COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Dovish Policy Pivot: CBN Softens Stance with 50bps Rate Cut to 26.50%, Repricing the Outlook…..

The Central Bank of Nigeria's Monetary Policy Committee reduced the Monetary Policy Rate (MPR) by 50 basis points to 26.5%. This is the first rate cut after a long period of tightening in a bid to stifle rising inflation and control prices. Also, at the meeting, the Cash Reserve Ratio (CRR) was left unchanged at 45% for commercial banks and 16% for merchant banks, while the Liquidity Ratio stayed at 30% as the CBN stays cautious with its rate loosening, but still keeping strong control over system liquidity.

With all other policy parameters retained just like at the September and November 2025 meetings, the MPC weighed whether to maintain its cautious posture or initiate policy easing amid an improving macroeconomic environment. Ultimately, the collective progress in headline inflation, sustained exchange rate stability, and strong external reserves provided sufficient justification for a modest rate adjustment of 50bps, signalling the potential beginning of an easing cycle, supported by a softer inflation outlook.

Inflation has been easing with the latest reading at 15.10% in January 2026, and the pressure on prices is no longer as intense as before. This slowdown in inflation has provided the CBN room to slightly relax monetary conditions without risking price instability. January's headline outcome was softer than expected. This deviation was driven by the unusually sharp 2.88% m/m deflation—the first m/m decline in over twelve months—which offset the impact of the lower base index and resulted in only a modest increase in the headline figure. Although consumer prices continue to ease, the scale of the negative m/m inflation reading is unexpected, particularly when viewed against the backdrop of Nigeria's structurally driven inflation dynamics.

Food prices, the dominant component in the CPI basket, recorded a pronounced slowdown, easing to 8.89% y/y down from 10.84% y/y previously. The moderation in food prices was supported by stable FX conditions, softer energy prices, lower input costs, and relatively strong supply conditions. Turning to the core index, core inflation continued its downward trajectory, decelerating to 17.72% y/y from 18.63% y/y previously.

On the external side, the MPC acknowledged a cautiously improving global backdrop for 2026, with stronger growth prospects tied to progress in trade negotiations, AI-driven investment, and gradual policy easing across major economies. Nonetheless, risks remain elevated, including protectionist trends and geopolitical fragmentation. Against this mixed global environment, the CBN's measured adjustment suggests the possible start of an easing cycle, though not an aggressive one.

Global disinflation is anticipated to continue in 2026, driven by the lagged impact of previous monetary policy tightening, further resolution of supply chain disruptions, and improved stability in commodity markets. Near-term inflation is, however, likely to remain above historical averages, constrained by structural rigidities and divergent pace of disinflation across several economies.

Upshot from this February 2026 MPC meeting is that a lower policy rate can gradually reduce borrowing costs for the real sector of the economy. While lending rates may not fall immediately, the direction is now more supportive for businesses and economic activity. With interest rates beginning to come down, fixed-income returns may become less attractive over time. This supports continued interest in equities and other risk assets, especially for investors seeking better long-term returns.

Cowry Research thinks that the decision signals a careful shift from fighting inflation aggressively to supporting growth, while still keeping financial stability in focus. It's a measured step and not a full easing cycle yet, but a clear change in tone. We also recognise the Committee's caution is notable, particularly given elevated liquidity conditions and the risk of demand-side pressures in a pre-election environment. It is not yet a full easing cycle, but it clearly marks a change in tone in Nigeria's monetary policy trajectory….

EQUITIES MARKET: NGX Ends Week Lower as Selling Pressure Drags Index Down 1.11%……

The Nigerian stock market ended the week on a weaker footing, reversing part of the previous week's gains as declining investor confidence and subdued trading activity dampened upward momentum.

The NGX All-Share Index (ASI) shed 1.11% week-on-week to close at 192,826.77 points. In tandem with the benchmark's performance, total market capitalisation fell by the same margin to ₦123.76 trillion from ₦125.76 trillion in the preceding week, translating to an estimated ₦1.40 trillion erosion in market value. As a result, the year-to-date return moderated to 24.54%, underscoring the bearish tone that characterised the domestic equities market during the week.

Market breadth was negative at 0.46x, with 32 gainers against 69 decliners, reflecting broad-based selling pressure across counters. Trading activity also weakened considerably, as volume and turnover declined by 28.42% and 22.01% week-on-week, respectively. However, the number of deals rose by 7.25% over the same period. By week's end, investors had traded 5.48 billion shares worth ₦196.44 billion across 370,020 deals, highlighting softer participation levels overall.

Sectoral performance during the week was broadly positive, with selective profit-taking and bargain hunting shaping market direction. The Industrial Goods index lagged, declining by 0.69% week-on-week (W-o-W) due to notable sell-offs in Beta Glass Plc (BETAGLAS) and Lafarge Africa Plc (WAPCO). The pullback suggests mild profit-taking in heavyweights within the segment. Conversely, the Oil & Gas sector emerged as the top gainer, advancing 8.66% W-o-W. The rally was largely driven by price stability and selective accumulation in Japaul Gold & Ventures Plc (JAPAULGOLD), Aradel Holdings Plc (ARADEL), and Seplat Energy Plc (SEPLAT), reflecting improved investor appetite for energy plays.

The Consumer Goods sector followed with a strong 7.04% gain, supported by bargain-hunting in NASCON Allied Industries Plc (NASCON), Nestle Nigeria Plc (NESTLE), and McNichols Plc (MCNICHOLS). Similarly, the Banking index appreciated by 5.68% on renewed buying interest in FBN Holdings Plc (FIRSTHOLDCO) and Stanbic IBTC Holdings Plc (STANBIC). The Insurance sector also posted a respectable 4.73% gain, buoyed by sustained demand for FGT Insurance Company Limited (FGTINSURE), Custodian Investment Plc (CUSTODIAN), Mutual Benefits Assurance Plc (MBENEFIT), and Lasaco Assurance Plc (LASACO), indicating sustained risk appetite in the segment.

Leading the advancers was FTGINSURE which surged 56.7% week-on-week, followed by OKOMUOIL (+20.9%), INFINITY (+20.6%), MANSARD (+17.2%), and FCMB (+16.8%), reflecting renewed buying interest across insurance, agriculture, and banking names. Conversely, profit-taking weighed on ABCTRANS (-25.0%), DAARCOMM (-20.7%), TANTALIZER (-16.7%), LIVINGTRUST (-14.5%), and UPL (-13.0%), indicating rotational flows and selective exit from previously rallied counters.

We expect the market to remain cautiously weak in the near term as bearish sentiment and profit-taking activities continue to weigh on performance. With market breadth still negative and trading volumes subdued, investors are likely to adopt a selective approach, focusing on fundamentally sound and defensive stocks. Thus, we continue to advise investors to take position in fundamentally sound counters.

FOREIX MARKET: Naira Depreciates Across Markets, Brent and WTI Steady as Geopolitical Risks Loom……

This week, the naira weakened against the U.S. dollar, falling 1.25% in the official market to ₦1,363.40 and 1.99% in the parallel market to ₦1,360.30

Meanwhile, Nigeria's external reserves rose modestly by 2.08% to $49.51 billion, supported by improved foreign exchange inflows.

In the oil market, Brent crude traded at $71 per barrel, while West Texas Intermediate (WTI) stood at $65.56 per barrel, following a three-week rally. Over the past month, both Brent and WTI have gained roughly $3 per barrel. Market participants adopted a cautious, wait-and-see stance heading into the weekend amid rising tensions involving Iran and the forthcoming OPEC+ meeting on Sunday, where a production increase is widely expected. Locally, Bonny Light crude slipped 1.41% to $72.94 per barrel.

We expect the naira to face continued pressure in the coming days, despite modest gains in external reserves, as investor caution persists amid global uncertainties. Oil prices are expected to remain range-bound, with market movements largely influenced by geopolitical tensions involving Iran and the upcoming OPEC+ meeting. Overall, both FX and oil markets are likely to experience moderate volatility this week.

BOND MARKET: Bullish Sentiment Drives Local Bonds While Eurobonds Retreat….

The Nigerian secondary bond market closed the week on a positive note, supported by strong demand across most maturities. Trading activity remained robust, underscoring sustained investor confidence and a heightened appetite for local fixed-income instruments despite existing market uncertainties. As a result, yields eased, with the average yield declining by 48 basis points to 15.54%, reflecting solid demand for government securities.

This week, the February 2026 FGN bond auction conducted by the Debt Management Office (DMO) saw ₦800 billion offered across the Feb 2032, May 2033, and Feb 2034 maturities. The auction was significantly oversubscribed at ₦2.7 trillion, although the final allotment was relatively conservative at ₦524 billion. Stop rates for the Feb 2032 and May 2033 papers closed at 15.74%, while the Feb 2034 bond cleared slightly lower at 15.50%, underscoring strong demand for duration amid easing policy expectations.

Conversely, the Nigerian sovereign Eurobond market recorded a negative performance, pressured by increased selling activity across the curve. Average yields rose by 9 basis points to 6.98%, pointing to weaker investor sentiment and reduced appetite for Nigeria's dollar-denominated debt.

We expect the Nigerian secondary bond market to maintain a stable to slightly bullish trajectory in the near term, supported by sustained local investor interest and demand for fixed-income securities amid ongoing economic uncertainties. However, the sovereign Eurobond market may continue to face pressure, as weak appetite from international investors and heightened selling activity could keep yields elevated. Monitoring global risk sentiment, foreign portfolio flows, and domestic macroeconomic indicators will be key in assessing near-term market movements.

MONEY MARKET: OMO Maturities, MPC Cut Trigger Sharp Repricing at the Short End….

System liquidity remained robust during the week, expanding to ₦3.75 trillion from ₦2.26 trillion previously, largely driven by the ₦770 billion in OMO maturities that flowed back into the system. The elevated liquidity environment, alongside the recent rate cut by the Central Bank of Nigeria (CBN), triggered a broad-based moderation in funding rates, particularly at the short end of the curve.

Overnight (OVN) and Open Repo (OPR) rates repriced downward through midweek, settling at 22.17% and 22.00% respectively, reflecting improved interbank conditions and subdued activity at the Standing Deposit Facility window by DMBs.

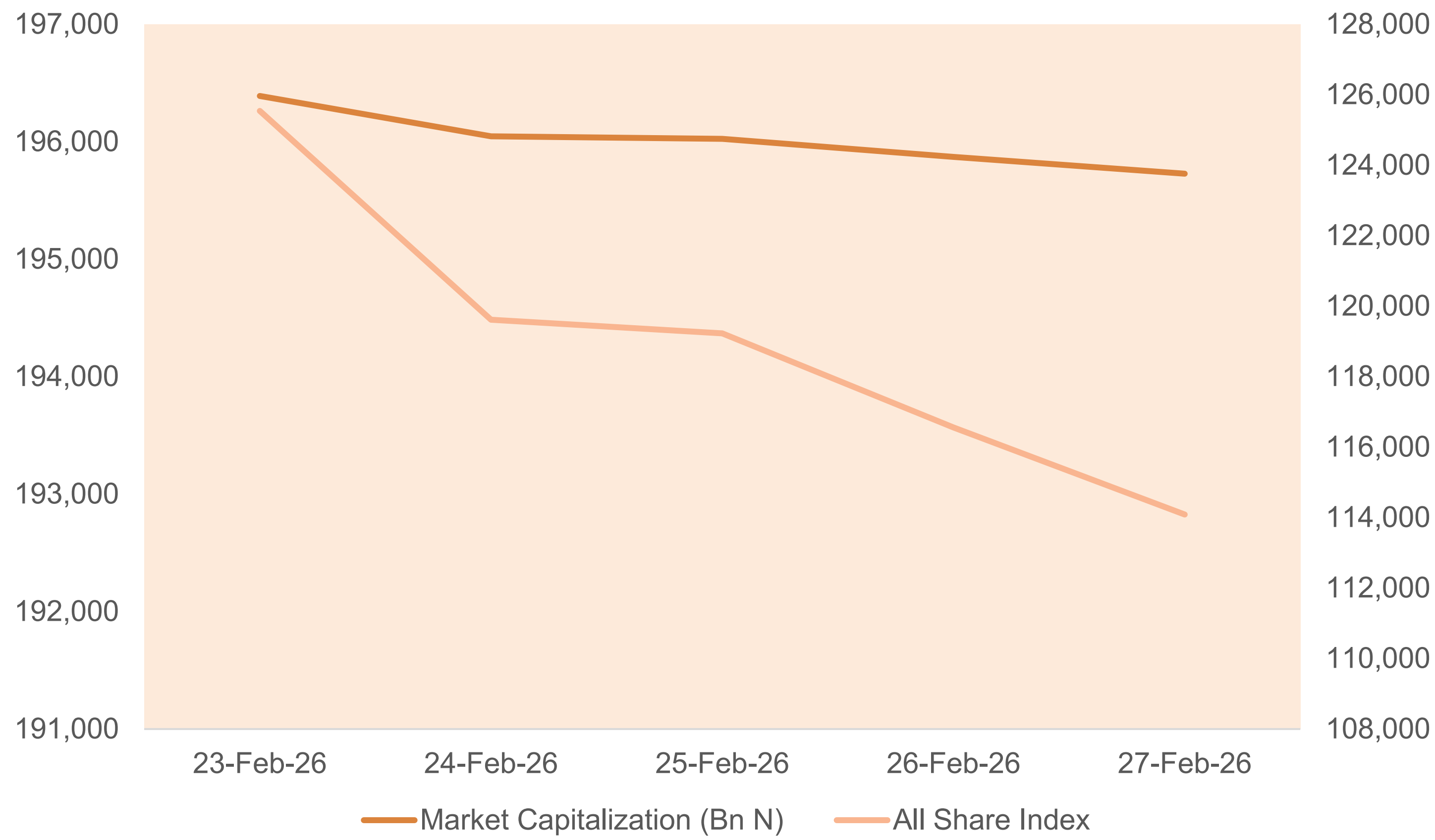
Interbank benchmarks mirrored this liquidity-driven repricing. NIBOR declined across all tenors, with the Overnight fixing shedding 54bps week-on-week to 22.25%, while the 1-month, 3-month, and 6-month tenors compressed by 51bps, 48bps, and 45bps, respectively.

Similarly, NITTY rates trended lower across the curve, declining by 43bps (1-month), 21bps (3-month), 17bps (6-month), and 51bps (12-month). In the secondary T-bills market, average yields eased by 26bps to 17.23%, consistent with the softer funding backdrop.

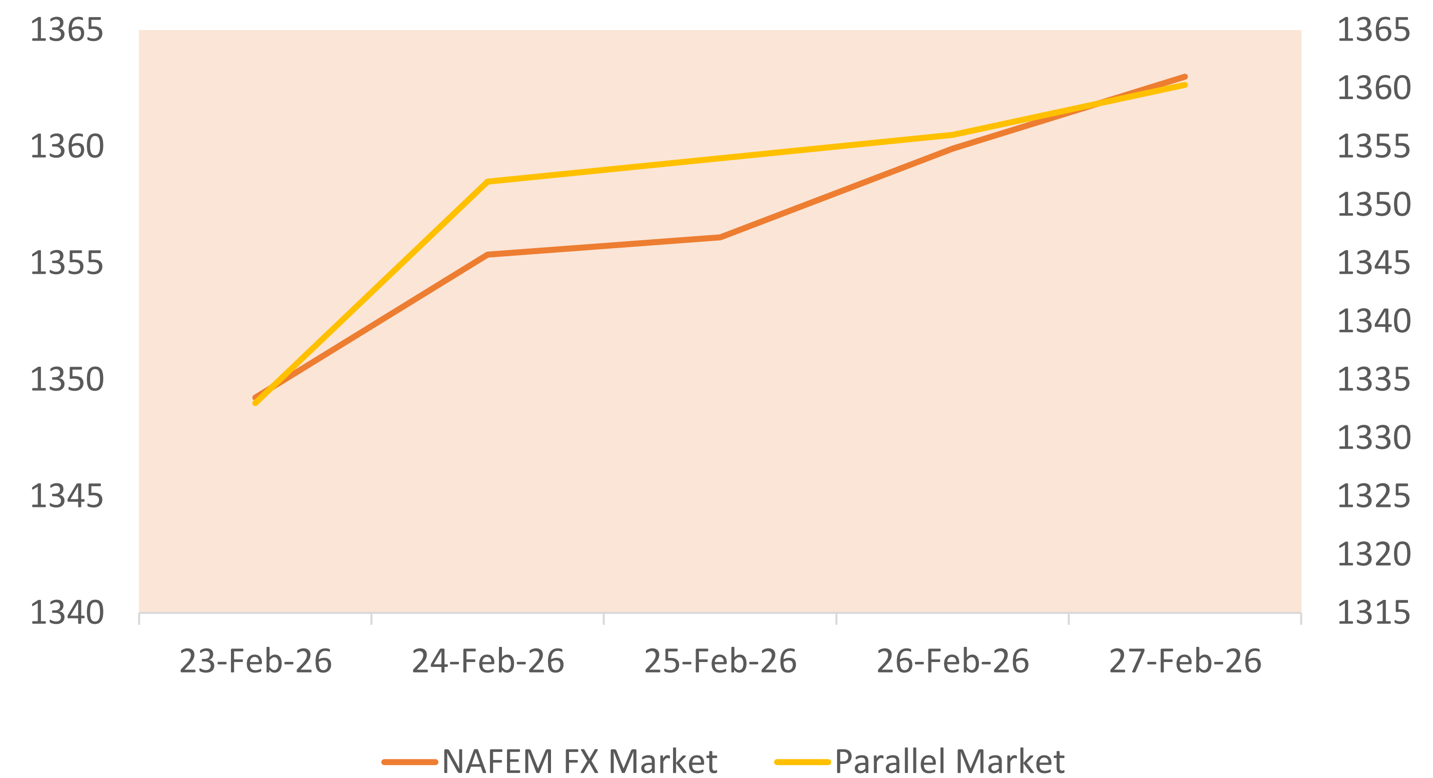
At the midweek OMO auction, the CBN offered ₦600 billion across 6-day, 104-day, and 167-day maturities. Investor appetite was notably strong, with total subscriptions reaching ₦1.9 trillion, heavily skewed toward the 167-day paper. The apex bank eventually allotted ₦1.1 trillion, with stop rates clearing at 21.94% (6-day), 18.45% (104-day), and 18.77% (167-day), indicating selective demand concentration along the mid-curve.

Looking ahead, we anticipate stable money market conditions supported by ample system liquidity. The CBN is expected to conduct a Treasury bills primary market auction with ₦799.13 billion in maturities (₦31.18 billion for 91-day, ₦18.32 billion for 182-day, and ₦619.36 billion for 364-day bills). Market focus will also shift to the March 4 NTB auction, where ₦1.05 trillion is scheduled to be offered. We expect demand to remain firm particularly for longer-dated instruments as the recent MPR cut reinforces expectations of a gradual policy easing cycle and continued yield compression at the short-to-mid segment of the curve.

Evolution of Equities Performance Gauges



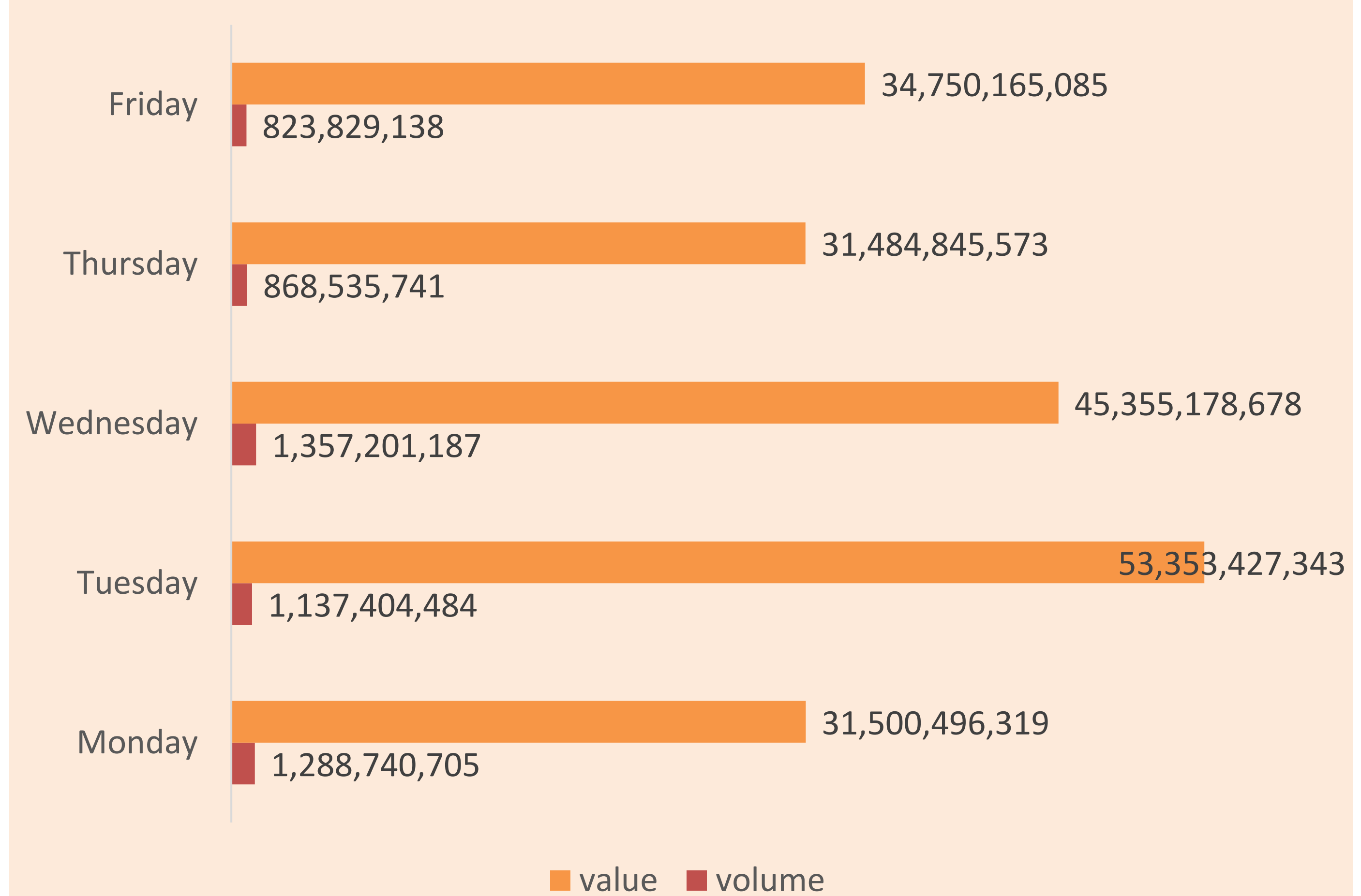
Evolution of NGN/USD Exchange Rates



FGN Eurobonds Yields as at Friday , February 27, 2026

FGN Eurobonds	Issue Date	TTM (years)	27-Feb-26 Price (N)	Weekly USD Δ	20-Feb-26 Yield	Weekly PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.75	101.52	-0.24	5.6%	0.13
6.125 SEP 28, 2028	28-Sep-21	2.59	100.88	-0.31	5.8%	0.12
8.375 MAR 24, 2029	24-Mar-22	3.07	106.50	-0.44	6.0%	0.14
7.143 FEB 23, 2030	23-Feb-18	3.99	102.75	-0.60	6.4%	0.16
8.747 JAN 21, 2031	21-Nov-18	4.90	108.65	-0.49	6.6%	0.10
7.875 16-FEB-2032	16-Feb-17	5.97	104.75	-0.31	6.9%	0.06
7.375 SEP 28, 2033	28-Sep-21	7.59	101.57	-0.32	7.1%	0.05
7.696 FEB 23, 2038	23-Feb-18	12.00	99.83	-0.35	7.7%	0.05
7.625 NOV 28, 2047	28-Nov-17	21.76	94.69	-0.41	8.2%	0.04
9.248 JAN 21, 2049	21-Nov-18	22.92	109.94	-0.49	8.3%	0.04
8.25 SEP 28, 2051	28-Sep-21	25.60	99.28	-0.85	8.3%	0.08
					6.98%	

Daily Traded Volume and Value



Weekly Top Gainers and Losers as at Friday, February 27, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	27-Feb-26	20-Feb-26	% Change	Symbol	27-Feb-26	20-Feb-26	% Change
FTGINSURE	0.94	0.60	56.7%	ABCTRANS	6.75	9.00	-25.0%
OKOMUOIL	1,765.00	1,459.70	20.9%	DAARCOMM	2.11	2.66	-20.7%
INFINITY	19.00	15.75	20.6%	TANTALIZER	4.50	5.40	-16.7%
MANSARD	18.40	15.70	17.2%	LIVINGTRUST	5.60	6.55	-14.5%
FCMB	13.90	11.90	16.8%	UPL	5.35	6.15	-13.0%
JAIZBANK	12.63	11.00	14.8%	ETRANZACT	20.05	22.9	-12.4%
AFRIPRUD	17.95	16.00	12.2%	TRIPPLEG	4.73	5.4	-12.4%
CHAMPION	18	16.2	11.1%	MBENEFIT	4.75	5.42	-12.4%
TRANSEXPR	2.36	2.15	9.8%	VFDGROUP	11.85	13.40	-11.6%
NPFMCRFBK	6.74	6.27	7.5%	HMCALL	4.03	4.50	-10.4%

Weekly Stock Recommendations as at Friday, February 27, 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
ARADEL HOLDINGS	92.34	115.31	800.5	1.35	11.74x	869	448	1084.00	1353.6	921.4	1246.6	25.00	BUY
MTN NIGERIA PLC	53.00	66.25	26.13	29.08	14.34x	780.0	230	760.00	1050.0	646.0	874.0	38.16	BUY
LAFARGE AFRICA PLC	21.19	43.08	4.64	11.80x	21.19	214.00	65.00	200.00	250.0	170.0	230.0	25.00	BUY
NIGERIAN BREWERIES	3.20	4.00	18.08	4.42	25.00x	82.4	27.15	79.95	99.9	68.0	91.9	25.00	BUY
OKOMU OIL PLC	63.25	80.11	65.41	26.99	27.91x	1765	645	1765	2235.7	1500.3	2029.8	26.67	BUY

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