

March Edition



# THE CITIZEN

The Monthly Newsletter from Citizens Pensions



Building Wealth. Navigating Tomorrow.

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### U.S. Inflation Holds Steady as Energy Rebounds amidst Geopolitical Uncertainties

- The US Consumer Price Index (CPI) inflation rate stood at 2% year-over-year in February 2026, unchanged from January. Declines in used cars and trucks (-3.2%) alongside stable food (3.1%) and shelter (3.0%) costs were partly offset by a rebound in energy prices (+0.5% vs -0.1%), driven by a smaller decline in gasoline (-5.6% vs -7.5%) and a rise in fuel oil (+6.2% vs -4.2%).
- On a month-on-month basis, the index accelerated to +0.3% (from +0.2% in January), led by gains in shelter, gasoline, and food.
- Amid ongoing tensions and the US-Iran conflict in the Middle East, the Federal Open Market Committee (FOMC) maintained the federal funds rate at 3.50%–3.75%.
- In the near term, we expect the Committee to remain cautious as it assesses the conflict's impact. The resulting oil shock represents an upside risk to inflation, as evidenced by the sharper energy-driven acceleration in March data.

### UK Inflation at 3% as Price Cooling Backs BoE Pause

- According to the Office for National Statistics, the UK inflation remained at 3% YoY in February.
- Transport inflation slowed to 2.4% YoY, compared to 2.7% YoY in the previous year, driven by a dip in the average cost of fuel by 1.6 pence per liter, compared to 2 pence increase in same period last year.
- Other categories with price moderation included food (3.3% vs 3.6%), recreation and culture (2.5% vs 2.6%), restaurant and hotels (4% vs 4.1%), and service inflation (4.3% vs 4.4%).
- However, upticks in the prices of clothing (+0.9% YoY), housing and utilities (4.6% vs 4.5%) moderated the pace of disinflation.
- As expected, the Bank of England voted unanimously to maintain the Bank rate at 3.75%, citing concerns over the war in the Middle East and its potential impact on transport and energy costs for both households and companies.

### Energy Spike Lifts Eurozone Inflation, Pushing Back ECB Cuts

- According to Eurostat, the Euro area annual inflation jumped to 2.5% in March, representing the highest level since January 2025 and moving farther away from the ECB's 2% target.
- The rebound was driven mainly by a sharp increase in energy prices (+4% YoY), linked to supply side disruptions stemming from the Middle East conflicts.
- However, underlying price pressures showed signs of moderations across the service (3.2% vs 3.4%), non-energy industrial goods (0.5% vs 0.7%), food, alcohol, and tobacco (2.4% vs 2.5%) segments.
- Across the region's largest economies, inflation accelerated in Germany (2.8% vs 2.0%), France (1.9% vs 1.1%), Spain (3.3% vs 2.5%), and Netherland (2.6% vs 2.3%), while Italy remained at 1.5%.
- We expect inflationary pressures in the Euro area to remain elevated in the near term, largely reflecting persistent volatility in energy markets. However, the continued moderation in core components still suggests that underlying inflation is still on a gradual downward trend.
- Thus, we expect the ECB to adopt a cautious, data-dependent policy stance. While immediate tightening appears unlikely, the recent uptick may delay the pace or timing of potential rate cuts, particularly if energy-driven pressures begin to feed into broader price levels.

### Oil Surges on Middle East Disruptions

- Crude oil prices maintained a bullish bias in March, driven primarily by geopolitical disruptions, which triggered significant supply constraints.
- At the start of the month, prices trended upwards, with Brent crude moving to USD98.96/bbl, supported by escalating geopolitical tensions and early indications of supply tightness.
- As the month progressed, the market experienced a sharp upward repricing, with Brent crude surpassing USD102/bbl by mid-March and subsequently rallying to peak levels of USD107 - USD110/bbl, marking one of the most pronounced rallies in recent periods. On a month-on-month basis, crude oil prices surged by 43.45%, reflecting the extreme tightening of global supply conditions.
- Noteworthy, the rally was largely driven by the escalation of geopolitical tensions in the Middle East, particularly involving Iran, which disrupted flows through the Strait of Hormuz, a critical chokepoint accounting for roughly 20% of global oil supply.

## Domestic Macroeconomic Update

### Inflation Eases, but Rising Pressures Signal Upside Risks

- Headline inflation eased marginally in February by 4bps to 15.06% YoY, compared to 15.10% YoY in January, sustaining the gradual disinflation trend observed over the past year.
- The moderation was driven mainly by the core index, which declined to 15.88% YoY from 17.72% YoY in the previous month. This was supported by the strength of the naira, which contributed to a moderation in the cost of imported food (6.50% vs. 7.62%) and health related cost (28.63% vs. 30.32%), as well as relatively stable fuel costs that supported an easing in transport inflation (14.70% vs. 17.50%).
- However, reflecting the expected price pressures associated with the Ramadan festive period, the rate of increase in the average prices of beans, carrots, okazi leaf, cassava tuber, crayfish, millet flour, yam flour, snails, ogbono (dried, unground), and cowpeas accelerated.
- Despite the softer annual inflation print, monthly inflation indicated renewed price pressures, as the food and core indices rose by 4.69% MoM and 0.89% MoM, respectively, from -6.02% MoM and -1.69% MoM in the prior month.
- For March, we expect upward pressure on prices, largely driven by higher energy costs linked to the recent increase in global crude oil prices.

### Oil Production Declines Sharply Amid Terminal Disruptions

Total Crude oil and condensate output dropped by 11.24% YoY to 1.48mbpd in February compared to 1.67mbpd in February 2025.

- This also marks a 8.82% month on month decline from the 1.63mbpd recorded in January 2026.
- Crude oil output fell to 1.31mbpd down from 1.46mbpd in January. This remains significantly below the 1.50 mbpd OPEC quota, with the country only meeting 88% of its allocation.
- The production shortfall was driven by a sharp decline at the Bonga terminal which has undergone Turn Around Maintenance (TAM) from February.
- Other key terminals including Bonga (-98.47% MoM), Qua Iboe (-3.51% MoM), Forcados (-21.94% MoM), Escravos (-11.41% MoM) also recorded significant monthly declines dragging down national output.
- While production remains well below the 2026 Budget target of 1.84mbpd, we expect the recent surge in global oil prices to provide a temporary fiscal cushion.

### **Naira Weakens as Demand and Risks Offset CBN Support**

- The Naira depreciated against the US Dollar by 1.43% MoM to an average of NGN1,377.87/USD at the Nigeria Exchange Market (NFEM), while it appreciated marginally by 0.39% MoM to an average of NGN1,406.14/USD in the parallel market.
- The currency's depreciation can be attributed to heightened global risk from Middle East tensions, which triggered capital outflows and strengthened dollar demand.
- Also, persistent FX demand from importers and limited dollar supply widened the imbalance in the foreign exchange market.
- Furthermore, rising energy prices increased Nigeria's import bill, further pressuring the currency.
- Thus, due to the CBN injection to support liquidity in the FX market, the external reserves declined slightly by 0.78% to USD49.30bn by the month-end.

### **Equities Market Gains Moderate as Profit-Taking and Risk-Off Sentiment Temper March Rally**

- Consistent with typical March performance, bullish momentum softened as earnings releases tapered off and investors consolidated gains from the previous month's rally.
- The selloffs during the month can also be attributed to foreign investors' risk-off sentiment toward emerging market equities, driven by the ongoing Middle East conflict, which likely prompted more cautious participation.
- Despite intermittent profit-taking, the benchmark index delivered a 4.39% MoM return, bringing the YtD gain to 29.35%. This performance was supported by sustained demand for stocks such as ARADEL (+16.24% MoM), driven by expectations of improved revenue amid rising crude oil prices.
- Other notable gainers included BUACEMENT (+49.18% MoM), GUINNESS (+20.91% MoM), PREMPAINTS (+240.91% MoM), AIRTELAFRI (+10.00% MoM), WAPCO (+9.95% MoM), NESTLE (+9.52% MoM), and ZENITHBANK (+5.27% MoM).
- Meanwhile, notable laggards during the month included ZICHIS (-21.37% MoM), DANGSUGAR (-20.37% MoM), PRESCO (-14.49% MoM), MECURE (-18.92% MoM), and DEAPCAP (-20.83% MoM).

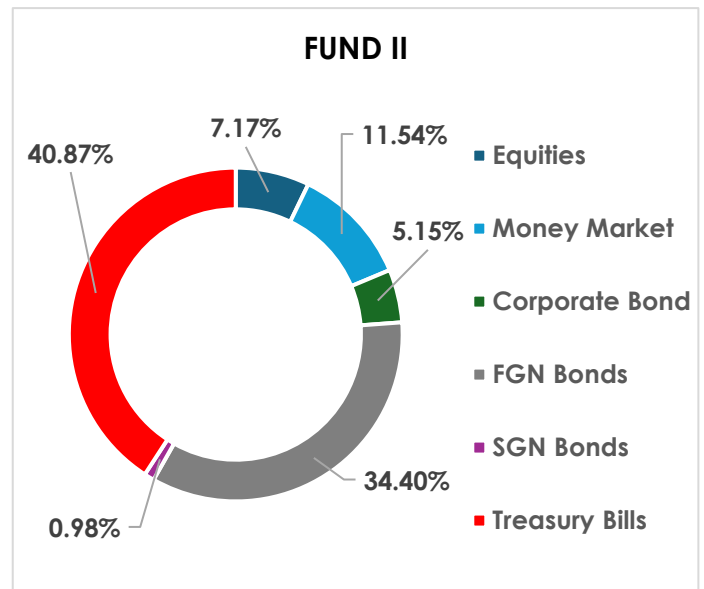
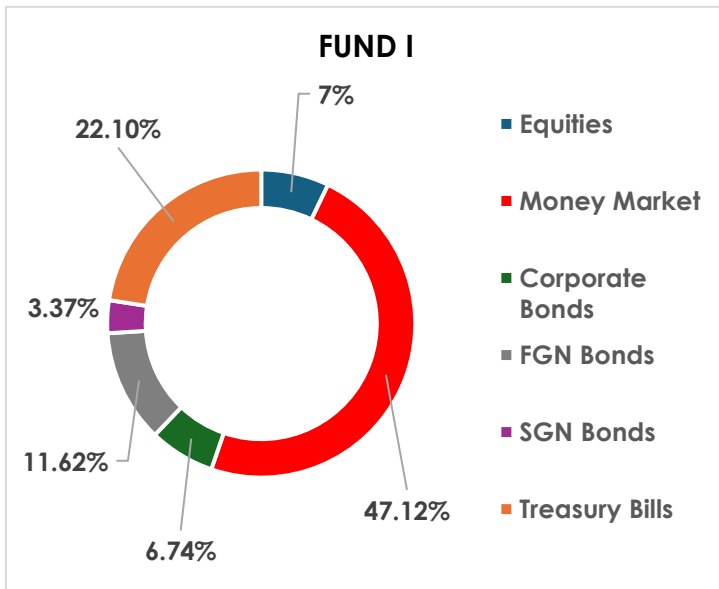
### **Fixed Income Yields Rise Amid Inflation Pressures and Cautious Risk Sentiment in March**

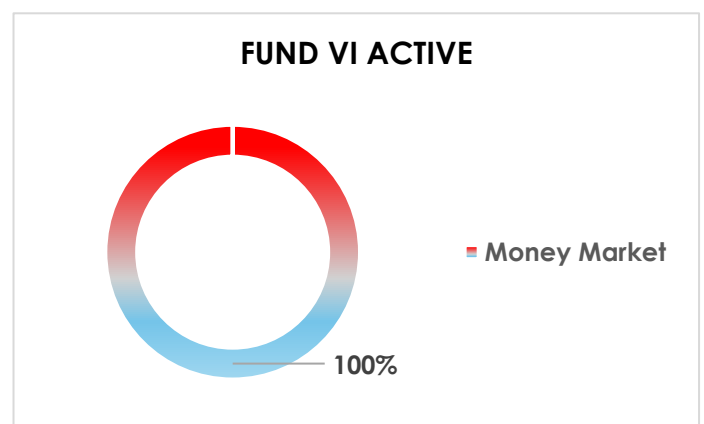
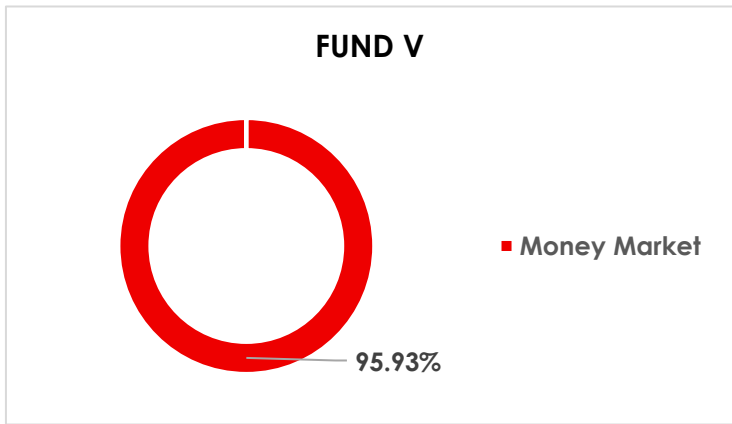
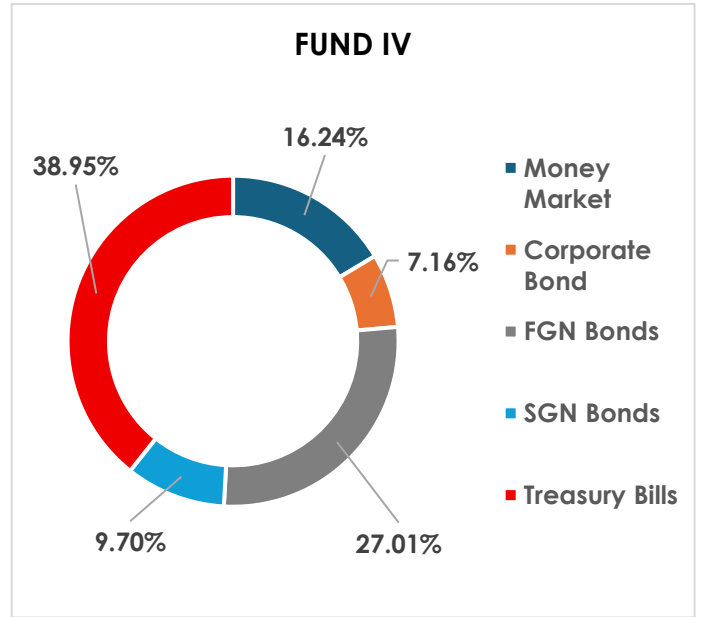
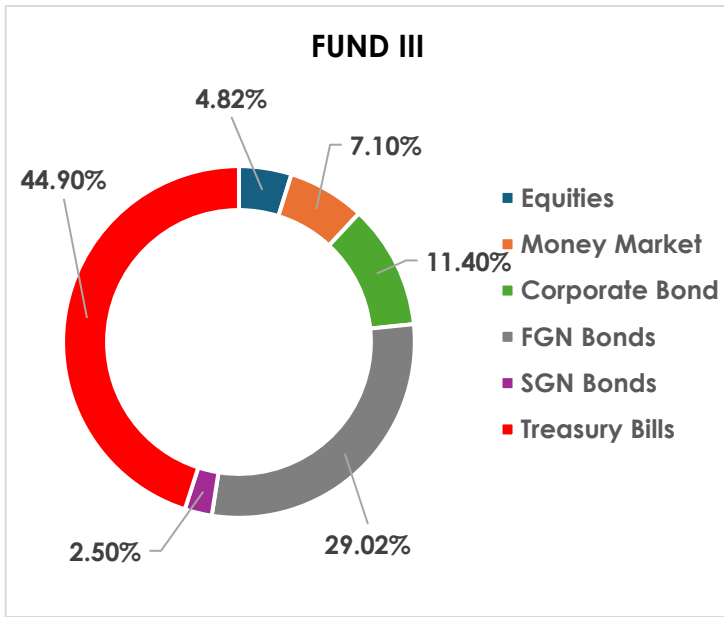
- Geopolitical tensions in the Middle East continued to exert pressure on investor sentiment, primarily through heightened concerns over a potential resurgence in inflation in the near term.

- These concerns were further validated by the rebound in month-on-month inflation to 2.01% in February, marking a sharp reversal from the deflationary print of -2.88% recorded in January. The inflation uptick reinforced expectations of a less accommodative monetary environment, prompting investors to demand higher risk premiums across fixed-income instruments.
- Consequently, activity in the secondary market reflected this cautious positioning, as average yields on FGN bonds and Treasury bills expanded by 24bps and 44bps, respectively, settling at 15.78% and 17.67%.

**March 2026 Investment Returns and Asset Allocations**

<b>Fund Returns</b>				
<b>FUND</b>	<b>Jan-26</b>	<b>Feb-26</b>	<b>Mar-26</b>	<b>%Change (YTD)</b>
Fund I	1.0866	1.1290	1.1455	5.42%
Fund II	1.1186	1.1481	1.1626	3.93%
Fund III	1.0880	1.1123	1.1287	3.74%
Fund IV	1.0845	1.0979	1.1129	2.62%
Fund V	1.0965	1.1108	1.1242	2.53%
Fund VI ACTIVE	1.0450	1.0563	1.0689	2.29%
Fund VI RETIREE				







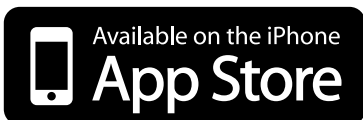
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## Stories of Tomorrow



### The Goal Beyond the Stadium

In the small village of **Odo-Aye**, football was not a sport. It was a language. Every evening, when the sun began to settle behind the palm trees, boys gathered on a dusty field that had more stones than grass. Two slippers marked one goalpost. A schoolbag marked the other. Somewhere in the middle of the chaos was **Richard**, barefoot, smiling, and dribbling past everyone like the ball had been glued to his feet since birth.

The elders used to laugh. “Richard,” one of them would shout from a wooden bench, “you cannot eat football o!” Richard would laugh too. But deep down, football was all he had.

His father was a carpenter who strongly believed in the value of hard work and quiet dignity. His mother sold roasted corn by the roadside and believed in prayer even more strongly. Their house had three rooms, seven cousins, and one small radio that played commentary of Nigerian league matches on weekends.

Richard grew up listening to those voices describing stadiums he had never seen. In his mind, those stadiums were his future.

At 17, he left the village for **Lagos** with a small bag, two pairs of shorts, and dreams large enough to fill a stadium. The city was loud, unforgiving, and fast. But talent has a way of announcing itself.

Within two years, Richard was playing in the **Nigeria National League**. Not glamorous. Not famous. But a beginning. The first time he received his match bonus, he called home immediately. "Mama," he said proudly, "your son is now a professional footballer!" His mother laughed. "Professional or not," she replied, "remember to eat."

Like many young athletes, Richard lived in the present. Footballers, after all, believe in today's match, not tomorrow's retirement. But one afternoon after training, a teammate named Ibrahim said something that changed everything. "My brother," Ibrahim said while tying his boots, "football is sweet today. But legs don't play forever." Richard shrugged. "Retirement is far," he replied. Ibrahim laughed. "Retirement is closer than you think."

That conversation introduced Richard to the **Citizens Personal Pension Plan** (PPP). At first, he didn't fully understand it. Save for retirement? While still young? While goals, contracts, and transfers were still ahead? But the idea stayed with him. Every month, he began contributing a portion of his earnings. Not a lot. Just something.

A year later, Richard was signed by a **Nigeria Premier League** club. The village boy who once used slippers as goalposts was now playing under stadium lights. His career was rising. Contracts improved. His name began appearing in sports pages. But something else was quietly rising too. His pension.

Richard never stopped contributing to his **Citizens Personal Pension Plan**. Even when teammates bought flashy cars and posted photos with champagne bottles, he kept his discipline.

He liked to joke about it. "My pension account has more stamina than I do," he would say in the locker room. Years passed. Then something beautiful happened.

Richard got married. Soon after, his first child arrived; with family came a deeper understanding of responsibility. One afternoon, standing in front of a modest house he had just completed on the outskirts of Lagos, Richard held his son in his arms and smiled.

Part of the discipline that helped him build that home came from the habit he had formed years earlier: planning ahead through the **Citizens Personal Pension Plan**.

Football had given him fame. But planning had given him confidence. Today, Richard still plays football. The crowd still cheers. The stadium lights still shine. But he knows something many young athletes do not realise until it is too late:

Every career has a final whistle. When that whistle blows, life continues. Retirement, after all, is not the end of the match. It is simply the second half of life. With the Citizens Personal Pension Plan, you don't have to wait until the final whistle to start preparing. The truth is simple: Retirement is closer than you think. The best time to plan for tomorrow... is today.

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