COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: MPC Plays the Dovish Card, Slashes MPR to 27% as Macro Stability Lends Thicket….

After over three years of hawkish resolve, the Central Bank of Nigeria has finally reached for the softer lever. The gradual moderation in Nigeria's headline inflation to 20.12% in August 2025 gave the Monetary Policy Committee (MPC) just enough cover to pivot toward an accommodative stance — the first since 2022, when global shocks and domestic fragilities had forced its hand into aggressive tightening.

At its 302nd meeting held on September 22 and 23, the MPC voted unanimously to ease policy, cutting the Monetary Policy Rate (MPR) by 50 basis points to 27.00% from 27.50%. All twelve members lined up behind the move, signaling rare consensus that the time was right to rebalance price stability with growth. The asymmetric corridor around the MPR was tightened to +250/-250bps to sharpen transmission, while the Cash Reserve Ratio (CRR) for deposit money banks was slashed by 500bps to 45%. In a notable twist, however, the committee introduced a hefty 75% CRR on non-TSA public sector deposits — a move designed to keep fiscal liquidity from swamping monetary stability. Merchant banks were left untouched at 16%, and the Liquidity Ratio remained steady at 30%.

The justification for this dovish tilt was clear: inflation is cooling, growth is accelerating, and the macroeconomic environment is less fragile than before. Headline inflation fell from 21.88% in July to 20.12% in August, driven by easing pressures on both food and core prices. On a month-on-month basis, the slowdown was even more pronounced, with inflation dropping to 0.74% from 1.99%. Core inflation eased to 20.33%, reflecting softer costs in housing, transport, and utilities, while food inflation moderated to 21.87% as staple prices, particularly rice, guinea corn, maize, and millet, showed signs of relief.

At the same time, fresh GDP numbers painted a stronger growth picture. The economy expanded 4.23% year-on-year in Q2 2025, up from 3.13% in the first quarter. The real surprise was oil, which rebounded sharply with 20.46% growth, compared to just 1.87% previously. For the MPC, this recovery is more than symbolic; it shores up reserves, stabilizes FX markets, and buys time for broader structural adjustments. The committee acknowledged this turnaround while urging government to double down on security and production stability to sustain momentum in both oil and food supply chains.

We believe the MPC's latest policy adjustments are a strong signal of support for growth, underscoring its shift from an aggressively hawkish stance to a more dovish posture aimed at strengthening monetary transmission. This intent is clearly reflected in the narrowing of the asymmetric corridor around the MPR to +250/-250bps from +500/-100bps, alongside the 500bps cut in the Cash Reserve Ratio (CRR) for commercial banks to 45%.

By narrowing the policy corridor and cutting CRR, the MPC is trying to inject liquidity more efficiently into the system while unclogging the channels of credit. This should lower funding costs and expand lending to the real economy — particularly SMEs and productive sectors that have been starved of affordable credit. If transmission holds, businesses could feel the relief in months rather than years.

The broader impact is expected to be felt across markets, where confidence has already been buoyed by the naira's recent stability in the foreign exchange market and improving macroeconomic fundamentals. These conditions, paired with enhanced liquidity, should help draw offshore portfolio investors back into equities and other domestic asset classes.

On the fixed-income side, we expect yields in the secondary market to adjust downward in response to the rate cut, mirroring the shift toward a more accommodative stance. As inflation softens further and the MPC signals room for sustained dovishness, the likelihood of additional reallocation of funds into equities increases. For investors, this presents an opportunity to capture higher returns and position for capital appreciation in a more stable macroeconomic environment.

FOREX MARKET: Naira Appreciates, Stays Below N1,500/$ Barrier as Liquidity Surge, Oil Rally Fuel Gains…

Bullish sentiment dominated Nigeria's foreign exchange market this week, with the naira extending its winning streak across FX windows on the back of a softer U.S. dollar and stronger liquidity inflows. At the official market, the local unit firmed by 0.49% week-on-week to close at N1,480.66/$—its first break below the N1,500/$ threshold since early February 2025. The parallel market tracked the same upbeat mood, with the naira appreciating by 0.13% to an average of N1,510/$.

External reserves added another layer of support, rising by 0.40% week-on-week to $42.20 billion from $42.03 billion. The build-up, fueled by improved FX inflows and steady CBN interventions, enhances the apex bank's firepower to manage supply-demand gaps and bolsters confidence in the naira's near-term stability.

On the commodities front, oil markets rallied as supply fears resurfaced following Ukrainian strikes on Russian energy infrastructure that prompted Moscow to restrict fuel exports. Brent crude edged up 0.33% to $69.65/bbl, while WTI climbed 0.51% to $65.31/bbl, leaving both benchmarks on track for weekly gains above 4%.

Nigeria's Bonny Light outperformed, jumping 1.79% to settle at $70.90/bbl. For Nigeria, the twin boost of firmer oil prices and modest reserve accretion provides a stronger buffer against external shocks, while reinforcing the CBN's capacity to defend the currency and safeguard macroeconomic stability.

Looking ahead, the naira is expected to stay relatively stable across markets, supported by stronger FX inflows, reserves build-up, and sustained CBN interventions. Higher oil prices should further strengthen external buffers and investor confidence. Still, risks from global oil price swings and persistent domestic demand pressures mean sentiment could remain cautious…..

BOND MARKET: Bulls Take Charge as Bond Yields Ease on Strong Demand…..

The Nigerian secondary bond market ended the week on a bullish streak, lifted by robust investor demand across short- and medium-dated papers. The rally reflected improved sentiment and a renewed appetite for fixed-income assets, particularly as uncertainties in other asset classes kept investors anchored in bonds. The broad-based buying wave shaved 8 basis points off average yields, which closed the week at 16.51%.

Momentum also filtered into the Nigerian sovereign Eurobond market, though activity was more muted. Mild interest across the curve left average Eurobond yields largely unchanged at 7.98% week-on-week, underscoring a cautious but steady investor stance.

Looking ahead, demand for short- to mid-tenor bonds is likely to stay firm, supported by attractive yields and ongoing portfolio rebalancing. Softer inflation readings and stable policy guidance could provide an extra lift to sentiment in the local debt market. On the supply side, the Debt Management Office will test appetite at its upcoming primary auction, where it plans to raise N200 billion split between the AUG-2030 and JUNE-2032 papers. With stop rates around 17.9%, expectations are high for another strong outing……

MONEY MARKET: Liquidity Flood Sweeps Market as N4.02tn Surplus Crushes NIBOR…

This week in the money market, activity stayed firmly in positive territory, with liquidity levels comfortably buoyant. Financial system liquidity opened the week with a strong net surplus of N2.12 trillion, supported by elevated activity in the CBN's Standing Deposit Facility and repayments of about N259 billion from the primary market. Liquidity was further bolstered by N254.90 billion in OMO bill repayments and over N460 billion in additional primary market repayments, allowing the week to close with an even stronger surplus of N4.02 trillion.

This came despite the passage of CRR debits on a few banks by regulators. The accommodative stance announced at the MPC meeting, which cut the MPR to 27% while lowering the CRR for deposit money banks to 45% and introducing a higher 75% CRR on non-TSA deposits, provided additional tailwinds for liquidity conditions.
Reflecting these dynamics, the Nigerian Interbank Offered Rate (NIBOR) crashed across all maturity gauges as the system absorbed the impact of maturing OMO bills and higher cash balances. The Overnight NIBOR fell sharply by 2.06 percentage points week-on-week to settle at 24.78%, underpinned by the liquidity boost from CBN crediting of banks in line with the revised CRR framework.

Similarly, the 1-month, 3-month, and 6-month NIBOR rates declined by 158bps, 139bps, and 137bps respectively, closing at 25.83%, 26.79%, and 27.59%. Benchmark funding rates also reflected the ample liquidity, as the OPR and OVN fell to 24.50% and 24.88%, representing declines of 2% and 2.07% week-on-week.

On the other hand, the Nigerian Treasury Bills Market Index (NITTY) presented a mixed performance. While the 12-month tenor eased by 17bps to 19.10%, shorter and mid-term tenors climbed higher, reflecting investors' demand for higher yields. The 1-month, 3-month, and 6-month NITTY rates advanced by 22bps, 64bps, and 108bps respectively. In the secondary market for Treasury bills, strong buying interest persisted across the short, mid, and long ends of the curve, dragging the average market yield down by 49bps to 17.99% at the close of the week.

Looking ahead, sentiment is expected to remain broadly positive, buoyed by anticipated OMO bill maturities worth N450 billion, which should keep system liquidity elevated. Investors are also likely to continue repositioning portfolios in response to the recent policy rate cut. That said, the upcoming FGN bond issuance may serve as a counterbalance, mopping up part of the excess liquidity and keeping funding rates tilted toward the upper band.…….

EQUITIES MARKET: NGX Extends Bull Run as Investors Pocket N215.9bn Despite Weak Breadth….

The Nigerian equities market sustained its upward momentum this week, with bullish sentiment dominating trading despite cautious profit-taking and mixed investor reactions to the continued release of H1 bank earnings. The NGX All-Share Index advanced by 0.20% week-on-week to close at 142,133.02 points, while market capitalization rose by 0.24% to N89.96 trillion, delivering fresh investor gains of N215.86 billion.

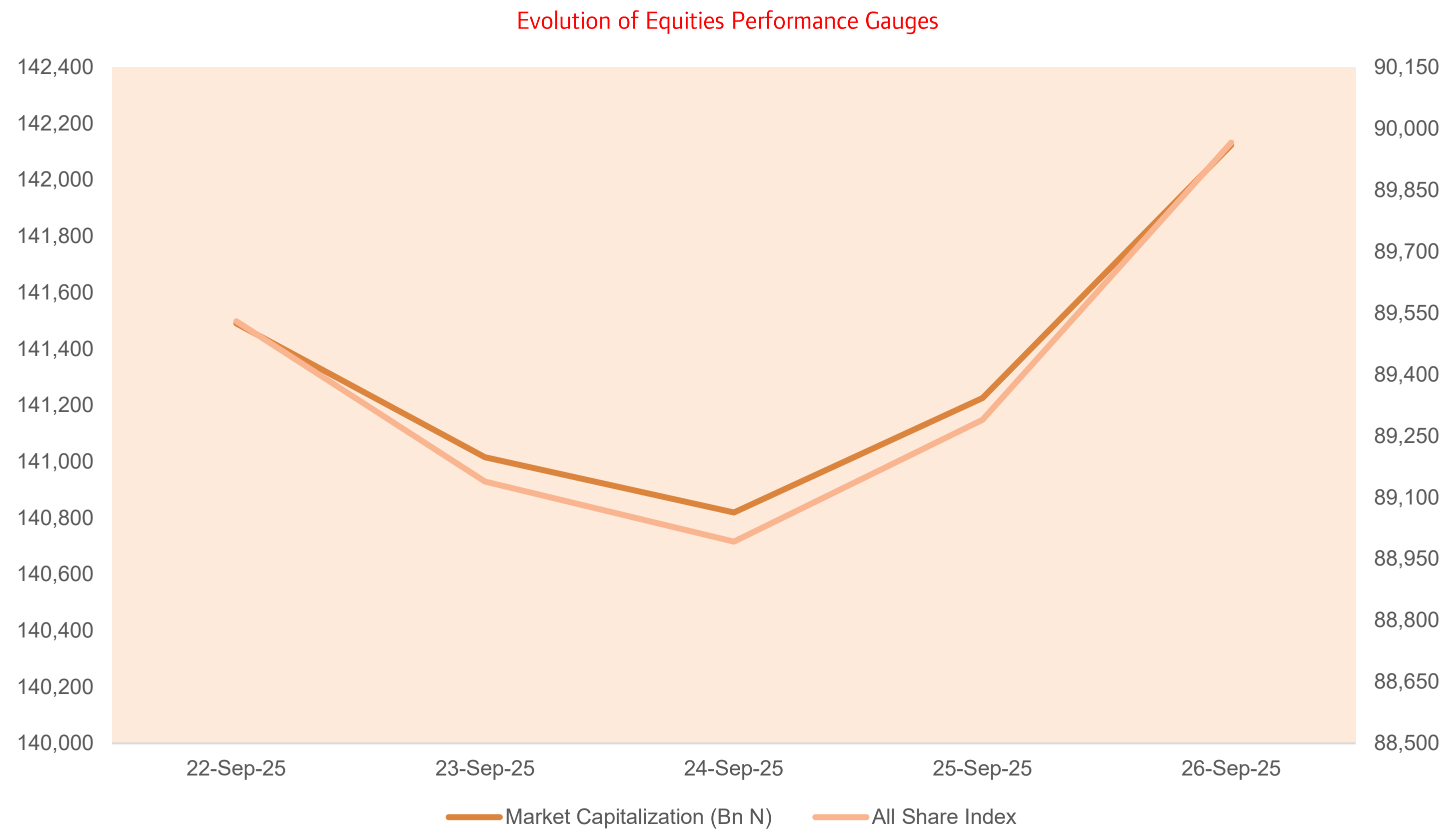
This performance underscores the resilience of the market, which has remained firmly positive despite macroeconomic headwinds. The year-to-date return strengthened further to 38.09%, reflecting investor confidence underpinned by improved liquidity in the FX market, rising oil prices, and optimism around Q3 corporate earnings season beginning next month. Portfolio rebalancing also continued in earnest, supported by the Monetary Policy Committee's recent 50bps cut in the MPR to 27.00% and Nigeria's stronger-than-expected Q2 GDP growth of 4.23%.

That said, market breadth leaned negative at 0.64x, as 32 gainers were offset by 50 losers, signaling a cautious undertone. However, activity levels painted a more upbeat picture: total trading volume surged by 180.84% to 7.68 billion units, while market value skyrocketed 479.51% to N494.2 billion, even though total deals dipped by 8.34% to 116,711. This suggests increased participation from institutional investors repositioning ahead of Q3 earnings and quarter-end portfolio adjustments.

Sectoral performance was uneven. The NGX Industrial Goods Index emerged strongest, advancing 1.33%, followed by Banking (+1.19%) and Consumer Goods (+1.15%), all buoyed by renewed interest in fundamentally strong counters. On the flip side, the Insurance (-0.91%), Oil & Gas (-1.62%), and Commodities (-0.91%) indices closed lower, weighed down by bouts of profit-taking and cautious repositioning.

At the individual stock level, THOMASWY Nigeria stole the spotlight with a 22.7% rally, trailed by NSLTECH (+21.3%), MECURE (+20.8%), CHELLARAM (+11.3%), and ROYALEX (+10.3%). Conversely, WEMA BANK led the laggards, slumping 12.4% week-on-week, alongside FIDELITY BANK (-11.1%), ETERNA (-10.0%), IKEJA HOTEL (-9.8%), and AFRIPRUD (-9.1%).

Looking into next week, the equities market is expected to retain a cautiously bullish tone, supported by attractive valuations, improving FX liquidity, and firmer oil prices, all of which should provide additional buffers for investor sentiment. The upcoming Q3 earnings season is set to play a decisive role, particularly in banking and consumer names, with expectations of stronger results helping to sustain momentum. Nonetheless, weak market breadth and persistent profit-taking may keep sentiment selective, ensuring that fundamentally strong stocks remain the most attractive plays in the near term….


Evolution of Equities Performance Gauges
142,400
142,200
142,000
141,800
141,600
141,400
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141,000
140,800
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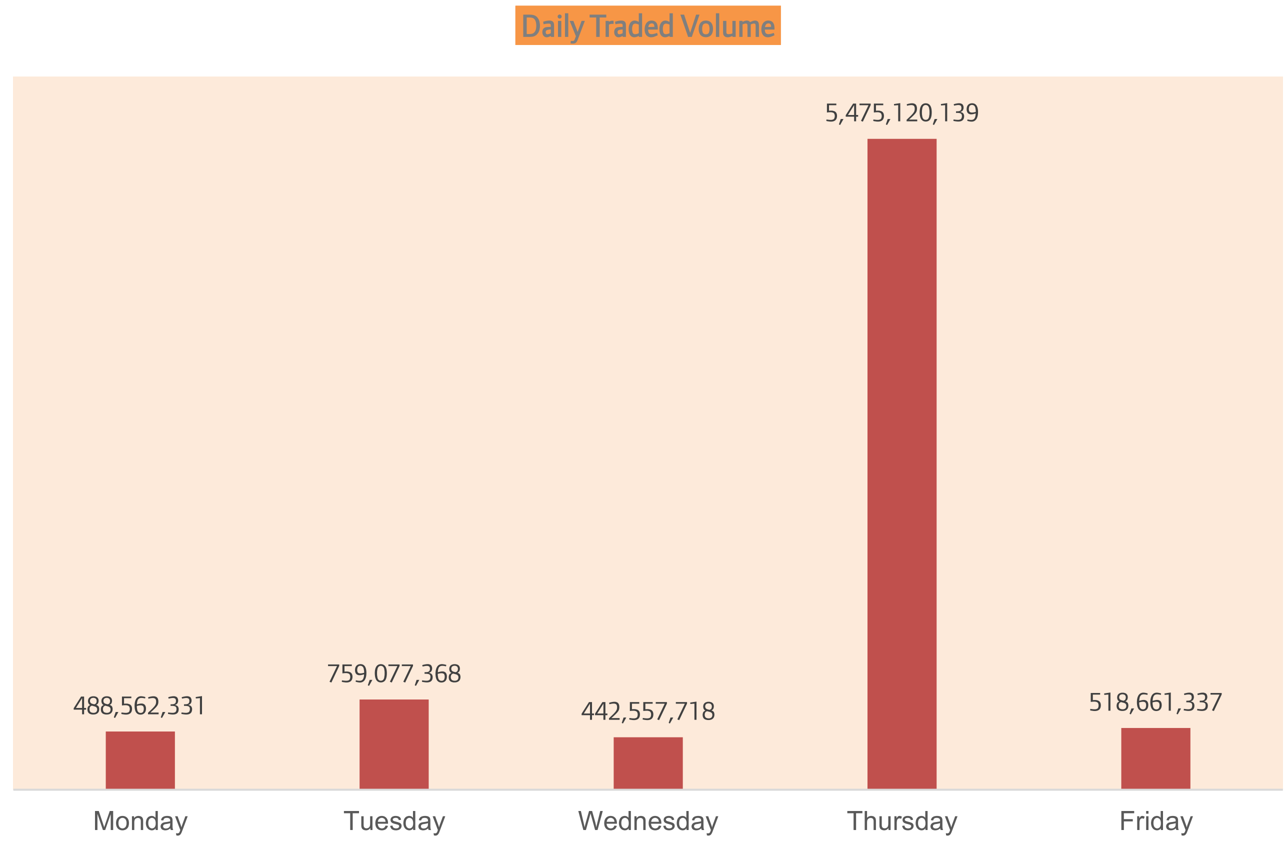
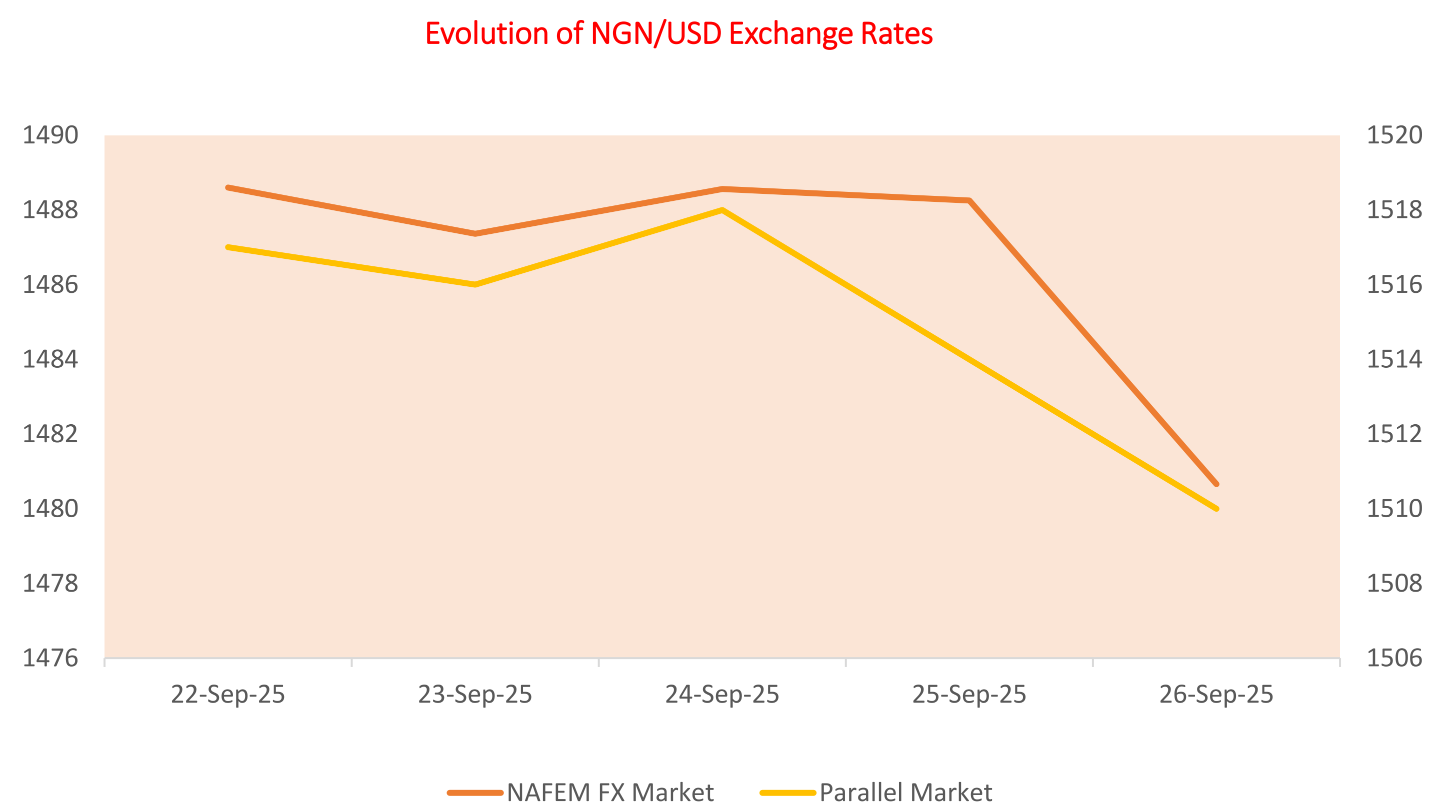
140,400
140,200
140,000
90,150
90,000
89,850
89,700
89,550
89,400
89,250
89,100
88,950
88,800
88,650
88,500
22-Sep-25
23-Sep-25
24-Sep-25
25-Sep-25
26-Sep-25
Market Capitalization (Bn N)
All Share Index


Daily Traded Volume
488,562,331
759,077,368
442,557,718
5,475,120,139
518,661,337
Monday
Tuesday
Wednesday
Thursday
Friday


Evolution of NGN/USD Exchange Rates
1490
1488
1486
1484
1482
1480
1478
1476
1520
1518
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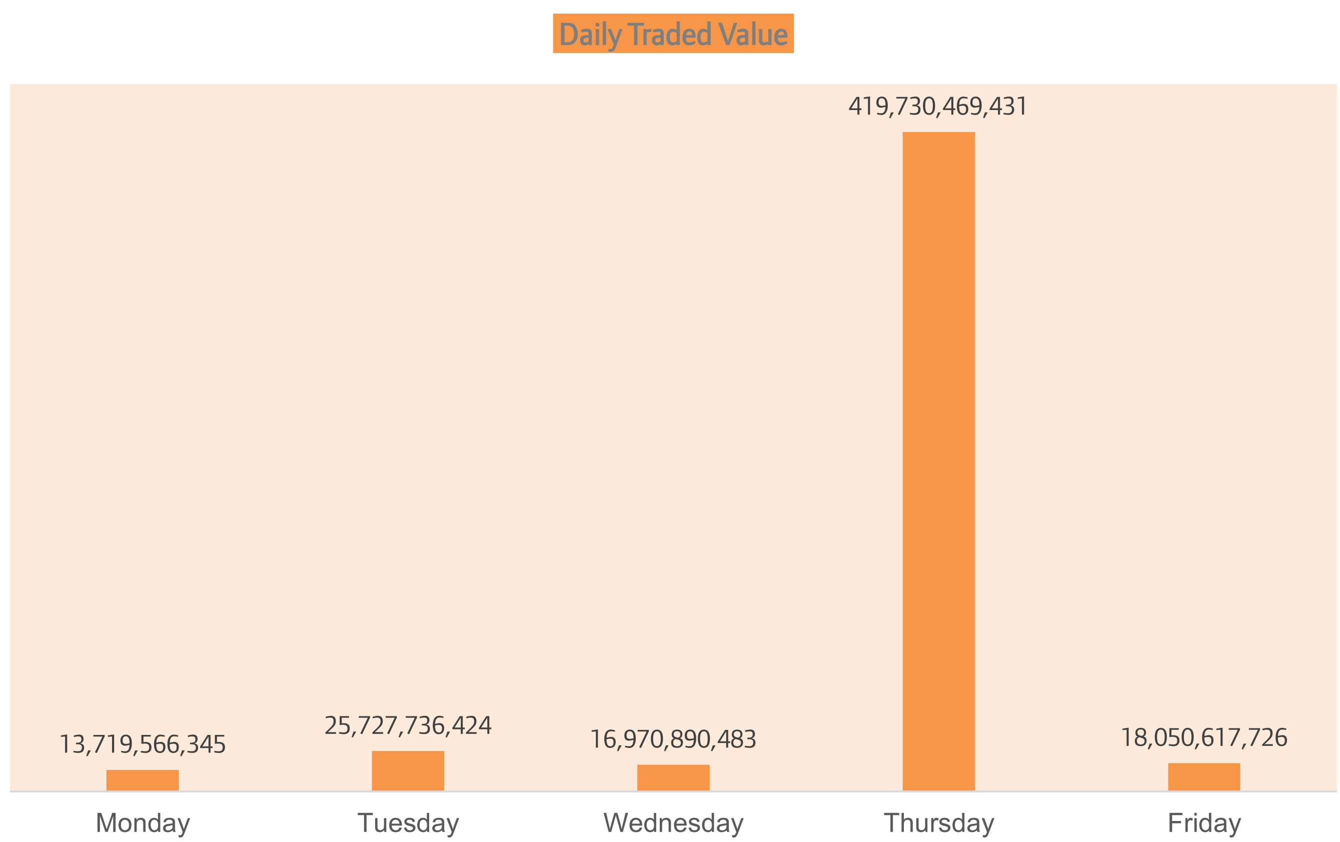
1508
1506
22-Sep-25
23-Sep-25
24-Sep-25
25-Sep-25
26-Sep-25
NAFEM FX Market
Parallel Market


Daily Traded Value
13,719,566,345
25,727,736,424
16,970,890,483
419,730,469,431
18,050,617,726
Monday
Tuesday
Wednesday
Thursday
Friday

Weekly Top Gainers and Losers as at Friday, September 26, 2025

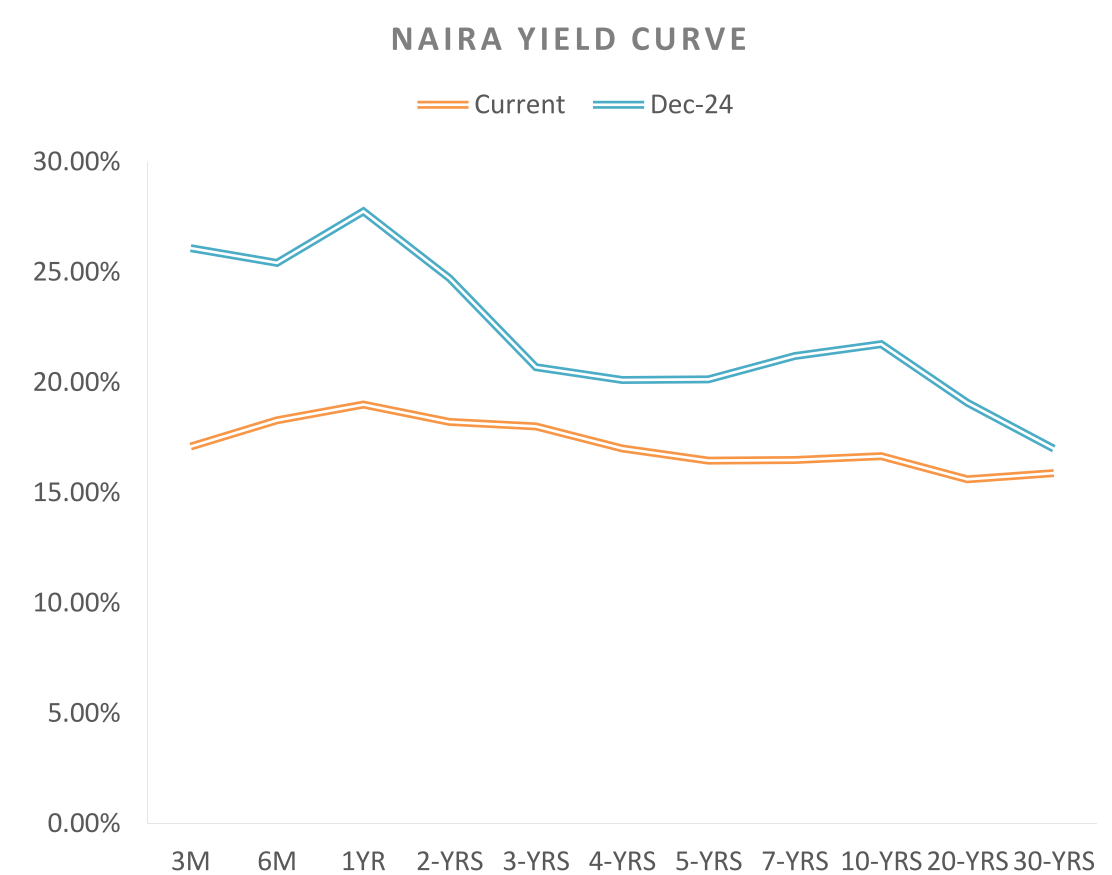
Top Ten Gainers				Bottom Ten Losers			
Symbol	26-Sep-25	19-Sep-25	% Change	Symbol	26-Sep-25	19-Sep-25	% Change
THOMASWY	3.30	2.69	22.7%	WEMABANK	18.00	20.55	-12.4%
NSLTECH	0.91	0.75	21.3%	FIDELITYBK	18.45	20.75	-11.1%
MECURE	26.10	21.60	20.8%	ETERNA	27.9	31	-10.0%
CHELLARAM	16.25	14.60	11.3%	IKEJAHOTEL	20.70	22.95	-9.8%
ROYALEX	2.25	2.04	10.3%	AFRIPRUD	14.50	15.95	-9.1%
TIP	13.22	12.00	10.2%	CUTIX	3.2	3.5	-8.6%
INTBREW	13.65	12.40	10.1%	DEAPCAP	1.72	1.88	-8.5%
EUNISELL	33.6	30.55	10.0%	UNIONDICON	9.00	9.80	-8.2%
CHAMS	3.40	3.10	9.7%	MAYBAKER	16.20	17.50	-7.4%
STANBIC	107.10	98.00	9.3%	CAVERTON	6.25	6.60	-5.3%

FGN Eurobonds Yields as at Friday, September 26, 2025

FGN Eurobonds	Issue Date	TTM (years)	26-Sep-25 Price (N)	Weekly USD Δ	26-Sep-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.15	100.06	0.02	7.0%	-0.19
6.50 NOV 28, 2027	28-Nov-17	2.17	100.18	-0.05	6.4%	0.03
6.125 SEP 28, 2028	28-Sep-21	3.01	98.02	-0.22	6.9%	0.09
8.375 MAR 24, 2029	24-Mar-22	3.49	103.37	-0.45	7.3%	0.14
7.143 FEB 23, 2030	23-Feb-18	4.41	98.73	0.00	7.5%	0.01
8.747 JAN 21, 2031	21-Nov-18	5.32	103.76	0.25	7.9%	-0.06
7.875 16-FEB-2032	16-Feb-17	6.39	99.13	-0.05	8.1%	0.01
7.375 SEP 28, 2033	28-Sep-21	8.01	94.28	-0.35	8.4%	0.07
7.696 FEB 23, 2038	23-Feb-18	12.42	92.16	-0.02	8.7%	0.00
7.625 NOV 28, 2047	28-Nov-17	22.19	85.49	0.11	9.2%	-0.02
9.248 JAN 21, 2049	21-Nov-18	23.34	100.32	-0.06	9.2%	0.00
8.25 SEP 28, 2051	28-Sep-21	26.02	89.20	0.13	9.4%	-0.02

Weekly Stock Recommendations as at Friday, September 26, 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	0.99	10.17x	22.45	13.00	18.45	25.1	15.7	21.2	36.00	Buy
ACCESSCORP PLC	4.88	7.81	103.75	0.25	5.30x	28.95	19	25.85	40.8	21.7	29.3	60.00	Buy
LAFARGE AFRICA	8.24	10.71	34.37	3.78	15.78x	154.30	35.60	130.00	169.0	110.5	149.5	30.00	Buy
DANGOTE SUGAR PLC	-2.00	-2.56	15.21	4.11	-31.28x	75.6	28.55	62.5	80.0	53.1	71.9	28.00	Buy
MTN NIGERIA PLC	19.76	26.48	-2.02	-208	21.26x	495.0	169	420.00	562.8	357.0	483.0	34.00	Buy



U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 26, 2025

MAJOR	26-Sep-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1695	1.1661	0.29%	-0.42%.	0.41%	4.77%
GBPUSD	1.3396	1.3336	0.45%	-0.51%.	-0.79%.	0.19%
USDCHF	0.7980	0.8001	-0.26%.	0.39%	-0.45%.	-5.05%.
USDRUB	83.8748	83.9504	-0.09%.	0.45%	4.39%	-11.08%.
USDNGN	17.3844	17.4192	-0.20%.	-0.58%.	-3.39%.	-10.94%.
USDZAR	17.3844	17.4192	-0.20%.	0.22%	-1.66%.	1.57%
USDEGP	48.1300	48.1300	0.00%	-0.12%.	-0.97%.	-0.39%.
USDCAD	18.40	18.4841	-0.47%.	1.21%	1.12%	3.14%
USDMXN	18.40	18.4841	-0.47%.	0.49%	-1.36%.	-6.60%.
USDBRL	5.34	5.3644	-0.38%.	0.31%	-1.39%.	-1.68%.
AUDUSD	0.5768	0.5764	0.06%	-0.68%.	0.47%	-5.20%.
NZDUSD	0.5768	-0.0600	0.06%	-1.43%.	-1.56%.	-9.01%.
USDJPY	7.1440	7.1440	0.00%	1.18%	1.57%	5.24%
USDCNY	7.1440	7.1440	0.00%	0.39%	-0.08%.	2.34%
USDINR	88.7320	88.7675	-0.04%.	0.71%	1.21%	5.98%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, September 26, 2025

Commodity		26-Sep-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	66.0	65.0	1.52%	5.65%	2.77%	-3.31%.
BRENT	USD/Bbl	0.2	0.2	1.19%	5.34%	4.15%	-1.82%.
NATURAL GAS	USD/MMBtu	3.1	9.8	-1.86%.	8.51%	8.58%	7.98%
GASOLINE	USD/Gal	2.0	2.0	1.58%	3.60%	3.60%	4.26%
COAL	USD/T	105.1	103.6	1.40%	1.64%	-5.83%.	-24.75%.
GOLD	USD/t.oz	3,772.2	3,749.7	0.60%	2.42%	11.07%	41.97%
SILVER	USD/t.oz	45.6	45.2	0.92%	5.76%	18.07%	44.09%
WHEAT	USD/Bu	520.4	527.0	-1.26%.	-0.36%.	3.66%	-10.24%.
PALM-OIL	MYR/T	4,396.0	4,440.0	-0.99%.	-0.63%.	-2.07%.	8.49%
COCOA	USD/T	6,938.9	6,925.7	0.19%	-4.29%.	-10.33%.	-16.37%.

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