

**Executive Summary**

This week's report examines five (5) market-moving developments across global macroeconomics and Nigerian capital markets. The dominant themes are the US Federal Reserve's continued rate hold, the escalating Middle East energy shock, the CBN's easing cycle, and key deal-flow opportunities arising from the banking sector recapitalisation deadline.

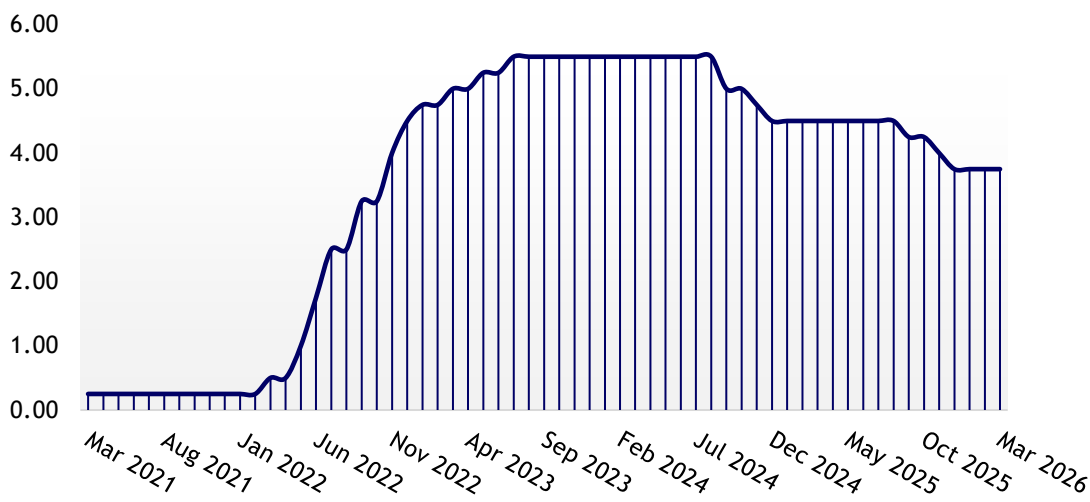
Indicator	Current Value	Change	Direction
NGX All-Share Index	201,157 pts	+29.3% YTD 2026	▲
NGX Market Cap	₦129.1 trillion	+30% vs Dec 2025	▲
CBN MPR	26.50%	-50 bps (Feb 2026)	▼
Headline Inflation (Jan 2026)	15.06%	11th consecutive decline	▼
US Fed Funds Rate	3.50%-3.75%	Hold	→
Dangote Petrol Price	₦1,275/litre	+64.7% in Mar 2026	▲

**CONTACT INFORMATION**

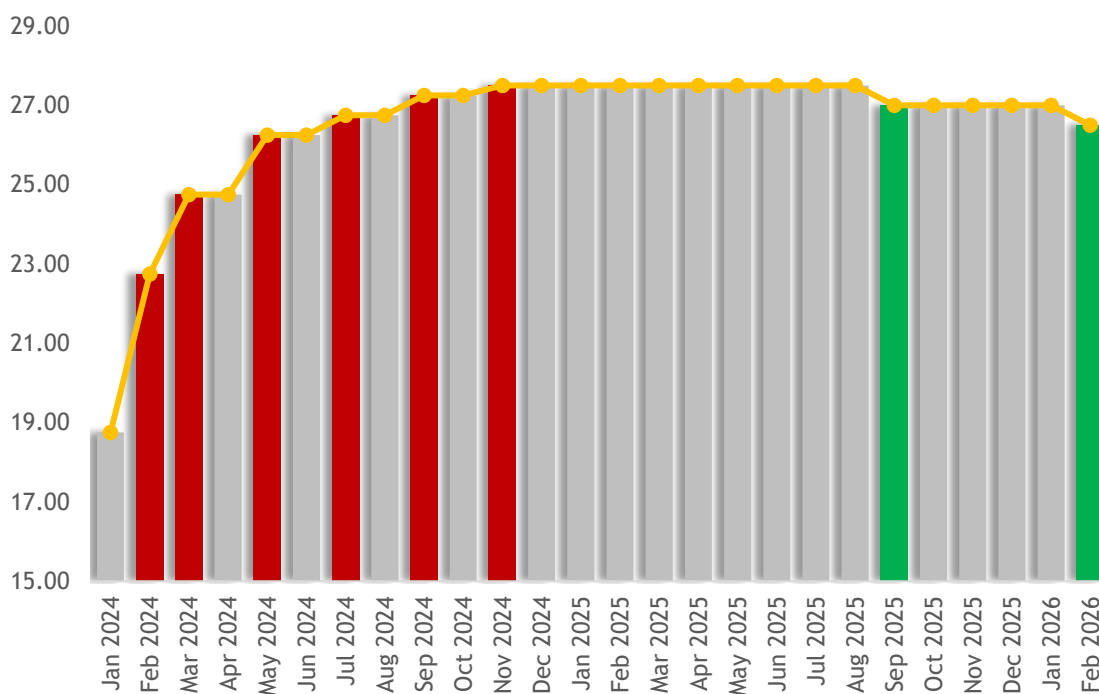
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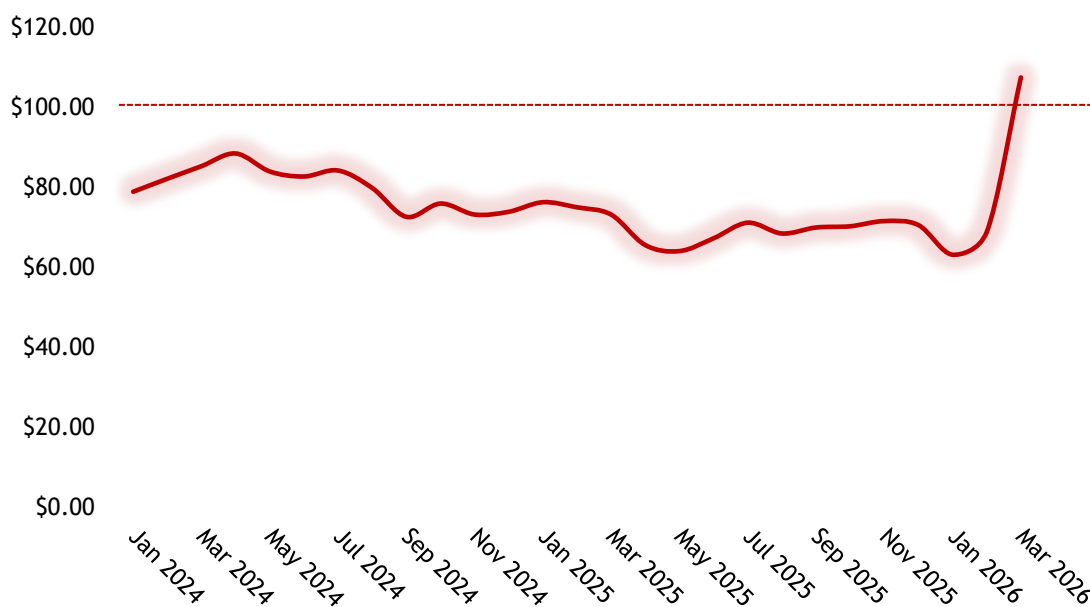
**US Fed Funds Rate (%), 2021-2026**



**Monetary Policy Rate, Jan. 2024 - Feb. 2026**



**Brent (\$/bbl), Monthly Prices (Jan 2024 - Mar 2026)**



**Abstract**

Global financial markets enter the week of March 21, 2026, navigating the most consequential convergence of geopolitical, monetary, and commodity shocks since the COVID-19 pandemic. Seven interconnected themes define the investment landscape, each carrying direct implications for Nigerian capital markets and the broader emerging market asset class.

The US Federal Reserve held the federal funds rate unchanged at 3.50%-3.75% at its March 2026 meeting, voting 11 to 1 against a cut after revising its 2026 PCE inflation forecast upward to 2.7%. The decision is driven largely by the inflationary uncertainty posed by the ongoing US-Israel military campaign against Iran.

The Strait of Hormuz closure has reduced tanker flows from approximately 20 million barrels per day to less than 10% of pre-crisis levels, pushing Brent crude to \$107 per barrel, triggering a global supply shock estimated at 8 million barrels per day, and threatening to unwind two years of disinflation progress across major economies. For Nigeria, the oil price surge is a near-term fiscal windfall – generating an estimated ₦18.9 trillion above the 2026 budget benchmark of \$75 per barrel – but simultaneously a domestic inflation risk, as five consecutive Dangote Refinery price increases have driven pump prices to ₦1,275 per litre in March alone.

On the domestic monetary front, the CBN cut its MPR by a further 50 basis points to 26.50% in February 2026, its second consecutive cut following eleven months of declining inflation, though the easing path faces a meaningful test in the April CPI release, where fuel price pass-through may interrupt the disinflation trend.

On the deal-flow side, 30 of Nigeria's 34 licensed commercial banks have met the CBN's new minimum capital requirements ahead of the March 31 deadline Al Jazeera, with ₦4.05 trillion in verified capital raised, 71.7% domestically and 28.3% from foreign participation Naija News, while the remaining institutions face a narrowing window to complete equity raises, mergers, or private placements, representing live mandates for this firm.

Finally, the Federal Government's proposed \$20 billion transcontinental gas pipeline to Europe has gained material strategic momentum from the Hormuz crisis, as European governments accelerate their search for alternative energy supply corridors; positioning Nigeria at the centre of a project finance opportunity with multilateral, commercial banking, and Eurobond components that could define the continent's energy investment landscape for the decade ahead.

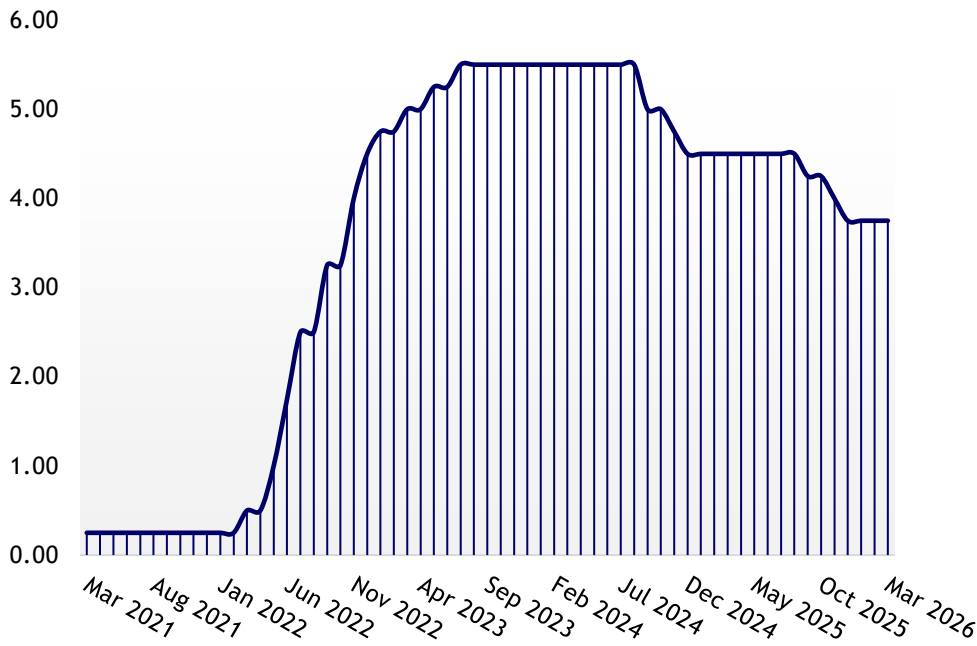
Global Macro

**US Federal Reserve: Rate Hold & the Inflation Dilemma**

Current rate	Cycle peak	Total hikes (2022-23)
<b>3.50-3.75%</b>	<b>5.25-5.50%</b>	<b>+525 bps</b>
As of March 2026	Jul 2023 - Sep 2024	11 consecutive increases

At its March 18, 2026, meeting, the Federal Open Market Committee (FOMC) voted 11-1 to maintain the federal funds rate at 3.5%-3.75%. The committee held rates steady to manage higher-than-expected inflation, a complex labor market, and increased geopolitical uncertainty, with only Governor Stephen Miran dissenting in favor of a 25-basis point cut.

**US Fed Funds Rate (%), 2021-2026**



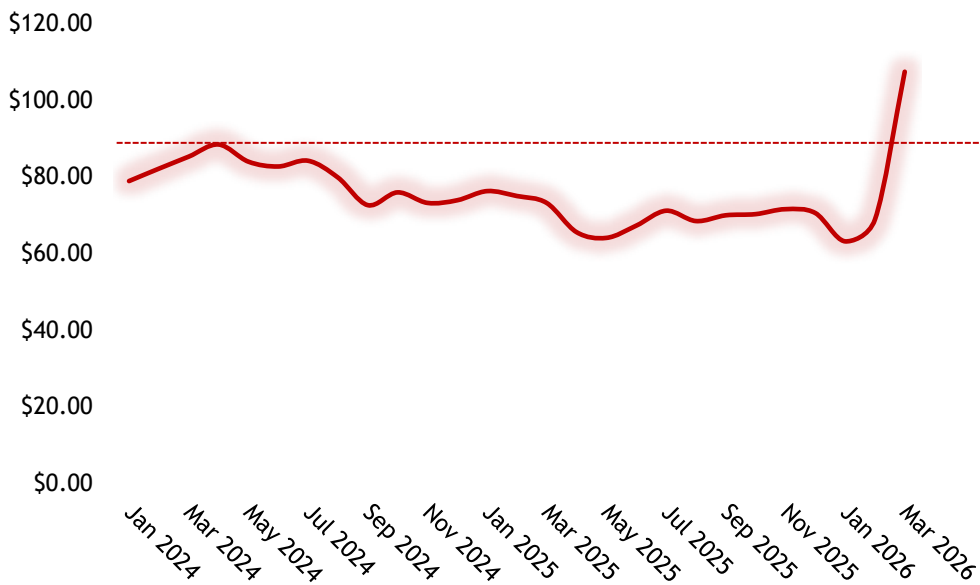
For emerging markets like Nigeria, this could imply the following:

- The risk of the Fed's single projected rate cut for the year being deferred further, as it has revised its 2026 PCE inflation projection upward from 2.4% to 2.7%.
- A prolonged hold tightening global dollar liquidity, thereby increasing the cost of Nigeria's external borrowing and widening sovereign spreads on FGN Eurobonds.
- Foreign portfolio inflows into Nigerian OMO bills and T-bills, which totalled \$5.2bn in Q1 2025, facing headwinds if the US yield advantage narrows more slowly than expected.

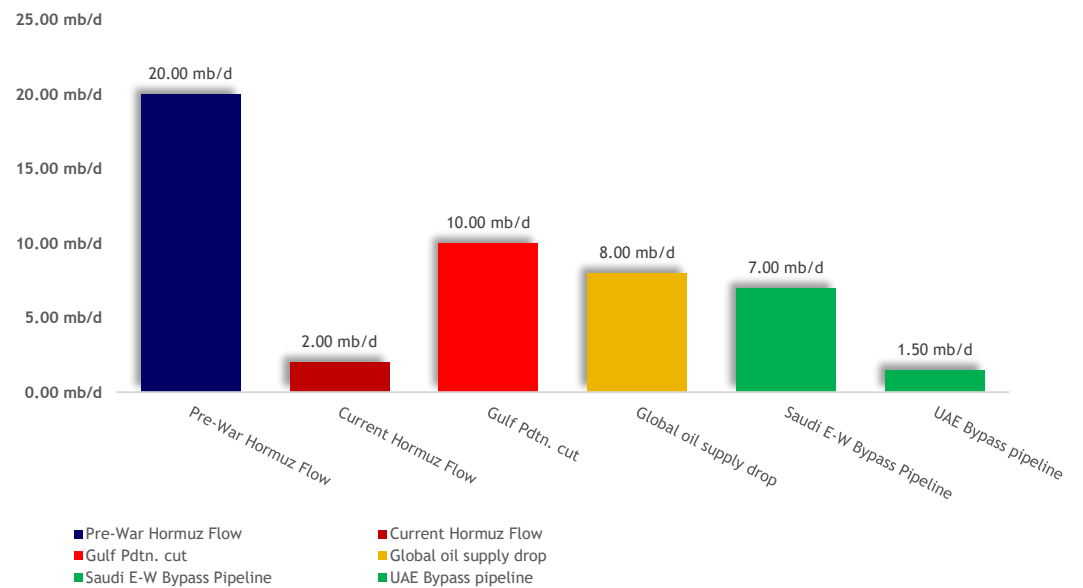
Source: Federal Reserve Bank of New York, Coremars Research

**Middle East Energy Shock (Oil Market Implications)**

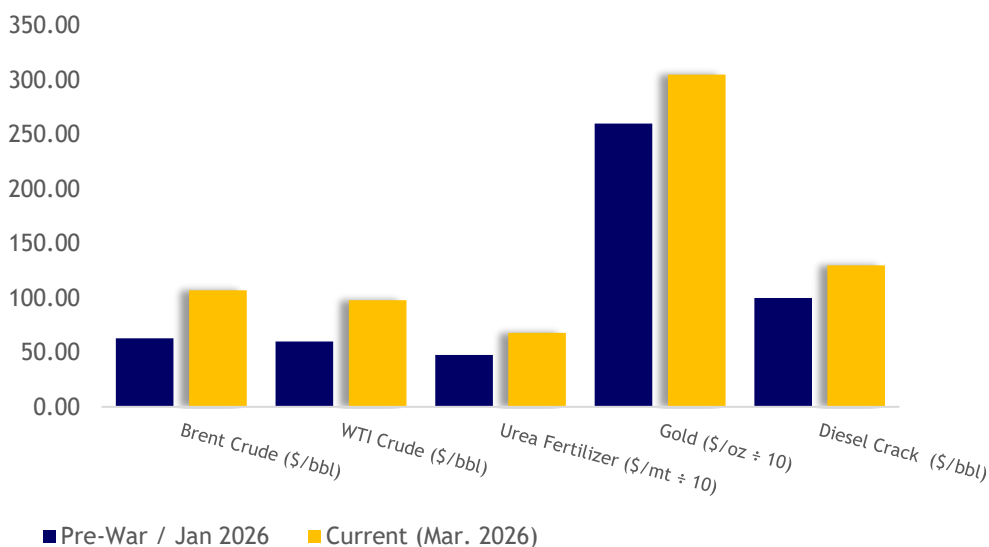
**Brent (\$/bbl), Monthly Prices (Jan 2024 - Mar 2026)**



**Strait of Hormuz Crisis – Supply Disruption Volumes (mb/d)**



**Commodity Spillover Effects – Pre-War vs Current Prices (March 2026)**



The three-week-old US-Israel military campaign against Iran has created the most significant disruption to global oil shipping since the Gulf War. With roughly one-third of global fertiliser shipments and a substantial share of crude transiting the Strait of Hormuz, analysts describe the current shock as potentially the largest supply disruption in oil market history.

**Oil Prices**

In terms of oil price volatility, as demonstrated in the charts, Brent surpassed \$100/barrel on March 8, 2026, for the first time in four years, hitting a peak of \$126/barrel. However, Brent eased to around \$92/barrel at the time of the IEA's March report, up \$20/barrel for the month. As of March 20, oil was priced at \$107.40/barrel, around \$35 higher than a year ago. Today's trading range is \$105-\$113/barrel, with a 52-week range of \$58.40-\$119.50 and a 56.7% 12-month change.

Source: IEA Oil Market Report, CME Group, IEA, Reuters, Coremars Research

**Strait of Hormuz**

**Quick Facts**

The Strait of Hormuz, one of the world's most critical maritime chokepoints, serves as the only sea passage from the Persian Gulf to the open ocean and accounts for approximately 20% of the world's total oil consumption (around 20 million barrels per day).

Notably, it also handles about 20% of global liquefied natural gas (LNG) shipments, mostly from Qatar. And more than 80% of the oil transiting the strait goes to Asian markets, with China, India, Japan, and South Korea being the largest destinations.

**US-Iran War Impact**

Following US-Israel attacks on Iran in early 2026, the strait became effectively closed to most traffic. Flows through the Strait plunged from around 20 mb/d before the war to less than 10% of pre-crisis levels as of March 12. Here are some quick to consider driving home the real impact of the war on global oil supply chain:

- ✦ Only 21 tankers transited the route in the first three weeks of conflict, compared to more than 100 ships daily before.
- ✦ Gulf countries have cut total oil production by at least 10 mb/d, with global supply projected to plunge by 8 mb/d in March.
- ✦ Alternative bypass routes are limited (*Saudi Arabia's East-West Pipeline at 7 mb/d and the UAE's Habshan-Fujairah pipeline at 1.5-1.8 mb/d*) but these cannot offset a full closure

A complete cessation of Gulf exports would remove close to 20% of global oil supplies, about 80% of which is shipped to Asia.

**Nigeria-Specific Implications**

Nigeria's position is uniquely dual-natured. It is simultaneously a beneficiary of high oil prices and a victim of the downstream consequences.

**The Windfall Side (Positive)**

As a net oil exporter producing approximately 1.42 mb/d, Nigeria earns more dollars for every barrel it sells. At \$107/barrel versus the 2026 budget benchmark of \$75/barrel, the government is generating an estimated ₦18.9 trillion above benchmark in oil revenue. This might be a substantial fiscal windfall that strengthens the CBN's FX reserves, supports the naira, and creates room for increased capital spending.

**The Pass-Through Pain (Negative)**

Despite being an oil producer, Nigeria imports the majority of its refined petroleum products. Fertilizer represents one of the biggest downstream risks, with urea prices at the New Orleans hub already rising from \$475 to \$680 per metric ton. Consequently, this feeds directly into Nigeria's food inflation, which affects the ~40% of Nigerians employed in agriculture.

The Dangote Refinery's five consecutive price hikes in March, pushing petrol to ₦1,275/litre, are a direct domestic transmission of the global shock, compressing consumer purchasing power and squeezing margins in consumer-facing sectors.

**Capital Markets**

The risk-off global environment creates a headwind for foreign portfolio inflows into Nigerian equities and fixed income. For fixed income broadly, the tension is familiar: *slower growth can support bonds, but higher energy prices reduce the scope for central bank easing because CBN's easing cycle could be interrupted if domestic inflation re-accelerates due to fuel price pass-through, putting upward pressure on OMO bill yields and FGN bond spreads.*

**The Net Assessment**

In the short term (Q2 2026), Nigeria is a net winner from the shock – higher revenues, stronger reserves, and a compelling story for foreign energy investors. In the medium term (Q3-Q4 2026), the risks accumulate: domestic inflation from fuel and food prices, a potential CBN policy pause, and the global demand destruction that prolonged conflict would bring. The critical variable would most likely be the duration of the conflict, and the knock-on impact to supply chains.

NIGERIA INVESTMENT IMPLICATIONS BY SCENARIO						
Scenario	Oil Price	FGN Revenue Impact	Naira / FX	Equity Market	Fixed Income	Recommendation
Current Spot (~\$107/bbl)	\$107	Windfall +₦18.9tn vs budget	Bullish – reserves build	Bullish equities	Supports bonds	Overweight NGX; watch inflation pass-through
EIA Base (~\$85/bbl)	\$85	+₦9.1tn vs benchmark	Stable to positive	Mildly bullish	Positive	Neutral-Overweight equities; buy OMO bills
Bear / Extended war (\$65)	\$65	+₦2.5tn – near breakeven	Pressure on naira	Neutral	Cautious	Reduce EM credit exposure; monitor FGN spreads
Extreme Bear (<\$60/bbl)	<\$60	Below budget benchmark	FX reserve drawdown risk	Bearish	Widen spreads	Reduce risk; potential IMF engagement risk

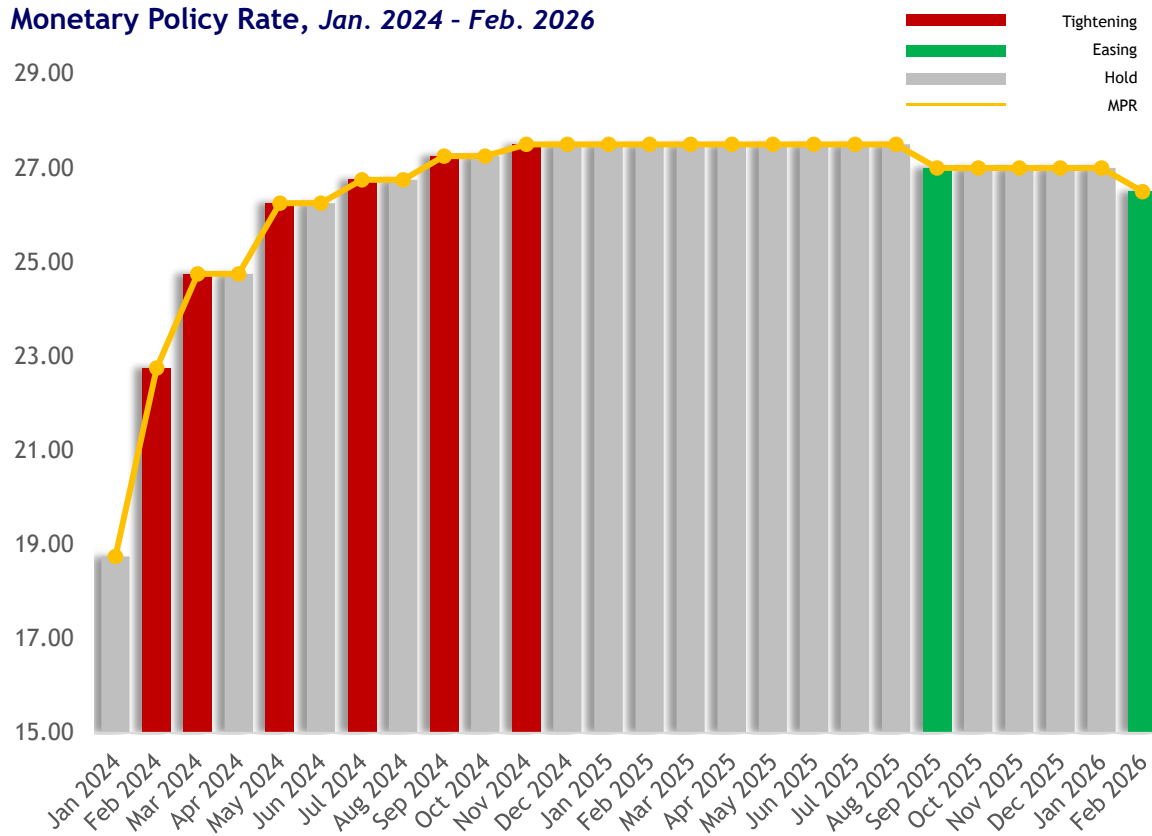
Source: Coremars Research

### Monetary Policy

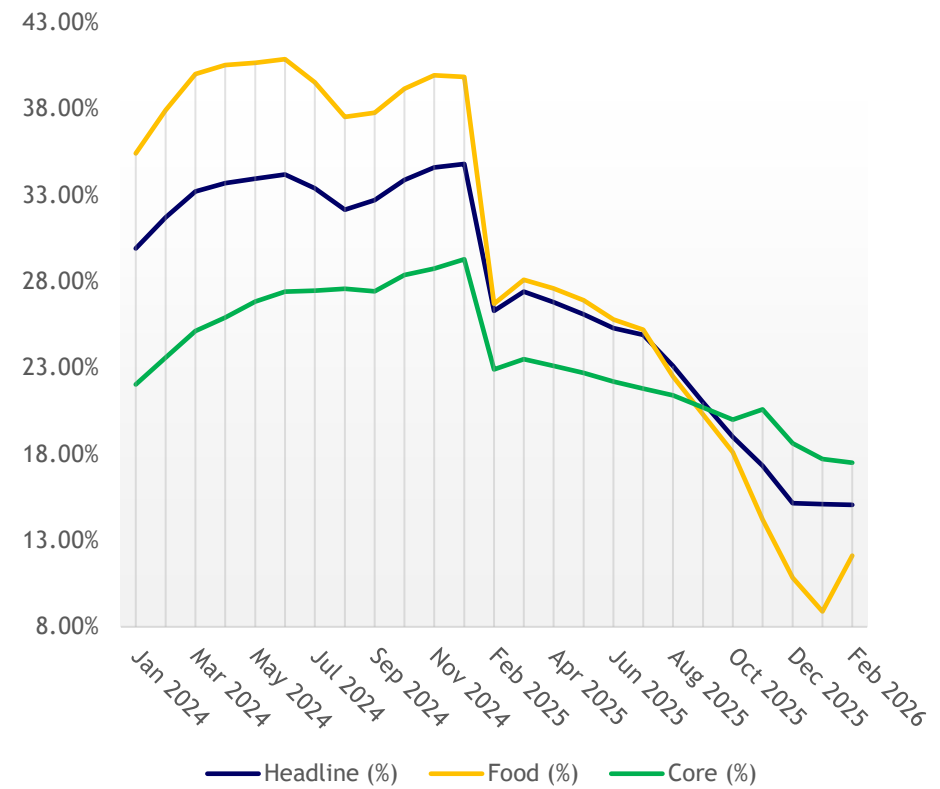
#### CBN Easing Cycle: MPR Cut to 26.50%

Starting rate (Jan 2024)	Cycle peak	Total tightening	Current rate (Feb 2026)
<b>18.75%</b>	<b>27.50%</b>	<b>+875 bps</b>	<b>26.50%</b>

Monetary Policy Rate, Jan. 2024 - Feb. 2026



Inflation Rate, Jan. 2024 - Feb. 2026



Source: Central Bank of Nigeria (CBN) MPC decisions (293rd-304th meetings), National Bureau of Statistics, Coremars Research

#### Monetary Policy Rate (MPR)

The Central Bank of Nigeria lowered its Monetary Policy Rate by 50 basis points to 26.50% at its February 2026 meeting – the second consecutive cut and the lowest rate since mid-2024. Governor Olayemi Cardoso noted that the ongoing disinflation trajectory, sustained exchange rate stability, and lagged transmission of prior tightening justified the move.

The pace of easing has been deliberately measured: *with core inflation still above headline and the Middle East energy shock posing an upside risk to domestic fuel and food prices*, the CBN is threading a narrow path loosening financial conditions to support growth without prematurely declaring victory over inflation.

#### Inflation

Nigeria's headline inflation has now declined for ten consecutive months, falling to 15.06% in February 2026 from a peak of approximately 34% in early 2024. While this remains well above the CBN's long-term target of 6-9%, the direction of travel is firmly downward. Further cuts are anticipated in 2026, with market consensus pointing to a year-end MPR of 24.0%-25.0%, which would reduce borrowing costs for private sector issuers and support fixed-income valuations.

#### Expected Inflation – March 2026

The March 2026 NBS CPI report – due for release in mid-April – is expected to show headline inflation in the range of 14.80%-15.20%, broadly flat to a modest further decline from February's 15.06%. The disinflation impulse that has driven eleven consecutive monthly declines is likely to persist, supported by continued naira stability and favourable agricultural base effects from the 2025 harvest season. However, two countervailing forces are building:

- First, food inflation's uptick to 12.12% in February signals that the sharp food-price declines of late 2025 are losing momentum, and a continuation of that reversal in March would limit the headline's downside.
- Second, and more significantly, the Dangote Refinery's five consecutive petrol price increases in March – pushing pump prices to ₦1,275 per litre, a 64.7% monthly surge – have not yet fully fed through into broader transport and logistics costs, which are the most pervasive inflation transmission channel in the Nigerian economy.

With the CBN now operating under an inflation-targeting framework targeting 13% Profile News, the March print will be a pivotal data point for the May MPC meeting: a stable or declining headline despite the fuel shock would strengthen the case for a third consecutive cut; a reacceleration above 15.5% would likely force a pause and prompt a hawkish reassessment of the easing path.

Deal Flow

Banking Sector Recapitalisation – Final Stretch

The CBN's bank recapitalisation exercise is approaching its final compliance window. As of mid-March 2026, **30 of 33 banks** have met the new minimum capital requirements, with the remaining institutions in CBN's verification pipeline. Banks with residual shortfalls are expected to pursue one or more of the following paths – all of which represent direct deal-flow opportunities:

- ✚ Public Equity Offerings: Rights issues and public offers to bridge capital gaps before the deadline.
- ✚ Strategic M&A: Mergers between smaller-tier banks and acquisitions by larger institutions seeking expanded market share.
- ✚ Private Placements: Targeted capital raises from institutional and foreign strategic investors who are re-engaging with the Nigerian banking sector.
- ✚ Asset Disposals: Non-core asset sales to free up capital and improve regulatory ratios.

The banking sector remains the cornerstone of the Nigerian capital market, accounting for **over ₦2.5 trillion** of the **₦6.49 trillion** raised on the NGX in 2025. Completion of recapitalisation is expected to strengthen credit ratings, improve loan growth capacity, and attract renewed foreign portfolio investment to bank stocks.

Infrastructure & Project Finance

\$20 Billion Nigeria-Europe Gas Pipeline – Project Finance Opportunity

The Federal Government of Nigeria has advanced discussions on a **proposed \$20 billion** transcontinental gas pipeline designed to transport Nigeria's vast natural gas reserves to European markets. The project has gained renewed urgency in the context of the Middle East energy shock, with European governments seeking to diversify away from vulnerable supply corridors.

For investment banks, this is a landmark project finance mandate in the making. Key considerations include:

Scale and Tenor:

- ✚ A \$20 billion project will require a blended financing structure combining multilateral development bank debt, commercial bank lending, export credit agency facilities, and possibly Eurobond issuance.

Offtake Risk:

- ✚ Long-term supply agreements with European energy companies (already being negotiated at government level) will be critical to bankability.

Geopolitical Tailwind:

- ✚ The Middle East crisis has reinforced European appetite for African LNG and pipeline gas, improving the commercial risk profile of the project versus prior iterations.

Nigeria-UK Agreement:

- ✚ President Tinubu's state visit to the UK yielded a framework agreement and early diplomatic groundwork that strengthens the project's political risk profile.

OUTLOOK SUMMARY

Theme	Bull Case	Bear Case / Risk
NGX Equities	ASI extends above 205,000 on strong Q1 earnings releases	Petrol price pass-through dampens consumer stocks; profit-taking at record highs
Oil Prices	Elevated prices boost FGN revenue; Naira stability maintained	Sustained supply shock triggers global recession fears; EM capital flight
CBN Policy	Further 50-100 bps cut in May 2026 supports fixed income rally	Inflation re-acceleration (fuel prices) forces rate pauses or reversal
Banking Recap	Deal completions drive secondary market volumes and fees	Residual shortfalls trigger regulatory action; M&A delays
FX / Naira	Oil windfalls rebuild reserves; naira holds N1,450-N1,500/\$	Import cost inflation from oil shock widens current account deficit

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