

H1 2026 ECONOMIC REVIEW AND H2 OUTLOOK

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OUTLINE

GLOBAL ECONOMY IN H1 2026

SUB-SAHARAN ECONOMY IN H1 2026

NIGERIA'S ECONOMY IN H1 2026

**OUTLOOK FOR THE GLOBAL AND NIGERIA ECONOMY IN
H2 2026**





Global Economy

- Global growth held steady in the first half of the year, though geopolitical tensions and policy uncertainties slowed the pace of expansion. Despite these challenges, strong labor markets, ongoing investment in technology, and sustained activity in major economies provided support to global growth.
- At the start of 2026, the International Monetary Fund (IMF) projected global economic growth at 3.30%. However, in its July update, the Fund revised the forecast downward to 3.00%, which is below the 3.40% growth recorded in 2025, reflecting the impact of ongoing challenges facing global economies. Similarly, the World Bank lowered its 2026 global growth projection from 2.60% to 2.50%, citing the widespread economic effects of the war.



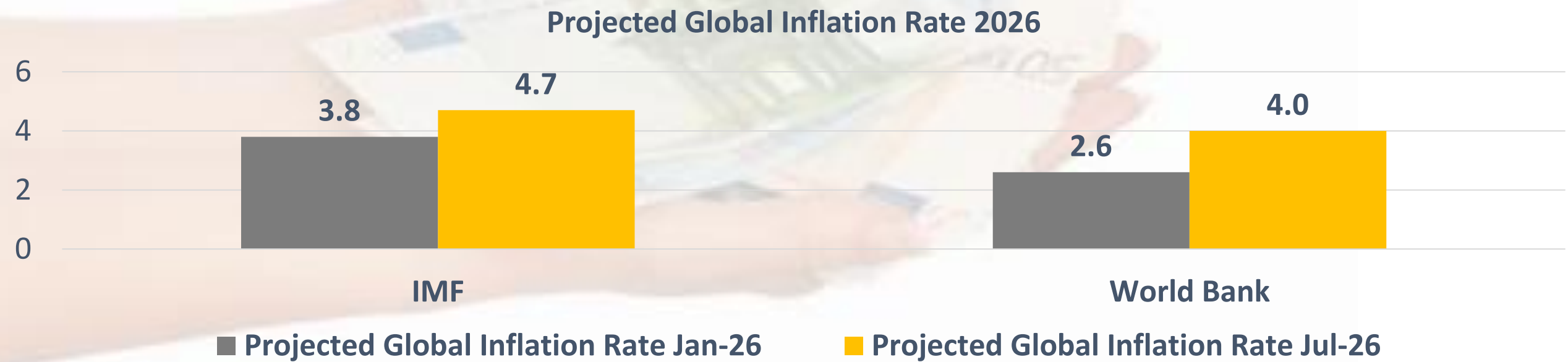
Projected Global Real GDP				
	2025(e)	Jan-2026(e)	Jul-2026(f)	2027(f)
IMF	3.5	3.3	3.0	3.4
World Bank	2.7	2.6	2.5	2.7

e – estimated; f – forecasted

GLOBAL INFLATION

Projected Global Inflation Rate				
	2025	Jan-2026	Jul-2026	2027
IMF	4.1	3.8	4.7	3.9
World Bank	3.2	2.6	4.0	3.1

Source: Reuters, Atlass portfolio



On the backdrop of the continued tension and uncertainties, rising energy and food prices prompted the IMF to revise its global inflation forecast upward to 4.7%, compared with the 3.8% projected at the start of the year and the 4.1% recorded in 2025. The World Bank also raised its global inflation forecast, revising it to 4.0% from its initial projection of 2.6%, reflecting more pronounced price pressures across the global economy.

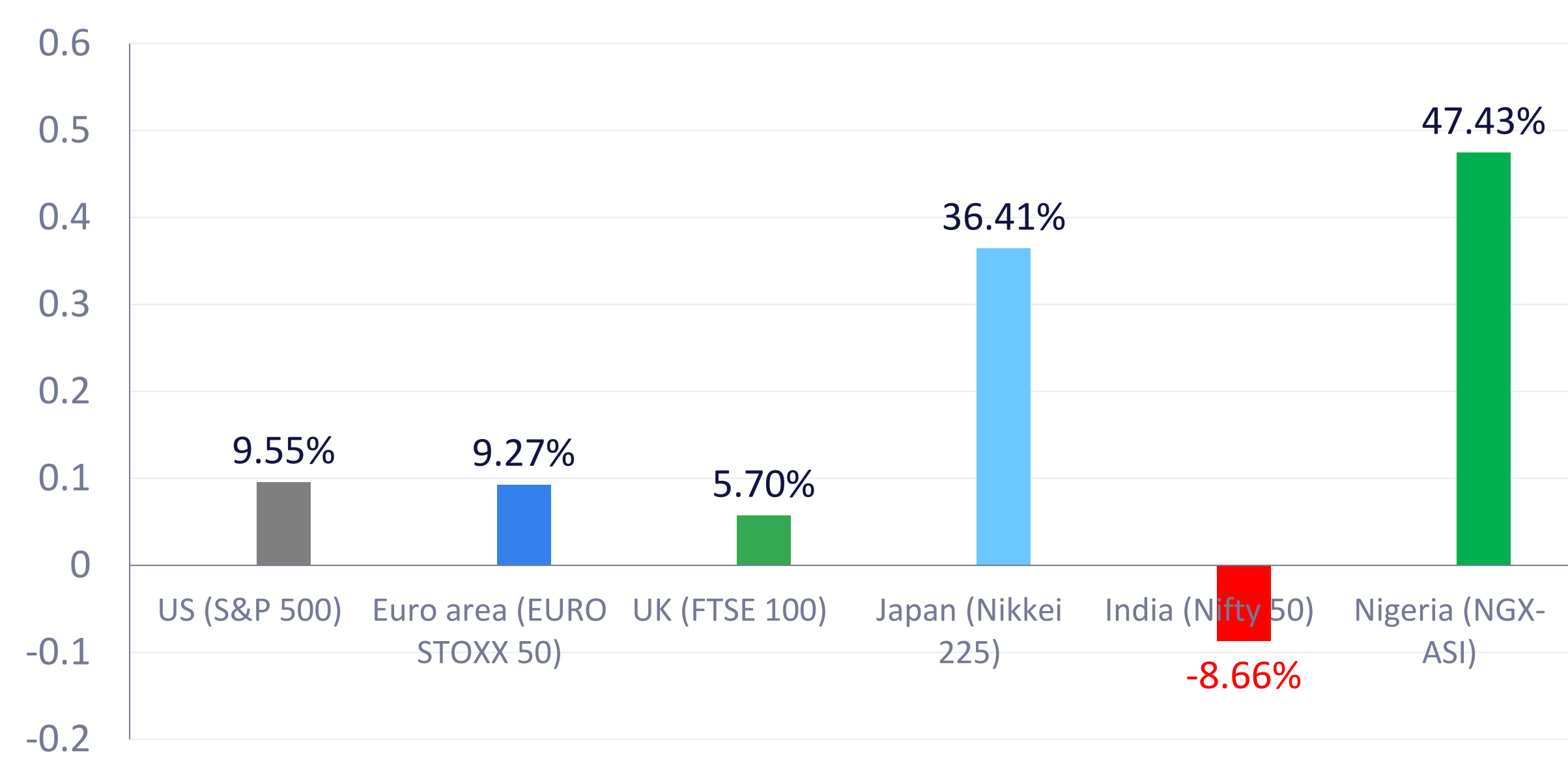
- In the first half of 2026, inflation patterns differed across selected economies, shaped by domestic conditions, monetary policies, and exposure to global developments. While some countries experienced rising price pressures, others saw inflation ease.
- During this period, major central banks responded with varying policy approaches. Some chose to maintain interest rates as they monitored incoming data, while others tightened monetary policy to counter renewed inflationary pressures, particularly those driven by Higher energy costs

- In advanced economies, inflation rose in both the United States and the Euro area between December 2025 and June 2026, signaling stronger inflationary pressures, which was largely driven by higher energy costs. Conversely, inflation eased in the U.K and Japan, showing continued progress in price stabilization.
- Among selected emerging markets, inflation edged upward. China and Russia recorded only mild increase, while India experienced a more pronounced rise, showing stronger inflationary pressures during the period. Within sub-Saharan Africa, Nigeria and South Africa also saw inflation climb, though the pace of increase remained relatively moderate compared with historical levels.

	Inflation		
	Dec-25	Jun-26	Change
Advanced Economies			
US	2.7%	3.5%	+0.8
Euro area	1.9%	2.8%	+0.9
UK	3.4%	2.6%	-0.8
Japan	2.1%	1.7%	-0.4
Emerging Economies			
China	0.8%	1.0%	+0.2
India	1.3%	4.38%	+3.08
Russia	5.6%	6.0%	+0.4%
Sub-Saharan Africa			
South Africa	3.6%	5.0%	+1.4
Nigeria	15.15%	15.91%	+0.76

Source: Reuters, Atlass portfolio

Global Stock Index Returns - H1 2026 YTD



Index		H1 2026 YTD Return (June 30)
US	S&P 500	+9.55%
Euro area	EURO STOXX 50	+9.27%
UK	FTSE 100	+5.70%
Japan	Nikkei 225	+36.41%
India	Nifty 50	-8.66%
Nigeria	NGX-ASI	+47.43%

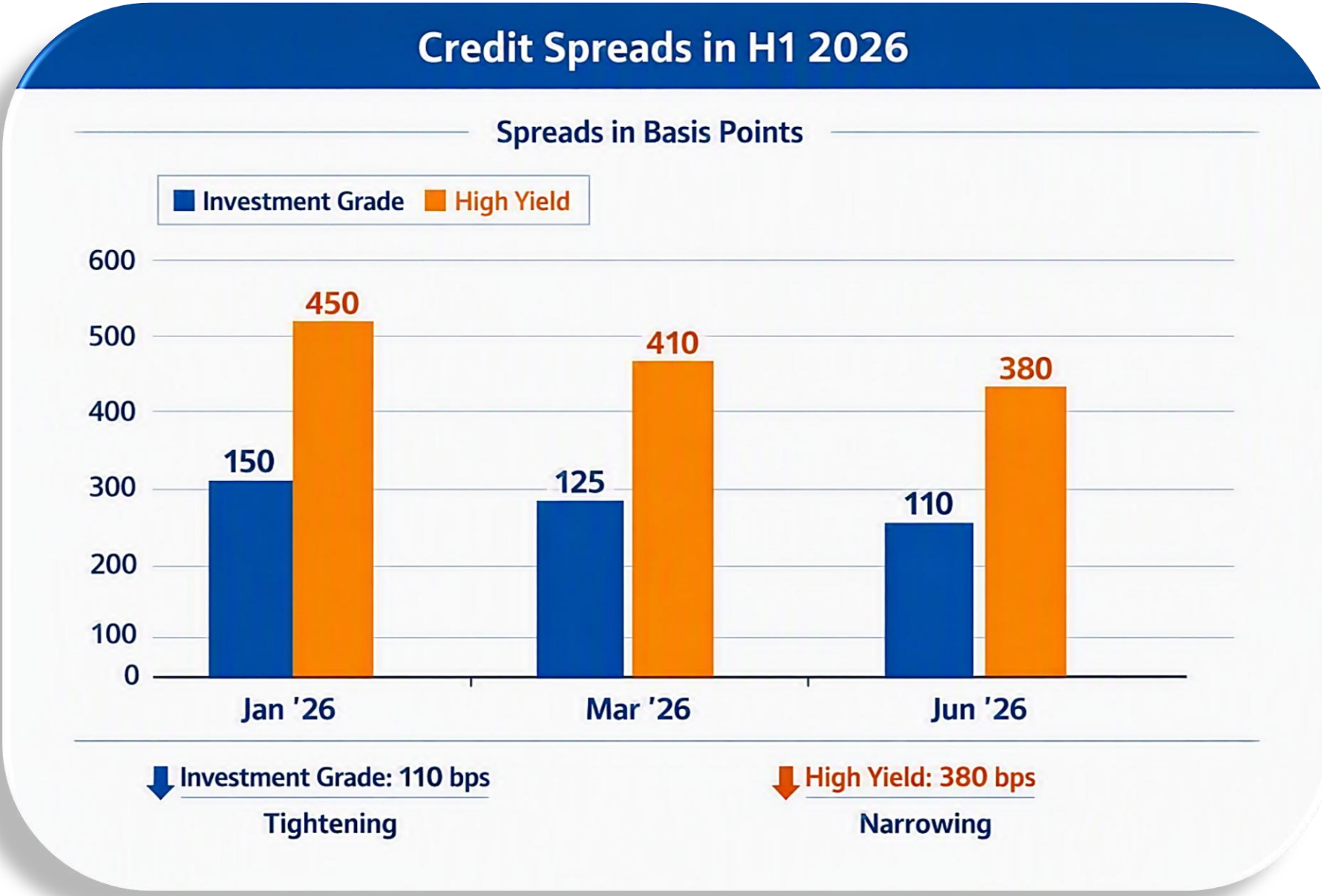
Source: Atlass portfolio, Reuters

- The global equity markets in the first half of 2026 underscored the different pace of economic and financial market developments across countries. Global Markets were supported by stronger earnings, favorable domestic conditions, and improved investor confidence.
- Japan stood out as the strongest performer among the advanced economies, with the Nikkei 225 rising by 36.41% YTD. The U.S and the Euro Area also posted notable gains of 9.55% and 9.27% accordingly, supported by strong corporate results and continued demand for large-cap stocks. In Contrast, the U.K recorded a more modest increase of 5.70%, while the India’s Nifty 50 fell by 8.66%, underscoring weaker investor sentiment amid both domestic challenges and external market pressures.

Global Fixed Income Market in H1

- The global fixed income market in H1 2026 was driven by geopolitical shocks, elevated inflation, and diverging central bank policies. Bond yields remained high, but also showed signs of stabilizing, credit spreads tightened after early volatility, and emerging market debt outperformed with strong inflows.

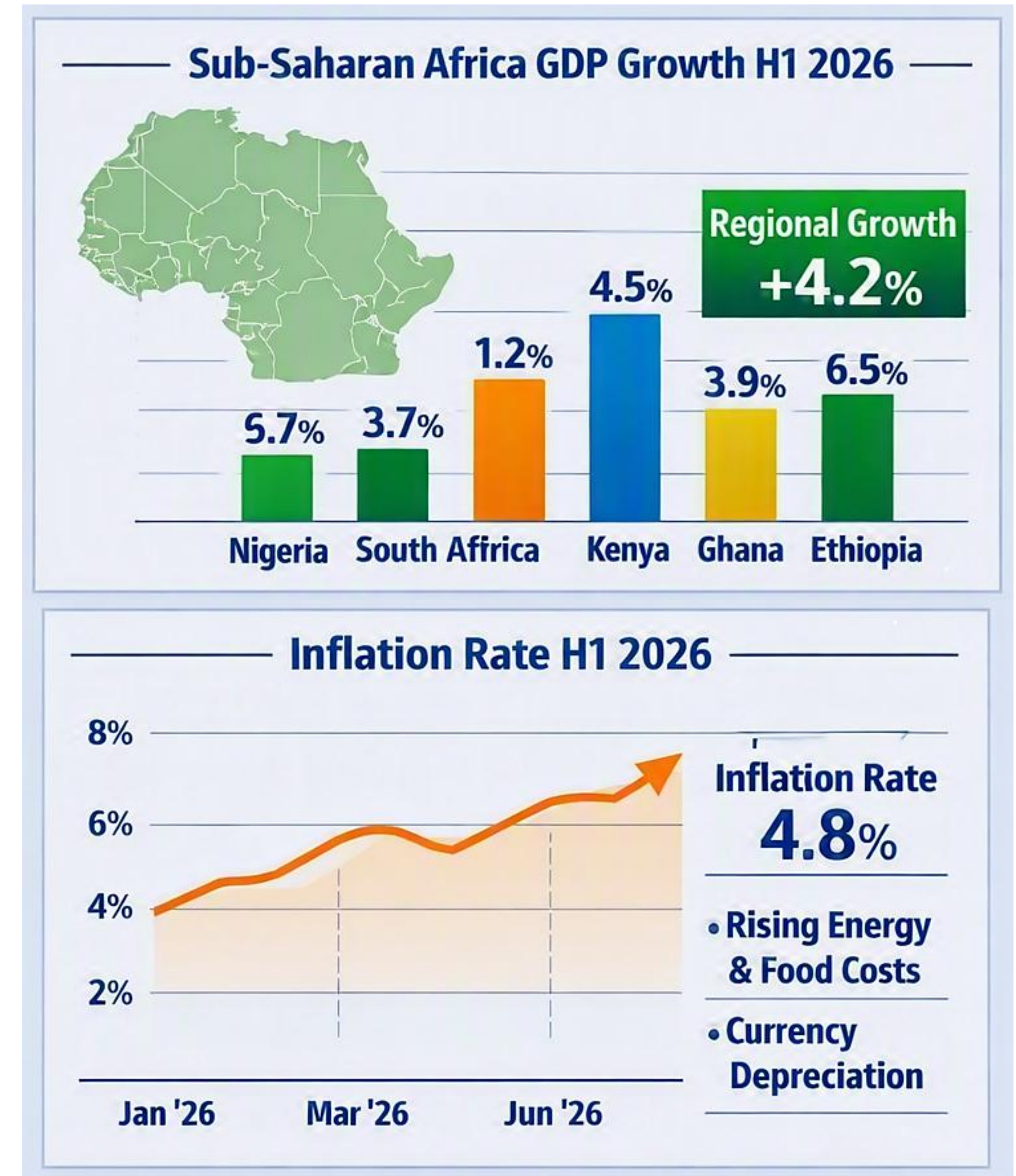
Region / Instrument	3-Month Treasury Bill	10-Year Government Bond	Corporate Bond (Investment Grade)	High-Yield Bond	Notes
United States	3.25 %	3.80 %	5.10 %	7.40 %	Fed began gradual easing; curve flattened slightly.
Eurozone (Germany)	2.40 %	2.65 %	3.90 %	6.20 %	ECB maintained cautious dovish stance; yields declined modestly.
United Kingdom	4.10 %	4.35 %	5.60 %	8.00 %	Inflation persistence kept gilt yields elevated.
Japan	0.85 %	1.05 %	1.90 %	3.50 %	End of yield-curve control led to normalization.
China	1.90 %	2.45 %	3.60 %	5.80 %	Policy remained accommodative to support growth.
Brazil	9.80 %	10.40 %	11.20 %	13.50 %	Real yields remained high; strong investor inflows.
Nigeria	11.50 %	13.20 %	14.80 %	17.00 %	Inflation pressures kept yields elevated; naira volatility persisted.
Emerging-Market Average	6.20 %	7.10 %	8.40 %	11.00 %	EM debt outperformed; inflows driven by yield appeal.



Source: Reuters, Atlass portfolio

Sub-Saharan Economy in H1 2026

- In H1 2026, the Sub-Saharan Africa's economy grew at about 4.10 – 4.30%, slightly down from 4.50% in 2025. This was driven by inflation pressures returning to the middle east because of rising energy, food costs, and tighter financial conditions.
- Inflation in Sub-Saharan Africa in the first half of the year also rose by 4.80%, reversing the 3.40% disinflation achieved in 2025. The key pressuring factors on the sub-region's inflation includes; Rising Fuel, Food and Fertilizer Prices due to the Middle East Conflict, Currency depreciation in several economies (such as Kenya, Ghana, Nigeria), and Intensification of Food security risks.



Source: Reuters, Atlass portfolio

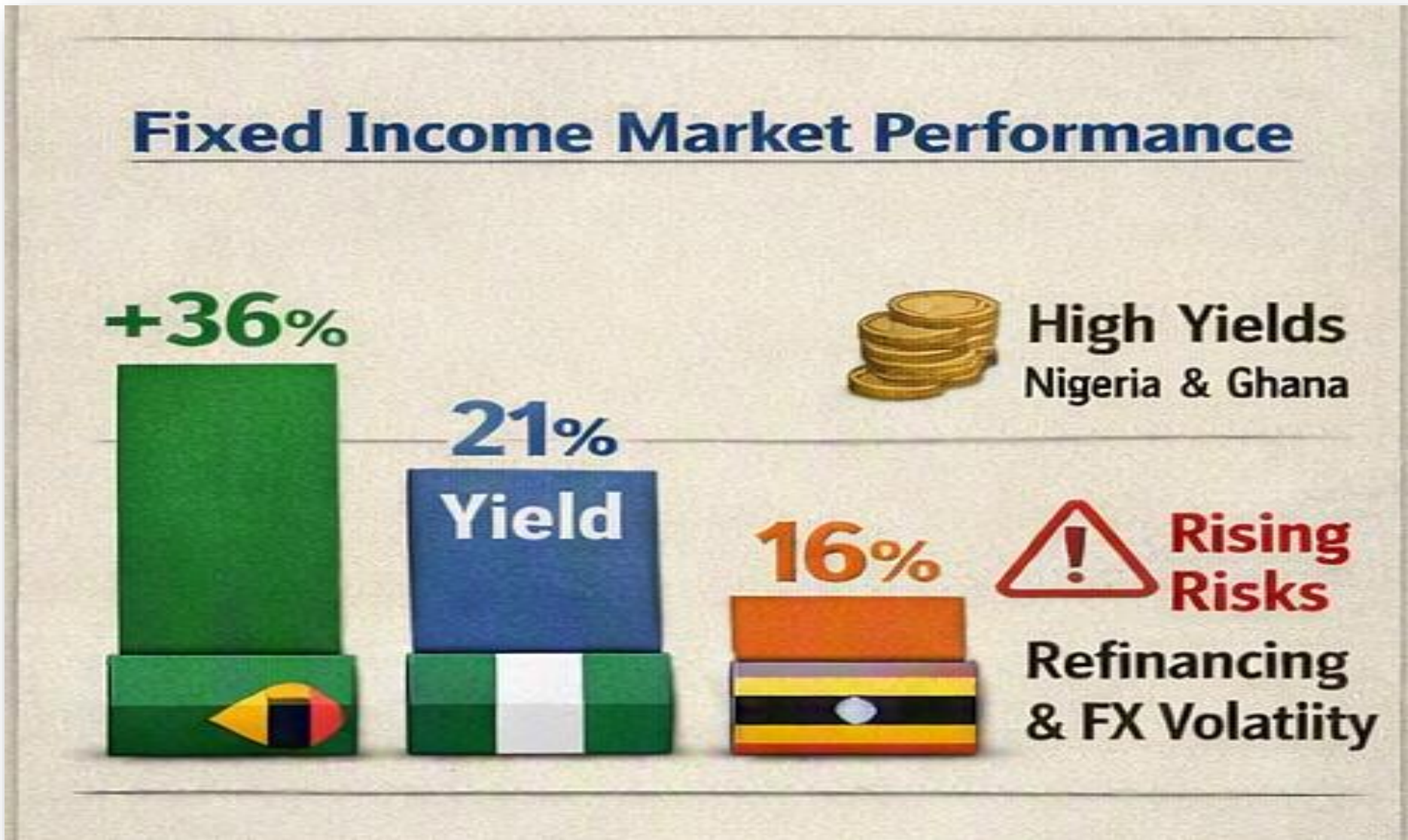
Equity

- In the first half of 2026, Sub-Saharan Africa’s economy showed strong equity rallies led by Ghana (+67.90%), and Nigeria (+47.40%), while fixed income markets delivered some of the best local currency debt returns globally, with Zambia’s bonds up 36% and Nigerian yields around 21.00%. Nevertheless, risk remain from geopolitical shocks, high refinancing needs, and currency volatility.

Country/Region	Index	Dec-25	Jun-26	% Return	Key Drivers
Ghana GH	GSE Composite	8,770	14,724	67.90%	Banking & petroleum stocks; IMF-backed fiscal reforms
Nigeria NG	NGX All-Share	155,613	229,419	47.40%	Oil & gas, industrials, naira appreciation
Zimbabwe ZW	ZSE All-Share	278	418	50.40%	ZiG currency rally (no USD conversion)
Tunisia TN	TUNINDEX	13,450	19,864	47.70%	Financials, repeated all-time highs
Rwanda RW	RSE All-Share	182	255	39.90%	Telecoms, financials
South Africa ZA	JSE All-Share	115,832	110,314	-4.80%	Weak growth, cautious sentiment
Malawi MW	MSE All-Share	598,063	524,002	-12.40%	Tax changes, banking losses

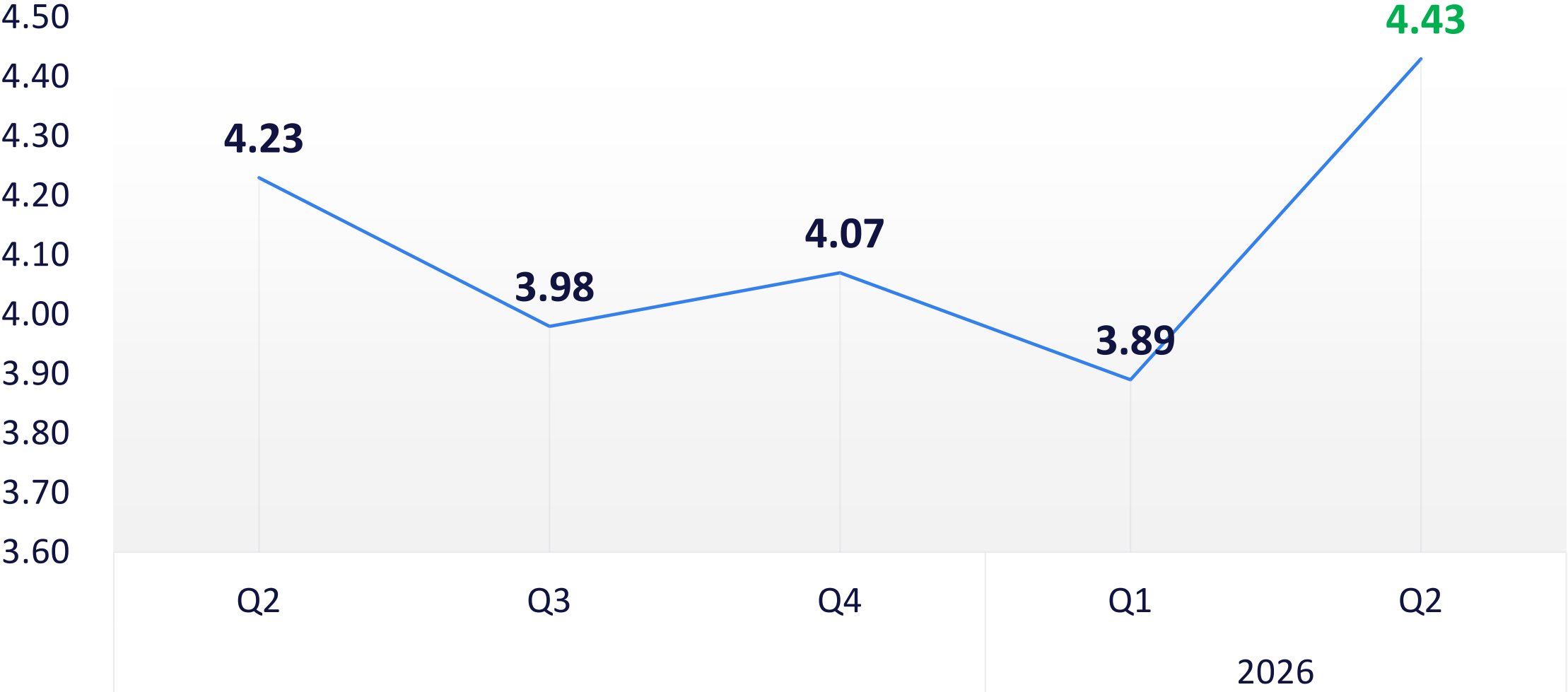
Fixed Income

Country/R egion	Yield/Return	Notes
Nigeria NG	FGN bonds ~21% yield	T-bill yields fell then rebounded; bond yields rose to 18.35% by June
Zambia ZM	'+36% return (USD terms)	Kwacha appreciation boosted returns
Uganda UG	~16% yields	Strong demand, IMF program support
Ghana GH	15–20% yields	Post-debt exchange recovery; IMF support
Egypt EG	15–20% yields	FX rationing limits foreign investor participation



Local Economy in H1 2026

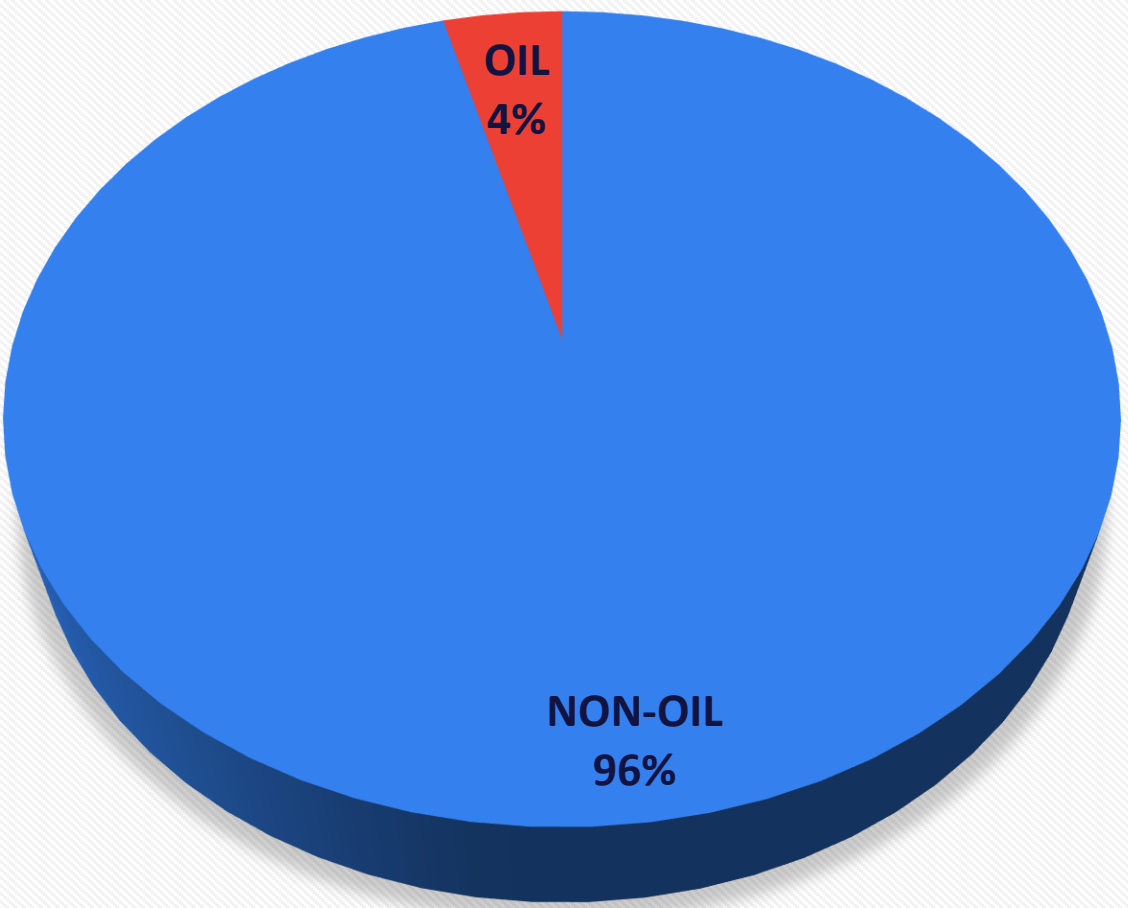
REAL GDP Y/Y GROWTH RATE



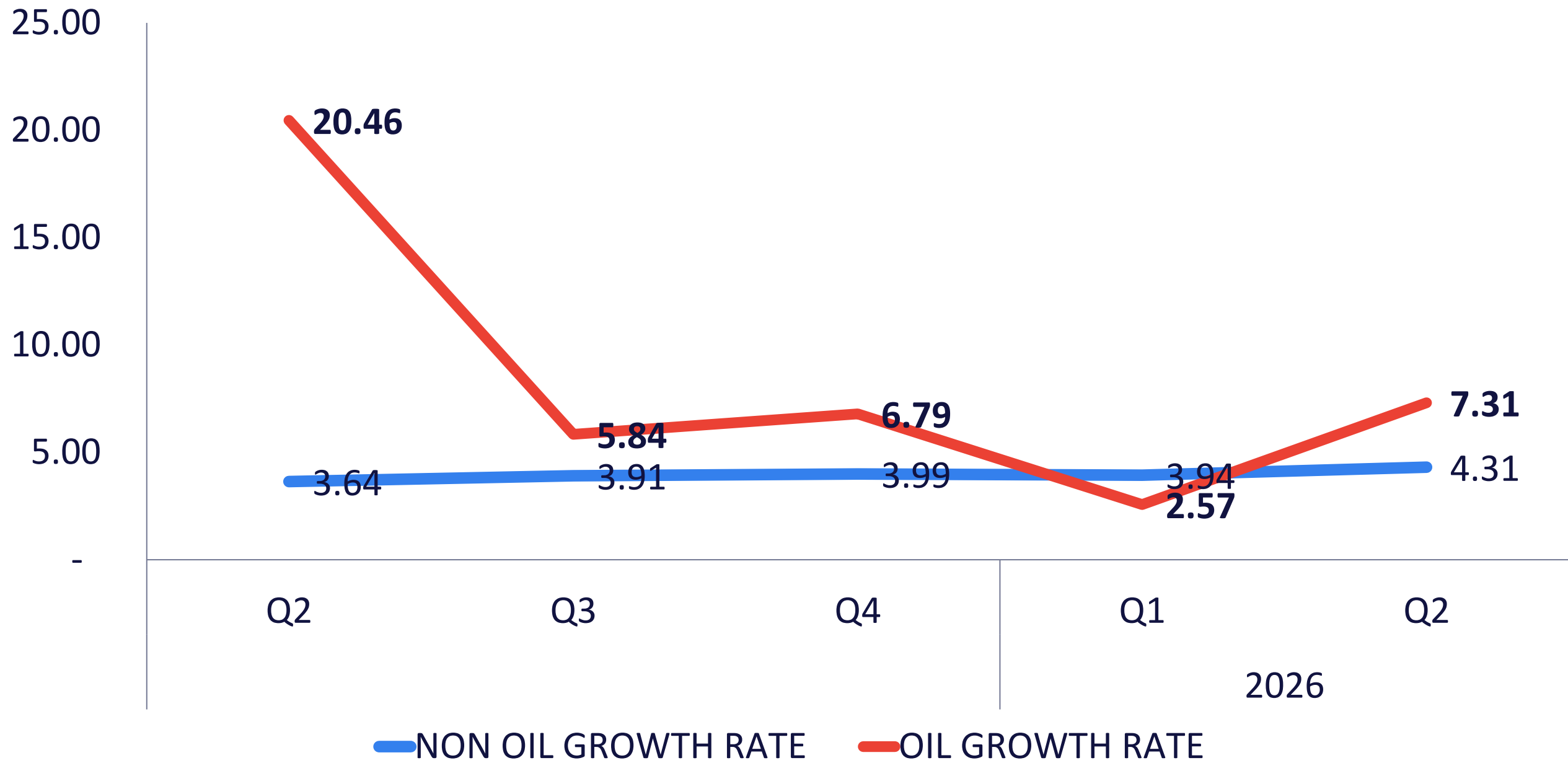
The country's GDP stood at 4.43% in Q2 2026 from 3.89% in the first quarter of 2026. The growth rate in Q2 2026 increased by 0.20% points, compared to 4.23% in Q2 2025.

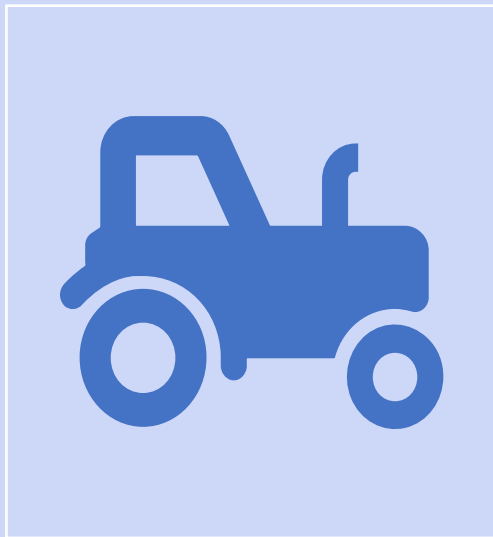
The Non-Oil sector grew by 37 basis point to 4.31% in Q2 2026, as against 3.94% in Q1 2026. Also, the real growth in the Oil component of the GDP increased to +7.31% in Q2 2026, relative to +2.57% recorded in Q1 2026.

Non-Oil and Oil Sectors Contribution

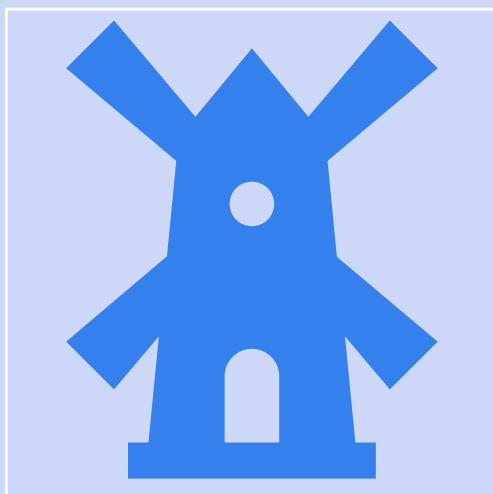
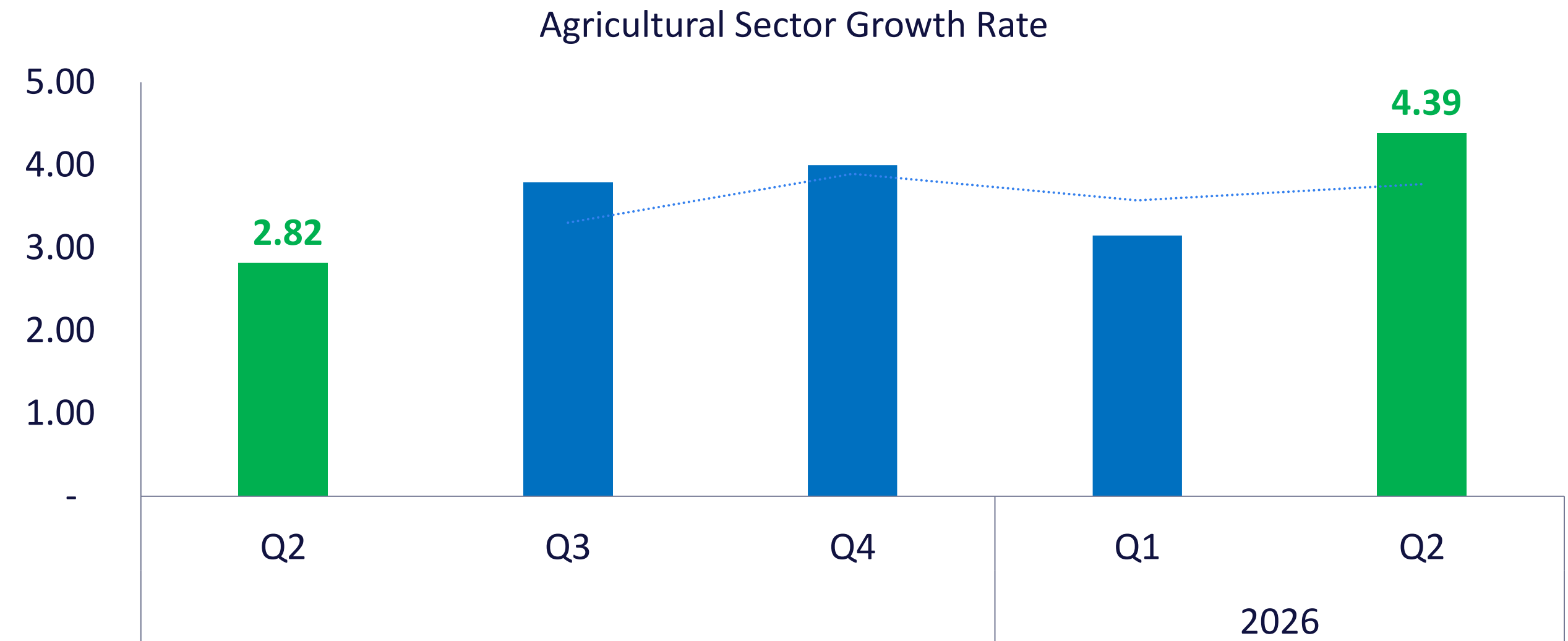


Real GDP Oil and Non-Oil Growth Rate





The Agricultural sector contributed 26.15% to the overall GDP in real terms in Q2 2026, which was 2.99% points higher than its contribution in Q1 2026 (23.16%).



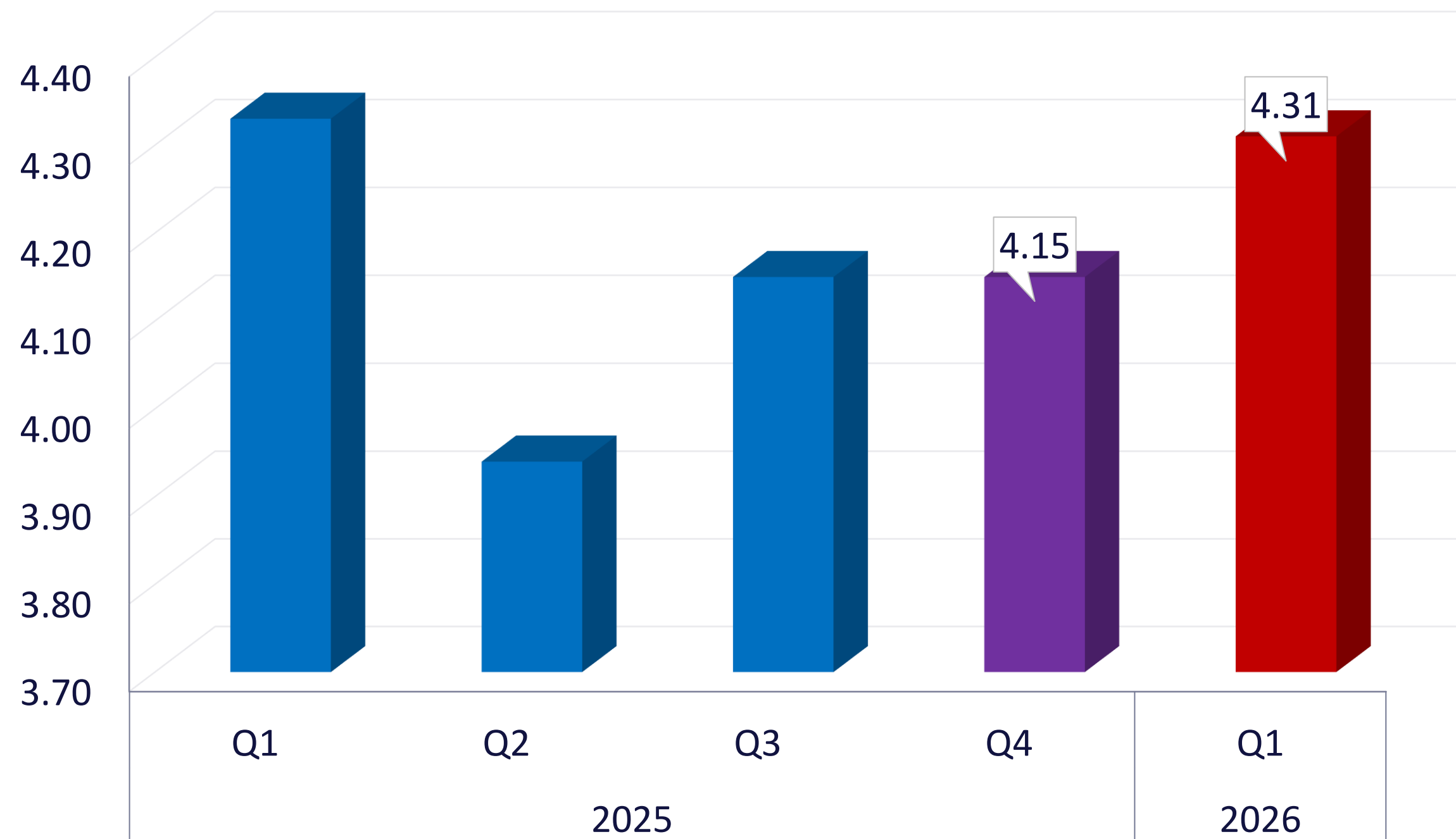
The Industrial sector contribution to GDP dropped to 17.23% in Q2 2026 from 19.11% in Q1 2026



Source: NBS, Atlass

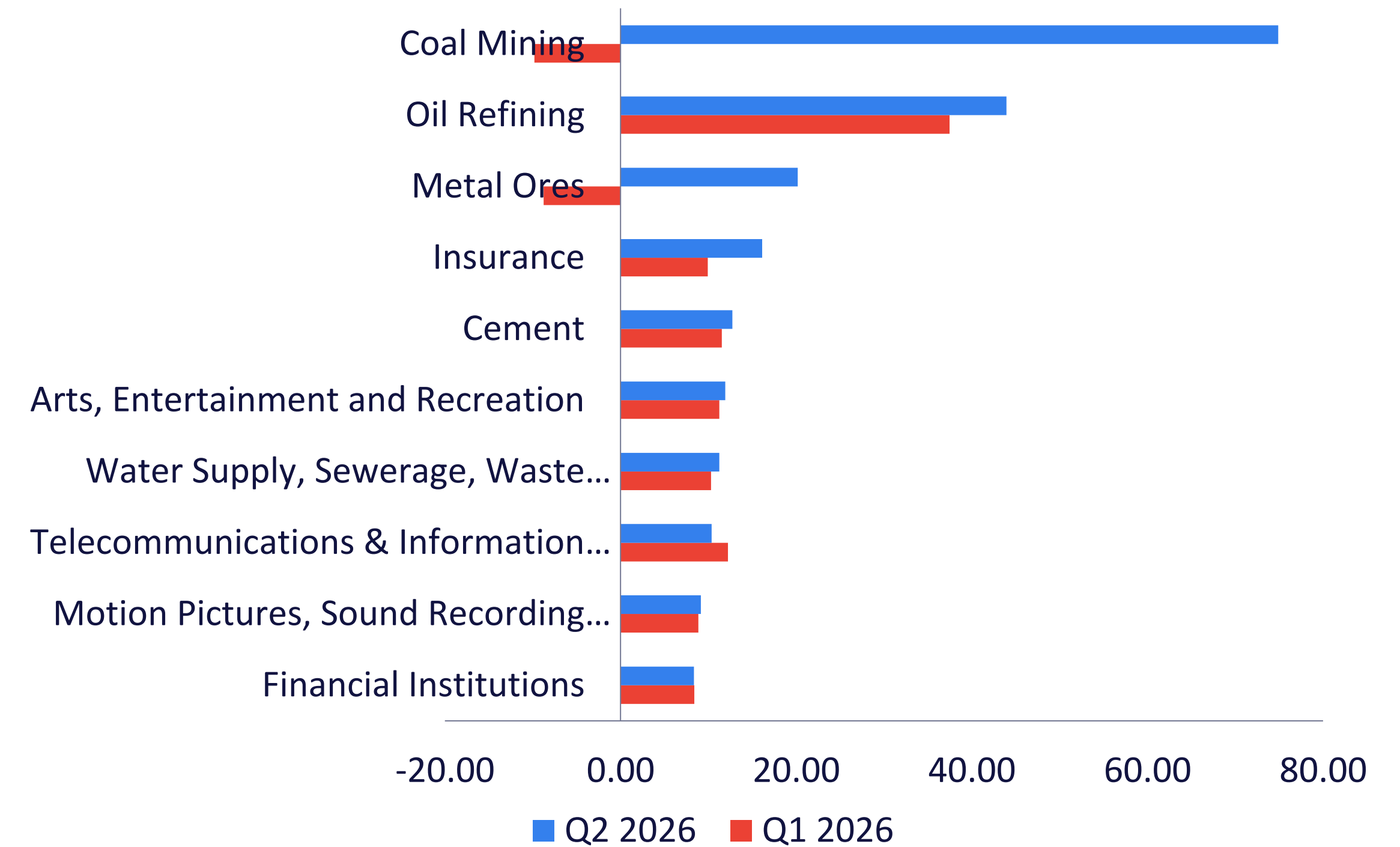
- The Services sector recorded the highest contribution to the country's GDP in the second quarter of the year, accounting for 56.62% of total output in Q2 2026.

Services Sector Growth Rate

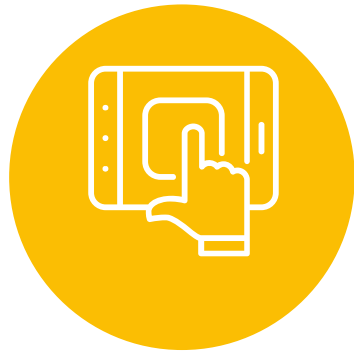


Source: NBS, Atlass

Top 10 Advancing Sub-sectors for the Quarter



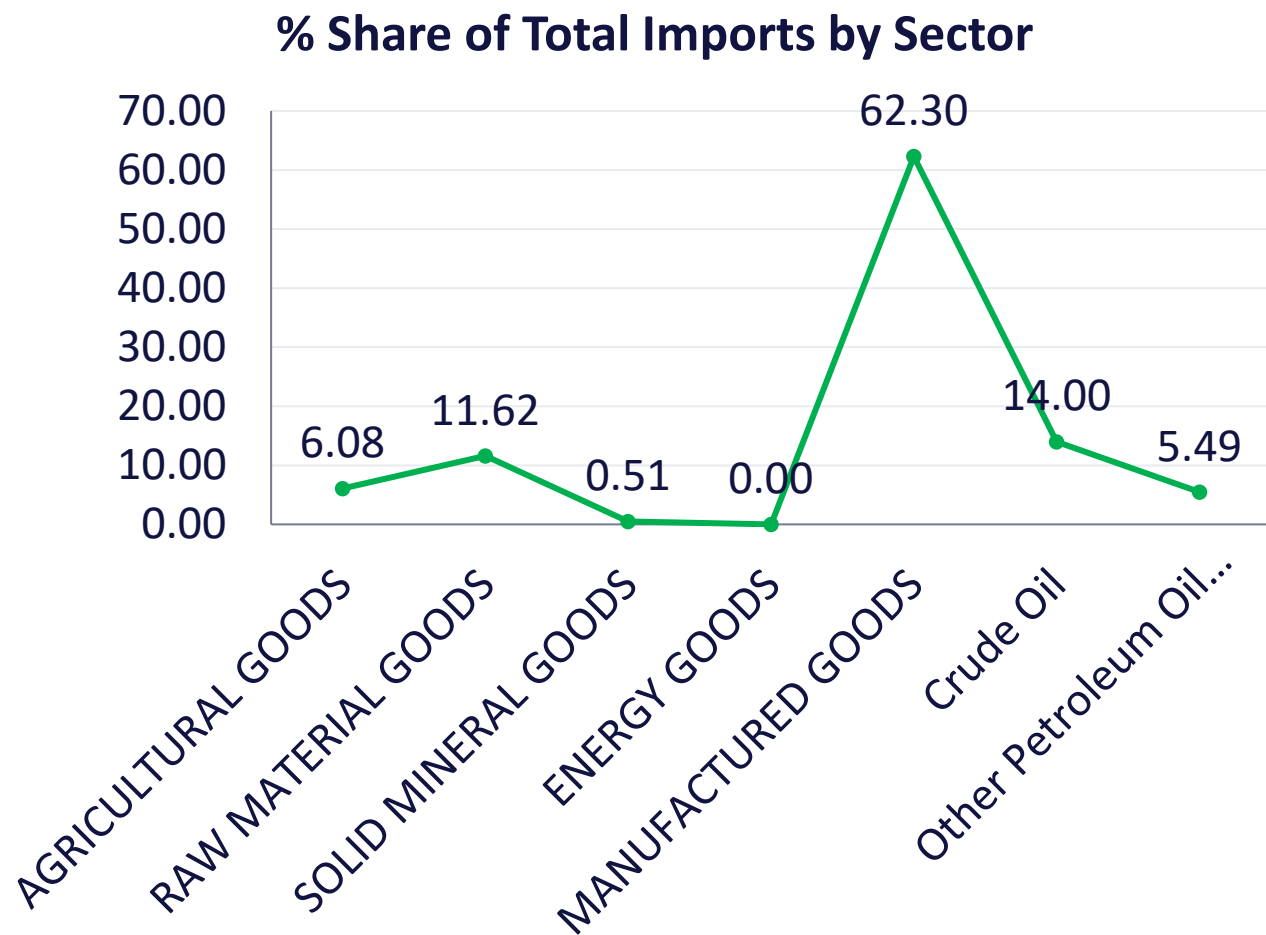
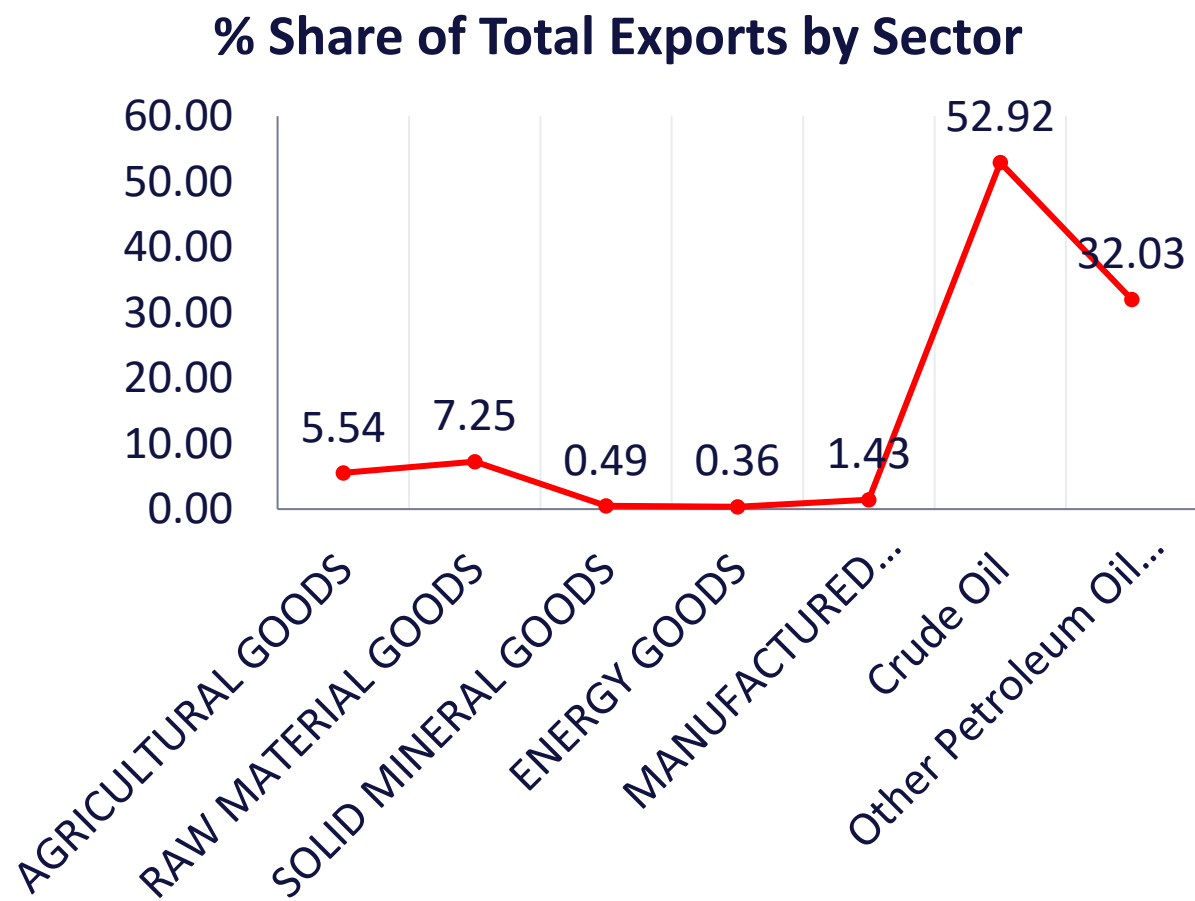
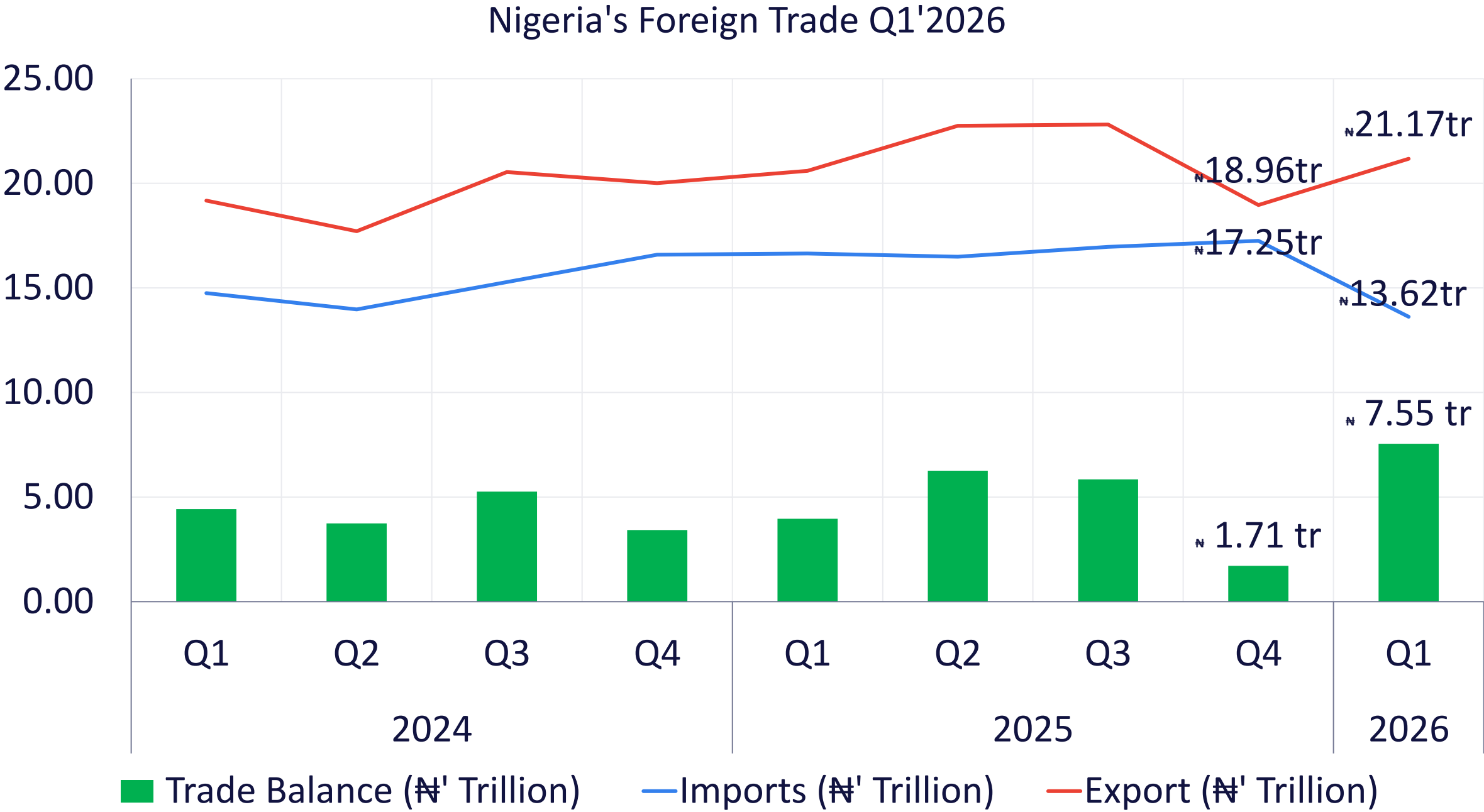
Source: NBS, Atlass



Nigeria's foreign trade stood at ₦34.79T in Q1'2026, which was 6.59% lower than the ₦37.24T recorded in Q1'2025 and down by 3.94% compared to ₦36.21T recorded in Q4'2025.



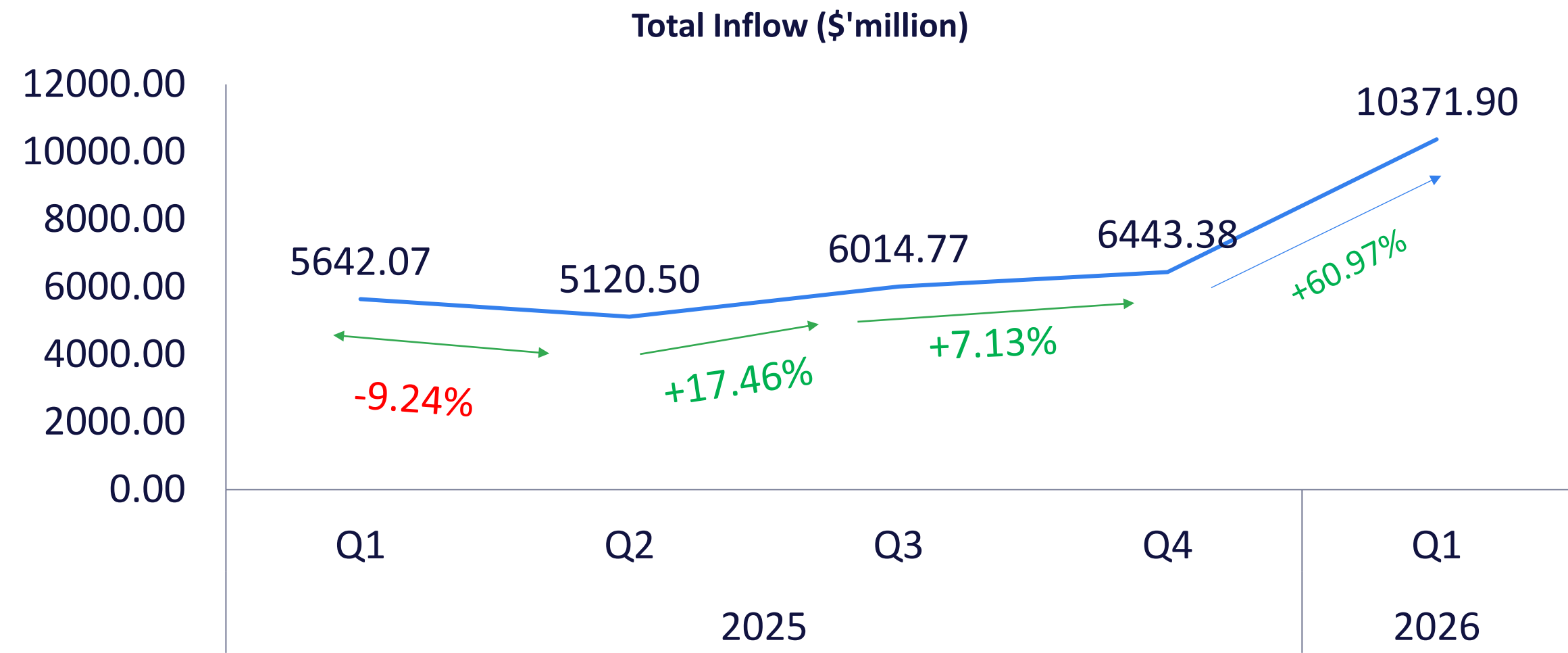
The country's total export increased by 11.66% to ₦21.17T in Q1'2026, from ₦18.96T in Q4'2025, and 2.77% higher than 20.60T in Q1 2025.



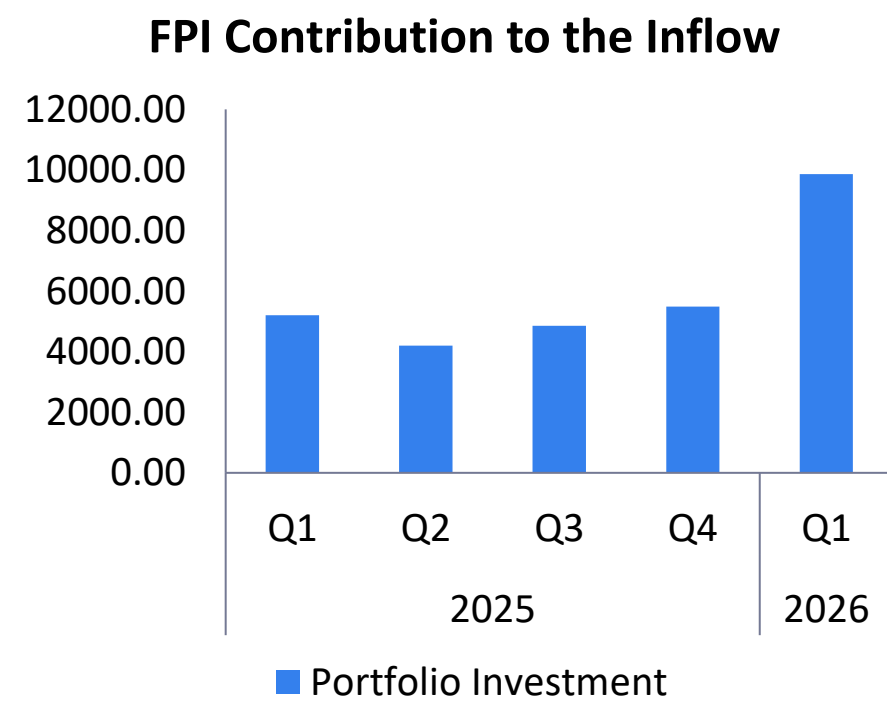
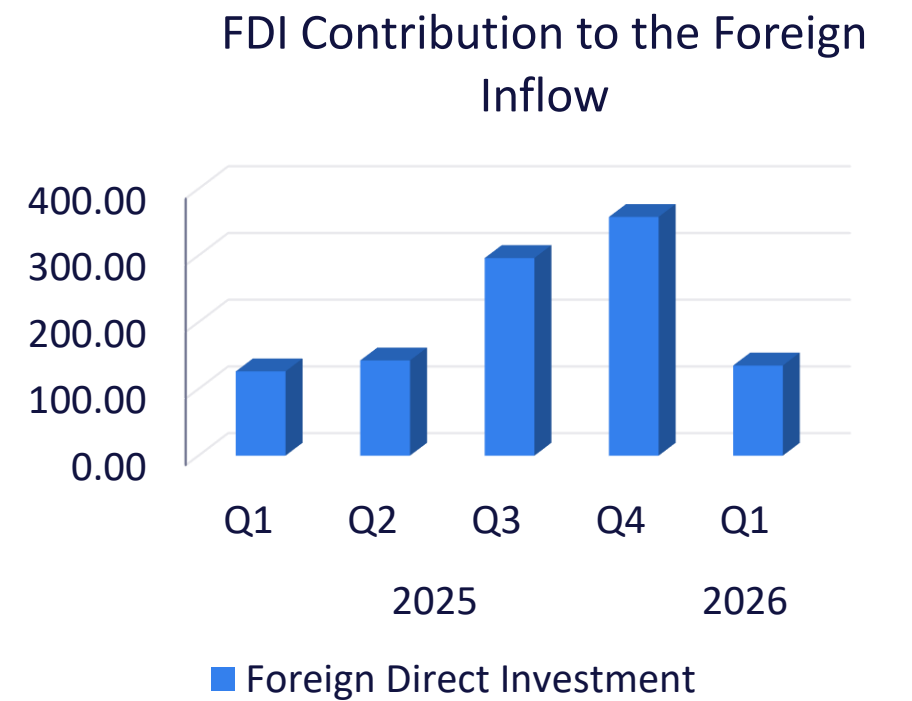
Furthermore, the total imports decreased by 21.04% to ₦13.62T in Q1'2026, compared to ₦17.25T recorded in Q4'2025.

Nigeria imported more goods from China, United State, and India, while exporting more goods to India, France, and Netherland in Q1'2026.

CAPITAL IMPORTATION



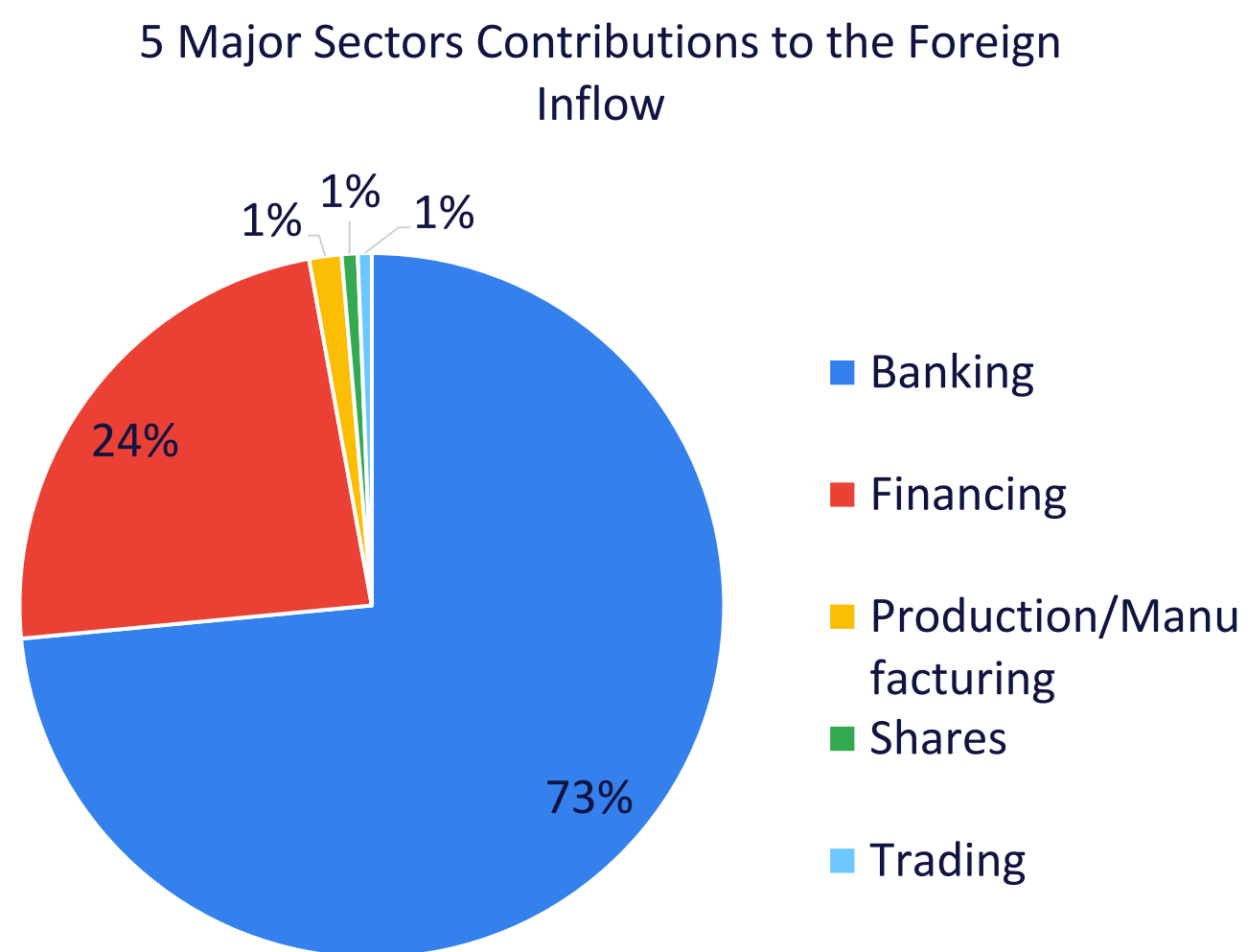
- FDI accounted for 1.30% of the total capital imported in Q1. It increased by 6.96% y/y from \$126.29m recorded in Q1'2025 to \$135.08m in Q1'2026.



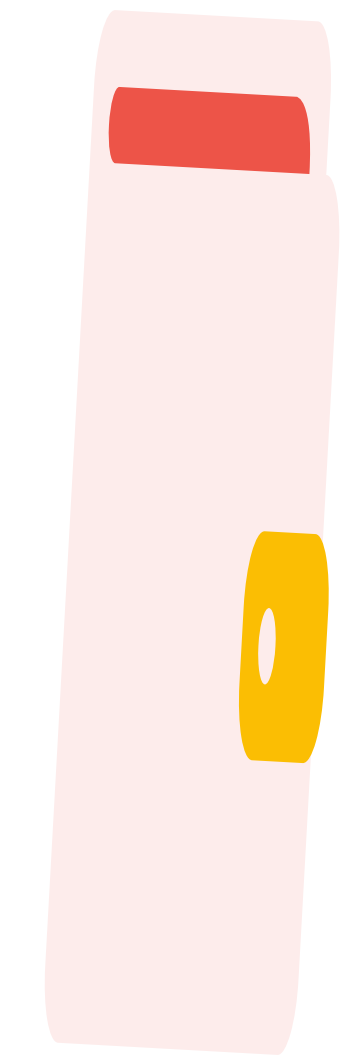
- Whereas FPI accounted for 85.14% of the total inflows in Q4. FPI increased by 89.49% y/y to \$9.86b in Q1'2026 and grew by 79.77% compared to \$5.20 billion in Q4'2025.

Source: NBS, ATlass

- Nigeria attracted \$10.37 billion as capital inflows in the first quarter of the year 2026 from \$6.44 billion in Q4'2025, showing an increase of approximately 60.97%.

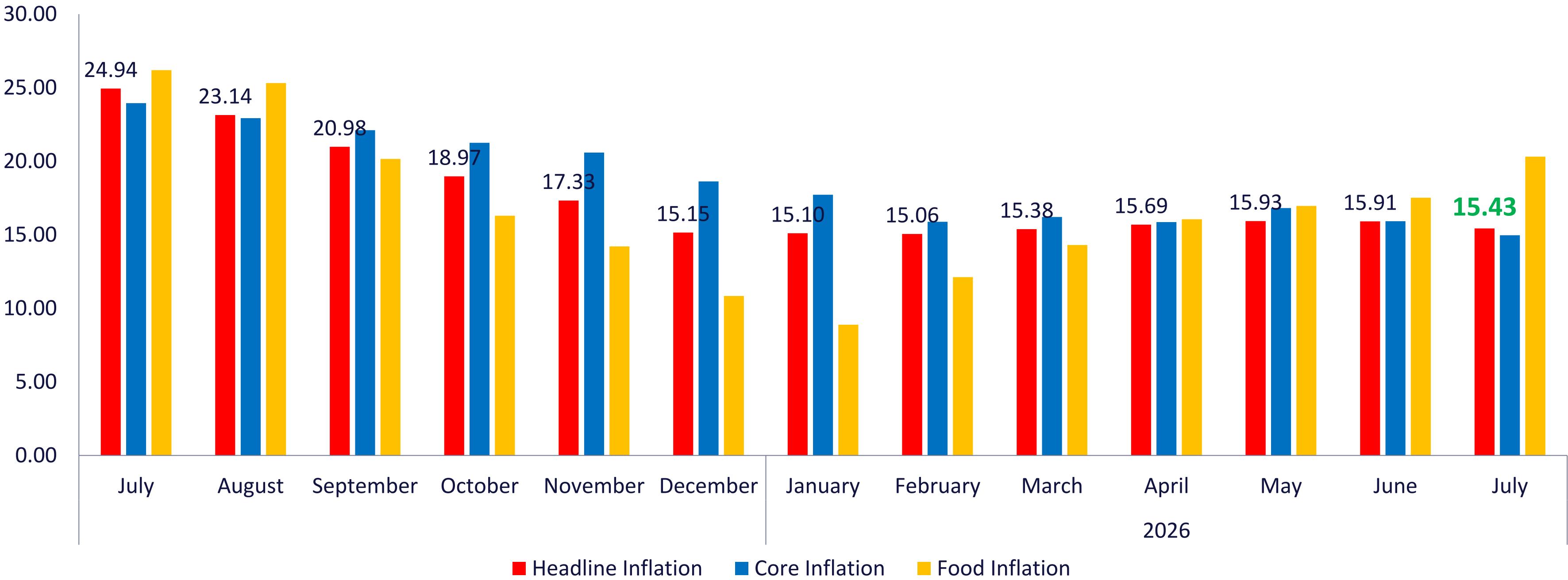


Source: NBS



INFLATION

Rebased Headline, Core and Food Inflation Movement (y/y)

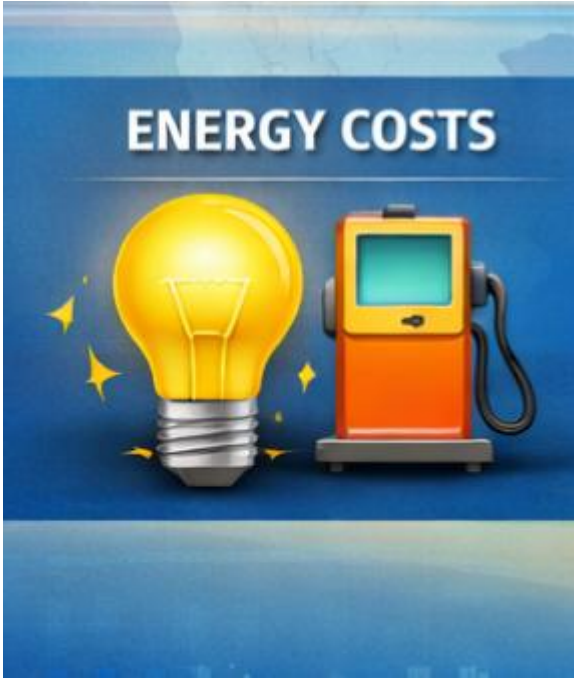


Source: NBS, Atlass



Headline Inflation

July'2026	15.43%
June'2026	15.91%



Food Inflation

July'2026	20.31%
June'2026	17.52%

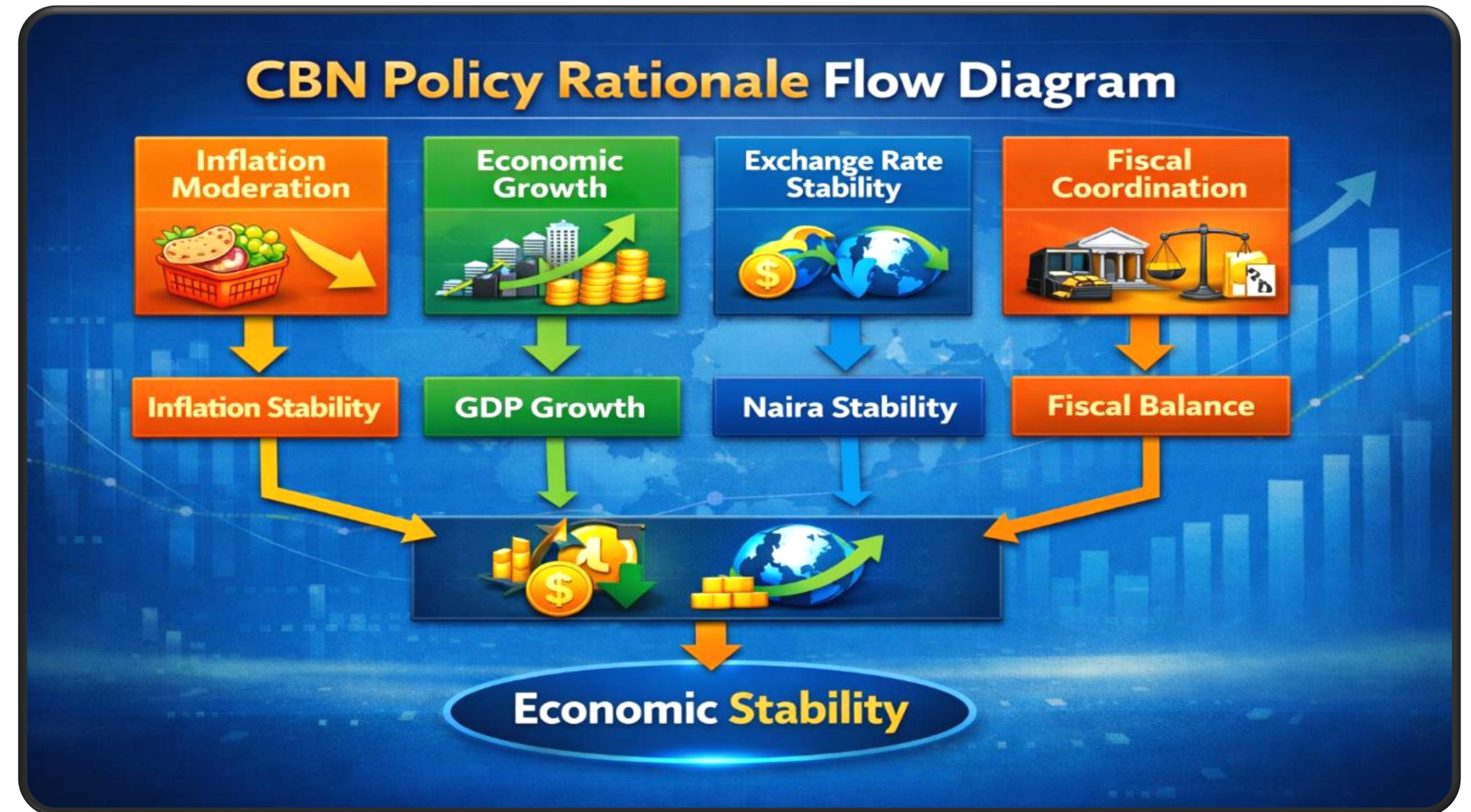


Core Inflation

July'2026	14.97%
June'2026	15.92%



MPR in H1 2026

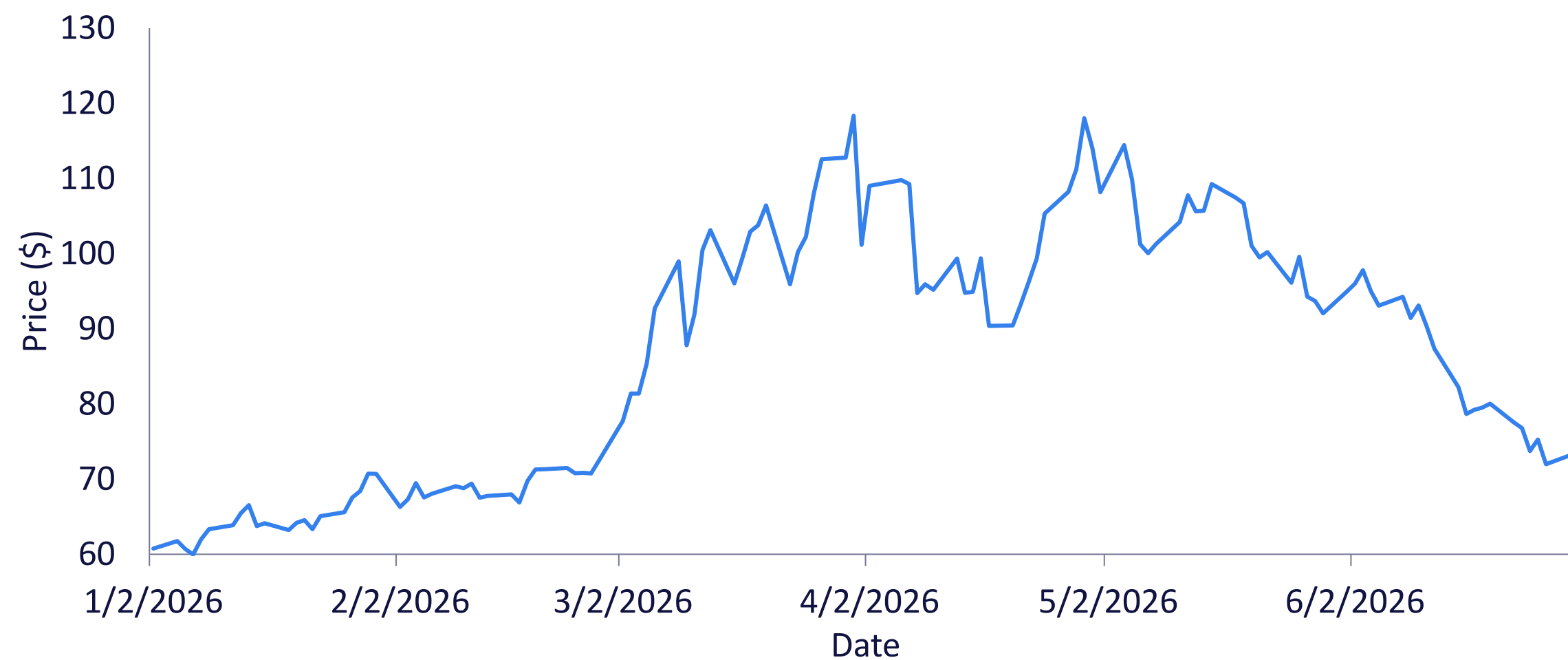


MPR	26.50%
Asymmetric Corridor	+50/-450
Cash Reserve Ratio	45%
Liquidity Ratio	30%

- In February 2026, the Nigeria's central bank adjusted the Monetary Policy Rate (MPR) downward to 26.50%, while keeping other parameters constant. The Apex bank further maintained all parameters, including the MPR in their last meeting in July 2026

OIL PRICE

Oil Price Movement (Brent) (\$) in H1'2026



Source: Investing.com, Atlass

Global Oil Prices was extremely volatile in H1 2026. Surged above \$120 per barrel in mid April, due to middle east crisis and the closure of the strait of Hormuz, before easing. The Brent crude rose by approximately 20%, from \$60.75 per barrel in January to \$72.92 per barrel by the end of June.

Drivers Behind the Price Movement Half Year



Middle East Conflict and Supply Disruption



OPEC+ supply cut



Global demand growth rate



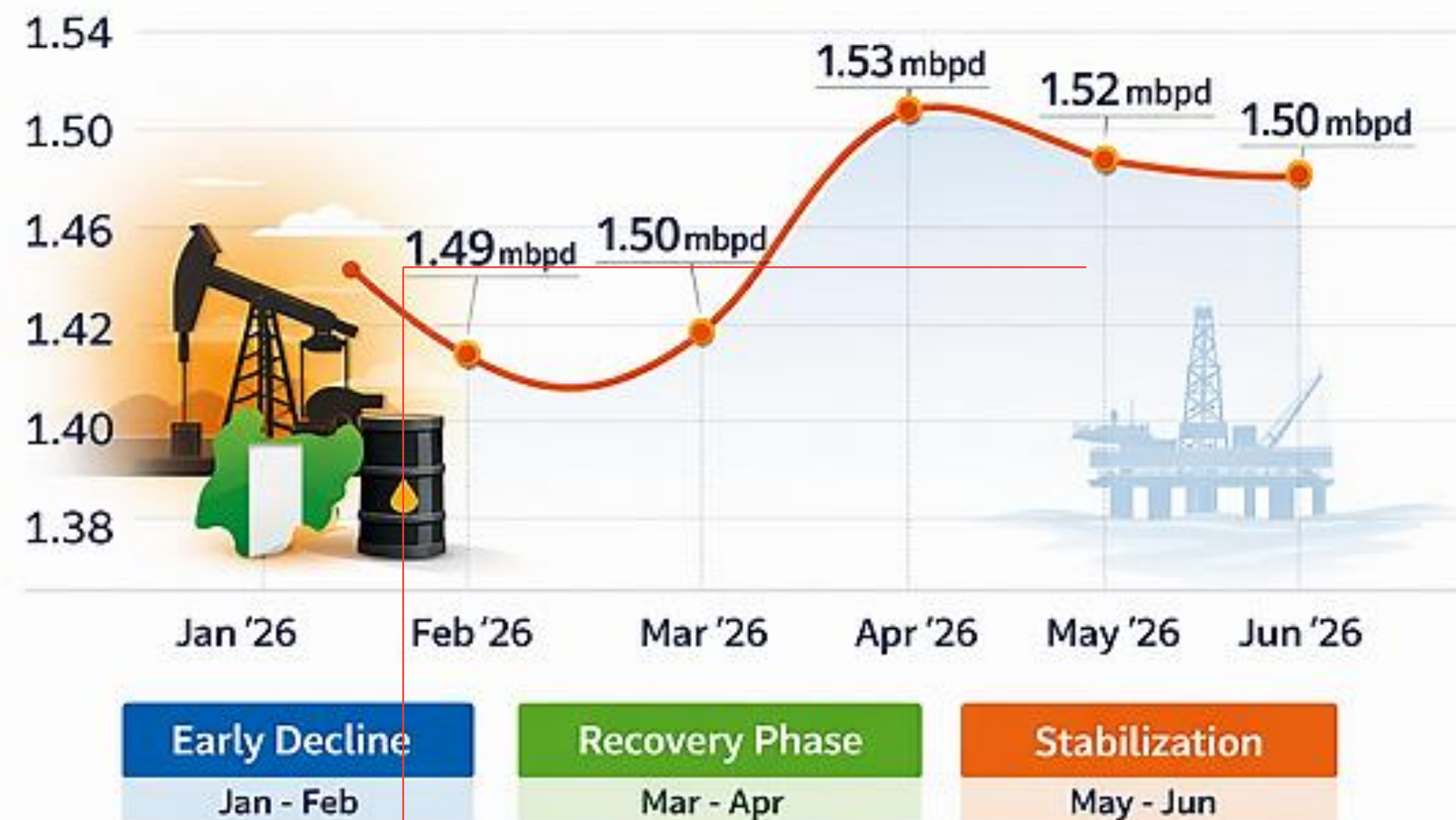
U.S. Shale Oil Production



OIL PRODUCTION

• In H1 2026, Crude Oil production showed a clear dip, followed by a recovery. Production started the year at roughly 1.48 million barrels per day (mbpd) in January, fell to its lowest point of about 1.44 mbpd in February, then rebounded steadily through March and April, peaking near 1.52 mbpd before easing slightly in May. Despite the improvement, Nigeria remained below its OPEC quota of roughly 1.7 mbpd, highlighting ongoing challenges in infrastructure reliability and funding for new projects.

Nigeria's Crude Oil Production in 2026
(Million barrels per day)





Source: CBN, Atlass



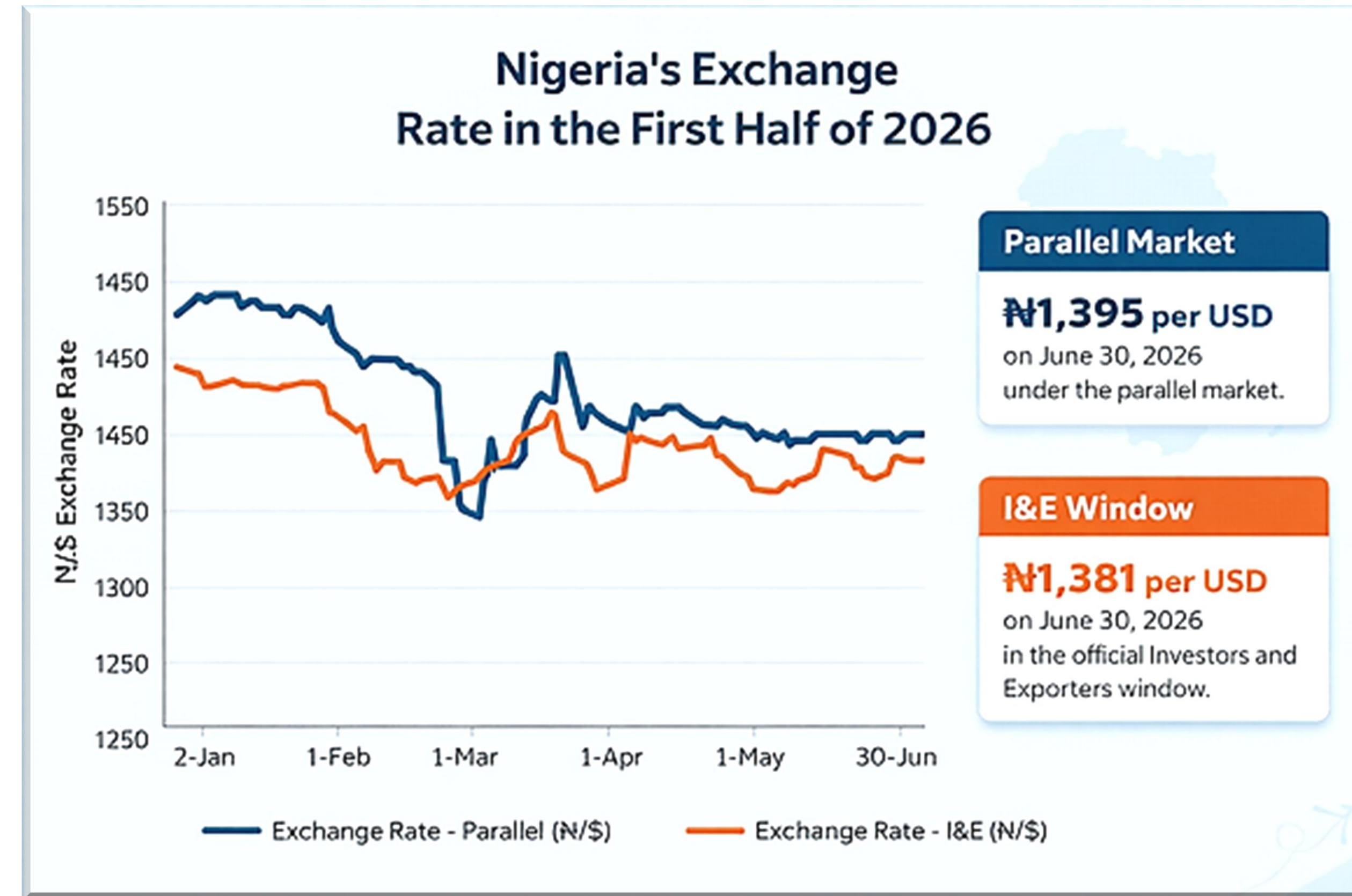
Nigeria's Foreign Reserves Showed A Steady Upward Trajectory Through The First Half Of 2026, Reflecting Improved Macroeconomic Stability And Stronger External Inflows.



The Country's Reserve Rose By 12% In The First Half Of The Year, From \$45.6 Billion In January To \$51.46 Billion In June 2026.

EXCHANGE RATE

- In H1 2026, the naira strengthened modestly against the dollar, both in the I&E window and the parallel market. The I & E rate strengthened from ₦1,435/\$1 to ₦1,383.63/\$1, an increase of approximately 3.6%. The parallel market improved more sharply from ₦1,475/\$1 in January to ₦1,380/\$1 at the end of June.



Source: CBN, Atlass



DOMESTIC MARKET – FIXED INCOME

BOND INSTRUMENT IN H1

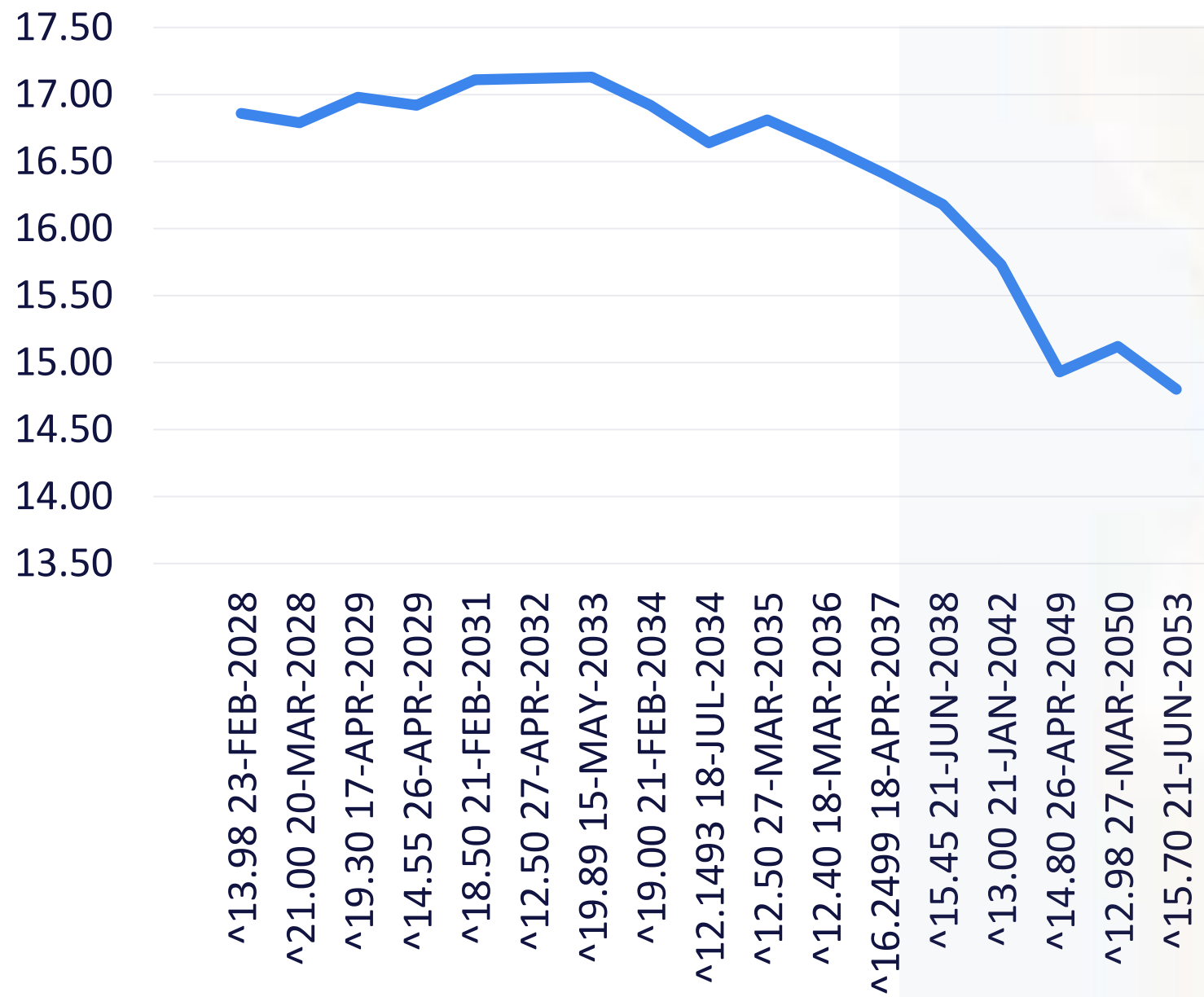
Description	Open Yield 01/02/2026	Close Yield 06/29/2026	Change (%)
^13.98 23-FEB-2028	16.86	17.58	4.27
^21.00 20-MAR-2028	16.79	17.67	5.24
^19.30 17-APR-2029	16.98	18.20	7.18
^14.55 26-APR-2029	16.92	17.92	5.91
^18.50 21-FEB-2031	17.11	18.52	8.24
^12.50 27-APR-2032	17.12	18.62	8.76
^19.89 15-MAY-2033	17.13	18.60	8.58
^19.00 21-FEB-2034	16.92	18.70	10.52
^12.1493 18-JUL-2034	16.64	17.41	4.63
^12.50 27-MAR-2035	16.81	17.43	3.69
^12.40 18-MAR-2036	16.62	17.55	5.60
^16.2499 18-APR-2037	16.41	18.80	14.56
^15.45 21-JUN-2038	16.18	18.49	14.28
^13.00 21-JAN-2042	15.73	15.01	-4.58
^14.80 26-APR-2049	14.93	15.61	4.55
^12.98 27-MAR-2050	15.12	15.58	3.04
^15.70 21-JUN-2053	14.80	15.48	4.59

Source: FMDQ atlasportfolio

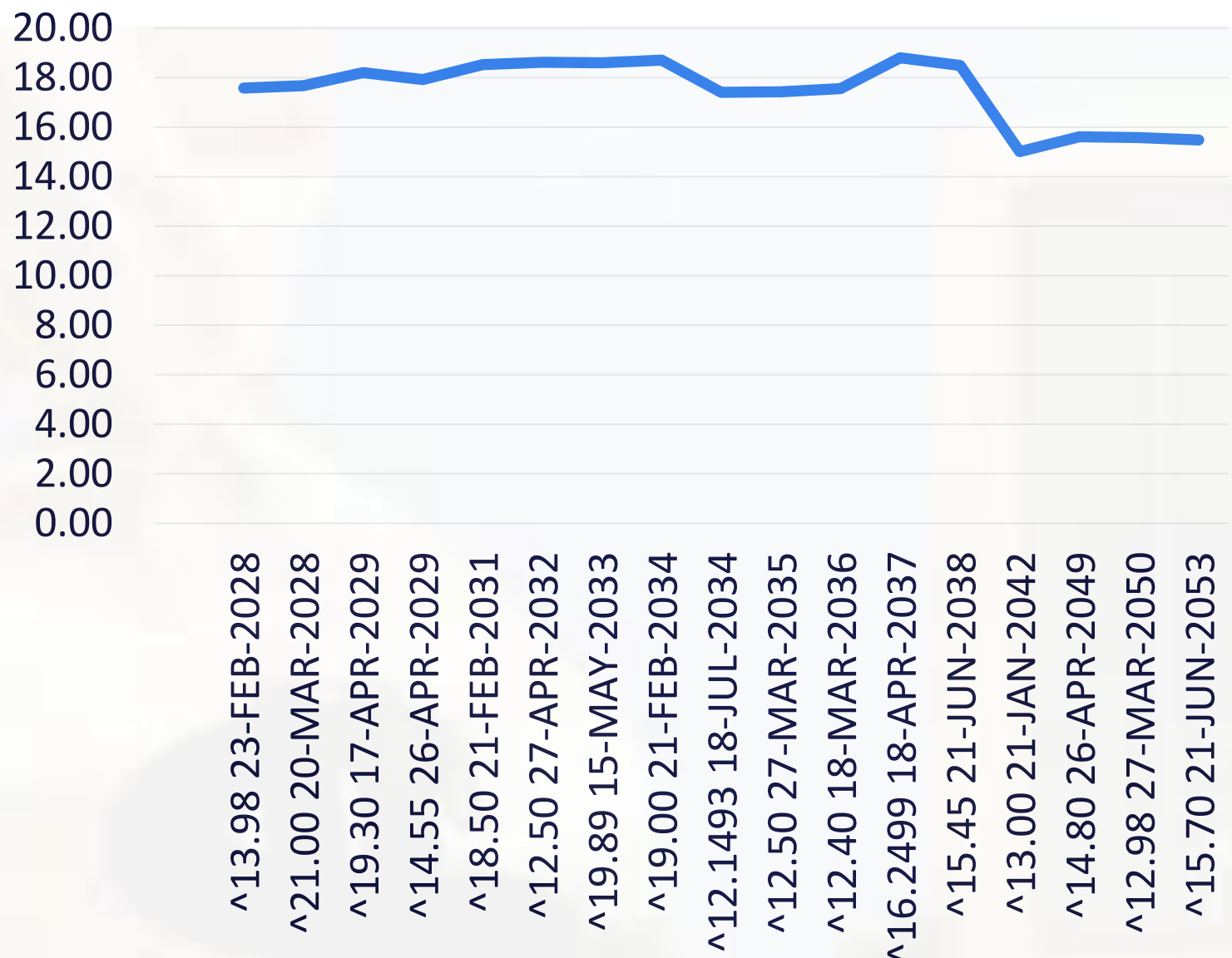
- The first half of the year was marked by broad yield increases especially in the 2031 – 2038 maturities, where yields jumped over 10%, reflecting a tight monetary conditions (by the Apex Bank), inflationary concerns, and higher risk premiums demanded by investors.
- Bonds maturing in 2028 – 2032 saw yield increases by approximately 4 – 9%, showing cautious sentiment by investors, with an expectation of sustained inflation and tighter liquidity.
- Bonds maturing in 2033 – 2038 had the largest yield jumps, as investors demand much higher compensation for holding duration risk.
- While the Bonds with a very long-term maturity performance were mixed.

Yield Curve, Money Market and Benchmark Interest Rate

Open Yield

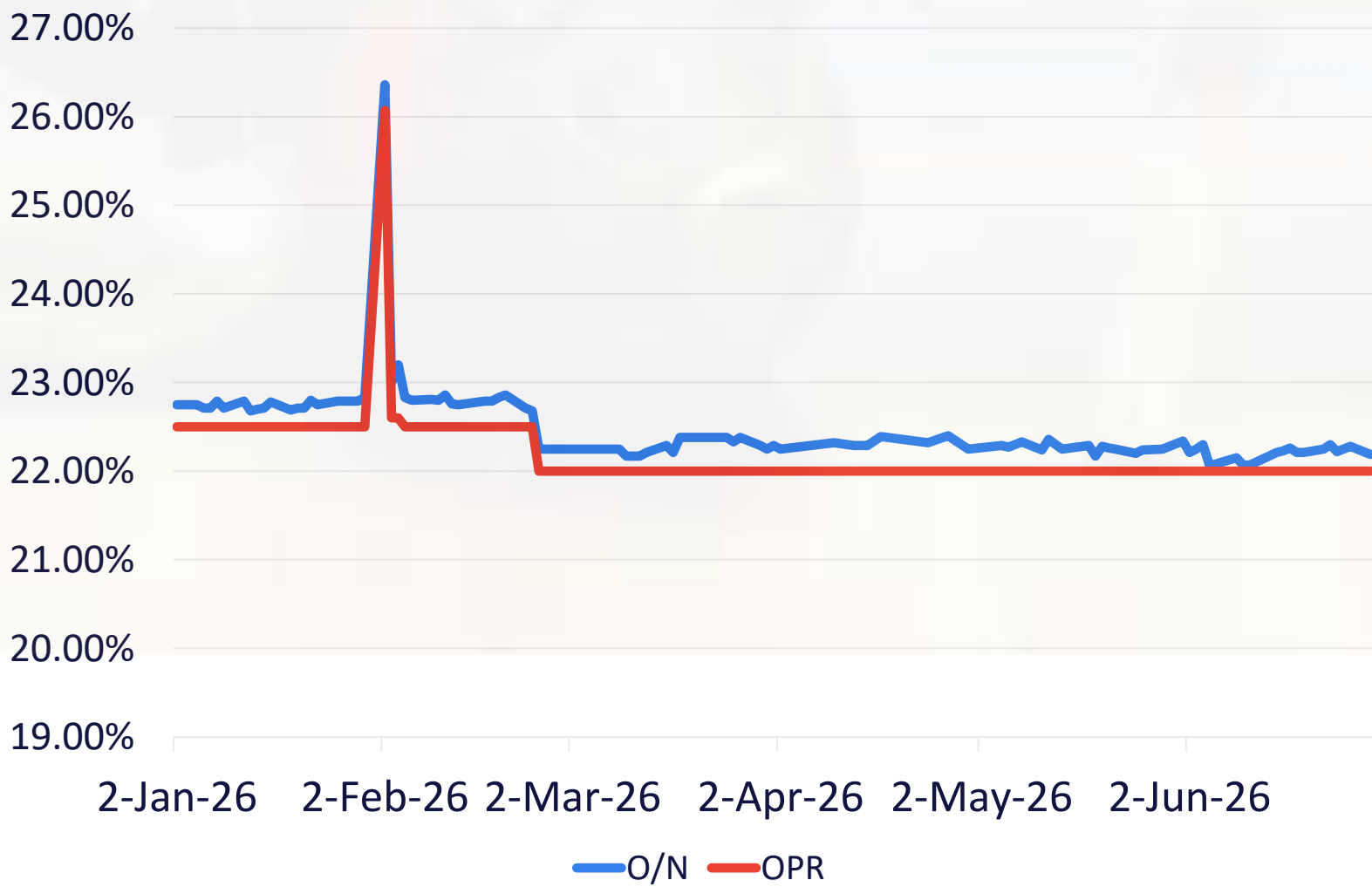


Close Yield

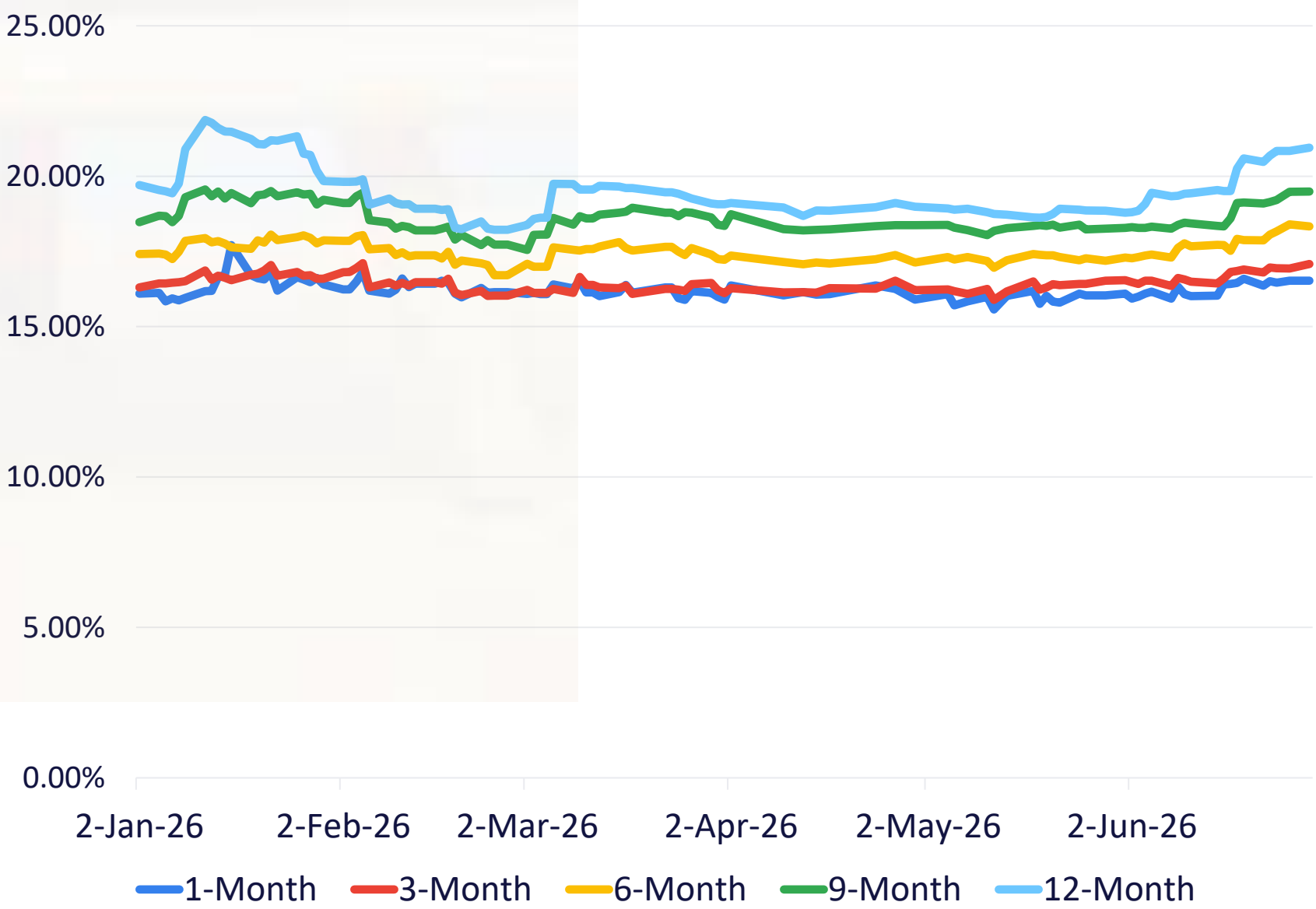


- The yield curves shows that the long-term yields rose more than the short-term yields, which depicts that investors are less confident about Nigeria’s economic outlook in the next decade compared to the near term.
- Investors are cautious about Nigeria’s long-term outlook, which is why long-dated bonds saw the sharpest yield increases.

O/N and OPR Movement



NITTY Movement in H1 2026



CAPITAL MARKET – EQUITY MARKET

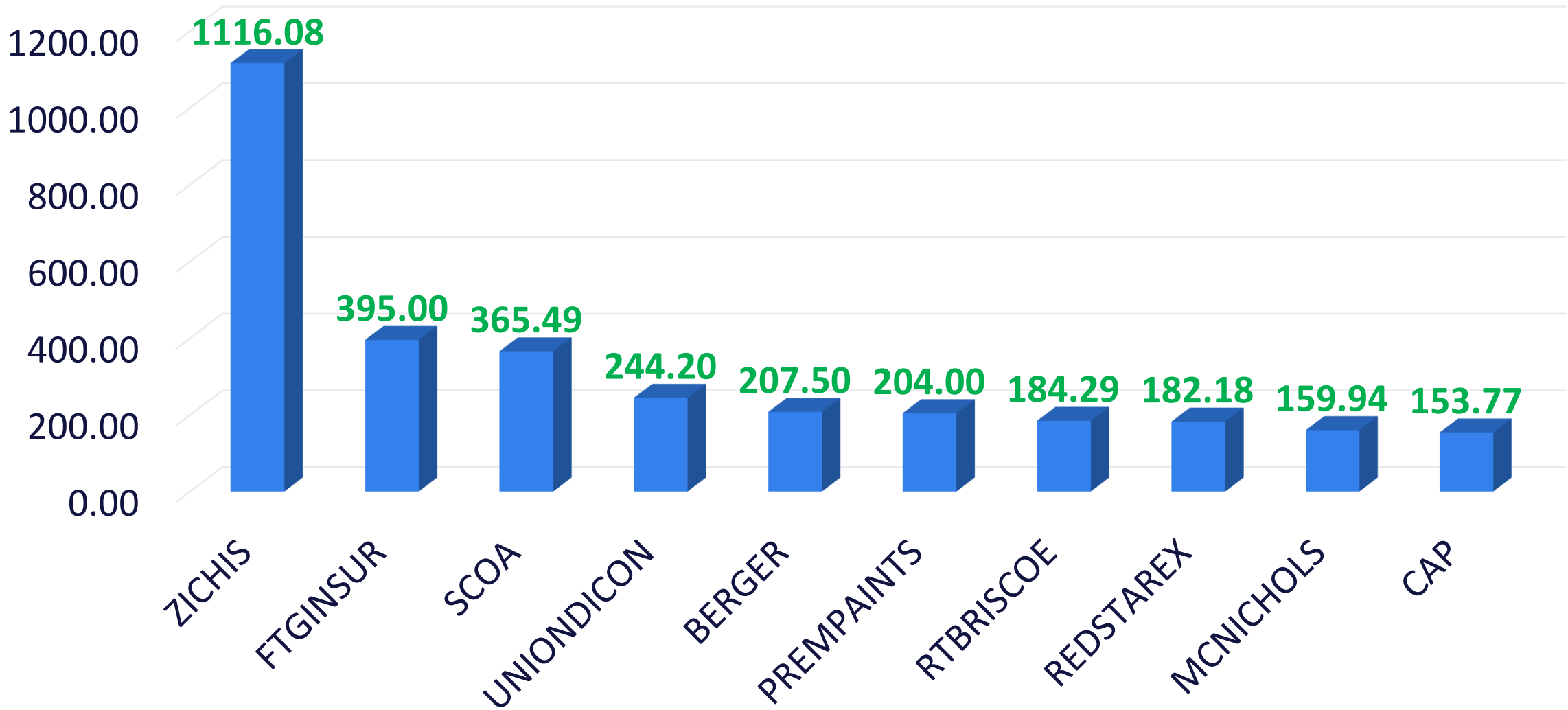


The Nigerian local market delivered a robust return in the first half of the year, marked by strong market gains, led by Oil & Gas and Industrial sectors, buoyed by improved oil production, improved corporate earnings, increased local consumption and exportation amidst others.

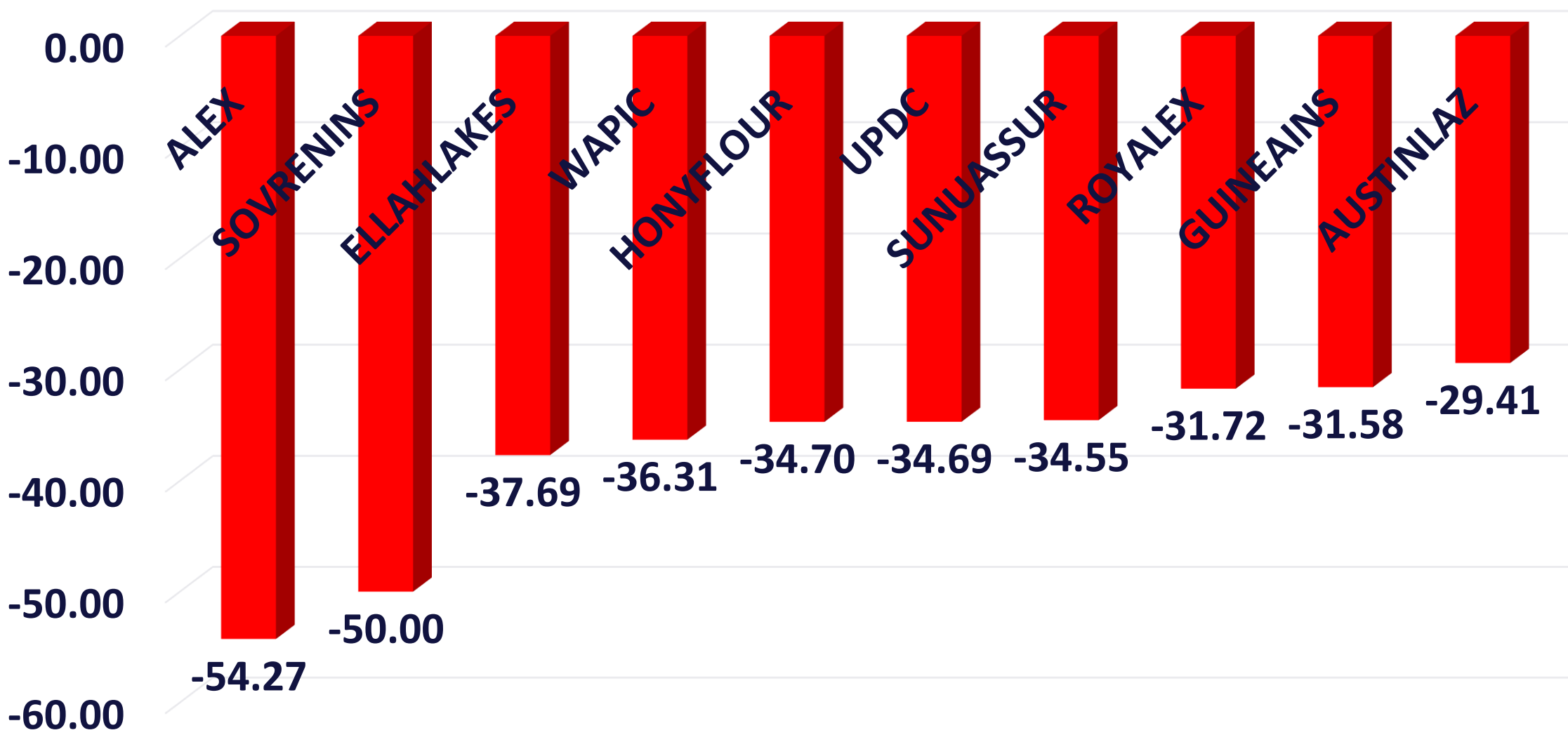


NGX-ASI closed H1 2026 at 229,419.18 points (after hitting an all-time high of 252,508.19 points), marking a 47.43% increase from its year end 2025 position of 155,613.03 points. The Market Capitalization also rose by ₦47.84 trillion, from ₦99.38 trillion at the end of 2025 to ₦147.22 trillion in June.

Top 10 Gainers



Top 10 Losers



Source: NGX, atlasportfolio

CAPITAL MARKET – EQUITY MARKET

Nigeria Sector Performance (% Change)



listed Stocks in H1 2026

ZICHIS: ₦1.81 (January 20, 2026)

Delisted Stocks in H1 2026

DN Tyre & Rubber Plc (April 9, 2026)

Greif Nigeria Plc (April 9, 2026)

- The growth in the Oil & Gas and Industrial sectors shows the country's economic rebound through energy and manufacturing. The Consumer goods sector's low growth highlight lingering inflationary and structural challenges. However, the market's strong positive performance in the first half of the year signals investor optimism and resilience despite macroeconomic pressures.

RECOMMENDED STOCKS FOR 2026: PORTFOLIO PERFORMANCES (JAN – JUN)

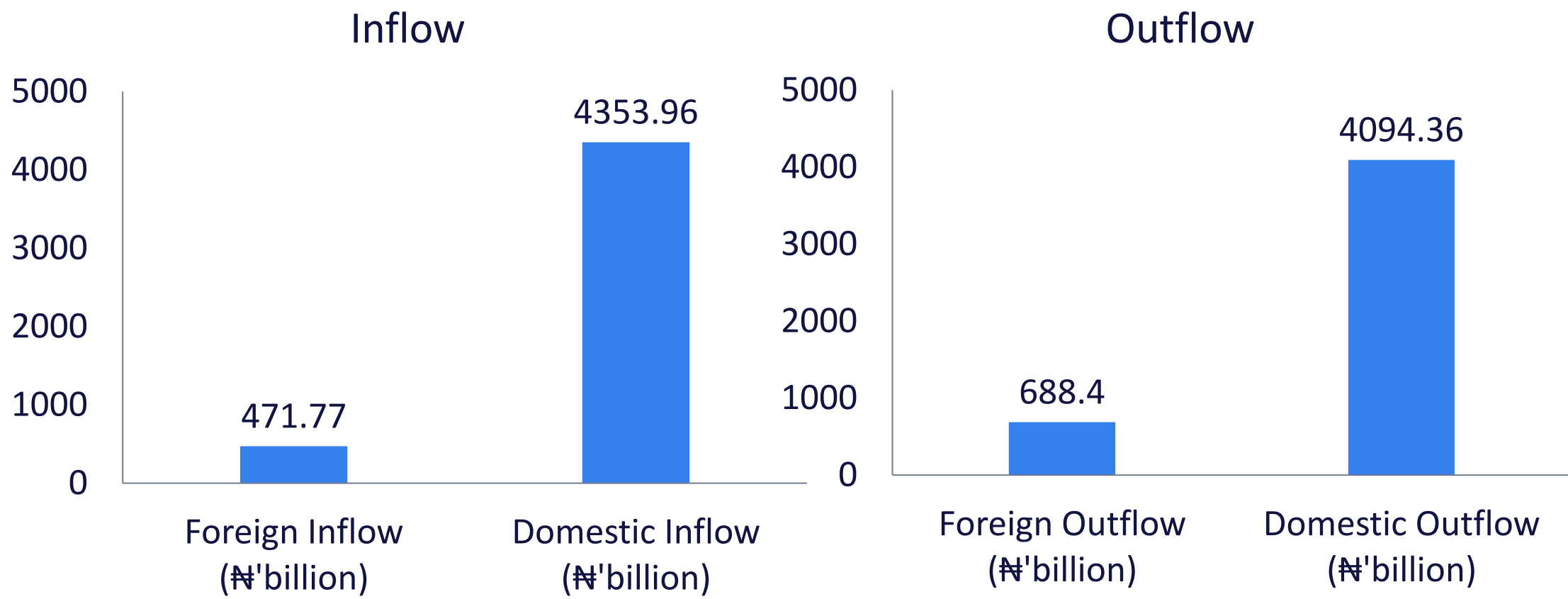
Portfolio Stock Performance (2026)						
SN	STOCKS	SECTOR	PRICE (₦) ×31ST JAN'26		GROWTH (%)	OUR TARGET (₦)
1	MTNN	Telecom	708.90	720.00	▲ 1.6%	₦920.00
2	ZENITHBANK	Banking	81.40	110.00	▲ 35.1%	₦118.18
3	GTCO	Banking	112.00	125.00	▲ 11.6%	₦134.60
4	DANGCEM	Industrial	740.00	963.00	▲ 30.1%	₦900.00
5	ARADEL	Oil & Gas	997.00	1,417.50	▲ 42.2%	₦1,250.00
6	ACCESSCORP	Banking	26.50	22.00	▼ 17.0%	₦45.60
7	WAPCO	Industrial	170.00	310.00	▲ 82.4%	₦240.00
8	BUACEMENT	Industrial	185.00	340.20	▲ 83.9%	₦260.00
9	PRESCO	Agriculture	1,750.00	2,300.00	▲ 31.4%	₦2,400.00
10	UBA	Banking	58.00	38.40	▼ 33.8%	₦70.00

Portfolio Growth Assuming 10,000 unit is Bought for Each Stock		
STOCKS	INITIAL PORTFOLIO VALUE	FINAL PORTFOLIO VALUE
MTNN	7,089,000.00	7,200,000.00
ZENITHBANK	814,000.00	1,100,000.00
GTCO	1,120,000.00	1,250,000.00
DANGCEM	7,400,000.00	9,630,000.00
ARADEL	9,970,000.00	14,175,000.00
ACCESSCORP	265,000.00	220,000.00
WAPCO	1,700,000.00	3,100,000.00
BUACEMENT	1,850,000.00	3,402,000.00
PRESCO	17,500,000.00	23,000,000.00
UBA	580,000.00	384,000.00
TOTAL	48,288,000.00	63,461,000.00
	Portfolio Value	15,173,000.00
	% Portfolio Growth	23.91



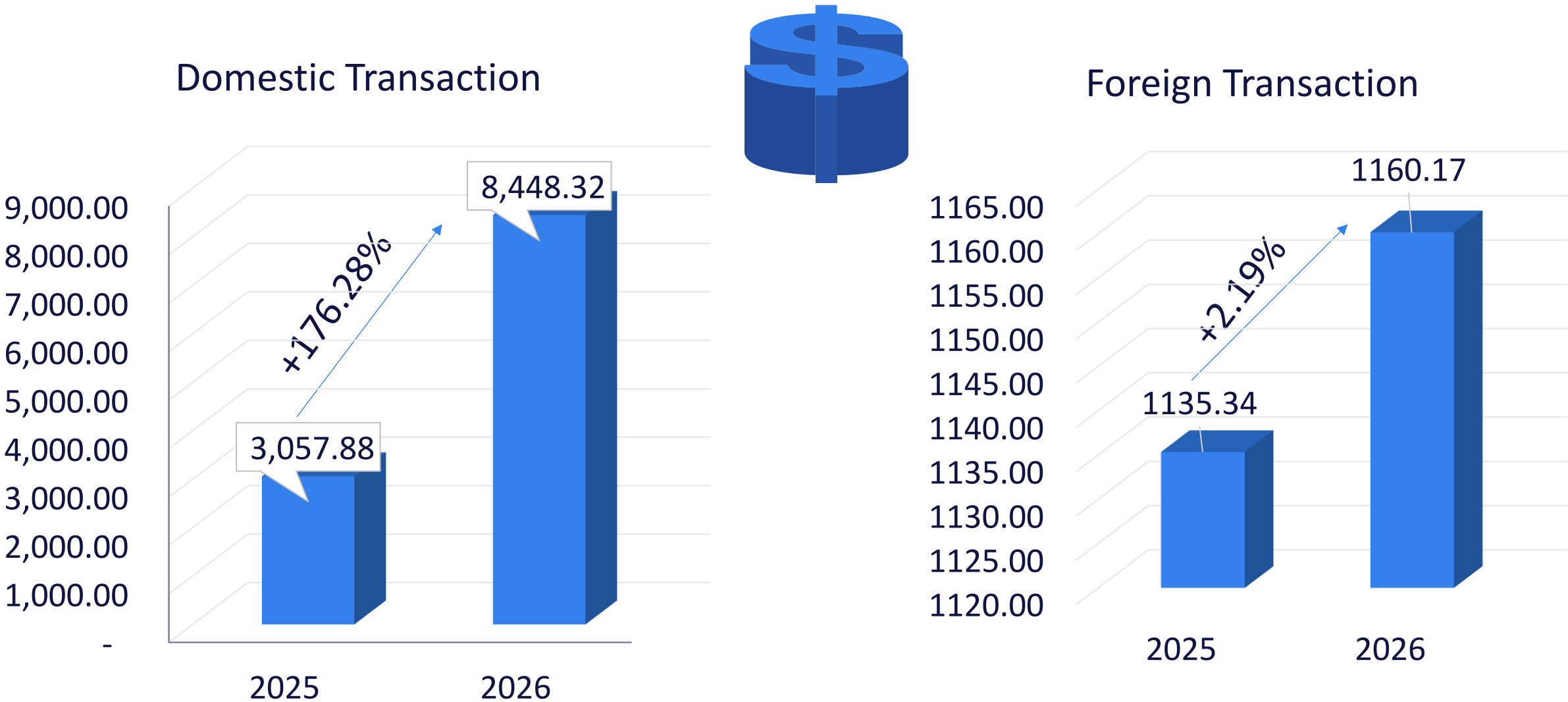
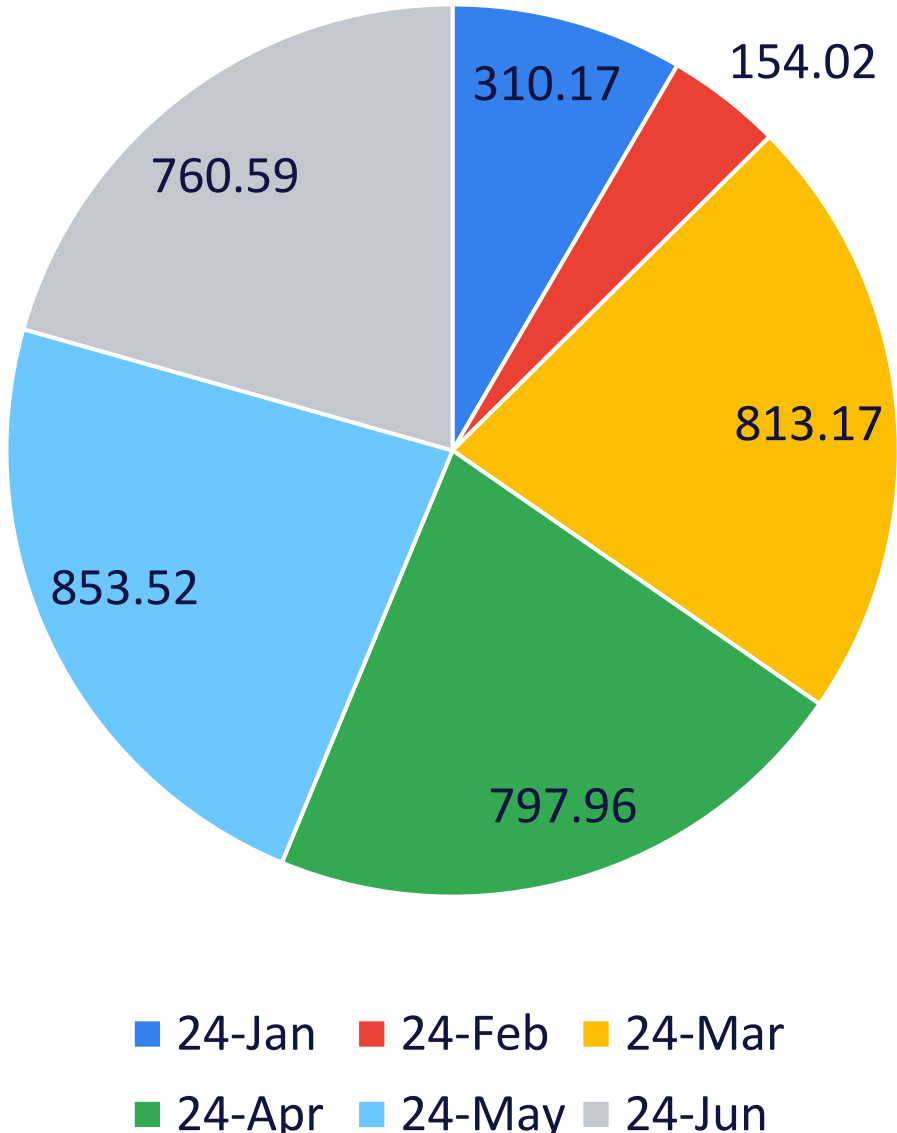
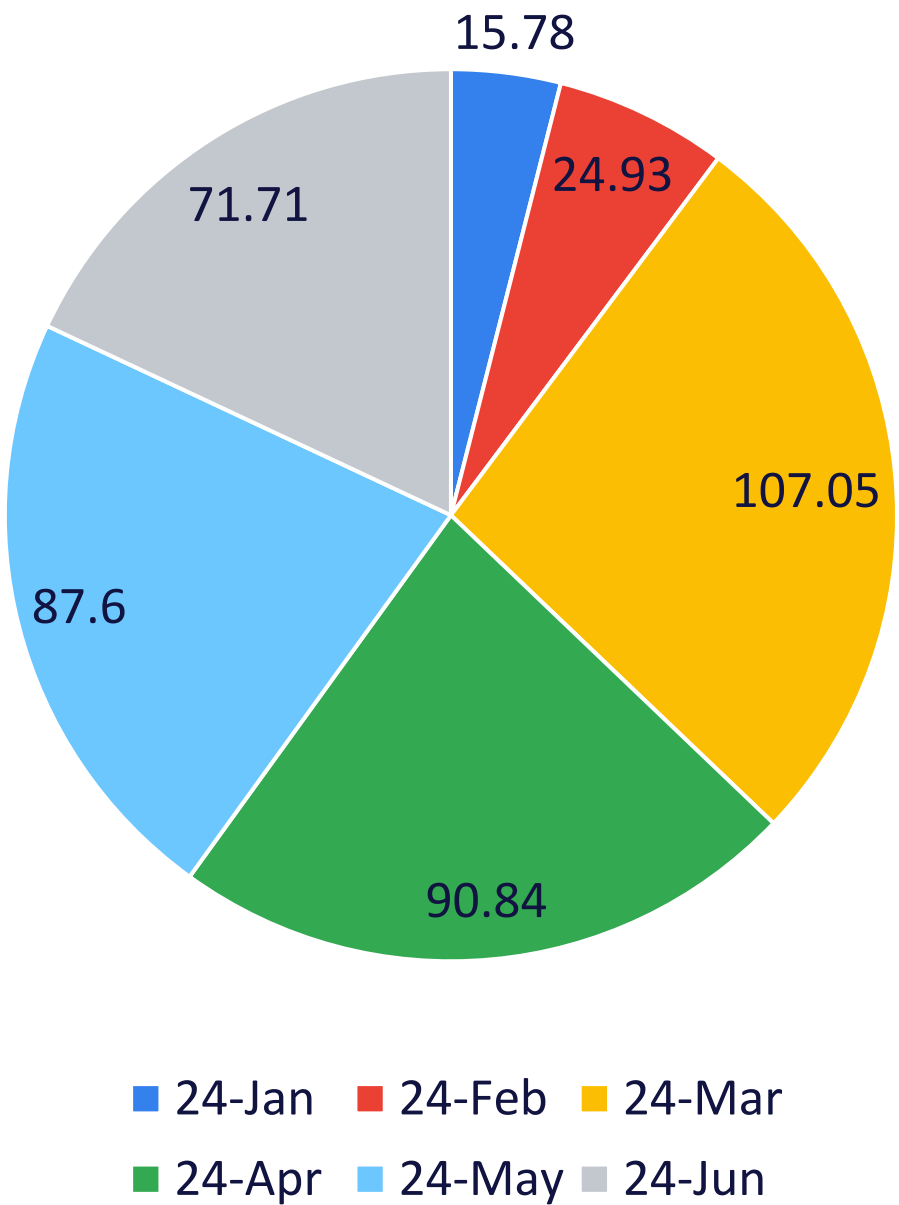
Domestic & Foreign Portfolio Participation In Equity Trading in H1 2026

- The total transactions traded on the bourse in H1 2026 stood at N96.08 trillion, approximately +129% higher than N41.93 trillion traded in H1 2025.
- Total domestic transactions accounted for about 87.93% of the total transactions carried out in the first half of the year, whilst foreign transactions accounted for about 12.07% of the total transactions, -15% lower than its total contribution of 27.08% in H1 2025.



Foreign Inflow (N'billion)

Domestic Inflow (N'billion)



Source: NBS, Atlass

Source: NBS, Atlass

OUTLOOK FOR H2 2026

- We project a modest global economic growth of 2.90% in the second half of the year, which is constrained by the ongoing Middle East Conflict. The disruption of energy and fertilizer supplies has driven up input costs worldwide. However, investment in Artificial Intelligence and the resilience of labor markets are expected to cushion the slowdown. Inflation is anticipated to climb to 2.80% in advanced economies and 5.20% in emerging markets, thereby reversing the disinflationary trend observed in 2025.
- We maintain our forecast of 4.50% growth in Nigeria's economy in 2026, supported by strong performance in non-oil sectors, particularly ICT and Financial Services, as well as gains from the oil sector as the Dangote Refinery ramps up operations. Inflation is projected to remain in double digits, averaging between 15.65% - 16.10%, driven largely by food and energy costs, despite relative stability in the foreign exchange market.
- Nigeria's crude oil output in H2 2026 is forecast to average between 1.45 – 1.65 mbpd, which is dependent domestic security conditions, investment flows, and compliance with OPEC quotas. Under a more realistic scenario, production is expected to reach about 1.52 mbpd, generating \$17-25 billion in export earnings. However, this still falls short of the government's budget target of 1.83 mbpd.

OUTLOOK

Cont. ...

- Nigeria's fixed income market is expected to deliver high yields but with elevated risk in the second half of 2026. Persistent inflationary pressures and substantial government borrowing will keep yields attractive, although the real returns remain compressed. Market activity will largely be driven by domestic investors, as foreign participation stays muted due to political risk and competition from global fixed income markets.
- The Nigerian equity market is projected to maintain its strong momentum, with a full year returns estimated in the range of 45% - 65%, following an impressive 47% rally in H1 2026. Market capitalization is anticipated to expand further, supported by robust corporate earnings, FX stability, new listings (notably the highly anticipated Dangote Refinery IPO), and rights issues/offers. Additional growth drivers include; the oil sector gains, ample domestic liquidity, and banking sector recapitalization. Risks remain, but the outlooks points to continued upside, particularly in the Banking, Oil & Gas, and Telecoms sectors.

THANKS