Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: Nigeria's Inflation Slides to 22.97% in May as Naira Strength Lends Support ….

While the inflation curve is bending downward, whether this signals a sustainable disinflation trend or merely a statistical lull remains the critical question. We think focus on the next two inflation prints act as investment guidance before reassessing real returns on fixed income instruments or pricing in monetary policy pivots. Thus, we anticipate further deceleration, projecting headline inflation to print at 21.56% in June 2025..…….

FOREX MARKET: Naira Holds Ground on CBN Support; Oil Prices Climb as Middle East Conflict Intensifies ….

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MONEY MARKET: Liquidity Surges but Rates Stay Elevated as Markets Eye Secondary T-Bill Plays…

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BOND MARKET: Fixed Income Market Rallies on Ratings Boost, Strong Demand; DMO Set for N100bn Bond Auction…..

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EQUITIES MARKET: Equities Defy Policy Shocks, Rallies 2.35% Amid Renewed Interest; Investors Gain N1.75trn…

Looking ahead, Cowry Research remain cautiously optimistic. With over N283 billion worth of NT-bills set to mature in the coming week and no fresh NT-Bills auction scheduled, excess liquidity may spill into the equities space. In addition, the continuation of the dividend season and expectations of undervalued stocks gaining ground are likely to drive further buying momentum.

DOMESTIC ECONOMY: Nigeria's Inflation Slides to 22.97% in May as Naira Strength Lends Support…

The latest NBS CPI report shows that Nigeria's headline inflation eased for a second consecutive month in May 2025, falling to 22.97% from 23.71% in April (Cowry's projection: 22.56%). This deceleration, amounting to a 74 basis-point drop, aligns with the recent strengthening of the naira and reflects early signs of macroeconomic rebalancing. The positive exchange rate dynamics, driven by improved FX liquidity and CBN's tighter monetary stance, appear to be filtering through to consumer prices. The year-on-year data offers even sharper relief, with the headline rate now almost 11 percentage points below the 33.95% recorded in May 2024 and was driven by a recalibrated base year.

A breakdown of the inflation composition reveals that food and non-alcoholic beverages remain the dominant driver of the overall index, contributing 9.20% on a year-on-year basis. Other significant contributors include restaurant and accommodation services (2.97%), transport (2.45%), and housing-related costs (1.93%). These patterns reflect the persistence of structural inflation pressures—particularly in food supply chains and logistics—even as overall inflation decelerates.

Month-on-month, inflation slowed to 1.53% in May from 1.86% in April, suggesting that while prices are still rising, the pace has moderated. This cooling in sequential inflation should be welcomed by policymakers and investors alike, especially against the backdrop of ongoing FX volatility and energy supply disruptions. Again, food led the charge with a 0.61% contribution, followed by restaurants and accommodation (0.20%), and transport (0.16%). These areas highlight sectors still experiencing active price increases, which could feed into future inflation expectations.

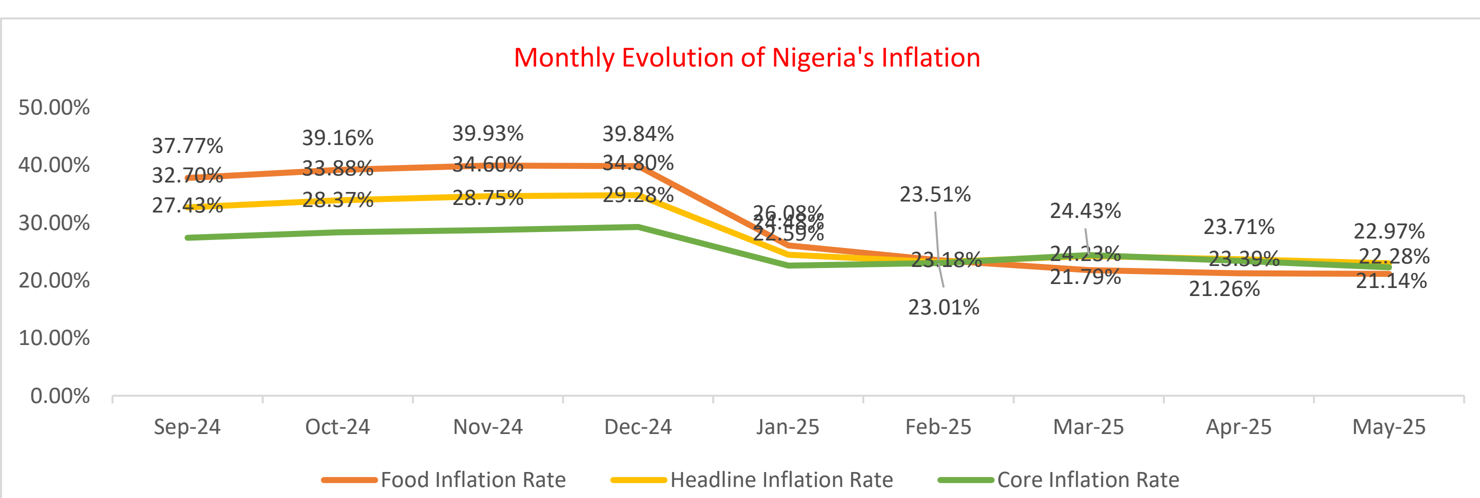
Zooming into food inflation, the annual rate came in at 21.14% in May 2025—down sharply by 19.52 percentage points from the 40.66% recorded in May 2024. While this substantial drop is largely technical due to the statistical rebasing, it does suggest the worst of food price shocks may be behind the economy. However, on a month-on-month basis, food inflation rose marginally to 2.19% from 2.06%, reflecting ongoing seasonal and supply-side pressures. The uptick was driven by increases in the prices of staples like yam, cassava tuber, maize flour, fresh pepper, and sweet potatoes.

Core inflation, which excludes volatile food and energy prices, declined year-on-year to 22.28% in May from 27.04% in the same month last year. Month-on-month, the core index slowed further to 1.10% from April's 1.34%. The easing in core inflation reinforces the idea that underlying price pressures are also cooling, a favourable development for forward-looking monetary policy expectations.

Regionally, wide disparities persist. Borno, Niger, and Plateau states recorded the highest headline inflation rates on a year-on-year basis, at 38.93%, 34.97%, and 32.35%, respectively—likely reflecting localised supply chain issues or security-related disruptions. In contrast, Katsina (16.25%), Adamawa (18.20%), and Delta (18.41%) saw the lowest headline rates. On a month-on-month basis, Bayelsa, Bauchi, and Borno experienced the sharpest price increases, while Kaduna, Jigawa, and Edo saw inflation decline, with Kaduna posting a surprising 6.75% month-on-month drop.

The food inflation map mirrors this divergence across states. Borno topped the chart with a staggering 64.36% annual increase, while Katsina posted a subdued 6.90%. For the month, Bayelsa, Cross River, and Anambra recorded food inflation spikes, whereas Katsina, Jigawa, and Kaduna experienced outright food price deflation.

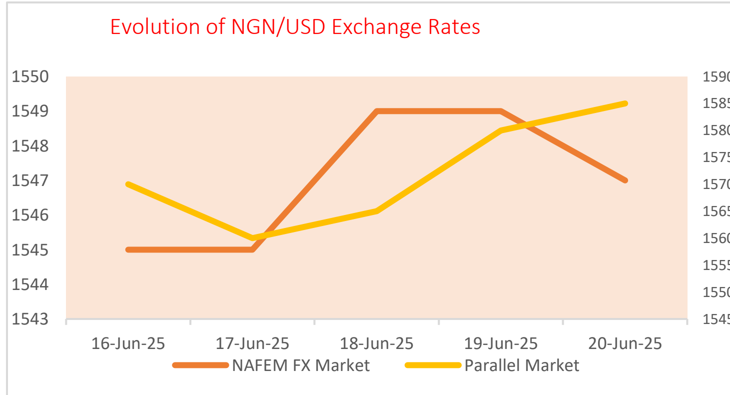
From our standpoint, the deceleration in headline and core inflation metrics signals easing cost pressures, which could create room for monetary easing in the medium term—especially if sustained over the coming months just as seen in the first two months. However, the volatility in state-level inflation, particularly food prices, underscores persistent vulnerabilities in domestic supply chains and regional logistics. While the inflation curve is bending downward, whether this signals a sustainable disinflation trend or merely a statistical lull remains the critical question. We think focus on the next two inflation prints act as investment guidance before reassessing real returns on fixed income instruments or pricing in monetary policy pivots. Thus, we anticipate further deceleration, projecting headline inflation to print at 21.56% in June 2025.



FOREX MARKET: Naira Holds Ground on CBN Support; Oil Prices Climb as Middle East Conflict Intensifies …

In the foreign exchange market, the naira showed some resilience as the Central Bank of Nigeria injected $41 million into the market to ease corporate dollar demand pressures. This intervention, part of a broader FX reform strategy, coincides with a rebound in Nigerian banks' net foreign assets, which have reached their highest levels in over a decade—signaling improved market confidence.

As a result, the naira appreciated by 0.13% week-on-week to N1,547/$ at the official window, although it weakened slightly by 0.32% to N1,585/$ at the parallel market.



Crude oil prices are on track to notch a third consecutive weekly gain, driven by escalating tensions between Israel and Iran, forcing many oil shippers to reroute or avoid the Strait of Hormuz—a key global transit point—due to surging tanker rates and insurance costs.

As of the time of writing, Brent crude was trading at $76.73 per barrel, while West Texas Intermediate stood at $73.60 per barrel, as the crisis in the Middle East entered its second week.

Domestically, Nigeria's Bonny Light crude appreciated by 4.76% week-on-week to $81 per barrel, buoyed by the broader price rally. However, this upside in oil prices did little to stem the drawdown in Nigeria's foreign reserves, which declined by $220 million to $37.71 billion, representing a 0.58% decrease on the week.

Looking ahead, We expect the naira to remain relatively stable, supported by continued CBN interventions and improving foreign exchange inflows as reforms gain traction.

MONEY MARKET: Liquidity Surges but Rates Stay Elevated as Markets Eye Secondary T-Bill Plays…....

Nigeria's money market ended the week on a mixed note, despite a combined inflow of N2.01 trillion from Open Market Operation (OMO) maturities and FAAC allocations. While the N350 billion OMO maturity and N1.66 trillion FAAC injection were expected to ease liquidity pressures, they failed to provide clear directional momentum, as funding demand among financial institutions remained elevated.

Short-term interbank lending rates climbed higher, with the Overnight Nigerian Interbank Offered Rate (NIBOR) rising to 27.61%, up from 26.74% the previous week. Similarly, the 1-month, 3-month, and 6-month NIBOR tenors closed higher at 27.68%, 28.14%, and 28.71%, respectively—highlighting sustained tightness in the funding market. Key monetary aggregates followed suit, as the Overnight (OVN) and Open Buy Back (OPR) rates rose by 167bps and 193bps, settling at 28.17% and 28.92%, respectively.

In contrast, yields in the fixed income market trended downward, as the Nigerian Interbank Treasury True Yield (NITTY) curve declined across all key tenors. The 1-month, 3-month, 6-month, and 12-month benchmarks dropped to 17.45%, 18.39%, 20.01%, and 22.56%, respectively, reflecting strong buying interest—especially in the long end of the market—on the back of this week's Treasury bills auction.

At the Primary Market Auction (PMA) held on June 18, the Central Bank of Nigeria (CBN) sold N162.02 billion in NT-Bills—markedly lower than the N450 billion offered at the previous auction. The auction covered the 91-day, 182-day, and 364-day tenors, with allotments of N37.98 billion, N40.54 billion, and N83.50 billion, respectively. Despite the reduced supply, demand was exceptionally strong, with total bids hitting N1.23 trillion, indicating a 661% oversubscription.

The bulk of investor interest was skewed toward the 364-day bill, which alone attracted N1.01 trillion in subscriptions. The bid-to-cover ratios came in at 3.30x (91-day), 1.59x (182-day), and an exceptional 10.97x (364-day), averaging an overall 7.61x, up sharply from 2.91x at the previous auction. Stop rates declined across all tenors: the 91-day bill cleared at 17.80% (-18bps), the 182-day at 18.35% (-15bps), and the 364-day at 18.84% (-51bps), underscoring the demand-driven yield compression.

Looking ahead, N283.79 billion worth of NT-Bills are set to mature in the coming week, likely boosting system liquidity. However, in the absence of a new auction, market activity is expected to pivot to the secondary market, where investor demand is anticipated to remain tilted toward longer-dated instruments. Despite improved liquidity, analysts expect money market rates to remain elevated, driven by tight interbank funding and sustained demand for short-term borrowing.

BOND MARKET: Fixed Income Market Rallies on Ratings Boost, Strong Demand; DMO Set for N100bn Bond Auction…..

The fixed income market closed the week on a positive note, buoyed by improved investor sentiment, stronger sovereign ratings outlook, and resilient demand across maturities. Activity in both the local and international bond markets was largely upbeat, with yields moderating in response to renewed buy-side interest.

In the FGN Bonds secondary market, moderate bullish sentiment was observed, particularly on select maturities. Yields on the JAN-35, JUN-38, and MAR-26 instruments fell by 57 basis points, 57 basis points, and 60 basis points, respectively, reflecting increased demand. As a result, the average yield across the FGN Bonds curve declined by 25 basis points week-on-week to 17.83%, marking a notable improvement in domestic bond appetite.

Meanwhile, the Eurobond market extended its bullish trend, with investor interest spanning short-, mid-, and long-term tenors. Strong buying was recorded on the NOV-25, NOV-27, SEP-33, and FEB-38 Eurobond maturities, pushing the average sovereign Eurobond yield down by 28 basis points to 8.97%. The positive performance was largely driven by improving macroeconomic sentiment and Nigeria's ongoing reform efforts.

Looking ahead, analysts expect bullish momentum to persist across both local and foreign bond markets, aided by favourable sentiment and strengthening fiscal buffers. On the domestic front, the Debt Management Office (DMO) is set to raise N100 billion via bond issuance at its scheduled auction on Monday, offering N50 billion each in a 5-Year reopening of the April 2029 bond and a new 7-Year June 2032 issuance. A robust outing is anticipated, as the DMO seeks to tap the local market to meet the federal government's funding obligations for the fiscal year..

EQUITIES MARKET: Equities Defy Policy Shocks, Rallies 2.35% Amid Renewed Interest; Investors Gain N1.75trn…...

The Nigerian Exchange (NGX) delivered a powerful performance this week, extending its bullish streak as the benchmark All-Share Index (ASI) surged by 2.35% week-on-week to close at 118,138.22 points, marking another all-time high, driven by renewed investor interest, particularly in the banking, oil & gas, and consumer goods sectors.

At the start of the week, sentiment on the bourse turned sour after the CBN issued a directive restricting banks from paying dividends or making fresh investments in offshore subsidiaries. The restrictions specifically targeted banks that had breached the Single Obligor Limit (SOL) or had unresolved forbearance loans dating back to the COVID-19 era. The announcement triggered panic selling across the financial sector, leading to a sharp dip in market value. However, the selloff was short-lived.

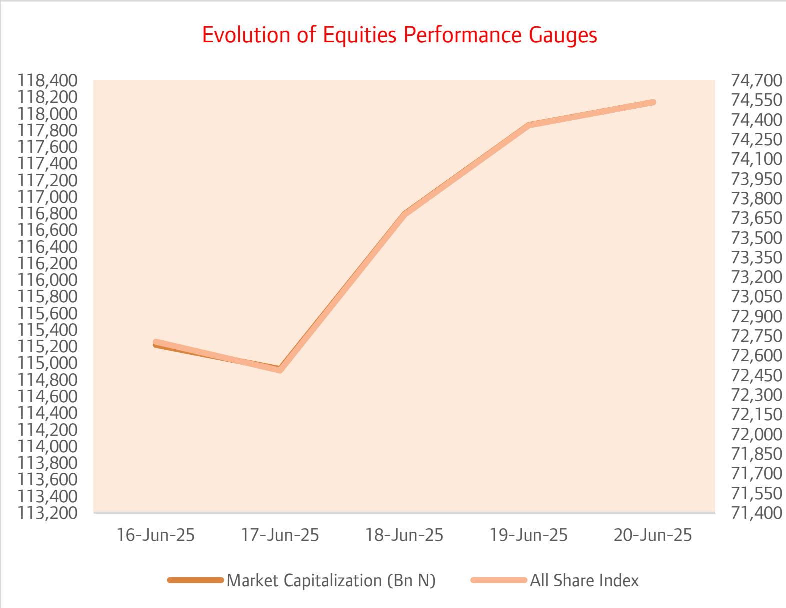
Midweek, the apex bank moved to calm nerves by reaffirming the resilience and soundness of Nigeria's banking sector, which helped restore confidence among investors. This sparked a strong rebound and propelled the market into positive territory. The resulting gains saw the equities market capitalisation jump by N1.75 trillion, a 2.40% weekly increase, to close at N74.53 trillion. Consequently, the year-to-date (YTD) return on the ASI improved to 14.78%, reflecting the market's robust momentum despite macroeconomic and regulatory headwinds.

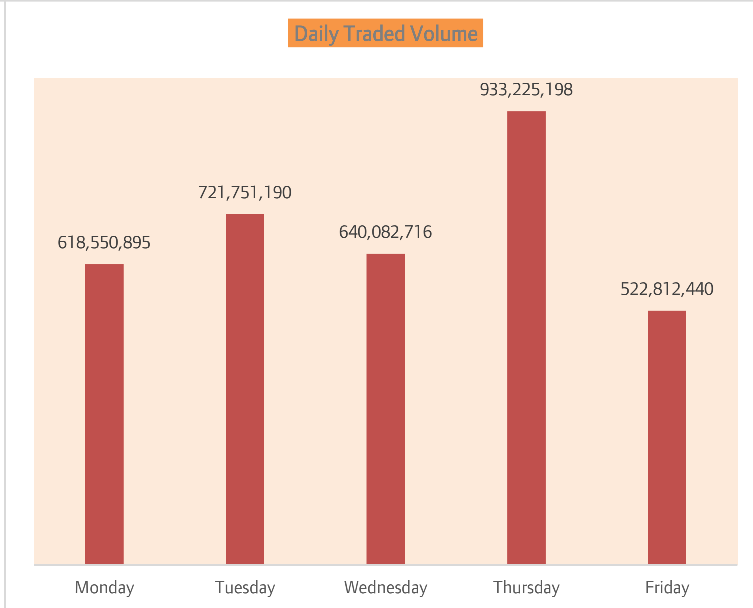
Trading activity mirrored this renewed optimism, with turnover data showing significant increases in both volume and value. A total of 3.39 billion shares were exchanged, up by 65.62% from 2.05 billion the previous week, while the total value traded rose 114.52% to N108.72 billion from N50.68 billion. The number of executed deals also soared to 95,625, representing a 47.79% increase from the previous week's 64,702 deals—an indication of intensified investor engagement.

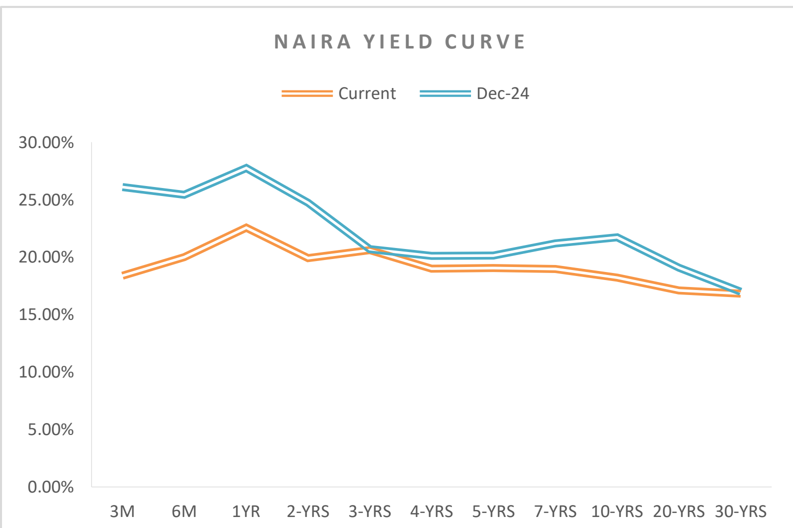
Across the sectoral front, market performance was broadly bullish, with five out of six sector indices closing positive. The Oil & Gas Index led the rally with a 5.27% gain, buoyed by strong price movements in SEPLAT and MRS. The Commodity Index followed closely with a 4.37% rise, driven by gains in FTNCocoa and Presco, while the Banking Index advanced by 3.58% as investors regained confidence in lenders like GTCO and Stanbic IBTC. Other top-performing sectors included Insurance (+2.37%) and Consumer Goods (+2.16%), bolstered by demand for stocks such as Custodia, and Ellah Lakes. However, the only laggard was the Industrial Goods Index, which declined by 36bps, dragged by selloffs in John Holt, Enamelware, RTBriscoe, and Dangote Cement.

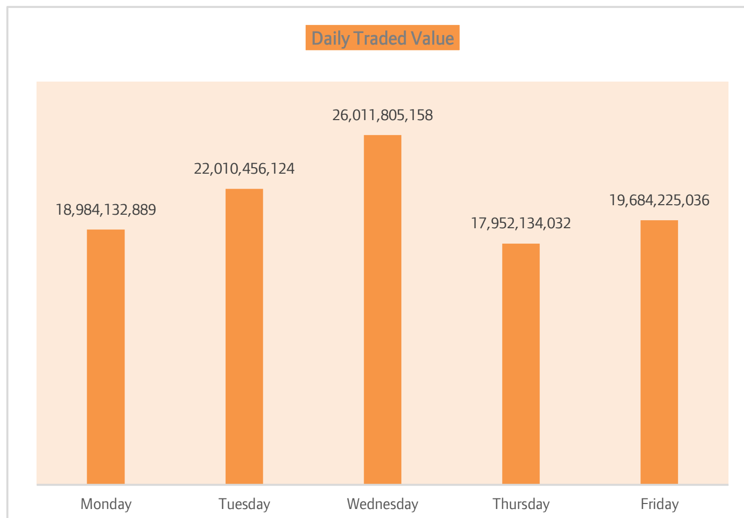
In terms of weekly performance, Ellah Lakes topped the gainers' chart with 56.8%, followed by LEGEND (+48.3%), BERGER (+41.5%), LivingTrust (+30.8%), and FIDSON (+28.9%). On the flip side, NNFM led the decliners, dropping 25.5%, with losses also recorded in JOHNHOLT (-18.4%), VFDGROUP (-13.8%), SUNUASSUR (-12.8%), and CONOIL (-12.6%).

Looking ahead, Cowry Research remain cautiously optimistic. With over N283 billion worth of NT-bills set to mature in the coming week and no fresh NT-Bills auction scheduled, excess liquidity may spill into the equities space. In addition, the continuation of the dividend season and expectations of undervalued stocks gaining ground are likely to drive further buying momentum. Nonetheless, we continue to advise investors to maintain a disciplined approach, focusing on fundamentally sound, dividend-paying companies amid ongoing policy and macroeconomic uncertainties.









Weekly Top Gainers and Losers as at Friday, June 20, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	**20-Jun-25**	**12-Jun-25**	**% Change**	**Symbol**	**20-Jun-25**	**12-Jun-25**	**% Change**
ELLAHLAKES	5.33	3.40	56.8%	NNFM	93.20	125.05	-25.5%
LEGENDINT	7.92	5.34	48.3%	JOHNHOLT	6.20	7.60	-18.4%
BERGER	29.00	20.50	41.5%	VFDGROUP	15.00	17.40	-13.8%
LIVINGTRUST	6.80	5.20	30.8%	SUNUASSUR	4.56	5.23	-12.8%
FIDSON	41.00	31.80	28.9%	CONOIL	234.50	268.30	-12.6%
GTCO	84.95	70.05	21.3%	ENAMELWA	18.50	20.55	-10.0%
STANBIC	87.00	72.15	20.6%	INTENEGINS	1.61	1.78	-9.6%
ETRANZACT	7.15	6.00	19.2%	FIRSTHOLDCO	26.95	29.40	-8.3%
BETAGLAS	276.00	232.65	18.6%	WAPIC	2.00	2.16	-7.4%
PRESCO	1,100.00	940.00	17.0%	NCR	5.50	5.92	-7.1%

FGN Eurobonds Trading Above 7% Yield as at Friday, June 20, 2025

FGN Eurobonds	Issue Date	TTM (years)	20-Jun-25 Price (N)	Weekly USD Δ	20-Jun-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.42	100.77	0.46	5.7%	-1.18
6.50 NOV 28, 2027	28-Nov-17	2.44	98.32	1.01	7.3%	-0.46
6.125 SEP 28, 2028	28-Sep-21	3.28	94.36	0.90	8.1%	-0.32
8.375 MAR 24, 2029	24-Mar-22	3.76	99.74	0.66	8.5%	-0.21
7.143 FEB 23, 2030	23-Feb-18	4.68	93.61	0.71	8.8%	-0.19
8.747 JAN 21, 2031	21-Nov-18	5.59	98.73	1.23	9.0%	-0.29
7.875 16-FEB-2032	16-Feb-17	6.66	92.46	1.05	9.4%	-0.23
7.375 SEP 28, 2033	28-Sep-21	8.28	86.90	0.86	9.7%	-0.17
7.696 FEB 23, 2038	23-Feb-18	12.69	83.98	0.83	9.9%	-0.13
7.625 NOV 28, 2047	28-Nov-17	22.45	76.72	0.50	10.3%	-0.08
9.248 JAN 21, 2049	21-Nov-18	23.61	90.07	0.63	10.4%	-0.08
8.25 SEP 28, 2051	28-Sep-21	26.29	80.04	0.32	10.5%	-0.04

Weekly Stock Recommendations as at Friday, June 20, 2025

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
STERLING HOLDINGS PLC	0.33	0.50	6.17	0.92	17.24x	8.2	3.6	**5.60**	**8.7**	4.8	6.6	52.00	Buy
ELLAH LAKES	-0.45	-0.57	8.28	0.64	-11.93x	5.40	3.58	**5.33**	**6.8**	4.5	6.1	26.67	Buy
IKEJA HOTEL PLC	0.77	1.15	14.90	1.04	20.24x	16.12	6.25	**15.50**	**23.3**	13.18	17.83	50.00	Buy
ETERNA OIL PLC	0.53	0.74	4.25	10.01	80.68x	49.95	11.15	**42.5**	**59.5**	36.1	48.9	40.00	Buy
GTCO PLC	7.45	9.84	87.25	0.97	11.39x	85.00	32.35	**84.90**	**112.1**	72.2	97.6	32.00	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, June 20, 2025

MAJOR	20-Jun-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1503	1.1496	0.06%	-0.37%.	1.52%	7.60%
GBPUSD	1.3465	1.3465	0.00%	-0.78%.	0.35%	6.53%
USDCHF	0.8179	0.8170	0.11%	0.78%	-0.94%.	-8.53%.
USDRUB	78.5033	78.3779	0.16%	-1.51%.	-1.56%.	-11.88%.
USDNGN	18.0021	18.0165	-0.08%.	0.53%	-2.33%.	3.45%
USDZAR	18.0021	18.0165	-0.08%.	0.39%	0.24%	0.17%
USDEGP	50.6700	50.6700	0.00%	1.87%	1.64%	6.32%
USDCAD	19.10	19.0389	0.34%	1.06%	-0.92%.	0.31%
USDMXN	19.10	19.0389	0.34%	0.72%	-1.45%.	5.48%
USDBRL	5.50	5.4914	0.13%	-0.90%.	-2.67%.	1.15%
AUDUSD	0.5967	0.5986	-0.32%.	-0.39%.	0.44%	-2.66%.
NZDUSD	0.5967	-0.0600	-0.32%.	-0.74%.	0.40%	-2.44%.
USDJPY	7.1787	7.1866	-0.11%.	1.26%	1.54%	-8.68%.
USDCNY	7.1787	7.1866	-0.11%.	-0.13%.	-0.35%.	-1.52%.
USDINR	86.5830	86.7044	-0.14%.	0.75%	1.15%	3.61%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, June 20, 2025

Commodity		20-Jun-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	73.3	73.5	-0.21%.	0.44%	19.06%	-9.20%.
BRENT	USD/Bbl	76.6	77.2	-0.71%.	3.06%	17.85%	-10.26%.
NATURAL GAS	USD/MMBtu	4.0	9.8	-2.96%.	10.51%	17.49%	39.53%
GASOLINE	USD/Gal	2.3	2.3	-0.30%.	3.41%	8.38%	-7.84%.
COAL	USD/T	107.0	106.7	0.28%	2.29%	6.41%	-20.59%.
GOLD	USD/t.oz	3,368.6	3,369.6	-0.03%.	-1.91%.	1.42%	45.01%
SILVER	USD/t.oz	35.9	36.4	-1.36%.	-1.23%.	7.21%	21.38%
WHEAT	USD/Bu	573.4	573.0	0.07%	5.41%	4.35%	-0.45%.
PALM-OIL	MYR/T	4,144.0	4,102.2	1.02%	5.53%	6.37%	6.28%
COCOA	USD/T	8,779.1	9,617.8	-8.72%.	-10.31%.	-17.75%.	2.40%