Friday July 18, 2025

Cowry Weekly Financial Markets Review & Outlook (CWR)

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: Price Relief Falters as Headline Inflation Slips to 22.22%; Signaling Caution for Policymakers…

We forecast a moderate decline in headline inflation to 21.82% year-on-year in July 2025, driven by expected improvements in food supply logistics and the base effect from prior high readings. However, we remain cautious given the uptick in core inflation and sector-specific price increases......

FOREX MARKET: Naira Trades Mixed Across Markets Amid Oil Market Volatility….

Looking ahead, we expect the naira to record further gains as improved oil output and elevated prices drive higher dollar inflows, which could sustain the current pace of reserve accretion. The positive oil earnings outlook, combined with steady capital inflows, should offer continued support for the naira and enhance near-term FX market stability.........

MONEY MARKET: Funding Rates Stay Elevated Amidst Absence of Maturities...

Looking ahead, the market is set to receive a boost in system liquidity, as N326.88 billion in Treasury Bills maturities are expected to hit the system next week. This significant injection is likely to ease short-term funding constraints, providing relief to banks and potentially dragging down interbank funding rates — including NIBOR, OPR, and O/N rates — in the near term. Nonetheless, we advise market participants to remain cautious, as sustained tight monetary policy stance and liquidity sterilization measures by the CBN could continue to weigh on the broader funding environment........

BOND MARKET: Bullish Momentum Locally; Eurobond Market Slips on Weak Oil Sentiment…..

In the near term, we expect a mixed performance across the fixed income space as investors and portfolio managers closely monitor the outcome of the upcoming Monetary Policy Committee (MPC) meeting. Market consensus currently leans towards a possible hold or a modest rate cut, driven by the recent moderation in headline inflation, though caution persists amid global monetary tightening headwinds........

EQUITIES MARKET: Equities Market Sustains Strong Momentum as ASI Crosses 131,000 Mark, Gains 4.31% w/w .....

Looking ahead, market sentiment is expected to remain mixed as investors await the outcome of the July MPC meeting. The reversal in food and core inflation readings could encourage a policy hold, although market direction remains delicately poised between a short-term pullback and further upside….

DOMESTIC ECONOMY: Price Relief Falters as Headline Inflation Slips to 22.22%; Signaling Caution for Policymakers…

According to the National Bureau of Statistics (NBS), the headline inflation rate moderated to 22.22% year-on-year in June from 22.97% year-on-year in May. This marks the lowest year-on-year reading since April 2023 and reflects the cumulative effect of a relatively stable exchange rate regime, softening energy prices, and a favourable base effect post-CPI rebasing. Despite this trend, month-on-month inflation accelerated to 1.68% month-on-month from 1.53% month-on-month, underscoring persistent underlying inflationary pressures in the economy.

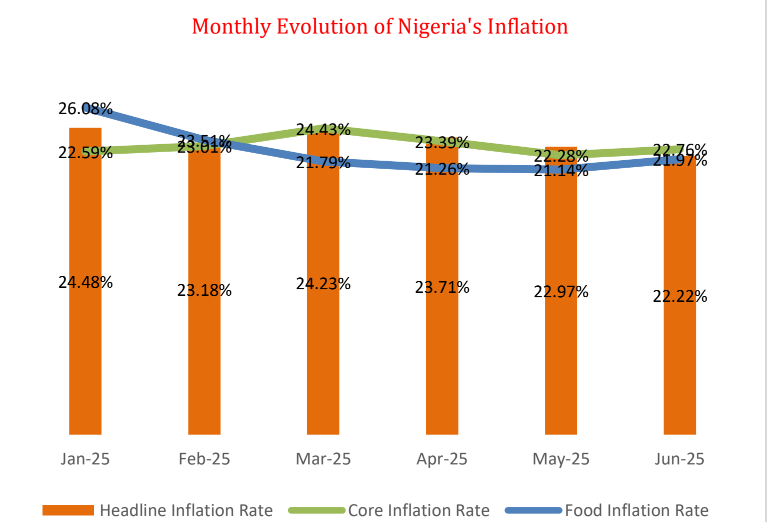
For context, the CPI is a macroeconomic indicator that provides a general measure of changes in the average prices of goods and services commonly purchased by consumers relative to a base period (the price reference period is 2024). The inflation rate is directly computed from the index and it is the relative change in CPI between periods.

Nigeria's inflationary environment recorded a modest improvement in June 2025, as the headline Consumer Price Index (CPI) decelerated for the third consecutive month. A closer look at the inflation drivers reveals a reversal in the recent decline of food inflation. Specifically, food inflation rose to 21.97% year-on-year in June from 21.14% year-on-year in May.

On a monthly basis, food inflation surged 1.07 percentage points to 3.25% month-on-month, with notable increases recorded in core food items such as green peas (dried), fresh pepper, shrimps, crayfish, meat, tomatoes, plantain flour, and ground pepper. This uptrend reflects renewed supply-side shocks, largely driven by insecurity in key agricultural regions, which disrupted farming activities and supply chains during the month under review.

Similarly, core inflation — which excludes food and energy — reversed its softening trend since April. Core inflation climbed to 22.76% year-on-year in June (vs. 22.28% year-on-year in May) and rose significantly to 2.46% month-on-month, compared with 1.10% month-on-month in the previous month.

The surge in core prices reflects structural cost-push factors such as elevated transport costs (linked to higher PMS pump prices), FX-linked input costs, and lingering inefficiencies in infrastructure. In particular, transport inflation spiked to 2.04% month-on-month in June from a contraction of -0.27% month-on-month in May, while the information and communication sub-index rose sharply to 2.72% month-on-month from 1.61% month-on-month, both contributing to the elevated core reading.



Source: NBS, Cowry Research

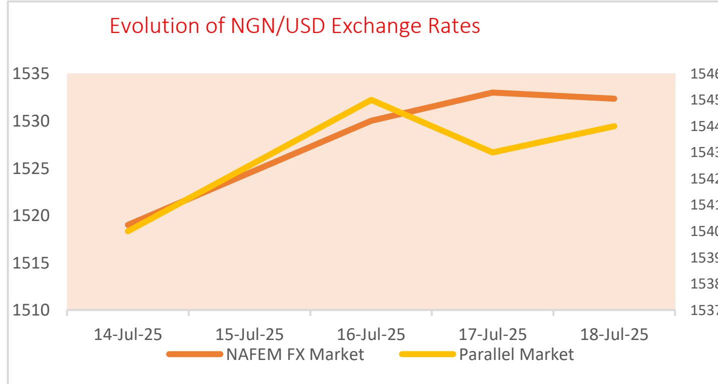
Across various state profiles, Borno (31.63%), Abuja (26.79%), and Benue (25.91%) recorded the highest year-on-year headline inflation rates, whereas Zamfara (9.90%), Yobe (13.51%), and Sokoto (15.78%) reported the lowest. In month-on-month terms, Ekiti (5.39%), Delta (5.15%) and Lagos (5.13%) led the inflation surge, while Zamfara (-6.89%), Niger (-5.35%), and Plateau (-4.01%) witnessed headline disinflation.

For food inflation, Borno (47.40%), Ebonyi (30.62%), and Bayelsa (28.64%) topped the year-on-year rankings, while Katsina (6.21%), Adamawa (10.90%), and Sokoto (15.25%) posted the slowest growth. On a month-on-month basis, Enugu (11.90%), Kwara (9.97%), and Rivers (9.88%) experienced the sharpest increase, while Borno (-7.63%), Sokoto (-6.43%), and Bayelsa (-6.34%) showed notable declines.

Cowry Research notes that the resurgence in food and core indices in June reflects the re-emergence of latent inflationary pressures, which could reverse recent disinflation gains if not properly contained. Key concerns include the resurgence of insecurity situation and flooding across food producing regions, input cost passthrough from energy and logistics, and the lag effect of FX volatility on non-food segments. If these pressures persist, there is a risk that the headline index could pivot upward in subsequent months. Thus, we forecast a moderate decline in headline inflation to 21.82% year-on-year in July 2025, driven by expected improvements in food supply logistics and the base effect from prior high readings. However, we remain cautious given the uptick in core inflation and sector-specific price increases.

Meanwhile, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) is scheduled to meet on July 21–22, 2025, to reassess monetary aggregates in light of recent inflation and macroeconomic trends. With inflation showing a steady disinflation trend and the exchange rate remaining relatively firm on the back of reform-led confidence, we anticipate a policy hold stance, as the Committee maintains its data-dependent, cautious posture to balance price stability with economic recovery momentum.

FOREX MARKET: Naira Trades Mixed Across Markets Amid Oil Market Volatility…



This week in the foreign exchange market, the naira showed mixed performance. At the parallel market, the local currency appreciated slightly by 0.06% week-on-week (w/w) to close at N1,544.00/$1. However, at the Nigerian Autonomous Foreign Exchange Market (NAFEM), the naira recorded a mild depreciation of 0.14% w/w, settling at N1,532.34/$1 by week's end. The divergent movements reflect ongoing supply-demand imbalances and the evolving FX liquidity landscape.

On the global oil front, crude prices are set for their first weekly decline in three weeks, with Brent crude slipping over 1% to $69.48 per barrel, while WTI futures hovered at $67.58 per barrel. The sell-off was partly driven by a shift in geopolitical risk sentiment following President Trump's 50-day ultimatum to Russia for a ceasefire, which calmed fears of immediate supply disruptions. Nevertheless, lingering risks remain. Drone strikes in Iraq's Kurdistan region slashed output by up to 150,000 barrels per day (bpd), and persistent instability in the Middle East — notably Israeli airstrikes in Syria — continue to cloud the market outlook.

Domestically, Nigeria's Bonny Light crude edged up by 0.31% to $74.38 per barrel from $74.15 the previous week, supported by a modest rebound in demand dynamics. This uptick, alongside improving production levels, contributed to a $420 million accretion in the country's external reserves, which rose to $37.85 billion from $37.43 billion. The increase marks continued momentum in reserve build-up, driven by stronger oil earnings and reduced Central Bank of Nigeria (CBN) FX interventions.

Recent data from the NUPRC shows that average daily crude oil production (excluding condensates) rose by 3.6% to 1.51 million barrels per day (mbpd) in June 2025 from 1.45 mbpd in May. This marks the first time in five months that Nigeria has met its OPEC production quota, reflecting improvements in operational efficiencies and security around key oil-producing assets.

Looking ahead, we expect the naira to record further gains as improved oil output and elevated prices drive higher dollar inflows, which could sustain the current pace of reserve accretion. The positive oil earnings outlook, combined with steady capital inflows, should offer continued support for the naira and enhance near-term FX market stability..

MONEY MARKET: Funding Rates Stay Elevated Amidst Absence of Maturities…...

This week, the Nigerian money market remained under liquidity strain, primarily due to the absence of OMO or T-bill maturities, which meant no new liquidity injections into the financial system. As a result, banks and other financial institutions continued to compete for limited funds, leading to sustained pressure across short-term and interbank funding markets.

Despite the liquidity squeeze, the Overnight Nigerian Interbank Offered Rate (NIBOR) declined slightly by 4bps to close at 32.71%, from 32.75% the previous week, suggesting relatively stable overnight conditions. However, the strain was more evident on longer tenors, as the 1-month, 3-month, and 6-month NIBOR rose to 27.86% (+22bps), 28.14% (+10bps), and 28.66% (+13bps), respectively. These increases reflect persistent funding pressures across the interbank space.

Similarly, key short-term borrowing benchmarks — the Open Buy Back (OPR) and Overnight (O/N) rates — trended upward. The OPR rate settled at 32.33% (up from 31.50%), while the O/N rate closed at 32.67% (up from 32.17%), indicating elevated cost of overnight borrowing.

In the fixed income space, the Nigerian Interbank Treasury True Yield (NITTY) curve saw mixed movements across maturities. The 1-month, 3-month, and 6-month tenors advanced to 16.41%, 17.17%, and 18.16%, respectively — translating to increases of 36bps, 60bps, and 28bps. Interestingly, the 12-month NITTY eased by 18bps to 18.66%, signaling a mild moderation in longer-term expectations amid cautious positioning.

Meanwhile, activity in the secondary Treasury Bills market was relatively subdued due to the overarching tight liquidity. Nonetheless, selective interest in short-dated papers resulted in yield compression at the short end of the curve, which helped drive the average T-bill yield lower by 57bps w/w to settle at 17.82%.

Looking ahead, the market is set to receive a boost in system liquidity, as N326.88 billion in Treasury Bills maturities are expected to hit the system next week. This significant injection is likely to ease short-term funding constraints, providing relief to banks and potentially dragging down interbank funding rates — including NIBOR, OPR, and O/N rates — in the near term. Nonetheless, we advise market participants to remain cautious, as sustained tight monetary policy stance and liquidity sterilization measures by the CBN could continue to weigh on the broader funding environment.

BOND MARKET: Bullish Momentum Locally; Eurobond Market Slips on Weak Oil Sentiment…..

This week in the domestic fixed income market, bullish sentiment prevailed, particularly at the short- to mid-end of the yield curve. The resurgence in demand for FGN instruments was largely driven by improved system liquidity expectations. As a result, strong buying interest across key maturities of the FGN Bond secondary market led to a 27bps decline in the average yield, settling at 16.48%, compared to 16.75% in the previous week.

However, the sovereign Eurobond market posted a divergent performance, closing on a bearish note, despite an initial mixed sentiment during the week. The bearish reversal was largely influenced by a decline in global oil prices, triggered by rising U.S. crude stockpiles — a development that eroded confidence in oil-dependent sovereigns such as Nigeria.

Consequently, the average yield on Nigeria's Eurobonds rose by 11bps to 8.61%, marking a shift towards risk aversion in the international debt market. This week, offshore investors engaged in sell-offs, reflecting cautious foreign sentiment despite macroeconomic improvements at home.

In the near term, we expect a mixed performance across the fixed income space as investors and portfolio managers closely monitor the outcome of the upcoming Monetary Policy Committee (MPC) meeting. Market consensus currently leans towards a possible hold or a modest rate cut, driven by the recent moderation in headline inflation, though caution persists amid global monetary tightening headwinds. On the international front, developments around U.S. monetary policy and oil price movements are set to influence risk sentiment. With the U.S. Fed's July policy decision likely to hinge on a mix of tariff developments and inflation prints, investor expectations for rate cuts have begun to soften, which may further impact appetite for emerging market sovereigns such as Nigeria.

EQUITIES MARKET: Equities Market Sustains Strong Momentum as ASI Crosses 131,000 Mark, Gains 4.31% w/w……

The Nigerian equities market extended its bullish run this week, buoyed by improved investor sentiment and enhanced funds inflow. The market defied prevailing macro headwinds, as the moderation in headline inflation rekindled buying interest across key sectors — notably in blue-chip stocks within the banking, industrial, and consumer goods spaces.

Midweek, the National Bureau of Statistics (NBS) released the June 2025 CPI report, which showed a continued decline in headline inflation. However, both the food and core inflation sub-indices reversed their downward trend following the recent CPI rebasing exercise, prompting a reassessment of near-term inflation trajectory.

Despite these dynamics, the NGX All-Share Index (ASI) surged past the 131,000 psychological barrier to close at 131,585.66 points, representing a 4.31% week-on-week (w/w) gain. Likewise, market capitalization climbed by N3.44 trillion to N83.24 trillion, also up 4.31% w/w. The year-to-date (YTD) return improved to 27.84%, reflecting continued investor appetite. However, market breadth remained weak at 0.91x, with 49 gainers versus 54 losers, signaling selective participation despite overall market strength.

Trading activity was significantly upbeat. Total traded volume spiked 224.62% w/w to 17.49 billion units, while market turnover surged 364.48% w/w to N500.76 billion. The jump in value traded was largely driven by two sizable off-market transactions: First Bank Holdings and Fidelity Bank recorded block trades of 10.4 billion and 1.1 billion units respectively, contributing to the weekly liquidity surge. Investor optimism was also anchored on expectations for a potentially dovish stance from the Monetary Policy Committee (MPC) at its upcoming July meeting.

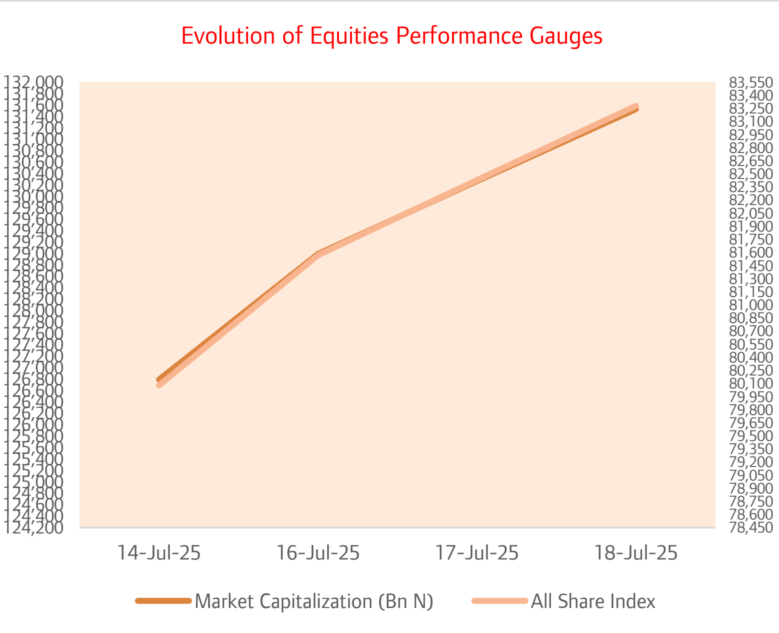
Sectoral performance skewed positive, with four of six major indexes under review closing in the green. The NGX Industrial Index led with a stellar 19.17% w/w return, driven by strong gains in BUA Cement, Dangote Cement, and Lafarge Africa. The NGX Banking, Consumer Goods, and Commodity indices followed, rising 5.36%, 1.34%, and 0.69% respectively on the back of price appreciation in Nestle, Stanbic IBTC, Nascon, Okomu Oil, AccessCorp, Nigerian Breweries, and UBA.

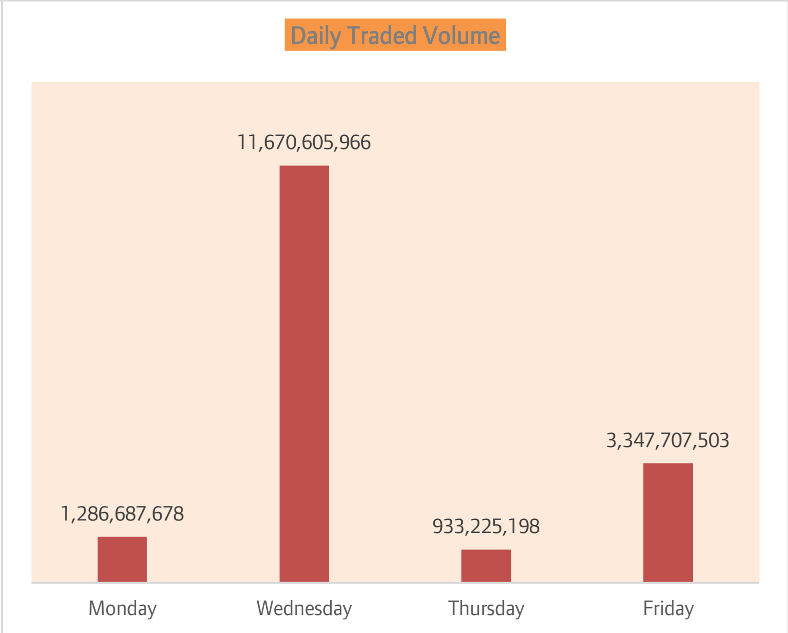
On the flip side, the NGX Insurance and Oil & Gas indices fell by 3.65% and 0.76% w/w, respectively, amid sell-offs in ConHall Plc, Universal Insurance, NEM, CORONATION, MRS, and Oando.

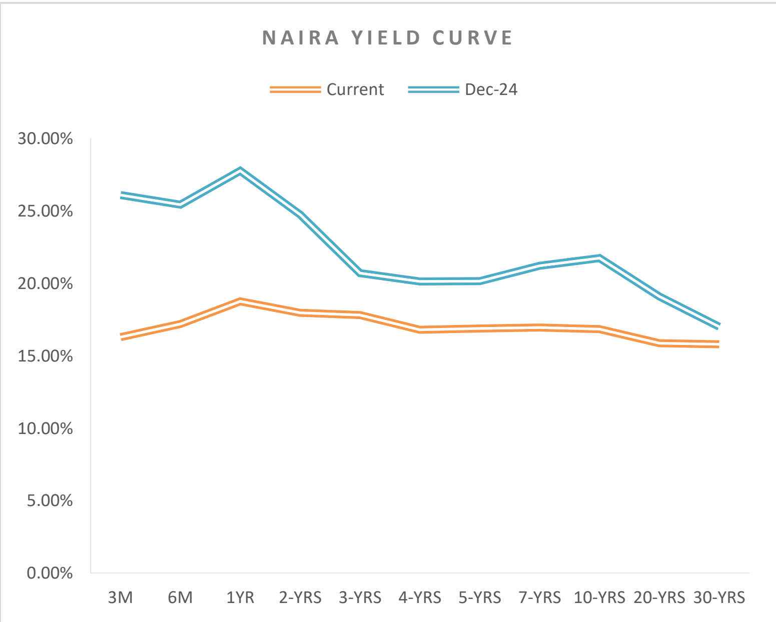
Top-performing stocks for the week included Eunisell (32.6%), BUA Cement (31.3%), ABC Transport (28.4%), IMG (24.9%), and NSL Tech (21.0%). Conversely, Academy Press (-24.3%), RT Briscoe (-22.7%), Cutix (-19.6%), Caverton (-19.3%), and Champion Breweries (-17.5%) ranked among the week's laggards.

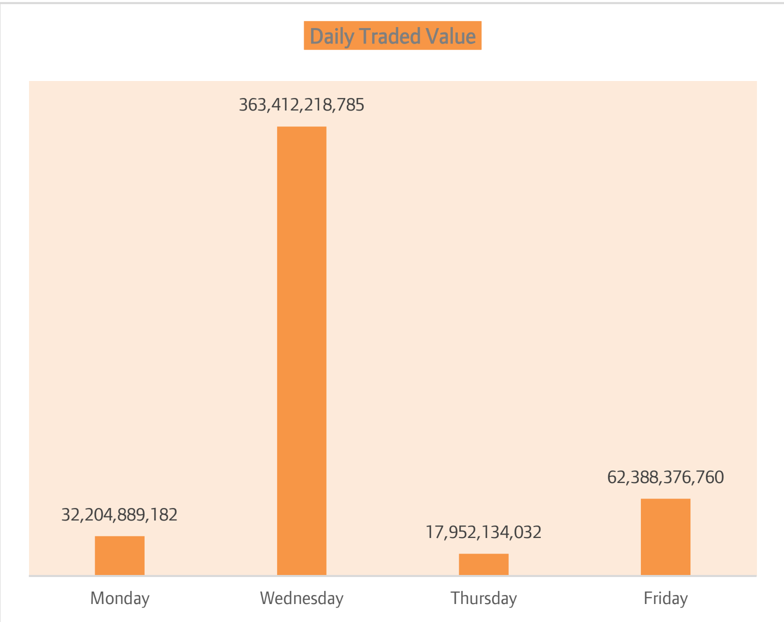
Looking ahead, market sentiment is expected to remain mixed as investors await the outcome of the July MPC meeting. The reversal in food and core inflation readings could encourage a policy hold, although market direction remains delicately poised between a short-term pullback and further upside. From a technical standpoint, the NGX ASI remains in overbought territory, with the Relative Strength Index (RSI) at 92.41, suggesting a potential correction. Nonetheless, the index continues to trade above the T-line and both the 50-day EMA and 50-day SMA, indicating underlying strength.

We maintain a cautious optimism and recommend that investors focus on fundamentally sound stocks, especially as Q2 earnings season approaches. Amid the prevailing markup phase and pockets of sectoral rotation, strategic stock selection and disciplined entry levels will be key to maximizing returns while managing downside risk.









Weekly Top Gainers and Losers as at Friday, July 18, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	18-Jul-25	11-Jul-25	% Change	Symbol	18-Jul-25	11-Jul-25	% Change
EUNISELL	17.9	13.5	32.6%	ACADEMY	7.00	9.25	-24.3%
BUACEMENT	123.40	94.00	31.3%	RTBRISCOE	3.40	4.40	-22.7%
ABCTRANS	5.65	4.40	28.4%	CUTIX	3.70	4.60	-19.6%
IMG	42.45	34.00	24.9%	CAVERTON	6.46	8	-19.3%
NSLTECH	1.21	1	21.0%	CHAMPION	12.29	14.90	-17.5%
TRIPPLEG	4.32	3.58	20.7%	CONHALLPLC	3.00	3.63	-17.4%
NESTLE	1,800.00	1,500.00	20.0%	UNIVINSURE	0.72	0.87	-17.2%
STANBIC	99.50	84.05	18.4%	LEGENDINT	5.85	7	-16.4%
CAP	71.90	61.30	17.3%	ELLAHLAKES	10.80	12.63	-14.5%
DANGCEM	495.00	425.00	16.5%	UPL	5.8	6.7	-13.4%

FGN Eurobonds Yields as at Friday, July 18, 2025

FGN Eurobonds	Issue Date	TTM (years)	18-Jul-25 Price (N)	Weekly USD Δ	18-Jul-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.35	100.39	-0.43	6.4%	0.74
6.50 NOV 28, 2027	28-Nov-17	2.36	98.94	0.05	7.0%	-0.02
6.125 SEP 28, 2028	28-Sep-21	3.20	95.93	0.17	7.6%	0.08
8.375 MAR 24, 2029	24-Mar-22	3.68	101.23	0.08	8.0%	0.04
7.143 FEB 23, 2030	23-Feb-18	4.61	95.89	0.48	8.2%	-0.03
8.747 JAN 21, 2031	21-Nov-18	5.52	101.05	0.22	8.5%	-0.01
7.875 16-FEB-2032	16-Feb-17	6.59	95.20	-0.21	8.9%	0.07
7.375 SEP 28, 2033	28-Sep-21	8.20	89.93	-0.24	9.2%	0.13
7.696 FEB 23, 2038	23-Feb-18	12.61	86.56	-0.58	9.6%	0.12
7.625 NOV 28, 2047	28-Nov-17	22.38	79.12	-0.85	10.0%	0.12
9.248 JAN 21, 2049	21-Nov-18	23.53	92.71	-0.65	10.1%	0.08
8.25 SEP 28, 2051	28-Sep-21	26.21	83.02	-0.48	10.1%	0.05

Weekly Stock Recommendations as at Friday, July 18, 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
ZENITH BANK PLC	7.59	10.93	108.18	0.67	9.49x	76.00	33.10	75.00	103.7	61.2	82.8	44.00	Buy
DANGOTE SUGAR	-1.95	-2.65	15.52	3.30	-26.32x	53.2	28.55	51.25	69.7	43.6	58.9	36.00	Buy
LAFARGE AFRICA PLC	3.02	4.47	34.35	3.32	37.75x	114.00	35.60	114.00	168.7	96.9	131.1	48.00	Buy
NASCON PLC	3.74	5.38	18.74	4.48	22.46x	84.00	30.00	84.00	120.9	71.4	96.6	43.95	Buy
ACCESSCORP PLC	4.88	6.63	103.75	0.26	5.50x	28.9	15.95	26.85	36.5	22.8	30.9	36.00	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, July 18, 2025

MAJOR	18-Jul-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1663	1.1615	0.41%	-0.19%.	1.48%	7.22%
GBPUSD	1.3471	1.3431	0.30%	-0.10%.	0.07%	4.36%
USDCHF	0.7993	0.8029	-0.45%.	0.34%	-2.21%.	-10.11%.
USDRUB	78.7100	78.0466	0.85%	0.96%	0.43%	-10.25%.
USDNGN	17.6902	17.8275	-0.77%.	0.15%	-1.14%.	-4.66%.
USDZAR	17.6902	17.8275	-0.77%.	-1.39%.	-1.90%.	-3.29%.
USDEGP	49.4100	49.4199	-0.02%.	-0.20%.	-2.20%.	2.51%
USDCAD	18.69	18.7551	-0.33%.	0.08%	-0.03%.	-0.23%.
USDMXN	18.69	18.7551	-0.33%.	0.35%	-1.80%.	3.64%
USDBRL	5.54	5.5479	-0.17%.	-0.37%.	0.85%	-1.03%.
AUDUSD	0.5984	0.5943	0.69%	-0.54%.	0.88%	-2.18%.
NZDUSD	0.5984	-0.0600	0.69%	-0.24%.	0.06%	-0.32%.
USDJPY	7.1775	7.1839	-0.09%.	0.56%	1.97%	-5.88%.
USDCNY	7.1775	7.1839	-0.09%.	0.06%	-0.13%.	-1.47%.
USDINR	86.1030	86.0428	0.07%	0.31%	-0.70%.	2.83%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, July 18, 2025

Commodity		18-Jul-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	68.4	67.5	1.33%	-0.13%.	-7.42%.	-13.07%.
BRENT	USD/Bbl	70.3	69.5	1.17%	-0.25%.	-8.49%.	-15.06%.
NATURAL GAS	USD/MMBtu	3.6	9.8	1.57%	8.59%	-11.90%.	69.11%
GASOLINE	USD/Gal	2.2	2.2	0.42%	-0.69%.	-6.29%.	-11.18%.
COAL	USD/T	110.5	110.0	0.45%	-0.45%.	3.56%	-18.15%.
GOLD	USD/t.oz	3,354.4	3,338.7	0.47%	-0.02%.	-0.40%.	40.13%
SILVER	USD/t.oz	38.2	38.1	0.26%	-0.49%.	5.08%	30.90%
WHEAT	USD/Bu	547.5	533.5	2.63%	0.37%	-4.54%.	0.79%
PALM-OIL	MYR/T	4,353.0	4,211.9	3.35%	4.26%	6.12%	9.92%
COCOA	USD/T	7,664.9	7,305.5	4.92%	-6.19%.	-20.24%.	-0.85%.