

July 2026 Newsletter

Economic Update

Global markets navigated a turbulent July, as the collapse of the US–Iran ceasefire agreement reignited hostilities and pushed Brent crude back above \$90 per barrel by month-end. The IMF's July 2026 World Economic Outlook trimmed its global growth forecast to 3.0% for 2026, while revising global inflation upward to 4.7%, describing the global disinflation trend that had been underway since 2023 as having now stalled. The World Bank was more cautious, cutting its own 2026 global growth forecast to 2.5%, the weakest outlook since the COVID-19 pandemic. Sub-Saharan Africa is projected to grow at 4.3% in 2026, though outcomes remain divided between oil exporters and importers. Major central banks maintained a higher-for-longer stance, with the ECB raising its 2026 inflation forecast to 3% and trimming eurozone growth projections further.

Domestically, Nigeria's headline inflation eased marginally to 15.91% in June from 15.93% in May, the first decline in four months, according to NBS data released on July 15. On a month-on-month basis, inflation slowed to 1.66% from 1.75% in May, marking the third consecutive monthly deceleration and suggesting the energy-driven price shock has largely passed through the system. CBN held its Monetary Policy Rate steady at 26.50% at its July MPC meeting, noting that while inflation is moderating, the external environment remains too uncertain to justify a rate cut.

The naira held broadly stable, closing July at ₦1,368.22/\$, a modest ₦4.19 appreciation over the month. External reserves peaked at \$52.73 billion during the month of July, the highest in over 17 years, before settling at \$51.92 billion at month-end, still 32.2% above levels recorded in the same period of 2025.

Markets Update

Nigeria's equity market extended its strong run in July, with the NGX All-Share Index closing at 245,283.68 points, up 6.9% month-on-month and delivering a 57.6% year-to-date return. Market capitalization rose to ₦158.3 trillion, driven by robust gains in the banking sector (+22.1%) and large-cap stocks such as Airtel Africa and Dangote Sugar. Despite a slight pullback in consumer goods, overall sentiment remained bullish, supported by recapitalization of momentum and resilient corporate earnings.

In the fixed-income space, the FGN bond market saw yields ease to an average of 17.2%, following heavy oversubscription at the July auction where the DMO allotted ₦931.82bn against ₦1.74trn in subscriptions. Secondary market turnover surged to ₦1.98trn, reflecting strong investor appetite. The Treasury bills segment was equally buoyant, with the 364-day stop rate moderating to 17.35% amid ₦3.38trn in bids for ₦700bn offered.

System liquidity averaged ₦3.78trn, down 18% from June due to CBN's CRR debits and OMO auctions, though inflows from ₦2.56trn in OMO maturities provided relief. External reserves climbed above ₦52 bn, the highest since 2009, strengthening Nigeria's FX buffers. The naira's performance was steady around ₦1373.46 supported by improved inflows and stable oil receipts. Overall, July reflected a balanced environment: equities surged, bonds and bills attracted strong demand, liquidity remained resilient and FX stability reinforced investor confidence.

FUND PERFORMANCE – JULY 2026

	Fund I	Fund II	Fund III	Fund IV	Fund V	Fund VI Active	Fund VI RETIREE
Performance	21.51%	19.49%	12.32%	9.60%	9.78%	11.19%	10.16%
Allocations							
Govt Securities	29.09%	44.10%	59.05%	72.13%	2.46%	33.80%	-
Corporate Securities	11.53%	9.89%	6.82%	7.78%	-	-	-
Equity Market	32.25%	29.06%	14.81%	6.69%	1.21%	20.03%	-
Money Market/Tbills	20.89%	8.75%	16.05%	11.87%	86.06%	43.36%	99.05%
Alternative assets	3.11%	7.72%	1.92%	0.66%	-	-	-
Others	3.13%	0.48%	1.35%	0.87%	10.27%	2.81%	0.95%

Industry Update



Pension assets reach N31.48 trillion as industry marks sustained growth

PenCom Director General Omolola Oloworaran announced on July 14, 2026 that Nigeria's total pension fund assets had grown to N31.48 trillion, representing a 51% year-on-year increase and reflecting sustained momentum in both contributions and investment returns. RSA membership continued to expand alongside the asset growth, reinforcing renewed contributor confidence in the pension system. Fixed income instruments, particularly FGN securities, remained the dominant asset class, though PenCom reiterated its commitment to opening channels for alternative asset investments including infrastructure and private equity within prudential limits.

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PenCom proposes increase in mandatory pension contribution rates

At the 2026 Pension Consultative Forum held in Lagos, PenCom Director General Omolola Oloworaran announced plans to increase the total mandatory pension contribution rate, currently set at 18% comprising a minimum 10% employer contribution and 8% employee contribution. The proposed review, which would be embedded in an amendment to the Pension Reform Act, is aimed at improving long-term retirement income adequacy for contributors. The DG also condemned the practice of state governments deducting pension contributions from workers' salaries without remitting them to RSAs, warning of strengthened enforcement action against defaulting states.

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PenCom extends investment forbearance to broaden PFA portfolio options

Effective July 3, 2026, PenCom extended a two-year forbearance to Pension Fund Administrators, allowing them to invest in a wider range of securities issued by the parent companies of their respective Pension Fund Custodians. The relief measure, contained in a circular signed by the Director of PenCom's Surveillance Department, was described as a direct response to prevailing market realities — including operational challenges and a scarcity of high-quality investable instruments in the domestic market. The move is expected to enhance portfolio flexibility and improve diversification of pension assets across fund classes.

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