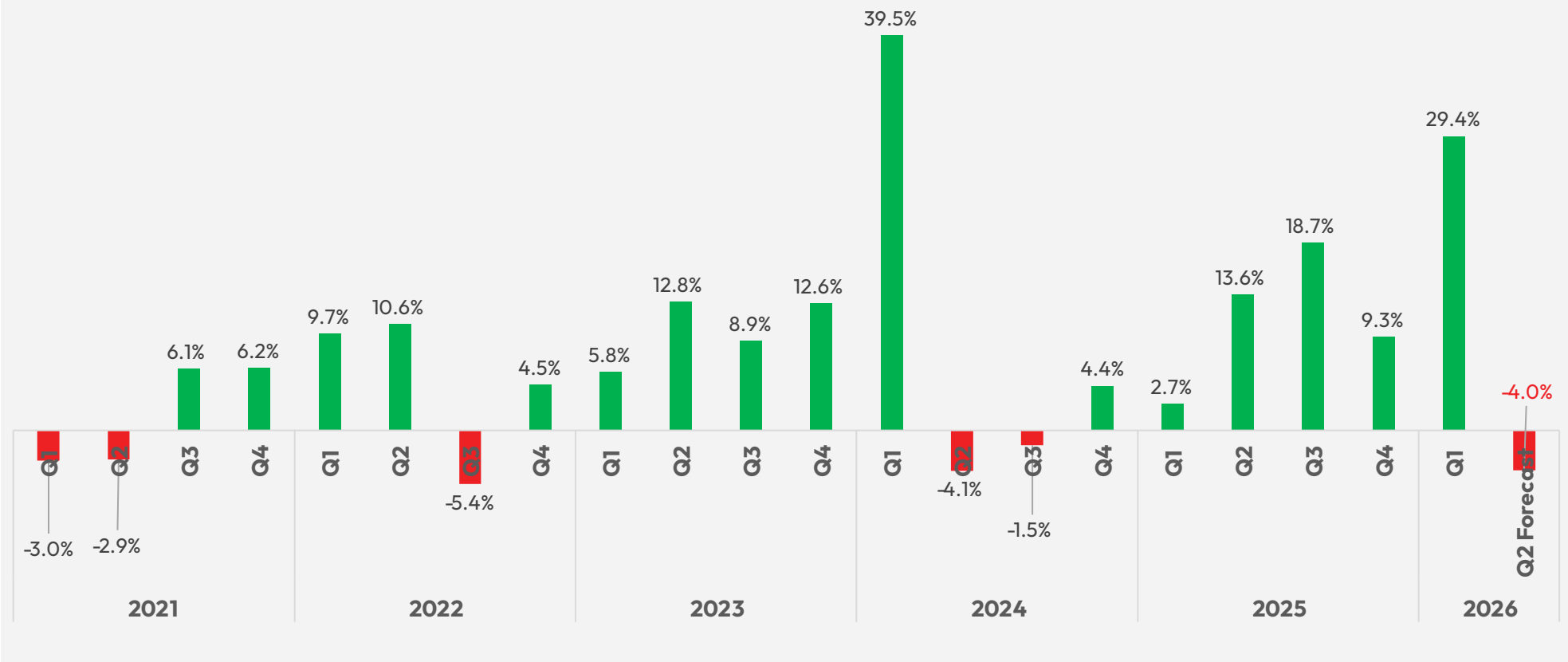
- The Nigerian Capital Market will transition to T+1 Settlement Cycle effective Friday, May 29, 2026
- Under T+1, all trades will settle one business day after the trade date
- The change aligns Nigeria with global markets such as the US and India, boosting Nigeria's competitiveness and improving foreign investor familiarity with settlement processes
- The shift aims to enhance post-trade infrastructure, improve efficiency, reduce settlement risk, and align with global best practices

## Benefits of the T+1 Settlement Cycle

- The transition will reduce counterparty and settlement risk, shrinking the exposure window where price fluctuations or defaults could disrupt trade finality, thereby strengthening overall market stability
- Liquidity will improve significantly under the T+1, as investors receive cash on trades within 24 hours
- This will enable faster reinvestment and more active portfolio management across NGX-listed securities

# Nigerian Equity Market - Quarter Performance : 2021- 2026

The equity market is expected to cool off in Q2 2026, before recovering in Q3 and Q4



# FTSE Nigeria Equity Market Classification

## FTSE Nigeria Equity Market Classification

- FTSE Russell’s Index Governance Board approved Nigeria’s reclassification from Unclassified to Frontier Market effective Monday, September 21, 2026
- Nigeria was moved from Frontier Market to Unclassified status in September 2023
- This follows significant delays in foreign exchange execution and capital repatriation for international institutional investors
- Nigeria was placed on the FTSE Watch List in September 2025 for potential reclassification following FX liquidity and backlog obligations cleared
- FTSE confirmed that Nigeria now meets all FTSE Quality of Markets criteria required for Frontier status
- The FTSE decision signals growing confidence in Nigeria’s FX market functioning and capital mobility, validating recent reforms

## NIGERIA’S CLASSIFICATION STATUS 2022-2026

Year	Status
2022	Frontier Market
2023	Unclassified
2024	Unclassified
2025	Unclassified (Watch List)
2026	Frontier Market - effective Sept 21,2026

## Implications for the Nigerian Market

- More liquidity and demand for Nigerian’s value stocks, leading to appreciation
- More participations from foreign investors and increase in FX liquidity in Nigeria
- Endorsement of the CBN FX policy which can help stabilise the value of Naira

# Possible Equity Market Booster in Q2 or Q3 2026

## Possible Listing



- These companies are expected to drive market activity and boost overall market capitalization
- Some stocks may experience sell-offs as investors rebalance their portfolios to take positions in the Dangote Refinery and Dangote Fertilizer listing

Listing of certain private insurance companies to support recapitalisation efforts

More mining or modular refineries in the market

# Fixed Income Securities

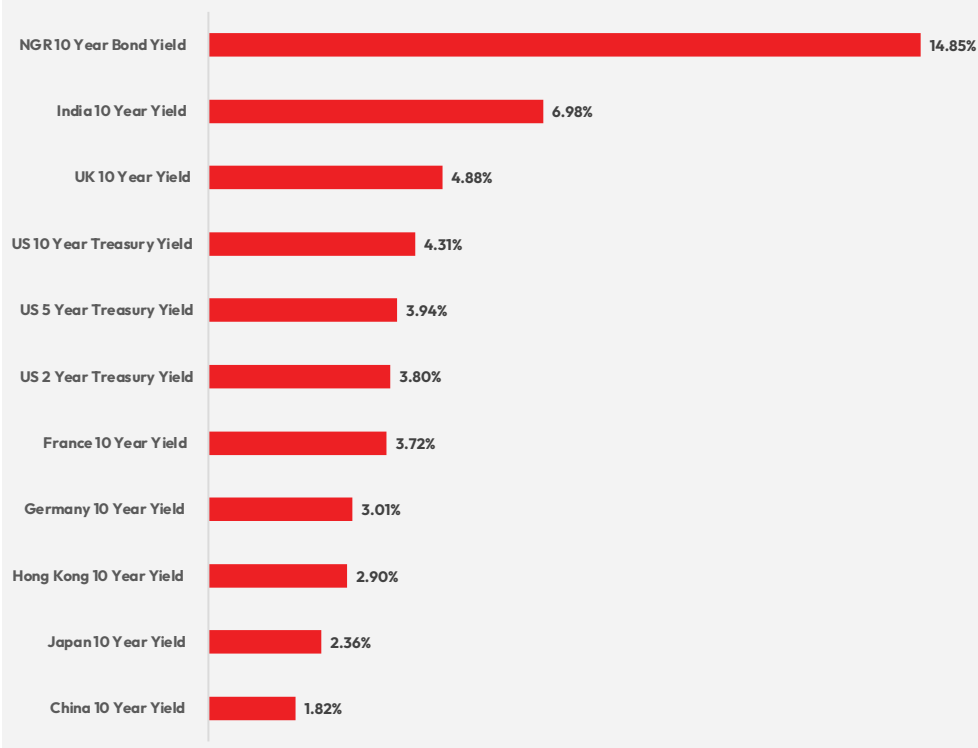


# Global Markets – Bond Market Performance and Outlook

## Government 10-Year Bond Yields Performance in Q1 2026

Most of the Global Sovereign Bond yields we tracked rose in March 2026, closing Q1 above December 2025 levels, largely in response to the Middle East crisis. Yields are expected to increase further in Q2 2026 amid anticipated higher inflation in major advanced economies. **With expectations of a stable exchange rate, moderate inflation, and tax advantages, Nigerian Sovereign Bonds remain attractive relative to most global peers**

Global Government Bond Yields in Select Countries



Name	Dec 31, 2025	Mar 31, 2026	Change
NGR 10 Year Bond Yield	16.81%	14.85%	(1.96%)
India 10 Year Yield	6.59%	6.98%	0.39%
UK 10 Year Yield	4.47%	4.88%	0.41%
US 10 Year Treasury Yield	4.18%	4.31%	0.13%
US 5 Year Treasury Yield	3.71%	3.94%	0.23%
US 2 Year Treasury Yield	3.47%	3.80%	0.33%
France 10 Year Yield	3.56%	3.72%	0.16%
Germany 10 Year Yield	2.86%	3.01%	0.15%
Hong Kong 10 Year Yield	3.10%	2.90%	(0.20%)
Japan 10 Year Yield	2.08%	2.36%	0.28%
China 10 Year Yield	1.86%	1.82%	(0.04%)

# Fixed Income Market Performance

## Nigerian Treasury Bills (NTBs) Yields – Secondary Market

NTBs	Dec 31, 2025	March 31, 2026	Change
91 day	16.30%	16.16%	(0.14%)
182 day	16.70%	17.28%	0.58%
364 day	19.59%	19.26%	(0.33%)

## Federal Government Bonds Yields – Secondary Market

FGN Bonds	31-Dec -25	31-Mar-26	Change
5-year	17.11%	16.25%	(0.86%)
7-year	17.06%	16.22%	(0.84%)
10-year	16.81%	14.85%	(1.96%)

## Short-Term Interest Rates

Rate	31-Dec -25	31-Mar-26
Overnight Repo Rate (OPR)	22.50%	22.00%
Overnight Rate (OVR)	22.75%	22.30%

Source: FMDQ, United Capital Research

- In Q1, the fixed income market was largely bullish
- In the NTBs market, yields fell on the short- and long-term bills
- In the medium-term, the 182-day bill, yields rose to 17.28%
- In the bonds markets, yields fell across the tenors we tracked
- This reflects increased demand for fixed income securities and a preference for safer assets amid evolving interest rate expectations

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# Pension Fund Assets

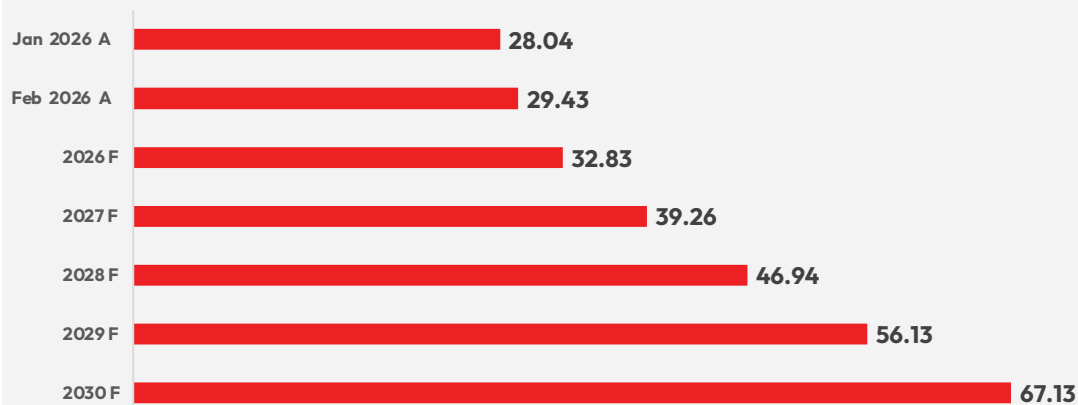


# Pension Fund Assets

**Pension Fund Assets – February 2026 Actual (A) - 2030 Forecast (F) : N' Trillion**

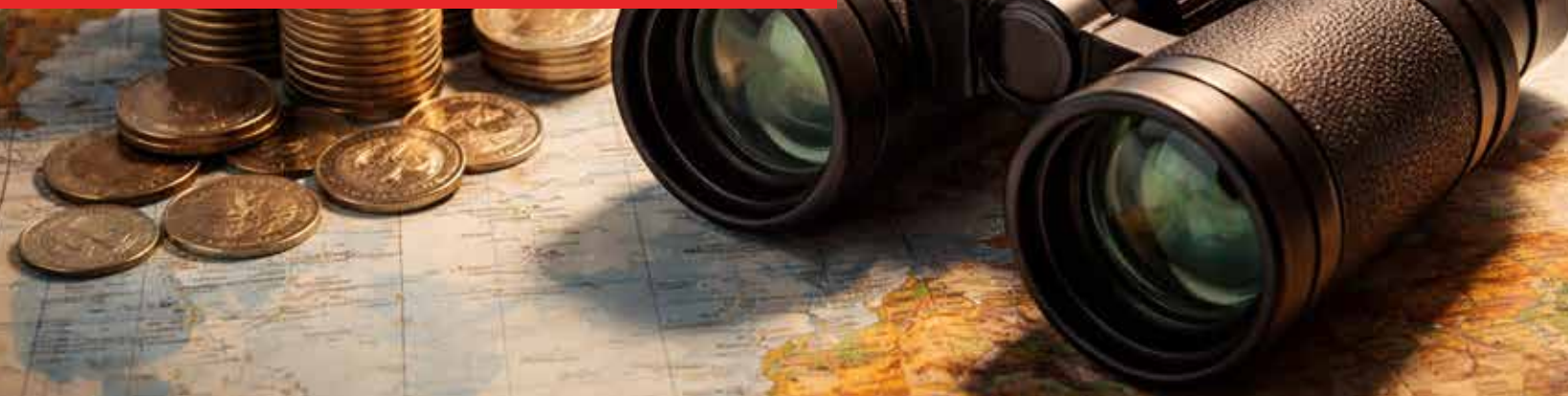
	Jan 2026 A	Feb 2026 A	2026F	2027F	2028F	2029F	2030F
<b>Total Net Asset Value</b>	28.04	29.43	32.83	39.26	46.94	56.13	67.13
<b>Fund I</b>	0.48	0.54	0.78	1.36	2.38	4.15	7.23
<b>Fund II</b>	11.86	12.67	13.73	16.37	19.52	23.28	27.75
<b>Fund III</b>	7.19	7.45	8.39	10.03	12	14.35	17.16
<b>Fund IV</b>	2.27	2.31	2.71	3.26	3.93	4.73	5.7
<b>Fund V</b>	0.01	0.00	0	0	0.01	0.01	0.02
<b>Fund VI - Active</b>	0.23	0.26	0.39	0.69	1.23	2.19	3.89
<b>Fund VI - Retiree</b>	0.02	0.03	0.04	0.09	0.17	0.32	0.61
<b>Existing Schemes</b>	3.28	3.40	3.72	4.09	4.24	3.91	2.61
<b>CPFAs</b>	2.69	2.80	3.06	3.35	3.48	3.21	2.14

**Pension Fund Assets (N' Trillion)**



- Total Pension Fund Assets are projected to rise steadily from ₦29.43trn in February 2026 to ₦67trn by 2030F
- This indicates sustained contributions and compounding returns
- Fund II remains the anchor fund contributing over 40% of the total
- Fund II allows exposure to variable-income instruments (equities, private equity, mutual funds, infrastructure funds) of up to 55% of the portfolio
- The fund is for employees below 49 years
- Pension fund growth will provide liquidity supports for equity market
- It will also provide source of long-term financing for infrastructure

# Outlook for Q2 2026



# Global Economy & Markets Outlook in Q2 2026

Indicators	Q2 Outlook	Drivers	Financial Market Impacts
<b>GDP</b>	Slowing Globally	Energy shock, weaker confidence, supply disruptions	Weak equity performance particularly in non-energy stocks
<b>Inflation</b>	Rising	Higher oil, gas, food, logistics costs	Rising interest rate and yields
<b>Commodity Prices</b>	Elevated Energy, Metals, Fertilizers, Food	Infrastructure attacks, shipping blockages	Shirking profit margin and lower equity prices
<b>Investment Flows</b>	Weakening	Higher uncertainty, tighter financial conditions	Lower equity growth in energy-importing countries
<b>Global Trade</b>	Disrupted, Slower	Blocked routes, higher freight/insurance costs	Rising costs, lower profit margins and delay in deliveries

# Nigerian Economy and Markets Outlook in Q2 2026

Indicators	Q2 Outlook	Drivers	Financial Market Impacts
<b>GDP</b>	Slower GDP : 3.2% - 3.5%	Rising energy cost, weak consumer purchasing power, delays in deliveries	Weak equity performance particularly in non - energy stocks
<b>Inflation</b>	Rising : 15.15% - 16.22%	Higher oil, gas, food, logistics costs	Increase in interest rate and yields, moderated by high system liquidity
<b>Currency</b>	Moderate demand pressure - ₦1,367.12	Demand pressure but increase in FX inflows and OMO rate	Funds may move to OMO instruments
<b>MPC Decision</b>	Hold Rates	Uptick in inflation and FX demand pressure	Shrinking profit margin and lower equity prices
<b>Lending</b>	Slower lending	Lower profit margin, weak demand, delays in deliveries	Strong risk management framework
<b>Equity Market</b>	Slowdown - Negative 4%	Profit taking, drop in profit margin and weak purchasing power	Equity market depreciate marginally from Q1 2026 close

# Stock Recommendation

S/N	Stocks	Current Price	Target Price	Upside	Duration	Remark
1	C & I Leasing Plc	6.5	10	54%	Dec - 2026	BUY
2	International Breweries	14	20	43%	Dec - 2026	BUY
3	Sterling Financial Holdings	7.5	10	33%	Dec - 2026	BUY
4	United Bank for Africa Plc	46.4	60	29%	Dec - 2026	BUY
5	FCMB Group Plc	11.8	15	27%	Dec - 2026	BUY
6	MTN Nigeria	760	950	25%	Dec - 2026	BUY
7	Transnational Corporation	48.35	60	24%	Dec - 2026	BUY
8	Access Holdings Plc	25.85	32	24%	Dec - 2026	BUY
9	AllCO Insurance Plc	4.1	5	22%	Dec - 2026	BUY
10	Mutual Benefits Assurance	4.09	4.9	20%	Dec - 2026	BUY
11	Transcorp Power Plc	306.9	365	19%	Dec - 2026	BUY
12	Dangote Cement Plc	810	950	17%	Dec - 2026	BUY
13	Wema Bank Plc	26	30	15%	Dec - 2026	BUY
14	Beta Glass Plc	498.5	574	15%	Dec - 2026	BUY
15	AXA Mansard Insurance	15.21	17.5	15%	Dec - 2026	BUY
16	Lafarge Africa Plc	219.9	250	14%	Dec - 2026	BUY
17	Aradel Holdings Plc	1,260	1,400	11%	Dec - 2026	HOLD
18	Zenith Bank	95.8	105	10%	Dec - 2026	HOLD
19	Seplat Energy Plc	9,099.9	9,500	4%	Dec - 2026	HOLD

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