

Debt Capital Markets 2026 Outlook

January 2026

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Nigeria

01

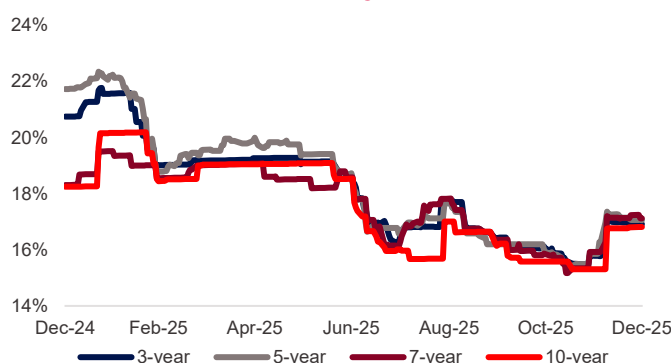
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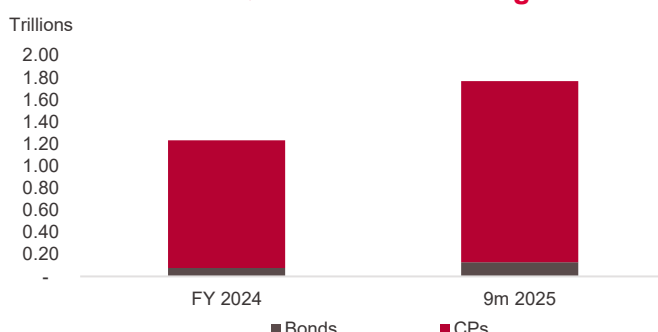
Lower Inflation Opens the Door to Rate Cuts as FG Borrowing Pushes Yields Higher

Following the rebasing of the Consumer Price Index (CPI) to 2024, Nigeria's inflation declined sharply from 34.8%/y/y in December 2024 to 15.15%/y/y in December 2025. This considerable easing in inflation, coupled with a more stable exchange rate, gave the MPC enough comfort to cut its policy rate (by 50bps to 27.0%). Fixed income yields also responded positively to lower inflation with the benchmark 3yr, 5yr, 7yr and 10yr bonds declining by 323bps, 462bps, 120bps and 162bps respectively over FY2025. As yields declined, we saw a rise in corporate issuances as issuers took advantage of the favourable yield environment – as at September 2025 total value of issuances listed on the FMDQ Securities Exchange, printed at NGN1.77 trillion which is 44% more than the NGN1.23 trillion recorded across the whole of 2024. Of the total issuances as of September 2025 ~93% were instruments with tenors of less than 1year highlighting investors' overwhelming preference to stay short.

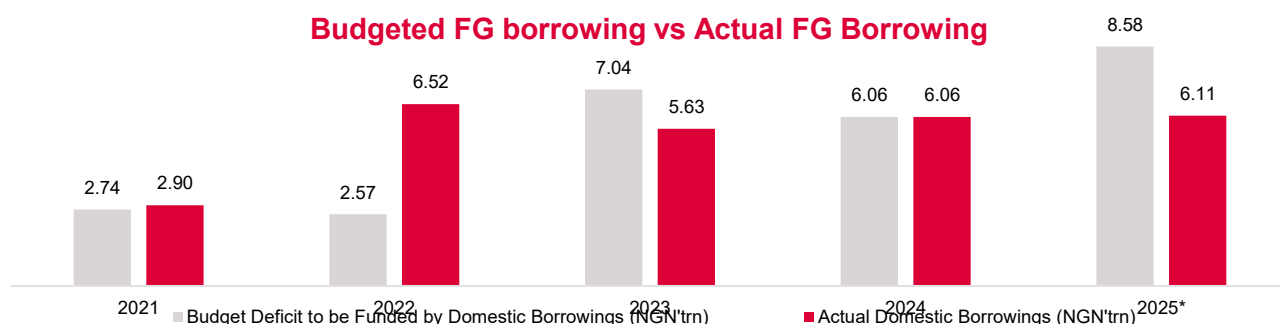
Trend in fixed income yields over FY2025



Total value of fixed income instruments listed on FMDQ Securities Exchange



Budgeted FG borrowing vs Actual FG Borrowing



* Actual domestic borrowings as of H1 2025

Moving into 2026, the expectation is for inflation to continue to decline, albeit at a slower rate; Absa Research's expectation is for inflation to ease to around 12.5% y/y by year-end. While we expect the MPC to remain cautious as it continues to be guided by a '*data-driven assessment of developments and outlook to guide future policy decisions*' we do anticipate a number of rate cuts in 2026. The draft 2026 FG Budget proposes domestic borrowing of NGN14.31 trillion to fund the budget deficit. That figure is 67% higher than the domestic borrowing figure in the 2025 budget (NGN8.58 trillion) and 136% higher than the NGN6.06 trillion in the 2024 budget. To fully raise this amount in 2026, we expect the FG to offer higher yields at its primary auctions which would translate to higher yields for corporate issuances also. The uptick in yields observed towards the end of 2025 can be attributed to the ramp-up in borrowing by the FG in 2025 which put the FG on track to exceed its budgeted borrowing amount, which it also did in 2021 and 2022. A repeat of this approach into 2026 would likely place further upward pressure on yields. Despite this, we still expect the total value and volume of corporate issuances to rise in 2026 with majority of issuances to still be at the short end of the market.

Source: FMDQ, Absa Research, Ministry of Budget and Economic Planning, Central Bank of Nigeria, Nigeria Bureau of Statistics



Ghana

02

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Ghana Outlook

1 Economic Growth Rebounds on the Back of Fiscal Discipline and Structural Reforms

Following fiscal consolidation and structural reforms, Ghana's GDP growth rebounded from ~4.30% in 2024 to ~5.77% in 2025, driven by services and non-oil sectors, and is projected to strengthen further to ~5.86% in 2026, supported by macroeconomic stability, rising investor confidence, robust commodity exports, and the ongoing International Monetary Fund (IMF) Economy CF programme which may terminate in 2026.

2 Improving Price Stability and FX Liquidity Support Investment Planning

In 2025, headline inflation eased sharply from 23.5% in January to 5.4% in December, while the Cedi, after ~5 years of notable volatility, pulled an averaged appreciation of 40% against the US dollar. Inflation is expected to remain subdued, converging toward the Bank of Ghana (BoG) medium-term target of 8 ± 2%, while the cedi is expected to remain relatively stable in 2026, supported by strong commodity export inflows and foreign exchange reserves exceeding US\$11.4 billion, providing a more predictable environment for investment decisions.

3 Easing Monetary Conditions Anchor Lower Benchmark Rates

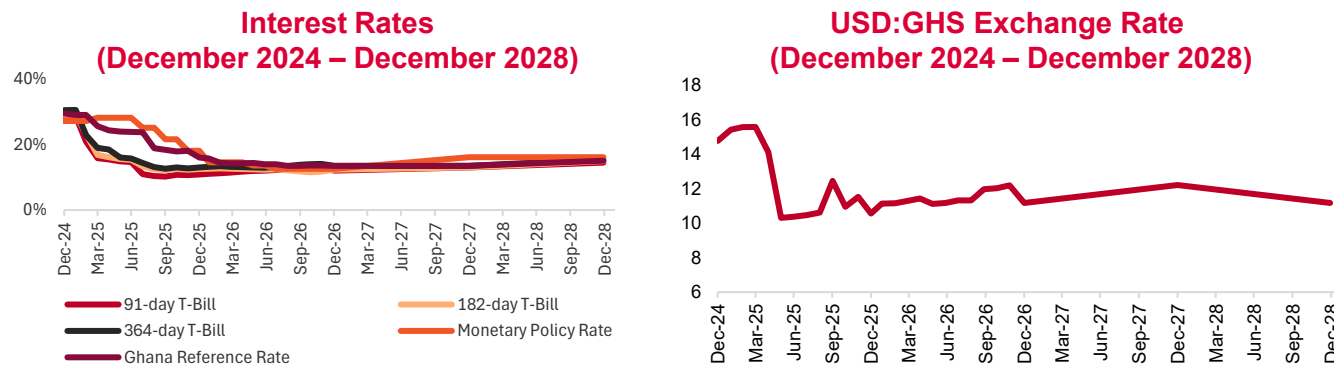
The Monetary Policy Committee executed deep rate cuts from 27% to 18%, whereas the 91-day, 182-day, and 364-day Treasury bill yields declined from 28.37%, 28.98%, and 30.26% to 11.12%, 12.55%, and 12.93%, respectively, reflecting improved investor confidence under the guidance of the BoG Governor, Dr. Johnson Pandit Asiamah. In 2026, Treasury bill rates are expected to hold in the low to mid-teens in line with other benchmark rates.

4 Debt Relief Progress Improves Sovereign Credit Fundamentals

Key debt milestones including a US\$2.8 billion bilateral external debt relief package under the G20 Common Framework and settlement of ~US\$1.4 billion in Eurobond obligations. These measures reduced sovereign cash flow pressures and are expected to help lower the public debt-to-GDP ratio from ~56.2% in 2025 to a projected ~52.6% by the end of 2026.

5 Macroeconomic Stability to Support a More Active and Diversified Debt Capital Market in 2026

Buoyed by this backdrop, we anticipate that the local debt capital market will gain significant momentum in 2026. Accessing the market early to secure corporate funding could prove advantageous for issuers, given the Sovereign's demonstrated intent to pursue longer-term financing. With the anticipated sovereign re-entry into the domestic bond market, continued macro stability, and strengthened benchmarks, 2026 is expected to see a more active, diversified, and resilient debt capital market.



Sources: Absa Markets Research; Bank of Ghana Economic Summary Reports (2025); Ghana Statistical Service; BMI Research, Fitch Solutions; Reuters; Bloomberg; International Monetary Fund, World Bank



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