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. The breather we noted a week ago has become a genuine correction. The All-Share Index fell for a second consecutive week, shedding 1.35 percent to 239,351.16, with the decline now broad rather than narrow, banking, oil and gas, insurance and growth names all gave ground. This time the market's engine did the dragging: the banking index dropped nearly 3 percent as investors booked profits on a sector that had led the year's extraordinary rally. Turnover cooled with the mood, easing 10 percent to ₦157.76 billion. After two down weeks the index has surrendered a sliver of its gains, yet it remains up close to 54 percent year-to-date, a correction within a bull market, not the end of one.

Crucially, the news that matters most turned decisively in the investor's favour. The awaited July inflation print landed at 15.43 percent, a second straight monthly easing that widens the real yield on the one-year Treasury bill to more than two full percentage points. At the same time Brent surged toward $94 a near 6 percent weekly gain that is a windfall for Nigeria's fiscal accounts, even as it complicates the global disinflation story and the case for Federal Reserve rate cuts. With policymakers set to gather at Jackson Hole, the message for clients is unchanged and, if anything, reinforced: let the correction do its work, keep adding quality on weakness, and lock in a real yield that the data now confirm is both generous and real.

The Nigerian Exchange closed the week ending 22 August at 239,351.16 points, down 3,268.04 points or 1.35 percent week-on-week and trimming equity market capitalisation by roughly ₦2.1 trillion to about ₦154.5 trillion, a second consecutive weekly retreat. Breadth was firmly negative as weakness spread beyond consumer goods into banking, oil and gas, insurance and growth counters. Even so, at roughly 53.8 percent year-to-date the market remains among the strongest performers across frontier and emerging markets globally, and the pullback has taken some of the froth off valuations that had begun to look stretched.

This week the banking complex, which had powered the advance, led the descent: the NGX Banking Index fell 2.92 percent to 2,473.50, paring its year-to-date gain to about 63 percent. We read the move as profit-taking and rotation after an exceptional run rather than a deterioration in fundamentals, H1 earnings were strong, capital buffers are healthy and recapitalisation and dividend prospects remain intact. For patient capital, lower prices in quality lenders are an opportunity, not a warning.

01 NIGERIAN MARKET SNAPSHOT

KEY MARKET INDICATORS

INDICATOR	VALUE	NOTE
NGX All-Share Index	**239,351.16**	-1.35% w/w; ~+53.8% YTD (wk to 22 Aug)
NGX Market Capitalisation	**₦154.5 trillion**	Down ~₦2.1tn w/w; 2nd weekly fall
Market Breadth	**Broadly negative**	Banking, oil & gas, insurance lower
Weekly Turnover	**6.24bn shares / ₦157.76bn**	Value -10.4% w/w; 186,496 deals
USD/NGN — Official (NFEM)	**≈₦1,365**	Broadly stable; ₦1,360–1,385 range
USD/NGN — Parallel	**≈₦1,435**	Little changed w/w (approx.)
Monetary Policy Rate (MPR)	**26.50%**	Held; next MPC awaited
Headline Inflation (y/y)	**15.43%**	July 2026 (NBS); eased from 15.91%
Food Inflation (m/m)	**+5.56%**	July 2026; up from 3.75% in June
364-Day T-Bill Stop Rate	**17.59%**	12 Aug auction; real yield now >2pp
Brent Crude	**≈$94 / bbl**	~21 Aug; +~6% w/w, 2nd weekly gain
NGX Banking Index	**2,473.50**	-2.92% w/w; ~+63% YTD

FIXED INCOME WATCH

The story on the fixed-income desk this week was written not at an auction but in the inflation report. With headline inflation easing to 15.43 percent, the 17.59 percent stop rate secured at the 12 August one-year sale now delivers a positive real yield of more than two percentage points, a margin rarely available at this scale and one that grows more attractive with each downside surprise on prices. Secondary-market demand for the short end stayed firm, and with the next primary auction due at month-end, we expect appetite to remain voracious. The MPR is anchored at 26.5 percent; as disinflation is confirmed, the eventual pivot toward lower rates draws closer, making today's levels a diminishing resource for those still holding cash.

02 GLOBAL MARKETS & NIGERIA IMPACT

U.S. Federal Reserve — Jackson Hole Takes Centre Stage

With the federal funds target still at 3.50–3.75 percent, investors are looking to the Jackson Hole symposium on 27–29 August for the clearest signal yet on the path of policy. The complication is energy: crude's sharp rise threatens to keep headline inflation sticky in developed markets, tempering hopes for near-term cuts even as the labour market cools. The dollar remains firm and global risk appetite measured.

FLAMESTAR VIEW: A data-dependent, energy-wary Fed keeps the dollar supported and global capital selective. For Nigeria the rate differential is, if anything, widening in real terms as domestic inflation falls while nominal yields hold near 17.6 percent, sustaining the carry appeal of naira assets and underpinning FX stability, provided reform momentum holds.

Energy — Brent Surges Toward $94

Brent climbed to around $94 a barrel, a near 6 percent weekly gain and its second straight advance, on tightening supply signals and geopolitical risk. For Nigeria the immediate effect is a welcome lift to oil revenue and external reserves, though the persistent gap between actual output and budget benchmarks means the windfall is smaller than the price alone would suggest.

FLAMESTAR VIEW: Higher crude is a double-edged sword: a genuine fiscal tailwind for Nigeria, but a headwind to the global disinflation that would let major central banks ease. We continue to favour domestic-demand and reform beneficiaries banks, telecoms and select consumer names over undiluted oil-price exposure, while welcoming the revenue relief at the margin.

Emerging-Market Capital Flows

A second week of profit-taking in Lagos is consolidation, not capitulation. The confirmed decline in inflation strengthens the fundamental case for naira assets, and the widening real-yield cushion keeps Nigeria firmly on the radar of dedicated EM allocators even as global volatility ticks up around the oil move and the Fed.

FLAMESTAR VIEW: Flows follow fundamentals over time, and Nigeria's fundamentals improved this week. We advise clients to use the correction to add quality equity exposure and to lock real yield now, rather than waiting for sentiment to catch up to the data.

Structural & GDP Note

The reform story gained further validation this week: a second consecutive fall in inflation shows tighter policy is working, while firmer oil prices ease the fiscal arithmetic. A cleaner FX market, credible disinflation and a recapitalised banking system continue to shift 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 led the market lower this week, falling 2.92 percent to 2,473.50 as investors took profit on the year's standout sector; it remains up around 63 percent year-to-date. Nothing in the fundamentals changed, strong H1 earnings, solid capital and dividend visibility endures. What changed was price, and in the right direction for buyers.

FLAMESTAR VIEW: We remain constructive on quality, well-capitalised lenders with strong deposit franchises and clear dividend visibility. A near-3 percent weekly pullback in the sector that leads the market is exactly the kind of entry patient investors wait for: accumulate the leaders on weakness, favouring balance-sheet quality over momentum.

Telecommunications & ICT

Telecoms held up better than the broad market in a risk-off week, reaffirming their defensive character. MTN Nigeria and peers continue to benefit from tariff adjustments, structural data growth and healthy dividend prospects, offering inflation-linked cash flows underpinned by non-discretionary demand.

FLAMESTAR VIEW: In a corrective, rotation-driven tape, telecoms earn their keep as a lower-beta ballast. We view large-cap telecom exposure as a core complement to a bank-heavy Nigerian allocation and a natural place to hide while the equity correction runs its course.

Fixed Income

This is fixed income's moment. With inflation confirmed at 15.43 percent and the one-year bill at 17.59 percent, real returns of more than two percentage points are on offer, a rare and, we suspect, temporary alignment. As the case for an eventual policy pivot builds, the opportunity to lock these levels is a wasting asset.

FLAMESTAR VIEW: For capital preservation with real income, we favour laddering into 364-day bills and short OMO paper at the month-end auction to secure today's confirmed real yields ahead of the eventual easing cycle. Fixed income should anchor the conservative sleeve of every client portfolio this quarter.

Real Estate

Nigeria's housing deficit is estimated well above 17 million units amid Lagos's relentless in-migration underpin durable long-run demand. Confirmed disinflation and the prospect of lower rates ahead gradually improve affordability, while $20 billion-plus in annual diaspora remittances continues to support the market. Infrastructure along the Lekki-Epe corridor and the Blue and Red rail lines keeps unlocking 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: Let Disinflation Do the Work

Two down weeks in equities can unsettle the impatient, but the discerning investor reads the whole board. Beneath the correction, the fundamentals strengthened: inflation fell again, real yields widened, and quality assets went on sale. This is precisely the environment in which fortunes are quietly compounded. A practical framework:

1. **Lean into confirmed real yield.** Ladder 91-, 182- and 364-day Treasury bills at the month-end auction to lock ~17.6 percent against 15.4 percent inflation while liquidity stays ample.
2. **Accumulate the leaders on weakness.** A near-3 percent pullback in banking is an invitation, not an alarm — add quality lenders and large-cap telecoms methodically.
3. **Prize defensives in a corrective tape.** Tilt toward lower-beta telecoms and dividend-paying names that cushion volatility while the correction plays out.
4. **Respect the oil signal.** Welcome the fiscal relief from Brent near $94, but do not chase oil-price beta; favour the reform beneficiaries it ultimately funds.
5. **Keep dry powder.** Corrections reward the prepared, retain a cash reserve to deploy into further dislocation.

"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