October 10, 2025

COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Nigeria's Reform Push Intensifies as Growth Gains Traction but Fiscal Cracks Remains….

Nigeria's reform journey appears to be gathering momentum, with the World Bank's latest Nigeria Development Update (NDU) for October 2025 highlighting signs of resilience across key macroeconomic indicators—even as structural imbalances continue to test policy consistency and fiscal discipline. This week, we take a look at some talking points from the report.

According to the report, Nigeria's economy has sustained a moderate but steady growth trajectory into 2025, buoyed largely by service-sector expansion and rebased GDP figures that paint a slightly stronger picture of output performance. Real GDP grew by 3.9% year-on-year in the first half of 2025, up from 3.5% in the same period of 2024. The services sector remains the dominant growth driver, contributing 2.3 percentage points to the overall growth rate. Non-oil industries, particularly manufacturing and construction, also showed improved momentum, while agriculture—though still sluggish—managed a mild recovery after a contractionary spell in 2024. Interestingly, the oil and gas sector recorded a modest rebound, aided by increased crude production and gradual restoration of export volumes. The World Bank expects this modest acceleration to hold, projecting annual GDP growth to reach 4.2% in 2025 and 4.4% by 2027, with the services and non-oil sectors expected to remain the main growth engines.

On the policy front, the Central Bank of Nigeria (CBN) has maintained a tight monetary stance to rein in inflation and stabilize the naira. With the Monetary Policy Rate (MPR) now at 27%, inflationary pressures have begun to ease—albeit unevenly. The report notes that the seasonally adjusted, annualized month-on-month inflation rate fell from 27.6% in April 2025 to 12.9% in August 2025. Core inflation, excluding food and energy prices, also declined from 20.3% to 17.7%. Still, food inflation remains stubbornly high at 25.3%, reflecting supply chain disruptions and elevated energy costs.

Nigeria's foreign exchange reforms, perhaps one of the most consequential policy shifts in recent years, have continued to reshape the FX landscape. The introduction of a willing-buyer, willing-seller framework, the unification of multiple exchange windows, and the clearing of FX backlogs have all helped restore market confidence. As a result, the parallel market premium has virtually disappeared, and the interbank market is once again active. Foreign reserves have also grown—rising from $37.9 billion at end-April to over $42 billion by end-September—thanks to stronger non-oil exports and moderated oil import demand.

The fiscal picture, however, remains a mixed bag. Aggregate revenues have strengthened on the back of higher non-oil tax collections, improved oil receipts, and savings from fuel subsidy reforms. Federation Account revenues rose to 9.5% of GDP (N27 trillion) in the first eight months of 2025, up from 7.6% of GDP (N19 trillion) in the same period of 2024. Yet, beneath the surface lies a growing divergence between the federal and state fiscal positions. States collectively posted a surplus of 0.3% of GDP, leveraging improved internally generated revenues and larger transfers to fund capital projects and wage obligations. Conversely, the Federal Government's deficit widened to 3.8% of GDP (N8.1 trillion), driven by weaker independent revenue performance and rising interest and wage costs. Capital budget execution was notably weak—just 24.5% of the pro-rated federal budget—reflecting limited fiscal space and bureaucratic bottlenecks.

While Nigeria's public debt remains sustainable by current metrics, the World Bank cautions that vulnerabilities persist. The debt trajectory, coupled with low revenue mobilization and mounting recurrent expenditure, poses medium-term sustainability risks if reforms stall. The external sector remains one of Nigeria's few bright spots, with the current account surplus expanding by 4.6% year-on-year to 6.1% of GDP in the first quarter of 2025. But the World Bank warns that the real gains from naira depreciation could be eroded by Nigeria's high inflation differential relative to trading partners like the U.S.

The outlook, though positive, is not without risk. The World Bank points to external threats such as softening oil prices, global trade disruptions, and geopolitical tensions that could weigh on Nigeria's export and fiscal receipts. Domestically, reform fatigue, political uncertainty ahead of the next election cycle, and persistent food insecurity could slow policy momentum and undermine macroeconomic gains.

To consolidate progress, the report urges Nigeria to strengthen monetary policy transmission, enhance clarity in FX operations, and sustain tax and fiscal reforms. Implementing the proposed tax modernization bills, rolling out VAT e-invoicing, and unifying tax identification systems would help broaden the revenue base. Equally, improving oil revenue transparency and rationalizing collection costs are seen as critical to building fiscal resilience. In essence, Nigeria's economic story in 2025 is one of cautious optimism—an economy that has clearly turned a corner but still faces a long road to inclusive, stable growth. The reform foundation is solid, but sustaining it will require consistent execution, institutional discipline, and the political will to stay the course.

FOREX MARKET: Naira Extends Gains; Oil Prices Weaken on Ceasefire-Induced Supply Concerns…

The FX market stayed strong this week, as the naira continued to gain across both the official and parallel markets. The local currency's improvement was helped by better foreign exchange inflows, which reduced pressure on demand.

At the official window, the naira appreciated by 0.72% w/w to N1,455.17/$, showing renewed market confidence. Likewise, in the parallel market, it strengthened by 0.88% to N1,475/$, supported by improved liquidity. Nigeria's external reserves also increased by 0.83% w/w to $42.57 billion, helped by continued CBN interventions and higher inflows from oil sales, remittances, and portfolio investments. This steady rise gives the CBN more room to manage short-term pressures and supports expectations of naira stability in the near term.

Meanwhile, the commodities market weakened as crude oil prices fell after the Israel–Hamas ceasefire, which reduced geopolitical risks and removed the war-related price premium. Brent crude closed at $64.90/bbl, and WTI at $61.28/bbl, as concerns grew about a possible oversupply with OPEC easing production cuts. In line with global trends, Nigeria's Bonny Light dropped by 4.66% to $69.94/bbl, raising concerns about potential revenue and fiscal pressure if prices stay low.

Looking ahead, We expect the naira to stay stable in the near term, supported by steady FX inflows and CBN interventions. However, rising import demand or weaker dollar inflows could slow further gains. Oil prices may remain under pressure due to higher supply, but any rebound in global demand could offer some support to Nigeria's external earnings conditions, underpinning optimism for FX market stability, volatility in global oil markets may keep investor sentiment cautious……

BOND MARKET: Mixed Sentiment in Fixed-Income Market as FGN Bonds Rally and Eurobonds Weaken…..

The Nigerian secondary bond market ended the week on a bullish note, driven by strong investor demand across most tenor segments. Trading activity was robust across all tenors, reflecting improved market sentiment and sustained appetite for fixed-income securities amid lingering uncertainties in other asset classes. This broad-based demand exerted mild downward pressure on yields, with the average yield falling by 29 basis points to 15.98% for the week.

Similarly, the Nigerian sovereign Eurobond market closed the week on a negative note, supported by firm investor selloffs interest across the curve. Overall demand was downbeat, as average Eurobond yields rose by 0.17% week-on-week to settle at 8.06%.

Looking ahead, We expect the local bond market to remain broadly stable, supported by strong investor demand and ample liquidity, though mild profit-taking may slow further yield declines. Meanwhile, the Eurobond market could stay cautious as global investors respond to shifting market dynamics while players look forward to the NOV-25 maturity.

Also, the latest development from FTSE Russell to keep Nigeria on the watchlist for a possible reclassification to Frontier market status could further boost investor sentiment for improved liquidity into the Eurobond space……

MONEY MARKET: Market Awash, CBN Tightens Grip as Investors Snap Up Bills Amid Naira Calm…

This week in the money market, liquidity was in full flow, buoyed by maturing OMO and Treasury bills worth N250 billion and N230.66 billion respectively. The market opened the week on a strong footing with a robust system balance of N5.12 trillion but gradually tapered off, closing at N3.39 trillion as liquidity management operations kicked in.

To tame the excess cash in circulation, the Central Bank of Nigeria (CBN) conducted aggressive OMO auctions early in the week, followed by a round of Treasury bills auctions. Banks, however, remained largely passive on the lending front, redirecting surplus funds into the CBN's Standing Deposit Facility (SDF) window. Liquidity was further thinned by N154.75 million in primary market repayments and additional debits amounting to N55.24 billion.

Despite the fluctuations, short-term rates moved modestly lower as abundant liquidity kept funding pressures subdued. The Overnight NIBOR eased by 2bps week-on-week to 24.86%, while the 1-month and 3-month tenors each slipped by a basis point. The 6-month rate saw a sharper 18bps decline. Interbank rates, however, remained broadly stable—overnight rate edged slightly up by 8bps to 24.97%, while the funding rate was flat at 24.50%.

In the secondary Treasury bills market, sentiment was bullish throughout the week as investors repositioned amid sustained naira stability and improving market fundamentals. Renewed demand—especially across short- and mid-tenor bills—drove average yields down by 55bps week-on-week to 17.40%.

At the OMO auction, the apex bank offered N600 billion worth of bills but met an overwhelming demand of N4.4 trillion. Eventually, N3.0 trillion was allotted, with stop rates printing at 19.45% for the 168-day paper and 19.49% for the 196-day paper—signalling a cautious tightening stance despite market liquidity.

Meanwhile, the NTB auction held on October 8, 2025, drew another wave of strong investor appetite, especially at the long end of the curve. Total subscription soared to N1.06 trillion against a N570 billion offer, underscoring the dominance of short-term liquidity players seeking decent returns in a stable macro environment. The 364-day paper absorbed most of the inflows, attracting N986.33 billion in bids—nearly double the total offer—and clearing at a stop rate of 15.77%, a mild compression from previous levels. Shorter tenors saw subdued interest. The 91-day bill received N25.97 billion in subscriptions, clearing at 15.00%, while the 182-day paper garnered N52.12 billion, clearing at 15.25%.

In the coming week, we expect liquidity levels to remain robust and positive and to be driven by continued activities of banks at the SDF window as well as the N300 billion OMO maturity which is expected to hit the system in the coming week. Overall, the market continues to reflect a delicate balance between liquidity management and yield positioning. With naira stability and a gradual dovish tilt in monetary tone, investors are clearly tilting toward medium- to long-dated instruments for higher real returns—suggesting confidence is quietly returning to the fixed-income space……..

EQUITIES MARKET: Nigerian Equities Extend Bullish Run Amid Mixed Market Activity; ASI Up 2.37% w/w….

The Nigerian equities market sustained its positive momentum this week, with overall sentiment remaining bullish despite a moderation in transaction value and trading volume. The NGX All-Share Index advanced by 2.37% w/w to close at 146,988.04 points after hitting a new 52-week high of 147,107 points on strong market internals, driven by renewed investor interest in fundamentally strong stocks.

Consequently, market capitalization also rose by 2.37% week on week to N93.30 trillion and giving equity investors a total of N2.16 trillion. The market's resilience was further reflected in a stronger year-to-date return of 42.81%, underscoring sustained bullish sentiment amid intermittent profit-taking. Evidence of portfolio rebalancing and selective positioning highlighted continued investor confidence in market fundamentals. Market breadth remained positive at 1.24x, with 51 gainers against 41 losers, indicating cautious optimism.

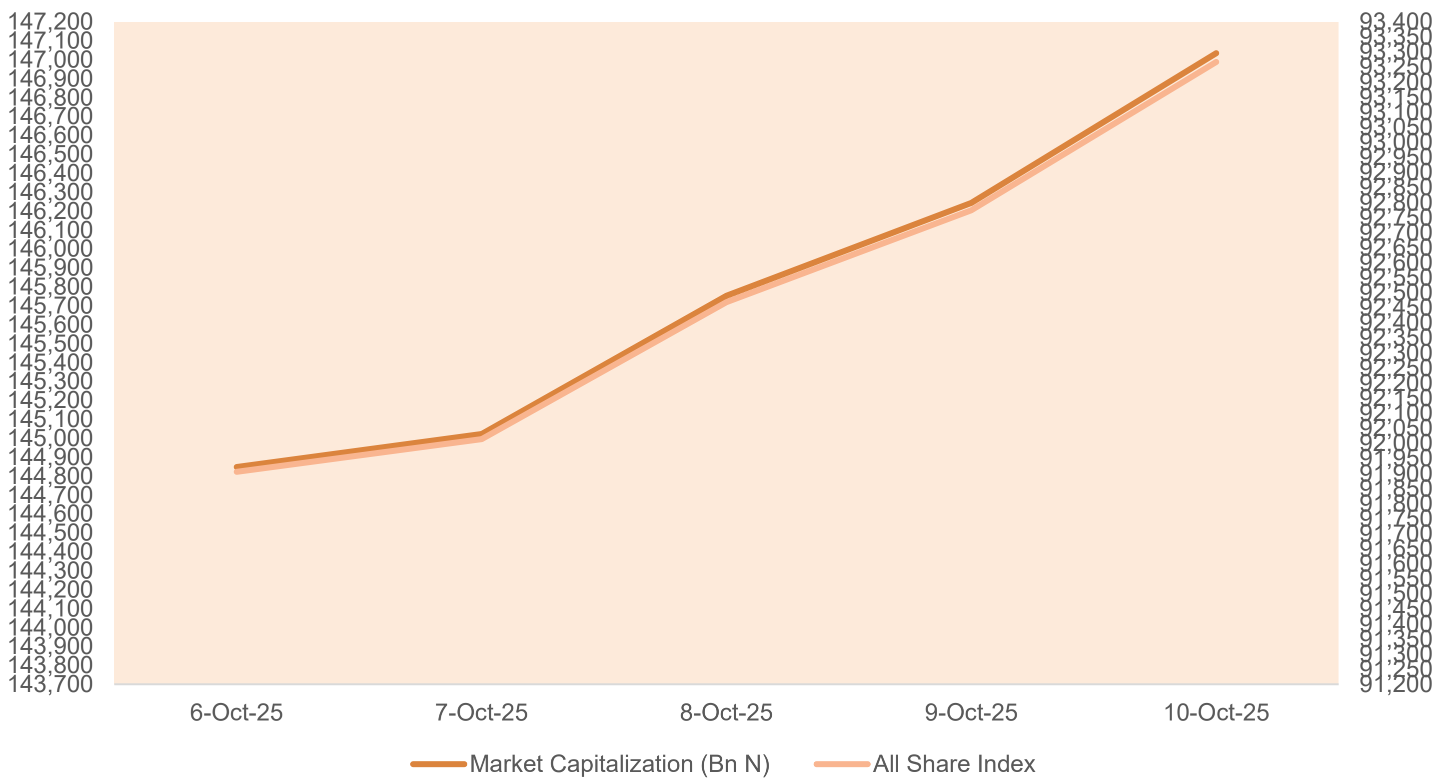
However, overall activity was in the mixed bag as the total trading volume declined sharply by 72.79% to 2.29 billion shares as well as the weekly transaction value which dropped by 21.11% to N91.13 billion, largely due to fewer block trades. In contrast, the number of deals increased by 19.36% to 138,301, reflecting stronger participation from retail and mid-tier investors.

Sectoral performance was broadly positive, as five of the six major indices closed higher. The Industrial Goods index led with a 4.23% gain, followed by Insurance (+3.69%), Oil & Gas (+2.90%), Commodities (+1.65%), and Consumer Goods (+0.83%). The Banking index was the only laggard, declining 0.41% due to profit-taking and weak sentiment in select counters.

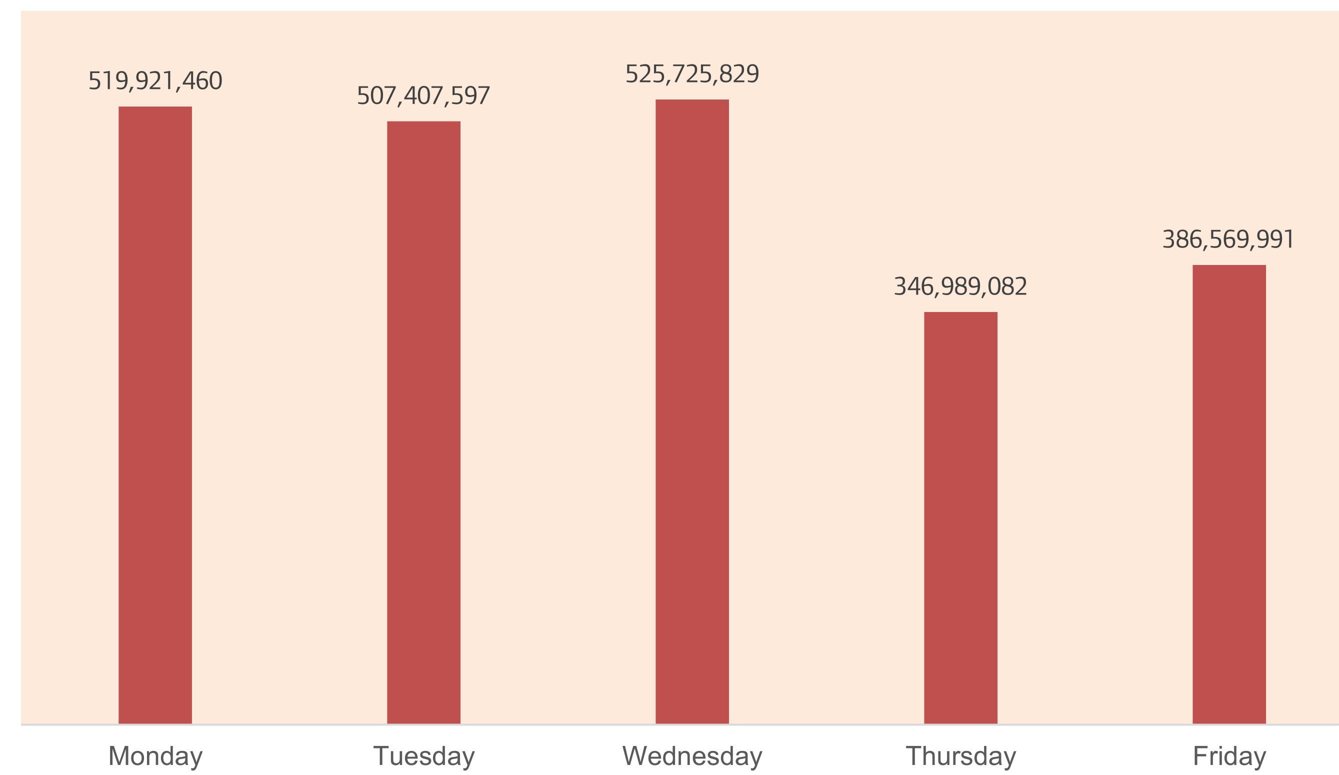
At the stock level, SOVRENINS topped the gainers' chart with a 16.7% w/w advance, trailed by OMATEK (+12.3%), MANSARD (+11.8%), CHAMS (+11.7%), and EUNISELL (+11.4%). Conversely, LIVINGTRUST led the losers, falling 14.6% w/w, alongside NEIMETH (-11.0%), UHOMREIT (-10.0%), MEYER (-9.9%), and JULI (-9.6%), as investors turned cautious on these counters.

Looking ahead into the coming week, we expect the equities market to trade in a mixed but broadly stable pattern in the near term. While improved corporate earnings and selective bargain hunting may continue to support prices, cautious investor sentiment amid high interest rates, inflationary pressures, and portfolio rebalancing could limit further upside. Overall, market performance will likely hinge on macroeconomic developments and policy signals from monetary authorities. Meanwhile, we continue to advise investors to position in stocks with strong fundamentals and earning power….

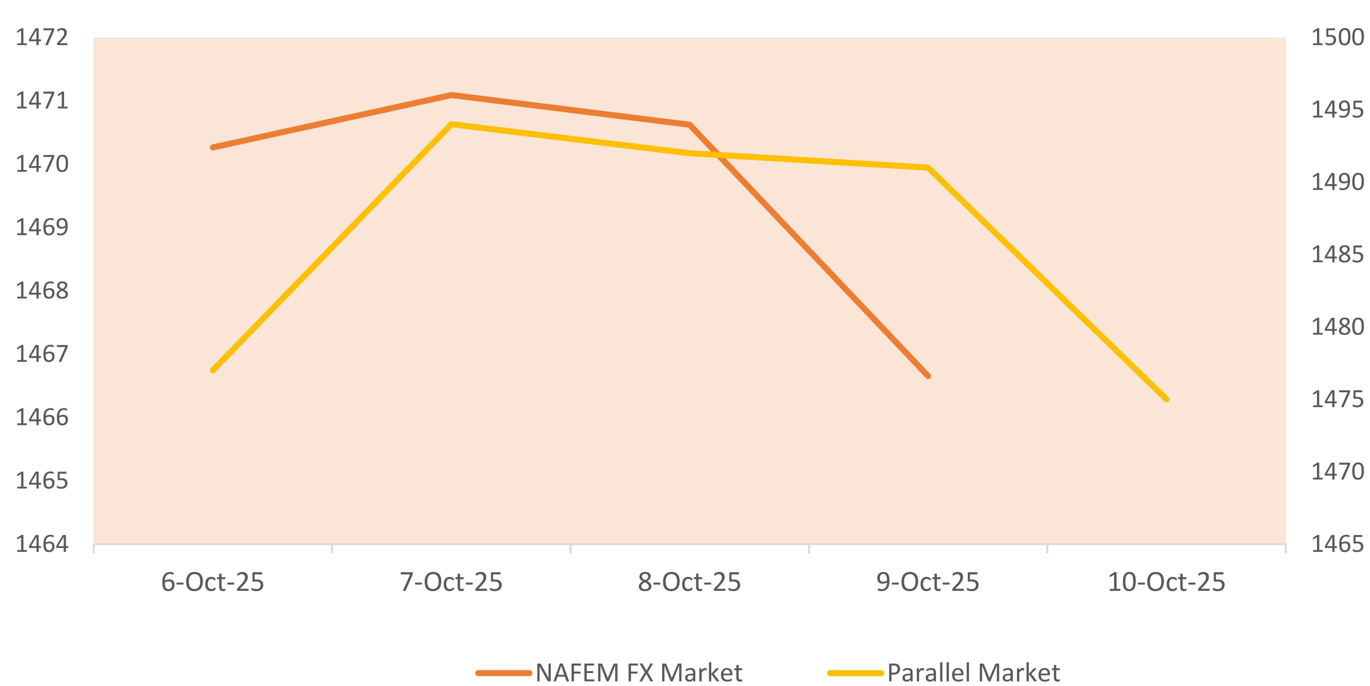
Evolution of Equities Performance Gauges



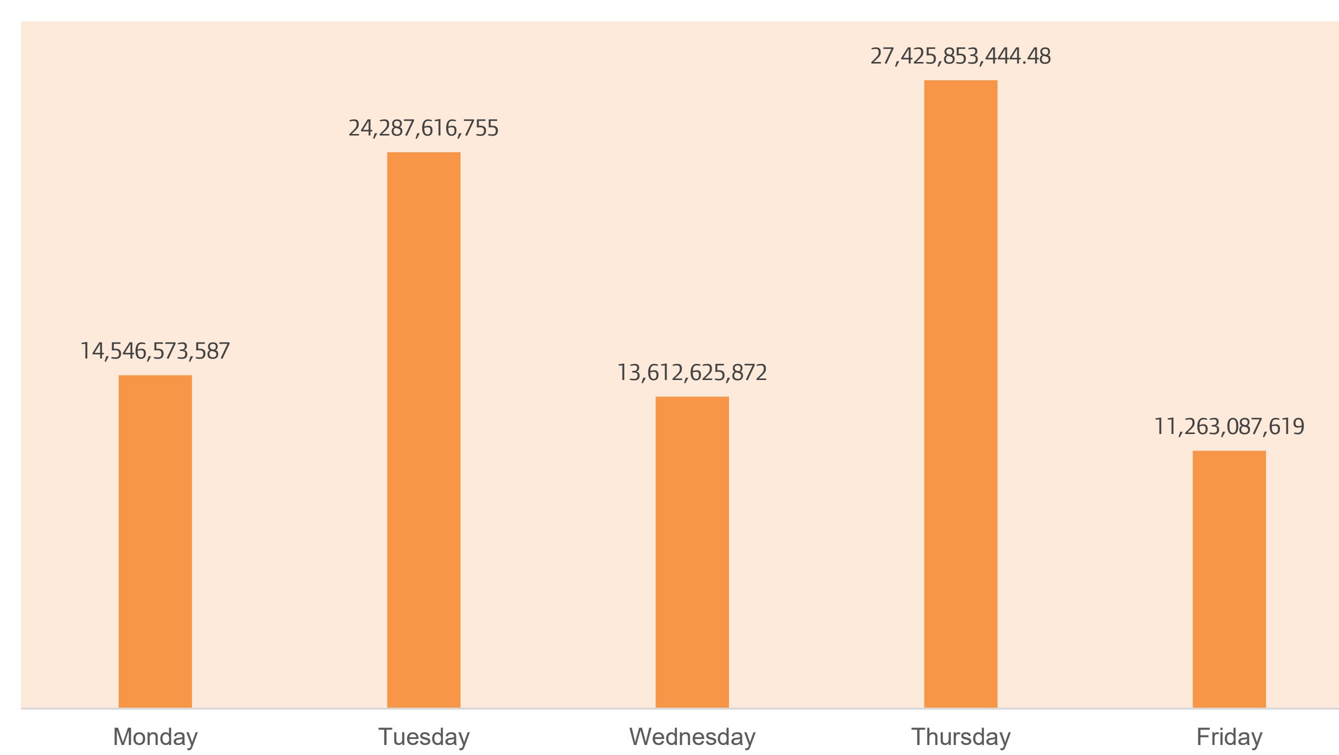
Daily Traded Volume



Evolution of NGN/USD Exchange Rates



Daily Traded Value



Weekly Top Gainers and Losers as at Friday, October 10, 2025

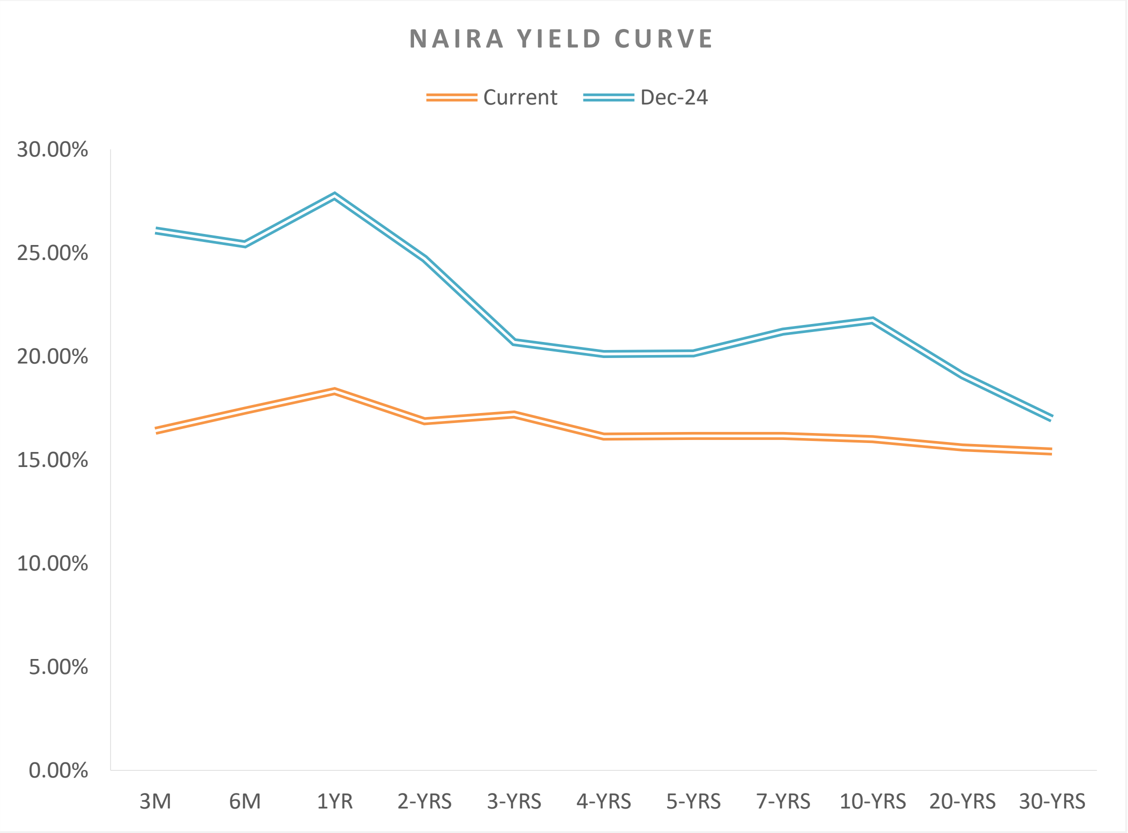
Top Ten Gainers				Bottom Ten Losers			
Symbol	9-Oct-25	2-Oct-25	% Change	Symbol	9-Oct-25	2-Oct-25	% Change
SOVRENINS	3.21	2.75	16.7%	LIVINGTRUST	5.20	6.09	-14.6%
OMATEK	1.37	1.22	12.3%	NEIMETH	6.01	6.75	-11.0%
MANSARD	16.10	14.40	11.8%	UHOMREIT	51.85	57.6	-10.0%
CHAMS	4.30	3.85	11.7%	MEYER	15.10	16.75	-9.9%
EUNISELL	44.00	39.50	11.4%	JULI	8.95	9.90	-9.6%
CUTIX	3.90	3.51	11.1%	PZ	38.15	41.7	-8.5%
MTNN	471.00	425.00	10.8%	HMCALL	4.12	4.44	-7.2%
SEPLAT	5917.2	5379.3	10.0%	THOMASWY	3.01	3.24	-7.1%
SFSREIT	381.10	346.55	10.0%	ETRANZACT	15.00	16.00	-6.3%
DEAPCAP	1.80	1.64	9.8%	ABCTRANS	4.05	4.30	-5.8%

FGN Eurobonds Yields as at Friday, October 10, 2025

			10-Oct-25	Weekly	03-Oct-25	Weekly
FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.12	100.07	0.04	6.7%	-0.49
6.50 NOV 28, 2027	28-Nov-17	2.13	100.04	-0.30	6.5%	0.15
6.125 SEP 28, 2028	28-Sep-21	2.97	97.78	-0.50	7.0%	0.20
8.375 MAR 24, 2029	24-Mar-22	3.45	102.00	-1.52	7.7%	0.49
7.143 FEB 23, 2030	23-Feb-18	4.38	97.91	-1.21	7.7%	0.33
8.747 JAN 21, 2031	21-Nov-18	5.28	103.02	-0.94	8.0%	0.22
7.875 16-FEB-2032	16-Feb-17	6.36	98.39	-1.22	8.2%	0.25
7.375 SEP 28, 2033	28-Sep-21	7.97	93.86	-1.16	8.5%	0.21
7.696 FEB 23, 2038	23-Feb-18	12.38	91.95	-1.13	8.8%	0.16
7.625 NOV 28, 2047	28-Nov-17	22.15	85.58	-1.35	9.2%	0.17
9.248 JAN 21, 2049	21-Nov-18	23.30	100.41	-1.26	9.2%	0.13
8.25 SEP 28, 2051	28-Sep-21	25.98	89.24	-1.50	9.4%	0.17

Weekly Stock Recommendations as at Friday, October 10, 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
ARADEL HOLDINGS PLC	33.26	43.24	334.5	1.88	18.88x	850.1	401.1	628	816.4	533.8	722.2	30.00	Buy
DANGOTE CEMENT PLC	30.74	39.96	132.56	4.34	18.73x	577.00	349.20	575.80	748.5	489.4	662.2	30.00	Buy
NIGERIAN BREWERIES PLC	2.84	3.98	17.73	4.40	27.44x	78.7	26	78.00	109.2	66.3	89.7	40.00	Buy
STANBIC IBTC PLC	10.78	14.44	59.82	1.82	10.11x	111.10	52.95	109.00	146.1	92.7	125.4	34.00	Buy
ZENITH BANK PLC	12.95	17.35	111.24	0.62	5.29x	78.50	35.10	68.50	91.8	58.2	78.8	34.00	Buy



U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, October 10, 2025

MAJOR	10-Oct-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1566	1.1564	0.01%	-1.48%.	-1.40%.	5.79%
GBPUSD	1.3274	1.3299	-0.19%.	-1.54%.	-2.21%.	1.60%
USDCHF	0.8057	0.8063	-0.08%.	1.28%	1.22%	-6.02%.
USDRUB	81.8900	81.1757	0.88%	-0.44%.	-3.09%.	-14.52%.
USDNGN	17.2371	17.2044	0.19%	-0.50%.	-2.74%.	-9.65%.
USDZAR	17.2371	17.2044	0.19%	0.10%	-0.70%.	-0.96%.
USDEGP	47.5600	47.5552	0.01%	-0.40%.	-1.37%.	-2.00%.
USDCAD	18.41	18.3926	0.07%	0.24%	1.10%	1.62%
USDMXN	18.41	18.3926	0.07%	0.05%	-0.30%.	-4.49%.
USDBRL	5.42	5.3693	0.87%	1.46%	0.42%	-3.53%.
AUDUSD	0.6550	0.6556	-0.10%.	-0.80%.	-1.71%.	-2.93%.
NZDUSD	0.6550	-0.0600	-0.10%.	-0.80%.	-1.71%.	-2.93%.
USDJPY	7.1274	7.1381	-0.15%.	3.54%	3.69%	2.39%
USDCNY	7.1274	7.1381	-0.15%.	-0.14%.	0.19%	0.84%
USDINR	88.6390	88.8701	-0.26%.	-0.12%.	0.41%	5.38%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, October 10, 2025

Commodity		10-Oct-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	60.1	61.5	-2.24%.	-1.85%.	-4.20%.	-20.92%.
BRENT	USD/Bbl	63.9	65.2	-2.04%.	-1.53%.	-4.26%.	-19.61%.
NATURAL GAS	USD/MMBtu	3.2	9.8	-2.95%.	-4.52%.	8.17%	20.58%
GASOLINE	USD/Gal	1.8	1.9	-1.61%.	-0.79%.	-6.41%.	-14.15%.
COAL	USD/T	104.5	104.8	-0.24%.	-0.33%.	2.00%	-30.45%.
GOLD	USD/t.oz	3,994.8	3,974.9	0.50%	2.71%	9.91%	50.24%
SILVER	USD/t.oz	50.1	49.3	1.52%	4.60%	20.91%	59.22%
WHEAT	USD/Bu	503.4	506.5	-0.61%.	-2.36%.	-3.53%.	-16.01%.
PALM-OIL	MYR/T	4,546.0	4,593.8	-1.04%.	2.34%	2.09%	4.51%
COCOA	USD/T	5,890.5	5,942.7	-0.88%.	-5.17%.	-22.03%.	-24.32%.

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