FLAMESTAR MARKET PULSE

Your Weekly Intelligence Brief for the Discerning Investor

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FROM THE DESK OF FLAMESTAR CAPITAL

Welcome to this week's edition. After a summer of record-setting, the Nigerian market finally paused for breath. The All-Share Index shed 1.20 percent over the week to close at 242,619.20, its first meaningful pullback in weeks as a five-session retreat unwound part of a rally that had run close to 58 percent. Yet the character of the decline mattered more than its size: record turnover of 12.15 billion shares changed hands, and the selling was concentrated in stretched consumer-goods names and profit-taking across MTN and First HoldCo rather than a broad flight for the exits. This was orderly rotation, not panic, the kind of consolidation that seasons a durable advance.

The macro backdrop still rewards patience. The fixed-income desk delivered the week's real surprise: rather than easing further, the authorities nudged the one-year Treasury-bill stop rate higher to 17.59 percent even as bids arrived at more than eight times the amount on offer, a deliberate signal that Abuja intends to defend real yield and the naira ahead of the awaited July inflation print. Brent firmed above $87, the official window held near ₦1,365, and the Central Bank's policy rate remains anchored at 26.5 percent. Abroad, a Federal Reserve still on hold keeps global capital measured, with attention turning to the Jackson Hole symposium later this month. For the discerning investor, a market that steps back while yields step up is an invitation to add quality on weakness and to re-lock real income while the window is open.

The Nigerian Exchange ended the week ending 15 August at 242,619.20 points, down 2,954.40 points or 1.20 percent week-on-week, trimming equity market capitalisation by roughly ₦1.9 trillion to about ₦156.6 trillion. Breadth stayed defensive, 21 gainers against 30 decliners on the final session as consumer-goods sell-off led by Unilever, which lost 18.94 percent on the week, dragged the tape lower and profit-takers lightened positions in the year's biggest winners. Even after the retreat, the index is up roughly 55.9 percent year-to-date, still among the strongest showings across frontier and emerging markets globally.

The banking complex, the market's engine through the rally, took a modest breather: the NGX Banking Index eased 0.23 percent on the week to 2,548.02, a shallow pullback that leaves it up around 68 percent for the year. First HoldCo, recently crowned the most capitalised lender, was among the name's investors trimmed a healthy pause rather than a change of trend, with recapitalisation progress and dividend prospects still intact.

01 NIGERIAN MARKET SNAPSHOT

KEY MARKET INDICATORS

INDICATOR	VALUE	NOTE
NGX All-Share Index	**242,619.20**	-1.20% w/w; ~+55.9% YTD (wk to 15 Aug)
NGX Market Capitalisation	**₦156.6 trillion**	Down ₦1.9tn week-on-week
Market Breadth	**21 up / 30 down**	Fri 14 Aug; sell pressure dominant
Weekly Turnover	**12.15bn shares / ₦176.06bn**	Record volume traded
USD/NGN — Official (NFEM)	**₦1,364.83**	Broadly stable; ₦1,360–1,385 range (14 Aug)
USD/NGN — Parallel	**≈₦1,435**	Little changed w/w (approx.)
Monetary Policy Rate (MPR)	**26.50%**	Held; 306th MPC, 21 Jul 2026
Headline Inflation (y/y)	**15.91%**	June 2026 (NBS); July data awaited (~15.5–15.9% est.)
364-Day T-Bill Stop Rate	**17.59%**	12 Aug auction; UP 24 bps
NTB Subscription (364-day)	**₦4.19tn vs ₦500bn**	8.4× oversubscribed; ₦1.26tn allotted
Brent Crude	**≈$87.5 / bbl**	As of 14 Aug 2026; firmer w/w
NGX Banking Index	**2,548.02**	-0.23% w/w; ~+68% YTD

FIXED INCOME WATCH

Appetite for naira paper remains voracious, but this week the authorities used it differently. At the 12 August auction the one-year bill drew ₦4.19 trillion of bids against a ₦500 billion offer, more than eight times cover, yet the DMO chose to lift the 364-day stop rate 24 basis points to 17.59 percent rather than trim it further, allotting ₦1.26 trillion. The 91- and 182-day rates were held at 16.30 and 16.50 percent. With the MPR anchored at 26.5 percent and inflation still drifting lower, the move re-widens already positive real yields on the short end and reaffirms the policy resolve to protect the naira and portfolio inflows. For patient capital, the window to lock in current levels has, if anything, re-opened.

02 GLOBAL MARKETS & NIGERIA IMPACT

U.S. Federal Reserve — On Hold, Jackson Hole in Focus

The Federal Open Market Committee has left the federal funds target at 3.50–3.75 percent through 2026, with energy-driven inflation keeping a hawkish tilt in place and no cuts yet delivered this year. Markets are split, some price a possible 25-basis-point cut in September or October, others expect higher-for-longer, and all eyes now turn to the Jackson Hole symposium on 27–29 August for direction.

FLAMESTAR VIEW: A patient, hawkish-leaning Fed sustains the dollar and keeps global risk appetite measured. For Nigeria the silver lining is unchanged: with the MPR at 26.5 percent and one-year bills back up at 17.59 percent, the rate differential remains wide and naira carry stays compelling supportive of FX stability and portfolio inflows, provided reforms hold.

Energy — Brent Firms Above $87

Brent traded around $87.5 a barrel into the weekend, firmer on the week despite a 17.4-million-barrel build in U.S. crude stocks, the largest weekly gain since January 2023. Higher prices are welcome for Nigeria's fiscal accounts, but volume, not price, remains the binding constraint as output continues to run below the budget benchmark.

FLAMESTAR VIEW: Firmer prices flatter the headlines, yet the persistent output gap keeps oil revenue below plan and reinforces the fiscal case for non-oil growth. We continue to favour exposure to sectors that benefit from domestic demand and reform banks, telecoms and select consumer names over undiluted oil-price bets.

Emerging-Market Capital Flows

This week's equity pullback is best read as healthy consolidation after an exceptional run, not a change of thesis. With the one-year stop rate nudged higher, the real-yield cushion has re-widened, keeping Nigerian naira assets on the radar of dedicated EM allocators even as global volatility stays subdued.

FLAMESTAR VIEW: Portfolio flows are a tailwind, but they are fickle. We advise clients to treat this dip as an opportunity to lock in real yield and add quality equity exposure now, rather than assuming the carry trade will remain this generous indefinitely.

Structural & GDP Note

Beneath the market noise, the reform story is what matters for the long run. This week's decision to raise the primary rate into overwhelming demand underlines the authorities' resolve to defend the naira and bend inflation lower. A cleaner FX market, disciplined monetary policy and a recapitalised banking system continue to reshape Nigeria's investment case from a commodity proxy toward a domestic-demand and financial-deepening narrative, the foundation of durable, non-oil GDP growth.

03 PORTFOLIO & INVESTMENT INSIGHTS

Banking

The banking index eased just 0.23 percent on the week to 2,548.02 a shallow, orderly pause after a rally that leaves the sector up around 68 percent year-to-date. First HoldCo and peers saw profit-taking, but strong H1 earnings, healthy capital buffers and dividend visibility keep the fundamental case intact.

FLAMESTAR VIEW: We remain constructive on quality, well-capitalised lenders with strong deposit franchises and clear dividend visibility. This kind of pullback is precisely where entry discipline pays: accumulate on weakness rather than chasing strength, and favour balance-sheet quality over headline momentum.

Telecommunications & ICT : MTN Nigeria gave back some ground this week amid broad profit-taking, but the structural story is unchanged: improving earnings, attractive valuations and healthy dividend prospects as tariff adjustments and data growth feed through. The sector offers defensive, inflation-linked cash flows underpinned by non-discretionary demand.

FLAMESTAR VIEW: Telecoms are a natural hedge in an inflationary economy, pricing power plus structural data demand. We view this week's softness as an opportunity to build large-cap telecom exposure as a core, lower-beta complement to a bank-heavy Nigerian equity allocation.

Fixed Income

The 24-basis-point rise in the 364-day stop rate to 17.59 percent, set against easing inflation, restores firmly positive real returns rarely available at this scale. The eight-times oversubscription confirms that demand is deep; the modest rate back-up simply hands patient investors a slightly better entry.

FLAMESTAR VIEW: For capital preservation with real income, we favour laddering into 364-day bills and short OMO paper now to secure today's re-opened yields ahead of the eventual policy pivot. Fixed income should anchor the conservative sleeve of every client portfolio this quarter.

Real Estate

Nigeria's housing deficit estimated well above 17 million units and Lagos's relentless in-migration underpin durable long-run demand. Near-term affordability is constrained by double-digit mortgage rates and elevated construction costs, but easing inflation, prospective rate cuts and $20 billion-plus in annual diaspora remittances are gradually improving the picture. Infrastructure along the Lekki-Epe corridor and the Blue and Red rail lines continues to unlock new value.

FLAMESTAR VIEW: Real estate is a long-duration inflation hedge, not a trade. We favour well-located, income-generating assets and disciplined off-plan or land-banking entries in corridors backed by genuine infrastructure and caution against overpaying in saturated luxury segments where vacancy is rising.

04 WEALTH STRATEGY CORNER

Strategy of the Week: Buy the Breather, Re-Lock the Yield

A record-chasing market that steps back while yields step up is a gift to the disciplined. This week handed long-term investors two openings at once: quality equity leaders on sale after an orderly pullback, and a re-opened window on positive real yield as the one-year bill returned to 17.59 percent. History teaches that such alignments are fleeting. A practical framework:

1. **Add quality on weakness.** Accumulate well-capitalised banks and large-cap telecoms into this pullback rather than chasing record highs.
2. **Re-lock the real yield.** Ladder across 91-, 182- and 364-day Treasury bills to secure today's ~17.6 percent while retaining periodic liquidity to reinvest.
3. **Trim the stretched.** Rotate out of over-extended consumer-goods names showing earnings pressure — Unilever's 18.94 percent weekly slide is a cautionary signal.
4. **Diversify across currencies.** Balance naira real yield with selective hard-currency and Eurobond exposure to hedge FX risk should sentiment shift.
5. **Keep dry powder.** Retain a cash reserve to deploy into dislocations — pullbacks like this one reward the prepared.

"The individual investor should act consistently as an investor and not as a speculator."

Wealth is not built by the noise of a single week, but in the discipline of a thousand of them. — Flamestar Capital