COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Tighter Policy and Stronger Naira Cool Prices in 2025; Uncertainty Clouds Inflation Outlook…..

Ahead of Nigeria's next CPI release and building on recent inflation dynamics and policy developments. Nigeria's headline inflation decelerated steadily in 2025, closing the year at 15.15% in December, while the annual average eased by 9.85 percentage points to 23.33%, from 33.18% in 2024. This sharp moderation was largely driven by base effects following the recent normalisation of CPI computation by the National Bureau of Statistics.

Beyond methodology effects, tighter monetary conditions played a key role. The Central Bank of Nigeria maintained a restrictive stance, with the policy rate held at 27% as of September 2025, down slightly from 27.50% at the start of the year, reinforcing efforts to contain entrenched inflationary pressures. Complementing this, the naira appreciated meaningfully across FX windows.

According to the last CPI data from the National Bureau of Statistics, headline inflation moderated further in December 2025, and reflects easing cost pressures, reduced pass-through from earlier shocks, and favourable base effects. Food inflation saw a particularly sharp slowdown, falling to 10.84% year-on-year from 39.84% a year earlier, while month-on-month food prices declined by 0.36%, driven by lower prices of staples such as tomatoes, garri, eggs, vegetables, beans, and grains.

Core inflation followed a similar path. Year-on-year, it slowed to 18.63% from 29.28% in December 2024, while month-on-month growth eased to 0.58% from 1.28% in November, pointing to softer short-term cost pressures outside food and energy.

Although the December Food Price Watch report is yet to be released, a review of the November data shows on a year-on-year basis, the 27 food items tracked recorded average price increases of just 1.79%, down sharply from 7.62% in October, reinforcing evidence of improving supply conditions aided by harvest gains, lower energy prices, and relative FX stability.

Energy-related costs also moderated. Average diesel and PMS prices declined by 3.2% year-on-year and 11.8% year-on-year to N1,401.63/litre and N1,048.63/litre respectively, while the average cost of refilling a 12.5kg cooking gas cylinder fell sharply from N17,274.16 to N13,438.90, reflecting improved supply and availability. However, transport costs remain a clear outlier with persistent double-digit increases across all transport categories.

Cowry Research thinks, the recent CPI normalisation has created a lower base for January 2025 comparisons, suggesting a likely temporary uptick in headline inflation in January and possibly February. Consistent with our 2026 outlook, we project Nigeria's annual inflation to trend within the 17.8%–18.7% range, driven by election-related spending pressures and diminishing base effects, even as structural reforms continue to shape the medium-term disinflation path….

EQUITIES MARKET: NGX Extends Rally as Pension Fund Reform Drives 6.16% Weekly Gain……

The Nigerian equities market closed the week firmly in positive territory, extending its rally as investor sentiment strengthened amid heightened trading activity. The NGX All-Share Index (ASI) advanced by 6.16% week-on-week to settle at 182,313.08 points, reflecting sustained market confidence. The uptrend was largely supported by the recent upward review of pension fund equity investment limits by the National Pension Commission, which allows Pension Fund Administrators (PFAs) to allocate a higher proportion of assets to equities across sectors.

In tandem with the benchmark's performance, market capitalisation increased by 6.16% to ₦117.03 trillion from ₦110.23 trillion in the prior week, representing a value gain of approximately ₦6.79 trillion. Consequently, the year-to-date return strengthened to 17.76%, underscoring the market's sustained bullish momentum.

Market breadth remained robust at 2.93x, with 79 advancers outpacing 27 decliners, indicating broad-based buying interest. Trading activity was equally strong, as total deals, traded volume, and traded value rose by 19.35%, 20.50%, and 50.04% week-on-week, respectively. By week's end, investors exchanged 4.65 billion shares valued at ₦193.53 billion across 287,158 deals, highlighting increased market participation and liquidity.

Sectoral performance was predominantly positive, in line with the broader market trend. The Oil and Gas index led gains, rising 11.40%, followed by the Commodities index (+8.42%) and the Industrial Goods index (+7.09%). The Banking and Consumer Goods indices also appreciated by 5.84% and 2.95%, respectively, while the Insurance index posted a modest gain of 0.65%.

On the stock-specific front, ZICHIS led the gainers' chart with a 60.7% increase, followed by UNIONDICON (+60.2%), DAARCOMM (+55.3%), FTGINSURE (+50.0%), and JOHNHOLT (+45.2%), largely driven by strong accumulation interest. Conversely, ABBEYBDS (-26.4%), SOVRENINS (-17.2%), ETI (-13.3%), SKYAVN (-11.6%), and AUSTINLAZ (-11.1%) recorded the steepest losses, reflecting sustained profit-taking and selling pressure in these counters.

In the near term, we expect the equities market to retain its positive momentum, supported by improved liquidity following the upward review of pension fund equity allocation limits by the National Pension Commission. Increased capacity for Pension Fund Administrators to channel funds into equities should continue to underpin demand, particularly in fundamentally strong counters. Nonetheless, profit-taking may surface in the near term after the recent sharp rally, leading to mild pullbacks. Market performance will depend on sustained institutional participation and sector rotation dynamics. Overall, sentiment remains constructive, with liquidity-driven buying likely to keep the market on an upward path.

FOREIX MARKET: Naira Strengthens Amid CBN FX Sales; Oil Prices Dip on Lower Demand Outlook

The naira strengthened against the U.S. dollar this week, gaining 0.80% in the official market to ₦1,355.42 and 2.69% in the parallel market to ₦1,392.49.

Nigeria's external reserves also rose modestly by 1.54% to $47.53 billion, supported by the Central Bank of Nigeria's approval of weekly foreign exchange sales of $150,000 to Bureau De Change operators.

In the oil market, prices declined on Thursday following the International Energy Agency's downward revision of its 2026 global demand growth forecast. Brent Crude traded at $67.21 per barrel, down 0.11% for the session, while U.S. WTI slipped to $62.69. The IEA reduced its demand growth outlook to 850,000 barrels per day, down from the previous estimate of 930,000 barrels. In contrast, Bonny Light crude rose 1.54% to $73.73 per barrel.

We expect the naira to maintain a modestly firm trend in the short term, supported by the Central Bank of Nigeria's continued FX interventions and steady external reserves. However, pressure in the parallel market may persist if supply-demand imbalances widen. In the oil market, prices could remain volatile, reflecting uncertainties around global demand growth and production trends. Brent and WTI are likely to hover near current levels, while Bonny Light may see moderate gains if domestic supply dynamics and geopolitical factors remain favorable.

BOND MARKET: Strong Demand Drives Bullish Rally in FGN Bonds and Eurobonds, Yields Decline Across the Curve….

The Nigerian secondary bond market closed the week on a bullish note, driven by strong demand across most maturities. Trading activity remained robust, reflecting sustained investor confidence and an increased appetite for local fixed-income instruments amid prevailing market uncertainties. As a result, yields declined, with the average yield easing by 5 basis points to 16.12%, underscoring solid confidence in government securities.

Similarly, the Nigerian sovereign Eurobond market recorded a positive performance during the week, supported by heightened demand across the curve. Average yields fell by 7 basis points to 7.00%, reflecting improved investor sentiment and sustained buying interest in Nigeria's dollar-denominated debt instruments.

We expect the bond market to remain firm in the near term, supported by sustained system liquidity, reinvestment of coupon flows, and continued investor preference for relatively attractive real yields. However, sentiment will remain sensitive to inflation dynamics, monetary policy direction from the Central Bank of Nigeria, and developments in the foreign exchange market.

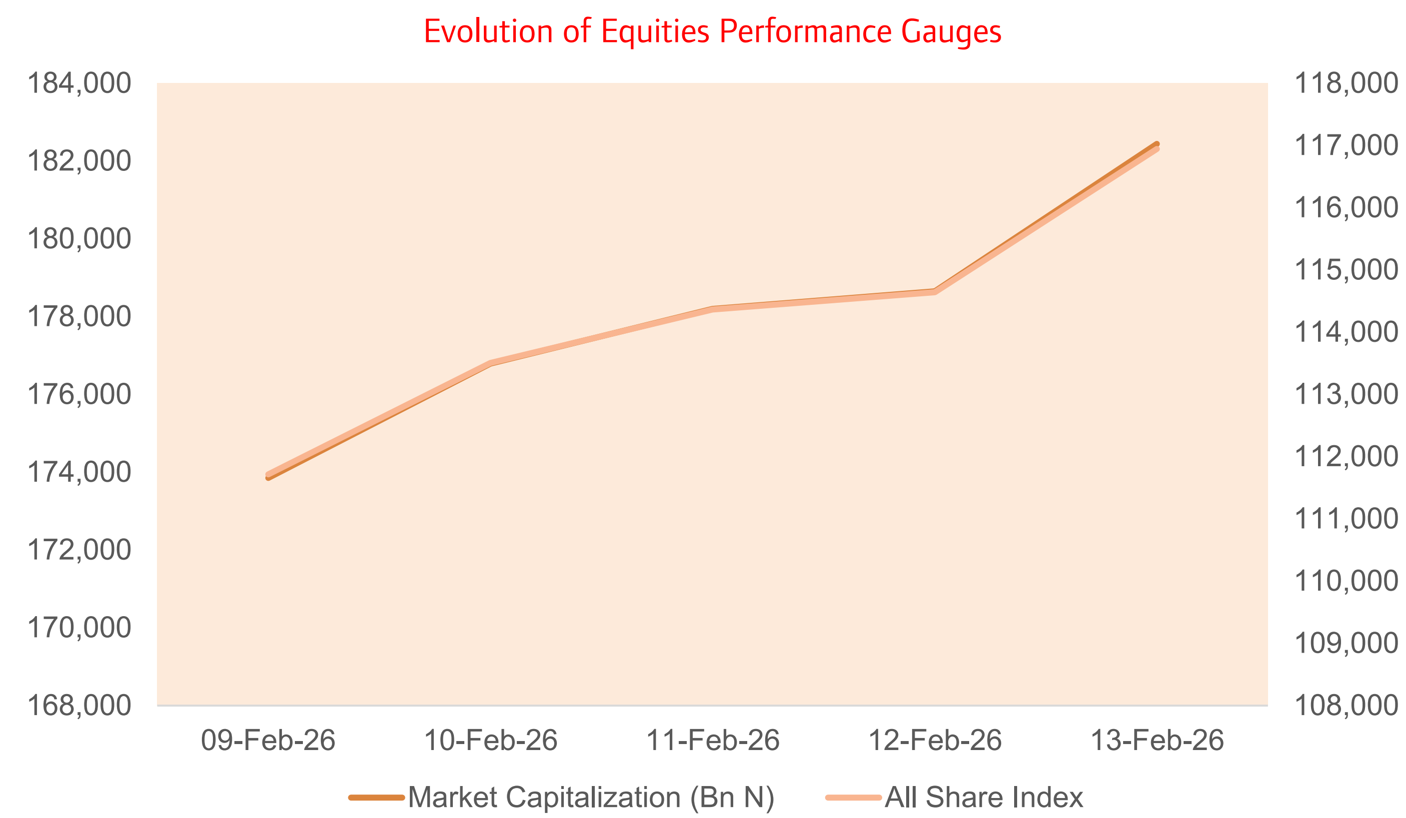
In the Eurobond segment, performance is likely to be influenced by global risk appetite, U.S. Treasury yield movements, and Nigeria's external reserve position. Barring adverse external shocks, demand for Nigerian sovereign papers could remain resilient, keeping yields relatively contained.

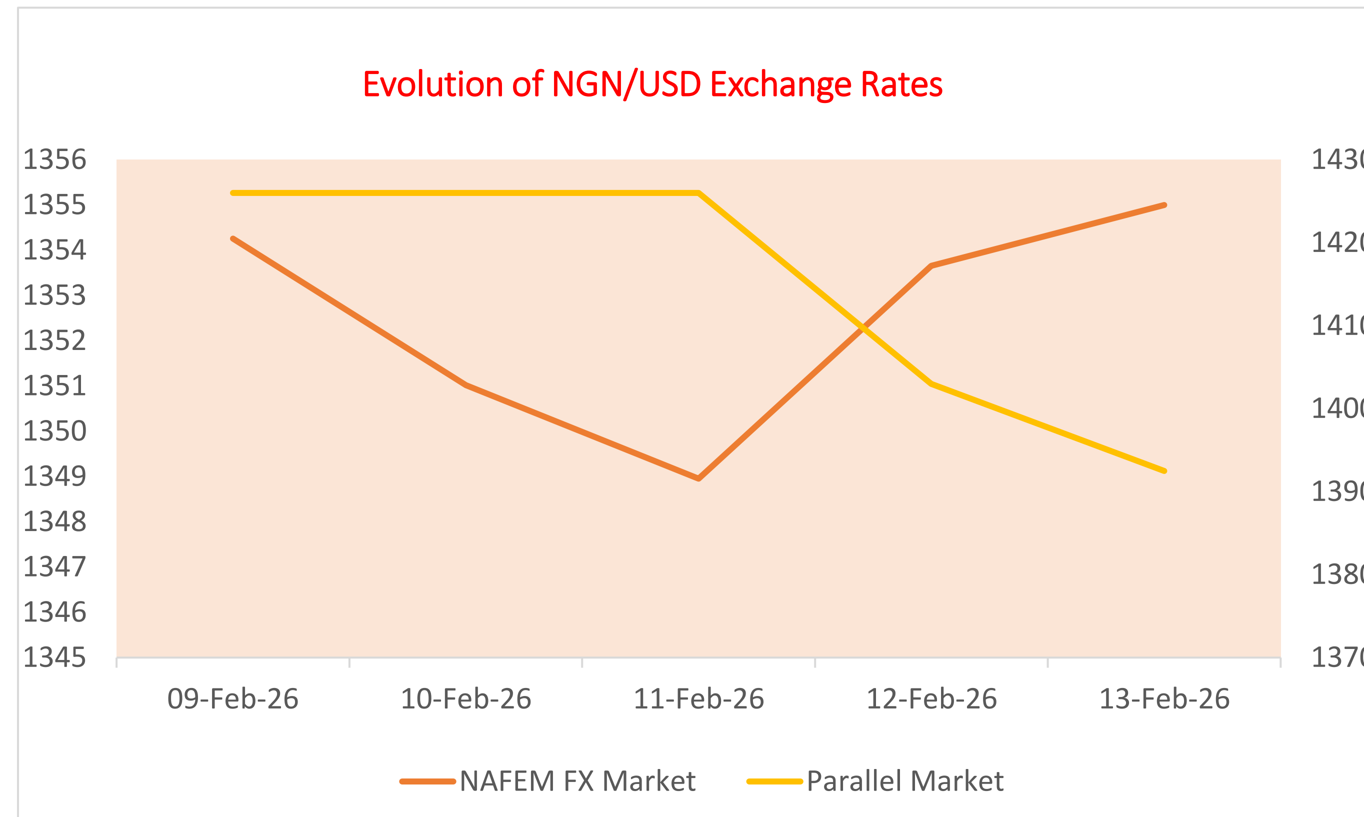
MONEY MARKET: Liquidity Wave Softens Yields as Market Braces for N1.15trn Treasury Bills Test

System liquidity strengthened to N4.32trn from N2.62trn last week, largely driven by N993bn in OMO maturities alongside primary market settlements and DMB activities at the standing deposit facility. Despite the liquidity expansion, funding conditions were mixed as the overnight rate eased marginally by 3bps to 22.78%, while the funding rate held steady at 22.50%. In the interbank space, Overnight NIBOR declined by 2bps to 22.82% amid improved liquidity and naira stability, while the 3-month tenor rose 4bps and the 6-month tenor fell 9bps to 25.04%, with the 1-month rate unchanged.

Across NITTY, the 1-month tenor advanced by 42bps to 16.53%, while the 3-month, 6-month and 12-month tenors declined by 4bps, 34bps and 37bps respectively, as investors positioned ahead of the upcoming T-bills auction and sustained inflation-driven demand for money market instruments. In the secondary T-bills market, buy interest dominated the short and long ends, particularly the 26-MAR-26 and 17-DEC-26 maturities, while mild sell pressure was observed in the mid-curve, driving the average yield down by 8bps week-on-week to 17.55%.

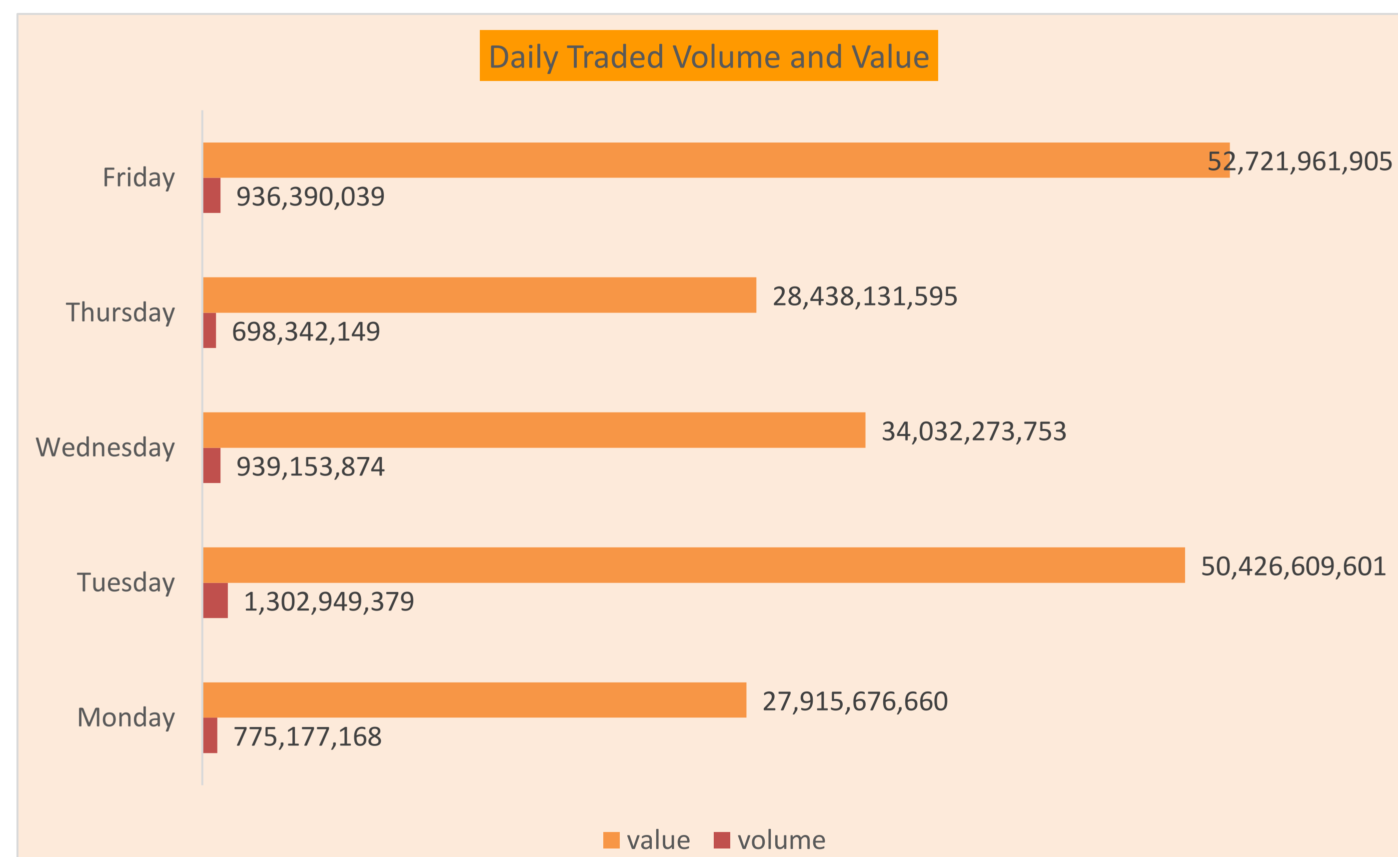
Looking ahead, yields are expected to soften further on the back of anticipated OMO inflows exceeding N550bn. However, the midweek N1.15trn NTB auction is likely to absorb a sizeable portion of liquidity, potentially moderating system balances post-settlement. In the absence of aggressive OMO sterilisation, interbank rates are projected to remain broadly stable around current levels.





FGN Eurobonds Yields as at Friday , February 13, 2026

FGN Eurobonds	Issue Date	TTM (years)	13-Feb-26 Price (N)	Weekly USD Δ	06-Feb-26 Yield	Weekly PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.79	101.51	0.19	5.6%	0.00
6.125 SEP 28, 2028	28-Sep-21	2.62	100.97	0.24	5.7%	-0.10
8.375 MAR 24, 2029	24-Mar-22	3.11	106.63	0.23	6.0%	-0.10
7.143 FEB 23, 2030	23-Feb-18	4.03	102.99	-0.18	6.3%	-0.02
8.747 JAN 21, 2031	21-Nov-18	4.94	108.87	-0.03	6.6%	-0.06
7.875 16-FEB-2032	16-Feb-17	6.01	104.55	0.22	6.9%	-0.08
7.375 SEP 28, 2033	28-Sep-21	7.63	101.43	0.28	7.1%	-0.08
7.696 FEB 23, 2038	23-Feb-18	12.04	99.09	-0.19	7.8%	-0.08
7.625 NOV 28, 2047	28-Nov-17	21.80	94.00	0.19	8.2%	-0.08
9.248 JAN 21, 2049	21-Nov-18	22.95	109.23	0.16	8.3%	-0.06
8.25 SEP 28, 2051	28-Sep-21	25.64	98.75	0.70	8.4%	-0.08
					7.00%	



Weekly Top Gainers and Losers as at Friday, January 30, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	13-Feb-26	06-Feb-26	% Change	Symbol	13-JFeb-26	06-JFeb-26	% Change
ZICHIS	10.80	6.72	60.7%	ABBEYBDS	11.00	14.95	-26.4%
UNIONDICON	20.90	13.05	60.2%	SOVRENINS	2.8	3.38	-17.2%
DAARCOMM	2.95	1.90	55.3%	ETI	45.00	51.90	-13.3%
FTGINSURE	0.39	0.26	50.0%	SKYAVN	135.00	152.70	-11.6%
JOHNHOLT	10.60	7.30	45.2%	AUSTINLAZ	4.80	5.40	-11.1%
REDSTAREX	24.45	17.15	42.6%	GUINNESS	315	349.9	-10.0%
RTBRISCOE	17.42	12.63	37.9%	CWG	22.8	25.25	-9.7%
ETRANZACT	22.95	16.85	36.2%	TRIPPLEG	6.65	7.30	-8.9%
NSLTECH	1.51	1.12	34.8%	INTENEGINS	3.30	3.57	-7.6%
CAP	109.00	82.00	32.9%	CHAMPION	17.15	18.50	-7.3%

Weekly Stock Recommendations as at Friday, February 13, 2026

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
BUA CEMENT	8.56	11.04	17.98	10.68	22.43x	183	83.7	192	247.6	163.2	220.8	28.93	BUY
ZENITH BANK PLC	5.64	7.13	115.17	0.71	14.43x	78.50	35.10	81.40	102.9	69.2	93.6	26.40	BUY
GTCO PLC	20.16	25.47	98.60	1.14	5.56x	103.20	43.20	112.00	141.5	95.2	128.8	26.35	BUY
NIGERIAN BREWERIES	2.71	3.43	17.64	4.42	28.81x	82.4	27.15	78	98.8	66.3	89.7	26.67	BUY
MAY & BAKER PLC	1.94	2.53	7.27	5.82	21.84x	48	6.7	42.3	55.3	36.0	48.6	30.67	BUY

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