November 21, 2025

COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: A Bet on Another Rate Cut as Inflation Softens to 16.05% in October and Economic Pressures Persist…….

The latest Consumer Price Index (CPI) report from the National Bureau of Statistics (NBS) shows that Nigeria's headline inflation slowed again in October 2025, dropping to 16.05% y/y from 18.02% in September. This marks the sixth straight month of disinflation and comes in below our projection of 17.83%, reinforcing that price pressures are easing faster than expected. Notably, October's figure is now the lowest since 2022—reflecting the impact of a more orderly FX market, softer energy costs, and lingering favourable base effects following the CPI rebasing earlier in the year.

However, the monthly data tells a more complicated story. Month-on-month inflation climbed to 0.93% in October, up from 0.72% in September, suggesting that while the broader trend is improving, short-term price pressures remain unstable. Most of this volatility came from the food basket, which still carries the largest weight in Nigeria's inflation structure.

Both food and core inflation eased on a year-on-year basis, supporting the broader disinflation narrative. Yet, underlying pressures remain visible across several service-related components. Structural bottlenecks—poor logistics, elevated transportation costs, and housing-related pressures—continue to keep service prices sticky. Sub-sectors such as restaurants and accommodation (2.07%), transportation (1.71%), and housing utilities (1.35%) remained key contributors to October's price increases. These categories highlight the stubborn nature of non-food inflation, even as the headline index cools.

A closer look at the drivers of the food basket shows the continued importance of improved supply conditions. Food inflation fell sharply to 13.12% y/y in October from 16.87% in September, helping to anchor the headline figure. But month-on-month food inflation rose by 0.37%, reversing the unusually strong -1.57% recorded in September. The uptick was driven by higher prices of everyday staples—onions, citrus fruits like oranges and pineapple, vegetables such as ugu and okazi, shrimp, groundnuts, and meat items including goat meat, cow tail, and liver. These movements reveal that food supply chains remain exposed to logistics constraints, seasonal weather disruptions, and insecurity in major producing regions.

Meanwhile, core inflation (excluding food and energy) continued its downward trend, printing at 18.69% y/y, a significant 9.68 percentage-point drop from the 28.37% recorded in October 2024. This is a major signal that underlying inflation is gradually normalizing and that the medium-term macroeconomic environment is becoming more stable. On a monthly basis, core inflation inched down to 1.416% from 1.417% in September—almost flat, but still moving in the right direction.

Looking ahead, we expect the disinflationary trend to continue in the near term, helped by a more stable exchange rate, improved food supply dynamics, and the lingering effect of favourable base-year comparisons. However, the recent uptick in month-on-month inflation reminds us that short-term pressures are still very much alive. The food basket remains the most vulnerable segment, with supply chain disruptions, climate challenges, and persistent security concerns in key producing regions continuing to limit the pace of relief for consumers. Core inflation should also ease gradually, though cost pressures from transportation, housing, and essential services will keep the decline slow. While energy prices have been quite volatile in recent weeks, we do not expect this to significantly distort headline inflation, largely because energy has a relatively small weighting in Nigeria's CPI structure. This naturally dampens the direct impact of pump price adjustments or global oil price swings on the broader inflation basket. Overall, we project headline inflation to moderate further to around 15.52% in November 2025.

The Monetary Policy Committee meets next week at a pivotal moment, as steadily easing inflation since September has strengthened market expectations that another round of monetary easing is imminent. With headline inflation continuing to decelerate, investors and businesses alike anticipate that the MPC may deliver an additional 100 to 200 basis-point cut to the Monetary Policy Rate, extending its dovish stance in a bid to stimulate economic activity. Yet, beneath this improving inflation outlook, the real economy continues to struggle with elevated operating costs, fragile consumer demand, and multiple structural pressures that have kept growth momentum muted. Against this backdrop, the Committee faces a delicate balancing act—providing sufficient policy support to ease financial conditions and sustain economic activity, while ensuring that inflation remains firmly on a downward path in an environment still marked by supply constraints and lingering macroeconomic vulnerabilities.

EQUITIES MARKET: Profit-Taking Drags NGX Below 145,000 Mark as Year-End Repositioning Triggers Broad Sell-Off, ASI Slips 2.24% w/w……

The Nigerian equities market extended its bearish trajectory this week, slipping below the 145,000 threshold to close at 143,722.62 points and registering a 2.24% week-on-week decline. The downturn was driven chiefly by intensified profit-taking, a pattern that has become more pronounced as investors rebalance their portfolios ahead of year-end. This wave of selling pressure resulted in a notable contraction in market capitalization, which fell by 2.23% to N91.41 trillion. In monetary terms, investors saw approximately N2.09 trillion wiped off valuations, pushing the NGX All-Share Index's year-to-date return down to 39.64%.

Market sentiment remained broadly negative, as reflected in the market breadth of 0.32x, where 19 gainers were heavily overshadowed by 60 decliners. Trading activity weakened across all key indicators, with the number of deals, trade volume, and transaction value declining by 19.96%, 63.95%, and 32.21%, respectively. Turnover settled at 2.64 billion units valued at N106 billion across 107,622 trades, underscoring the cautious tone that dominated the week and the clear pullback in active participation.

Sector performance mirrored the overall bearish tone. The Industrial Goods sector led the decline with a sharp 4.50% drop, weighed down by notable pullbacks in ENAMELWA and DANGCEM. The Insurance sector followed with a steep 7.05% decline, driven by heavy sell-offs in VERITASKAP, AIICO, LIVINGTRUST, and NEM. Banking stocks were similarly pressured, falling 3.85% as losses in ACCESSCORP and UBA overshadowed mild bargain-hunting across the sector. The Consumer Goods sector also faltered, shedding 3.50% due to declines in names such as MCNICHOLS and HONYFLOUR, while the Oil & Gas index dipped by 1.88% on the back of weakness in JAPAULGOLD and OANDO. Even the Commodity index, down 0.27% following price softness in ARADEL, joined the broad sweep of weekly declines, revealing a market-wide retreat in risk appetite.

Despite the bearish landscape, a handful of counters delivered notable gains. NCR topped the chart with an impressive 60.5% surge, followed by UPL at 17.6%, TANTALIZER at 17.3%, CAVERTON at 17.0%, and UACN at 16.7%, buoyed by renewed buying interest and favourable demand patterns. On the opposite end, INTENEGINS emerged as the worst performer, falling 22.1%, while MCNICHOLS, VERITASKAP, AIICO, and LIVINGTRUST posted week-on-week declines ranging from 13.5% to 14.9%, largely due to persistent profit-taking and a deteriorating sentiment backdrop.

Looking ahead, the equities market is likely to maintain a cautious tone next week as portfolio rebalancing and end-of-year profit-taking continue to influence trading behaviour. Activity may remain subdued in the absence of a clear market catalyst, while sectoral performance could stay mixed given the competitive pull of elevated fixed-income yields. Nonetheless, selective bargain-hunting in oversold counters may spark brief periods of recovery, keeping the NGX on a sideways-to-slightly-bearish trajectory in the near term.. Nevertheless, we continue to advice investors to take position in stocks with sound fundamentals.….

BOND MARKET: Bullish Momentum Sweeps Through Nigerian Bonds as Disinflation Deepens and Investor Demand Surges….

The Nigerian secondary bond market closed the week on a distinctly bullish footing as strong investor demand filtered across most segments of the yield curve. Trading activity was vibrant, with volumes reflecting improved sentiment and renewed conviction in fixed-income assets at a time when uncertainty persisted across other investment classes.

Much of the liquidity gravitated toward the belly of the curve, where the 2029, 2031, and 2032 maturities continued to dominate flows and offered the deepest pockets of tradable interest. Although Friday's session was relatively subdued, selective trades still emerged on the 2032 and 2033 papers, sustaining market engagement into the weekend.

The tone of the market strengthened significantly at the start of the week after October inflation slowed further to 16.05%, down from 18.02% previously. The data provided fresh support for duration and accelerated demand for benchmark papers, pushing yields toward the mid-15% area. As the week progressed, however, the initial momentum softened slightly as selective sell pressure surfaced, particularly on the 2032 and 2033 papers, while modest two-way flows appeared on the longer-dated 2053 instrument.

Nevertheless, the broader appetite for government securities persisted, applying mild but consistent downward pressure on yields and trimming the average by 9 basis points to 15.48%. This movement reflected the market's growing confidence in sovereign debt, buoyed by a favourable macro backdrop and improving inflation expectations.

In the Eurobond segment, Nigerian sovereign instruments also enjoyed a week of positive momentum. Investors repositioned ahead of the maturity of the November 2025 sovereign bond totalling $1.118 billion, a development that further heightened optimism and reinforced demand across the curve.

As a result, average Eurobond yields declined by 14 basis points week-on-week to settle at 7.76%, signalling improved appetite for Nigerian risk in the offshore market. The pullback in yields was supported by steady macroeconomic signals, increased fiscal stability, and investor expectations of continued policy prudence.

Attention now turns to the upcoming FGN bond auction. The second issuance under the Q4 calendar where the Debt Management Office is set to offer N460 billion, a notable increase from the N260 billion auctioned in October. The DMO plans to reopen the 2030 and 2032 bonds with N230 billion each, and this expanded issuance is expected to attract substantial demand from investors eager to lock in yields amid a still-easing inflation environment. With the disinflationary trajectory reinforced by the latest CPI data, secondary market sentiment is likely to remain mildly bullish in the near term. Yields may continue to drift downward gradually, particularly at the mid-curve where liquidity remains strongest and investor positioning is most active…….

FOREIGN MARKET: Naira Trades Under Pressure as Wider Band Re-Emerges, Reserves Stay Strong Above $44bn….

The naira moved within a noticeably wider trading band this week, fluctuating between N1,440 and N1,460 at the official window as softer inflows met firmer dollar demand. By the end of the week, the currency had weakened by 0.98% to close at N1,456.72 per dollar.

A similar pattern played out in the parallel market, where the naira slipped marginally by 0.20% to N1,475 per dollar. The currency's softness underscores persistent demand pressures and the structural inefficiencies that continue to weigh on price discovery across Nigeria's FX ecosystem.

Despite the exchange rate volatility, Nigeria's external buffers improved modestly. Foreign reserves rose by 1.10% week-on-week, climbing to $44.12 billion from $43.64 billion. The accretion was supported by stable oil receipts, stronger non-oil inflows, and a sustained trade surplus — all of which reinforced the Central Bank's ongoing efforts to maintain a firmer macro-liquidity backdrop and support overall market stability.

In the commodities space, oil prices retreated sharply mid-week following data showing an unexpected buildup in U.S. crude inventories. The development heightened concerns around global oversupply and tepid demand growth. West Texas Intermediate (WTI) crude declined by 3.01% to $58.91 per barrel, Brent lost 2.91% to settle at $63.00, while Nigeria's Bonny Light slid 1.24% to $64.28. The bearish shift across major benchmarks reflects the market's renewed sensitivity to supply-side risks, amplifying downside pressures on producer economies.

Looking ahead, the FX market is likely to maintain a cautious but steady posture, moving in line with the strength and consistency of inflows rather than speculative behaviour. Current market conditions suggest that pricing is being shaped by lighter supply rather than any fundamental shift in sentiment, meaning the naira may continue to face bouts of pressure unless inflows improve meaningfully. However, the gradual buildup in external reserves and sustained CBN interventions should provide a measure of stability, helping to temper volatility even as structural demand-supply gaps persist……..

MONEY MARKET: Liquidity Swells, Yields Shift as Investors Reprice Expectations Ahead of Monetary Policy Signals….

Nigeria's money market navigated a week of shifting liquidity dynamics, dominated by chunky inflows from OMO maturities and FAAC disbursements, while active CBN interventions moderated the overall system liquidity by week's end. The week opened with a robust N5.5 trillion liquidity surplus, buoyed by approximately N1.4 trillion in OMO maturities. As trading progressed, an additional N2.09 trillion in FAAC inflows provided fresh support, complemented by treasury bills and OMO maturities. However, this liquidity expansion was partly neutralized by a series of sterilization auctions designed to absorb excess cash.

By the close of the week, the liquidity position had narrowed significantly to a net positive of N1.31 trillion, representing a sharp 78.8% contraction from the previous week's N6.17 trillion. The moderation reflected banks' growing preference to warehouse excess funds with the Central Bank, a trend that continues to influence funding market behaviour.

Funding rates mirrored these developments in mixed fashion. The Overnight NIBOR rate edged down slightly by 2bps to 24.83%, a move largely anchored by the FAAC-driven liquidity earlier in the week. However, the 1-month, 3-month, and 6-month NIBOR rates climbed higher to 25.67%, 26.38%, and 27.10%, respectively, signalling sustained caution among lenders amid fluctuating liquidity. The OPR held steady at 24.50%, while the Overnight rate slipped by 9bps to match the 24.83% print.

In the interbank treasury market, the NITTY curve mostly trended lower as yields on the 1-month, 3-month, and 6-month benchmarks fell to 16.52%, 16.29%, and 16.98%. The exception was at the long end, where the 12-month NITTY climbed by 65bps to 18.65%, reflecting selective demand for longer paper in anticipation of a potential shift in monetary policy.

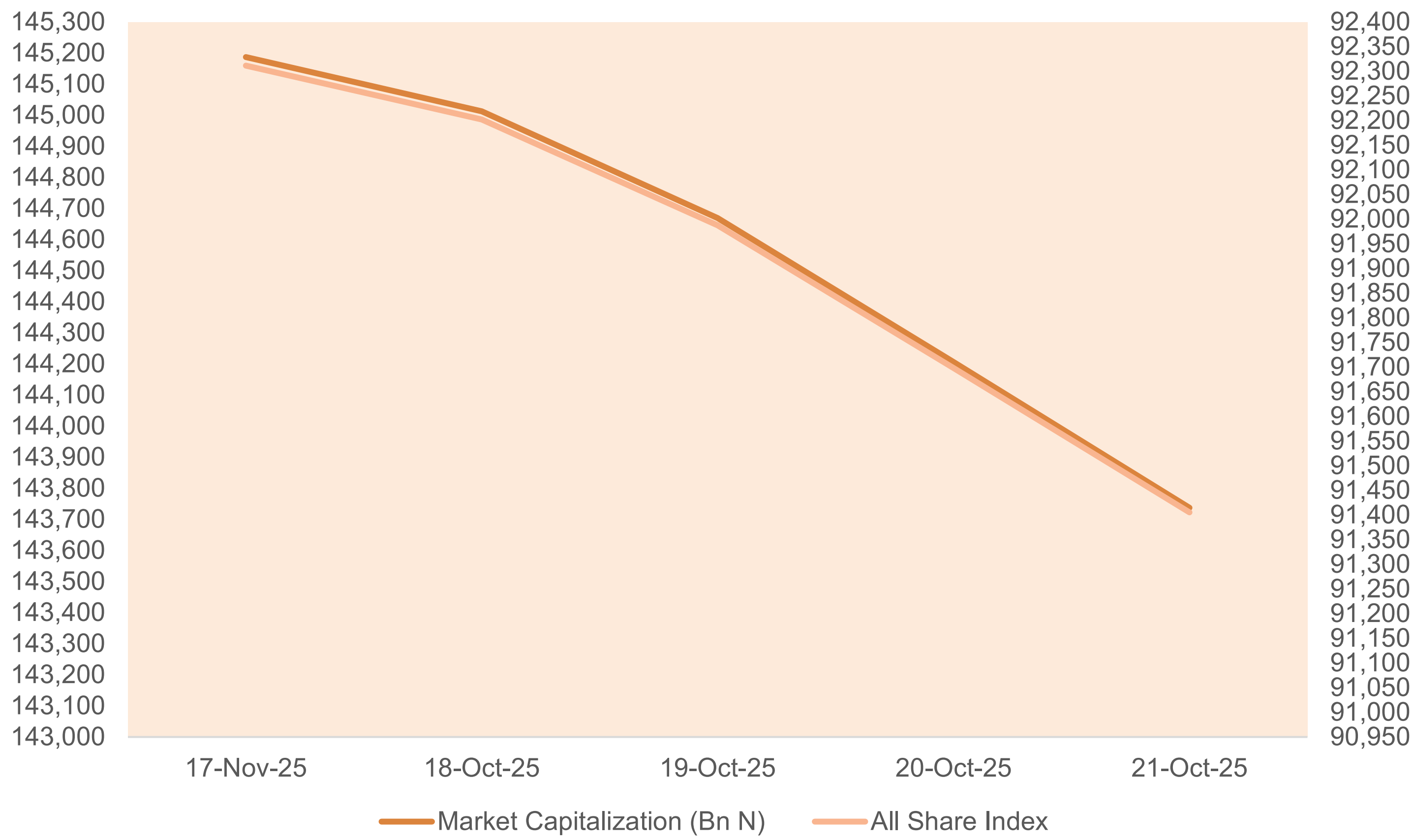
Treasury bills trading in the secondary market was dominated by strong buy-side activity across tenors, as investors positioned ahead of substantial mid-week supply and sought to lock in yields before any downward repricing associated with Nigeria's softening inflation trend. This sustained demand pressured average yields lower by 10bps to settle at 16.95%. At Wednesday's NTB auction, the DMO offered N700 billion across the standard maturities and received a total subscription of N1.3 trillion, translating to a bid-to-offer ratio of 1.85x. Final allotments were slightly reduced to N1.1 trillion, while stop rates held steady at 15.30% for the 91-day, 15.50% for the 182-day, and 16.04% for the 364-day bills.

OMO activity followed a similar pattern of intense demand. At Tuesday's primary auction, the CBN offered N600 billion across the 175-day and 182-day papers but received a staggering N3.8 trillion in subscriptions. The final allotment of approximately N3 trillion underscored the strength of liquidity in the system and the deep appetite for short-term instruments.

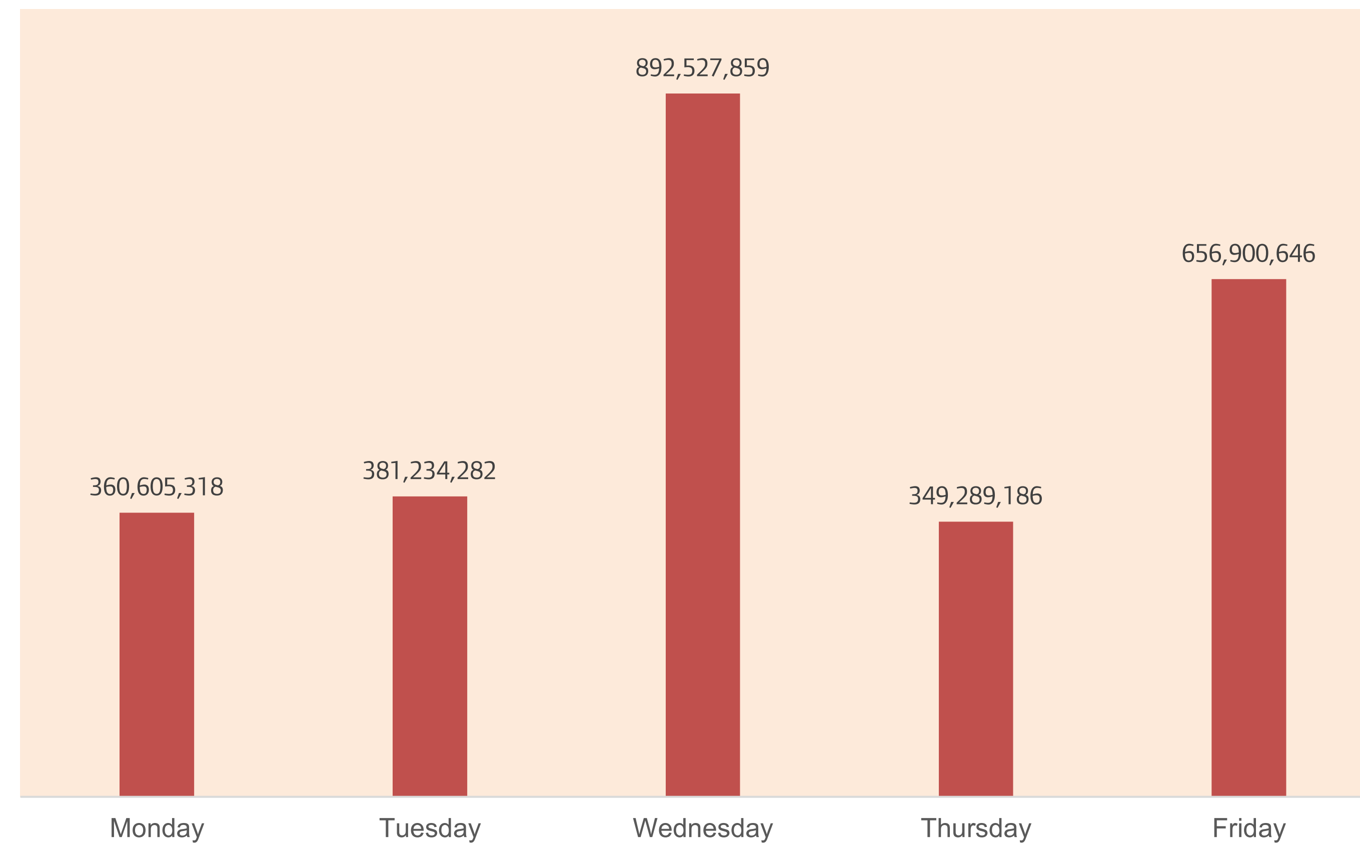
Stop rates settled at 20.54% and 20.55% for the respective tenors. A second OMO auction on Wednesday, featuring N600 billion on offer for the 174-day and 184-day papers, attracted N980.4 billion in subscriptions with N903.4 billion allotted. The stop rates closed at 20.45% and 20.54%, continuing the theme of elevated yields despite overwhelming demand.

In the coming week, liquidity is poised to remain modestly positive, supported by an OMO maturity of N489.37 million and FGN bond coupon inflows totalling N15 billion. The treasury bills market, however, may open on a mildly bearish note as investors adjust to the yield adjustments seen last week, particularly in the absence of any scheduled primary market supply. With month-end approaching, portfolio managers may become more active in the mid-segment of the curve, especially in March and April maturities, as they rebalance for liquidity needs tied to cyclical cash demands……….

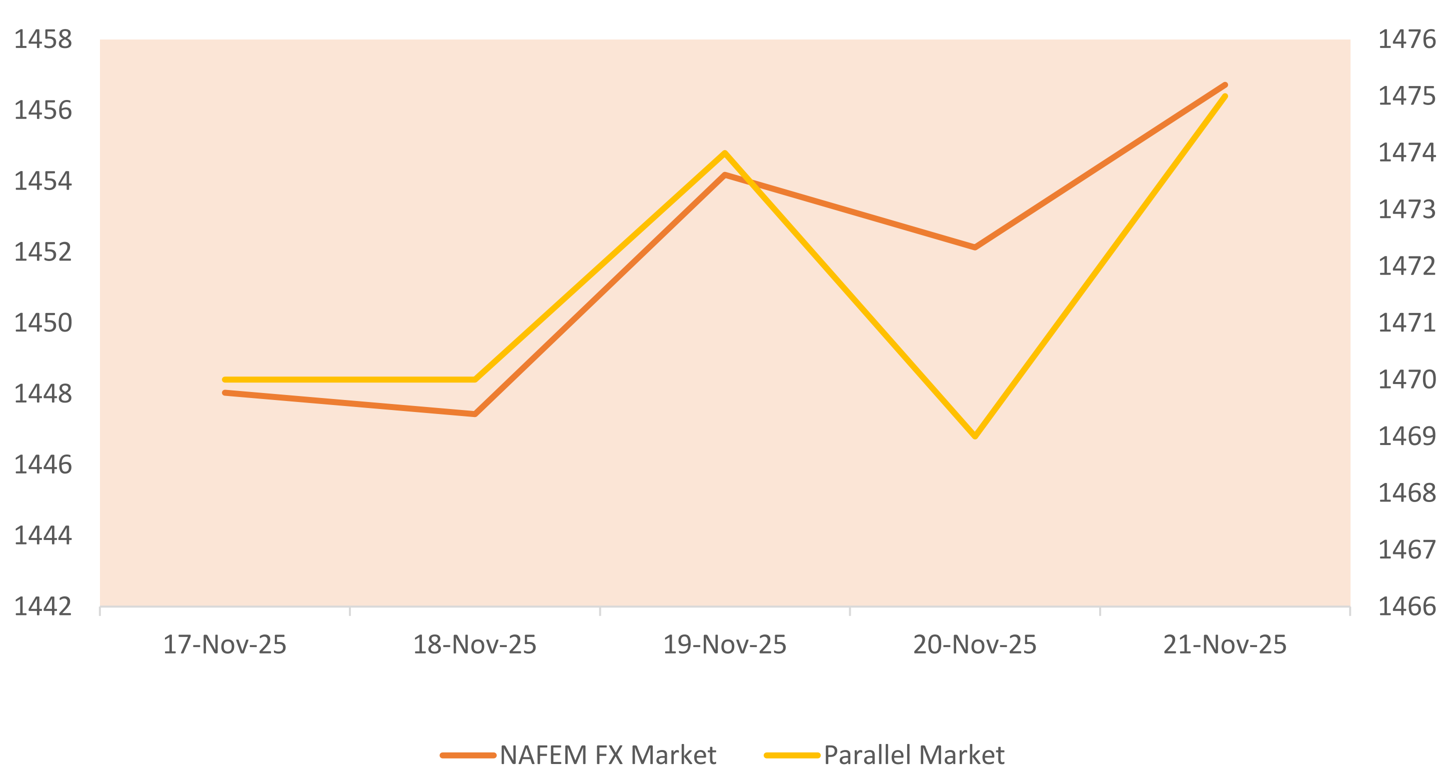
Evolution of Equities Performance Gauges



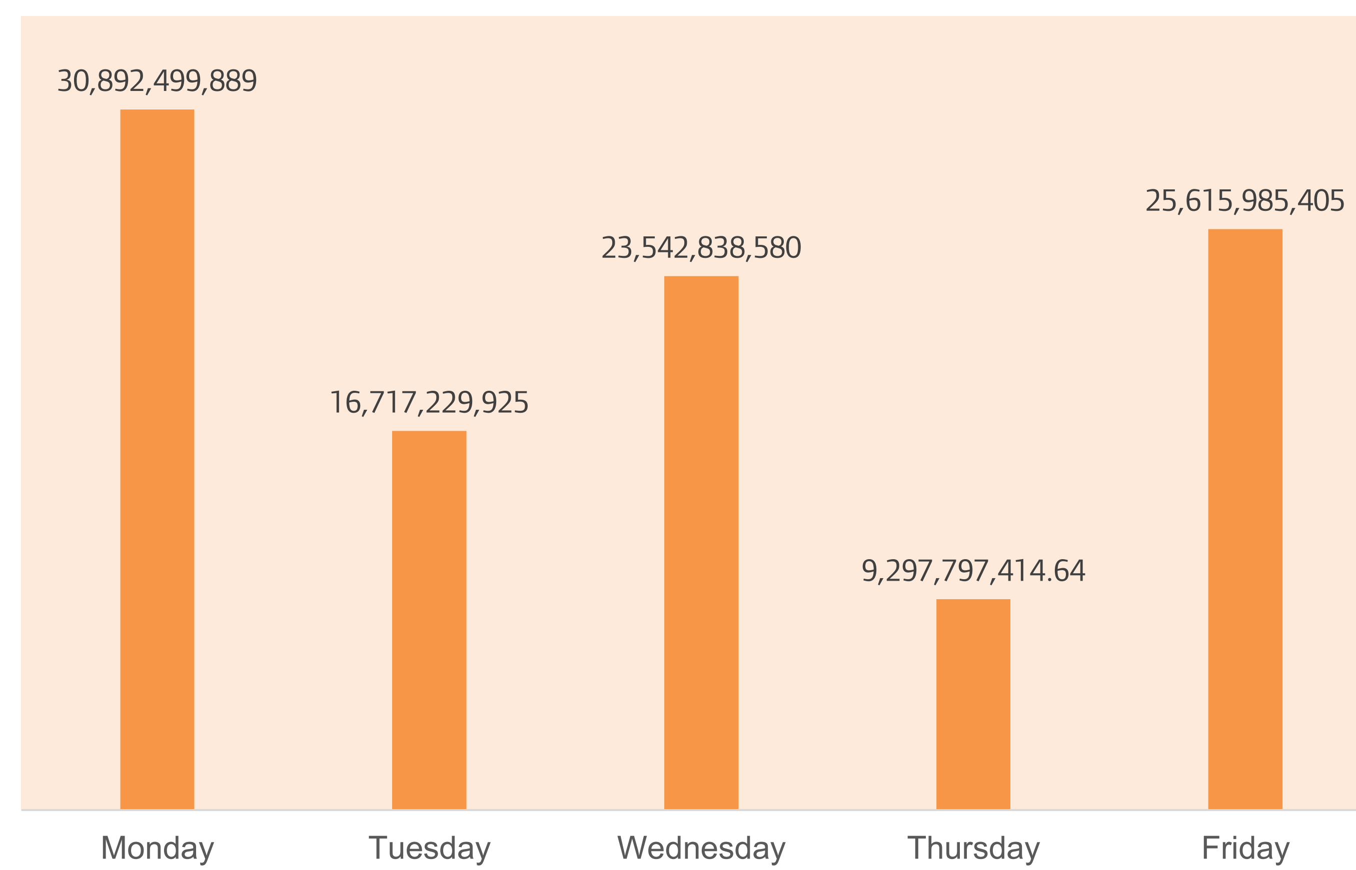
Daily Traded Volume



Evolution of NGN/USD Exchange Rates



Daily Traded Value



Weekly Top Gainers and Losers as at Friday, November 21, 2025

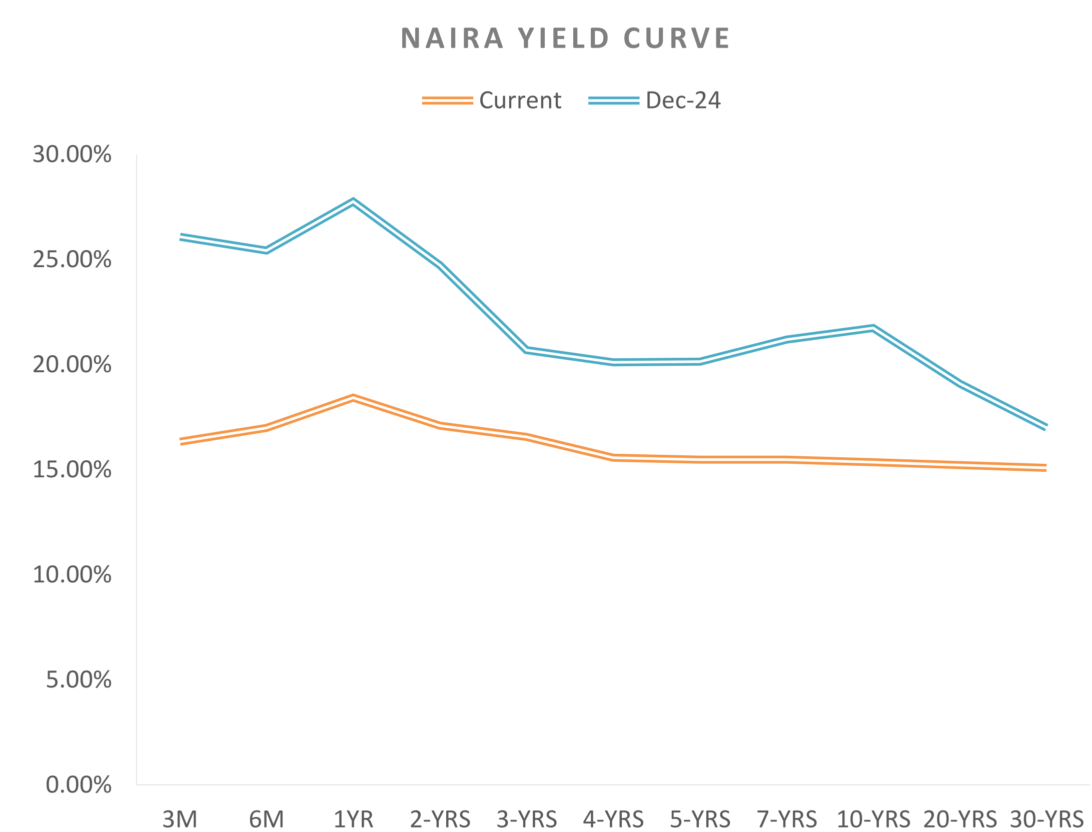
Top Ten Gainers				Bottom Ten Losers			
Symbol	21-Nov-25	14-Nov-25	% Change	Symbol	21-Nov-25	14-Nov-25	% Change
NCR	41.10	25.60	60.5%	INTENEGINS	2.12	2.72	-22.1%
UPL	6.00	5.10	17.6%	MCNICHOLS	2.57	3.02	-14.9%
TANTALIZER	2.51	2.14	17.3%	VERITASKAP	1.6	1.88	-14.9%
CAVERTON	5.50	4.70	17.0%	AIICO	3.15	3.65	-13.7%
UACN	70.00	60.00	16.7%	LIVINGTRUST	3.58	4.14	-13.5%
IKEJAHOTEL	20.85	18.00	15.8%	LIVESTOCK	6.1	7	-12.9%
UNIONDICON	7.00	6.30	11.1%	NEM	26	29.8	-12.8%
PRESTIGE	1.47	1.34	9.7%	CONHALLPLC	3.86	4.40	-12.3%
HMCALL	4.25	3.90	9.0%	LINKASSURE	1.68	1.90	-11.6%
EUNISELL	79.00	72.80	8.5%	ACCESSCORP	20.50	23.00	-10.9%

FGN Eurobonds Yields as at Friday, November 21, 2025

			21-Nov-25	Weekly	7-Nov-25	Weekly
FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.50 NOV 28, 2027	28-Nov-17	2.02	100.03	0.14	6.5%	-0.08
6.125 SEP 28, 2028	28-Sep-21	2.85	98.11	0.30	6.9%	-0.12
8.375 MAR 24, 2029	24-Mar-22	3.34	103.99	0.69	7.0%	-0.24
7.143 FEB 23, 2030	23-Feb-18	4.26	100.00	0.51	7.1%	-0.14
8.747 JAN 21, 2031	21-Nov-18	5.17	105.58	0.97	7.4%	-0.23
7.875 16-FEB-2032	16-Feb-17	6.24	100.31	0.84	7.8%	-0.17
7.375 SEP 28, 2033	28-Sep-21	7.86	96.66	0.74	8.0%	-0.13
7.696 FEB 23, 2038	23-Feb-18	12.27	95.35	0.91	8.3%	-0.12
7.625 NOV 28, 2047	28-Nov-17	22.03	89.97	1.00	8.7%	-0.11
9.248 JAN 21, 2049	21-Nov-18	23.18	103.70	0.91	8.9%	-0.09
8.25 SEP 28, 2051	28-Sep-21	25.87	94.03	1.44	8.8%	-0.15
7.625 21-NOV-2025	21-Nov-18	2.02	100.03	0.14	6.5%	-0.08

Weekly Stock Recommendations as at Friday, November 21, 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
NESTLE	63.8	89	-53	-33.81	27.90x	1915	850	1,780	2492.0	1513.0	2047.0	40.00	Buy
GUINNESS NIGERIA	7.40	8.23	8.38	19.92	22.58x	183.90	61.20	167.00	246.0	142.0	192.1	47.31	Buy
MTN NIGERIA	19.76	26.87	-2.02	-230	23.53x	520.10	170	465.00	632.4	395.3	534.8	36.00	Buy
STANBIC IBTC	10.91	14.83	59.82	1.76	9.63x	126.25	53.3	105.00	142.8	89.3	120.8	36.00	Buy
ZENITH BANK	12.96	17.36	111.24	0.54	4.61x	78.50	35.10	59.75	80.1	50.8	68.7	34.00	Buy



U.S.-Dollar Foreign Exchange Rates as at 4:30 PM GMT+1, Friday, November 21, 2025

MAJOR	21-Nov-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1519	1.1528	-0.08%.	-0.85%.	-0.77%.	10.58%
GBPUSD	1.3087	1.3074	0.10%	-0.66%.	-2.02%.	4.45%
USDCHF	0.8067	0.8059	0.09%	1.48%	1.32%	-9.81%.
USDRUB	78.5762	80.0491	-1.84%.	-2.81%.	-3.59%.	-24.70%.
USDNGN	17.3749	17.2233	0.88%	1.03%	-0.51%.	-14.21%.
USDZAR	17.3749	17.2233	0.88%	1.76%	-0.09%.	-4.02%.
USDEGP	47.4500	47.3979	0.11%	0.55%	-0.17%.	-4.37%.
USDCAD	18.46	18.3836	0.43%	0.45%	0.65%	0.75%
USDMXN	18.46	18.3836	0.43%	0.89%	0.18%	-9.65%.
USDBRL	5.37	5.3338	0.77%	1.46%	-0.47%.	-7.35%.
AUDUSD	0.5602	0.5593	0.16%	-1.48%.	-0.66%.	-0.88%.
NZDUSD	0.5602	-0.0600	0.16%	-1.49%.	-2.35%.	-3.95%.
USDJPY	7.1131	7.1173	-0.06%.	1.42%	3.14%	1.27%
USDCNY	7.1131	7.1173	-0.06%.	0.19%	-0.19%.	-2.03%.
USDINR	89.6360	88.7134	1.04%	1.08%	2.17%	6.18%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 21, 2025

Commodity		21-Sep-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	58.5	59.0	-0.92%.	-2.67%.	-0.02%.	-17.90%.
BRENT	USD/Bbl	62.9	63.4	-0.77%.	-2.25%.	0.56%	-16.27%.
NATURAL GAS	USD/MMBtu	4.5	9.8	1.60%	-0.45%.	31.75%	38.28%
GASOLINE	USD/Gal	1.9	1.9	0.05%	-4.70%.	0.92%	-7.14%.
COAL	USD/T	111.0	111.0	0.00%	1.32%	6.73%	-21.55%.
GOLD	USD/t.oz	4,066.6	4,076.8	-0.25%.	-0.39%.	-0.80%.	49.78%
SILVER	USD/t.oz	49.7	50.7	-1.96%.	-1.73%.	2.42%	58.46%
WHEAT	USD/Bu	525.2	527.0	-0.35%.	-0.35%.	4.30%	-3.47%.
PALM-OIL	MYR/T	4,068.0	4,153.1	-2.05%.	-1.38%.	-8.67%.	-12.33%.
COCOA	USD/T	5,118.7	5,107.9	0.21%	-3.30%.	-18.82%.	-41.28%.

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