COWRY WEEKLY FINANCIAL MARKETS

REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Nigeria's Growth Momentum Improves by 4.43% in Q2'26 as Non-Oil Gathers Pace…….

Nigeria's economy maintained its growth momentum in Q2 2026, with real GDP expanding by 4.43% year-on-year, slightly above the 4.23% recorded in Q2 2025 and the 4.07% recorded in Q4 2025. As a result, GDP growth for H1 2026 accelerated to 4.16%, compared with 3.68% in H1 2025. The stronger performance indicates a continued gradual recovery in economic activity and suggests that the economy is gaining momentum despite persistent structural challenges.

Growth was broad-based, with the non-oil sector remaining the main driver, accounting for 95.84% of GDP, while the oil sector contributed the remaining share. Key sectors supporting the expansion included agriculture, information and communication, real estate, trade, financial services, manufacturing, and construction. The continued dominance of the non-oil economy highlights the increasing importance of domestic economic activity in sustaining Nigeria's growth and reducing reliance on crude oil revenues.

The oil sector grew by 7.31%, improving significantly from 2.57% in Q1 2026, although it was below the exceptionally strong 20.46% growth recorded in Q2 2025. Average crude oil production increased to 1.72 million barrels per day, compared with 1.55mbpd in Q1 2026. Higher crude oil prices also provided support, with Bonny Light averaging $109.1 per barrel, substantially above $69.5 per barrel a year earlier. The combination of higher production and stronger oil prices should provide some support to government revenues and external-sector conditions.

The non-oil sector expanded by 4.31%, outperforming both Q2 2025 (3.64%) and Q1 2026 (3.94%). Agriculture was particularly strong, growing by 4.39%, supported by increased crop production and seasonal harvesting activities. The services sector remained the largest contributor to GDP at 56.62%, growing by 4.60% compared with 3.94% in Q2 2025. This reflects the continued resilience of service-oriented activities, particularly information and communication, financial services, trade, and real estate.

However, the industrial sector grew by 3.96%, significantly lower than the 7.46% recorded in Q2 2025. This moderation suggests that industrial production continues to face significant constraints despite the broader improvement in economic activity. Challenges such as high operating costs, infrastructure gaps, energy constraints, financing conditions, and supply-chain pressures could continue to weigh on manufacturing and other industrial activities.

Looking ahead, the Q2 performance provides a positive foundation for sustained economic growth in the second half of 2026. Continued improvements in crude oil production, favourable oil prices, stronger agricultural output, and expanding services activity could support further growth. However, maintaining this momentum will depend on improvements in productivity, infrastructure, investment, and the operating environment for businesses.

Overall, the Q2 2026 GDP data point to a gradual strengthening of Nigeria's economic recovery, with growth becoming increasingly broad-based. Nevertheless, the moderation in industrial-sector growth and the economy's continued exposure to oil-price volatility remain important risks. Sustained reforms, increased investment in productive sectors, and measures to address structural constraints will be critical to translating the current recovery into stronger and more durable economic growth.

Cowry Research expects Nigeria's GDP growth to remain positive at 4.25% y/y in Q3 2026, supported by stronger oil production, higher crude prices, ongoing reforms, and sustained activity across key non-oil sectors.

The non-oil sector is expected to remain the main growth driver, particularly agriculture, telecommunications, financial services, trade, construction, and manufacturing. However, elevated production costs, inflation, infrastructure constraints, and tight financing conditions may limit growth.

The oil sector should also support growth, although volatility in crude oil production and global oil prices remains a key risk to the outlook.

EQUITIES MARKET: Equities Market Closes Higher as Buying Pressure Lifts ASI to 246,992.44 Points....

The Nigerian equities market closed the week on a positive note, supported by renewed buying interest across selected counters. The benchmark NGX All-Share Index (ASI) rose by 2.36% week-on-week (WoW) to close at 246,992.44 points, while market capitalisation increased by approximately N3.72 trillion to N159.54 trillion. Consequently, the market's year-to-date (YTD) return improved to 58.72%. The week's positive performance was largely driven by improved investor sentiment following confirmation of the FTSE Russell reclassification, alongside sustained buying pressure across selected counters. The combination of broad-based gains, stronger trading activity, and renewed demand for equities supported the market's continued upward trajectory during the week.

Despite the positive market close, market breadth remained positive, with 55 gainers against 35 losers, resulting in a breadth ratio of 1.57x. The positive breadth reflects improved investor sentiment, as advancing stocks significantly outnumbered declining counters during the week. Trading activity also strengthened across the major market indicators, with the number of deals, trading volume, and transaction value increasing by 28.69%, 73.93%, and 70.73% WoW, respectively. In total, investors exchanged 4.36 billion shares, valued at N210.63 billion, across 223,718 trades.

Sectoral performance was broadly positive during the week, with four of the five tracked sectors closing higher, while Industrial Goods was the sole decliner. The broad-based gains reflected improved investor sentiment and renewed buying interest across selected counters, particularly in the Oil & Gas, Consumer Goods and Insurance sectors. The Oil & Gas sector led the gainers, surging 9.10%, driven by strong buying interest in OANDO, SEPLAT and ARADEL. The sector's strong showing reflected sustained investor appetite for energy stocks, supported by renewed interest in major sector constituents. The Consumer Goods sector advanced 4.47%, underpinned by renewed investor confidence in CHAMPION, NB and MCNICHOLS. The gains suggest improved positioning in selected consumer stocks following recent weakness in the sector.

Similarly, the Insurance sector gained 3.85%, buoyed by significant demand for ROYALEX, WAPIC and SUNUASSUR. The broad-based gains across insurance counters point to renewed speculative and bargain-hunting interest in the sector. The Banking sector also rose 3.58%, anchored by gains in ETI, FCMB, ZENITHBANK and FIDELITYBK. Continued interest in banking stocks was supported by their relatively strong earnings outlook and the sector's dominant position in market capitalisation. Conversely, the Industrial Goods sector declined 0.35%, weighed down by profit-taking in BETAGLAS, BUACEMENT and CUTIX. The modest decline suggests that selling pressure remained concentrated in specific counters rather than reflecting a broad deterioration in sentiment towards the sector.

On the gainers' chart, ROYEALEX emerged as the week's best-performing stock, appreciating by 25.0%. CHAMPION followed with a 20.1% gain, while NB, WAPIC, and MCNICHOLS advanced by 18.8%, 17.1%, and 16.7%, respectively. The strong performance across these counters reflected sustained buying interest in selected large-, mid-, and small-cap equities, providing further support to the broader market. On the decliners' chart, BETAGLAS recorded the steepest decline, shedding 17.4% during the week. NASCON followed with a 15.9% decline, while REDSTAREX, RTBRISCOE, and UPL fell by 13.6%, 13.2%, and 12.3%, respectively.

Looking ahead, we expect a cautiously bullish outlook for the Nigerian equities market, supported by renewed buying interest and positive investor sentiment following the confirmation of Nigeria's FTSE Russell reclassification. However, given the market's strong YTD performance, some profit-taking and short-term volatility may emerge. We expect investors to remain selective, with focus on fundamentally strong and liquid counters, particularly large- and mid-cap stocks.

FOREX MARKET: Naira Strengthens, External Reserves Rise as Crude Prices Surge……

During the week, the naira recorded a positive performance against the U.S. dollar across both the official and parallel foreign exchange markets. In the official market, the currency appreciated by 1.22% week-on-week (WoW) to close at N1,321.22/US$. Similarly, the naira gained 0.95% WoW in the parallel market, settling at N1,370.63/US$. Meanwhile, Nigeria's external reserves increased by 0.90% WoW to US$53.99 billion, reflecting a continued improvement in the country's external liquidity position.

Crude oil prices extended their upward trajectory during the week and were on course for a sharp weekly gain, as the ongoing conflict in the Middle East continued to heighten concerns over global oil supply disruptions. At the time of writing, Brent crude was trading at $95.55 per barrel, while WTI stood at $91.53 per barrel. Oil prices remained elevated as Iran and the United States exchanged missile strikes during the week, while Israel's Defence Minister threatened "crippling" attacks on Iran's infrastructure, including both military and civilian facilities and energy assets. Meanwhile, Bonny Light crude increased by 11.12% to $102.54 per barrel, reflecting the broader rally in global crude oil prices.

We expect the near-term outlook to remain cautiously positive, with the naira likely to retain support from improved FX liquidity, rising external reserves and elevated crude oil prices. However, heightened geopolitical tensions are expected to keep oil prices volatile, while sustained high energy costs could add to domestic inflationary pressures. Overall, stronger oil revenues should continue to support Nigeria's external position and provide a favourable backdrop for the naira in the near term.

BOND MARKET: FGN Bond Yields Decline Amid Strong Demand, Eurobond Yields Edge Higher ……

The Nigerian secondary bond market recorded a bullish performance during the week, driven by strong investor demand across key maturities. The heightened buying interest supported bond price appreciation and pushed yields lower, reflecting improved investor confidence in domestic fixed-income instruments. Consequently, the average FGN bond yield declined by 12 basis points week-on-week to close at 16.75%.

In contrast, the Nigerian sovereign Eurobond market maintained a bearish trend across most maturities, amid subdued investor sentiment along the yield curve. The cautious sentiment limited demand for Nigeria's dollar-denominated debt securities, resulting in a marginal 1 basis-point increase in the average Eurobond yield to 6.92%.

Looking ahead, we expect the bullish sentiment in the domestic bond market to persist in the near term, supported by strong investor demand and improving macroeconomic conditions. However, potential supply pressures may moderate further yield compression. Meanwhile, Eurobond performance is likely to remain cautious, with global interest-rate and risk-sentiment dynamics weighing on demand for Nigeria's dollar-denominated debt.

MONEY MARKET: System Liquidity Remains Strong Despite CBN Sterilisation Efforts……

Liquidity in the financial system remained firmly in surplus during the week, with net system liquidity rising to N4.66 trillion from N3.61 trillion in the previous week. Of the surplus, approximately N4.4 trillion was placed at the Standing Deposit Facility (SDF), while N2.3 trillion in primary market repayments provided additional support to system liquidity. However, the N2.9 trillion OMO settlement is expected to exert downward pressure on system liquidity in the near term, as the CBN continues to intensify its sterilisation efforts.

Money-market rates remained relatively stable, with the overnight rate decreasing marginally by 13bps to 22.13%, while the funding rate was unchanged at 22.00%. Meanwhile, NIBOR rates moved higher across the curve, reflecting expectations of tighter liquidity conditions. The 1-month, 3-month and 6-month rates increased by 26bps, 56bps and 76bps, respectively, while the overnight rate rose by just 2bps.

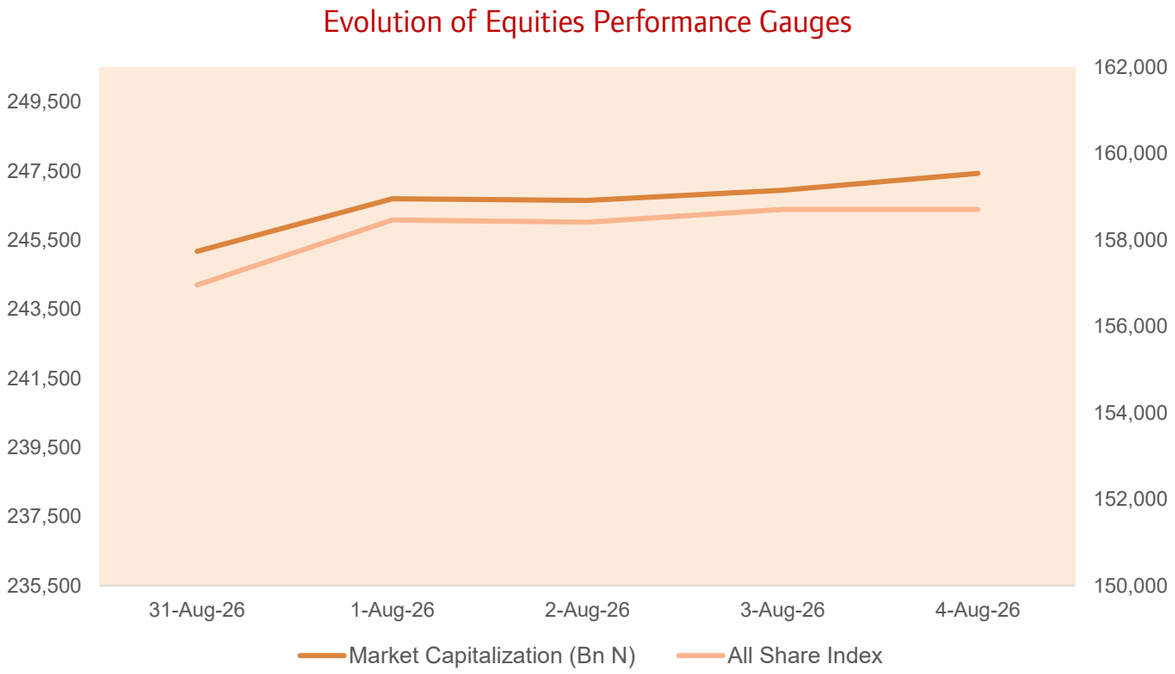
Activity in the secondary Treasury bills market remained subdued during the week, with yields broadly unchanged across the curve. Consequently, the average NTB yield remained stable due to buy sentiments across all end of the curve respectively. Thus, yield closed at 18.86% from 18.95% last week.

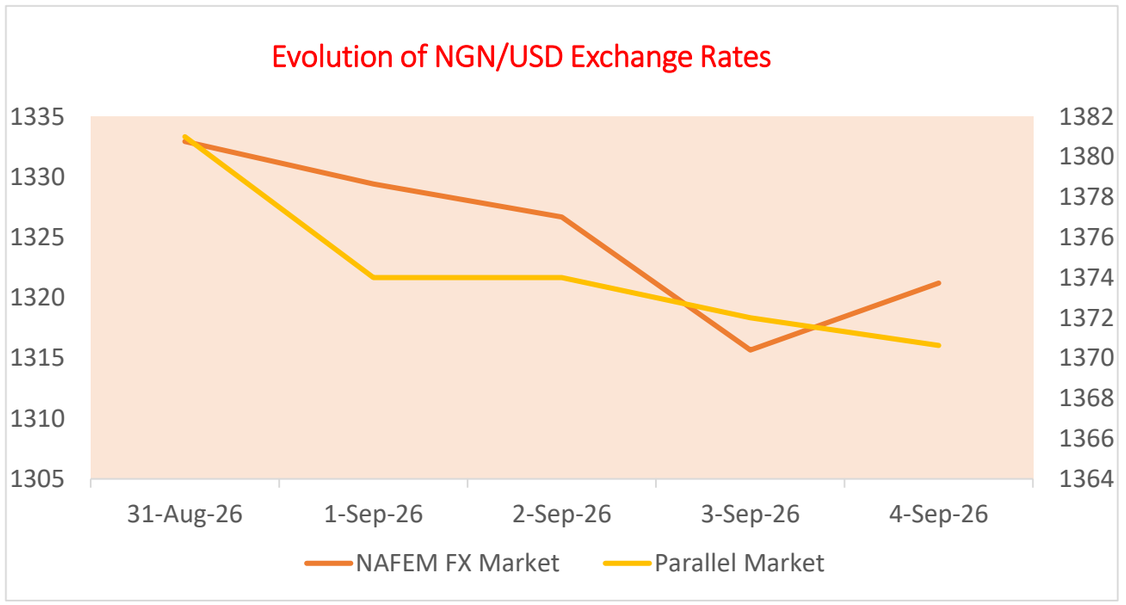
At the NTB auction this week, the CBN offered N750 billion across the 91-day, 182-day and 364-day maturities, attracting total subscriptions of N3.4 trillion. The CBN ultimately allotted N865.7 billion, reflecting strong investor demand. Stop rates for the 91-day and 182-day bills remained unchanged at 16.30% and 16.50%, respectively, while the 364-day stop rate declined by 31bps to 16.84%. The decline in the longest tenor suggests continued investor preference for locking in relatively attractive yields at the longer end of the NTB curve.

Elsewhere, demand was particularly strong at the CBN's OMO auction, where N1.0 trillion was offered across the 91-day, 147-day and 154-day maturities. Total subscriptions surged to N5.5 trillion, representing a 5.5x bid-to-offer ratio. The CBN allotted N2.9 trillion, significantly exceeding the amount initially offered, underscoring the depth of investor demand for short-term sterilisation instruments. Stop rates settled at 19.59% for the 91-day bill, while the 147-day and 154-day instruments both cleared at 18.99%.

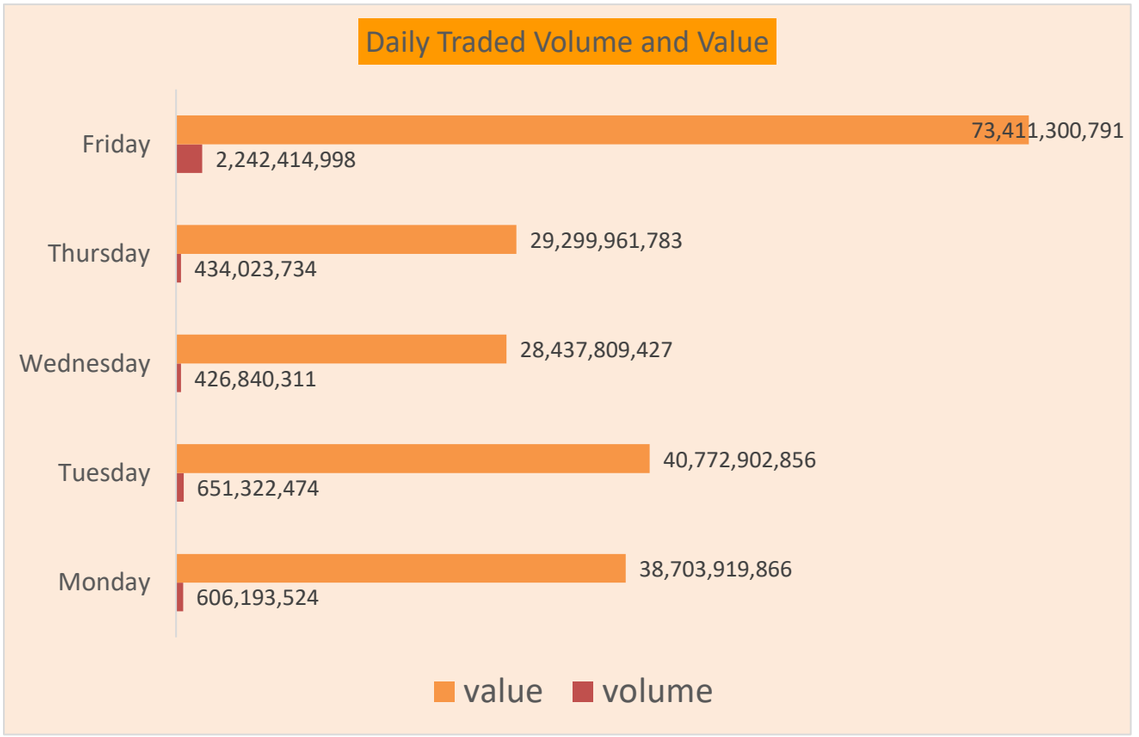
Looking ahead, approximately N3.07 trillion in OMO maturities are scheduled to settle next week, alongside N71 billion in NTB maturities, resulting in an estimated N3.14 trillion liquidity injection into the financial system. Liquidity conditions are likely to tighten modestly as the CBN proceeds with its planned N700 billion NTB auction, with settlement expected to absorb liquidity from the system. This could be partly offset by over N700 billion in expected OMO maturities, which should provide some liquidity support.

Nevertheless, continued CBN sterilisation through OMO operations is likely to keep system liquidity under pressure, while money-market rates should remain broadly within current ranges, barring a significant liquidity shock. The strong demand at recent OMO and NTB auctions also suggests that investor appetite for high-yielding short-term instruments remains intact.





FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.25	100.82	0.01	5.8%	-0.02
6.125 SEP 28, 2028	28-Sep-21	2.09	100.13	-0.06	6.1%	0.03
8.375 MAR 24, 2029	24-Mar-22	2.57	105.51	-0.09	6.0%	0.02
7.143 FEB 23, 2030	23-Feb-18	3.49	102.78	0.04	6.2%	-0.01
8.747 JAN 21, 2031	21-Nov-18	4.40	108.20	-0.01	6.6%	-0.01
7.875 16-FEB-2032	16-Feb-17	5.47	105.10	-0.11	6.7%	0.02
7.375 SEP 28, 2033	28-Sep-21	7.09	101.97	-0.29	7.0%	0.06
7.696 FEB 23, 2038	23-Feb-18	11.50	101.64	-0.10	7.5%	0.01
7.625 NOV 28, 2047	28-Nov-17	21.27	97.11	-0.06	7.9%	0.01
9.248 JAN 21, 2049	21-Nov-18	22.42	111.40	-0.25	8.1%	0.02
8.25 SEP 28, 2051	28-Sep-21	25.10	100.55	-0.20	8.2%	0.02
					6.92%	



Weekly Top Gainers and Losers as at Friday, September 04, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	04-Sep-26	28-Aug-26	% Change	Symbol	04-Sep-26	`28-Aug-26	% Change
ROYALEX	1.10	0.88	25.0%	BETAGLAS	465	562.8	-17.4%
CHAMPION	11.95	9.95	20.1%	NASCON	164.00	195.00	-15.9%
NB	82.45	69.40	18.8%	REDSTAREX	13.95	16.15	-13.6%
WAPIC	2.40	2.05	17.1%	RTBRISCOE	9.9	11.4	-13.2%
MCNICHOLS	5.25	4.50	16.7%	UPL	5.00	5.70	-12.3%
SUNUASSUR	3.29	2.84	15.8%	IMG	30.70	34.10	-10.0%
ZICHIS	16.55	14.50	14.1%	ACADEMY	5.55	6.15	-9.8%
ELLAHLAKES	9.00	7.90	13.9%	JULI	6.55	7.25	-9.7%
OMATEK	1.70	1.50	13.3%	ABCTRANS	4.75	5.25	-9.5%
DAARCOMM	1.70	1.51	12.6%	ABBEYBANK	7.70	8.50	-9.4%

Weekly Stock Recommendations as at Friday, September 04, 2026

Stock	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 WKs' High	52 WKs' Low	Current Price	Price Target	Short term Stop Loss	Short term Take Profit	Potential Upside	Recommendation
ACCESS BANK PLC	3.98	5.58	80.86	0.37x	7.55x	36.00	19.90	30.00	42.07	25.54	34.56	40.0	BUY
DANGOTE SUGAR	3.42	4.65	14.04	5.13x	10.54x	95.80	53.55	72.00	97.92	61.20	82.80	36.00	BUY
FIDELITY BANK PLC	1.18	1.65	21.94	0.89x	4.14x	24.25	17.1	20.00	27.30	16.58	22.43	40.0%	BUY
HBM PLC	12.93	16.81	50.02	7.14x	13.80X	389.00	103.00	345.00	464.10	303.45	410.55	30.0	BUY
ZENITH BANK PLC	7.65	9.79	125.79	1.01x	4.17x	136.90	53.70	128.60	163.20	108.38	146.63	28.0	BUY
ETERNA OIL PLC	2.69	3.61	14.42	2.50x	13.37x	51.20	27.75	36.00	48.24	30.60	41.40	34.00	BUY

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