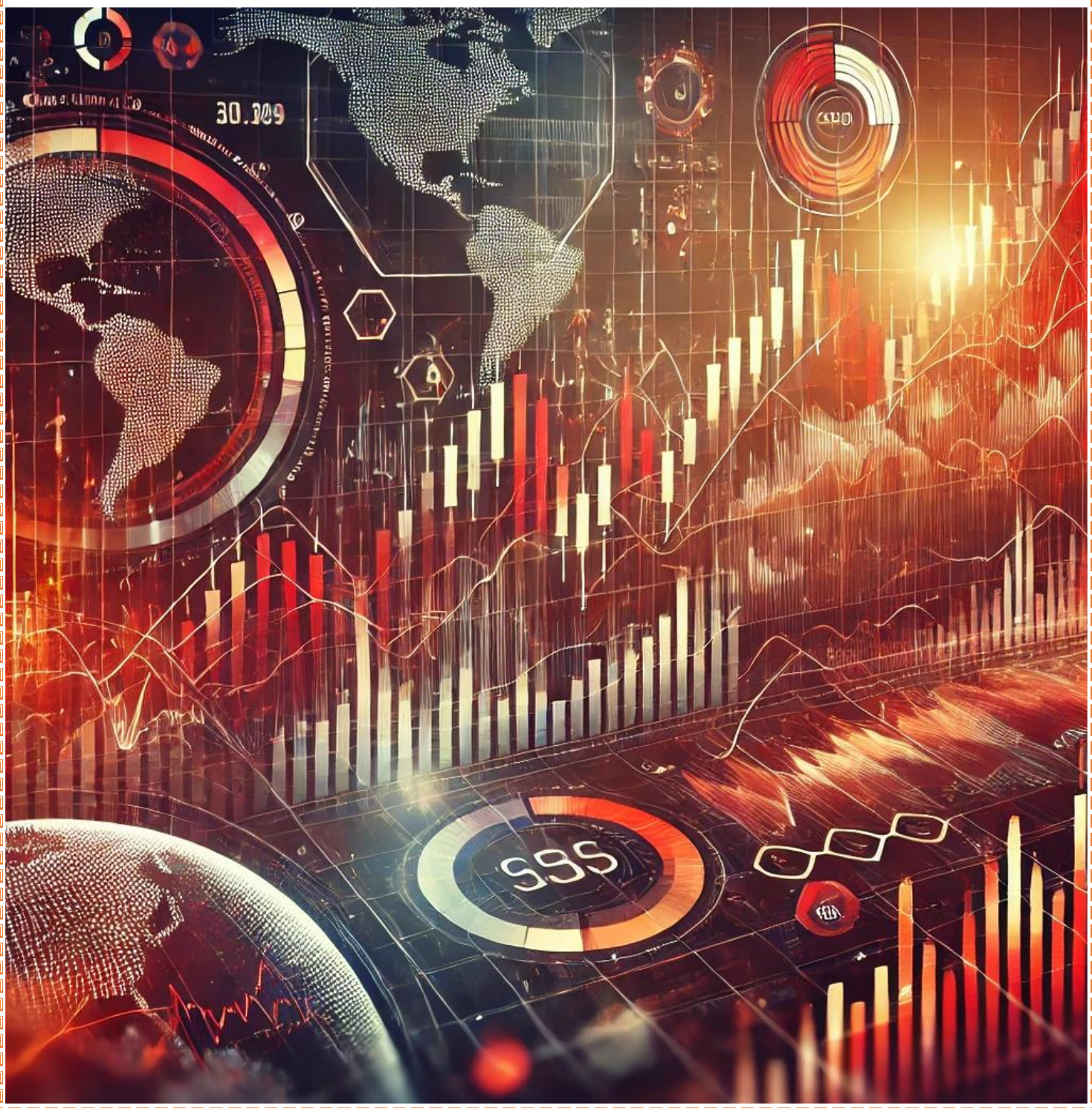


COWRY RESEARCH

MONTHLY MARKET REPORT

MAY 2026



DOMESTIC REVIEW:**Growth Mode Continues as Nigeria's GDP Climbs 3.89% in Q1'26, But Momentum Cools from Q4 Peak.....**

Nigeria's economy sustained its growth trajectory in the first quarter of 2026, as real Gross Domestic Product (GDP) expanded by 3.89% year-on-year, meeting our forecast for 3.89% and outperforming the 3.13% growth recorded in Q1 2025, according to latest report from the National Bureau of Statistics (NBS). Although slightly below the 4.07% growth achieved in Q4 2025, the latest performance underscores the resilience of the domestic economy amid prevailing global uncertainties and persistent structural challenges. Growth during the quarter was largely driven by sustained expansion across key non-oil sectors, particularly Information and Communication (Telecommunications), Agriculture, Trade, Manufacturing, Financial Services, Construction, Real Estate, and Transportation.

Sectoral performance remained broadly positive. The agricultural sector grew by 3.15% in real terms, a significant improvement from the marginal 0.07% growth recorded in Q1 2025, reflecting improved crop production activities and relative stability within the food supply chain. The industrial sector also strengthened, expanding by 3.50% compared to 3.42% in the corresponding period of 2025, supported by improved manufacturing and construction activities. Meanwhile, the services sector maintained its dominant role in the economy, growing by 4.31%, although marginally lower than the 4.33% growth recorded in Q1 2025.

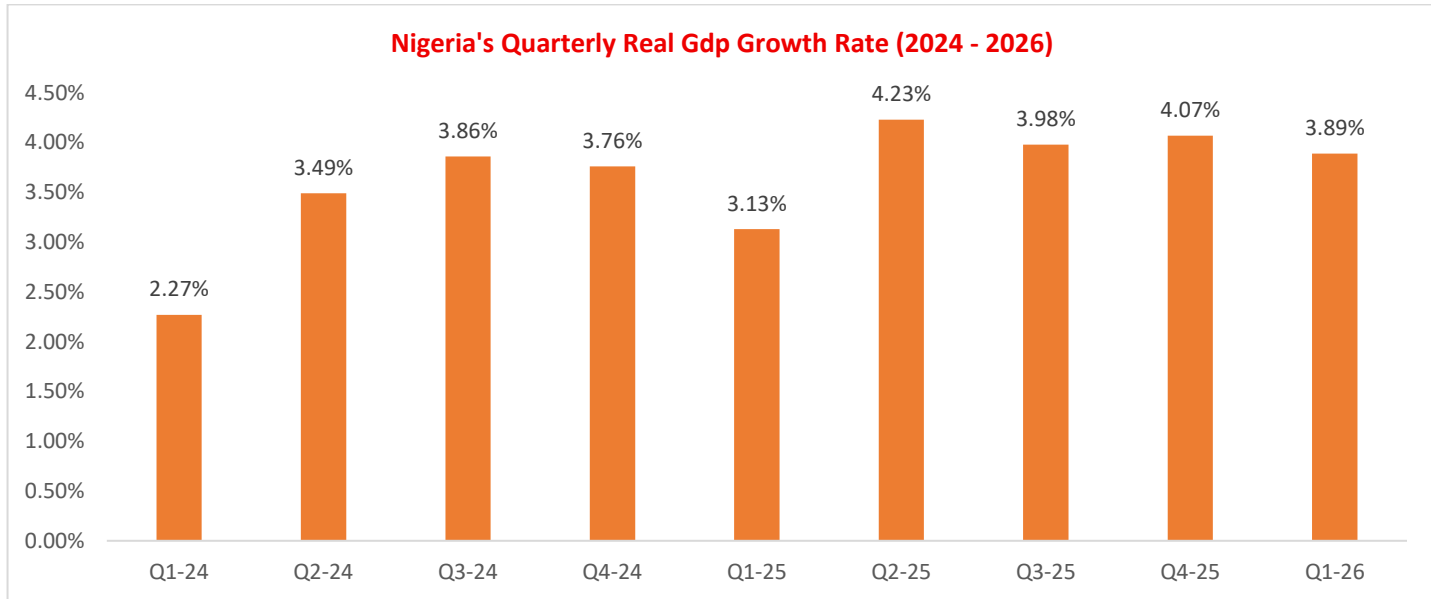
The non-oil sector continued to underpin economic expansion, recording a real growth rate of 3.94% in Q1 2026, higher than the 3.19% achieved in Q1 2025. The sector accounted for 96.08% of total real GDP during the quarter, highlighting Nigeria's increasing dependence on domestic non-oil activities as the key engine of growth. Major contributors included Telecommunications, Crop Production, Trade, Cement Manufacturing, Financial Institutions, Construction, Real Estate, and Road Transportation. This performance reflects improved

business activities, relative exchange rate stability, and the gradual transmission of economic reforms into productive sectors of the economy.

Within the mining and quarrying sector, real growth slowed to 1.89% year-on-year in Q1 2026, lower than both the corresponding quarter of 2025 and the preceding quarter. Nonetheless, the sector's contribution to GDP improved slightly to 4.14% from 3.16% in Q4 2025. The oil sector specifically recorded a real growth of 2.57%, higher than the 1.87% growth recorded in Q1 2025 but below the 6.79% growth achieved in Q4 2025. Oil production averaged 1.55 million barrels per day (mbpd), lower than both Q1 2025 and Q4 2025 levels, reflecting lingering production challenges and operational constraints within the upstream segment.

Manufacturing activities showed renewed momentum, with the sector growing by 3.29% year-on-year, supported primarily by cement production and improved domestic industrial demand. Similarly, the construction sector remained robust, expanding by 6.38%, while Finance and Insurance posted an impressive 8.54% growth, reinforcing the strength of financial intermediation and digital financial services within the economy. Transportation and Storage also remained resilient, growing by 7.41%, despite moderating from the elevated growth levels recorded in previous quarters.

However, some sectors continued to experience structural weaknesses. The Electricity, Gas, Steam, and Air Conditioning Supply sector contracted sharply by 15.30%, reflecting inadequate infrastructure investment, persistent grid inefficiencies, and operational bottlenecks within the power sector. Likewise, the Other Services sector declined by 1.96%, further highlighting weak private sector investment in some service-related activities. Education growth also moderated to 1.22%, indicating subdued expansion within the sector.



Pangs of Sticky Inflation Intensify as Price Pressures Persist, Nigeria Logs 15.69% in April....

The latest Consumer Price Index (CPI) report released by the National Bureau of Statistics showed that Nigeria’s headline inflation sustained its upward reversal for two straight months to April 2026, rising to 15.69% year-on-year from 15.38% recorded in March, and represents a 0.31 percentage-point increase. This development marks a renewed uptick in inflation after eleven consecutive months of disinflationary trends.

The recent uptick in inflationary pressures was mainly driven by cost-push factors. A key contributor was the surge in global crude oil prices, triggered by the closure of the Strait of Hormuz in early March, which disrupted major supply routes and pushed up global energy costs. This increase fed directly into higher fuel prices, thereby raising production and transportation expenses across the economy.

Furthermore, ongoing insecurity in major food-producing regions continued to limit agricultural output, disrupt supply chains, and exert sustained pressure on food prices. At the same time, elevated PMS prices triggered increases in logistics and distribution costs, amplifying inflationary pressures across both food and core inflation components.

On a month-on-month basis, headline inflation moderated to 2.13% in April 2026, representing a 2.05 percentage-point decline from the level recorded in March 2026. This suggests that although prices continued to rise, the pace of increase slowed relative to the previous month. The moderation was largely influenced by movements within the food basket, which remains the largest contributor to Nigeria’s inflation structure.

Compared with April 2025, when headline inflation stood at 26.82%, the current reading of 15.69% reflects a significant year-on-year decline in overall price levels.

Food inflation printed at 16.06% year-on-year in April 2026, compared with 24.68% recorded in the corresponding period of 2025. On a month-on-month basis, food inflation eased to 3.63%, down by 0.54 percentage points from 4.17% in March 2026. The moderation was primarily driven by price movements in key food items such as millet, yam flour, fresh ginger, beef, garri, yam tubers, fresh pepper, crayfish, cassava tubers, beans, Irish potatoes, fresh tomatoes, wheat grain, soybeans, guinea corn, plantain, and carrots.

Other sub-sectors, including restaurants and accommodation (0.37%), transportation (0.12%), and

housing utilities (0.23%), also contributed to movements in the general price level during the period.

Meanwhile, core inflation, which excludes food and energy prices, stood at 15.86% year-on-year in April 2026, representing a sharp decline of 10.19 percentage points from 26.05% recorded in April 2025. On a month-on-month basis, core inflation slowed to 1.03% in April from 4.03% in March 2026, indicating relatively softer underlying price pressures across non-food components of the inflation basket.

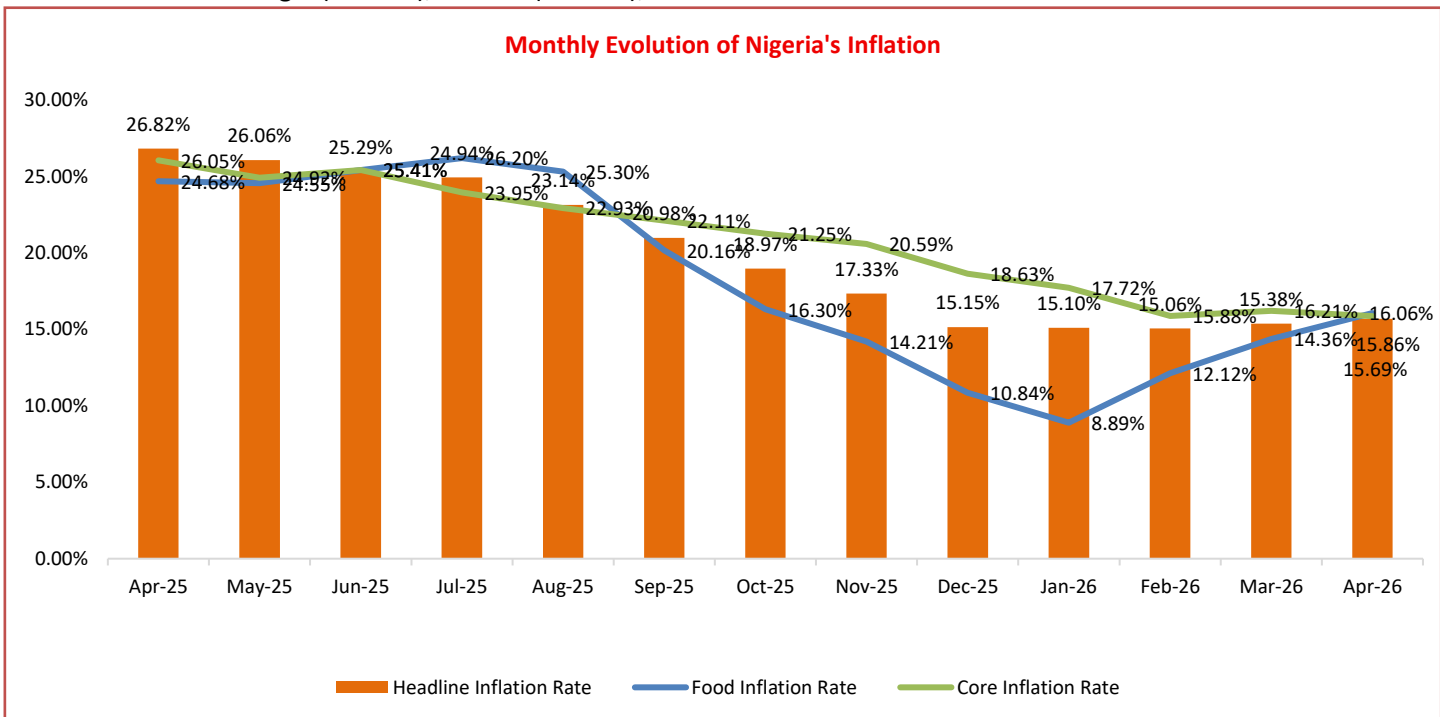
At the state level, inflationary trends remained mixed. Year-on-year headline inflation was highest in Sokoto (25.74%), Bauchi (22.52%), and Zamfara (22.03%), while Edo (5.91%), Borno (6.72%), and Jigawa (7.04%) recorded the slowest increases. On a month-on-month basis, inflation accelerated most strongly in Niger (5.66%), Kano (4.50%), and Plateau (4.39%), whereas Bayelsa (0.64%), Enugu (0.98%), and Rivers (1.02%) recorded the weakest price growth during the month.

Food inflation also reflected notable regional disparities. On a year-on-year basis, the highest food inflation rates were recorded in Enugu (32.67%), Kwara (30.77%), and

Adamawa (30.14%), while Borno (1.67%), Jigawa (6.17%), and Taraba (7.19%) posted the mildest increases.

Other inflation sub-indices showed that price pressures remained elevated across major segments of the economy in April 2026. Farm produce inflation rose to 19.8% year-on-year, while the monthly reading accelerated to 6.0% from 4.6% in March, reflecting continued pressures from food supply disruptions and transportation costs. Similarly, the Energy Index recorded an annual increase of 4.6%, with monthly inflation rising further to 8.0% from 6.65% in the previous month amid higher fuel and logistics costs.

The Services Index printed 16.7% year-on-year, while monthly inflation moderated slightly to 2.1% from 2.6% in March. Likewise, the Goods sub-index stood at 15.7% annually, although the monthly increase eased to 3.2% from 5.5% recorded in the prior month, indicating slower price growth in some consumer goods categories. Meanwhile, imported food inflation settled at 10.5% year-on-year, with the monthly rate rising sharply to 4.4% in April from 1.1% in March, underscoring the impact of exchange rate pressures and rising import costs on domestic food prices.



The outcome of the 305th Monetary Policy Committee (MPC) meeting of the Central Bank of Nigeria reflects a continued cautious and tight monetary stance aimed at curbing persistent inflationary pressures, despite recent moderation to 15.69%, amid improving exchange rate stability and sustained foreign portfolio inflows.

Key policy decisions include:

- Retention of the Monetary Policy Rate (MPR) at 26.50%
- Retention of the Cash Reserve Ratio (CRR) at 45.0% for Deposit Money Banks and 16.0% for Merchant Banks
- Retention of 75% CRR on Non-TSA public sector deposits
- Liquidity Ratio maintained at 30.0%
- Asymmetric corridor retained at +50/-450 basis points around the MPR

The decisions of the MPC were anchored on a comprehensive assessment of risks to the macroeconomic outlook. Although inflation has risen marginally for two consecutive months, largely induced by external shocks, the Committee recognized the transitory nature of the uptick and remained confident that the current macroeconomic environment remains sufficiently resilient to support a gradual return to the disinflationary path.

This decision marks a pause following the 50 basis points easing implemented at the previous meeting in February. In line with broad market expectations, the MPC opted to retain the MPR at 26.50% alongside all other policy parameters. This outcome aligns with our expectations for a hold, premised on renewed inflationary pressures stemming from higher domestic energy costs linked to spillover effects from ongoing geopolitical tensions in the Middle East.

Nigeria’s headline inflation sustained its upward reversal for the second consecutive month in April 2026, rising to 15.69% year-on-year from 15.38% recorded in March, representing a 31 basis points increase. This development signals a temporary interruption to the eleven-month disinflation trend previously recorded. The renewed inflationary pressure was primarily driven by cost-push factors. Chief among these was the surge in global crude oil

prices following disruptions around the Strait of Hormuz in early March, which affected global supply chains and elevated international energy prices. The resultant increase in domestic fuel prices translated into higher transportation and production costs across major sectors of the economy.

Against this backdrop, the Committee considered emerging upside risks to inflation, alongside heightened global uncertainty, sufficient to justify maintaining a cautious monetary policy stance. In reaching its decision, the MPC reviewed global macroeconomic conditions and noted that global growth is expected to moderate in 2026, reflecting the combined effects of persistent geopolitical tensions and prolonged tight monetary conditions across advanced and emerging economies.

The Committee further observed that prevailing global oil price shocks could sustain upward pressure on global inflation in the near term, likely prompting major central banks to remain cautious in their monetary policy trajectories.

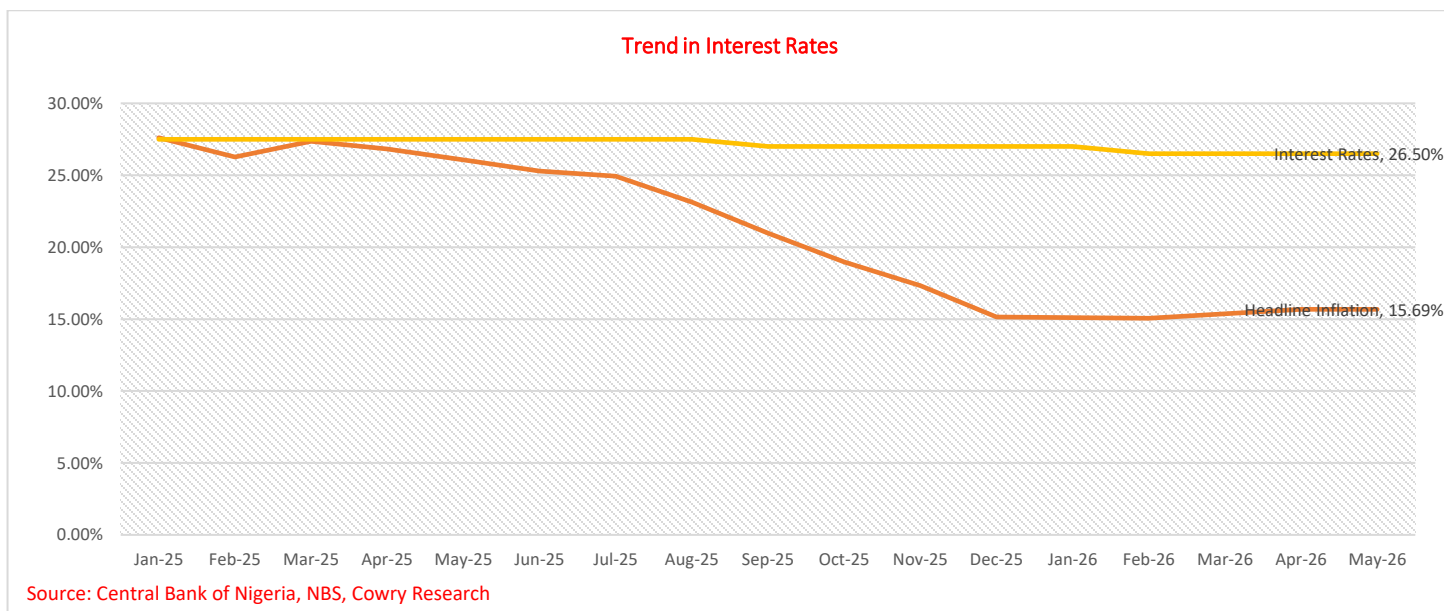
On the domestic front, the MPC acknowledged that Nigeria’s growth outlook remains relatively resilient despite external vulnerabilities, supported by improved macroeconomic conditions and the recent sovereign credit rating upgrade from B to B+ by S&P Global Ratings.

Nonetheless, the Committee maintained that the cumulative effects of previous monetary tightening measures, improved foreign exchange market liquidity, and easing food supply constraints are expected to reinforce the medium-term disinflation process.

Overall, the Committee expects economic activity to remain resilient through 2026 despite downside risks associated with the Middle East conflict. We believe financial markets had largely priced in the hold decision, particularly given the continued attractiveness of carry trade opportunities within Nigeria’s fixed income market.

For financial markets, the decision is expected to keep fixed income yields elevated in the near term, while equities may continue to witness sectoral rotation as investors reassess earnings resilience under a high-interest rate environment. Broadly, investors are likely to continue favouring short-

tenored fixed income instruments over duration-sensitive assets, while equities trading may remain driven by sector-specific opportunities and defensive positioning.



Naira Extends Winning Streak as Reserves Climb and FX Market Stability Deepens....

The Nigerian foreign exchange market maintained its positive momentum in May 2026, with the naira recording modest gains across both the official and parallel market segments. At the Nigerian Autonomous Foreign Exchange Market (NAFEM), the naira appreciated marginally by 0.12% month-on-month to close at ₦1,373.25/\$1, compared to ₦1,374.90/\$1 recorded at the end of April. Similarly, the parallel market mirrored the positive trend, with the local currency strengthening to ₦1,372/\$1 from ₦1,374/\$1 in the previous month, reflecting continued convergence between both market segments and improved confidence in the foreign exchange market.

The naira's performance remains particularly impressive on a year-to-date basis. At the official market, the currency has appreciated by 4.55% from its year-opening level of ₦1,435.76/\$1, while the parallel market has delivered a stronger gain of 6.78% from ₦1,465/\$1 recorded at the close of 2025. The sustained appreciation underscores the effectiveness of ongoing foreign exchange reforms and improving market liquidity conditions.

Meanwhile, developments in the global oil market presented a mixed backdrop for Nigeria's external sector. Brent crude oil prices declined sharply by 18.50% month-on-month to settle around \$92.92 per barrel, marking the steepest monthly drop since 2020. Similarly, WTI crude fell by approximately 14.88% to close below \$89.44 per barrel. The decline was largely driven by easing geopolitical tensions following optimism surrounding a US-Iran ceasefire agreement and expectations of a reopening of the Strait of Hormuz, which reduced concerns over global supply disruptions. Nigeria's Bonny Light crude also moderated during the month, falling to \$98.44 per barrel from \$128.13 per barrel recorded at the end of April.

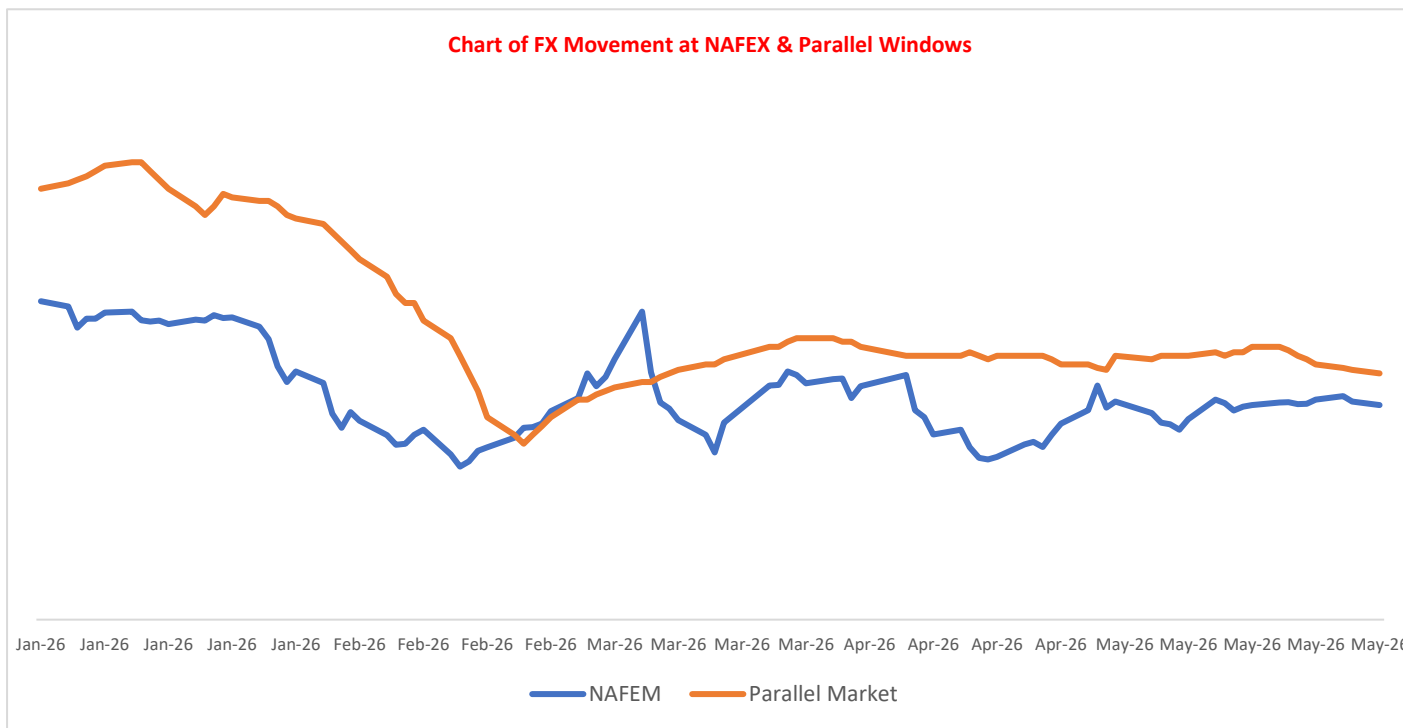
Despite the decline in oil prices, Nigeria's external reserves strengthened considerably during the period. Gross external reserves increased from \$48.36 billion in April to \$49.34 billion as of May 26, representing a month-on-month increase of approximately \$900 million or 1.86%. The improvement further reinforced the country's external buffers and provided import cover of approximately 9.04

months, supporting the CBN's capacity to sustain foreign exchange market stability and meet external obligations.

Looking ahead, the outlook for the naira remains cautiously positive, supported by stronger external reserves, improved FX liquidity, sustained policy reforms, and continued investor confidence. However, the recent weakness in

global oil prices poses a potential downside risk to foreign exchange earnings and reserve accretion. Nonetheless, barring any significant external shocks, exchange rate stability is expected to persist in the near term as authorities continue efforts to deepen market efficiency and strengthen external sector resilience.

Chart of FX Movement at NAFEX & Parallel Windows



EQUITIES MARKET: Bull Run Defies Gravity as NGX Delivers 60.9% YTD Return, Adds ₦4.52tn in May.....

The Nigerian equities market extended its impressive bullish run in May 2026, building on the strong momentum established in the first quarter of the year. Investor confidence remained elevated, underpinned by robust corporate earnings, improving macroeconomic fundamentals, attractive dividend declarations, and the gradual return of foreign portfolio investors to the market.

The Nigerian Exchange (NGX) All-Share Index (ASI) advanced by 3.35% month-on-month to close at 250,385.47 points, compared with 242,277.81 points in April. Consequently, market capitalization expanded by ₦4.52 trillion to ₦160.51 trillion from ₦155.99 trillion in the previous month. The latest gain pushed the market's year-to-date return to an impressive 60.90%, already exceeding the market's full-year performance in 2025 and reinforcing the strength of the current bull cycle.

Trading activity was broadly positive during the month, reflecting increased investor participation across the market. Average monthly traded volume rose by 28.60% to 1.14 billion units from 0.85 billion units recorded in April, while average traded value increased by 17.35% to ₦52.95 billion. The number of deals also improved, indicating sustained market engagement despite the rapid appreciation in equity prices and suggesting that investors remained willing to commit fresh capital to the market.

Performance across sectors was predominantly positive, with the Industrial Goods Index emerging as the standout performer after gaining 9.17% month-on-month. The rally was largely driven by strong performances from major cement manufacturers, supported by resilient margins, improved pricing power, and sustained demand from construction and real estate activities.

The Insurance Index followed closely, appreciating by 6.12% during the month. Investor interest in the sector remained buoyed by ongoing recapitalisation efforts, regulatory reforms, industry consolidation prospects, and stronger-than-expected earnings reported by key operators. Similarly, the Banking Index gained 3.33%, supported by attractive dividend yields, resilient earnings expectations, and improved sentiment toward fundamentally strong banking stocks.

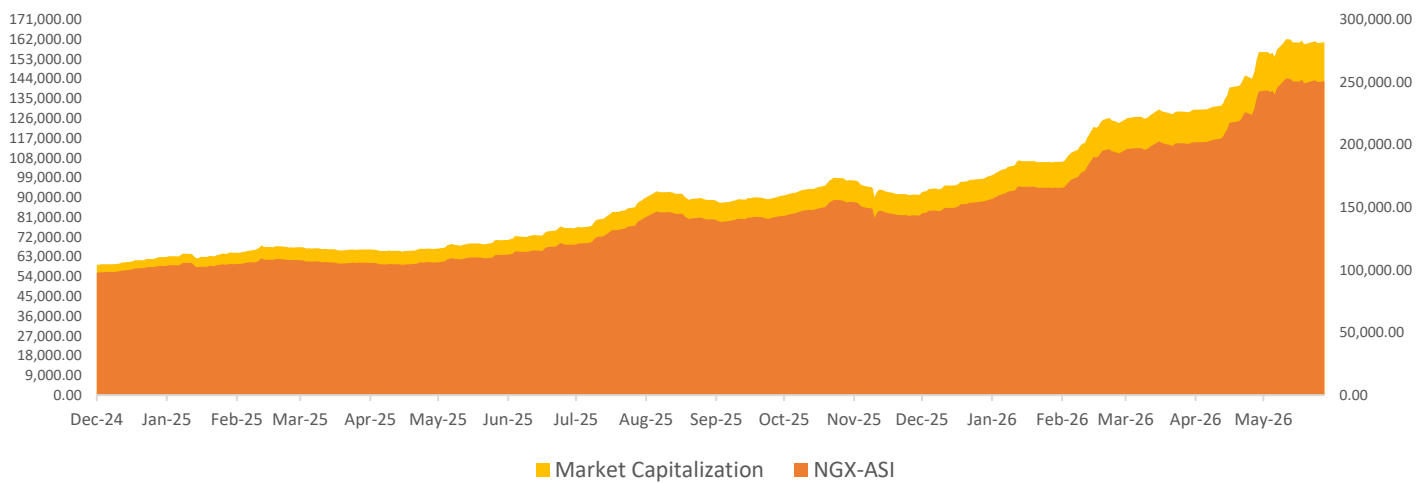
Consumer Goods stocks also ended the month in positive territory, with the index rising 1.19%. The sector benefited from improving macroeconomic stability, easing inflationary pressures, and renewed investor positioning in companies with strong earnings visibility and defensive characteristics.

On the downside, the Commodity Index declined by 2.14%, weighed down by softer global commodity prices, weaker

international demand, and evolving agricultural supply dynamics. Likewise, the Oil and Gas Index fell by 1.92% amid declining upstream activity, persistent challenges surrounding OPEC production quotas, domestic crude supply disputes, and lingering infrastructure bottlenecks within the energy sector.

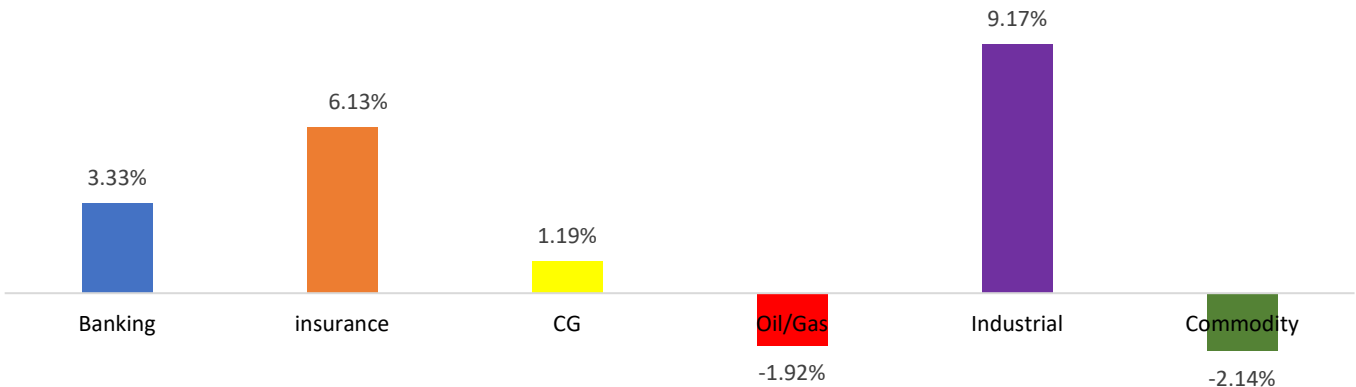
Looking ahead, market sentiment is expected to remain broadly constructive, supported by strong corporate fundamentals, improving economic conditions, and continued liquidity seeking attractive returns in equities. However, profit-taking activities following the market's exceptional year-to-date performance could trigger intermittent volatility, particularly in stocks that have recorded substantial gains in recent months.

Movement in the NGX-ASI & Market Capitalisation



Top Ten Gainers				Bottom Ten Losers			
Symbol	30-Apr-26	31-May-26	% Change	Symbol	30-Apr-26	31-May-26	% Change

May 2026 Performance



Liquidity Flood Meets CBN Sterilisation as Money Market Ends May on Strong Footing.....

The Nigerian money market maintained a broadly supportive liquidity environment throughout May 2026, buoyed by substantial OMO maturities and sustained investor demand for sovereign fixed-income securities. However, the Central Bank of Nigeria (CBN) continued its aggressive liquidity management strategy, tempering the pace of yield moderation across the market through sizeable liquidity sterilisation operations.

System liquidity remained resilient during the month despite significant monetary policy interventions. Total OMO maturities amounted to ₦5.73 trillion, while the CBN simultaneously withdrew ₦7.30 trillion through OMO issuances, resulting in a net liquidity withdrawal of approximately ₦1.57 trillion. Nevertheless, robust inflows and limited funding pressures enabled liquidity conditions to recover strongly towards month-end, with system liquidity closing the final week at ₦6.02 trillion, compared to ₦4.96 trillion recorded at the end of April. Reflecting the comfortable liquidity backdrop, the Overnight (OVN) rate eased marginally to 22.19% from 22.30% in the previous month.

Funding conditions across the interbank market also improved during the period, as evidenced by the downward movement in benchmark NIBOR rates. The 3-month NIBOR averaged 23.29% during the month before settling at 22.97%, while the 1-month and 6-month tenors declined to 22.65% and 23.28% respectively by month-end. The moderation in rates underscores the impact of ample

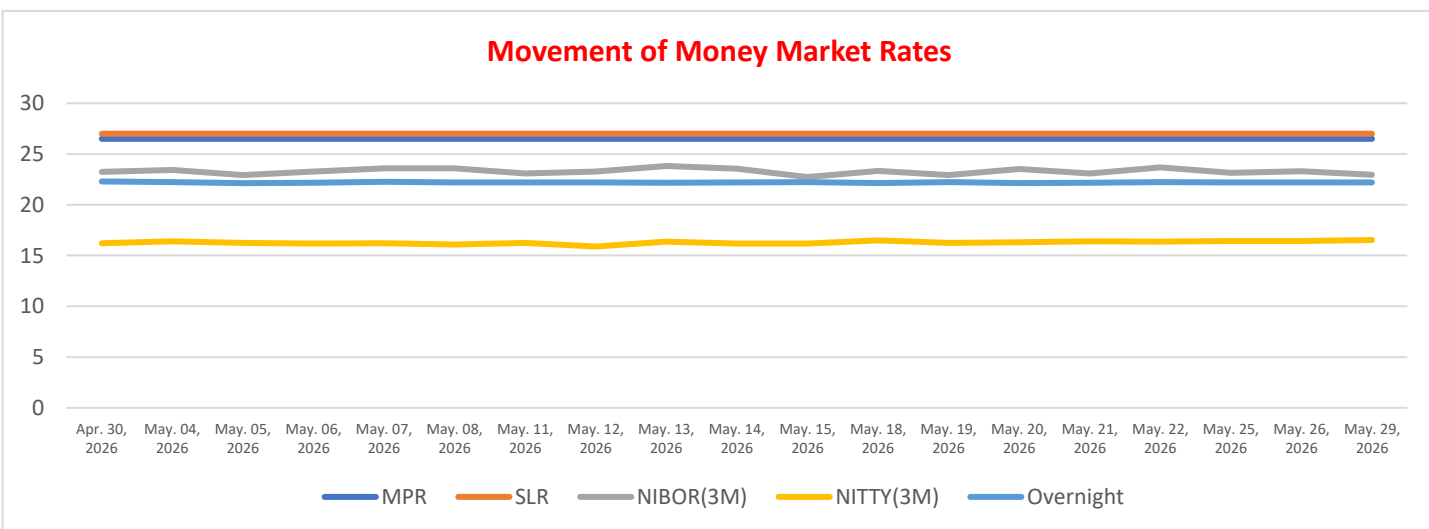
system liquidity despite the CBN's continued efforts to absorb excess funds.

Meanwhile, the NITTY curve delivered a mixed performance, with yields rising across most short- to medium-term maturities as investors demanded higher returns and repositioned toward shorter-dated instruments. The shift in sentiment was influenced by evolving inflation expectations following the continued moderation in headline inflation to 15.69% in April. Consequently, the 1-month NITTY increased by 9 basis points to 16.04%, while the 3-month and 6-month tenors closed at 16.53% and 17.19% respectively. In contrast, the 12-month benchmark edged lower by 1 basis point to 18.85%, reflecting selective demand at the longer end of the curve.

Activity in the secondary Treasury bills market remained relatively subdued during the month, with bearish sentiment dominating the mid-to-long end of the curve. As a result, average NTB yields rose marginally by 4 basis points month-on-month to 17.51%, despite continued deployment of excess liquidity into short-term government securities by institutional investors.

Looking ahead, liquidity conditions are expected to remain favourable, supported by a robust maturity profile and sustained demand for fixed-income assets. However, the direction of yields will continue to be influenced by the CBN's liquidity management actions, inflation dynamics, and investor expectations regarding the monetary policy outlook.

Movement of Money Market Rates



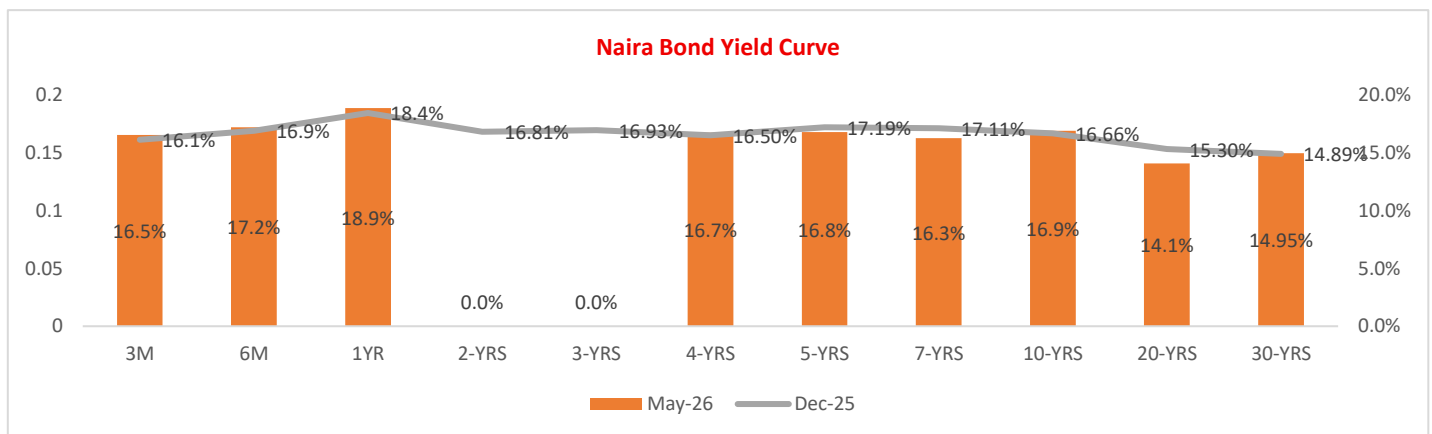
Market Sees Divergent Trends as Eurobonds Rally, FGN Bond Yields Edge Higher....

In the domestic bond market, average FGN bond yields increased to 16.32% in May from 16.09% in April. The upward movement in yields was driven by intermittent sell-offs and softer demand for longer-duration securities as investors adopted a cautious approach to duration risk. Market participants largely sought to balance portfolio stability with the need to preserve attractive yield levels amid evolving monetary and liquidity conditions.

Conversely, Nigeria’s sovereign Eurobond market delivered a stronger performance during the month, with average yields declining to 6.78% from 6.86% in April. The moderation in yields reflected improved investor appetite for emerging and frontier market debt, as sentiment toward Nigerian risk assets continued to strengthen.

The rally in Eurobonds was supported by improving foreign exchange liquidity conditions, sustained stability in the naira, and stronger crude oil prices. Together, these developments helped ease concerns over sovereign credit risk, strengthened confidence in Nigeria’s macroeconomic outlook, and encouraged renewed foreign investor participation in the country’s external debt market.

Looking ahead, sentiment is expected to remain influenced by liquidity conditions, inflation dynamics, monetary policy expectations, and developments in the fx market. While domestic bond yields may remain sensitive to supply dynamics and investor positioning, Nigeria’s Eurobond market could continue to benefit from improving macroeconomic fundamentals and a more favourable external perception of the country’s credit profile.



Source: FMDQ Data Portal, Cowry Research



20 Years of Creating Wealth and Transforming Lives

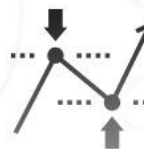
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