

COWRY WEEKLY FINANCIAL MARKETS

REVIEW & OUTLOOK (CWR)



Cowry Research



DOMESTIC ECONOMY: Disinflation Momentum Builds as Headline Inflation Slows to 20.12% in August... Gives MPC Thicket For a Tweak....

This week, our attention turns to the disinflation trend that saw headline inflation ease to 20.12% in August 2025, largely reflecting favourable base effects and moderated price pressures across key food and non-food categories. The moderation marks a continuation of the gradual slowdown witnessed in recent months, with support also coming from improved FX liquidity and relative currency stability.

The latest Consumer Price Index (CPI) report from the National Bureau of Statistics (NBS) revealed another moderation in Nigeria's headline inflation, which eased to 20.12% year-on-year in August 2025 from 21.88% in July 2025. This outcome was broadly consistent and outperformed our forecast of 20.83%, and it underscores the persistence of the disinflationary trend that has now extended into its fifth consecutive month. The August print also represents the lowest annual inflation rate since April 2023, reflecting the cumulative impact of a relatively stable exchange rate regime, softening energy costs, and favourable base effects following the CPI rebasing exercise.

Building on the encouraging downtrend inflation, month-on-month inflation slowed to 0.74% in August from 1.99% in July, underscoring the volatility in short-term price dynamics. The moderation was largely offset by renewed pressures within the food basket, which remains the dominant driver of headline inflation. On a year-on-year basis, both food and core indices eased, reinforcing the broader disinflationary trend.

Nonetheless, structural rigidities persist across supply chains, transportation, and housing, keeping underlying price pressures elevated. Sub-components such as restaurants and accommodation services (2.60%), transportation (2.15%), and housing-related expenses (1.69%) were notable contributors in August, indicating that services inflation remains sticky even as headline pressures continue to ease.

The food index slowed to 21.87% year-on-year in August, compared with 22.74% in July, confirming its central role in the overall disinflationary momentum. On a monthly basis, food inflation rose by 0.30%, while price increases in restaurants/accommodation (+0.10%) and transport (+0.08%) reinforced the modest rise in the headline reading. The July slowdown in monthly food inflation (to 1.65% from 3.12% in June) was partly due to falling prices of key staples such as imported and local rice, maize flour, sorghum, millet, semolina, and soya milk. Nonetheless, the persistent exposure of food prices to logistical bottlenecks, climate-related disruptions, and security challenges within agricultural corridors continues to impose a structural floor beneath inflation.

Elsewhere, core inflation, which excludes volatile food and energy components, fell sharply to 20.33% year-on-year in August 2025, a significant improvement from 27.58% in August 2024. This 7.25 percentage-point decline underscores the extent of easing in underlying price pressures, offering a more positive medium-term signal for macroeconomic stability. However, on a monthly basis, core inflation quickened to 1.43% in August from 0.97% in July, suggesting that some categories of non-food inflation—such as services and housing—remain susceptible to second-round effects from earlier currency weakness and energy price volatility.

Against this backdrop, the Monetary Policy Committee (MPC) is set to meet in the coming week, with deliberations taking place in an environment of easing inflation, a firmer Naira, and a shifting global policy landscape where the U.S. Federal Reserve and the Bank of England both delivered rate cuts in the past week. The key question, however, is the extent of headroom available to the MPC to adjust its policy stance from the current benchmark rate of 27.50%. While the disinflation momentum provides a window for policy flexibility, residual risks from FX pass-through, food supply bottlenecks, and global oil price volatility suggest the committee may tread cautiously in balancing the goals of anchoring inflation expectations with supporting growth.

With month-on-month inflation readings still elevated, the Committee has, so far in 2025, opted for caution—holding the benchmark rate steady at 27.50% to anchor expectations. That said, the sharp moderation in headline inflation in August could provide room for a potential policy shift, possibly even a symbolic rate cut to signal confidence in the disinflation trend. Still, Cowry Research thinks the MPC may tread carefully, given lingering risks from FX pass-through, structural food supply pressures, and the sticky trajectory of core inflation. In our view, the committee is more likely to strike a balanced tone—acknowledging the easing price pressures while keeping its guard up against residual risks to price stability.

FOREX MARKET: Naira Breaks Below N1,500/\$ as FX Liquidity Improves and Dollar Weakens...

Bullish sentiment dominated the foreign exchange market this week, as the Naira extended its gains across FX windows, supported by a softer U.S. dollar and improved liquidity flows into the system. At the official market, the local unit appreciated by 0.91% week-on-week to close at N1,487.90 per dollar, marking its first break below the N1,500 band since early February 2025. The parallel market also reflected the stronger tone, with the Naira firming by 1.05% to an average of N1,521 per dollar.

Reserves provided further support, climbing by 0.72% w/w to \$41.99 billion from \$41.69 billion previously, driven by improved FX inflows and sustained CBN interventions aimed at shoring up confidence in the local unit. The build-up in reserves reinforces the CBN's capacity to manage supply-demand imbalances while sustaining currency stability.

WTI crude futures retreated to about \$63.3 per barrel on Friday, marking a third consecutive session of losses and trimming earlier weekly gains. The pullback came after U.S. President Donald Trump reiterated his preference for lower oil prices, signaling that cheaper energy takes precedence over imposing additional sanctions on Russia. His comments helped ease fears of major supply disruptions, even as Ukrainian strikes on Russian energy infrastructure earlier in the week had raised concerns about tighter global supply.

Looking ahead, we expect the current stability to persist in the near term, with the Naira likely to hold within a positive trading band below N1,500 per dollar, as liquidity conditions remain supportive and global dollar weakness continues to underpin market sentiment.

BOND MARKET: Investors Stay Cautious on Long Bonds as Yields Ease Ahead of MPC.....

Trading in the fixed income market was marginally bullish this week, with most activity concentrated at the short- and mid-segments of the curve. On the long end, investors remained cautious, holding back amid expectations of a gradual decline in interest rates and rising yields, while attention shifted toward the upcoming primary market auction for FGN bonds. As a result, average bond yields declined by 8 basis points week-on-week to settle at 16.59%, driven by notable drops on the March 2026 and January 2026 papers, which fell by 132bps and 82bps respectively.

In the Eurobond market, the tone was more reactive, as a wave of sell-offs swept across the curve following fresh policy moves by major central banks. Rate cuts by the U.S. Federal Reserve and the Bank of England spurred a repositioning play, with investors pricing in the likelihood of further easing later in the year. Consequently, average Eurobond yields rose by 12bps week-on-week to 7.98%, reflecting broad-based selling pressure across maturities.

Looking ahead, we expect a marginal uptick in domestic bond yields as markets reprice in anticipation of next week's CBN MPC meeting. A shift toward a rate-cut stance by the Committee could trigger yield adjustments across the curve, as investors recalibrate portfolios in response to changing monetary conditions.....

MONEY MARKET: Excess Liquidity Meets Rate Resistance as Yields Stay Elevated...

Liquidity conditions in the money market opened the week on a buoyant note with opening balances exceeding N1.7 trillion. System liquidity was further supported by over N300 billion in OMO maturities, N2.2 trillion in FAAC inflows, and N79 billion in treasury bills maturity.

An additional N200 billion OMO repayment also contributed to the liquidity build-up. Against this backdrop, banks with idle balances leaned heavily on the CBN's Standing Lending Facility window to park funds, reflecting muted credit demand in the interbank market.

Despite the liquidity surge, funding rates remained largely stable. Overnight NIBOR was unchanged at 26.83% from last week's close, while the 1-month tenor eased by 11bps. The 3-month and 6-month NIBOR tenors edged slightly higher by 2bps and 10bps respectively. Similarly, the policy-sensitive OPR was flat at 26.50%, while the Overnight rate closed a notch lower at 26.95%.

Yields in the Nigerian Interbank Treasury Bills True Yield (NITTY) segment, however, declined sharply across the curve, pressured by renewed demand amid this week's NTB issuance aimed at mopping up liquidity. Rates crashed by 83bps, 124bps, 106bps, and 128bps to 15.82%, 16.41%, 17.63%, and 19.27% respectively. In contrast, the secondary market for treasury bills experienced mild selling pressure, pushing average yields 130bps higher to 18.48%.

Meanwhile, the NTB auction of September 17, 2025, reflected sustained investor appetite across all maturities. Total subscriptions amounted to N1.59 trillion against N290.0 billion on offer, underscoring the depth of liquidity in the system. The 91-day and 182-day papers cleared at 15.00% and 15.30% respectively, while demand was heavily skewed toward the 364-day instrument, which drew bids of N1.48 trillion versus an offer of N200.0 billion. The tenor eventually cleared at 16.78%, with N272.50 billion allotted.

Looking ahead, system liquidity is expected to remain buoyant in the coming week, supported by anticipated maturities worth about N1.0 trillion, comprising N800 billion in OMO bills and N201.37 billion in treasury bills. As such, funding rates are likely to trend lower, particularly at the short end, as the market continues to absorb excess cash through upcoming auctions and secondary market activity.....

EQUITIES MARKET: Market Stays Bullish 0.92% as Investors Bet on Rate Cuts Despite Banking Blues....

The Nigerian equities market maintained a positive trajectory this week, though overall trading activity was somewhat muted as weak sentiment in the banking sector weighed on momentum. The market's resilience was evident as the NGX All-Share Index advanced by 0.92% week-on-week to close at 141,845.35 points, driven by renewed investor interest in fundamentally sound names.

This came against the backdrop of fresh half-year financial results from major banks, which triggered sell-offs across their tickers and kept market mood cautious. Nevertheless, portfolio rebalancing efforts and selective positioning continued, with investors factoring in the latest macroeconomic data showing headline inflation easing to 20.12% in August 2025. With this backdrop, all eyes are now on the upcoming Monetary Policy Committee (MPC) meeting, where speculation about a possible rate cut is heightening.

Market capitalization reflected the uptrend, rising by 0.92% week-on-week to N89.74 trillion, thereby delivering weekly investor gains of N822.25 billion. In terms of overall market performance, the year-to-date return of the index improved further to 37.81%, a clear signal of the underlying bullish sentiment that has persisted despite intermittent bouts of profit-taking. Market breadth was relatively balanced, with 42 gainers against 41 losers, underscoring the cautious but steady tone.

Activity levels, however, were less impressive. Total deals slipped by 4.17% week-on-week to 127,333 trades, while both volume and value of transactions declined by 14.20% and 14.51% respectively to settle at 2.74 billion units and N85.23 billion. This reflects a quieter market as investors awaited stronger directional cues from policy and earnings.

Sectoral performance provided a mixed picture. Four of the six major sectoral indices advanced, underscoring the pockets of optimism still present in the market. The NGX Consumer Goods index led the pack, climbing by 5.48% week-on-week on the back of strong price movements in UNILEVER, Nigerian Breweries, May & Baker, and Cadbury. Gains were also recorded across the NGX Oil & Gas (+2.79%), NGX Commodity (+1.42%), and NGX Industrial (+0.05%) indices, reflecting investor confidence in the resilience of these sectors.

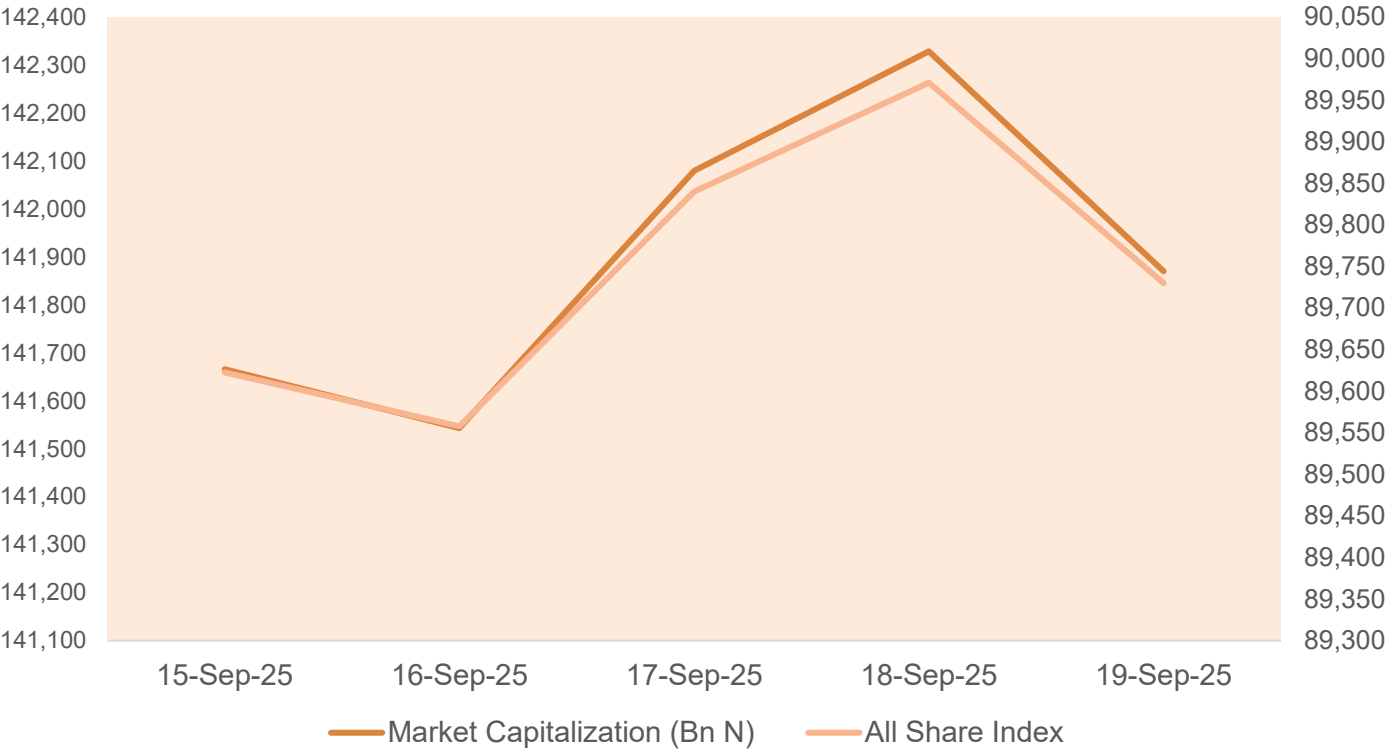
In contrast, the NGX Banking index shed 2.57% week-on-week as stocks such as UBA, Wema Bank, Sterling, and Zenith Bank came under heavy sell pressure following the release of their financials. Insurance names also lagged, with the NGX Insurance index falling by 4.67% as Cornerstone, Royal Exchange, Veritas Kapital, and WAPIC Insurance drove negative sentiment.

Among individual stocks, GUINNESS Nigeria stood out as the best performer of the week, recording a 28.6% gain as investors repositioned strongly into the counter. Multiverse followed with a gain of 21.3%, while Eunisell and Etranzact advanced by 20.3% and 11.7% respectively. Chelleram also caught investor interest with a 9.8% gain. On the other hand, Omatek emerged as the worst performer, losing 18.2% week-on-week, trailed by Cornerstone Insurance (-15.4%), NSL Tech (-12.8%), Royal Exchange (-11.3%), and UBA (-9.2%), as investors adopted a more cautious approach towards these counters.

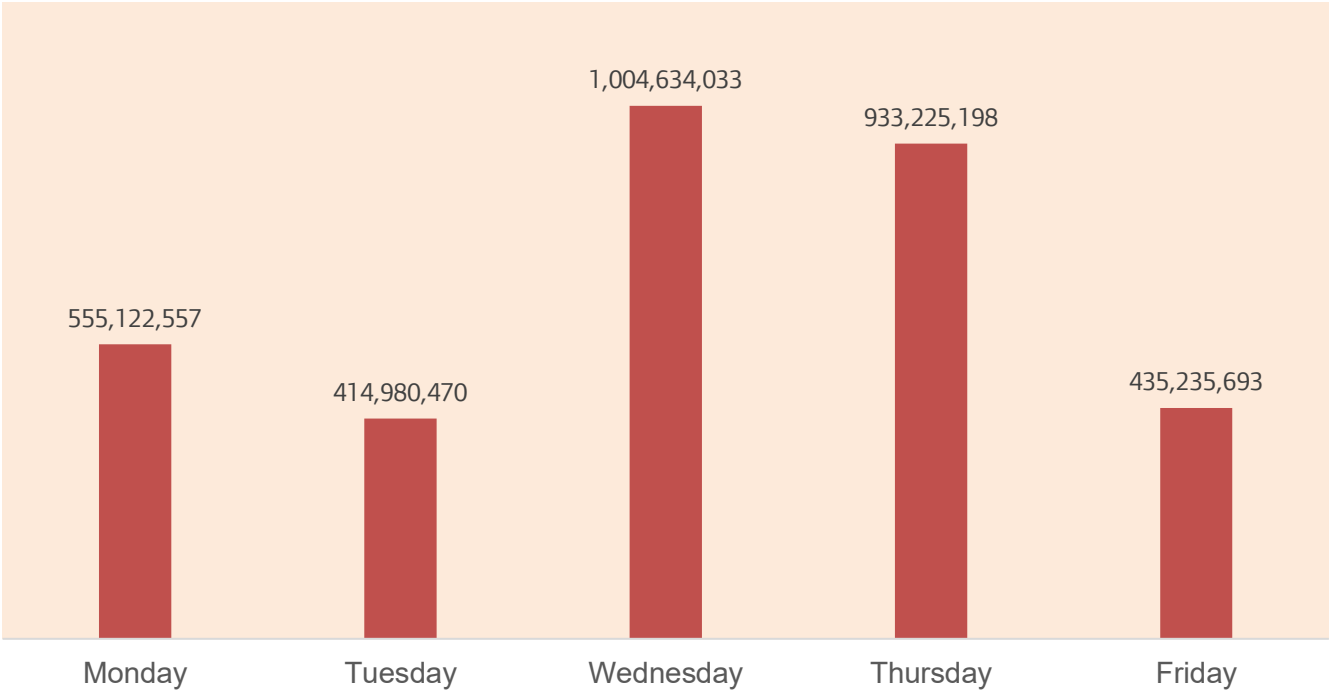
Looking ahead, investors are expected to trade cautiously but positively as they await the outcome of the MPC meeting next week. The decision on interest rates will likely be a defining factor for portfolio rebalancing, particularly in light of the recently published CPI numbers which suggest a moderating inflation trend. Anticipation of the Q3 2025 earnings season could also drive selective positioning across fundamentally strong names. From a technical standpoint, the NGX All-Share Index continues to sustain its bullish pattern, trading above key moving averages while forming higher highs and higher lows. This trajectory indicates that the uptrend remains intact and in a bullish territory but is not yet overbought, leaving sufficient room for further upside.....



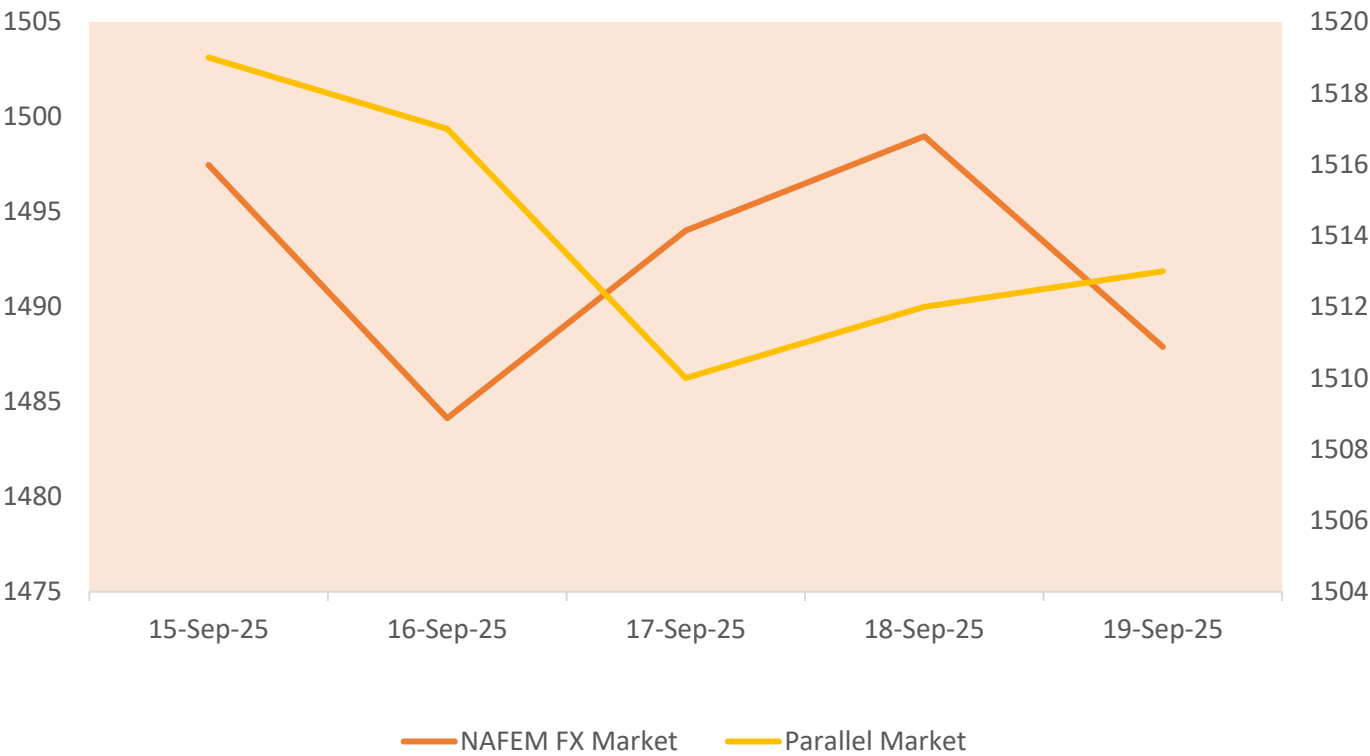
Evolution of Equities Performance Gauges



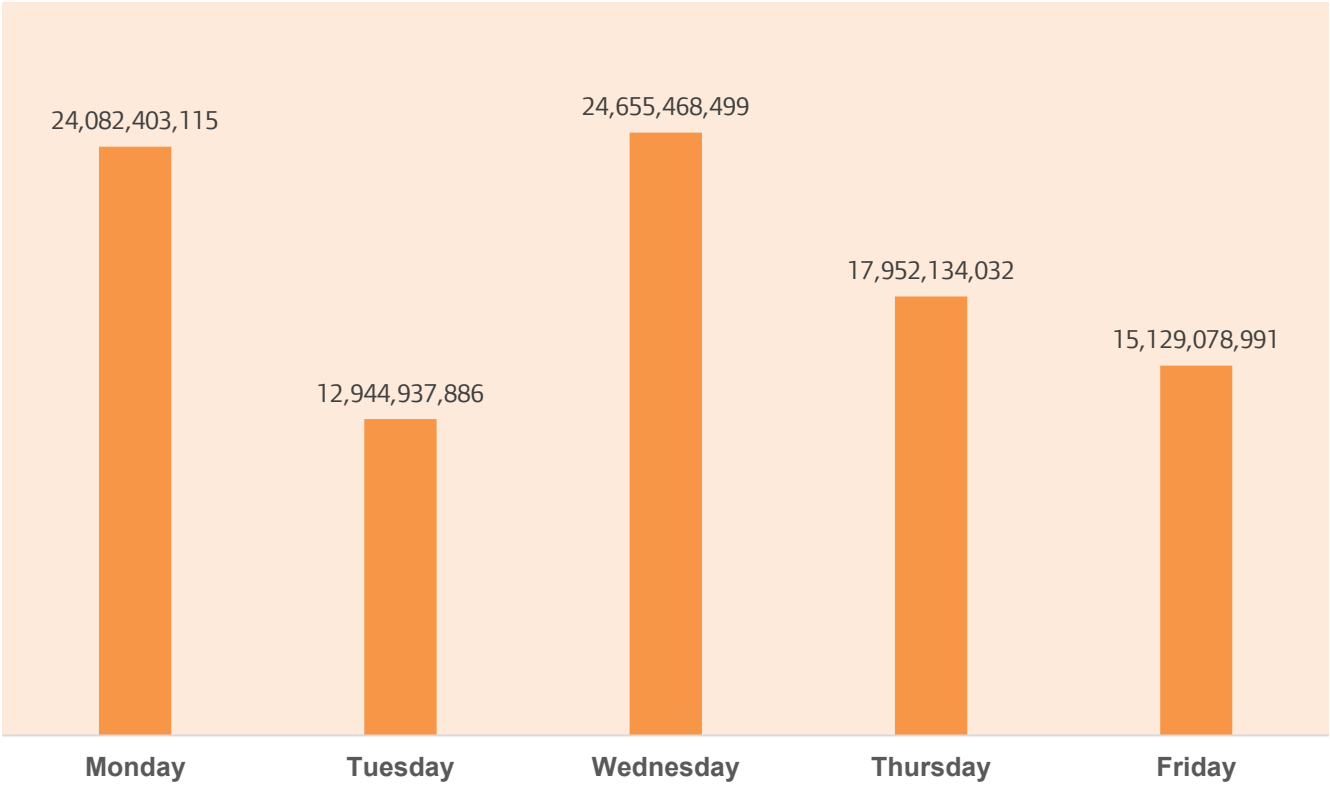
Daily Traded Volume



Evolution of NGN/USD Exchange Rates



Daily Traded Value





Weekly Top Gainers and Losers as at Friday, September 19, 2025

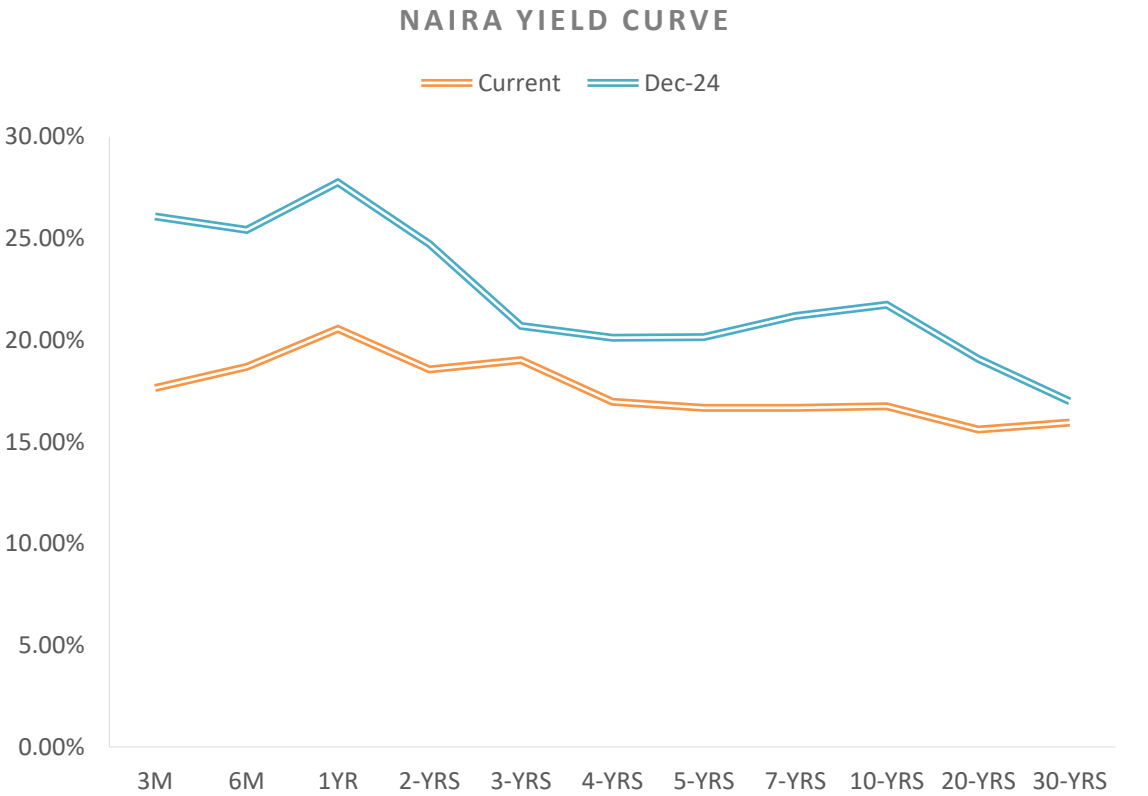
Top Ten Gainers				Bottom Ten Losers			
Symbol	19-Sep-25	12-Sep-25	% Change	Symbol	19-Sep-25	12-Sep-25	% Change
GUINNESS	183.90	143.00	28.6%	OMATEK	1.08	1.32	-18.2%
MULTIVERSE	13.95	11.50	21.3%	CORNERST	6.2	7.33	-15.4%
EUNISELL	30.55	25.40	20.3%	NSLTECH	0.75	0.86	-12.8%
ETRANZACT	16.70	14.95	11.7%	ROYALEX	2.04	2.30	-11.3%
CHELLARAM	14.60	13.30	9.8%	UBA	44.20	48.70	-9.2%
UNILEVER	73.00	67.15	8.7%	VERITASKAP	2	2.2	-9.1%
ACADEMY	9.60	8.85	8.5%	SUNUASSUR	5.37	5.9	-9.0%
CUSTODIAN	44.15	40.75	8.3%	WAPIC	3.20	3.50	-8.6%
NNFM	93.65	86.45	8.3%	NGXGROUP	55.10	60.15	-8.4%
NB	75.95	70.25	8.1%	PRESTIGE	1.74	1.89	-7.9%

FGN Eurobonds Yields as at Friday, September 19, 2025

FGN Eurobonds			19-Sep-25	Weekly	19-Sep-25	Weekly	
	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ	
	7.625 21-NOV-2025	21-Nov-18	0.17	100.04	(0.09)	7.2%	0.41
	6.50 NOV 28, 2027	28-Nov-17	2.19	100.23	(0.20)	6.4%	0.10
	6.125 SEP 28, 2028	28-Sep-21	3.03	98.24	(0.20)	6.8%	0.08
	8.375 MAR 24, 2029	24-Mar-22	3.51	103.82	(0.47)	7.1%	0.14
	7.143 FEB 23, 2030	23-Feb-18	4.43	98.73	(0.60)	7.5%	0.16
	8.747 JAN 21, 2031	21-Nov-18	5.34	103.51	(1.02)	7.9%	0.23
	7.875 16-FEB-2032	16-Feb-17	6.41	99.18	(0.44)	8.0%	0.09
	7.375 SEP 28, 2033	28-Sep-21	8.03	94.63	(0.58)	8.3%	0.10
	7.696 FEB 23, 2038	23-Feb-18	12.44	92.18	(0.26)	8.7%	0.04
	7.625 NOV 28, 2047	28-Nov-17	22.21	85.38	(0.25)	9.2%	0.03
	9.248 JAN 21, 2049	21-Nov-18	23.36	100.38	(0.19)	9.2%	0.02
	8.25 SEP 28, 2051	28-Sep-21	26.04	89.07	(0.29)	9.4%	0.03

Weekly Stock Recommendations as at Friday, September 19, 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
FIDELITY BANK PLC	1.81	2.47	18.59	1.12	11.43x	22.45	7.85	20.75	28.2	17.6	23.9	36.00	Buy
GUINNESS NIGERIA PLC	7.40	8.14	8.38	21.93	24.86x	183.90	61.20	183.90	246.0	156.3	211.5	33.77	Buy
LAFARGE AFRICA	8.24	10.71	34.37	3.64	15.18x	154.30	35.60	125.00	162.5	106.3	143.8	30.00	Buy
NAHCO PLC	4.56	6.01	8.92	11.95	23.38x	117	33.25	106.5	140.6	90.5	122.5	32.00	Buy
GUARANTY TRUST HOLDING PLC	7.45	10.44	87.25	1.09	12.70x	103.20	43.20	94.00	132.6	80.5	108.9	40.00	Buy



U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 19, 2025

MAJOR	19-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1752	1.1788	-0.31%.	0.17%	0.87%	13.46%
GBPUSD	1.3479	1.3555	-0.56%.	-0.50%.	0.10%	7.67%
USDCHF	0.7950	0.7925	0.31%	-0.12%.	-1.13%.	-12.39%.
USDRUB	83.5718	83.2471	0.39%	-0.51%.	3.82%	-26.37%.
USDNGN	17.3353	17.3422	-0.04%.	-0.63%.	-2.89%.	-3.32%.
USDZAR	17.3353	17.3422	-0.04%.	-0.31%.	-1.83%.	-8.04%.
USDEGP	48.1700	48.1893	-0.04%.	-0.10%.	-0.58%.	-5.16%.
USDCAD	18.40	18.3647	0.18%	-0.42%.	-0.69%.	-4.16%.
USDMXN	18.40	18.3647	0.18%	-0.09%.	-2.00%.	-11.77%.
USDBRL	5.32	5.3148	0.06%	-0.71%.	-3.03%.	-14.02%.
AUDUSD	0.5858	0.5890	-0.54%.	-0.58%.	2.49%	6.56%
NZDUSD	0.5858	-0.0600	-0.54%.	-1.40%.	0.53%	4.75%
USDJPY	7.1180	7.1073	0.15%	0.21%	0.42%	-5.99%.
USDCNY	7.1180	7.1073	0.15%	-0.05%.	-0.88%.	-2.99%.
USDINR	88.0990	88.2048	-0.12%.	-0.20%.	1.24%	2.95%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, September 19, 2025

Commodity		19-Aug-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	63.1	63.6	-0.77%.	0.63%	0.59%	-12.04%.
BRENT	USD/Bbl	67.0	67.4	-0.63%.	0.01%	0.23%	-10.24%.
NATURAL GAS	USD/MMBtu	2.9	9.8	-2.11%.	-2.11%.	4.61%	-20.75%.
GASOLINE	USD/Gal	2.0	2.0	-1.95%.	-0.61%.	-7.30%.	-1.95%.
COAL	USD/T	103.4	102.9	0.44%	2.43%	-6.98%.	-17.49%.
GOLD	USD/t.oz	3,670.2	3,643.9	0.72%	0.75%	9.72%	39.86%
SILVER	USD/t.oz	42.7	41.8	2.10%	1.17%	12.61%	47.83%
WHEAT	USD/Bu	521.0	524.3	-0.62%.	-0.47%.	3.07%	-5.53%.
PALM-OIL	MYR/T	4,424.0	4,434.2	-0.23%.	-0.47%.	-1.62%.	-0.45%.
COCOA	USD/T	7,253.7	7,224.8	0.40%	-2.36%.	-5.61%.	-37.02%.

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