



# Credit Market Report

February 2026 Edition



DEVELOPED BY

**WEALTHBRIDGE  
MARKET  
INTELLIGENCE**

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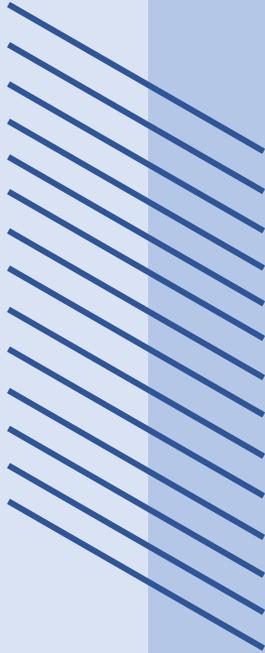
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# Key Takeaways This Month



## Global markets stable amid policy caution

Brent crude prices eased slightly to an average of \$70.44 in February, reflecting balanced supply-demand dynamics, while gold prices surged to close at \$5,231.15 on defensive hedging and stable rate expectations. U.S. 10-year Treasury yields moderated to 4.11% as markets priced in gradual easing for later in 2026, while the ECB and BoE maintained policy rates at 2.15% and 3.75%, respectively.



## Domestic inflation moderating unevenly

Headline inflation settled at 15.10% in January, showing a sharp month-on-month decline of 2.88% driven by favorable economic factors. While core inflation decelerated significantly to 8.89%, food inflation remains a persistent pressure point, accelerating to 17.72% year-on-year despite a monthly pullback in prices.



## FX reserves hit 13-year high as markets converge

External reserves climbed to \$49.51 billion by month-end, providing a robust buffer that supported a narrowing of the premium between official and parallel rates to less than 2%. The NAFEM rate remained stable at an average of ₦1,357.26, while the parallel market closed at ₦1,389.10 following a volatile mid-month period.



## Corporate debt issuances surge 165%

Total Commercial Paper issuances jumped to ₦143.19 billion in February, up from ₦53.96 billion in January, led by major raises from Coleman Industries (₦50 billion) and UAC of Nigeria (₦41.24 billion). The market also saw a strategic expansion into private credit with the ₦25 billion ARM Private Debt Fund Series 1 issuance.

# Gold Remains Elevated in February; Market Rates Largely Stable



Indicator	February Close (Avg.)	January Close (Avg.)
Crude Oil	\$70.44 (\$68.01)	\$70.69 (\$64.55)
10Y Treasury	4.04% (4.11%)	4.24% (4.21%)
SoFR	3.66%	3.66%
ECB Rate	2.15%	2.15%
BoE Rate	3.75%	3.75%
U.S. Fed Rate	3.5% - 3.75%	3.5% - 3.75%
EUR/USD	0.8465 (0.8480)	0.8439 (0.8517)
GBP/USD	0.7415(0.7407)	0.7305 (0.7392)
RMB/USD	6.8582 (6.8978)	6.9518 (6.9709)
Gold	5,231.15 (5,016.68)	4,745.10 (4,728.18)

**Oil prices eased slightly in February, driven by balanced demand–supply dynamics and cautious growth sentiment.** Brent crude averaged \$70.44 (\$68.01), marginally below January's \$70.69 (\$64.55). The modest pullback reflected softer risk appetite and tempered global growth expectations, while supply discipline from major producers helped limit deeper declines. Prices largely held within a narrow range as the market weighed steady physical demand against lingering macro uncertainty.

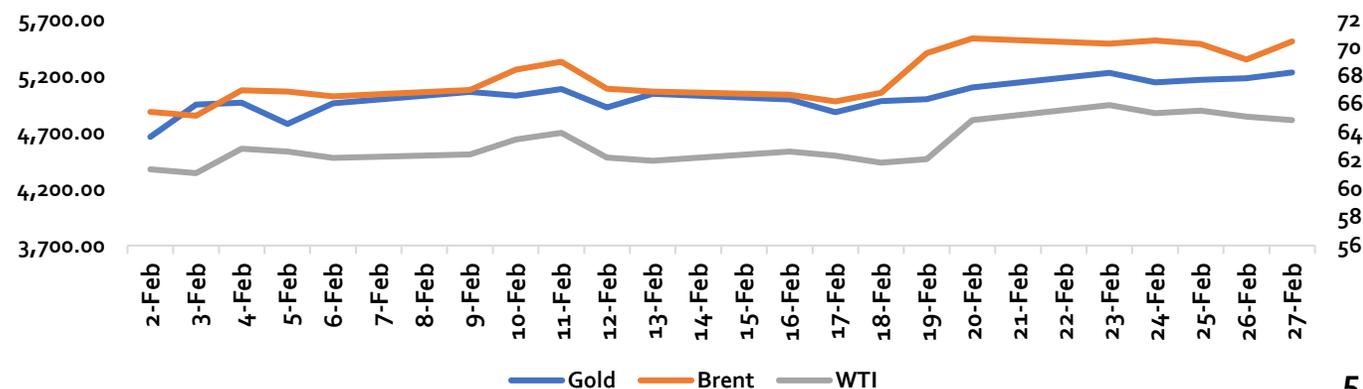
**Gold remained elevated, supported by safe-haven demand and stable rate expectations.** Prices closed at \$5,231.15 and averaged \$5,016.68, compared with January's close of \$4,745.10. The metal's strong performance in February was driven mechanically by a decline in U.S. real yields as long-dated nominal yields softened. In addition, portfolio flows into defensive allocations and incremental central bank and private sector hedging purchases reinforced demand; investors used gold to hedge against policy uncertainty and fiscal strains in several emerging and developed markets.

**U.S. Treasury yields edged lower, which showed a modest repricing of policy and growth expectations.** The 10-year yield averaged 4.11%, versus January's 4.21% — a decline of roughly 10 basis points. This move was driven by a mix of softer near-term inflation momentum and market pricing that pushed expected timing of policy easing slightly forward into later 2026, compressing term premia. Episodic equity market volatility during the month also prompted increased duration demand as a hedge, accentuating downward pressure on long-dated yields.

**Policy rates in Europe and the UK were unchanged, as inflation continued to moderate.** In Europe, the benchmark rate remains at 2.15%, while the Bank of England rate remained at 3.75%. Policymakers note that while disinflation has progressed, services inflation and wage growth remain areas of monitoring.

**In the currencies market, major currency pairs were broadly stable,** shaped by relative rate differentials and domestic developments. EUR/USD rose to close February at 0.8465 (average of 0.8480), versus a January close of 0.8439 (average of 0.8517) in January; the euro found support as U.S. yields fell more than Eurozone yields, compressing the yield advantage of the dollar. GBP/USD rose 110 pips to close February at 0.7415 (average rates: 0.7407), compared with its January close of 0.7305 (0.7392) in January, reflecting steady UK macro data and an unchanged BoE policy stance that kept sterling relatively well-bid. RMB/USD closed the month at 6.8582 (average rates: 6.8978), versus its January close of 6.9518 (average rates: 6.9709), supported by targeted domestic stabilization measures, managed currency flexibility and improved capital inflows that collectively reduced depreciation pressure.

**Short-term funding markets remained steady amid ample liquidity conditions.** SoFR averaged 3.66%, unchanged from January, indicating stable money market dynamics and limited stress in short-term dollar funding. The flat profile of overnight rates suggests that liquidity provision remains adequate and that near-term financial conditions have not tightened materially despite cross-asset volatility observed during the month.



# Monetary Pivot Under Pressure: The Food Inflation Constraint



Macro Indicator	Y-o-Y (Jan) (%)	Y-o-Y (Dec) (%)	M-o-M (Jan) (%)	M-o-M (Dec) (%)
Inflation (Food)	17.72%	10.84	-1.69%	10.73
Inflation (Core)	8.89%	18.63	-6.02%	-0.36%
Inflation (Headline)	15.10	15.15	-2.88	0.52

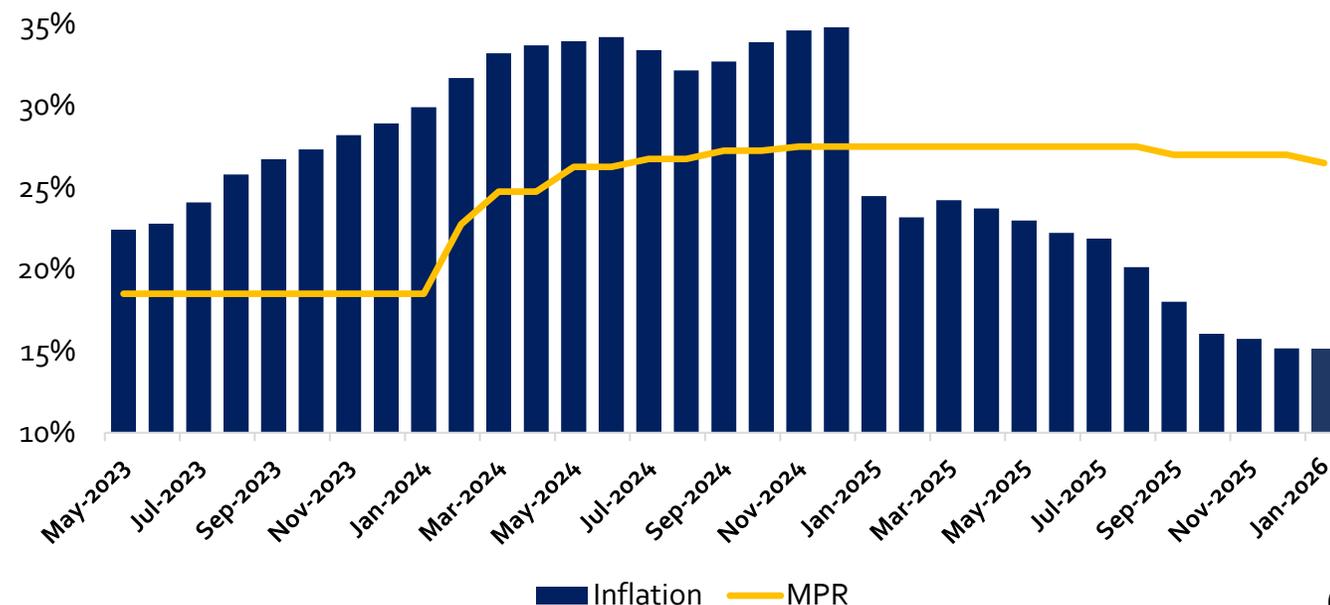
Against this backdrop of rising reserves and stabilizing exchange rates, the Monetary Policy Committee held its 304th meeting on February 24th. In a move that signaled growing confidence in the economy's trajectory, the committee voted to reduce the Monetary Policy Rate (MPR) by 50 basis points to 26.5%. This decision was underpinned by a cooling inflation rate, which had settled at 15.10% in January, and the realization that the aggressive tightening of the previous year had begun to achieve its intended effects.

For the credit market, this rate cut validates the beginning of a calibrated easing cycle by the policymakers. While borrowing costs remain high, the pivot suggests that the apex bank believes the period of extreme currency volatility has passed.

**Headline inflation remained broadly stable year-on-year but declined sharply on a monthly basis**, driven by base effects and easing price momentum. Headline CPI printed at 15.10% y/y in January, marginally below December's 15.15%, reflecting continued moderation compared with prior peaks. On a month-on-month basis, prices fell by 2.88%, reversing December's 0.52% increase. The monthly contraction was largely attributable to favorable base effects and softer price increases across key consumer categories, pointing to improving short-term price dynamics even as annual inflation remains elevated.

**Food inflation accelerated on an annual basis despite a monthly pullback**, highlighting persistent structural pressures. Food CPI rose to 17.72% y/y in January from 10.84% in December, indicating renewed strength in annual price growth. However, on a month-on-month basis, food prices declined by 1.69%, a sharp turnaround from December's 10.73% surge. The divergence reflects base effects and seasonal normalization following prior spikes, although underlying supply-side constraints and distribution costs continue to exert upward pressure on food prices in year-on-year terms.

**Core inflation moderated significantly to 8.89% y/y in January from 18.63% in December**, suggesting a substantial deceleration in non-food, non-volatile components. On a monthly basis, core prices fell by 6.02%, deepening from the 0.36% decline recorded in December. The broad-based monthly contraction indicates cooling demand-side pressures and improving exchange-rate stability, although the level of annual core inflation suggests residual stickiness in select service and imported goods categories.





# Stability by Design: Liquidity Absorption Anchors the Naira

Indicator	Close (Feb)	Close (Jan)	Average (Feb)	Average (Jan)
NAFEM (₦/\$)	1,364.50	1,429.00	1,357.26	1,450.97
Parallel (₦/\$)	1,389.10	1,478.00	1,395.35	1,494.80

External Reserves (\$'Bn)	49.51	43.17	47.98	41.85
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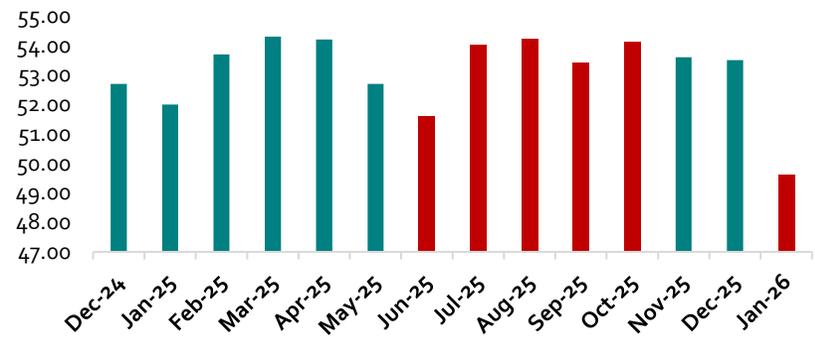
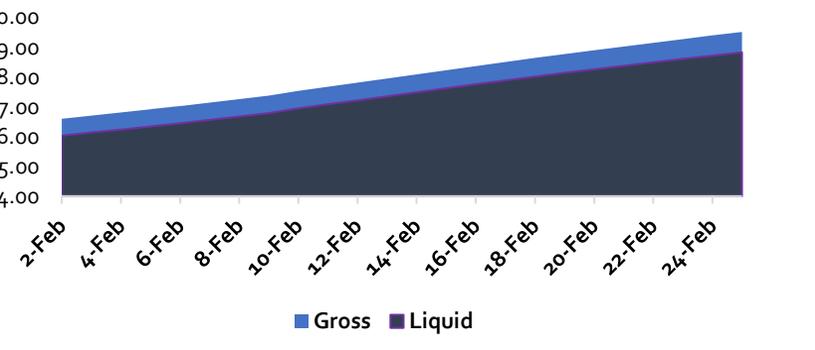
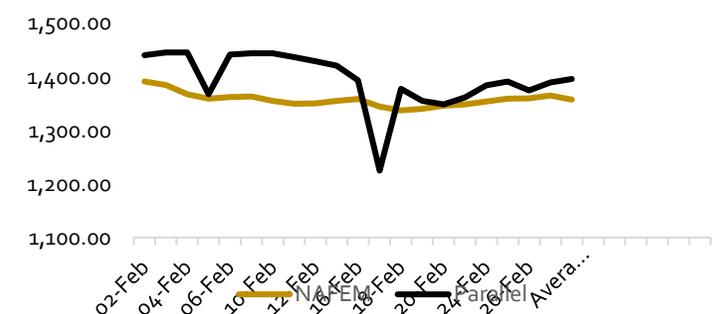
February's foreign exchange dynamics suggest that naira stability is being actively managed through liquidity discipline rather than purely market forces. While headline focus has centred on the steady accumulation of external reserves, rising to \$49.5 billion and marking a decade-high buffer, the more important development may lie in the domestic liquidity backdrop supporting this stability.

Throughout the month, the official NAFEM rate remained relatively stable, closing at ₦1,364/\$ despite volatility in the parallel market. Mid-month pressures briefly pushed the parallel rate toward ₦1,389/\$ before a sharp appreciation episode, highlighting the sensitivity of the informal market to speculative positioning and liquidity conditions. By month-end, the premium between official and parallel markets narrowed materially, reinforcing the perception of improved FX market coherence.

The Nigerian macroeconomic landscape in February 2026 was defined by a divergence between volatile currency markets and a strengthening of the FX reserves. As the month progressed, the economy navigated a period of significant price discovery for the Naira, even as the Central Bank of Nigeria (CBN) successfully steered the country's external reserves to heights not seen in over a decade.

The foreign exchange market throughout February told a story of initial decoupling followed by a closing of the gap between NAFEM and parallel rates. At the start of the month, the official NAFEM rate stood at ₦1,391.00, while the parallel market traded at ₦1,440.00. Throughout the first half of the month, the parallel market remained sensitive to speculative pressures, maintaining a spread to the NAFEM rates.

Mid-month, the parallel market experienced a sharp, temporary appreciation, a "flash" correction where rates dipped as low as ₦1,224.71. While the parallel rate eventually corrected back toward ₦1,389.10 by the month's end, the official NAFEM rate remained remarkably stable, averaging ₦1,357.26 for the period. The closing of the month saw the premium between these two markets narrow to less than 2%, a significant credit positive that suggests reduced arbitrage and a more transparent pricing environment for importers.



Sources: CBN, Nairametrics

Movement in FX Reserves. (Source: CBN)

Stanbic Manufacturing PMI

# T-Bill Subscriptions Hit ₦4.6 Trillion as Investors Hedge Against Rate Cuts



NTB	91-day	182-day	364-day	Total (Feb)	Total (Jan)
Offer (₦'bn)	150.00	200.00	800.00	1,150.00	2,300.00
Subscription (₦'bn)	66.05	123.41	4,396.83	4,586.92	4,980.67
Allotment (₦'bn)	63.21	80.61	808.78	952.61	2,204.58
<b>Average Stop Rate (%)</b>	<b>15.84%</b>	<b>16.65%</b>	<b>16.99%</b>	<b>16.49%</b>	<b>16.95%</b>

Table 6: Treasury Bills Auction Data for February [Source: Central Bank of Nigeria]

In February, the treasury bills market reflected a significant concentration of investor demand for longer-term government debt, despite a broader moderation in total market participation. The average stop rates for the 91-day and 182-day bills climbed to 15.84% and 16.65%, respectively.

In contrast, the 364-day bills saw a decline in average stop rates to 16.99%, down from the January stop rate of 18.76%, reflecting a high level of competition for the one-year paper as investors sought to lock in attractive yields ahead of the MPC's rate cut.

Total subscriptions for the month remained robust at ₦4.59 trillion, although this marked a slight decline from the ₦4.98 trillion recorded in January. This marginal fall in total subscription reflects a highly selective but deep liquidity pool within the fixed-income space.

Specifically, the 364-day bills were oversubscribed by 449.60%, attracting a massive ₦4.40 trillion in bids against an ₦800 billion offer. This surge in demand for the one-year tenor highlights a clear preference for duration as market participants anticipated the shift toward monetary easing. Going forward, investor demand is expected to remain healthy, though stop rates may face downward pressure now that the central bank has initiated its rate-cutting cycle.



# Yields Retreat as Investors Chase Duration: FGN Bond Rates at 15.66%



Meanwhile, the FGN bond market reflected a robust appetite for long-term sovereign debt, as yields declined across tenors. The average marginal rate for the month moderated sharply to 15.66%, representing a substantial decrease from the 17.55% recorded in January. This downward trend in rates suggests that the market is beginning to price in a more accommodative monetary environment following the Central Bank's recent policy signals.

In contrast to the January cycle, which saw higher borrowing costs, February's auctions showed heightened competition among bidders, particularly for the Feb-34 paper, which cleared at a marginal rate of 15.50%. Investors maintained strong interest across all maturities, driving total subscriptions to ₦2,699.21 billion, an increase from the ₦2,252.71 billion seen in the previous month. Despite the lower total offer of ₦800 billion in February compared to ₦900 billion in January, the surge in bids reflects a healthy pool of institutional liquidity seeking duration in the fixed-income space.

FGN Bond Auction	Jun-34	May-33	Feb-34	Total (Feb)	Total (Jan)
Offer (₦'bn)	400	300	100	800	900
Subscription (₦'bn)	851.59	874.69	972.93	2,699.21	2,252.71
Allotment (₦'bn)	188.14	208.63	127.51	524.28	1,544.68
<b>Avg Marginal Rate</b>	<b>15.74%</b>	<b>15.74%</b>	<b>15.50%</b>	<b>15.66%</b>	<b>17.55%</b>

*FGN Bond Auction Data for February [Source: Central Bank of Nigeria]*

Specifically, the Feb-34 bond was significantly oversubscribed, attracting ₦972.93 billion in bids against a modest ₦100 billion offer. The May-33 and Jun-34 papers also saw strong participation, both clearing at an identical marginal rate of 15.74%. The high bid-to-cover ratios indicate a persistent boost in risk appetite for longer-term instruments. Going forward, investor interest is expected to remain firm, although the outlook for yields may continue to soften if the current trend of monetary easing persists.

# Commercial Paper Subscriptions Surge Amid Key Private Debt Entry

CP Issuer	Series	Issue Size (₦)
Skymark Partners Limited	Series 51	0.84 billion
	Series 52	0.38 billion
	Series 53	4.80 billion
JohnVents Industries Limited	Series 22	7.18 billion
	Series 23	4.19 billion
	Series 24	27.54 billion
Accion Microfinance Bank	Series 1	2.02 billion
UAC of Nigeria PLC	Series 1	1.20 billion
	Series 2	40.04 billion
Coleman Industries Limited	Series 5&6	50 billion
NGN Gram Limited	Series 1	5 billion

Commercial Paper Issuances in February [Source: FMDQ]

In February 2026, the Nigerian corporate debt market witnessed a significant resurgence in activity, marked by a substantial increase in Commercial Paper (CP) issuances and the strategic entry of private debt instruments. Total CP issuances for the month surged to ₦143.19 billion, representing a dramatic 165.36% increase from the ₦53.96 billion recorded in January.

Activity in the CP segment was spearheaded by several key industrial and financial players:

- Coleman Industries Limited dominated the month's activity, raising ₦50 billion through its Series 5 & 6 papers.
- UAC of Nigeria PLC successfully tapped the market for a combined ₦41.24 billion across its Series 1 (₦1.20 billion) and Series 2 (₦40.04 billion) issuances.
- JohnVents Industries Limited maintained a strong presence, raising a total of ₦38.91 billion across Series 22, 23, and 24.
- Other notable participants included Skymark Partners Limited, which raised ₦6.02 billion across three series, and NGN Gram Limited, which debuted its Series 1 paper at ₦5 billion.
- Accion Microfinance Bank also utilized the window to raise ₦2.02 billion through its Series 1 issuance.

The month was also notable for the ARM Private Debt Fund Series 1, which raised ₦25 billion. From a credit perspective, this is a significant data point because it marks a shift toward structured private credit. Meanwhile, the retail-focused FGN Savings Bond saw a sharp cooling of interest, with subscriptions dropping to ₦1.51 billion from January's ₦4.73 billion.

The recent decline in corporate bond issuances continued, as no corporate bonds were issued in the month under review.



# Nigeria Eurobond Yields Decline, Close February at 6.51%



TTM average Eurobond yields  
Source: Debt Management Office

In February, the Nigerian Eurobond market sustained its bullish momentum, as the average yield for the month moderated marginally, starting at 6.60% on February 2nd and closing the period at 6.51% by February 26th.

The softening in yields is also underpinned by the country's vastly improved external liquidity position, with gross reserves crossing the \$50 billion threshold—a 13-year high.

The general trend of Eurobond yields remained downward—consistent with the path observed in prior months, as Nigeria's reform narrative continues to anchor positive investor sentiment

# Liquidity, Credit Transmission & the Equity Surge: Expansion, Not Rotation

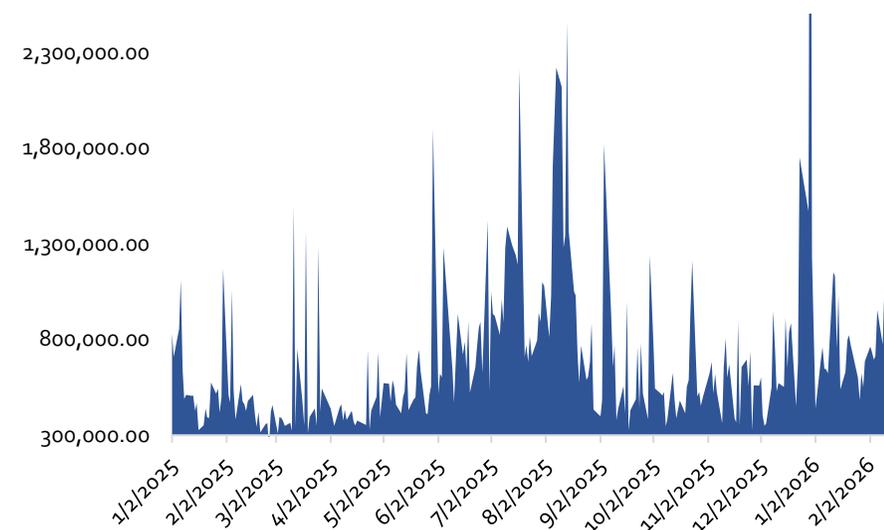
Nigeria's capital markets are currently exhibiting a configuration that, at first glance, resembles the early stages of a classic easing cycle: Treasury bill yields have compressed toward the mid-15% range, commercial paper pricing has tightened, equity turnover has surged, and foreign exchange reserves have climbed to a decade-high buffer. However, the data do not support the conclusion that capital is rotating aggressively out of fixed income into equities. What we are observing is broader liquidity expansion, under policy anchoring.

## Fixed Income: Compression Without Capitulation

Treasury bill auctions show a consistent decline in stop rates, yet subscription levels remain firm and cover ratios elevated. If this were a true rotation into equities, one would expect demand erosion in sovereign auctions and upward pressure on stop rates. Instead, sovereign demand remains resilient even as yields compress.

This behaviour suggests that liquidity conditions are improving without destabilising the risk-free curve. Regulatory requirements, CRR sterilisation, and deliberate yield anchoring continue to shape investor behaviour. Investors are accepting lower yields not because they are abandoning fixed income, but because liquidity is sufficiently abundant to sustain demand.

For credit markets, this matters. A stable and gradually compressing sovereign curve enables tighter pricing for commercial paper and corporate notes. Indeed, high-grade CP spreads have already compressed materially from earlier peaks, reflecting both improved funding conditions and greater investor comfort with macro stability.



TTM daily turnover on the equities market.

Source: NGX

## Equities: Absorbing Liquidity, Not Draining It

Equity turnover has risen sharply over recent months, driven largely by domestic institutional participation and supported by dividend yield competitiveness. Banking and cyclical names have benefited from both income attractiveness and improving macro expectations.

The critical question is whether this rally is being funded by capital exiting fixed income.



The evidence suggests otherwise. Fixed-income demand has not weakened materially. Secondary-market activity remains stable, and auction metrics do not indicate strain. This coexistence of rising equity turnover and resilient fixed-income demand strongly suggests incremental liquidity is entering the system, rather than migrating between asset classes.

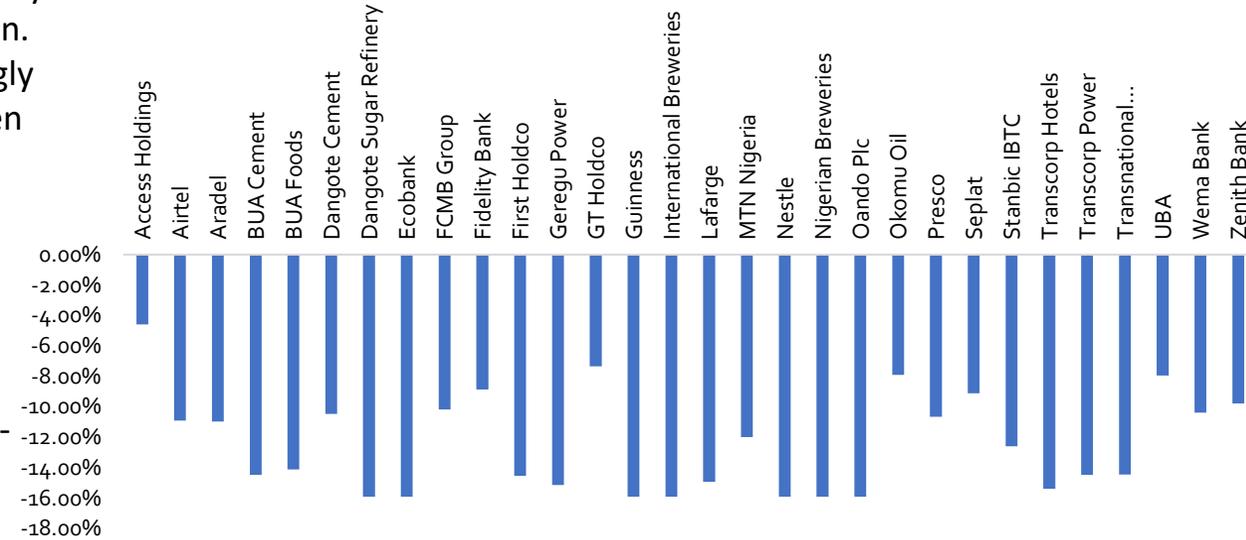
This distinction is critical. Rotation implies fragility. Expansion implies resilience. Current market behaviour points clearly to the latter.

**Dividend Yields and the Liquidity Effect**

Dividend yields in several large-cap banking names are now competitive with short-dated sovereign yields. This convergence creates an income arbitrage dynamic: investors can maintain income while assuming measured equity risk.

However, valuation multiples have also expanded. The rally is therefore not purely income-driven; it reflects declining discount-rate expectations and liquidity-driven repricing. In short, liquidity is compressing risk premia across asset classes simultaneously.

From a credit standpoint, this dynamic is constructive. As equities absorb liquidity through dividend competitiveness, excessive compression of credit spreads is moderated, preserving a functional hierarchy between sovereign, corporate, and equity risk.



Dividend yield spreads for the top 30 stocks by market cap. Source: NGX

**Credit Transmission: Improving, But Not Transformational**

Commercial paper spreads are tightening, issuance volumes are recovering, and funding windows are improving. Corridor adjustments have reduced the cost of short-term funding and altered bank balance-sheet incentives. Liquidity velocity has increased.

Yet high policy rates and CRR constraints continue to anchor lending conditions. Borrowing costs remain elevated relative to historical norms. The improvement in credit conditions is real, but incremental. This is operational easing, not structural easing.

**The Direct Call**

We do not believe Nigeria is entering a deep or aggressive easing cycle. Instead, the current phase is best characterised as liquidity expansion under policy anchoring. Policymakers are easing funding conditions while deliberately maintaining yield differentials that support foreign inflows and FX stability. As long as exchange-rate anchoring remains a priority, the scope for rapid rate cuts or dramatic yield compression will remain limited.

**Investment View**

For issuers, the funding environment is improving and windows should be utilised opportunistically. For fixed-income investors, gradual yield compression remains likely, but expectations of sub-14% sovereign yields in the near term appear premature. For equity investors, liquidity support remains intact, but valuation expansion may outpace fundamental earnings improvement if discount-rate expectations overshoot. Liquidity is expanding, but it is expanding within guardrails. That distinction defines the 2026 outlook.

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Money Market	Yield: 26.79%