Friday August 1, 2025

Cowry Weekly Financial Markets Review & Outlook (CWR)

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

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DOMESTIC ECONOMY: IMF Revises Global Outlook Upward, But Flags Fragile Resilience Amid Uncertainties…….

In its July 2025 edition of the World Economic Outlook (WEO) Update titled "Tenuous Resilience amid Persistent Uncertainty", the International Monetary Fund (IMF) adopted a cautiously optimistic tone, revising its global growth and inflation forecasts modestly upward relative to its April 2025 projections. While headline numbers point to a slightly improved outlook, the IMF cautions that underlying risks—particularly related to tariffs, geopolitical frictions, and financial volatility—remain considerable.

According to the revised outlook, global growth is now projected at 3.0% in 2025 and 3.1% in 2026, marking upgrades of 20 basis points (bps) and 10bps, respectively. The adjustments are attributed to a stronger-than-expected front-loading of trade activity ahead of anticipated tariff hikes, a lower effective global tariff rate than previously assumed, fiscal support in key economies, and a weaker US dollar, which has broadly eased global financial conditions. However, despite the upward revisions, the 2025–2026 projections fall short of the 2024 global growth outturn of 3.3% and remain well below the pre-pandemic average of 3.7%.

Global headline inflation is forecast to moderate to 4.2% in 2025—10bps lower than earlier projections—and 3.6% in 2026 (unchanged). The IMF flagged wide inflation differentials across economies. In the United States, inflation is expected to remain above the Federal Reserve's 2.0% target, while other major economies, particularly in Europe and parts of Asia, are expected to see more contained price pressures.

Advanced economies are expected to grow by 1.5% in 2025 and 1.6% in 2026—up slightly from previous forecasts of 1.4% and 1.5%, respectively. The US economy is seen expanding by 1.9% in 2025 and 2.0% in 2026, with upward revisions of 10bps and 30bps, respectively. These improvements stem from a combination of softer-than-expected tariffs, stronger domestic demand, and supportive financial conditions. The Euro Area's 2025 growth forecast was raised by 20bps to 1.0%, driven mainly by strong pharmaceutical exports from Ireland. The 2026 forecast for the bloc remains unchanged at 1.2%.

Growth in emerging markets and developing economies (EMDEs) was revised significantly upward to 4.1% in 2025—an 80bps increase from April—and is projected to hold at 4.0% in 2026. This reflects a stronger-than-expected first-half performance in China and the easing of trade tensions with the United States. China's growth is now forecast at 4.8% in 2025 and 4.2% in 2026, reflecting upward revisions of 80bps and 20bps, respectively. India's growth is also revised upward to 6.4% in both years, with gains of 20bps and 10bps, supported by resilient domestic demand and policy continuity.

Within sub-Saharan Africa, Nigeria's economic outlook has improved moderately. The IMF now expects GDP growth of 3.4% in 2025 and 3.2% in 2026—upgrades of 40bps and 50bps, respectively. These revisions likely reflect the easing of inflationary pressures, a more stable foreign exchange market, and early signs of productivity gains in the non-oil sector, particularly agriculture and services.

On financial markets, the IMF highlighted the recent equity rallies in the United States and broad-based gains across global bourses. These movements have been driven by resilient economic data and positive trade headlines, which have lifted investor sentiment and pushed risk asset valuations higher. Importantly, the weakening of the US dollar has also helped to ease financial conditions in many emerging and developing markets, alleviating some pressure on dollar-denominated debt servicing and external trade exposures.

Nonetheless, the Fund warns of persistent downside risks. Rising protectionism, unresolved trade agreements, and escalating geopolitical tensions—especially in Eastern Europe, the Middle East, and the South China Sea—could significantly derail the fragile momentum in global output. Disruptions in global supply chains and commodity markets could reintroduce price volatility, amplify uncertainty, and test central banks' credibility in managing inflation expectations.

The IMF also noted a shift in market sentiment around monetary policy, as expectations for aggressive policy easing across major advanced economies have moderated. Central banks are now seen as more likely to maintain a cautious stance, prioritising financial stability and inflation anchoring over near-term stimulus, thereby limiting the potential for major interest rate adjustments in the short term.

Overall, while the July WEO Update paints a slightly more upbeat global picture, the resilience remains tenuous—highly dependent on the evolution of global trade dynamics, monetary policy calibration, and the resolution of key geopolitical flashpoints. In our view, for Nigeria and other EMDEs, the combination of softer global inflation, a weaker dollar, and modest global growth momentum may provide a window of opportunity to stabilise macroeconomic conditions and attract foreign capital flows—if domestic reform momentum is sustained.

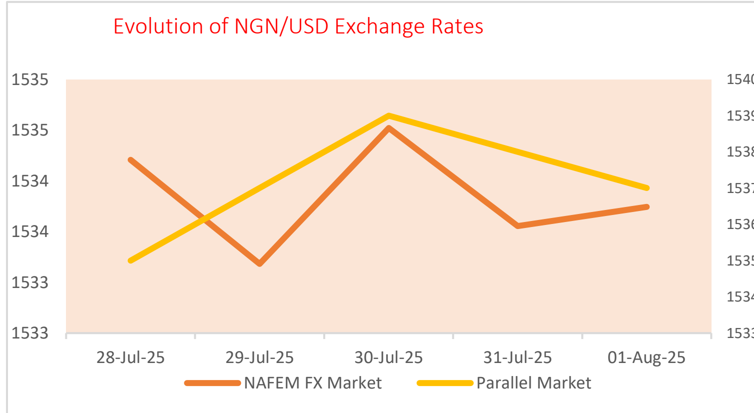
FOREX MARKET: Naira Strengthens at Official Window, Holiday Dollar Demand Weighs on Parallel Market…

In the foreign exchange market this week, the naira experienced divergent movements, buoyed by modest supply ease at the official Nigerian Foreign Exchange Market (NFEM) window while facing pressure in the parallel market.

At the official window, the naira appreciated slightly by 0.06% week-on-week to close at N1,533.74/$1, supported by improved FX liquidity and continued Central Bank of Nigeria (CBN) intervention. In contrast, the parallel market witnessed mild depreciation of the naira, weakening by 0.13% week-on-week to an average of N1,537/$1, as rising demand from holiday-bound travellers exerted upward pressure on the dollar.

Nigeria's external reserves climbed by 1.53% week-on-week, closing at $39.36 billion as of 30 July. The increase in reserves further underpinned the relative strength of the naira at the official window. Concurrently, Nigeria's Bonny Light crude oil rose by 3.13% week-on-week to $74.76 per barrel, supported by lingering global supply concerns.

In the international commodities market, oil prices came under pressure towards the end of the week. Brent crude declined by 2.80% to $69.70 per barrel, while West Texas Intermediate (WTI) crude fell by 2.71% to $67.40 per barrel on Friday. The



declines were driven by renewed concerns about the outlook for global energy demand, particularly from the United States, amid fragile economic data and ongoing trade tensions.

Market sentiment was further tempered by uncertainty ahead of the weekend's OPEC+ meeting, where producers are expected to discuss a potential production boost of 548,000 barrels per day. Although this raises oversupply concerns, oil prices still closed the week higher overall—up more than 3%—following geopolitical tension as former U.S. President Trump threatened sanctions on countries purchasing Russian crude, prompting India to shift sourcing to the U.S. and the UAE.

Looking ahead, we anticipate the naira to trade within a relatively stable band across both official and parallel windows, supported by ongoing CBN interventions and robust external reserve buffers. However, seasonal dollar demand—particularly from outbound travellers—may continue to exert some pressure at the unofficial market.

MONEY MARKET: Money Market Remains Stable Amid Tight Conditions, Eyes on Liquidity-Draining Auctions Ahead…....

The Nigerian money market maintained relative stability this week, despite the absence of fresh liquidity injections from the Central Bank of Nigeria (CBN). System liquidity remained comfortable, with the week opening at a healthy net surplus of approximately N2.0 trillion, averting any significant scramble for funds among financial institutions.

Short-term interbank rates reflected the generally tight financial environment. The Overnight Nigerian Interbank Offered Rate (NIBOR) held firm at 26.88%. However, longer-dated tenors saw upward repricing: the 1-month, 3-month, and 6-month NIBOR rates rose to 27.62%, 28.37%, and 29.14% respectively, marking weekly increases of 138 basis points (bps), 148bps, and 196bps.

These adjustments underscore elevated funding pressures within the banking system, even in the absence of acute liquidity strain. Similarly, Open Buy Back (OBB) rates remained unchanged at 26.50%, while the Overnight (O/N) lending rate dipped marginally by 2bps to close at 26.90% from 26.92% recorded the previous week.

Meanwhile, the CBN conducted a significant Open Market Operation (OMO) auction during the week, offering a total of N600 billion, split evenly between 113-day and 204-day maturities (N300 billion each).

Despite the dual offering, market demand concentrated solely on the longer tenor. The 204-day paper attracted total subscriptions of N1.63 trillion, with N1.55 trillion allotted—resulting in a bid-to-cover ratio of 1.05x. The stop rate cleared at 23.87%, while the 113-day tenor received no bids or allotment, reflecting clear investor preference for duration at prevailing yield levels.

The Nigerian Interbank Treasury True Yield (NITTY) curve mirrored tightening conditions, closing higher across all tenor points. The 1-month, 3-month, 6-month, and 12-month NITTY rose to 15.99%, 17.26%, 17.86%, and 19.10%, respectively, translating to weekly gains of 9bps, 73bps, 20bps, and 25bps.

On the secondary market for treasury bills, sentiment was largely bearish, particularly across the short end of the curve. Investors exhibited caution ahead of the upcoming primary market auction, prompting some sell-offs and leading to a marginal 2bps increase in average market yields to 17.77%.

Looking ahead, a total of N258.63 billion in treasury bills maturities is expected to hit the system next week. However, the CBN plans to conduct its bi-monthly auction, offering N220 billion in a bid to drain excess liquidity. This action may prompt renewed pressure in the interbank space and could trigger an uptick in Overnight NIBOR, OPR, and O/N rates as financial institutions scramble for funding.

BOND MARKET: Bearish Pressure Returns to Local Bonds While Eurobonds Rally on Yield Compression …..

This week, the Nigerian secondary FGN bond market witnessed renewed bearish sentiment, as a wave of sell-offs across the yield curve drove the average yield higher by 15 basis points to 16.35%. The pressure reflected cautious investor positioning amid changing expectations for local interest rate dynamics and limited primary market support.

At the July Federal Government of Nigeria (FGN) bond auction conducted by the Debt Management Office (DMO), a total of N80 billion was offered to investors, split equally between the 14.55% APR 2029 and 14.70% JUN 2032 maturities. The offer size marked a notable reduction from the N100 billion and N300 billion offered at the June and May auctions respectively—highlighting a deliberate effort by the DMO to rein in supply and temper yield escalation.

Investor demand at the auction was relatively soft, with total subscriptions reaching N300.7 billion, translating to a bid-to-offer ratio of 1.62x. This represents a significant pullback in appetite compared to the N602.9 billion in bids received in June (6.03x). The decline in interest reflects heightened investor caution, likely driven by an observed moderation in yield expectations and a desire for improved risk-adjusted returns amid tightening system liquidity.

Meanwhile, Nigeria's sovereign Eurobond market closed the week on a bullish note. Yields contracted across the curve, with the average yield declining by 3 basis points to 8.34%, buoyed by improved investor sentiment toward emerging markets and relatively stable global risk conditions.

Looking ahead, we expect the cautious sentiment in the domestic fixed income space to persist, especially as the DMO continues to modulate supply to support yield stability. On the other hand, the Eurobond market may benefit from continued global demand for high-yield emerging market debt, barring any sharp risk-off triggers from global markets.

EQUITIES MARKET: Earnings-Fueled Optimism Drives Broad-Based Rally, ASI Up 5.07% as Investors Reap N4.32tn……

The Nigerian equities market sustained its bullish momentum for the tenth consecutive week, driven by a continued influx of robust H1 2025 earnings results, resilient corporate fundamentals, and attractive dividend declarations. Investor sentiment remained buoyant across key sectors, reinforcing expectations of a strong performance trajectory for the rest of the year.

In the just-concluded week, the NGX All-Share Index (ASI) surged by 5.07% week-on-week (w/w) to close at a new historic high of 141,263.05 points, while the market capitalisation of listed equities advanced by 5.08% w/w to N89.37 trillion. This translated into N4.32 trillion in market gains for investors. Accordingly, the year-to-date (YtD) return expanded to 37.25%, positioning the Nigerian bourse as one of Africa's top-performing equity markets so far this year.

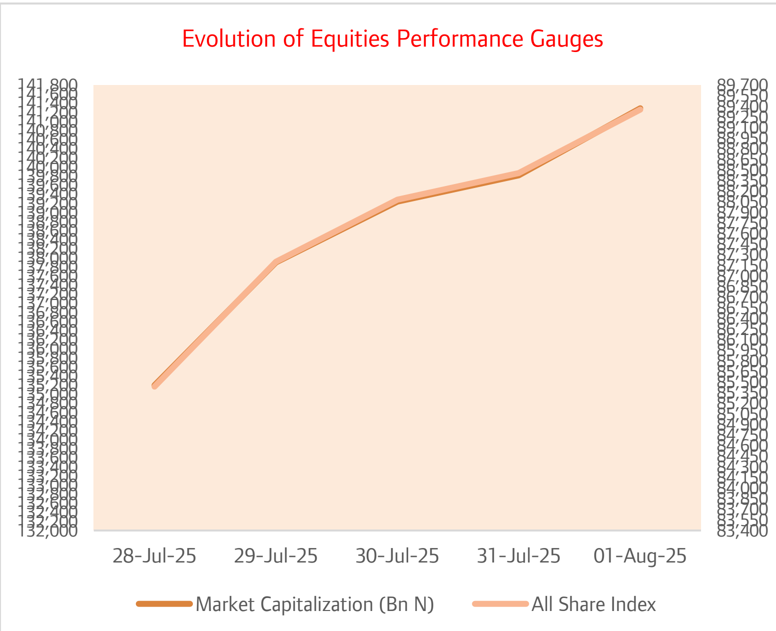
Market breadth closed significantly positive at 2.77x, with 86 stocks recording gains versus 31 decliners. The week saw a broad improvement in activity levels, with total volume and value traded increasing by 31.6% and 33.8% w/w to 4.85 billion shares and N149.75 billion, respectively. The number of trades also rose 26.4% to 174,265 deals, underscoring renewed investor interest and confidence across the board.

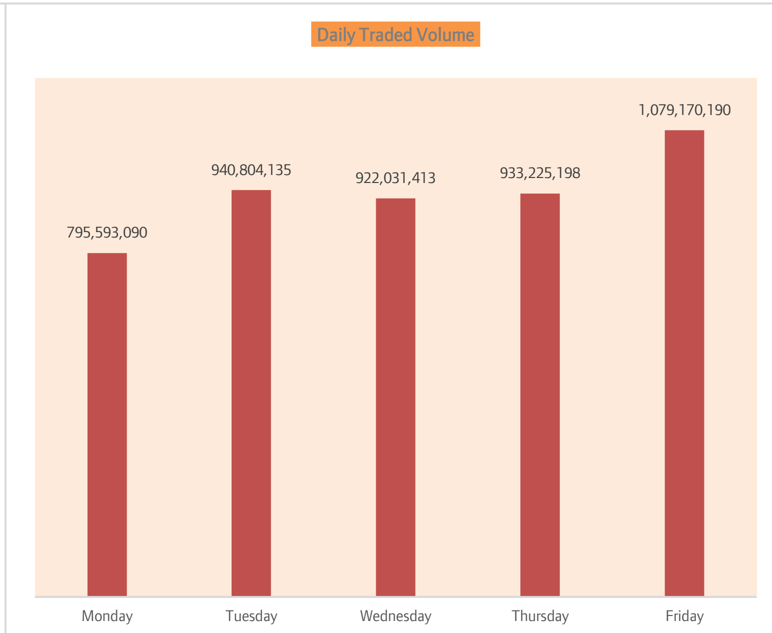
Sector performance was broadly positive, with four of the six major sector indices posting gains. The NGX Industrial Goods Index led the charge, rising by 10.12% w/w, driven by strong buy-side interest in DANGOTE CEMENT, BUA CEMENT, LAFARGE AFRICA, CAP, JULIUS BERGER, and UPDC. The Banking Index followed with a 3.49% w/w gain, spurred by positive sentiment in UBA, WEMABANK, ZENITHBANK, and FIDELITYBANK, as investors priced in expectations of healthy H1 results and interim dividend declarations.

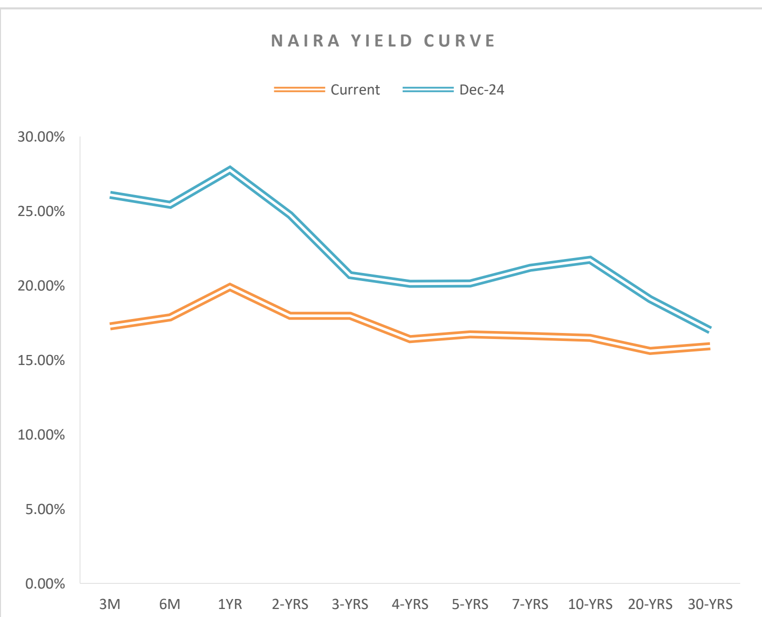
The Consumer Goods Index also rose 2.72% on the back of rallies in DANGOTE SUGAR, NASCON, CADBURY, GUINNESS, and UACN, the latter of which led all gainers for the week. Meanwhile, the Insurance (-1.22%) and Oil & Gas (-0.48%) sectors closed negative, dragged by declines in LASACO, GUINEA INSURANCE, SUNU ASSURANCE, ETERNA, and OANDO.

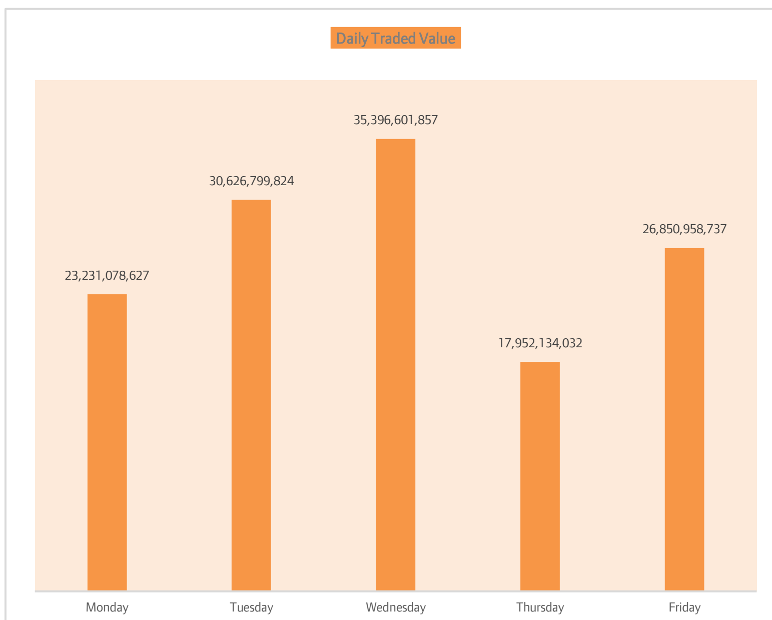
UACN emerged as the best-performing stock of the week with a staggering 115.9% return, followed by ACADEMY (78.3%), ABCTRANS (65.8%), EUNISELL (62.2%), and LAFARGE AFRICA (61.1%). On the flip side, LEGEND INTERNET (-20.0%), UPL (-16.3%), LASACO (-15.6%), GUINEA INSURANCE (-14.65%), and NNFM (-13.8%) topped the laggards' chart.

Looking ahead, we expect the bullish sentiment to persist in the near term, supported by undervaluation of the Nigerian market relative to African peers, improving macro fundamentals, and the expectation of interim dividend declarations by Tier-1 banks. With major banks yet to release their H1 results, investor positioning is likely to intensify in the coming sessions. We continue to advise investors to tilt their portfolios toward fundamentally strong stocks with consistent earnings power and potential for dividend income, especially in the banking, cement, and fast-moving consumer goods (FMCG) sectors.









Weekly Top Gainers and Losers as at Friday, August 1, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	**01-Aug-25**	**25-Jul-25**	**% Change**	**Symbol**	**01-Aug-25**	**25-Jul-25**	**% Change**
UACN	88.3	40.9	115.9%	LEGENDINT	6.4	8	-20.0%
ACADEMY	11.00	6.17	78.3%	UPL	5.1	6.09	-16.3%
ABCTRANS	4.89	2.95	65.8%	LASACO	2.6	3.08	-15.6%
EUNISELL	21	12.95	62.2%	GUINEAINS	0.88	1.03	-14.6%
WAPCO	149.00	92.50	61.1%	NNFM	93.15	108.00	-13.8%
BUACEMENT	148.00	92.50	60.0%	LIVESTOCK	8.05	9.2	-12.5%
TRIPPLEG	4.30	2.70	59.3%	NEIMETH	7	7.9	-11.4%
NGXGROUP	70.00	46.40	50.9%	SUNUASSUR	4.44	5.00	-11.2%
TIP	13.75	9.2	49.5%	INTENEGINS	2.13	2.37	-10.1%
REDSTAREX	12.42	8.37	48.4%	INTBREW	13.80	15.35	-10.1%

FGN Eurobonds Yields as at Friday, August 1, 2025

FGN Eurobonds	Issue Date	TTM (years)	01-Aug-25 Price (N)	Weekly USD Δ	01-Aug-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.31	100.40	0.06	6.2%	-0.25
6.50 NOV 28, 2027	28-Nov-17	2.33	99.24	-0.04	6.9%	0.02
6.125 SEP 28, 2028	28-Sep-21	3.16	96.98	0.10	7.2%	-0.03
8.375 MAR 24, 2029	24-Mar-22	3.65	102.40	0.06	7.6%	-0.02
7.143 FEB 23, 2030	23-Feb-18	4.57	97.01	0.11	7.9%	-0.02
8.747 JAN 21, 2031	21-Nov-18	5.48	102.32	-0.01	8.2%	0.00
7.875 16-FEB-2032	16-Feb-17	6.55	96.89	0.07	8.5%	-0.02
7.375 SEP 28, 2033	28-Sep-21	8.16	91.75	0.16	8.8%	-0.03
7.696 FEB 23, 2038	23-Feb-18	12.57	88.07	-0.07	9.3%	0.01
7.625 NOV 28, 2047	28-Nov-17	22.34	80.73	-0.12	9.8%	0.02
9.248 JAN 21, 2049	21-Nov-18	23.49	94.71	0.15	9.8%	-0.02
8.25 SEP 28, 2051	28-Sep-21	26.18	84.74	0.07	9.9%	-0.01

Weekly Stock Recommendations as at Friday, August 1, 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	0.71	10.08x	78.50	33.10	76.50	110.2	65.0	88.0	44.00	Buy
UNITED BANK FOR AFRICA	5.35	8.29	107.46	0.46	9.27x	50.55	19.40	49.25	76.9	42.2	57.0	55.00	Buy
NIGERIAN BREWERIES PLC	17.73	4.34	27.11x	2.84	3.64	77.05	25.25	76.00	98.6	65.5	88.6	28.00	Buy
LAFARGE AFRICA PLC	8.24	10.71	34.37	4.34	18.09x	149.00	35.60	149.00	193.7	126.7	171.4	30.00	Buy
TRANSCORP PLC	4.08	5.22	28.10	1.89	13.00x	61.95	10.40	50.00	67.8	45.1	61.0	28.00	Buy

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

MAJOR	01-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1557	1.1422	1.18%	-1.51%.	-1.99%.	5.99%
GBPUSD	1.3269	1.3207	0.47%	-1.20%.	-2.75%.	3.70%
USDCHF	0.8054	0.8124	-0.86%.	1.22%	1.64%	-6.14%.
USDRUB	79.1320	81.1028	-2.43%.	-0.35%.	0.26%	-7.43%.
USDNGN	18.0778	18.2016	-0.68%.	0.04%	-0.10%.	-5.40%.
USDZAR	18.0778	18.2016	-0.68%.	1.85%	2.99%	-1.03%.
USDEGP	48.6700	48.5680	0.21%	-0.86%.	-1.38%.	0.10%
USDCAD	18.84	18.8662	-0.12%.	0.58%	1.40%	-0.68%.
USDMXN	18.84	18.8662	-0.12%.	1.58%	0.32%	-1.49%.
USDBRL	5.55	5.6013	-0.88%.	-0.20%.	2.38%	-3.06%.
AUDUSD	0.5909	0.5887	0.38%	-1.49%.	-1.74%.	-0.64%.
NZDUSD	0.5909	-0.0600	0.38%	-1.76%.	-2.95%.	-0.79%.
USDJPY	7.1949	7.2101	-0.21%.	0.41%	3.30%	1.20%
USDCNY	7.1949	7.2101	-0.21%.	0.36%	0.44%	0.45%
USDINR	87.2890	87.4902	-0.23%.	0.90%	1.98%	4.17%

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

Commodity		01-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	68.9	69.4	-0.64%.	5.77%	2.18%	-6.26%.
BRENT	USD/Bbl	71.3	71.8	-0.74%.	4.17%	3.16%	-7.18%.
NATURAL GAS	USD/MMBtu	3.1	9.8	-0.16%.	-2.42%.	-11.65%.	56.66%
GASOLINE	USD/Gal	2.1	2.2	-1.37%.	2.52%	1.37%	-7.95%.
COAL	USD/T	115.2	115.0	0.09%	1.81%	3.00%	-19.22%.
GOLD	USD/t.oz	3,347.7	3,288.5	1.80%	0.22%	-0.38%.	36.93%
SILVER	USD/t.oz	36.9	36.7	0.72%	-3.27%.	1.02%	29.30%
WHEAT	USD/Bu	517.5	524.0	-1.24%.	-3.49%.	-7.89%.	-3.62%.
PALM-OIL	MYR/T	4,277.0	4,276.1	0.02%	-0.90%.	7.73%	9.41%
COCOA	USD/T	8,364.4	8,455.8	-1.08%.	0.32%	1.59%	10.92%