June 2026

Economic & Market Review

U.S.- *Inflation's Second Wind Tests America's Economic Resilience*

June opened with the U.S. economy still growing, though on a narrower base than the broad-based growth seen previously. The final Q1 2026 GDP estimate was revised up to 2.1% (Q1 2025: -0.5%), reflecting a pickup in activity despite the drag from the U.S.-Iran war and its effect on energy prices. The composition of growth, however, was uneven as consumer spending was revised down, while business investment especially in AI-related equipment went up accounting for most of the gain.

However, inflation stayed high in the period. The May 2026 CPI report, released June 10, 2026, showed prices up 4.2% from a year earlier (May 2025: 2.4%). Energy prices caused most of the increase, rising 3.9% year-over-year in May 2026 and making up over 60% of the total rise. Core CPI, which leaves out food and energy prices, rose to 2.9% (May 2025: 2.8%). Core PCE, the Fed's preferred measure, told a different story as it climbed to 3.4% (May 2025: 2.7%), its highest level since October 2023, suggesting price pressures are starting to broaden beyond energy alone.

During the period, non-farm payrolls rose to 172,000 in May 2026, up from 139,000 in May 2025. Unemployment held at 4.3%, up slightly from 4.2% a year earlier. Average hourly earnings rose 3.4% y/y in May 2026, below both May 2025's 3.9% pace and May 2026's 4.2% CPI print. Thus, reflecting a wage growth that has slowed and real wages are now falling, a reversal from a year ago when wages were outpacing inflation. Long-term unemployment rose to 27.5% of all jobless people, up 524,000 over the year, pointing to a labour market where finding a new job is taking longer even as headline job growth holds up.

On policy, Kevin Warsh held his first FOMC meeting as Fed Chair on June 16–17. The committee held rates steady at 3.50%–3.75% in a unanimous 12-0 vote a widely expected outcome. The more significant signal was the shift in tone as reflected in the dot-plot which turned hawkish, with the median 2026 year-end rate projection rising to 3.8% from 3.4% in March 2026. Markets, which had priced in a cut going into the meeting, spent the second half of June repricing toward a possible hike as early as October.

UK- *Caught Between Cooling Inflation and Cooling Growth*

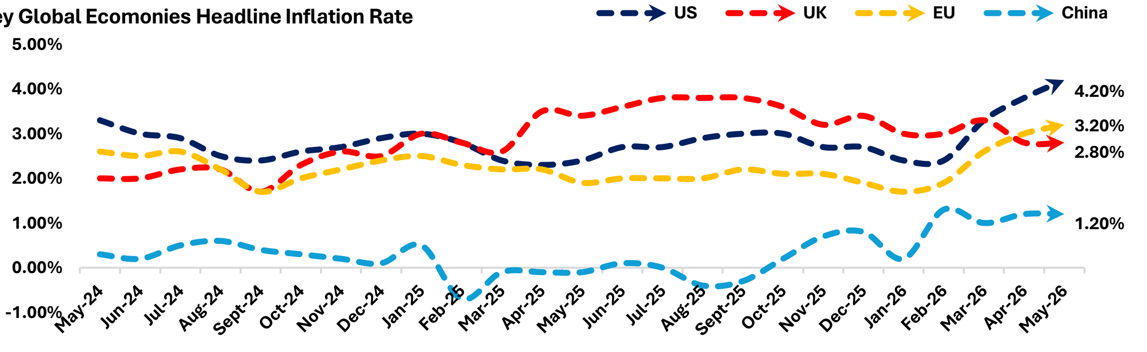
In the UK, GDP growth was modest, as monthly GDP fell by 0.1% in April 2026 (April 2025: -0.1%), driven by a 0.2% decline in services. The broader trend held steady, with the economy growing by 0.7% in the February-to-April period (Feb-Apr 2025: 0.7%). Suggesting the UK economy is holding its ground rather than either accelerating or slipping into contraction.

On the contrary, UK CPI held at 2.8% y/y in May 2026 (May 2025: 3.4%), below the Bank's own 3.0% forecast and down from March's 3.3% peak, which was largely driven by the energy shock. Food and housing costs continued easing, while transport inflation rose to 6.8% on higher petrol prices and airfares. Services inflation, the measure the Bank monitors most closely, rose to 3.7%, up from 3.2% in April (May 2025: 4.7%).

This suggests the 2.8% headline figure looks better than it really is. Transport inflation is being pushed up by the energy shock, and services inflation the Bank's key measure of domestic price pressure is rising month-on-month, even though it's still lower than a year ago.

On policy, despite the relief in headline inflation, the Bank's Monetary Policy Committee voted 7-2 to hold Bank Rate at 3.75%, with two members pushing for an immediate hike to 4%. The Bank noted that global energy prices had eased since the Middle East ceasefire but remained above pre-war levels, and it now expects CPI to ease to just under 3% in Q3, before rising again to just over 3.25% in Q4.

Key Global Ecomonies Headline Inflation Rate



Source: Bloomberg, AIICO CAPITAL

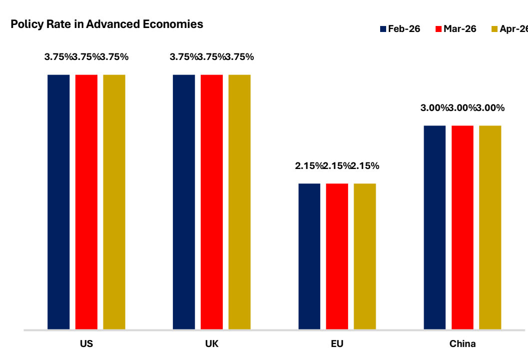
Eurozone- *The ECB's Gamble: Raising Rates into a Contraction*

Eurozone GDP grew 0.3% y/y in Q1 2026, down from 0.8% in Q4 2025 and well below Q1 2025's 1.2% y/y pace the weakest annual growth rate since the contraction in Q4 2022. The slowdown was largely due to a downward correction to Ireland's GDP; on a quarterly basis, the bloc's GDP contracted 0.2% q/q the first such decline since Q4 2022. Excluding Ireland, Germany and Italy each grew, and Spain led the bloc. The ECB has since cut its 2026 growth projection to 0.8%, down from 0.9%.

However, inflation moved the other way. Eurozone HICP inflation rose to 3.2% y/y in May 2026 (May 2025: 1.9%), driven by energy costs rising over 10% y/y. Core inflation, which excludes energy and food, was 2.5% in May 2026 unchanged from May 2025's 2.5%, but a sharp jump from April 2026's 2.2% on a month-on-month basis. Among the largest economies, inflation rose in Spain (3.6%), the Netherlands (3.4%), and Italy (3.3%), while Germany eased slightly to 2.7%.

Jobs remained the steady point: the euro area unemployment rate held at 6.3% in April 2026, unchanged from April 2025, while youth unemployment was 14.7%.

On policy, the ECB raised its three key interest rates by 25 basis points on June 11 its first hike in nearly three years lifting the deposit facility rate to 2.25%. This came in response to inflation pressure stemming from the U.S.-Iran conflict. Markets are now pricing in at least one more hike later in the year.



Source: Bloomberg, AIICO CAPITAL

Asia- *Three Economies, Three Paths: Asia's Great Divergence*

Asia had three stories running in parallel: China stabilizing cautiously, Japan making history, and India navigating a stagflation scare.

China's activity held steady, with the National Bureau of Statistics (NBS) Manufacturing PMI rising from 50.0 in May 2026 to 50.3 by June 2026 up from around 49.5 a year earlier, when factories were still in mild contraction. Also, Inflation turned around sharply as CPI rose to 1.2% y/y in May 2026, up from May 2025's -0.1% y/y, when the country was still in outright deflation. Similarly, producer prices rose to 3.9% y/y the fastest pace since 2022 up from around -3.3% y/y a year earlier. On policy, the PBOC held its benchmark 7-day reverse repo rate at 1.4%, unchanged from June 2025; the rate has now stayed at this level for over a year.

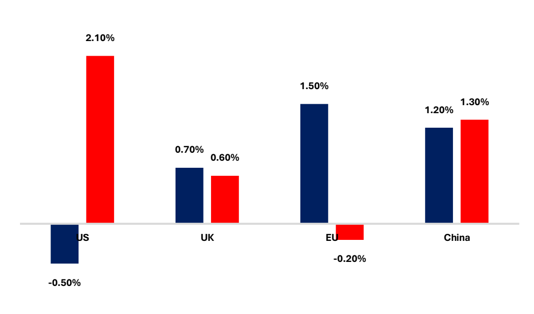
In Japan, inflation pressure was building, with wholesale prices up to 6.3% y/y in May 2026, roughly double the 3.2% y/y pace recorded in May 2025. On policy, the Bank of Japan raised its rate from 0.5% to 1% on June 16 the highest level since 1955 doubling the rate within a year.

India was somewhere in between not in crisis, but visibly uneasy.

Growth stayed strong. As at March 2026, India's economy grew by 7.7%, up from the year ended March 2025, which grew 6.5%. Inflation, however, has been climbing as CPI rose to 3.93% y/y in May 2026, sharply higher than May 2025's 2.82%, which was a six-year low at the time. Food inflation moved the same way, jumping to 4.78% from just 0.99% a year earlier.

Looking ahead, the Reserve Bank of India (RBI) expects things to cool. It cut its growth forecast for the year ahead to 6.6%, down from 6.9% at its last meeting, and raised its inflation forecast to 5.1%, and a sharp jump from the 3.7% it was forecasting a year ago. The RBI cited elevated oil prices, supply-chain disruption, and a weaker rupee.

On policy, the RBI has held its interest rate at 5.25% since a cut in December 2025, down from 5.50% a year earlier, in June 2025.



Source: Bloomberg, AIICO CAPITAL

Africa- *Energy Shock Reverberates Across Africa's Economies*

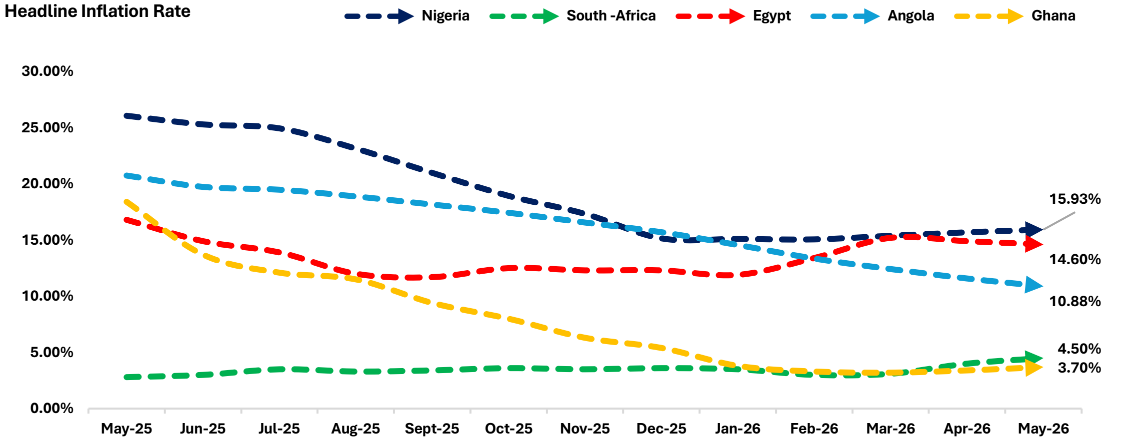
Africa's June story split along a clear line: oil importers absorbed the same energy shock hitting the rest of the world, while the continent's oil exporters saw the opposite effect. South Africa, Egypt, and Kenya all net importers faced rising fuel-driven inflation and mostly tighter policy. Angola, a major oil exporter, saw falling inflation and room to keep easing.

South Africa: GDP grew 0.5% in the quarter, up from just 0.1% a year earlier. Inflation accelerated to 4.5% in the period the steepest since mid-2024 up sharply from 2.8% a year earlier, driven by fuel (petrol up 24.8% year-on-year, diesel up 53.8% year-on-year). Core inflation also rose to 3.8%, an 18-month high. The South African Reserve Bank raised its repo rate by 25 basis points to 7% its first hike since 2023 up from around 7.25% a year earlier, when the bank was still in an easing cycle. The South African Reserve Bank has already revised its 2026 outlook: inflation up to 4.4%, growth cut to 1.2%.

Egypt: growth slowed to 5% in the quarter, from 5.3% the prior quarter. Inflation eased to 14.6% in the period, down from 16.8% a year earlier, as earlier fuel price hikes faded from the comparison. But the Central Bank of Egypt expects inflation to reaccelerate and has sharply raised its 2026 forecast to 16-17%, from 11%. The Central Bank of Egypt held its rate at 19% for a second straight meeting, unwilling to resume cuts until the regional conflict's effects are clearer. Unemployment improved slightly to 6.0%.

Kenya: growth is projected at 5.5% for the year. Inflation rose to 6.7% in the period the highest since early 2024, up sharply from 3.8% a year earlier before easing back within the same month, still within the Central Bank of Kenya's 2.5%–7.5% target range. The Central Bank of Kenya held its rate at 8.75%, down from around 9.75% a year earlier.

Angola, by contrast, benefited from the same shock hurting its neighbors. In Q1 2026, GDP grew 5.3% year-on-year, up from 3.5% in Q1 2025. Inflation dropped to 10.9% in May 2026, a 36-month low, down sharply from 20.74% in May 2025. On policy, the National Bank of Angola cut its rate by 50 basis points to 17% its fourth cut in the current easing cycle, which only began in September 2025 down from 19.50%, where the rate had been held for over a year through May 2025. The bank is holding its 2026 inflation forecast at 11.5%.



Source: Bloomberg, AIICO CAPITAL

Oil Market- *Ceasefire Cools Crude as Oil Markets Regain Stability*

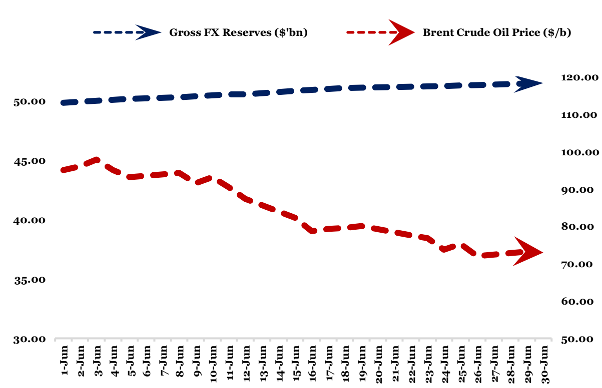
Oil markets stabilized in June, unwinding most of the price spike caused by the Iran war, which had disrupted the Strait of Hormuz and pushed Brent to a four-year high near $120–126 a barrel in April.

On June 17–18, the U.S. and Iran signed an interim peace agreement, mediated by Pakistan: Iran agreed to reopen the Strait "with immediate effect," and the U.S. agreed to lift its naval blockade. Brent fell 2.3% to $77.73 on the news, just 7% above its pre-war level. By June 26, WTI closed below $70 for the first time since February 27, the day before the war began. Shipping data confirmed the recovery: flows through the Strait rose from a May low of around 9.6 million barrels a day to about 12 million by early June, helped by ship-to-ship transfers in the Gulf of Oman.

The recovery wasn't steady. Late in the month, an attack on a tanker in the Gulf of Oman prompted U.S. retaliatory strikes on Iranian targets, followed by a fresh round of Iranian strikes on U.S. assets in the region. Prices rose again on the news, before both sides stood down.

Earlier in June, a Trump threat to resume strikes on Iran briefly pushed Brent above $81, before the interim deal pulled prices back down. By month-end, Brent had fallen close to its pre-war level, around $72–73, with prices fluctuating in the low-to-mid $70s for most of the month.

On supply, the IEA's June report estimated the disruption had cut global output by roughly 14 million barrels a day at its worst, and projected 2026 average output would still run about 3.9 million barrels a day below normal, at 102.4 million bpd. Recovery will take time: shipping lanes still need mine-clearing, and supply chains will take months to normalize.



Source: CBN, Oilprice.com, AIICO CAPITAL

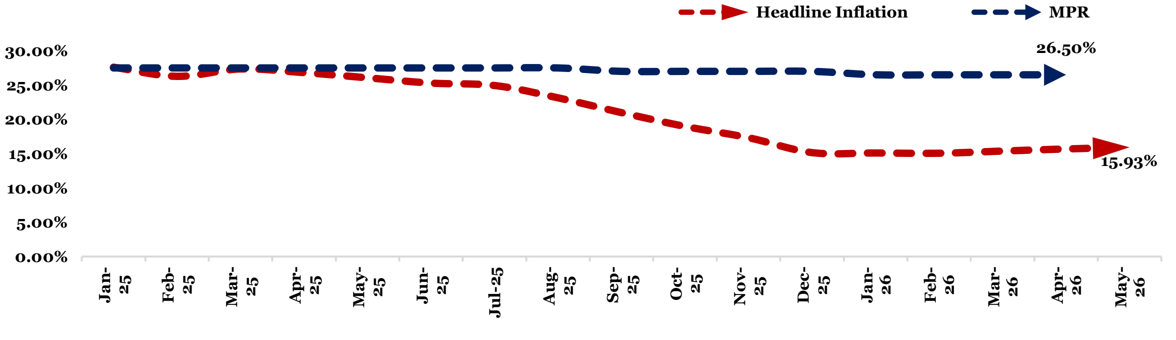
Inflation *– Inflation Edges Higher Amid Energy-Driven Pressures*

Nigeria's headline inflation rose for a third consecutive month in June, indicating the earlier disinflation trend has stalled.

The Nigeria Bureau of Statistics(NBS) May 2026 CPI report showed headline inflation at 15.93% y/y — down sharply from 26.06% in May 2025, a gap of roughly 10 percentage points. Food inflation, which accounts for 52% of the CPI basket, rose to 16.96% y/y, contributing disproportionately to the headline figure.

The year-on-year comparison shows the broader disinflation achieved over the past year remains largely intact, even as June marked a third consecutive monthly increase within 2026 itself.

The proximate driver is the fuel-price shock stemming from the U.S.-Iran war in March, which has kept transport costs elevated at 17.1% y/y and, through transport, continues to affect food logistics and pricing nationwide.



Source: CBN, NBS, AIICO Capital

PMI – Private Sector Momentum Stalls as Activity Slips Below Growth Threshold

Nigeria's composite PMI was 49.6 in May 2026, below the 50-point threshold that separates expansion from contraction — a second consecutive month of contraction following 16 months of expansion. This was a slight improvement from April's 49.4, which the Central Bank of Nigeria (CBN) noted could be an early sign of stabilization. Of the 36 subsectors surveyed, 19 contracted, 15 expanded, and 2 were unchanged.

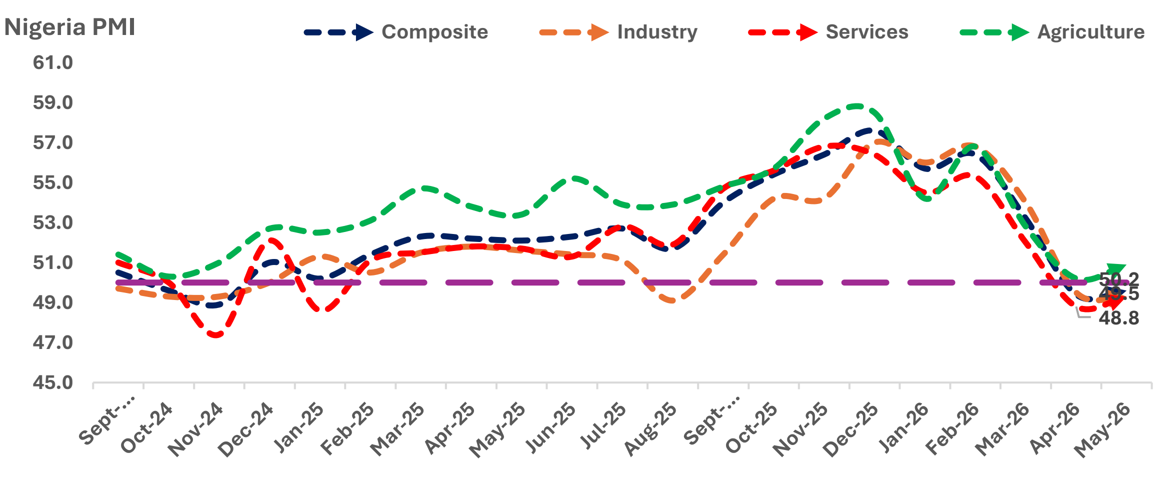
The industry sector scored 49.3, indicating continued contraction, with 11 of 17 subsectors declining. Production eased slightly to 50.0 from 50.2 in April. Employment returned to growth at 51.3, up from 48.7. New orders (48.1) and raw material stocks (47.1) remained weak, and supplier delivery times lengthened further.

Within manufacturing, cement fell to 45.0 and chemicals/pharmaceuticals to 40.3, while mining, electricity, gas, and water supply stood out at 60.2 — water supply and waste management posted the strongest reading of any subsector, at 62.3.

Services scored 49.3, its second month of contraction after 14 months of growth. Output (49.5), new orders (47.2), and inventories (48.9) all declined, though employment rose to 51.7. Transportation and warehousing was the weakest subsector, at 38.1, reflecting the impact of higher fuel prices and logistics costs. Educational services was the strongest, at 53.7.

Agriculture remained consistently strong, at 50.9, marking 22 straight months of expansion, driven by livestock (52.5) and general farming activities (52.8), even as new orders and raw material stocks weakened.

On prices, composite output prices fell 2.0 points and input prices fell 0.4 points in May, indicating some easing in cost pressures following the sharp increases tied to the Iran war in the first quarter.



Source: CBN, AIICO Capital

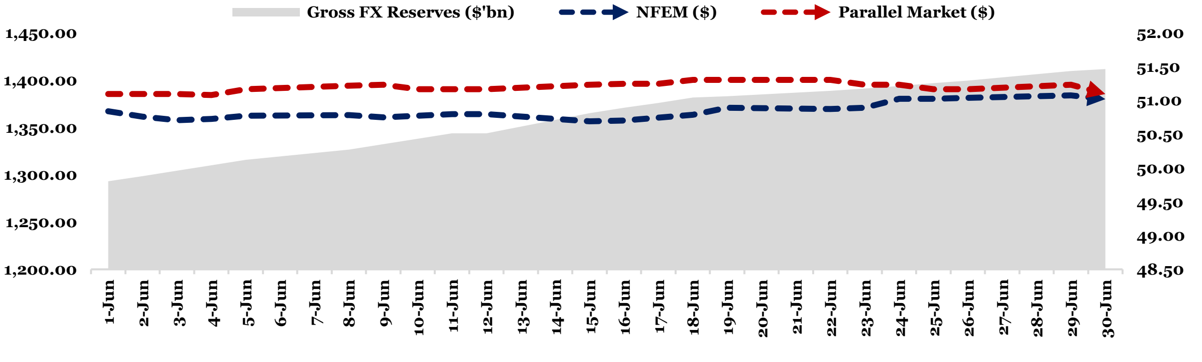
MARKETS

Foreign Exchange Market: *Naira Slips at Official Window in June as Parallel Market Holds Steady*

The naira moderated marginally the U.S. dollar in the official window during June 2026, while holding broadly steady in the parallel market. The Nigerian Autonomous Foreign Exchange Market (NAFEM) rate closed the month at ₦1,379.68/$ on June 30, up from ₦1,366.80/$ at the start of the month — a depreciation of 94bps (0.94%). The parallel market, by contrast, ended the month at ₦1,385/$, little changed from where it began, trading in a narrow band through most of June. By month-end, the gap between the two markets had narrowed to about ₦5, suggesting limited arbitrage pressure and a well-functioning unification of the official and parallel rates.

The naira's mild decline tracked the broader oil price volatility from the Iran war — a weaker oil price environment typically reduces FX inflows to the CBN, adding pressure on the official rate. Although, external reserves rose by 3.79% month on month to $51.29 billion by month-end, which helped keep the decline modest despite the pressure, and supported the narrowing of the official-parallel gap.

Outlook: We expect the naira to remain broadly stable in July supported by external reserves remaining above $51 billion, continued portfolio and diaspora inflows, and the CBN's market-based FX framework, which should help sustain liquidity and keep the gap between the official and parallel markets narrow. However, market direction will depend on several key factors, including the outcome of the July Monetary Policy Committee (MPC) meeting, June inflation data, global interest rate expectations, and crude oil prices.



Source: CBN, AIICO Capital

Money Market : *Liquidity Stays in Surplus Despite Aggressive CBN Sterilization*

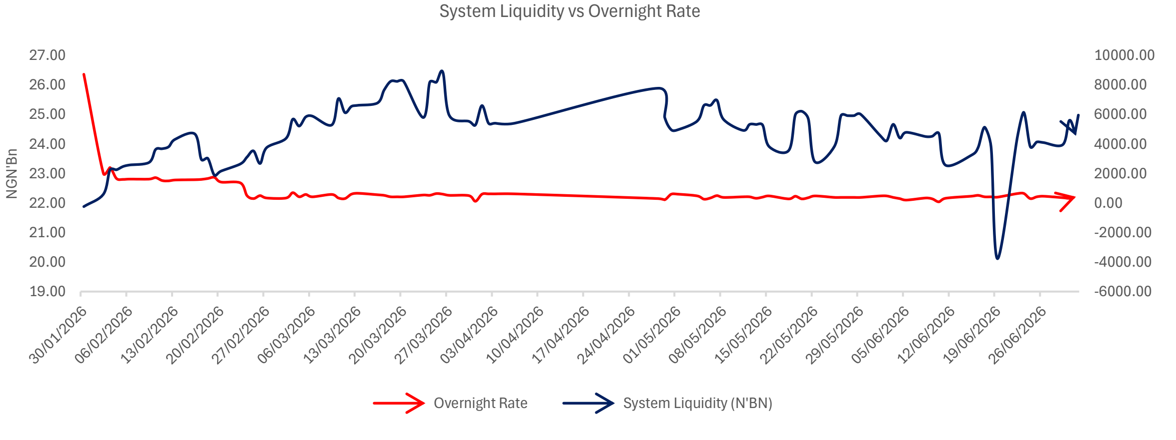
System liquidity stayed firmly in surplus in June 2026, though with wider swings than in April and May, as the Central Bank of Nigeria (CBN) leaned harder into Open Market Operations (OMO) to absorb large inflows. Total system inflows were projected at ₦10.90 trillion ($7.90 billion) for the month, up from ₦10.53 trillion ($7.63 billion) in May, with OMO maturities and FAAC (Federation Account Allocation Committee) disbursements accounting for the bulk of the total.

The CBN ran several rounds of OMO and Nigerian Treasury Bills (NTB) auctions to contain the surplus, all heavily oversubscribed and concentrated in longer-dated tenors. Combined OMO auctions absorbed well over ₦9 trillion ($6.5 billion) over the month, including a single ₦3.04 trillion ($2.20 billion) auction against a ₦600 billion ($434.9 million) offer — a 5.46x oversubscription rate — and a further ₦4.8 trillion ($3.48 billion) mopped up in back-to-back sessions.

NTB auctions were similarly oversubscribed, with allotments consistently exceeding original offer sizes at progressively higher stop rates.

Policy rates held steady throughout: the Overnight Policy Rate stayed at 22.00%, the Monetary Policy Rate at 26.50%, and the Cash Reserve Requirement at 45% for deposit money banks.

Outlook: *Liquidity is expected to stay elevated into July, supported by roughly ₦500 billion in further OMO maturities and continued FAAC/coupon inflows, though the CBN is likely to sustain aggressive sterilisation to keep the tight monetary stance intact.*



Source: CBN, FMDQ, AIICO Capital

Treasury Bills: *Yields Pressured Upwards Amid Strong but Selective Demand*

The Nigerian Treasury Bills (NTB) secondary market traded with a bearish bias through June 2026, as yields rose amid increased supply from the Central Bank of Nigeria (CBN) and Debt Management Office (DMO), persistent inflation concerns, and cautious investor positioning.

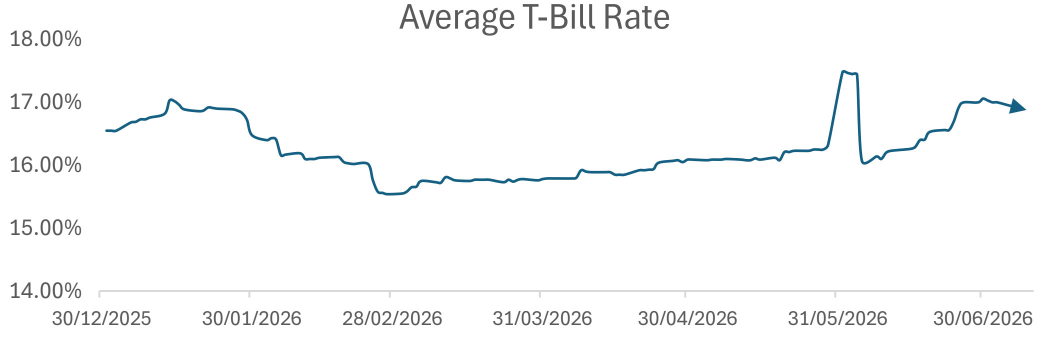
Primary demand remained robust despite the rising rate environment. Across the month's two major auctions, the CBN offered ₦1 trillion ($724.8 million) each time, drawing subscriptions of ₦2.16 trillion ($1.57 billion) and ₦1.863 trillion ($1.35 billion) respectively consistently oversubscribed by roughly double the offer size. The 364-day tenor was the clear preference throughout, attracting ₦1.95 trillion ($1.41 billion) and ₦1.66 trillion ($1.20 billion) in subscriptions across the two auctions, well above shorter-dated tenors, indicating investors continued to favour locking in yield over longer horizons even as rates moved higher.

Stop rates rose across the curve, with the increase most pronounced at the long end: the 91-day rose from 16.05% to 16.28% (+23bps), the 182-day from 16.19% to 16.50% (+31bps), and the 364-day from 16.35% to 17.34% (+99bps) between the two auctions. This steepening a much sharper rise at the 364-day relative to shorter tenors suggests the market was pricing in sustained rate pressure over the medium term rather than a temporary liquidity squeeze.

The primary driver was May's CPI print, which showed headline inflation accelerating to 15.93% y/y from 15.69% in April 2026, reinforcing expectations that the MPC would keep rates elevated following its May decision to hold the Monetary Policy Rate at 26.50%. Increased CBN and DMO issuance added to the supply-side pressure on yields. Overall, the average benchmark NTB yield rose 74bps over the month to close at 17.06%.

This suggests the bearish move was less about weakening demand subscriptions stayed strong throughout and more about the market repricing to reflect persistent inflation and a central bank in no hurry to ease, with investors demanding higher compensation for holding paper rather than stepping back from the market altogether.

Outlook: *The NTB market is expected to remain active with a mild upward bias in yields, due to ongoing elevated issuance (DMO plans), liquidity dynamics from maturities, and the upcoming July MPC meeting. Strong demand for longer-dated bills (especially 364-day) should provide some support, but persistent inflation pressures and government borrowing needs are likely to keep stop rates stable to marginally higher.*



Source: FMDQ, AIICO Capital

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FGN Bonds: *Yields Rise Despite Robust Demand for Government Paper*

The FGN Bonds secondary market traded with a bearish tone in June 2026, as yields rose across the curve on inflation pressure and increased supply, even as primary demand and secondary market liquidity both held up.

Yield increases were broad-based but uneven across tenors. The 3-year rose to 17.99% from 16.26% (+173bps), the 5-year gained 132bps, rising from 17.01% to 18.33%, the 7-year to 18.68% from 17.09% (+159bps), the 10-year rose to 17.55% from 14.96% (+259bps), and the 20-year expanded to 15.33% from 14.38% (+95bps). The 10-year saw by far the sharpest repricing, more than double the move at the short and long ends, suggesting the market was concentrating its inflation and supply concerns on medium-to-long duration risk rather than pricing a uniform shift in the curve.

On a year-to-date basis, the picture is markedly different: yields remain lower than where they started 2026 across most of the curve — the 3-year is down 1.07 percentage points, the 5-year down 1.27, the 7-year down 1.57, and the 10-year down 0.74 — with only the 20-year essentially flat (+0.01). This indicates June's rise was a partial reversal within a broader year-long decline in yields, rather than a new deterioration in the rate environment.

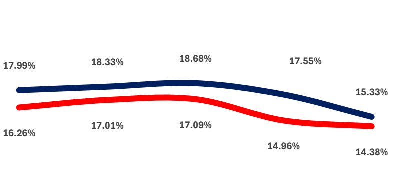
Primary demand stayed firm despite the higher-rate backdrop. At the June 22 auction, the Debt Management Office (DMO) offered ₦1.2 trillion ($869.7 million), split evenly between re-opening of the 22.60% FGN JAN 2035 and 16.2499% FGN APR 2037, drawing subscriptions of ₦1.41 trillion ($1.02 billion) — a 1.2x bid-to-offer ratio — with ₦1.22 trillion ($884.3 million) allotted.

Stop rates rose sharply at both reopened lines: JAN 2035 to 18.34% (+134bps) and APR 2037 to 18.35% (+131bps), indicating investors required meaningfully higher compensation to absorb the offer, even as demand remained sufficient to clear it comfortably.

The primary driver was May's CPI print, which showed headline inflation accelerating to 15.93% y/y from 15.69% in April, driven by food, transport, and energy costs tied to the external oil shock. The Monetary Policy Committee's decision to hold the Monetary Policy Rate at 26.50% provided policy continuity but underscored persistent price pressure. Overall, the benchmark yield rose 28bps over the month to 17.79%.

This suggests June's move reflects the market repricing near-to-medium duration risk in response to inflation and supply, rather than a broader loss of confidence in government paper — auction demand stayed strong throughout, and the year-to-date trend across the curve remains one of net yield compression despite the monthly setback.

Outlook: *The Nigeria's FGN bond market is expected to see a mixed trend with a slight upward bias in yields, as investors continue to pursue attractive carry ahead of the DMO's Q3 issuance calendar, beginning mid-July, and the upcoming July MPC meeting.*



	FGN 3	FGN 5	FGN 7	FGN 10	FGN 20
Current	17.99%	18.33%	18.68%	17.55%	15.33%
Previous	16.26%	17.01%	17.09%	14.96%	14.38%

Source: FMDQ, AIICO Capital

Eurobonds Market : *Early Rally Fades as Global Rate Expectations Shift*

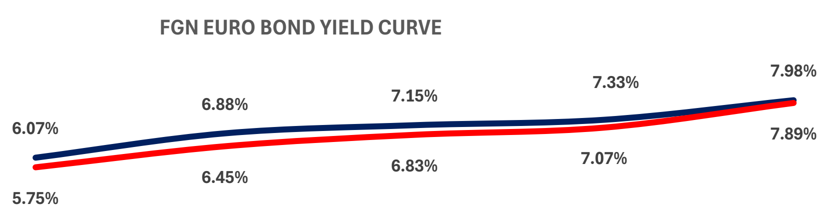
Nigeria's FGN Eurobond yields rose across the curve in June 2026. The 3-year rose to 6.07% from 5.75% (+32bps), the 5-year to 6.88% from 6.45% (+43bps), the 7-year to 7.15% from 6.83% (+32bps), the 10-year to 7.33% from 7.07% (+26bps), and the newly reported 20-year stood at 7.98%.

On a year-to-date basis, yields remain lower than where they started 2026 across the curve: the 3-year is down 10.84 percentage points YTD, the 5-year down 10.18, the 7-year down 9.96, the 10-year down 9.48, and the 20-year down 7.36. This indicates that despite June's rise, Nigeria's Eurobond yields have compressed significantly since the start of the year, and June's move represents a partial reversal within a broader downtrend rather than a new deterioration.

The June increase was driven primarily by the U.S. Federal Reserve's signal that rates could stay higher for longer, which triggered a broad selloff across emerging-market debt, along with continued concerns over the Central Bank of Nigeria's capacity to sustain FX liquidity and clear outstanding backlogs.

The 5-year saw the sharpest monthly repricing, consistent with higher sensitivity to near-term rate expectations, while the smaller move at the 10-year reflects lower rate sensitivity at the long end. The larger YTD decline at the short end relative to the long end suggests the earlier compression in yields was concentrated in near-term risk, which June's Fed-driven repricing has now partially unwound.

Outlook: *We expect Nigeria's FGN Eurobond yields to remain sensitive to U.S. rate signals and broader emerging-market risk sentiment in July, with the direction of the Fed's policy stance likely to be the dominant external driver. Domestically, the Central Bank of Nigeria's capacity to sustain FX liquidity and clear outstanding backlogs will remain a key factor investor watch closely, alongside the Debt Management Office's progress on its planned new Eurobond issuance. Given the scale of the year-to-date compression already seen across the curve, yields may continue to see periodic repricing rather than a sustained one-directional move, as markets balance improved risk sentiment against lingering global rate uncertainty.*



	FGN EURO 3	FGN EURO 5	FGNEURO 7	FGN EURO 10	FGN EURO 20
Current	6.07%	6.88%	7.15%	7.33%	7.98%
Previous	5.75%	6.45%	6.83%	7.07%	7.89%

Source: FirstBank UK, AIICO Capital

Equity Market : *ASI Declines Despite Resilient Fundamentals*

The NGX posted its weakest monthly performance of the year in June, with the All-Share Index down 8.3%, bringing year-to-date returns to 47.43%. The decline followed an extended rally and was consistent with profit-taking rather than a shift in fundamentals.

The correction followed a strong first half of 2026. The All-Share Index reached an all-time high of around 252,508 points in May, with year-to-date returns above 55% at the peak, supported by strong local institutional participation, the banking sector's recapitalization drive, and investor demand for equities as a hedge against inflation and naira volatility. Market capitalization fell by ₦13.3 trillion ($9.64 billion) from a mid-May peak above ₦160 trillion ($115.94 billion) to ₦147.22 trillion ($106.71 billion) by month-end.

The decline was concentrated in specific sectors rather than broad-based. Banking stocks led the fall, coinciding with proposed CBN guidelines on bank holding company structures; Tier-1 names such as Zenith Bank and Guaranty Trust Holding Company recovered part of their losses toward month-end.

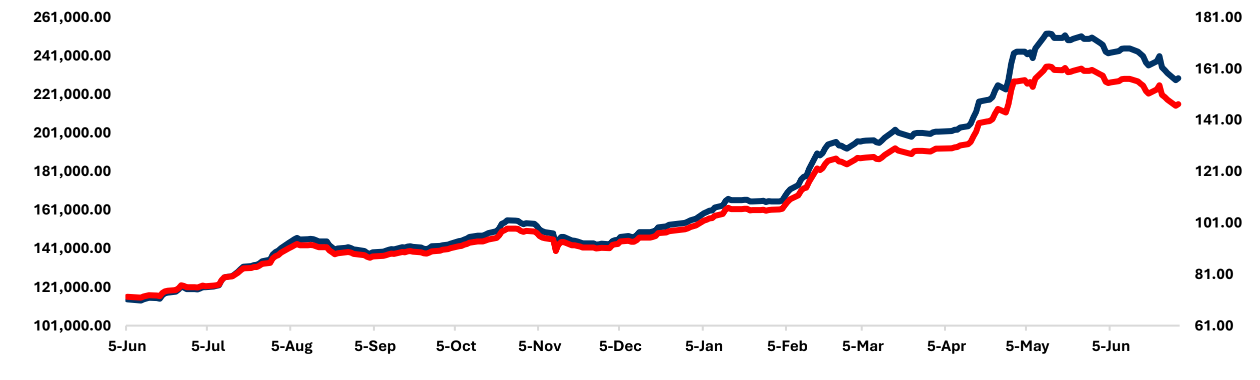
The Oil & Gas Index also declined, driven largely by a fall in Aradel Holdings, while Seplat Energy held relatively stable. Airtel Africa was the largest gainer, up 19.2% for the month and adding over ₦4 trillion ($2.90 billion) in market value, offsetting part of the broader index decline.

Two structural developments shaped sentiment during the period. The Exchange adopted a T+1 settlement cycle on June 1 — the first such move in Africa — which raised questions around pre-funding requirements for foreign investors. Separately, FTSE Russell placed Nigeria's planned Frontier Market reclassification, originally scheduled to take effect in September 2026, under further review, citing concerns that the new settlement cycle could effectively require foreign institutional investors to fund trades in advance, a final decision is expected by end-August 2026.

This suggests the correction reflects positioning and structural adjustment around settlement mechanics and index classification more than a reassessment of underlying corporate performance, with banking and oil & gas earnings in the coming weeks likely to be the key test of that view.

Outlook: *Market volatility is expected to persist into July following a weak start to the second half of the year. Investor focus will shift to Q2/H1 2026 corporate earnings, particularly from the banking and oil & gas sectors, which could help improve sentiment. Key factors to watch include FTSE Russell's decision on Nigeria's Frontier Market status, further guidance on the Central Bank of Nigeria's proposed bank holding company framework, and movements in global crude oil prices.*

Movement of NGX Market Indicators in 2026



Source: NGX, AIICO Capital

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