

May 2026 Newsletter

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Economic Update



Global markets entered May in a cautious but gradually stabilizing mood. The Middle East conflict and Strait of Hormuz disruptions remained the central force shaping energy prices and investor sentiment, though intermittent diplomatic signals introduced brief windows of relief.

Oil prices stayed elevated but began trading in a softer range. Major central banks held rates steady, with the Fed, ECB, and Bank of England maintaining a higher-for-longer stance as energy-driven inflation left little room for policy easing.

Domestically, headline inflation rose for the second consecutive month, climbing to 15.69% in April from 15.38% in March, according to NBS data released for May 2026, the pace of increase however slowed sharply on a month-on-month basis, from 4.18% in March to 2.13% in April, suggesting the initial pass-through from the energy shock is beginning to moderate. Food and transport costs continue to be the primary drivers of inflation, while the Federal Government's targeted tariff reductions on key staples and industrial inputs, effective April 1, helped cushion broader price pressures. CBN held its benchmark rate steady at 26.50% at the May 20 MPC meeting, signaling continued caution amid global economic uncertainties.

The naira remained broadly stable, closing May at approximately ₦1,372/\$. External reserves recovered strongly, rising by \$1.22 billion to close the month at \$49.58 billion, reversing the April drawdown and approaching the \$50 billion mark. The improvement was driven by stronger oil export receipts and continued CBN FX market reforms. Nigeria's crude production averaged approximately 1.49 million barrels per day in April, up from 1.38 million barrels per day in March, though still marginally below the OPEC+ quota of 1.50 million barrels per day. With reserves strengthening and oil prices remaining elevated, Nigeria's external position showed meaningful improvement.

Markets Update



The Nigerian equity market sustained its bullish momentum in May, with market capitalization reaching a record ₦160.5 trillion during the period. The NGX All-Share Index advanced by 3.35% month-on-month to close at 250,385.47 points, driven by sustained buying interest across key sectors amid positive investor reaction to strong corporate earnings and dividend announcements from listed companies. Quarter-to-date (QtD) returns stood at 24.4%, while year-to-date (YtD) performance remained strong at +60.3%.

Despite the recent uptick in inflation and the Monetary Policy Committee's (MPC) shift towards a more hawkish stance, the average yield of Nigerian Treasury Bills (NTBs) in the secondary market declined by 6bps to 17.45% in May, from 17.51% in the previous month. This moderation in yields was largely driven by improved investor demand, as reflected in the primary market.

In May 2026, a total of six (4) successful OMO auctions were conducted as the CBN continued its efforts to attract FPIs and support the naira. At the final auction, stop rates settled at 21.80% and 20.37% for the 11-day and 102-day tenors, respectively, while no allocations were made for the 39-day tenors. Also, we witnessed two (2) NTB auctions in May 2026 where the average stop rate closed at 16.08%, 3bps lower than the 16.11% of April 2026.

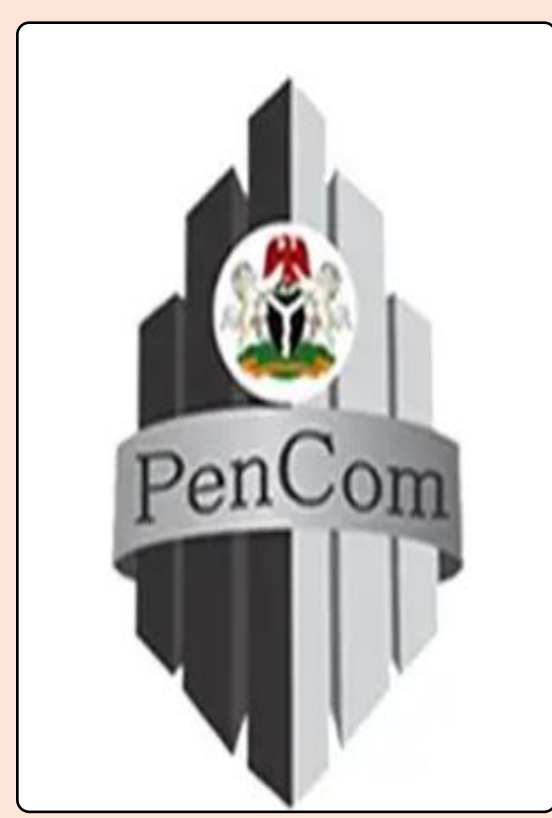
The average yield of FGN domestic bonds in the secondary market increased by 27bps to 16.47% in May, up from 16.20% in the previous month, as the market adjusted to the recent uptick in inflation and the monetary authority's hawkish stance during the period.

The FGN bond auction in May attracted total subscriptions of ₦796.17bn, exceeding the ₦600.0bn offered across the Jan-2035 and Apr-2037 re-openings. Total allotment came in at ₦614.15bn. Marginal rates settled at 17.00% for the Jan-2035 and 17.04% for the Apr-2037 instruments, respectively

FUND PERFORMANCE – MARCH

	Fund I	Fund II	Fund III	Fund IV	Fund V	Fund VI Active	Fund VI RETIREE
Performance	1.09%	0.66%	0.74%	1.3%	0.45%	0.82%	1.47%
Allocations							
Govt Securities	27.6%	41.19%	59.65%	66.95%	6.39%	22.96%	-
Corporate Securities	12.74%	10.35%	7.32%	8.17%	-	-	-
Equity Market	38.22%	28.35%	15.99%	5.28%	18.30%	13.22%	-
Money Market/Tbills	18.69%	11.67%	16.77%	18.49%	41.28%	63.24%	98.94%
Alternative assets	2.90%	7.23%	1.16%	0.66%	-	-	-
Others	-	0.21%	-	0.45%	34.03%	0.76%	1.06%

Industry Update



PenCom clears pension funds to invest in Dangote Refinery IP

In significant regulatory development, the National Pension Commission issued a circular on May 13, 2026, granting Pension Fund Administrators a one-off waiver to invest pension assets in the upcoming Initial Public Offering of Dangote Petroleum Refinery and Petrochemicals FZE. The waiver suspends the standard requirements for profitability history and dividend payment track records that ordinarily govern PFA equity investments. PenCom described the decision as a specific and singular exception, citing the refinery's strategic national importance and the strong fundamentals of its parent company, Dangote Industries Limited. The IPO, which is expected to open in August 2026, will offer approximately 10% of the refinery's equity to the public, with investors purchasing shares in Naira but receiving dividends in US dollars.

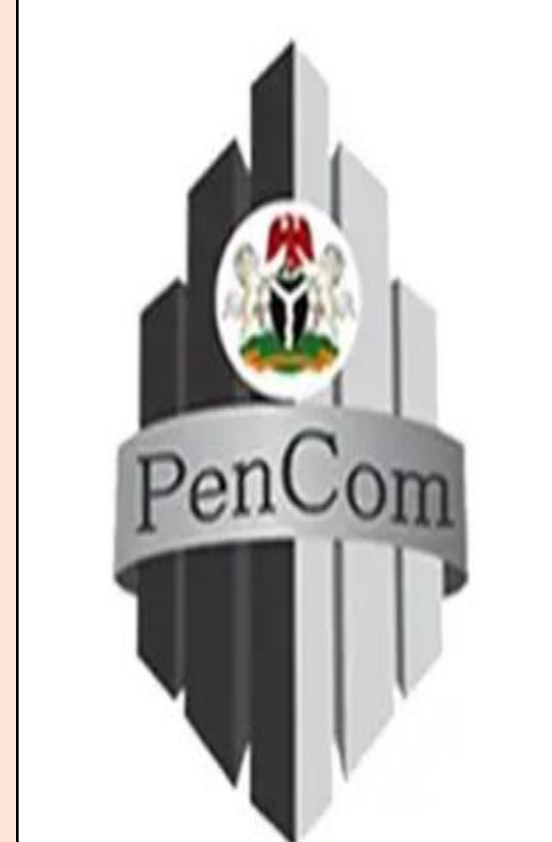
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PenCom kicks off pilot phase of free healthcare initiative for low-income retirees

PenCom launched the pilot phase of PenCare, its free healthcare initiative for low-income retirees under the Contributory Pension Scheme, in May 2026. The program targets retirees aged 60 and above who receive a monthly pension of not more than ₦70,000 from their Pension Fund Administrator. Registration is open for up to 30,000 eligible retirees on a first-come, first-served basis, with enrolment available through the PenCom website and PFA platforms. PenCom described the initiative as a corporate social responsibility collaboration between the Commission and licensed pension operators, aimed at reducing the burden of medical expenses and preserving the dignity of retirees in their post-retirement years.

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PenCom scraps pre-approval requirement for PFA advertisements

Effective May 8, 2026, PenCom abolished the requirement for Pension Fund Administrators to obtain prior written approval before releasing advertisements and marketing campaign materials. The directive, contained in a circular signed by the Director of the Surveillance Department, replaces Section 6.3.1 of the Guidelines for the Operations of PFAs. PenCom said the change was aimed at reducing bureaucratic delays and improving operational efficiency, allowing PFAs to communicate more quickly with the public. However, PFAs are still required to notify PenCom before deploying campaigns across broadcast, print, digital, and outdoor platforms. The Commission also introduced stricter content standards, prohibiting misleading claims, unaudited financial references, and the use of lotteries or prize draws in pension advertising.

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