COWRY WEEKLY FINANCIAL MARKETS

REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Nigeria's Headline Inflation Cools to 15.10% in February as Naira Stability Plays Pivotal Role….

The latest Consumer Price Index (CPI) report from the National Bureau of Statistics (NBS) shows that Nigeria's headline inflation eased further in January 2026 to 15.10% year-on-year, down from 15.15% in December. This marks the tenth consecutive month of disinflation, highlighting that price pressures are easing faster than expected. January's reading, the lowest since late 2021, reflects improved foreign exchange stability, easing energy costs, and favourable base effects following the CPI rebasing in 2025.

On a month-on-month basis, inflation declined sharply to -2.88% in January, a 3.42 percentage-point drop from 0.54% in December 2025. The moderation was largely driven by the food basket, which remains the most heavily weighted component of Nigeria's inflation structure. Compared to January 2025, when headline inflation stood at 27.61%, the current 15.10% rate reflects a substantial 12.51 percentage-point decline, underscoring strong disinflation over the past year.

Food inflation showed a significant slowdown, easing to 8.89% year-on-year in January 2026, down 20.73 percentage points from 29.63% in January 2025. Monthly food inflation fell to -6.02% from -0.36% in December 2025, driven by lower prices of staples including water yam, eggs, green peas, groundnut oil, soya beans, palm oil, maize, guinea corn, beans, beef, egusi, cassava tubers, and cowpeas.

Other sub-sectors also contributed to easing prices, with restaurants and accommodation at 1.95%, transportation at 1.61%, and housing utilities at 1.27%. Core inflation, which excludes food and energy, declined to 17.72% year-on-year, down 7.55 percentage points from 25.27% in January 2025, while month-on-month core inflation slowed to -1.69% from 0.58% in December 2025. This indicates a gradual normalization of underlying price pressures and improving macroeconomic stability.

State-level inflation dynamics remained mixed. Year-on-year headline inflation was highest in Benue (22.48%), Kogi (20.98%), and Abuja (19.25%), while Ebonyi (8.72%), Katsina (8.94%), and Imo (1.93%) recorded the lowest increases. Month-on-month inflation was strongest in Imo (1.93%), Ondo (1.93%), and Kaduna (0.67%), whereas Cross River (-6.34%), Ogun (-6.30%), and Kogi (-6.03%) recorded outright declines.

Food inflation also varied regionally. Year-on-year, Kogi (19.84%), Nasarawa (18.38%), and Adamawa (17.29%) saw the highest rises, while Ebonyi (1.69%), Abia (3.23%), and Imo (3.74%) had the mildest increases. Month-on-month, food prices rose in Imo (-1.26%), Akwa Ibom (-2.21%), and Zamfara (-2.96%), but saw sharper declines in Yobe (-11.88%), Nasarawa (-9.06%), and Sokoto (-8.31%), reflecting localized supply improvements and seasonal harvest effects.

Cowry Research thinks that the recent CPI normalisation has created a lower base for January 2025 comparisons. This is likely to see a trend reversal to above 15% later in the year, which will largely be driven by election-related spending pressures and diminishing base effects, even as structural reforms continue to shape the medium-term disinflation path.

In the coming week, the Monetary Policy Committee (MPC) of the CBN will likely hold the policy rate too further assess the impact of the last outcome. At the last meeting in November, the Committee reviewed global and domestic macroeconomic conditions and assessed the balance of risks facing the economy.

EQUITIES MARKET: NGX Extends Rally as All-Share Index Surges 6.95%, Adding N8.14 Trillion in Market Value……

The Nigerian stock market closed the week firmly in positive territory, extending its upward momentum as stronger investor confidence and heightened trading activity pushed prices higher. The NGX All-Share Index advanced 6.95% week-on-week to 194,989.77 points, underscoring the strength of the rally as risk appetite remained elevated, several stocks touched new all-time highs, and the broader market continued to trade at attractive valuations despite the sharp run-up.

Mirroring the index's performance, total market capitalization expanded by the same margin, rising to N125.16 trillion from N117.03 trillion in the previous week. This translates to an approximate N8.14 trillion increase in market value. As a result, the year-to-date return advanced further to 25.95%, highlighting the persistence of bullish sentiment in the domestic equities space.

Market breadth remained firmly positive at 1.73x, with 71 stocks recording gains against 41 decliners, signaling widespread buying momentum across counters. Activity levels strengthened considerably, as the number of deals, trading volume, and turnover rose by 20.14%, 64.44%, and 30.14% week-on-week, respectively. By the close of trading, investors had transacted 7.65 billion shares worth N251.87 billion in 344,997 deals, underscoring heightened participation and improved liquidity conditions.

Performance across sectors aligned with the broader market optimism. The Industrial Goods index led the market rally with a strong 10.10% week-on-week gain, driven by notable price appreciation in BETAGLAS and WAPCO. Oil & Gas followed closely, advancing 8.66% on the back of selective accumulation in JAPAULGOLD, ARADEL, and SEPLAT. The Consumer Goods sector also recorded an impressive 7.04% rise, supported by bargain-hunting in NASCON, NESTLE, and MCNICHOLS. Banking climbed 5.68% amid renewed buying interest in FIRSTHOLDCO and STANBIC, while Insurance posted a solid 4.73% gain, buoyed by sustained demand for FGTINSURE, CUSTODIAN, MBENEFIT, and LASACO.

At the stock level, ZICHIS topped the gainers' table with a 60.7% surge, trailed by JAPAULGOLD (+60.2%), INFINITY (+59.1%), FTGINSURE (+53.8%), and JAIZBANK (+32.5%), largely supported by strong buying interest. On the downside, RTBRISCOE (-20.8%), MECURE (-19.0%), TRIPPLEG (-18.8%), SOVRENINS (-17.1%), and ELLAHLAKES (-14.7%) led the laggards, reflecting continued profit-booking and selling pressure in those stocks.

In the coming week, market sentiment is expected to remain broadly positive, underpinned by strong investor confidence and heightened trading activity. However, following such a sharp weekly advancement, intermittent profit-taking could trigger mild pullbacks. Even so, the underlying tone remains bullish, with investors likely to become more selective and tilt toward fundamentally sound counters as the rally matures. We continue to advise investors to position in fundamentally sound stocks.

FOREIX MARKET: Oil Rebounds, Boosting Naira and External Reserves……

The naira firmed up against the U.S. dollar during the week, appreciating by 0.68% at the official window to N1,346.32 and by a stronger 4.44% in the parallel market to N1,333.28.

Elsewhere, the external buffers saw improvement, with Nigeria's foreign reserves rising by 2.04% to $48.50 billion, reflecting steadier foreign exchange inflows and improved market confidence.

In the oil market, crude prices rebounded after three straight weeks of losses, supported by renewed geopolitical risk following comments by Donald Trump, who warned Iran of "serious consequences" if no deal is reached within 10–15 days. As at the time of writing, Brent crude traded at $72.08 per barrel, WTI at $66.89 per barrel, while Bonny Light gained 1.30% to $73.98 per barrel, hovering around its highest level in six months.

We expect the naira's recent gains to support continued stability in the foreign exchange market, especially if oil prices remain elevated. Rising crude prices, driven by geopolitical tensions, could sustain Nigeria's external reserves and improve investor sentiment. However, volatility in global oil markets and ongoing geopolitical risks may create short-term fluctuations. Overall, the FX and oil markets are expected to remain closely linked, with positive momentum for the naira if crude prices hold above current levels.

BOND MARKET: Renewed Buying Interest Pushes Bond and Eurobond Yields Lower….

The Nigerian secondary bond market ended the week on a bullish note, buoyed by strong demand across most maturities. Trading activity remained elevated, highlighting sustained investor confidence and a growing appetite for local fixed-income securities despite prevailing market uncertainties. Consequently, yields moderated, with the average yield declining by 9 basis points to 16.02%, reflecting firm demand for government instruments.

In the same vein, the Nigerian sovereign Eurobond market posted a positive performance, supported by renewed buying interest across the curve. Average yields compressed by 11 basis points to 6.89%, indicating improved investor sentiment and continued appetite for Nigeria's dollar-denominated debt.

We expect the bond market to maintain a positive bias in the near term, supported by sustained liquidity levels and continued investor appetite for fixed-income securities. Demand is likely to remain concentrated on attractive tenors, especially if macroeconomic conditions remain stable and inflation expectations stay contained. However, potential primary market issuances or shifts in monetary policy stance could moderate the pace of yield compression.
Meanwhile, attention now turns to the N800 billion bond auction scheduled for Monday, where Federal Government of Nigeria will reopen the 17.95% FGN JUN 2032 (N400 billion), 19.89% FGN MAY 2033 (N300 billion), and 19.00% FGN FEB 2034 (N100 billion) papers.

In the Eurobond space, performance will likely be influenced by global risk sentiment, U.S. Treasury yield movements, and oil price trends. If external conditions remain supportive, yields may trend slightly lower, although intermittent profit-taking could emerge after the recent rally.

MONEY MARKET: Liquidity Tightens as CBN Sterilisation Bites, Yet Rates Ease on Mixed Inflows…….

This week's money market opened on a notably liquid footing, with system liquidity elevated at N4.68tn, largely supported by strong placements at the Standing Deposit Facility. However, this ample liquidity proved short-lived. Conditions tightened sharply midweek following aggressive sterilisation through OMO auctions, underscoring the authorities' resolve to rein in excess liquidity. By the close of the week, system liquidity had moderated to N2.16tn, reflecting growing pressure compared with N4.32tn in the prior week.

Liquidity conditions were further shaped by expectations of additional debits, particularly the N1.91tn raised at the NTB auction, set against N765.9bn in NTB maturities and N550bn in OMO maturities. This net effect signalled a deliberate tightening bias by the Central Bank of Nigeria, aimed at sustaining firm funding conditions.

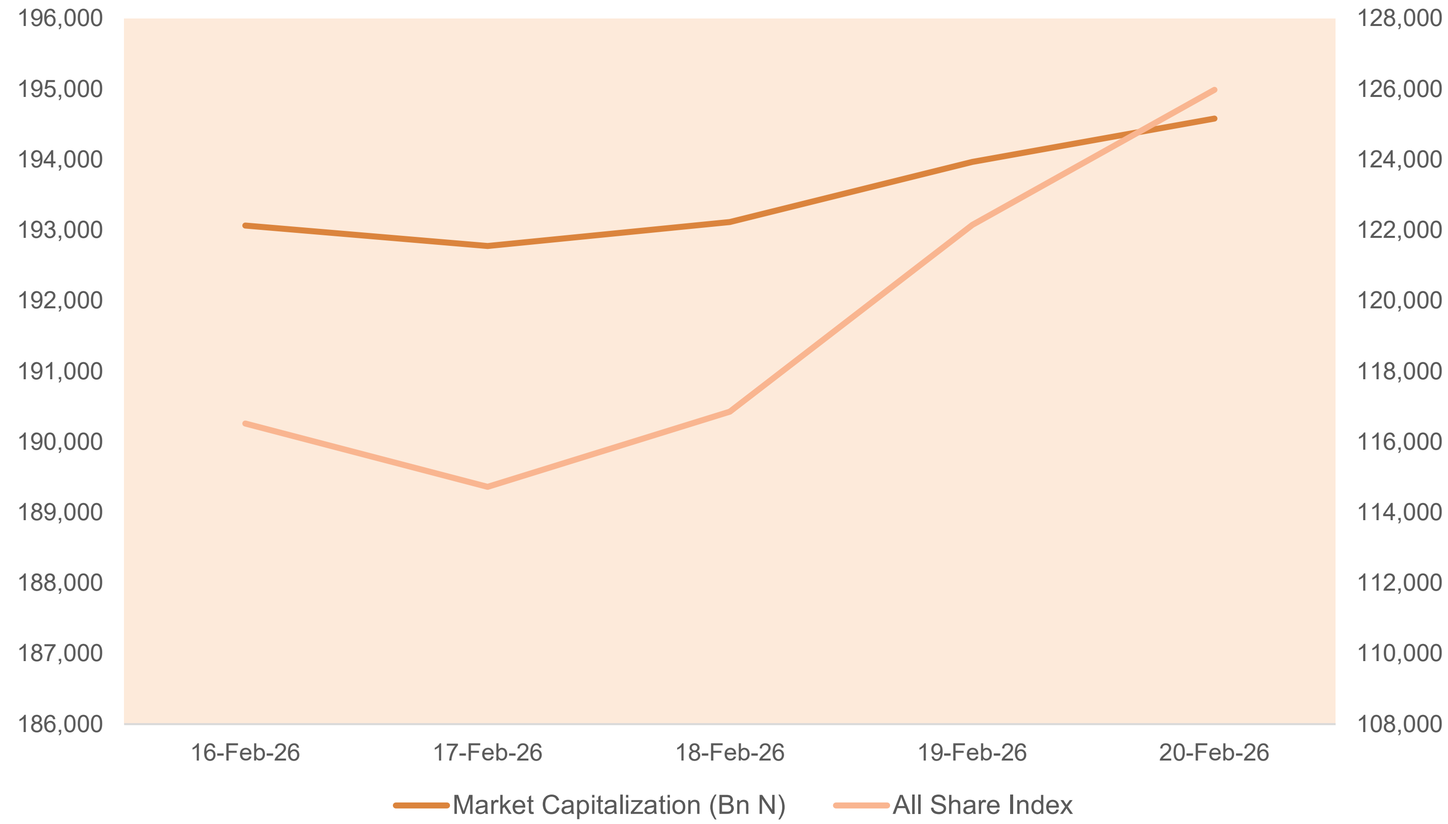
Interestingly, despite the tighter liquidity backdrop, money market rates softened. The overnight rate declined by 7bps week-on-week to 22.71%, while the funding rate remained flat at 22.50%. NIBOR rates also trended lower across the curve, reflecting mixed market activity and intermittent inflows. Overnight NIBOR eased by 2bps to 22.79%, while the 1-month, 3-month and 6-month tenors declined by 7bps, 10bps and 25bps to 23.42%, 24.12% and 24.79%, respectively. Consequently, NITTY yields declined across all maturities, with the 1-month, 3-month, 6-month and 12-month tenors shedding 24bps, 25bps, 15bps and 38bps, respectively.

In the treasury bills space, secondary market activity was relatively subdued as investors focused attention on the primary NTB auction, encouraged by the deceleration in January 2026 headline inflation. Similarly, the secondary NTB market saw a bullish tone, as unmet auction demand spilled into the market, driving a 13bps week-on-week decline in the average yield to 17.45%.

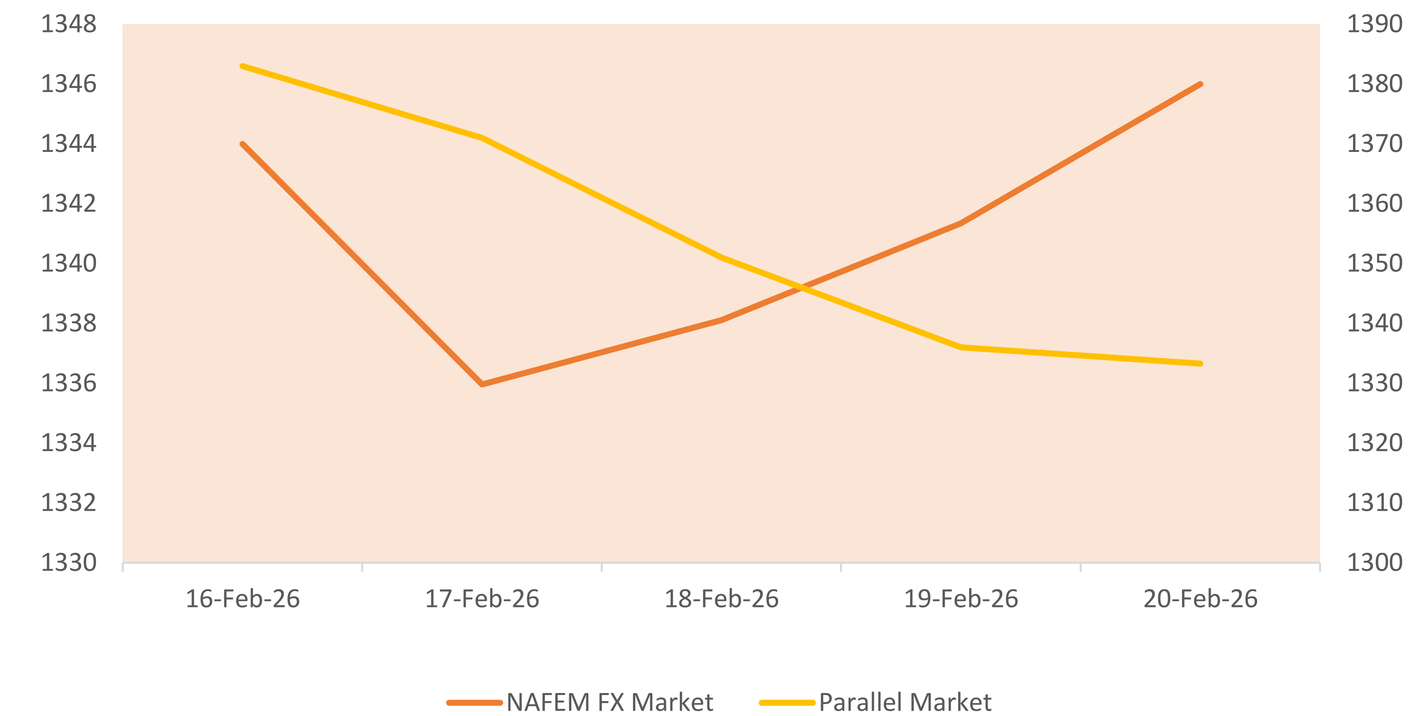
At the primary auction, N1.15tn was offered across standard tenors but demand surged to N4.3tn, resulting in a bid-to-offer ratio of 2.24x and total allotment of N1.91tn. While the 182-day stop rate held at 16.65%, the 91-day and 364-day bills cleared lower at 15.80% and 15.90%, reflecting declines of 4bps and 109bps, respectively. Secondary market trading remained muted around the auction, although the 04 Feb 27 bill rallied by 21bps, helping compress the average yield marginally.

Looking ahead, liquidity conditions may tighten further due to debits from the FGN bond auction scheduled for Monday. While N392.74bn in bond maturities will provide some offset, staggered inflows from N153.8bn in bond maturities and N730.7bn in OMO maturities are expected through the week. Market participants are also likely to remain cautious as attention turns to the MPC decision on Tuesday, which could set the tone for near-term liquidity and rate dynamics…..

Evolution of Equities Performance Gauges



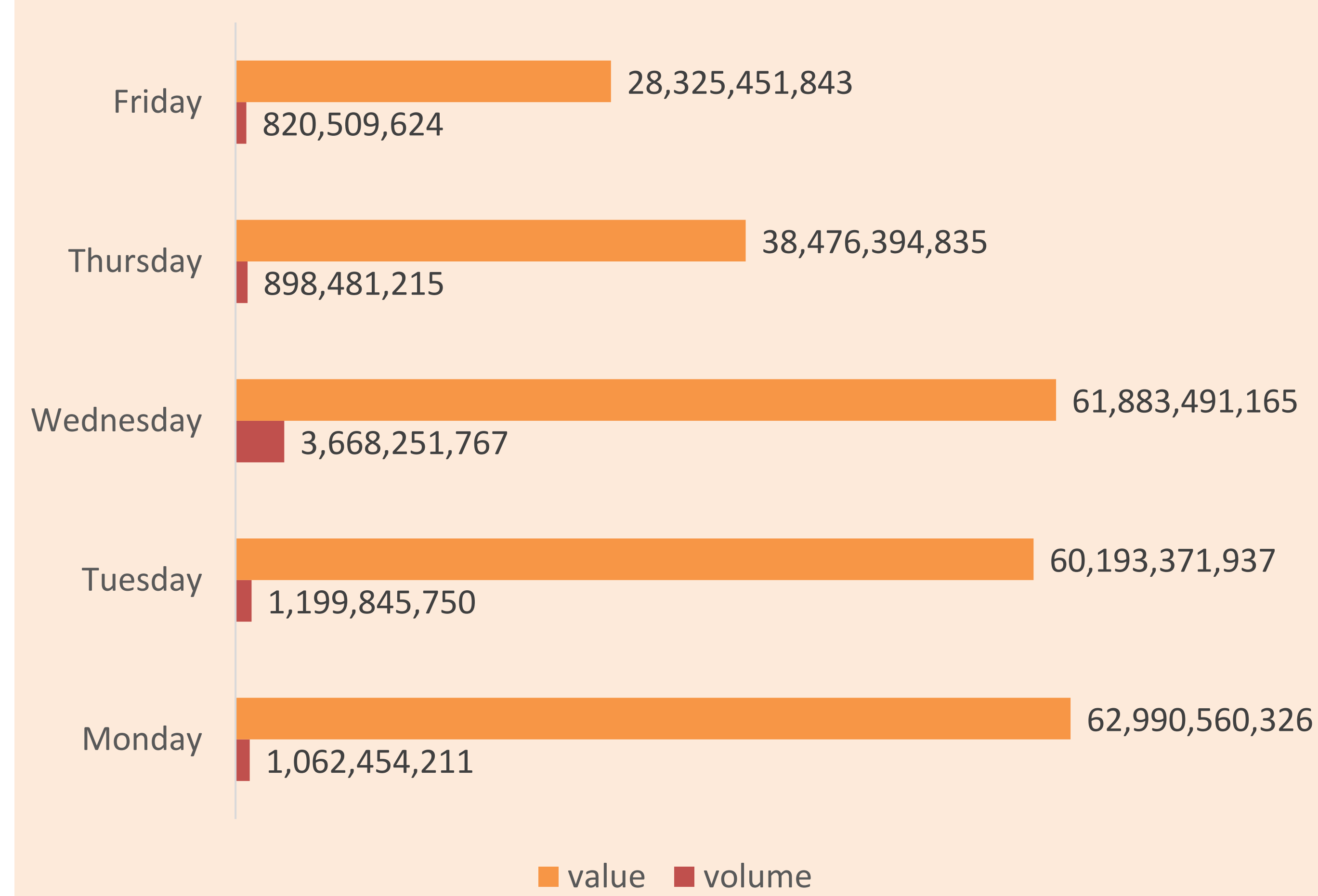
Evolution of NGN/USD Exchange Rates



FGN Eurobonds Yields as at Friday , February 20, 2026

FGN Eurobonds	Issue Date	TTM (years)	20-Feb-26 Price (N)	Weekly USD Δ	13-Feb-26 Yield	Weekly PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.77	101.76	0.25	5.4%	-0.16
6.125 SEP 28, 2028	28-Sep-21	2.61	101.19	0.22	5.6%	-0.09
8.375 MAR 24, 2029	24-Mar-22	3.09	106.94	0.31	5.9%	-0.12
7.143 FEB 23, 2030	23-Feb-18	4.01	103.35	0.36	6.2%	-0.10
8.747 JAN 21, 2031	21-Nov-18	4.92	109.14	0.27	6.5%	-0.07
7.875 16-FEB-2032	16-Feb-17	5.99	105.06	0.51	6.8%	-0.11
7.375 SEP 28, 2033	28-Sep-21	7.61	101.89	0.46	7.1%	-0.08
7.696 FEB 23, 2038	23-Feb-18	12.02	100.18	1.09	7.7%	-0.14
7.625 NOV 28, 2047	28-Nov-17	21.78	95.10	1.10	8.1%	-0.11
9.248 JAN 21, 2049	21-Nov-18	22.93	110.43	1.20	8.2%	-0.11
8.25 SEP 28, 2051	28-Sep-21	25.62	100.13	1.38	8.2%	-0.13
					6.89%	

Daily Traded Volume and Value



Weekly Top Gainers and Losers as at Friday, February 20, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	20-Feb-26	13-Feb-26	% Change	Symbol	20-Feb-26	13-Feb-26	% Change
ZICHIS	17.36	10.80	60.7%	RTBRISCOE	13.80	17.42	-20.8%
JAPAULGOLD	4.02	2.51	60.2%	MECURE	84.25	104	-19.0%
INFINITY	15.75	9.90	59.1%	TRIPPLEG	5.40	6.65	-18.8%
FTGINSURE	0.60	0.39	53.8%	SOVRENINS	2.32	2.80	-17.1%
JAIZBANK	11.00	8.30	32.5%	ELLAHLAKES	12.80	15.00	-14.7%
REDSTAREX	31.95	24.45	30.7%	UNIONDICON	18.4	20.9	-12.0%
CUSTODIAN	70.25	54.90	28.0%	DEAPCAP	7.62	8.48	-10.1%
MBENEFIT	5.42	4.3	26.0%	MULTIVERSE	25.20	28.00	-10.0%
NASCON	164.95	132.95	24.1%	DAARCOMM	2.66	2.95	-9.8%
PRESCO	2,315.40	1,900.00	21.9%	CAVERTON	7.05	7.80	-9.6%

Weekly Stock Recommendations as at Friday, February 20, 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
GTCO PLC	20.16	25.47	98.60	1.20	5.85x	122.95	56.95	118.00	149.1	100.3	135.7	26.35	BUY
PRESCO PLC	138.12	167.28	426.66	5.43	16.76x	2,315	850.10	2,315.40	2954.0	1968.1	2662.7	27.58	BUY
MTN NIGERIA	35.73	47.16	13.96	56	21.83x	780.00	230	780.00	1029.6	663.0	897.0	32.00	BUY
HONEYWELL FLOUR	0.78	1.02	5.50	4.18	29.40x	30.20	9.18	23.00	30.1	19.6	26.5	30.67	BUY
ZENITH BANK PLC	5.64	7.13	115.17	0.75	15.33x	90.20	43.00	86.50	109.3	73.5	99.5	26.40	BUY

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