WEEKLY FINANCIAL MARKETS.

Friday, 22 May 2026

MARKET COMMENTARY

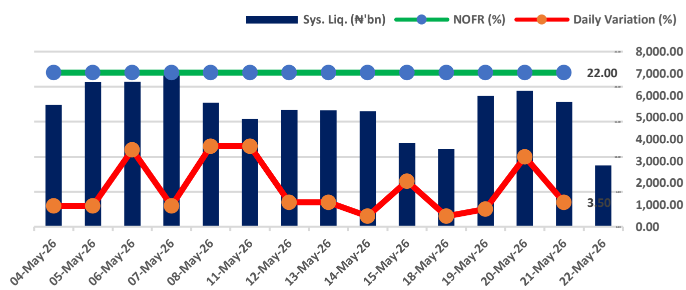
System Liquidity: *Liquidity Surges Midweek Before Sharp Pullback*

System liquidity remained in surplus this week though it was elevated towards the end of the week. The system opened the week at ₦3.56 trillion on Monday, 18 May 2026, supported by modest inflows. Liquidity improved further by Mid-week to approximately ₦6.21 trillion, driven by a sizable OMO maturity inflow of about ₦2.25 trillion and ₦8.43 billion PMA repayments.

However, this was partially offset by OMO auction sales of ₦829.33 trillion and drawings of ₦221.00 million at the Standing Lending Facility. By Friday, system liquidity had moderated, closing at ₦2.79 trillion as of close of business on 22 May 2026.

The volatility was driven primarily by sustained high placements at the CBN's Standing Deposit Facility, which got as high as ₦6.10 trillion by mid-week. OMO repayments provided additional inflows, with the largest amounting to ₦2.46 billion on Friday. However, the NOFR held steady at 22% across the week, with daily variation ranged between 1.50% and 10.00%.

Outlook: *Liquidity levels are expected to remain elevated in the coming week, supported by inflow of c. ₦1.97Trn OMO maturity (26 May 2026) alongside coupon inflows of ₦35.26Bn from 28-Nov-28 FGN Bond which should provide additional liquidity support to the system. However, given elevated liquidity levels, CBN mop-up actions may partially offset the liquidity impact of the maturities.*



Source: CBN, AIICO Capital

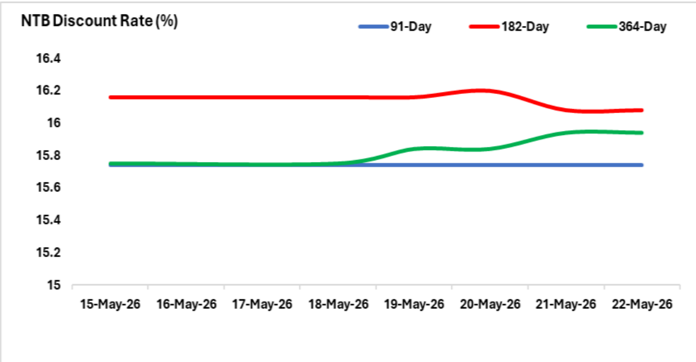
Treasury Bill: *Market Ends Week Slightly Higher Amid Strong Auction Demand*

The NTB secondary market traded on a largely quiet and range-bound note during the week, with limited activity across the curve as investors maintained a cautious stance ahead of the NTB primary market auction. Trading opened on a subdued note, with yields largely unchanged across all tenors as most tenors traded flat reflecting muted investor appetite and a wait-and-see approach.

Market sentiment shifted slightly following the mid-week NTB auction where the CBN offered ₦650 billion across the 91-day, 182-day, and 364-day tenors.

Total subscriptions came in at ₦1.99 trillion, reflecting strong investor demand, while ₦829.33 billion was eventually allotted. Although the Monetary Policy Committee (MPC) retained the Monetary Policy Rate (MPR) at 26.50% while maintaining all other policy parameters, strong investor demand at the auction prompted mild profit-taking in the secondary market, pushing the average benchmark yield higher to 16.03%.

Towards the end of the week, market traded on a mildly bullish note, following the outcome of the previous day's NTB PMA, as yields edged lower on select maturities amid steady investor demand and balanced liquidity conditions. Overall, the average benchmark rate rose by 4bps w/w to close at 16.04%.



Source: Bloomberg, AIICO Capital

Outlook: *We expect the NTB market to trade on a more active note next week, supported by improved system liquidity and anticipated maturities.*

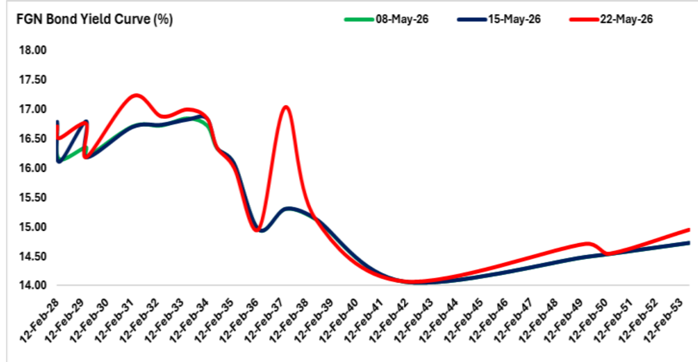
FGN Bonds: *Cautious Trading Lifts FGN Bond Yields Amid PMA and MPC Focus*

The FGN Bond secondary market saw a quiet, range-bound to bearish trading throughout the week as investors attention focused on the 18th of May 2026 PMA. Early in the week, the market opened the week on a calm, cautious note as attention shifted to the May FGN Bond PMA, where the DMO offered ₦600bn across the 2035 and 2037 papers. Trading remained subdued ahead of the MPC meeting later in the week. At the auction, the DMO allotted ₦137.67bn for the 2035 bond and ₦476.84bn for the 2037 bond at marginal rates of 17.00% and 17.04%

Momentum remained the same midweek, with very limited activity observed across the curve. as investor attention shifted to the NTB PMA and the outcome of the MPC meeting. Investors predominantly stayed on the sidelines, adopting a cautious wait-and-see stance as the committee kept all policy parameters unchanged at the MPC meeting. Trading activities were seen as the Short to mid dated papers were mixed while long-dated papers were largely unchanged, reflecting subdued activity at the ultra-long end. Overall, the average benchmark yield rose by 16bps to close at15.99%

Towards the end of the week, the market traded on a largely quiet note, as yields were broadly unchanged across most maturities, reflecting subdued investor activity and balanced market conditions, with investor attention shifting to post-NTB PMA activity.

Consequently, the average benchmark yield rose by 19bps w/w to close at 15.99%.



Source: Bloomberg, AIICO Capital

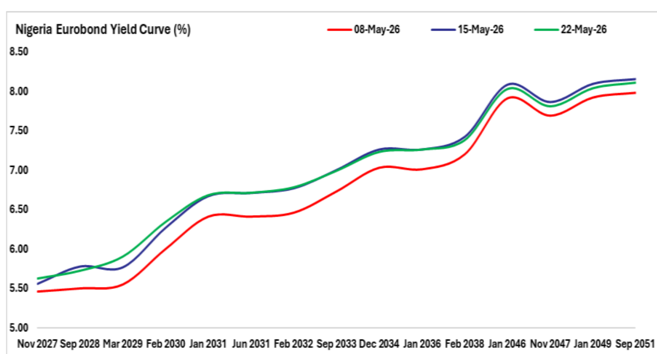
Outlook: *We expect subdued sentiment to persist in the secondary FGN bond market next week, with a mild bearish undertone as elevated inflation keeps yields high and overall investor appetite for bonds remains weak.*

Eurobonds: Market Sees Mixed Sentiment Amid Inflation, Global Risk Concerns

The Nigerian Sovereign Eurobond market traded on a mixed note throughout the week. macro data releases. Early in the period, the market traded on a mixed to bearish note, as investors reacted to the slight rise in Nigeria's headline inflation to 15.69%, domestic monetary policy expectations, liquidity conditions, and broader global risk-off sentiment.

Midweek, market traded on a bullish note, with yields edging lower across the curve as investors showed renewed demand despite lingering global macroeconomic and geopolitical concerns. Buying interest dominated across the curve, with yields compressing broadly day-on-day pushing the average benchmark yield down 4bps to 7.02%.

Consequently, yields tightened across most maturities towards the end of the week, despite persistent Middle East tensions and volatility in global rates and oil prices. Meanwhile, U.S. weekly jobless claims fell to 209k from 212k, signalling continued labour market resilience. Overall, the average benchmark yield closed almost unchanged, as the average yield fell by few points (0.003%) to close at 6.97%.



Source: FirstBank Uk, AIICO Capital

Outlook: *We expect the Nigerian Eurobond market to trade cautiously with a mild bearish bias in the near term, as profit-taking and repositioning flows, alongside heightened global uncertainties, continue to weigh on sentiment and sustain elevated yields, especially across mid-tenor bonds.*

Nigerian Equities: *Equities Stall as Profit-Taking Triggers Mild Pullback Amid Resilient Activity.*

The Nigerian equities market halted its bullish run this week, as the All-Share Index (ASI) declined by 25bps as profit-taking emerged during the trading wee, indicating a consolidation week after prior gains, with slight index weakness but resilient trading activity underneath. Market capitalization also dipped slightly, losing 23bps from ₦160.44 to ₦160.08.

Top gainers for the week included ABCTRANS (+44.82%), ACADEMY (+29.79%), UPL (+28.00%), INTENEGINS (+22.22%), and LEARNAFRCA (+18.89%), while major laggards were SOVRENINS (-22.45%), TRANSEXPR (-18.98%), CAP (-14.85%), BERGER (-12.64%), and RTBRISCOE (-11.18%). Trading activity remained concentrated in large-cap banking names and other fundamentally strong counters.

Sectoral performance was mixed but largely positive. The NSE Banking Index led sectoral gainers, rising 1.11% w/w on the back of continued demand for tier-1 banking stocks. The NSE Oil & Gas Index also edged higher by 0.07% w/w. On the downside, the Insurance Index declined 1.77% w/w, while the Industrial Goods and Consumer Goods indices shed 1.24% and 0.84%, respectively, as investors booked profits in selected counters.

Name	D-o-D	W-o-W	MTD	YTD
NGX ASI	0.22%	-0.25%	3.07%	60.47%
NSE Banking Index	0.25%	1.11%	5.93%	59.43%
NSE Insurance Index	-0.18%	-1.77%	4.97%	4.73%
NSE Industrial Goods Index	0.53%	-1.24%	8.65%	115.84%
NSE Consumer Goods Index	0.28%	-0.84%	2.62%	25.27%
NSE Oil & Gas Index	0.18%	0.07%	-4.35%	118.40%

Source: NGX, AIICO Capital

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
ABCTRANS	9.08	2.81	44.82%
ACADEMY	9.15	2.10	29.79%
UPL	6.40	1.40	28.00%
INTENEGINS	3.41	0.62	22.22%
LEARNAFRCA	12.90	2.05	18.89%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
SOVRENINS	2.28	-0.66	-22.45%
TRANSEXPR	5.72	-1.34	-18.98%
CAP	199.00	-34.70	-14.85%
BERGER	147.60	-21.35	-12.64%
RTBRISCOE	14.06	-1.77	-11.18%

Source: NGX, AIICO Capital

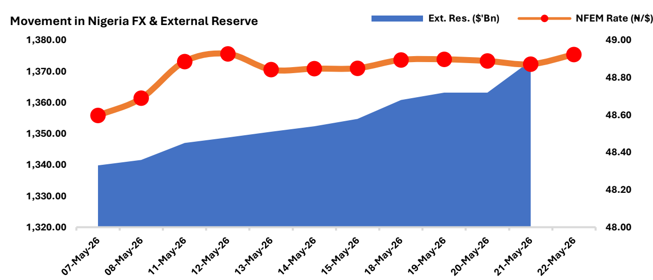
Outlook: *We expect market sentiment to remain cautiously positive next week, supported by sustained interest in fundamentally sound banking and high-yield stocks, although intermittent profit-taking could temper upside momentum.*

Foreign Exchange: *Naira Wobbles Despite Strong Reserves Support*

The Naira began the week on a rather weak note, depreciating by ₦2.66 per USD from ₦1,371.04 to ₦1,373.70 per USD, despite support by sustained FX supply from FPIs and other inflows, alongside bolstered external reserves providing a strong buffer.

However, by mid-week, the Naira steadied, trading at stronger NFEM rate of ₦1,373.34 per USD, amid improved liquidity and demand management. By Friday, the Naira closed weaker at ₦1,375.46 per USD, reflecting a gain on 32bps w/w (₦4.42 per USD), ending the week on a marginally negative note.

Meanwhile, external reserves increased throughout the week, eventually adding $347.37 million w/w to previous week's $48.54 billion and closing at $48.89 billion, reflecting CBN activities in maintaining a relatively stable Naira and bolstering market confidence amid the current foreign exchange dynamics.



Source: CBN, AIICO Capital

Outlook: *Barring any significant shift in supply, we expect the Naira to remain stable next week, supported by steady inflows and reserve accretion.*

Commodities: *Oil Slides on Easing Supply Fears, Gold Softens as Safe-Haven Demand Cools*

Global Oil prices closed lower for the week as easing concerns over supply disruptions outweighed persistent geopolitical tensions in the Middle East. The decline followed reports of progress in U.S.-Iran negotiations and improving tanker movements through the Strait of Hormuz, which helped calm fears of prolonged supply shortages. Brent crude declined 5.2%w/w to $103.54/bbl from $109.26/bbl, while WTI fell 8.4%w/w to $96.60/bbl from $105.42/bbl.

Similarly, Gold prices also softened during the week as elevated bond yields, inflation concerns, and expectations of tighter monetary policy reduced demand for the non-yielding asset. Reports hold that easing oil prices and optimism around Middle East diplomacy reduced safe-haven demand, although softer Treasury yields later in the week helped limit losses. Spot gold declined 0.7%w/w to $4,509.38/oz from $4,540.07/oz, while gold futures fell 0.8%w/w to $4,523.20/oz from $4,561.90/oz.

Macro Indicators	
GDP (Q4 2025)	+4.07% (Q3: 2025 +3.98% y/y)
Inflation (April 2026)	15.69% (Mar'26: 15.38%)
External Reserve (US$'billion)	48.89 (+7.45% YTD as of 21-May-26)
Monetary Policy Rate (May'2026)	26.50%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US$/bbl	*103.54 (-5.72 w/w)

Source: CBN, DMO, Bloomberg, AIICO Capital

Outlook: *Looking ahead, oil prices are expected to remain highly sensitive to developments in U.S.-Iran negotiations and shipping activity through the Strait of Hormuz, while gold is likely to trade on changing expectations around U.S. interest rates, inflation, and geopolitical risk sentiment.*