COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Finally Below 20%! Nigeria's Inflation Cools to 18.02% as FX Market Regains Balance…….

According to the National Bureau of Statistics (NBS), Nigeria's headline inflation eased further to 18.02% in September 2025 from 20.12% in August, marking the sixth consecutive month of disinflation since April and outperforming Cowry Research's projection of 19.73%. On a month-on-month (m/m) basis, inflation decelerated marginally to 0.72% from 0.74% in August, implying slower price growth across major components of the CPI basket. On a year-on-year (y/y) basis, headline inflation was 14.68 percentage points lower than the 32.70% recorded in September 2024 — the softest annual print since May 2022 (17.71% y/y).

At the divisional level, Food & Non-Alcoholic Beverages (7.21%), Restaurants & Accommodation Services (2.33%), and Transport (1.92%) were the top contributors to headline inflation on a y/y basis. On a monthly basis, food remained the largest driver (0.29%), followed by Restaurants (0.09%) and Transport (0.08%).

Looking at the drivers of the headline index, the NBS report stated that food inflation moderated sharply to 16.87% y/y in September from 37.77% a year ago, largely reflecting the base year effect and the impact of the ongoing harvest season, which boosted food supply and softened prices across major staples such as maize, garri, beans, onions, and fresh produce. On a monthly basis, food inflation printed -1.57%, down from 1.65% in August, confirming a deflationary trend in food prices.

Similarly, the Core inflation (excluding volatile agricultural items and energy) eased to 19.53% y/y from 27.43% in September 2024. On a monthly basis, core inflation printed 1.42%, slightly below the 1.43% recorded in August. The softer print for September was attributed to stable FX market conditions and improved foreign exchange liquidity, which helped ease import-related cost pressures. Other sub-indices showed mixed movements — farm produce index fell to -0.75% (from -0.24%), energy index improved slightly to -0.47% (from -0.64%), while services index rose to 1.17% (from 0.66%) and goods index moderated to 0.44% (from 0.96%).

Across states, the highest year-on-year headline inflation rates were recorded in Adamawa (23.69%), Katsina (23.53%), and Nasarawa (22.29%), while Anambra (9.28%), Niger (11.79%), and Bauchi (12.36%) reported the lowest. On a month-on-month basis, Zamfara (9.36%), Adamawa (8.15%), and Nasarawa (7.49%) saw the fastest price growth, whereas Niger (-8.14%), Oyo (-5.56%), and Bayelsa (-4.61%) recorded declines.

For food inflation, Ekiti (28.68%), Rivers (24.18%), and Nasarawa (22.74%) topped the year-on-year chart, while Bauchi (2.81%), Niger (8.38%), and Anambra (8.41%) recorded the slowest food price growth. On a month-on-month basis, Zamfara (15.62%), Ekiti (12.77%), and Sokoto (12.55%) posted the highest food inflation, whereas Akwa Ibom (-12.97%), Borno (-12.95%), and Cross River (-10.36%) saw sharp declines.

Cowry Research expects the headline inflation trend to remain moderating in the coming months, driven by continued naira stability, improved FX liquidity, and sustained food supply during the harvest season. While the recent upward adjustment in PMS prices in October may trigger mild cost pressures, its overall impact on the CPI basket is expected to be muted given its relatively low weighting. Consequently, Cowry Research projects October 2025 inflation to moderate further to 17.83%.

In the secondary fixed income market, sentiment is expected to remain bullish, especially on long-dated instruments, as investors take advantage of the softer inflation outlook and prospects of further monetary policy easing. Accordingly, Cowry Research anticipates that while the yield curve may remain inverted in the near term, a gradual normalization is likely as spreads between short- and long-term maturities narrow.

FOREX MARKET: Naira Slides as Dollar Strengthens Amid Oil Market Recovery…….

The naira faced renewed pressure in the foreign exchange market this week, depreciating against the U.S. dollar as demand outpaced supply despite the Central Bank of Nigeria's (CBN) sustained interventions. The Nigerian Naira weakened by 1.37% week-on-week to N1,475.35/$1 at the official window, while at the parallel market, it slipped 0.61% to N1,484/$1, reflecting lingering FX demand pressure and cautious market sentiment.

In contrast, Nigeria's external reserves recorded a mild uptick, rising 0.19% week-on-week to $42.67 billion from $42.59 billion the previous week. The gain was buoyed by steady oil receipts, improved non-oil inflows, and a robust trade surplus, which have collectively supported FX stability efforts.

At the time of writing, Brent crude traded at $60.84 per barrel, while West Texas Intermediate (WTI) stood at $57.29 per barrel, both heading for a 3% weekly decline. The slide followed news that U.S. President Donald Trump plans to meet Russia's Vladimir Putin in the coming weeks to discuss a possible resolution to the Ukraine conflict, a development that has weighed on oil market sentiment.

Looking ahead, we expect the naira to trade within a relatively stable band as the CBN maintains active intervention in the FX market. However, any disruption in oil price recovery or resurgence in speculative demand could briefly test the currency's resilience in the short term…….

BOND MARKET: Investors Reprice Fixed Income Instruments as DMO Ups Q4 Supply; Bonds and Eurobonds Turn Bullish…..

In the fixed income space this week, trading in the secondary market for FGN Bonds opened on a cautious note with a sell bias, as investors rebalanced positions following the release of the Q4 2025 issuance calendar, which showed an increased offer size of N120 billion – N150 billion, up from N100 billion in the previous quarter. The initial sell-off reflected investor reaction to the lower-than-expected inflation print of 18.02% for September, which spurred a round of repricing and profit-taking across select maturities.

However, momentum turned bullish midweek, with renewed buy interest particularly in the 2030s segment, as investors took advantage of attractive entry levels. Consequently, the average yield on benchmark bonds declined by 1bp to 15.97%, underscoring improved sentiment and confidence in the market's medium-term outlook.

The Eurobond market also traded bullish as strong demand was observed across the belly of the curve, with the average yield easing by 7bps to 8.00%. The positive tone was buoyed by renewed investor appetite for Nigerian sovereign debt amid improving macro fundamentals and expectations of enhanced external buffers.

Meanwhile, the Federal Government's plan to issue $2.25 billion in Eurobonds later this year further strengthened optimism around Nigeria's external liquidity position and debt management strategy.

Looking ahead, we expect the bullish momentum in both local and external debt markets to persist as investors reassess portfolio allocations amid moderating inflation, improving fiscal outlook, and stabilising global yields. The market tone should remain upbeat, supported by expectations of monetary policy easing and sustained foreign investor interest in high-yield emerging market assets…….

MONEY MARKET: Liquidity Tightens as CBN Mops Up Excess Cash; Rates Edge Higher Across Tenors…

System liquidity opened the week at a net surplus of N2.0 trillion, lower than the previous week's N3.4 trillion, supported by N300 billion OMO maturities that helped sustain interbank stability.

However, by week's close, liquidity further thinned to N1.62 trillion as the CBN intensified liquidity sterilisation through primary market repayments. Most banks continued to park excess cash at the Standing Deposit Facility (SDF) window, reflecting weak credit appetite and cautious short-term positioning.

Money market rates trended higher across maturities as the CBN moved to curb excess liquidity. The Overnight NIBOR rose 6bps week-on-week to 24.92%, while the 1-month, 3-month, and 6-month NIBOR climbed to 25.75%, 26.51%, and 27.30%, respectively. Funding pressures also showed up at the policy window, with the OPR and Overnight rates inching up to 24.54% and 25.07%, signalling tightening interbank conditions.

In the secondary market, bullish sentiment dominated the Treasury Bills space, with strong buying interest across short, mid, and long-dated maturities driving average yields 6bps lower to 17.39% week-on-week. However, the OMO market traded mixed, with mild selloffs at the mid-to-long end—particularly on the 9-Dec and 17-Feb maturities—pushing average OMO yields 105bps higher to 21.62%.

Similarly, the Nigerian Interbank Treasury Bills True Yield (NITTY) curve showed mild upticks across short and medium tenors as investors demanded higher returns amid tightening liquidity, while the 12-month NITTY bucked the trend, easing 5bps to 18.27%.

Looking ahead, system liquidity is expected to stay in positive territory, bolstered by N378 billion in T-bills maturities and expected inflows from FAAC allocation. The CBN is also set to conduct a N650 billion primary T-bill auction across the standard maturities — N100bn (91-day), N100bn (182-day), and N450bn (364-day) — which will shape short-term yield dynamics going into next week…..……

EQUITIES MARKET: Equities Market Scales New Heights as Investors Pocket N1.26trn, ASI Nears 150k Mark….

The Nigerian equities market extended its winning streak this week, climbing to a new 52-week high and brushing the 149,000 psychological mark before settling at 148,977.64 points, representing a 1.35% week-on-week gain. The uptrend was driven by renewed buy interest in mid and large cap blue-chip stocks and strategic sectoral reallocation by investors amid moderating inflation and encouraging macroeconomic data, as the September inflation rate slowed to 18.02%.

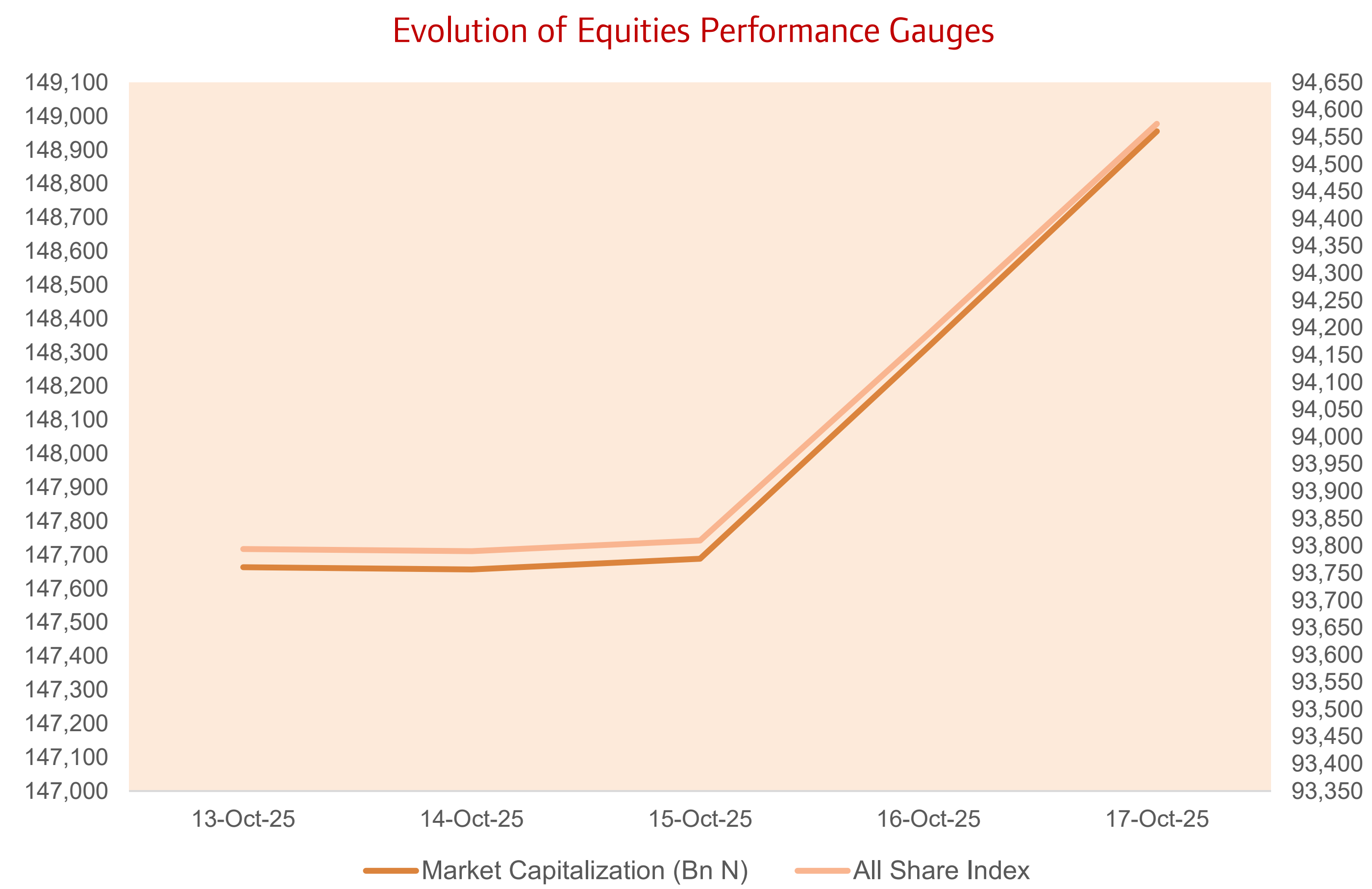
The upbeat momentum saw the market capitalization of listed equities rise 1.36% week-on-week to N93.29 trillion, translating to N1.26 trillion in profit for equity investors. The year-to-date (YTD) return of the NGX All-Share Index (ASI) now stands at an impressive 44.74%, underlining the market's resilience. Overall, market breadth remained positive at 1.27x, with 52 gainers against 41 losers, reflecting broad-based optimism across all five trading sessions.

Trading activity was somewhat mixed. While the total volume of shares traded rose 5.93% to 2.42 billion units, the total value of transactions declined 15.53% to N76.98 billion compared to N91.14 billion in the prior week. Similarly, total deals fell 8.36% to 126,744 trades, suggesting a more stock-selective trading pattern despite upbeat sentiment.

Performance across sectors was largely bullish, save for the NGX Banking Index, which slipped 0.13% week-on-week due to mild corrections in GTCO, ACCESSCORP, and UBA as investors rebalanced their portfolios. In contrast, the Industrial Goods and Insurance indices topped the chart, advancing 2.79% and 2.56%, respectively. The Consumer Goods, Commodities, and Oil & Gas indices also posted gains of 1.93%, 1.60%, and 0.04%, respectively, supported by renewed buying interest.

Market leaders for the week included SOVRENINS (+11.2%), ROYALEX (+11.1%), EUNISELL (+10%), SFSREIT (+9.9%), and OMATEK (+9.5%), which benefited from sustained investor demand. On the flip side, TRIPPLE GEE (-18.8%), ACADEMY (-17.9%), REGALINS (-13.9%), LIVINTRUST (-13.5%), and IMG (-9.9%) closed the week as the worst performers, driven by profit-taking and weak investor appetite.

With the ASI inching closer to the 150,000-resistance zone, market sentiment remains upbeat. We expect a potential breakout above this threshold, especially if Q3 corporate earnings outperform expectations. Nonetheless, short-term profit-taking may surface as traders lock in gains from recent rallies. Looking ahead, the bullish momentum is expected to persist as market potential and attractive positions of several tickers presents a rewarding 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
149,100
149,000
148,900
148,800
148,700
148,600
148,500
148,400
148,300
148,200
148,100
148,000
147,900
147,800
147,700
147,600
147,500
147,400
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147,200
147,100
147,000
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94,400
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94,250
94,200
94,150
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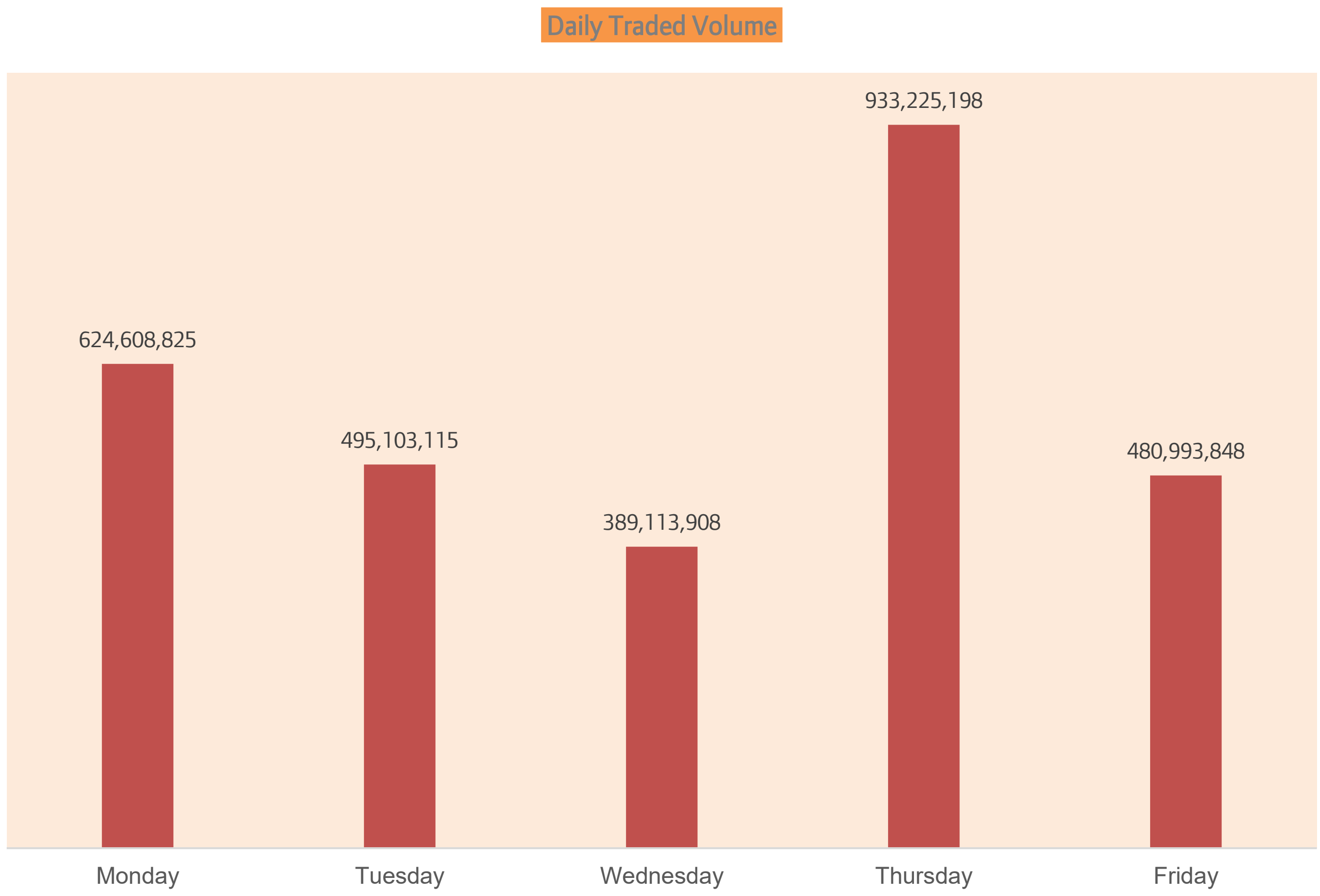
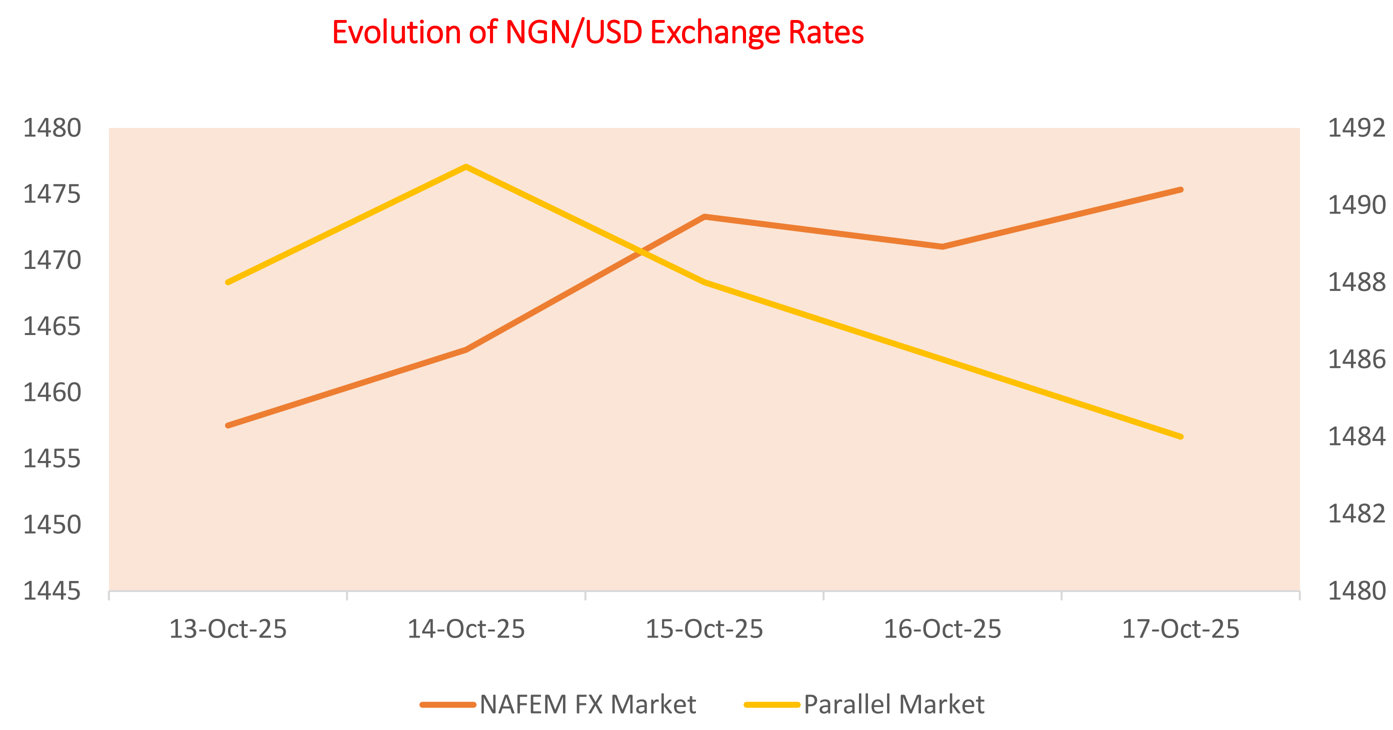
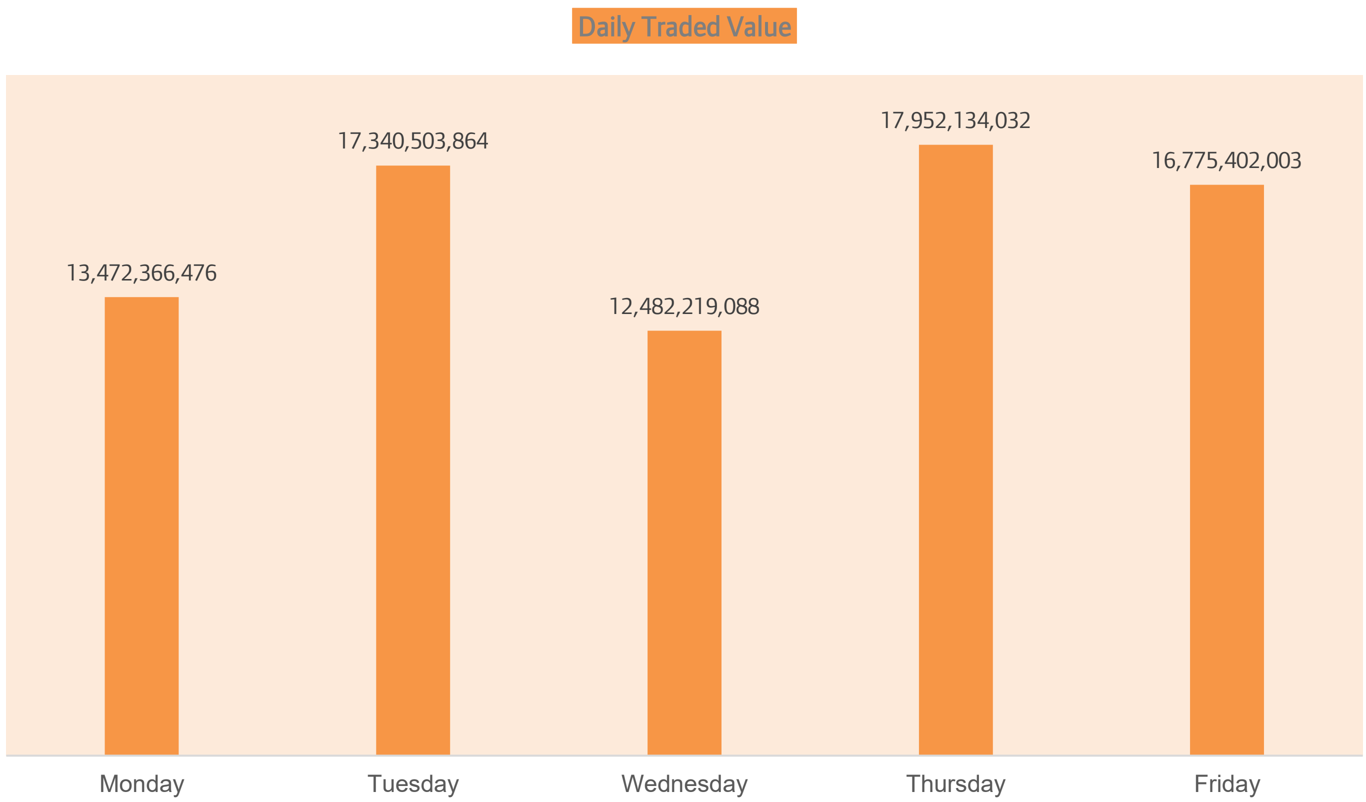
94,050
94,000
93,950
93,900
93,850
93,800
93,750
93,700
93,650
93,600
93,550
93,500
93,450
93,400
93,350
13-Oct-25
14-Oct-25
15-Oct-25
16-Oct-25
17-Oct-25
Market Capitalization (Bn N)
All Share Index


Daily Traded Volume
624,608,825
495,103,115
389,113,908
933,225,198
480,993,848
Monday
Tuesday
Wednesday
Thursday
Friday


Evolution of NGN/USD Exchange Rates
1480
1475
1470
1465
1460
1455
1450
1445
1492
1490
1488
1486
1484
1482
1480
13-Oct-25
14-Oct-25
15-Oct-25
16-Oct-25
17-Oct-25
NAFEM FX Market
Parallel Market


Daily Traded Value
13,472,366,476
17,340,503,864
12,482,219,088
17,952,134,032
16,775,402,003
Monday
Tuesday
Wednesday
Thursday
Friday

Weekly Top Gainers and Losers as at Friday, October 17, 2025

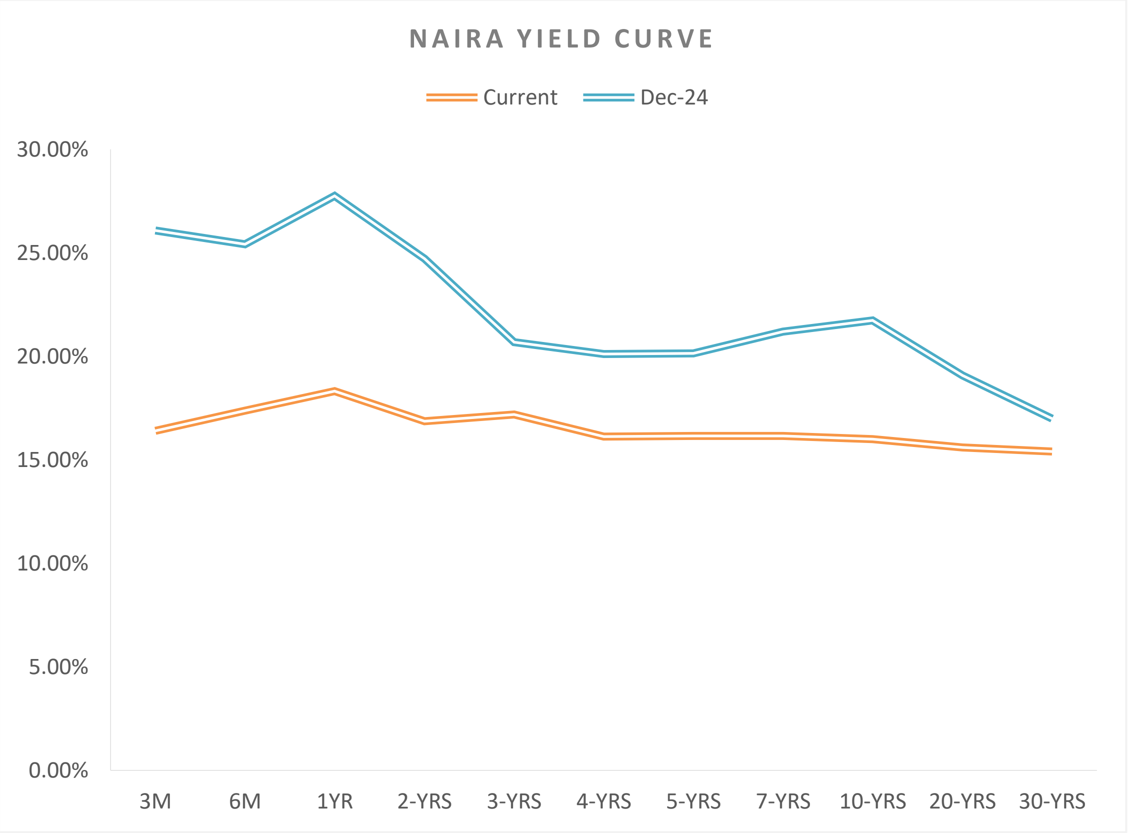
Top Ten Gainers				Bottom Ten Losers			
Symbol	17-Oct-25	10-Oct-25	% Change	Symbol	17-Oct-25	10-Oct-25	% Change
SOVRENINS	3.57	3.21	11.2%	TRIPPLEG	4.91	6.05	-18.8%
ROYALEX	2.40	2.16	11.1%	ACADEMY	7.88	9.6	-17.9%
EUNISELL	48.40	44.00	10.0%	REGALINS	1.42	1.65	-13.9%
SFSREIT	418.75	381.10	9.9%	LIVINGTRUST	4.50	5.20	-13.5%
OMATEK	1.50	1.37	9.5%	IMG	32.40	35.95	-9.9%
TRANSPOWER	342.00	314.00	8.9%	SUNUASSUR	5.25	5.77	-9.0%
STANBIC	118.00	109.00	8.3%	UACN	66.5	72.7	-8.5%
UNIVINSURE	1.2	1.11	8.1%	AUSTINLAZ	2.90	3.15	-7.9%
VITAFOAM	87.00	81.00	7.4%	ELLAHLAKES	13.40	14.44	-7.2%
PRESTIGE	1.80	1.69	6.5%	CHAMS	4.00	4.30	-7.0%

FGN Eurobonds Yields as at Friday, October 17, 2025

			17-Oct-25	Weekly	17-Oct-25	Weekly
FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.10	100.07	0.00	6.6%	(0.18)
6.50 NOV 28, 2027	28-Nov-17	2.12	99.82	(0.22)	6.6%	0.12
6.125 SEP 28, 2028	28-Sep-21	2.95	97.82	0.04	7.0%	(0.01)
8.375 MAR 24, 2029	24-Mar-22	3.44	102.43	0.43	7.6%	(0.15)
7.143 FEB 23, 2030	23-Feb-18	4.36	97.99	0.08	7.7%	(0.02)
8.747 JAN 21, 2031	21-Nov-18	5.27	103.29	0.27	8.0%	(0.07)
7.875 16-FEB-2032	16-Feb-17	6.34	98.79	0.40	8.1%	(0.08)
7.375 SEP 28, 2033	28-Sep-21	7.95	94.31	0.45	8.4%	(0.08)
7.696 FEB 23, 2038	23-Feb-18	12.36	92.39	0.44	8.7%	(0.06)
7.625 NOV 28, 2047	28-Nov-17	22.13	86.45	0.87	9.1%	(0.11)
9.248 JAN 21, 2049	21-Nov-18	23.28	101.19	0.78	9.1%	(0.08)
8.25 SEP 28, 2051	28-Sep-21	25.96	89.90	0.66	9.3%	(0.07)

Weekly Stock Recommendations as at Friday, October 17, 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
WEMA BANK PLC	8.17	11.11	15.08	1.26	2.33x	21	5.8	19.00	25.8	16.2	21.9	36.00	Buy
DANGOTE CEMENT PLC	30.74	39.96	132.56	4.53	19.52x	600.00	349.20	600.00	780.0	510.0	690.0	30.00	Buy
ACCESS HOLDINGS PLC	4.88	7.81	103.75	0.25	5.26x	28.95	19	25.65	41.0	21.8	29.5	60.00	Buy
MTN NIGERIA	19.76	26.48	-2.02	-235	24.01x	495.0	169	474.40	635.7	403.2	545.6	34.00	Buy
NIGERIAN BREWERIES PLC	2.84	3.98	17.73	4.29	26.74x	78.7	26	76.00	106.4	64.6	87.4	40.00	Buy



U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, October 17, 2025

MAJOR	17-Oct-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1678	1.1687	-0.08%.	0.51%	-0.94%.	7.46%
GBPUSD	1.3416	1.3433	-0.13%.	0.38%	-1.04%.	2.81%
USDCHF	0.7918	0.7930	-0.16%.	-0.60%.	-0.09%.	-8.42%.
USDRUB	81.4375	80.0133	1.78%	-0.03%.	-1.98%.	-14.33%.
USDNGN	17.3882	17.3258	0.36%	0.55%	-1.61%.	-10.01%.
USDZAR	17.3882	17.3258	0.36%	-0.63%.	0.27%	-1.18%.
USDEGP	47.5800	47.5990	-0.04%.	0.05%	-1.16%.	-2.06%.
USDCAD	18.43	18.4361	-0.05%.	0.21%	1.75%	1.73%
USDMXN	18.43	18.4361	-0.05%.	-0.72%.	0.36%	-7.16%.
USDBRL	5.46	5.4457	0.17%	-1.15%.	2.67%	-4.14%.
AUDUSD	0.5717	0.5730	-0.23%.	0.07%	-2.10%.	-3.39%.
NZDUSD	0.5717	-0.0600	-0.23%.	-0.19%.	-2.92%.	-5.83%.
USDJPY	7.1270	7.1249	0.03%	-0.58%.	1.58%	0.53%
USDCNY	7.1270	7.1249	0.03%	-0.28%.	0.29%	0.15%
USDINR	87.9950	87.9862	0.01%	-0.85%.	-0.23%.	4.67%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, October 17, 2025

Commodity		17-Oct-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	57.5	57.5	0.07%	-2.46%.	-9.18%.	-16.36%.
BRENT	USD/Bbl	61.0	61.1	-0.06%.	-2.75%.	-9.54%.	-16.50%.
NATURAL GAS	USD/MMBtu	2.9	9.8	0.07%	-5.38%.	0.00%	30.16%
GASOLINE	USD/Gal	1.8	1.8	0.71%	0.87%	-9.39%.	-8.90%.
COAL	USD/T	104.6	105.8	-1.18%.	0.10%	1.65%	-29.13%.
GOLD	USD/t.oz	4,311.0	4,328.3	-0.40%.	7.31%	18.18%	58.26%
SILVER	USD/t.oz	53.2	54.2	-1.76%.	5.89%	27.31%	57.96%
WHEAT	USD/Bu	502.8	502.5	0.07%	0.87%	-4.08%.	-12.21%.
PALM-OIL	MYR/T	4,514.0	4,518.1	-0.09%.	-0.70%.	1.80%	6.04%
COCOA	USD/T	5,801.5	5,995.8	-3.24%.	-0.45%.	-19.51%.	-21.62%.

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