Friday August 8, 2025

Cowry Weekly Financial Markets Review & Outlook (CWR)

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: Nigeria Lures $5.6bn in Capital Inflows in Q1'25 on Yield Play and FX Stability …

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MONEY MARKET: Liquidity Squeeze Persists Despite N858bn Inflows as Market Rates Climb on OMO Mop-Up...

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BOND MARKET: Bond Yields Inch Up, Eurobonds Recover on Renewed Demand…..

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DOMESTIC ECONOMY: Nigeria Lures $5.6bn in Capital Inflows in Q1'25 on Yield Play and FX Stability ....

The Latest report from the National Bureau of Statistics (NBS) shows that the total value of capital imported into Nigeria increased by 11% quarter-on-quarter to $5.6 billion in Q1 2025, the highest quarterly capital inflow recorded since Q1 2020. On a year-on-year basis, capital imports jumped by 67%, reflecting renewed investor interest in Nigerian assets. Although the quarterly growth appears modest, it underscores the continuation of positive momentum from the previous quarter. Nigeria recorded its strongest quarterly capital inflow in over five years in Q1 2025, signalling a resurgence of foreign investor confidence in the country's financial markets.

The surge was largely driven by a sharp rise in portfolio investment inflows (PFIs), which climbed to $5.2 billion in the first three months of 2025 from $3.9 billion in Q4 2024 and $2.1 billion in Q1 2024. Portfolio investments, which typically dominate total capital imports, accounted for approximately 92% of total inflows in Q1 2025 — up from 79% in Q4 2024.

Within the PFI segment, money market instruments attracted the lion's share, totalling $4.2 billion and representing 81% of total PFI inflows. This marks quarter-on-quarter and year-on-year increases of 20% and 162%, respectively. Investment inflows into the bond market also surged, rising 166% quarter-on-quarter and 109% year-on-year to $877.4 million. Conversely, equity-related bond investments dipped by 19% quarter-on-quarter but still recorded a 138% increase year-on-year to $117.3 million. The sustained interest from offshore investors in Nigeria's fixed income market reflects lucrative carry-trade opportunities, bolstered by the Central Bank of Nigeria's tight monetary policy stance.

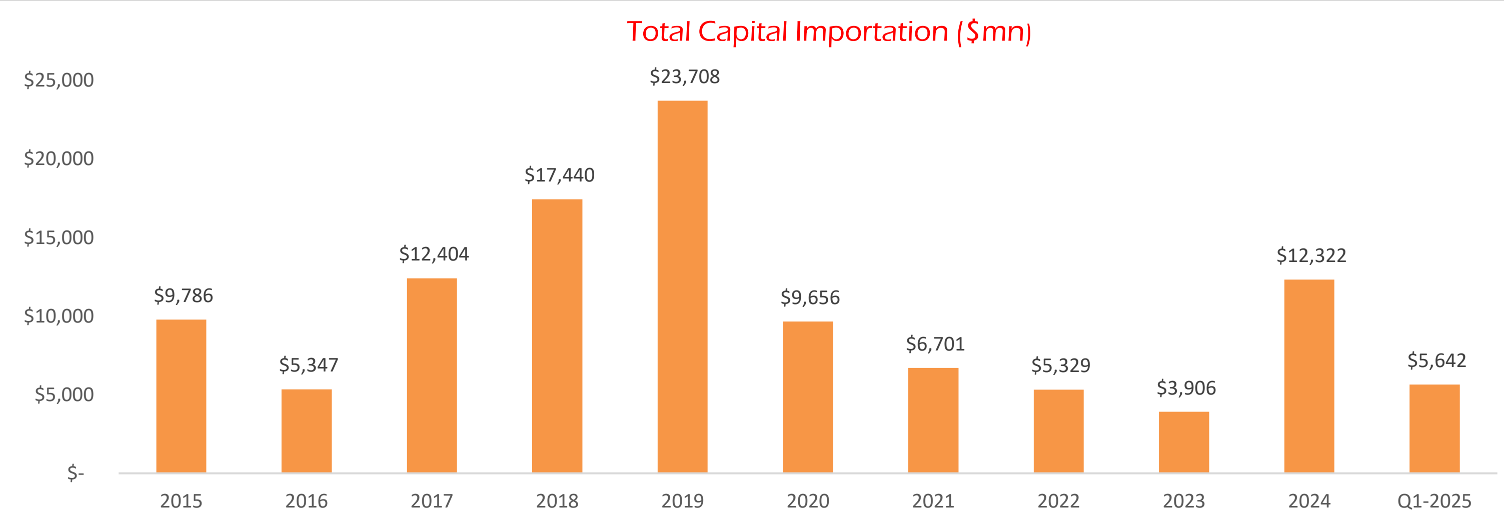
By contrast, Foreign Direct Investment (FDI) remained weak, highlighting ongoing macroeconomic headwinds. FDI plummeted to $126 million in Q1 2025 from $421.9 million in the preceding quarter. Similarly, other investments fell sharply by 53% quarter-on-quarter and 74% year-on-year to $311.2 million, largely comprising loans. A sectoral breakdown shows the banking sector leading inflows with $3.13 billion (55.44% of the total), followed by the financing sector at $2.1 billion (37.18%) and the production/manufacturing sector at $129.92 million (2.30%). Capital imports into industries such as automobile, construction, packaging, brewing, oil and gas, and transport remained muted due to prevailing downside risks and weak prospects for near- to long-term returns under current market conditions.

In terms of origin, the United Kingdom remained the largest source of capital, contributing $3.7 billion (65.26% of total inflows). This was followed by South Africa with $501.29 million (8.88%) and Mauritius with $394.51 million (6.99%). Regarding the destination of inflows, Abuja (FCT) retained its position as the top recipient, attracting $3.05 billion (54.11% of the total). Lagos State followed with $2.56 billion (45.44%), while Ogun State received $7.95 million (0.14%). Oyo and Kaduna States recorded $7.81 million and $4.06 million, respectively. Other northern states remained largely unattractive to investors due to persistent insecurity, which continues to hinder growth and investment prospects in the region.

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.

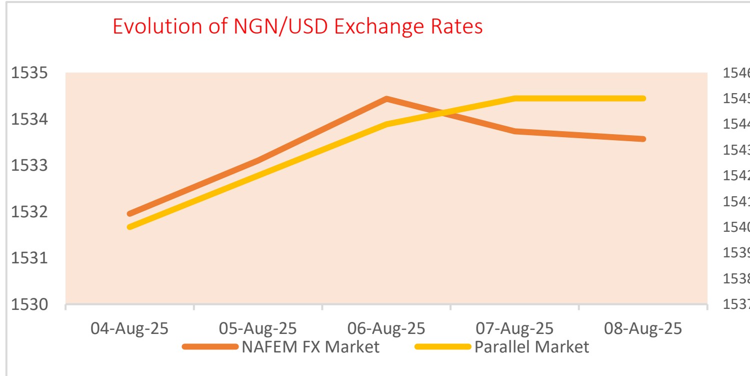
Cowry Research notes the strong rebound in capital imports which signals an improved sentiment toward Nigeria's macroeconomic outlook. The convergence of stabilising FX rates, moderating inflation since January 2025, and reforms aimed at strengthening investor confidence have helped reposition Nigeria as a viable destination for portfolio inflows.

However, we caution that the dominance of short-term capital flows underscores lingering fragility. A sudden shift in global risk appetite, rising geopolitical tensions, or intensified trade protectionism — notably from President Trump's tariff regime — could trigger a reversal of these gains. To sustain momentum and attract long-term capital, Nigeria will need to deepen structural reforms, tackle insecurity, and maintain a stable macroeconomic environment.



Source: National Bureau of Statistics, Cowry Research

FOREX MARKET: Market Caught Between Strong Dollar and Soft Oil: Naira Mixed, Bonny Light Down…



In the foreign exchange market, the naira saw a slight improvement at the official window, gaining 0.01% week-on-week to close at N1,533.57/$1. This modest appreciation came despite the strength of the US dollar and falling oil prices amid the announcement of a potential supply hike by OPEC+.

However, the story was different in the parallel market, where the naira depreciated by 0.52% week-on-week to close at an average of N1,545/$1. This decline was driven by a surge in FX demand, as businesses and individuals sought dollars amid illiquidity.

Crude oil prices took a significant hit over the week, with Brent crude falling more than 4% to settle at $66.8 per barrel, while the US benchmark WTI dropped 4.6% to $64.1 per barrel. The downturn was driven by a slew of bearish factors, including OPEC+'s announcement of increased supply, rising trade frictions between major economies, a decline in US crude exports, and ongoing uncertainty regarding sanctions on Russian energy. These events triggered widespread selling across energy markets, pushing crude futures to their lowest levels in nearly two months.

Nigeria's Bonny Light crude was not spared, declining by 3.28% to close at $70.74 per barrel, amid weakened demand linked to global trade anxieties and the anticipated surge in OPEC+ supply. On a positive note, Nigeria's external reserves rose by 1.56% week-on-week to $40.16 billion, driven by improved inflows, which may provide some buffer against external shocks and currency volatility in the near term.

In the coming week, the naira is expected to sustain the marginal gains recorded in recent sessions, supported by the Central Bank of Nigeria's continued intervention in the foreign exchange market. While global trade tensions and volatility in the oil market—particularly the recent downward trend in crude prices—pose potential headwinds, the apex bank's efforts to inject liquidity and stabilize demand pressures should provide a buffer against sharp depreciation. As such, although external factors may exert intermittent pressure, we anticipate the naira to hold relatively steady, especially at the official window, barring any major shocks in global commodity or financial markets.

MONEY MARKET: Liquidity Squeeze Persists Despite N858bn Inflows as Market Rates Climb on OMO Mop-Up…....

This week, the Nigerian money market remained under notable liquidity pressure despite significant inflows from maturing Treasury bills and Open Market Operations (OMO) instruments totaling N258 billion and N600 billion, respectively. These inflows were insufficient to ease the tight liquidity environment, as financial institutions actively sought funds to meet short-term funding needs. The liquidity strain was further aggravated by the settlement of OMO sales totaling N2.1 trillion by the Debt Management Office (DMO), effectively mopping up the excess liquidity in the system.

As a result, the Nigerian Interbank Offered Rate (NIBOR) inched higher across all tenors, with the Overnight, 1-month, 3-month, and 6-month rates climbing to 26.92%, 27.71%, 28.38%, and 29.14%, respectively. This broad-based uptick signaled intensified pressure on short-term funding. The Open Buy Back (OPR) rate remained unchanged at 26.50%, while the Overnight (O/N) rate rose slightly by 10bps to 27.00%, reinforcing the tight funding conditions.

The Nigerian Interbank Treasury Bills True Yield (NITTY) curve reflected a mixed movement. The 1-month, 3-month, and 6-month tenors rose by 11bps, 46bps, and 1bp to close at 16.10%, 18.32%, and 19.10%, respectively. Conversely, the 3-month tenor dipped by 32bps to settle at 16.94%, indicating some easing in select segments.

In the secondary T-bills market, bearish sentiment prevailed amid shifting global risk dynamics, as the average yield on Treasury bills rose by 15bps to close at 17.91%.

The Central Bank of Nigeria (CBN) conducted a Nigerian Treasury Bills (NT-Bills) auction on Wednesday, offering N220 billion across the standard tenors. The auction attracted strong investor interest with total subscriptions amounting to N367 billion, resulting in a bid-to-offer ratio of 2.12x. Despite this demand, the final allotment stood at N173 billion—below the original offer. While stop rates for the 91-day and 182-day papers were held steady at 15.00% and 15.50% respectively, the 364-day tenor recorded an increase in yield, closing at 16.50%, up from 15.88% in the previous auction.

In a separate OMO-bills auction, the DMO offered N600 billion split between 105-day and 245-day papers. The total subscription hit a massive N2.20 trillion. Total sales settled at N2.12 trillion, resulting in a bid-to-cover ratio of 1.04x. The stop rate for the 245-day maturity was set at 23.70%, while the 105-day offer recorded neither a sale nor a published rate.

Looking ahead to next week, the absence of maturing instruments is expected to keep system liquidity constrained. With limited inflows anticipated, competition for available funds among banks and financial institutions will likely intensify, placing upward pressure on NIBOR and other short-term money market rates.

BOND MARKET: Bond Yields Inch Up, Eurobonds Recover on Renewed Demand…..

The Nigerian secondary bond market witnessed muted activity during the week, with a blend of mild buying interest—particularly at the mid-tenor segment—and selective profit-taking. These dynamics pushed the average yield slightly higher by 26 basis points to 16.46%, reflecting investor caution amid tight system liquidity and limited primary market triggers.

In contrast, the sovereign Eurobond market experienced a rollercoaster week. Initial trading sessions were marked by broad-based selloffs across the curve, driven by global risk-off sentiment.

However, the bearish momentum was short-lived as foreign and local investors returned midweek to take advantage of higher yields and perceived value across Nigerian sovereign papers. As a result, average Eurobond yields declined by 18 basis points week-on-week to settle at 8.16%, reflecting renewed demand for high-yield emerging market debt.

Looking into the coming week, we anticipate that sentiment in the domestic bond market will remain subdued. Investors may stay on the sidelines as the DMO continues to fine-tune bond supply in a bid to manage borrowing costs and stabilize yields. Nonetheless, isolated demand at attractive points on the yield curve could spark intermittent rallies. On the Eurobond front, barring any significant risk-off triggers from global markets, such as hawkish surprises from major central banks or geopolitical flare-ups, investor appetite is expected to remain strong.

EQUITIES MARKET: Insurance Act Ignites Market Rally; NGX Soars 3.18% as Investors Pocket N2.84tn……

The Nigerian equities market recorded another remarkable performance this week, climbing to fresh record levels amid strong bullish sentiment across key sectors. The rally was largely propelled by renewed investor interest in Insurance, Industrial, and Consumer Goods stocks, following the official signing of the Nigerian Insurance Act into law. This development served as a significant market catalyst, enabling market players to reassess their holdings and adjust their portfolios in line with evolving sector dynamics and macroeconomic indicators.

As a result, the benchmark NGX All-Share Index advanced by 3.18% week-on-week to close at 145,754.91 points, having touched a fresh high of 146,570.71 points during the week. Correspondingly, market capitalisation surged by N2.84 trillion to reach N92.21 trillion, bringing the year-to-date return to an impressive 41.61%. Investor sentiment remained largely positive throughout the week, as reflected in the market breadth which showed 66 gainers against 41 decliners.

Market activity was somewhat mixed. The total volume of transactions recorded a significant spike of 79.8% week-on-week to 8.72 billion units, suggesting increased retail and institutional participation in key tickers. However, total market value traded declined by 10.5% to N134.04 billion, which may indicate a shift in focus towards lower-priced or mid-cap stocks. The number of deals executed rose modestly by 3.24% to 179,908 compared to the previous week.

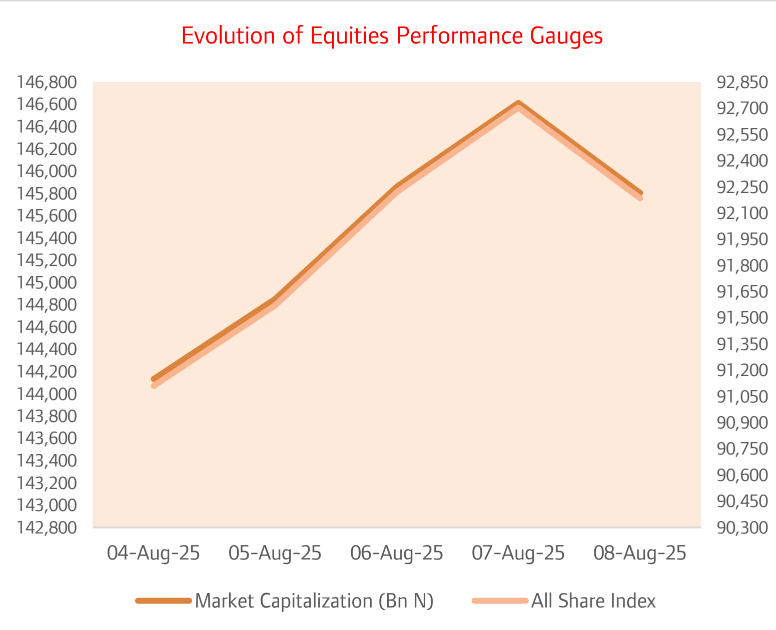
Sectoral performance was broadly positive, with four of the six sectors under coverage closing the week in the green. The Insurance sector emerged as the top performer, surging by an eye-catching 41% week-on-week. This rally was driven by investor optimism surrounding the sector's growth prospects following the enactment of the new Insurance Act, which has sparked expectations of recapitalisation and regulatory reforms. Stocks such as Mutual Benefits Assurance, AIICO Insurance, ROYALEX, SOVRENINS, and CORNERSTONE were at the forefront of the rally, each posting weekly gains above 50%.

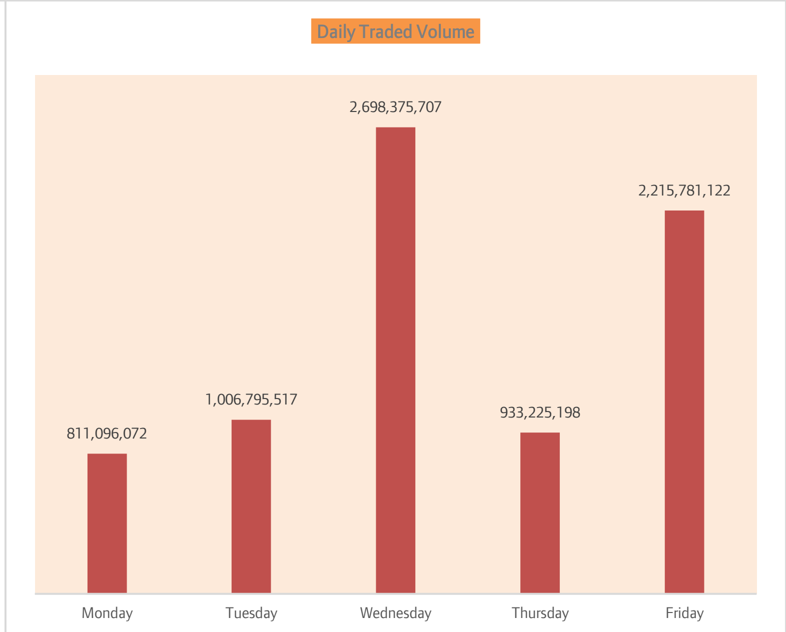
The Industrial Goods sector also performed strongly, appreciating by 8.73% on the back of gains in large-cap stocks such as Dangote Cement and BUA Cement. The Consumer Goods index followed closely, rising by 8.27% week-on-week, largely supported by upward movements in stocks like BUA Foods, GUINNESS, and ELLAH LAKES. The Oil & Gas sector posted a modest 0.17% gain, with support from counters such as OANDO and JAPAULGOLD.

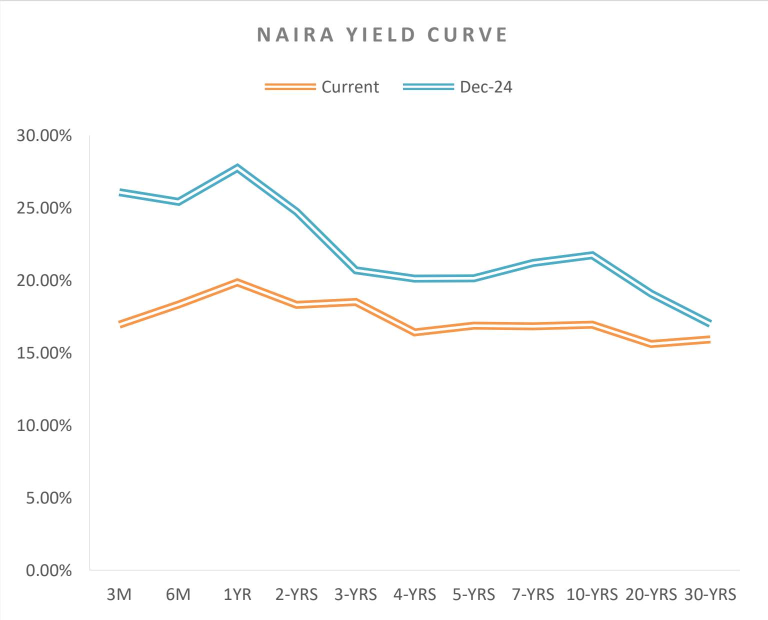
In contrast, the Commodities and Banking sectors came under pressure, declining by 2.33% and 0.75% respectively. The losses in these sectors were driven by sell-offs in names like TOTAL, PRESCO, ZENITHBANK, FIDELITYBANK, and ACCESSCORP, suggesting some investors are taking profits.

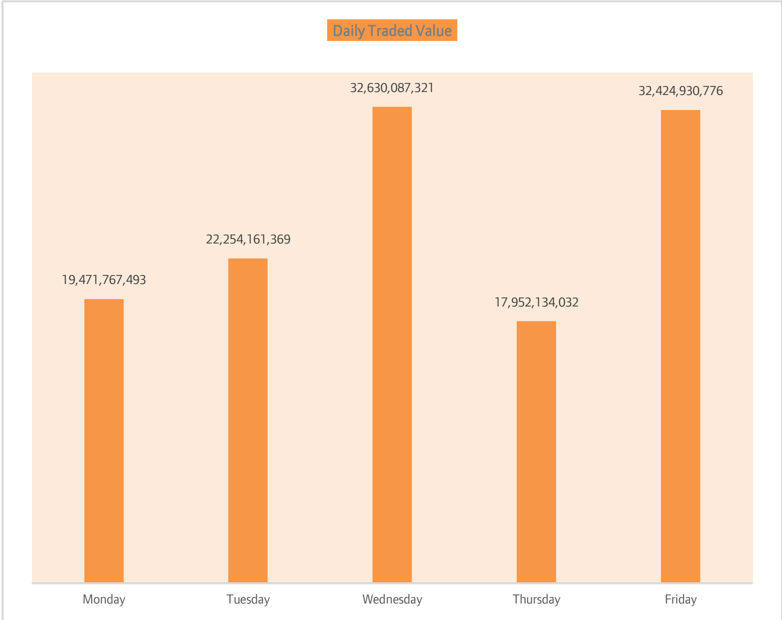
At the close of the week, top performers included Mutual Benefits Assurance with a 60.4% increase, AIICO Insurance with a 59.8% rise, ROYALEX gaining 59.3%, SOVRENINS up by 59.1%, and CORNERSTONE appreciating by 54.5%. On the flip side, the worst-performing stocks were LIVINGTRUST which declined by 24.1%, ACADEMY down by 18.2%, TIP shedding 12.7%, UPDCREIT dropping 11.8%, and LEGENDINT falling by 11.7%.

Looking ahead to the coming week, we anticipate a mixed performance in the equities market as bulls and bears continue to contest market direction. However, the prevailing sentiment remains broadly optimistic, with investors likely to sustain their focus on fundamentally strong sectors, particularly Insurance, Consumer Goods, and select Industrial tickers. The market is also expected to witness further portfolio rotations as investors reposition based on evolving sectoral opportunities, corporate earnings expectations, and macroeconomic cues. The Insurance sector in particular is expected to remain in focus, given its reform-driven outlook and recent price momentum.









Weekly Top Gainers and Losers as at Friday, August 8, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	08-Aug-25	01-Aug-25	% Change	Symbol	08-Aug-25	01-Aug-25	% Change
MBENEFIT	2.92	1.82	60.4%	LIVINGTRUST	5	6.59	-24.1%
AIICO	3.50	2.19	59.8%	ACADEMY	9	11	-18.2%
ROYALEX	2.39	1.50	59.3%	TIP	12	13.75	-12.7%
SOVRENINS	2.72	1.71	59.1%	UPDCREIT	8.25	9.35	-11.8%
CORNERST	6.41	4.15	54.5%	LEGENDINT	5.65	6.40	-11.7%
UNIVINSURE	1.10	0.72	52.8%	DANGSUGAR	59.5	66.15	-10.1%
REGALINS	1.27	0.84	51.2%	TRANSPOWER	288	320	-10.0%
VERITASKAP	2.10	1.39	51.1%	UHOMREIT	57.60	64.00	-10.0%
WAPIC	3.37	2.3	46.5%	AUSTINLAZ	2.11	2.34	-9.8%
INTENEGINS	3.12	2.13	46.5%	PZ	38.80	43.00	-9.8%

FGN Eurobonds Yields as at Friday, August 8, 2025

FGN Eurobonds	Issue Date	TTM (years)	08-Aug-25 Price (N)	Weekly USD Δ	08-Aug-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.29	100.32	-0.08	6.3%	0.17
6.50 NOV 28, 2027	28-Nov-17	2.31	99.81	0.57	6.6%	-0.27
6.125 SEP 28, 2028	28-Sep-21	3.14	97.60	0.62	7.0%	-0.22
8.375 MAR 24, 2029	24-Mar-22	3.63	103.12	0.72	7.4%	-0.23
7.143 FEB 23, 2030	23-Feb-18	4.55	98.04	1.03	7.7%	-0.28
8.747 JAN 21, 2031	21-Nov-18	5.46	103.08	0.76	8.0%	-0.17
7.875 16-FEB-2032	16-Feb-17	6.53	98.12	1.23	8.3%	-0.25
7.375 SEP 28, 2033	28-Sep-21	8.15	92.96	1.21	8.6%	-0.22
7.696 FEB 23, 2038	23-Feb-18	12.55	89.40	1.33	9.1%	-0.20
7.625 NOV 28, 2047	28-Nov-17	22.32	82.01	1.28	9.6%	-0.17
9.248 JAN 21, 2049	21-Nov-18	23.47	96.11	1.40	9.7%	-0.16
8.25 SEP 28, 2051	28-Sep-21	26.16	86.08	1.34	9.7%	-0.16

Weekly Stock Recommendations as at Friday, August 8, 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
ACCESSCORP PLC	4.88	6.63	103.75	0.27	5.66x	28.95	15.95	27.6	37.5	23.5	31.7	36.00	Buy
GTCO PLC	7.45	10.44	87.25	1.15	13.41x	103.20	43.20	100.00	140.0	85.0	115.0	40.00	Buy
LAFARGE AFRICA PLC	8.24	10.71	34.37	4.23	17.66x	154.30	35.60	145.50	189.2	123.7	167.3	30.00	Buy
MTN NIGERIA PLC	19.76	26.48	-2.02	-227.5	23.28x	495.0	169	460.00	616.4	391.0	529.0	34.00	Buy
ZENITH PLC	7.59	10.93	108.18	0.69	9.84x	78.50	33.10	74.65	107.5	63.5	85.8	44.00	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, August 8, 2025

MAJOR	08-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1648	1.1677	-0.25%.	0.50%	-0.76%.	6.72%
GBPUSD	1.3431	1.3451	-0.15%.	1.15%	-1.24%.	5.26%
USDCHF	0.8074	0.8057	0.21%	0.45%	1.86%	-6.68%.
USDRUB	79.8250	79.2465	0.73%	-0.22%.	2.13%	-8.14%.
USDNGN	17.7218	17.7271	-0.03%.	-0.09%.	-0.07%.	-5.39%.
USDZAR	17.7218	17.7271	-0.03%.	-1.87%.	-0.61%.	-3.36%.
USDEGP	48.5300	48.5446	-0.03%.	-0.29%.	-2.18%.	-1.46%.
USDCAD	18.56	18.6086	-0.26%.	-0.27%.	0.46%	0.14%
USDMXN	18.56	18.6086	-0.26%.	-1.53%.	-0.25%.	-1.37%.
USDBRL	5.42	5.4245	-0.12%.	-2.20%.	-2.81%.	-1.59%.
AUDUSD	0.5961	0.5969	-0.13%.	0.87%	-0.15%.	-0.70%.
NZDUSD	0.5961	-0.0600	-0.13%.	0.87%	-0.63%.	-0.61%.
USDJPY	7.1886	7.1792	0.13%	0.32%	1.12%	0.78%
USDCNY	7.1886	7.1792	0.13%	-0.05%.	0.09%	0.20%
USDINR	87.5640	87.4154	0.17%	0.43%	2.11%	4.27%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, August 8, 2025

Commodity		08-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	64.1	63.9	0.35%	-4.64%.	-6.11%.	-16.45%.
BRENT	USD/Bbl	66.7	66.4	0.40%	-4.16%.	-4.87%.	-16.18%.
NATURAL GAS	USD/MMBtu	3.0	9.8	-1.05%.	-1.56%.	-5.57%.	41.62%
GASOLINE	USD/Gal	2.1	2.1	0.76%	-0.87%.	-4.56%.	-12.78%.
COAL	USD/T	113.8	114.5	-0.66%.	-1.22%.	3.79%	-21.82%.
GOLD	USD/t.oz	3,394.5	3,395.2	-0.02%.	0.85%	2.35%	39.53%
SILVER	USD/t.oz	38.3	38.3	-0.04%.	3.34%	5.19%	39.41%
WHEAT	USD/Bu	516.0	518.3	-0.44%.	0.28%	-5.27%.	-4.48%.
PALM-OIL	MYR/T	4,256.0	4,241.2	0.35%	0.26%	2.33%	13.61%
COCOA	USD/T	8,698.6	8,627.9	0.82%	5.77%	3.95%	-4.19%.