

COWRY WEEKLY FINANCIAL MARKETS

REVIEW & OUTLOOK (CWR)



Cowry Research

DOMESTIC ECONOMY: FG's 15% Fuel Duty Shake-Up: Balancing Fiscal Ambition Against Price Stability.....

President Bola Tinubu's recent approval of a 15% ad-valorem import duty on petrol and diesel marks a significant policy shift in Nigeria's downstream oil sector. The measure, which took effect following a presidential directive dated October 21, 2025, is designed to align fuel import pricing with domestic market realities, protect emerging local refineries, and strengthen government fiscal receipts.

At the core of this policy is the administration's objective to reduce Nigeria's dependency on imported petroleum products while fostering a competitive environment for domestic refiners. Despite the commissioning of the 650,000 barrels-per-day Dangote Refinery and multiple modular refineries in Edo, Rivers, and Imo States, imported petrol still accounts for about 67% of national consumption, reflecting structural gaps in local refining and distribution capacity.

The 15% duty, proposed by the Federal Inland Revenue Service (FIRS) and endorsed by the President, applies to the cost, insurance, and freight (CIF) value of imported petrol and diesel. According to estimates contained in the proposal, the tariff could increase the landing cost of petrol by roughly N99.72 per litre, pushing the average pump price toward N985/litre (\$0.63). While this represents a measurable uptick, it remains well below the regional averages of \$1.76 in Senegal, \$1.52 in Côte d'Ivoire, and \$1.37 in Ghana, indicating that Nigerian fuel prices will stay regionally competitive despite the adjustment.

From a fiscal standpoint, this development is consistent with the federal government's broader revenue mobilisation strategy. The 2025 national budget projects N41.91 trillion in total revenue, with N0.36 trillion expected from oil royalties and N5.67 trillion from value-added and related taxes. By imposing import duties on petroleum products, the government aims to diversify fiscal inflows, reduce dependence on volatile oil export earnings, and strengthen the non-oil revenue base.

However, the macroeconomic implications of this measure warrant careful consideration. First, the increase in import duties will likely raise pump prices and may reignite inflationary pressures, particularly in the transportation and food segments of the Consumer Price Index (CPI). Fuel costs carry a strong pass-through effect in Nigeria's inflation structure. Although headline inflation has moderated after peaking above 30% in 2024, it remains susceptible to energy price shocks and exchange rate volatility.

Secondly, while the import duty is intended to create a level playing field for local refiners, its effectiveness depends on the operational readiness and output stability of these refineries. Persistent issues such as crude supply constraints, logistics bottlenecks, and limited access to foreign exchange could delay the expected benefits of the policy. The risk is that if domestic refining capacity fails to ramp up swiftly, the new tariff may inadvertently raise domestic prices without achieving meaningful import substitution.

From a currency management perspective, the policy could have mixed implications. On one hand, it could curb foreign exchange demand for petroleum imports if local output increases, supporting the naira in the medium term. On the other hand, the short-term rise in fuel costs and associated inflationary pressure could tighten monetary conditions, prompting the Central Bank of Nigeria (CBN) to maintain a restrictive policy stance.

In Cowry Research's assessment, the 15% ad-valorem import duty represents a fiscal tightening and industrial protection measure aimed at rebalancing Nigeria's energy market. While it reinforces the government's energy security and revenue mobilisation agenda, its success will hinge on a sustained increase in local refining throughput, transparent pricing oversight, and policy coordination between fiscal and monetary authorities.

Unless local refineries scale up production to offset import shortfalls, the tariff's near-term effect could manifest in higher pump prices and cost-push inflation, before the intended structural benefits begin to materialise over the medium term.

EQUITIES MARKET: Bears Tighten Grip as ASI Sheds 0.98% amid Profit Taking and Portfolio Rebalancing....

This week, bearish sentiment took centre stage at the local bourse, snapping weeks of sustained bullish momentum as investors locked in gains and rebalanced portfolios ahead of the month's close. The pullback came against the backdrop of mixed third-quarter earnings, particularly from the banking sector, which tempered investor optimism. Consequently, the benchmark index declined by 0.98% week-on-week to close at 154,126.45 points, while the market capitalization fell in tandem by N963.94 billion to settle at N97.83 trillion.

Investor sentiment remained largely tepid throughout the week, reflected in the market breadth, which closed negative at 0.41x, as 29 stocks advanced while 70 declined. The NGX trades within a corrective corridor for the short term, with the All-Share Index (ASI) hovering below its 20-day and 50-day moving averages which reinforces short-term bearish momentum. Interestingly, the Relative Strength Index (RSI) is inching toward the oversold region, hinting that some fundamentally strong, large-cap names may soon present attractive re-entry opportunities for medium-term investors.

Despite the negative breadth, trading activity picked up pace, showing that investors were still active — albeit selective. The weekly traded volume rose sharply by 102.7% week-on-week to 7.49 billion units, while value traded expanded 12.16% to N145.44 billion. Similarly, the number of deals increased 7.85% to 159,598 trades, pointing to some rotational positioning within portfolios.

Across the sectoral landscape, the mood was largely bearish as four of the six key sectors under our watch finished in the red. The Insurance, Consumer Goods, Banking, and Industrial Goods sectors were all pressured by profit-taking and weak sentiment in bellwether counters such as CADBURY, ZENITHBANK, DANGSUGAR, FIDELITYBNK, NIGERIAN BREWERIES, LAFARGE AFRICA, CORONATION, CORNERSTONE, DANGCEM, and ARADEL.

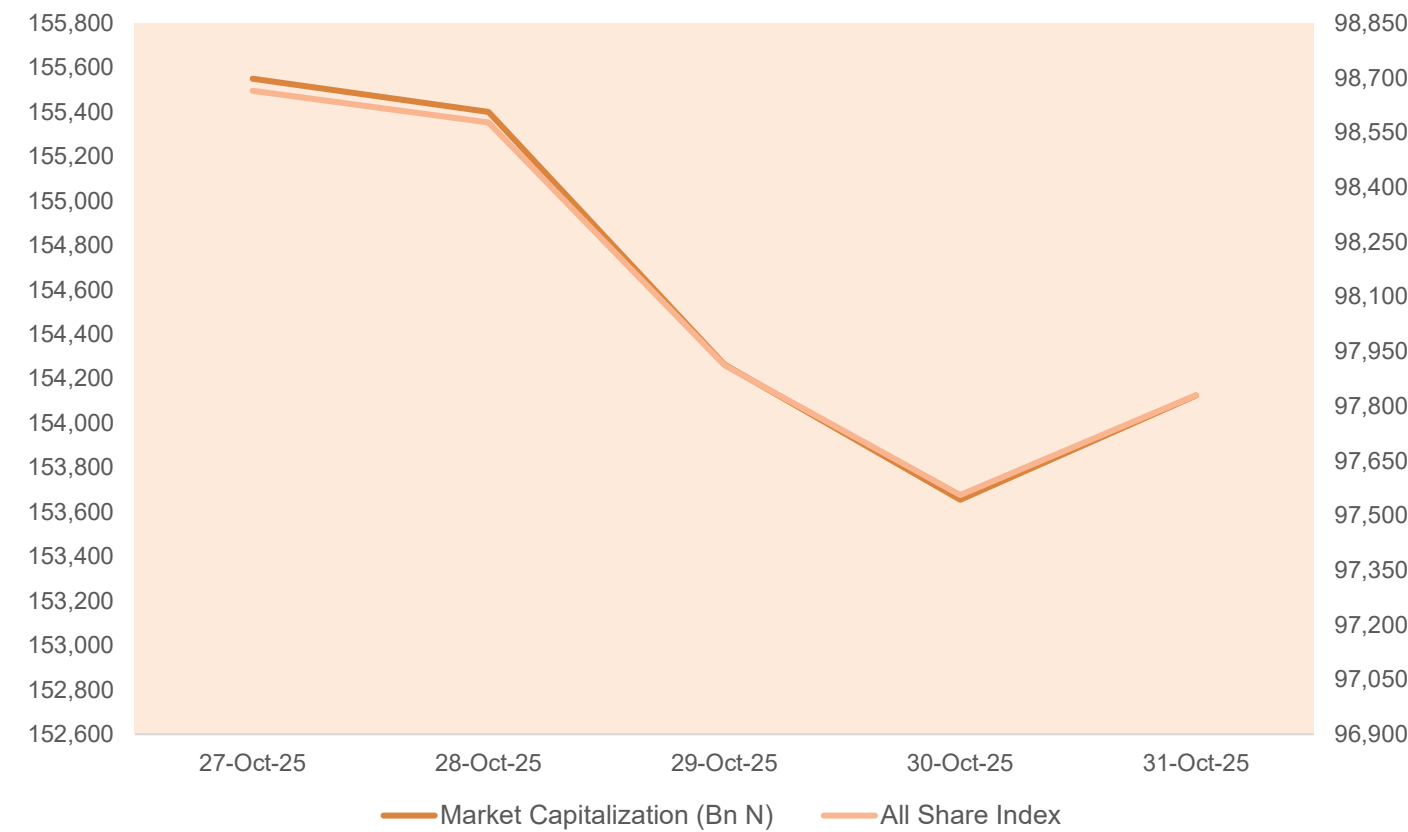
However, the Oil & Gas (+0.30%) and Commodity (+0.15%) indices managed to buck the trend, supported by gains in OKOMUOIL and OANDO, as investors continued to seek alpha plays in select energy and commodity stocks amid the broad market weakness.

On the performance board, ASO SAVINGS (+56.1%), JULIUS BERGER (+13.3%), OANDO (+11.9%), BERGER PAINTS (+9.3%), and ETI (+8.2%) emerged as the week's top gainers, drawing renewed investor attention. Conversely, OMATEK (-21.9%), JOHNHOLT (-16.9%), CAVERTON (-16.2%), NAHCO (-15.9%), and ETRANZACT (-15.3%) led the laggards' chart, reflecting price corrections and fading confidence in the short term.

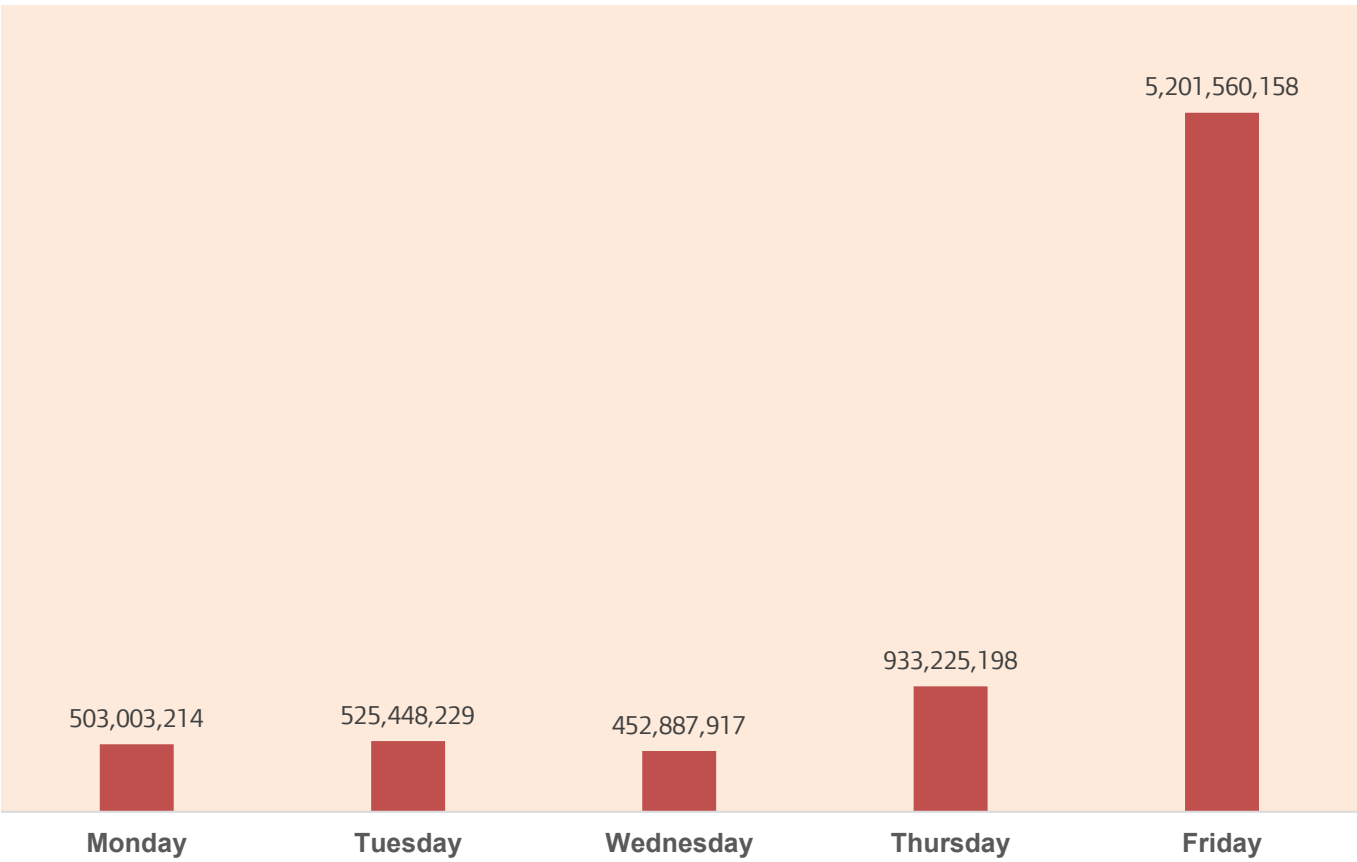
Looking ahead, we expect the market to trade mixed in the near term, with direction to be shaped by investor reaction to outcome of fixed-income yields, fund rotation into safer assets, and the ongoing earnings season. In our view, the market currently needs a strong catalyst — possibly in the form of improved macro indicators or stronger-than-expected corporate results — to reignite a bullish spark and restore positive sentiment on the NGX. We continue to advise investors to take position in fundamentally sound stocks with strong earnings power and returns.....



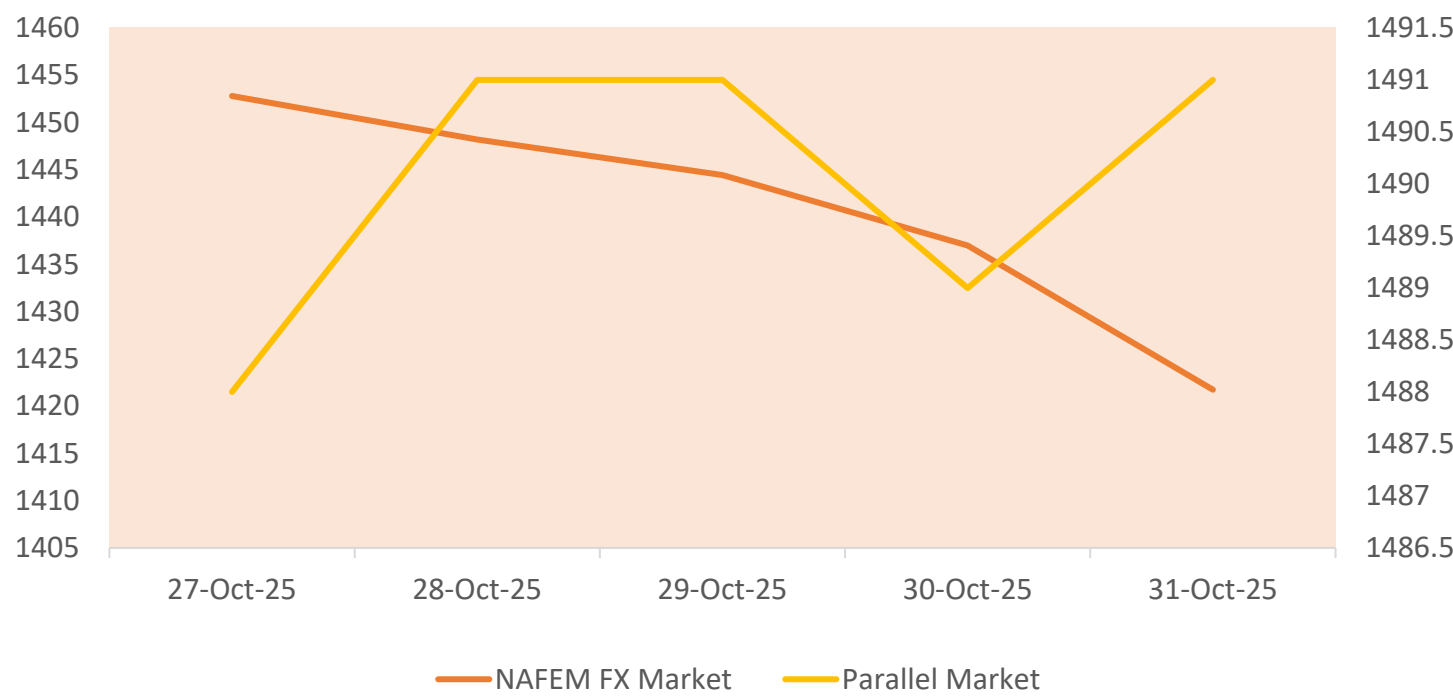
Evolution of Equities Performance Gauges



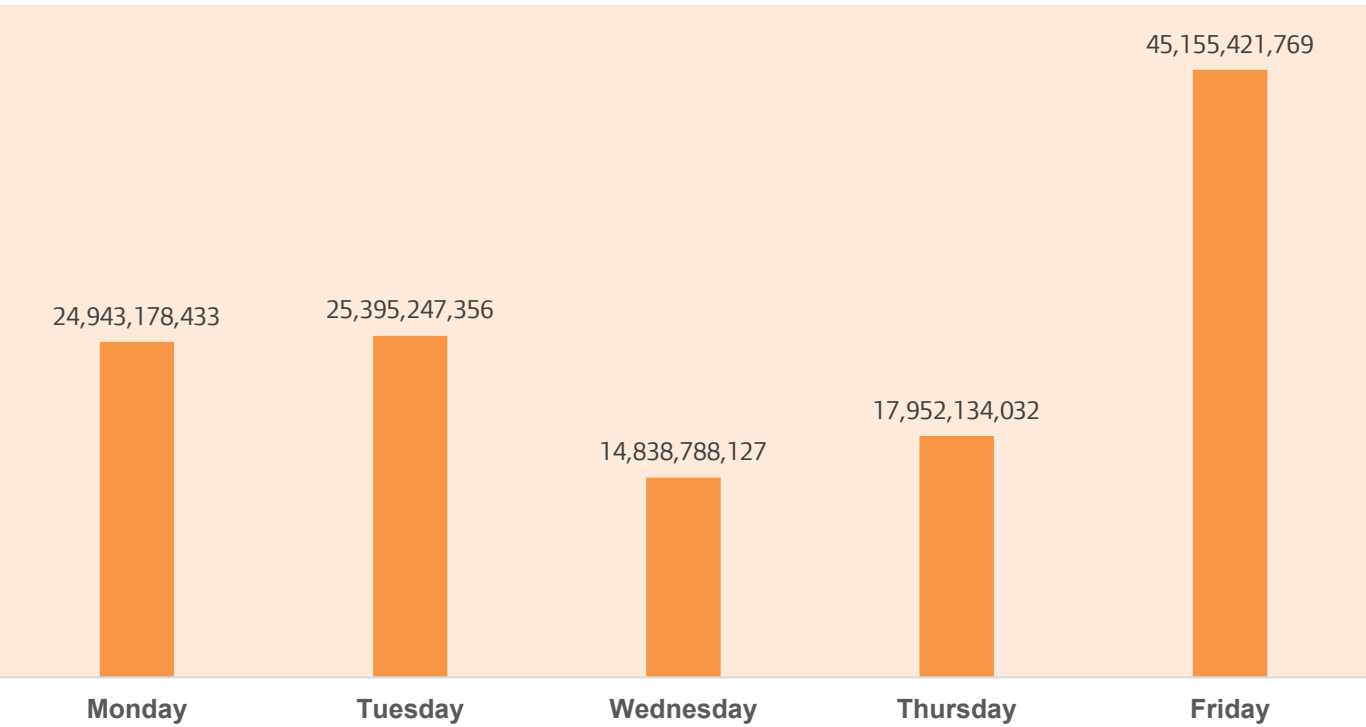
Daily Traded Volume



Evolution of NGN/USD Exchange Rates



Daily Traded Value



Weekly Top Gainers and Losers as at Friday, October 31, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	31-Oct-25	24-Oct-25	% Change	Symbol	31-Oct-25	24-Oct-25	% Change
ASOSAVINGS	1.03	0.66	56.1%	OMATEK	1.21	1.55	-21.9%
JBERGER	151.80	134.00	13.3%	JOHNHOLT	5.4	6.5	-16.9%
OANDO	48.05	42.95	11.9%	CAVERTON	5.45	6.5	-16.2%
BERGER	42.50	38.90	9.3%	NAHCO	105.00	124.85	-15.9%
ETI	38.95	36.00	8.2%	ETRANZACT	12.70	15.00	-15.3%
MEYER	16.15	15.10	7.0%	MANSARD	13.8	16	-13.8%
INTENEGINS	2.94	2.77	6.1%	CADBURY	62.55	72.5	-13.7%
OKOMUOIL	1080	1020	5.9%	CHAMS	3.41	3.95	-13.7%
STANBIC	112.00	107.20	4.5%	SUNUASSUR	4.51	5.20	-13.3%
TANTALIZER	2.40	2.30	4.3%	LEGENDINT	5.26	6.05	-13.1%

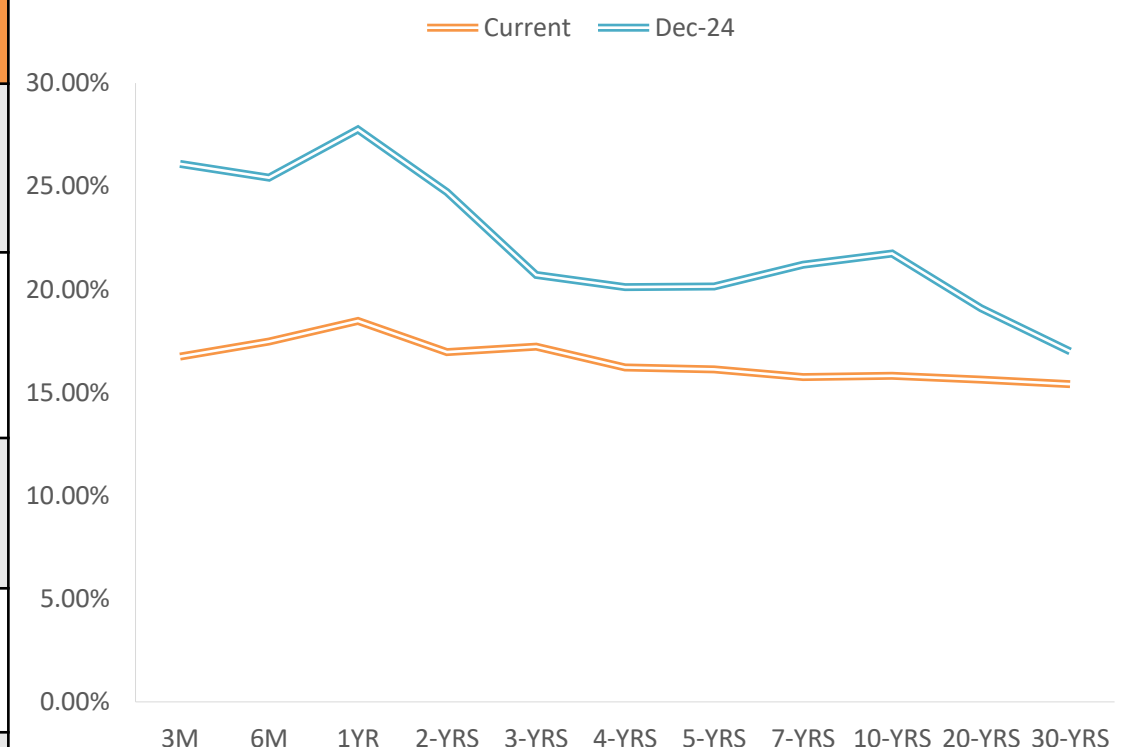
FGN Eurobonds Yields as at Friday, October 31, 2025

FGN Eurobonds			24-Oct-25	Weekly	17-Oct-25	Weekly
	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.06	100.07	0.00	6.1%	(0.44)
6.50 NOV 28, 2027	28-Nov-17	2.08	100.54	0.72	6.2%	(0.38)
6.125 SEP 28, 2028	28-Sep-21	2.91	98.36	0.54	6.8%	(0.21)
8.375 MAR 24, 2029	24-Mar-22	3.40	103.75	1.32	7.1%	(0.44)
7.143 FEB 23, 2030	23-Feb-18	4.32	99.57	1.58	7.3%	(0.43)
8.747 JAN 21, 2031	21-Nov-18	5.23	104.89	1.60	7.6%	(0.37)
7.875 16-FEB-2032	16-Feb-17	6.30	100.46	1.67	7.8%	(0.34)
7.375 SEP 28, 2033	28-Sep-21	7.92	96.54	2.23	8.0%	(0.40)
7.696 FEB 23, 2038	23-Feb-18	12.32	94.26	1.87	8.5%	(0.26)
7.625 NOV 28, 2047	28-Nov-17	22.09	89.04	2.59	8.8%	(0.30)
9.248 JAN 21, 2049	21-Nov-18	23.24	103.38	2.19	8.9%	(0.22)
8.25 SEP 28, 2051	28-Sep-21	25.93	92.71	2.81	9.0%	(0.31)

Weekly Stock Recommendations as at Friday, October 31, 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
ETI	19.48	23.12	149.86	0.27	2.05x	39.25	23.5	38.95	52.0	33.9	45.9	30.33	Buy
MTN COMMUNICATIONS	35.73	41.45	13.96	37	14.56x	520.1	169	520.10	725.0	442.1	598.1	39.40	Buy
UNITED BANK FOR AFRICA	13.56	17.86	113.62	0.35	2.93x	50.55	22.95	40.05	52.3	33.8	45.7	31.67	Buy
ARADEL HOLDINGS	344.9	2.27	13.99x	55.90	70.80	850.1	401.1	782.00	990.5	664.7	899.3	26.67	Buy
VITAFOAM	10.68	13.38	29.84	3.15	8.80x	94.35	19.55	94.00	117.8	79.9	108.1	25.33	Buy

NAIRA YIELD CURVE



U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, October 31, 2025

MAJOR	31-Oct-2025	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1549	1.1564	-0.13%.	-0.69%.	-1.52%.	11.49%
GBPUSD	1.3108	1.3148	-0.31%.	-1.54%.	-2.75%.	4.69%
USDCHF	0.8039	0.8021	0.22%	1.00%	0.82%	-11.41%.
USDRUB	80.8500	79.9466	1.13%	1.38%	-2.00%.	-28.76%.
USDNGN	17.3471	17.2677	0.46%	-0.92%.	-2.55%.	-6.30%.
USDZAR	17.3471	17.2677	0.46%	0.58%	0.73%	-7.96%.
USDEGP	47.2400	47.2306	0.02%	-0.74%.	-1.27%.	-6.99%.
USDCAD	18.55	18.5282	0.12%	0.24%	0.68%	-2.42%.
USDMXN	18.55	18.5282	0.12%	0.51%	0.94%	-11.03%.
USDBRL	5.38	5.3802	-0.06%.	-0.24%.	0.91%	-13.03%.
AUDUSD	0.5718	0.5746	-0.48%.	0.40%	-1.12%.	5.65%
NZDUSD	0.5718	-0.0600	-0.48%.	-0.54%.	-1.60%.	2.25%
USDJPY	7.1214	7.1107	0.15%	0.88%	4.80%	-2.03%.
USDCNY	7.1214	7.1107	0.15%	-0.06%.	-0.09%.	-2.95%.
USDINR	88.7360	88.6296	0.12%	1.04%	0.05%	3.69%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, October 31, 2025

Commodity		31-Oct-2025	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	61.1	60.6	0.84%	-0.55%.	-1.00%.	-14.72%.
BRENT	USD/Bbl	64.8	64.4	0.61%	-1.66%.	-0.77%.	-13.12%.
NATURAL GAS	USD/MMBtu	4.1	9.8	3.87%	3.01%	18.39%	13.28%
GASOLINE	USD/Gal	1.9	1.9	0.25%	-0.90%.	0.69%	-5.60%.
COAL	USD/T	108.9	103.9	4.81%	4.51%	3.17%	-13.05%.
GOLD	USD/t.oz	4,030.9	4,024.5	0.16%	-1.95%.	4.31%	53.63%
SILVER	USD/t.oz	49.1	49.0	0.21%	1.04%	3.75%	70.00%
WHEAT	USD/Bu	518.5	524.2	-1.09%.	1.18%	1.82%	-5.98%.
PALM-OIL	MYR/T	4,205.0	4,260.0	-1.29%.	-4.86%.	-4.21%.	-5.38%.
COCOA	USD/T	6,273.1	6,058.0	3.55%	-0.65%.	-5.95%.	-45.43%.

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