

Cowry Weekly Financial Markets Review & Outlook (CWR)



Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: Nigeria's FX Reserves Hit \$41bn on Offshore Inflows, Strongest Monthly Gain in 13 Months

From Cowry Research's perspective, the sustained moderation in headline inflation is primarily the result of high base effects, naira stability, improved FX liquidity, and softer global commodity prices, particularly in wheat and diesel. Meanwhile, gradual declines in food and core inflation from June suggest that easing imported inflationary pressures and improved domestic supply factors are starting to work through the economy.....

FOREX MARKET: Naira Posts Mixed Performance Across FX Segments; Oil Prices Edge Higher While Reserves Rise 0.56%....

In the coming week, the naira is projected to trade largely stable at the official window, supported by sustained CBN interventions and modest improvements in FX inflows. Nonetheless, a stronger U.S. dollar and potential weakness in crude prices could cap any significant gains. Absent major external shocks, the currency is expected to hold steady, though intermittent pressures

MONEY MARKET: Market Awashed as Strong Liquidity Inflows Sweep Rates Southward...

Looking ahead to next week, short-term interbank rates are expected to remain elevated, driven by persistent tight liquidity and the absence of significant maturities. Although CBN interventions and limited inflows from maturing securities may offer some relief, funding costs are likely to stay above recent averages amid heightened competition for available funds.....

BOND MARKET: Bond Market Ends Mixed as Average Yields Rise 8bps; Eurobonds Weaken on Risk-Off Sentiment

Looking into the coming week, the DMO is scheduled to auction N200 billion across maturities. We anticipate strong subscription levels, with demand expected to remain positive, while stop rates may rise marginally in response to market conditions.....

EQUITIES MARKET: Broad-Based Selloffs Deepen Market Losses; Consumer Goods Stocks Offer Rare Upside ...

In the coming week, we expect the Nigerian equities market to trade mixed, with cautious sentiment dominating overall performance. Persistent pressure on Banking and Industrial Goods stocks may continue to weigh on the market, especially as investors remain wary of macroeconomic headwinds and tight liquidity.....

DOMESTIC ECONOMY: Nigeria’s FX Reserves Hit \$41bn on Offshore Inflows, Strongest Monthly Gain in 13 Months.....

Nigeria’s external reserve position has staged a remarkable rebound, reflecting renewed strength in the country’s external buffers and growing investor confidence in its domestic financial markets. According to the latest figures from the Central Bank of Nigeria (CBN), gross official reserves stood at \$41.05 billion as of August 20, 2025, representing an increase of about \$4.61 billion or 12.65 percent year-on-year. This marks a significant improvement compared with the same period in 2024 and demonstrates a notable turnaround in the nation’s external balance sheet.

The recovery has been largely supported by sustained offshore inflows, particularly from foreign investors who continue to be attracted by Nigeria’s carry-trade opportunities in an environment of relatively high yields. These inflows, coupled with improving macroeconomic conditions and a stable exchange rate regime, have bolstered investor appetite for naira-denominated assets. This has in turn helped the CBN shore up liquidity in the FX market while also stabilising the domestic currency.

Year-to-date, the movement in reserves has been more modest, rising by about 0.40 percent or \$162.87 million in the first eight months of 2025. However, the short-term trajectory is far more striking. Between the end of July 2025 and August 20, 2025, the reserves grew sharply by \$1.69 billion or 4.29 percent, making it the strongest monthly accretion in more than a year. The last time reserves saw such a significant single-month increase was in July 2024, when a rise of \$2.6 billion was recorded.

Much of this improvement reflects the CBN’s ongoing interventions in the FX market, as well as the successful

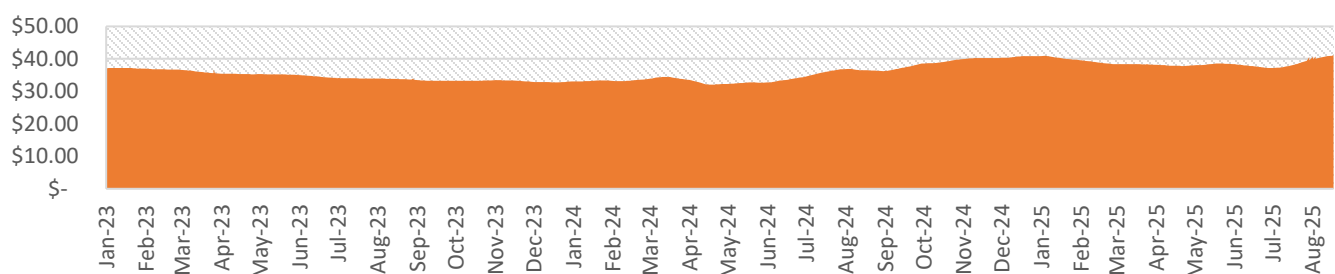
settlement of external debt obligations, both of which have helped to build confidence among domestic and international players. By maintaining an active presence in the FX market, the apex bank has not only provided much-needed liquidity but also signaled its resolve to keep the naira stable, thereby discouraging speculative attacks on the currency.

At the current level of \$41.05 billion, Nigeria’s gross reserves provide cover for roughly 12 months of merchandise imports based on the balance of payments data for the 12 months to December 2024. When imported services are added, this translates to about 8.7 months of import cover. This degree of adequacy highlights the relative strength of Nigeria’s external position, offering a vital cushion against global headwinds such as oil price volatility, tightening global financial conditions, and shifts in investor sentiment. For policymakers, it also provides the space to sustain interventionist strategies without immediate concerns of depleting the buffers.

The drivers of this accretion are twofold. On the one hand, Nigeria has benefited from sustained inflows from the offshore investor community, particularly as foreign portfolio investors take advantage of elevated yields in the local debt market. On the other hand, demand pressures on the reserves have been somewhat muted by a reduction in import appetite. With FX costs remaining elevated, both corporates and households have scaled back foreign purchases, thereby easing pressure on external buffers.

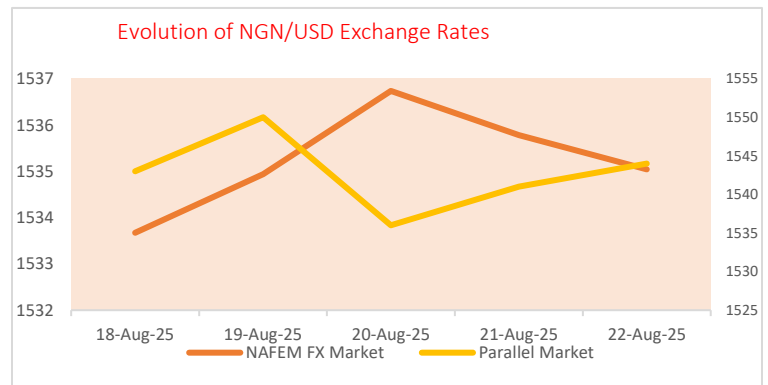
Looking ahead, the momentum of reserve growth appears likely to continue, supported by steady offshore inflows as well as potential external borrowings planned by the government. The combination of these factors should keep the reserves on an upward trajectory in the coming months. Our projection suggests that Nigeria’s reserves could rise to about \$45 billion by the end of 2025, provided global risk conditions remain broadly supportive and offshore flows are not significantly disrupted. With the reserves position strengthening, the CBN will have greater flexibility to sustain its interventionist approach in the FX market. This, in turn, should help to maintain relative stability in the naira across both official and parallel markets. However, the outlook is not without risks, as shifts in global financial markets or a sudden reversal in portfolio inflows could challenge the resilience of the current momentum. Nevertheless, the recent build-up represents a significant achievement and a positive signal for Nigeria’s external stability at a time when many emerging markets continue to grapple with external vulnerabilities.

Movement in Nigeria's Gross FX Reserves



FOREX MARKET: Naira Posts Mixed Performance Across FX Segments; Oil Prices Edge Higher While Reserves Rise 0.56%...

In the foreign exchange market, the naira experienced mixed performance across segments. At the official Nigerian Autonomous Foreign Exchange Market (NAFEM) window, the currency posted a marginal decline, depreciating by 0.16% week-on-week to close at N1,535.04/\$1. Conversely, in the parallel market, the naira appreciated slightly by 0.06% week-on-week, settling at an average of N1,544/\$1. The divergence in performance underscores the persistent demand-supply imbalances across FX segments, even as authorities continue to implement measures aimed at stabilising the market.



However, Nigeria’s Bonny Light crude bucked the trend, sliding by 1.23% to close at \$69.32 per barrel. On a positive note for Nigeria’s external position, the country’s foreign reserves expanded by 0.56% week-on-week, rising to \$41.07 billion from \$40.84 billion in the prior week.

The improvement was supported by stronger foreign inflows and offers a modest buffer against external shocks. Sustained accretion to reserves could help ease pressure on the naira in the near term, while also boosting investor confidence in the country’s ability to meet its external obligations. shocks and help stabilise the naira in the near term.

In the coming week, the naira is projected to trade largely stable at the official window, supported by sustained CBN interventions and modest improvements in FX inflows. Nonetheless, a stronger U.S. dollar and potential weakness in crude prices could cap any significant gains. Absent major external shocks, the currency is expected to hold steady, though intermittent pressures may persist. In the parallel market, rates are likely to remain flat, except in the event of heightened speculative demand or tighter liquidity conditions.

MONEY MARKET: Market Awashed as Strong Liquidity Inflows Sweep Rates Southward

This week, the money market witnessed a remarkable turnaround, with strong liquidity inflows reshaping the funding landscape. Although system liquidity opened the week in the red, fuelling a modest uptick in interbank rates, the script flipped midweek as hefty inflows of about N653.79 billion — N350 billion from OMO maturities and N303.79 billion from Treasury bills maturities — flooded the system. This liquidity buffer not only reversed the earlier tightness but also triggered a broad-based decline in rates across funding windows.

The Nigerian Interbank Offered Rates (NIBOR) succumbed to the weight of improved liquidity, crashing across the board. The Overnight NIBOR nosedived 379bps w/w to settle at 28.75%, even amid heightened banking activity at the CBN’s Standing Deposit Facility window. The short-to-medium tenor rates followed suit, with 1-month, 3-month, and 6-month NIBOR softening to 29.17%, 30.00%, and 30.59%, respectively. Funding rates mirrored the downtrend as the OPR dipped 320bps to 28.90%, while the Overnight funding rate retreated 280bps to 29.15%.

For the Nigerian Treasury Bills True Yield (NITTY), the story was mixed. Investors tilted focus towards the week’s OMO and NTB auctions, sparking uneven performance along the curve. The 1-month and 12-month NITTY inched higher by 6bps and 168bps to close at 16.13% and 20.74%, respectively, suggesting investors priced in longer-term risk premiums. Conversely, the 3-month and 6-month tenors declined by 39bps and 4bps to 16.73% and 18.37%.

Despite stronger system liquidity, the secondary Treasury bills market traded on the defensive. Profit-taking and sell pressure dominated the mid-to-long end of the curve, pushing average yields up by 42bps to close at 18.38%. This signalled cautious investor repositioning as participants looked ahead to the primary auctions. Liquidity-driven demand was on full display at the week’s OMO auction. The CBN floated N600 billion across 89-day and 124-day tenors, yet total subscriptions swelled to N1.02 trillion — translating to a healthy bid-to-offer ratio of 1.69x. Interestingly, over N1.0 trillion worth of bids were skewed toward the 124-day paper, showing investors’ hunger for relatively longer tenors to lock in juicy yields. In the end,

N897.2 billion was allotted, with stop rates printing at 25.50% (89-day) and 25.99% (124-day). The CBN also conducted the last NTB auction for August, offering N230 billion across the standard 91-day (N50bn), 182-day (N30bn), and 364-day (N150bn) maturities. Demand remained robust at N396 billion, though skewed heavily (90%) toward the 364-day tenor as investors sought to hedge reinvestment risks. Total allotments hit N303.78 billion, with stop rates advancing on the 91-day and 364-day maturities to 15.35% and 17.44%, respectively, while the 182-day paper stayed flat at 15.50%. Notably, the bid-to-cover ratio fell to 1.30x from 2.12x at the previous auction, suggesting slightly moderated demand despite the liquidity surge.

Looking into next week, another N350 billion in OMO maturities is expected to hit the system — a development that should keep liquidity buoyant. Consequently, we anticipate funding rates, especially the Overnight NIBOR, to trend further south as banks deploy excess liquidity more efficiently. However, given the volatility in investor positioning and preference for longer-dated instruments, tactical opportunities may still emerge for bargain hunters in the short end of the curve.

BOND MARKET: Bond Market Ends Mixed as Average Yields Rise 8bps; Eurobonds Weaken on Risk-Off Sentiment.....

The Nigerian secondary bond market witnessed a mixed performance during the week, as investors displayed mild buying and selling interest across various tenor segments. This cautious trading pattern contributed to a modest 8bps increase in the average yield, settling at 16.70%. Market sentiment remained largely conservative, reflecting the impact of tight system liquidity and the absence of strong primary market triggers to drive significant positioning. In contrast to the domestic bond market, the Nigerian sovereign Eurobond segment ended the week on a bearish trajectory, weighed down by broad-based selloffs across the curve. Investor sentiment remained fragile, as lingering concerns around the global interest rate environment, tighter financial conditions, and sustained risk-off positioning in emerging and frontier markets dampened demand. Consequently, average Eurobond yields rose by 16bps week-on-week to 8.12%. The uptick in yields highlights the cautious tone among offshore investors, who continue to reassess Nigeria’s external debt profile against the backdrop of global market volatility and shifting appetite for high-yield assets.

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EQUITIES MARKET: Broad-Based Selloffs Deepen Market Losses; Consumer Goods Stocks Offer Rare Upside.....

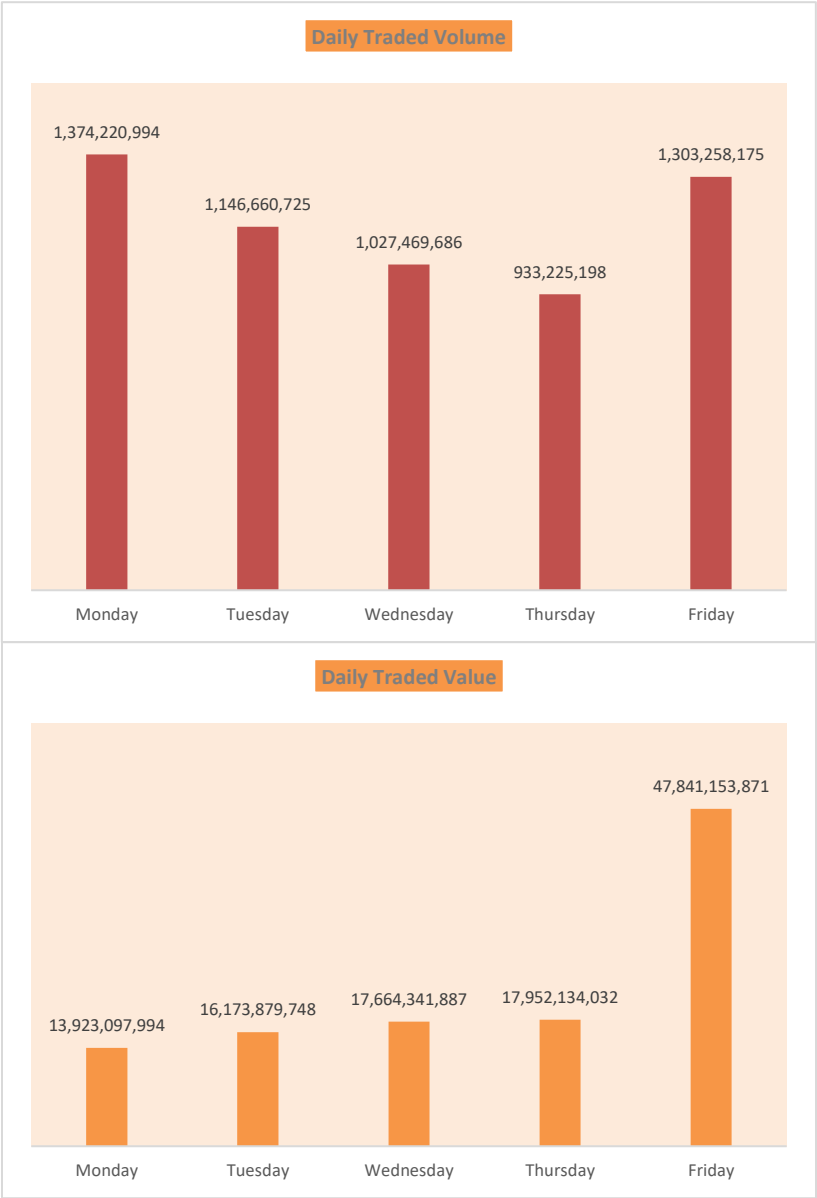
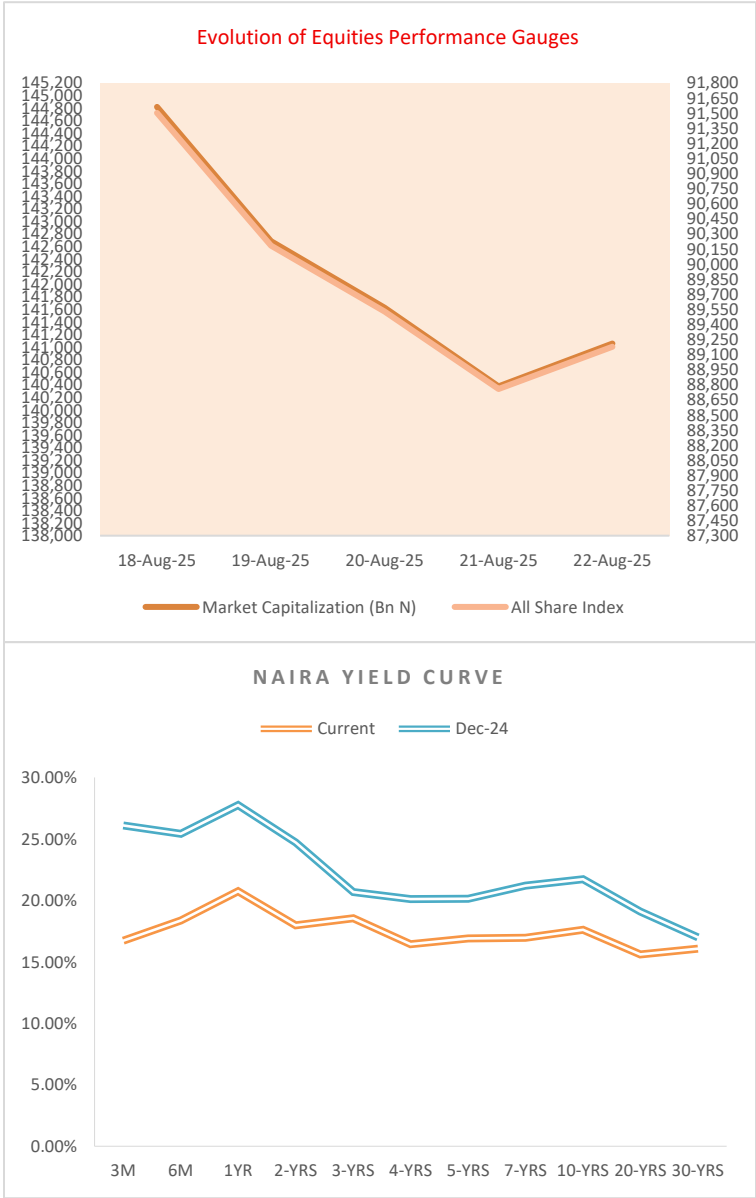
The Nigerian equities market extended its bearish run this week, maintaining the negative momentum carried over from the previous week. Market performance was weighed down by widespread declines across major sectors, as persistent bearish sentiment fueled sustained selloffs in Banking, Insurance, Oil & Gas, and Industrial Goods stocks. number of deals dropped by 14.21% week-on-week to 152,634, while total traded volume declined significantly by 36.65% to 5.43 billion units, reflecting reduced interest from both retail and institutional players. In contrast, the total value of trades advanced by 8.47% to N89 trillion, driven by higher-value transactions despite the overall slowdown in market activity. However, in sharp contrast, the Consumer Goods Index bucked the trend, advancing by 0.83% week-on-week. The uptick was supported by renewed investor interest and optimism in select counters such as International Breweries Plc and Champion Breweries, which drove the sector’s resilience amid the broader market downturn. Sectoral performance was broadly bearish, as four of the six tracked indices closed the week in negative territory. The Industrial Goods index led the laggards, plunging 8.42% week-on-week on the back of sustained selloffs in select mid-to large-cap stocks. Similar downtrends were observed in the Banking, Insurance, and Oil & Gas sectors. On the flip side, the Consumer Goods index emerged as the lone gainer, bucking the overall market weakness. Consequently, the benchmark NGX All-Share Index (ASI) shed 0.77% week-on-week, closing at 144,628.20 points compared to 145,754.91 points in the prior week. In line with this, market capitalisation dipped by N2.29 trillion to N89.21 trillion, reducing the year-to-date return to 37.00%. The prevailing downturn dampened investor sentiment, as reflected in a weak market breadth of 0.80x, with 43 gainers against 54 decliners. The Insurance sector also closed weaker, recording a 4.17% decline, weighed down by losses in large-cap stocks such as Lasaco and NEM Insurance. Similarly, the Banking index fell by 3.48% week-on-week, while the Oil & Gas sector shed 0.84%. In contrast, the Commodity Index closed flat, posting no change at 0%.

Market activity remained largely muted during the week, as investor participation weakened across key counters. The

In contrast, the Consumer Goods sector posted a modest gain, rising 0.83% week-on-week, supported by renewed investor optimism.

At the close of the week, top performers included AUSTINLAZ with a 20.8% increase, NCR with a 20.7% rise, ENAMELWA gaining 19.4%, GUINEAINS up by 18.8%, and MBENEFIT appreciating by 14.3%. On the flip side, the worst-performing stocks were THOMASWY which declined by 18.9%, NEM down by 18.2%, STANBIC shedding 15.4%, LASACO dropping 14.6%, and RTBRISCOE falling by 13.9%.

In the coming week, we expect the Nigerian equities market to trade mixed, with cautious sentiment dominating overall performance. Persistent pressure on Banking and Industrial Goods stocks may continue to weigh on the market, especially as investors remain wary of macroeconomic headwinds and tight liquidity. However, bargain-hunting in oversold counters, particularly within the Consumer Goods sector, could trigger mild recoveries. Absent any major policy pronouncements or positive earnings releases, market activity is likely to remain subdued, with the NGX All-Share Index projected to move within a narrow band.



Top Ten Gainers				Bottom Ten Losers			
Symbol	22-Aug-25	15-Aug-25	% Change	Symbol	22-Aug-25	15-Aug-25	% Change
AUSTINLAZ	2.90	2.40	20.8%	THOMASWY	3.00	3.70	-18.9%
NCR	10.50	8.70	20.7%	NEM	26.6	32.5	-18.2%
ENAMELWA	39.00	32.65	19.4%	STANBIC	94	111.1	-15.4%
GUINEAINS	1.77	1.49	18.8%	LASACO	3.46	4.05	-14.6%
MBENEFIT	4.40	3.85	14.3%	RTBRISCOE	3.40	3.95	-13.9%
CAVERTON	7.30	6.50	12.3%	VERITASKAP	1.98	2.27	-12.8%
DEAPCAP	1.80	1.61	11.8%	ROYALEX	2.25	2.57	-12.5%
MULTIVERSE	10.9	9.8	11.2%	WAPIC	3.21	3.63	-11.6%
DAARCOMM	1.21	1.09	11.0%	CUTIX	3.55	4.00	-11.3%
CHAMPION	18.80	16.95	10.9%	TIP	12.30	13.70	-10.2%

FGN Eurobonds Yields as at Friday, August 22, 2025

FGN Eurobonds	Issue Date	TTM (years)	22-Aug-25 Price (N)	Weekly USD Δ	22-Aug-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.25	100.29	-0.03	6.3%	0.02
6.50 NOV 28, 2027	28-Nov-17	2.27	99.94	-0.31	6.5%	0.14
6.125 SEP 28, 2028	28-Sep-21	3.10	97.72	-0.48	7.0%	0.19
8.375 MAR 24, 2029	24-Mar-22	3.59	103.43	-0.47	7.3%	0.15
7.143 FEB 23, 2030	23-Feb-18	4.51	98.25	-0.69	7.6%	0.19
8.747 JAN 21, 2031	21-Nov-18	5.42	103.32	-0.74	8.0%	0.17
7.875 16-FEB-2032	16-Feb-17	6.49	97.98	-1.21	8.3%	0.24
7.375 SEP 28, 2033	28-Sep-21	8.11	92.97	-1.12	8.6%	0.21
7.696 FEB 23, 2038	23-Feb-18	12.52	89.60	-1.17	9.1%	0.17
7.625 NOV 28, 2047	28-Nov-17	22.28	82.20	-1.60	9.6%	0.20
9.248 JAN 21, 2049	21-Nov-18	23.43	96.84	-1.09	9.6%	0.12
8.25 SEP 28, 2051	28-Sep-21	26.12	86.50	-1.30	9.7%	0.16

Weekly Stock Recommendations as at Friday, August 22, 2025

Stock	Curren t EPS	Forecas t EPS	BV/S	P/B Rati o	P/E Ratio	52 WKs' High	52 WKs' Low	Curren t Price	Price Target	Short term Stop Loss	Short term Take Profit	Potenti al Upside	Reco mme ndati on
ACCESSCORP PLC	4.88	6.63	103.75	0.26	5.53x	28.95	18	27	36.7	23.0	31.1	36.00	Buy
AIRTEL AFRICA	65.79	118.43	1,170	1.97	35.12x	2372.5	2100	2,311	4,158.9	1,964	2,657	80.00	Buy
NASCON PLC	3.74	5.38	18.74	4.80	24.06x	84.00	30.00	90.00	129.6	76.5	103.5	43.95	Buy
UNITED BANK OF AFRICA PLC	5.35	8.29	107.46	0.45	8.96x	50.55	19.40	47.95	74.3	40.8	55.1	55.00	Buy
ZENITH BANK PLC	7.59	10.93	108.18	0.65	9.22x	78.50	33.10	70.00	100.8	59.5	80.5	44.00	Buy

MAJOR	21-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1668	1.1613	0.47%	-0.38%	-0.99%	4.19%
GBPUSD	1.3484	1.3417	0.50%	-0.57%	-0.82%	1.95%
USDCHF	0.8035	0.8087	-0.64%	-0.27%	1.48%	-5.14%
USDRUB	80.6875	80.5747	0.14%	0.67%	2.92%	-11.81%
USDNGN	17.5559	17.7082	-0.86%	0.18%	0.15%	-2.53%
USDZAR	17.5559	17.7082	-0.86%	-0.40%	-0.03%	-1.08%
USDEGP	48.4700	48.4894	-0.04%	0.29%	-1.22%	-0.53%
USDCAD	18.61	18.7373	-0.70%	0.45%	2.05%	2.77%
USDMXN	18.61	18.7373	-0.70%	-0.45%	0.63%	-2.28%
USDBRL	5.44	5.4724	-0.62%	0.77%	-1.43%	-0.81%
AUDUSD	0.5847	0.5821	0.44%	-0.53%	-2.07%	-4.81%
NZDUSD	0.5847	-0.0600	0.44%	-1.33%	-3.40%	-6.27%
USDJPY	7.1770	7.1813	-0.06%	0.34%	0.89%	2.30%
USDCNY	7.1770	7.1813	-0.06%	-0.11%	0.40%	0.91%
USDINR	87.2270	87.2968	-0.08%	-0.28%	1.03%	4.12%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, August 22, 2025

Commodity		21-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	63.8	63.5	0.47%	2.97%	-2.19%	-14.71%
BRENT	USD/Bbl	67.9	67.7	0.30%	3.07%	-0.93%	-14.10%
NATURAL GAS	USD/MMBtu	2.8	9.8	-1.82%	-4.65%	-9.64%	27.55%
GASOLINE	USD/Gal	2.2	2.2	0.26%	4.44%	2.47%	-5.00%
COAL	USD/T	110.6	111.5	-0.81%	-0.27%	0.45%	-24.63%
GOLD	USD/t.oz	3,353.8	3,339.4	0.43%	0.36%	-1.17%	33.42%
SILVER	USD/t.oz	38.3	38.1	0.50%	0.63%	-2.57%	28.25%
WHEAT	USD/Bu	506.2	507.0	-0.15%	0.00%	-6.29%	0.84%
PALM-OIL	MYR/T	4,531.0	4,461.8	1.55%	0.31%	4.98%	17.11%
COCOA	USD/T	7,505.3	7,434.7	0.95%	-8.59%	-10.81%	-23.64%

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