



# COWRY WEEKLY FINANCIAL MARKETS

## REVIEW & OUTLOOK (CWR)



Cowry Research



## DOMESTIC ECONOMY: CBN Holds Rates at 26.50% as Inflation Risks, Global Tensions Serve À la Carte.....

The outcome of the 305th Monetary Policy Committee (MPC) meeting of the Central Bank of Nigeria reflects a continued cautious and tight monetary stance aimed at curbing persistent inflationary pressures, despite recent moderation to 15.69%, amid improving exchange rate stability and sustained foreign portfolio inflows.

Key policy decisions include: Retention of the Monetary Policy Rate (MPR) at 26.50%; Retention of the Cash Reserve Ratio (CRR) at 45.0% for Deposit Money Banks and 16.0% for Merchant Banks; Retention of 75% CRR on Non-TSA public sector deposits; Liquidity Ratio maintained at 30.0%; Asymmetric corridor retained at +50/-450 basis points around the MPR.

The decisions of the MPC were anchored on a comprehensive assessment of risks to the macroeconomic outlook. Although inflation has risen marginally for two consecutive months, largely induced by external shocks, the Committee recognized the transitory nature of the uptick and remained confident that the current macroeconomic environment remains sufficiently resilient to support a gradual return to the disinflationary path.

This decision marks a pause following the 50 basis points easing implemented at the previous meeting in February. In line with broad market expectations, the MPC opted to retain the MPR at 26.50% alongside all other policy parameters. This outcome aligns with our expectations for a hold, premised on renewed inflationary pressures stemming from higher domestic energy costs linked to spillover effects from ongoing geopolitical tensions in the Middle East.

Nigeria's headline inflation sustained its upward reversal for the second consecutive month in April 2026, rising to 15.69% year-on-year from 15.38% recorded in March, representing a 31 basis points increase. This development signals a temporary interruption to the eleven-month disinflation trend previously recorded. The renewed inflationary pressure was primarily driven by cost-push factors. Chief among these was the surge in global crude oil prices following disruptions around the Strait of Hormuz in early March, which affected global supply chains and elevated international energy prices. The resultant increase in domestic fuel prices translated into higher transportation and production costs across major sectors of the economy.

Against this backdrop, the Committee considered emerging upside risks to inflation, alongside heightened global uncertainty, sufficient to justify maintaining a cautious monetary policy stance. In reaching its decision, the MPC reviewed global macroeconomic conditions and noted that global growth is expected to moderate in 2026, reflecting the combined effects of persistent geopolitical tensions and prolonged tight monetary conditions across advanced and emerging economies.

The Committee further observed that prevailing global oil price shocks could sustain upward pressure on global inflation in the near term, likely prompting major central banks to remain cautious in their monetary policy trajectories. On the domestic front, the MPC acknowledged that Nigeria's growth outlook remains relatively resilient despite external vulnerabilities, supported by improved macroeconomic conditions and the recent sovereign credit rating upgrade from B to B+ by S&P Global Ratings. Nonetheless, the Committee maintained that the cumulative effects of previous monetary tightening measures, improved foreign exchange market liquidity, and easing food supply constraints are expected to reinforce the medium-term disinflation process.

Overall, the Committee expects economic activity to remain resilient through 2026 despite downside risks associated with the Middle East conflict. We believe financial markets had largely priced in the hold decision, particularly given the continued attractiveness of carry trade opportunities within Nigeria's fixed income market.

For financial markets, the decision is expected to keep fixed income yields elevated in the near term, while equities may continue to witness sectoral rotation as investors reassess earnings resilience under a high-interest rate environment. Broadly, investors are likely to continue favouring short-tenored fixed income instruments over duration-sensitive assets, while equities trading may remain driven by sector-specific opportunities and defensive positioning.



## EQUITIES MARKET : Custom Street in Red as Heavyweight Selloffs Weigh on Sentiment Despite Selective Sectoral

The Nigerian equities market closed the week on a subdued note, extending its bearish momentum as widespread losses in heavyweight counters dragged overall performance. The NGX All-Share Index (ASI) declined by 0.25% week-on-week to settle at 249,712.37 points, while market capitalisation fell to ₦160.08 trillion, eroding approximately ₦366 billion in market value. Consequently, year-to-date returns moderated to 60.47%, reflecting increasingly cautious and risk-averse investor sentiment across the domestic bourse.

Market breadth weakened further, closing negative at 0.81x, with 43 gainers versus 53 decliners, signalling limited and highly selective buying interest. Trading activity was also notably muted, as the number of deals, volume, and value traded declined by 15.89%, 48.57%, and 55.07% week-on-week, respectively. In total, investors exchanged 3.87 billion shares valued at ₦161.72 billion across 335,326 deals, underscoring reduced market participation and weaker liquidity conditions.

On the gainers' chart, ABCTRANS led with a strong 59.3% rally, followed by UPL (+25.0%), JAPAUFGOLD (+22.0%), SKYAVN (+20.3%), and EUNISELL (+20.0%), largely driven by renewed demand in select mid- and low-cap stocks. Conversely, the laggards' table was dominated by SOVRENINS (-18.5%), RTBRISCOE (-16.9%), UPDCREIT (-14.3%), ABBEYBDS (-11.9%), and NB (-10.1%), reflecting profit-taking pressure and sustained sell-offs in previously rallied names.

Sectoral performance closed mixed, with selective gains offset by broad-based weakness across key indices. The Banking sector led performance, advancing by 1.11% week-on-week, supported by strong buying interest in STANBIC, ZENITHBANK, and FIDELITYBK. The Consumer Goods sector gained 0.24%, buoyed by renewed investor interest in select counters, particularly UNILEVER NIGERIA PLC and MCNICHOLS PLC. Similarly, the Oil & Gas sector edged up by 0.07%, driven by gains in JAPAUFGOLD.

On the downside, the Insurance sector declined sharply by 1.77%, pressured by profit-taking in MANSARD, LINKASSURE, and SOVRENINS. The Industrial Goods sector also fell by 1.24%, reflecting weakened sentiment in CAP, BERGER, and TRIPPLE G, although gains in WAPCO and CUTIX partially cushioned losses. The Commodity index inched up marginally by 0.02%, supported by gains in OANDO, highlighting pockets of resilience within an otherwise subdued market environment.

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Looking Ahead, the Nigerian equities market is expected to remain mixed and cautious in the near term, as weak sentiment and profit-taking continue to weigh on performance. Elevated fixed-income yields and macroeconomic uncertainties may limit broad-based gains, though selective buying could persist in fundamentally strong stocks, particularly in the banking and oil & gas sectors. Overall, trading activity is likely to remain stock-specific with continued short-term volatility.

**MONEY MARKET: Liquidity Improves as System Surplus Holds Amid Strong Inflows; Yields Edge Higher on Bearish Sentiment.....**

This week in the money market, system liquidity remained firmly positive, opening the week at ₦3.6 trillion, supported by inflows from maturing Open Market Operation (OMO) bills and Treasury Bills worth ₦934.47 billion. However, liquidity moderated by the close of the week to ₦2.79 trillion, compared to ₦3.82 trillion in the previous week, following debits from OMO bill issuances, Treasury Bill settlements, and FGN bond auction-related liquidity mop-ups.

Despite the moderation, funding conditions remained broadly robust, with system liquidity still elevated at ₦2.79 trillion. This sustained liquidity surplus helped ease short-term funding pressures, as the overnight funding rate declined by 6 basis points week-on-week to 22.24%, while the Open Buy Back (OPR) rate remained unchanged at 22.00%. Similarly, the overnight NIBOR edged lower by 5 basis points, reflecting improved short-term liquidity conditions, even as the Central Bank of Nigeria maintained its tight monetary stance during the week.

However, medium- to longer-tenor funding rates moved in the opposite direction. The 1-month, 3-month, and 6-month NIBOR rose by 32bps, 94bps, and 114bps respectively, indicating tightening expectations further out the curve. In the fixed income funding space, the Nigerian Interbank Treasury Yield (NITTY) curve was largely upward-trending across most maturities, with the exception of the 1-month tenor, which declined by 19bps to 15.80%. Conversely, the 3-month, 6-month, and 12-month NITTY rates increased by 20bps, 4bps, and 26bps respectively.

In the secondary Treasury Bills market, sentiment remained mildly bearish, driven by selective selling interest at the mid and long end of the curve. Continued liquidity mop-ups also exerted upward pressure on yields, pushing average NT-Bills yields higher by 2bps week-on-week to 17.52%, from 17.50% previously.

At the primary market auction, the Debt Management Office (DMO) offered ₦650 billion across standard maturities, attracting strong demand with total subscriptions of approximately ₦2.0 trillion. Ultimately, ₦829.3 billion was allotted, reflecting robust investor appetite despite tight monetary conditions. Stop rates remained broadly stable across all tenors, closing at 15.95% for the 91-day, 16.14% for the 182-day, and 16.15% for the 364-day instruments.

Looking ahead, liquidity conditions are expected to remain positive, supported by anticipated FAAC inflows estimated at over ₦1.2 trillion and OMO bill maturities of approximately ₦1.97 trillion, which should help sustain system liquidity and keep short-term funding conditions relatively stable in the near term.



## FOREX MARKET : Naira Softens as Oil Market Strengthens Despite Decline in Bonny Light.....

This week, the naira recorded a mild depreciation against the US dollar, reflecting continued pressure in the domestic foreign exchange market despite ongoing policy tightening by the Central Bank of Nigeria. In the official market, the naira weakened by 0.32% week-on-week to close at ₦1,375.46/USD, while the parallel market also eased by 15 basis points to ₦1,370.12/USD, indicating broadly aligned but slightly divergent pricing dynamics across segments.

In contrast, Nigeria's external reserves recorded a marginal improvement, rising by 0.05% to \$48.72 billion, suggesting modest reserve accretion amid intermittent inflows and relatively contained FX demand pressures.

In the global commodities space, crude oil prices traded on a firmer note, supported by renewed geopolitical optimism surrounding potential progress in US–Iran negotiations, despite lingering unresolved sticking points. Brent crude futures rose 1.56% to \$64.00 per barrel, while West Texas Intermediate (WTI) advanced 1.25% to \$59.75 per barrel during early Asian trading. However, Nigeria's Bonny Light crude moved in the opposite direction, declining by 5.99% to settle at \$116.92 per barrel, reflecting grade-specific pricing dynamics and differential demand conditions in the global crude market.

Looking ahead, the naira may remain under mild pressure in the near term due to persistent FX demand, though rising external reserves could help cushion volatility.

## BOND MARKET: Nigerian Bond Market Turns Bearish as MPC Hold Triggers Selloffs; Eurobond Yields Edge Higher.....

The Nigerian secondary bond market traded on a bearish note throughout the week, pressured by weak investor demand and heightened selloffs across most maturities following the decision of the Central Bank of Nigeria Monetary Policy Committee (MPC) to retain its current monetary policy stance. Market activity remained relatively subdued as investors maintained a cautious approach amid elevated interest rates and tight liquidity conditions, resulting in muted appetite for local fixed-income instruments. Consequently, average yields in the secondary market advanced by 17 basis points week-on-week to close at 16.28%.

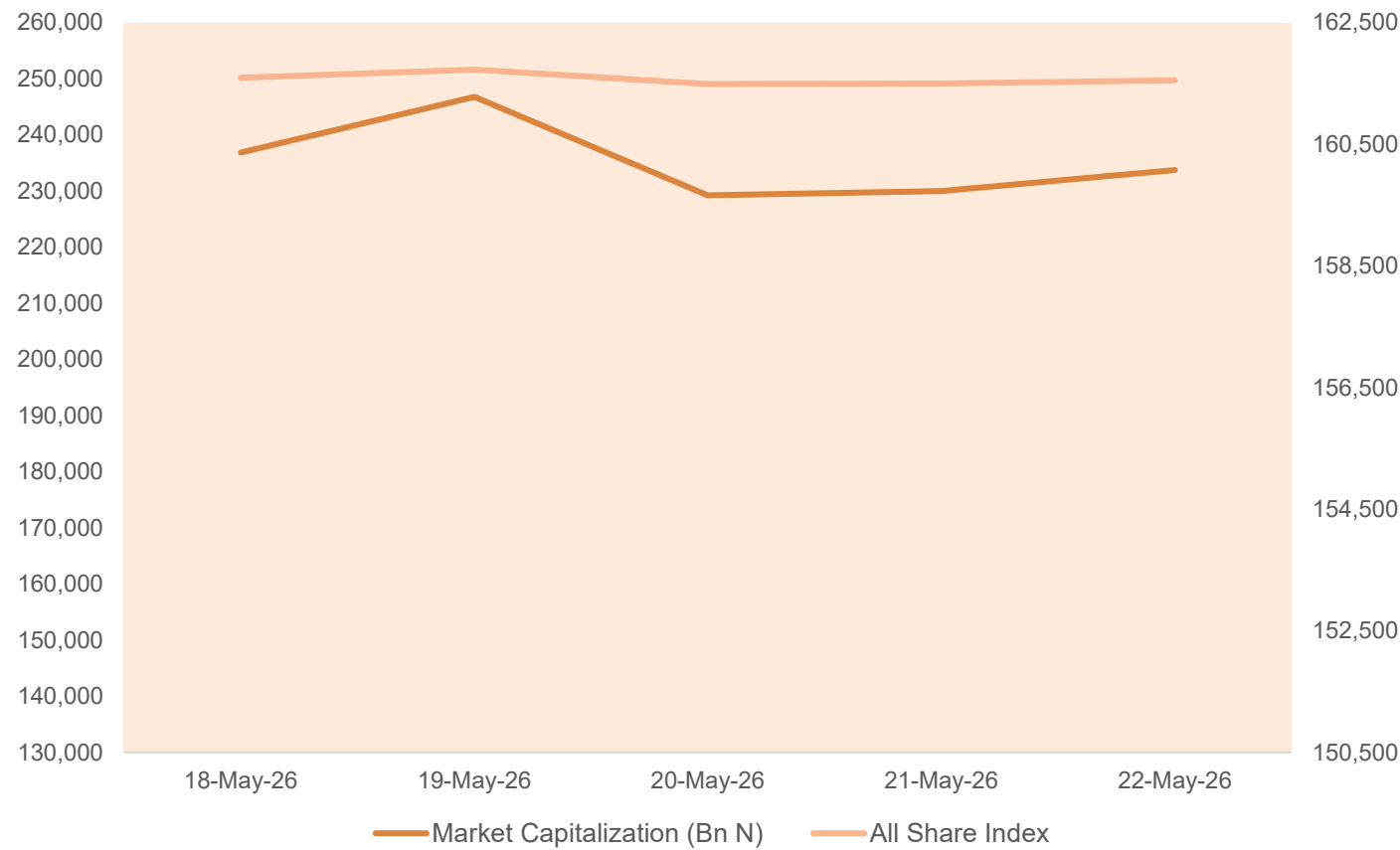
At Monday's primary market auction, the Debt Management Office reopened the 2035 and 2037 FGN bonds at ₦300 billion each. The instruments cleared at stop rates of 17.00% and 17.04% respectively, with the 2035 bond recording a sharp 41 basis point increase relative to its previous auction level, while the 2037 bond debuted at its inaugural pricing. Subscription levels reflected mixed investor sentiment as the 2035 bond remained undersubscribed, with only ₦137.67 billion allotted. In contrast, the 2037 tenor attracted stronger demand, recording a total allotment of ₦476.84 billion, largely supported by ₦280 billion in non-competitive subscriptions which significantly boosted allotment on the longer-dated instrument despite softer competitive bids.

Similarly, the Nigerian sovereign Eurobond market closed weaker during the week as investors trimmed exposure to dollar-denominated sovereign papers amid soft market demand. Bearish sentiment persisted across the curve, causing average yields to inch higher by 1 basis point to 6.95%, reflecting weakened investor appetite and cautious positioning in Nigeria's external debt market.

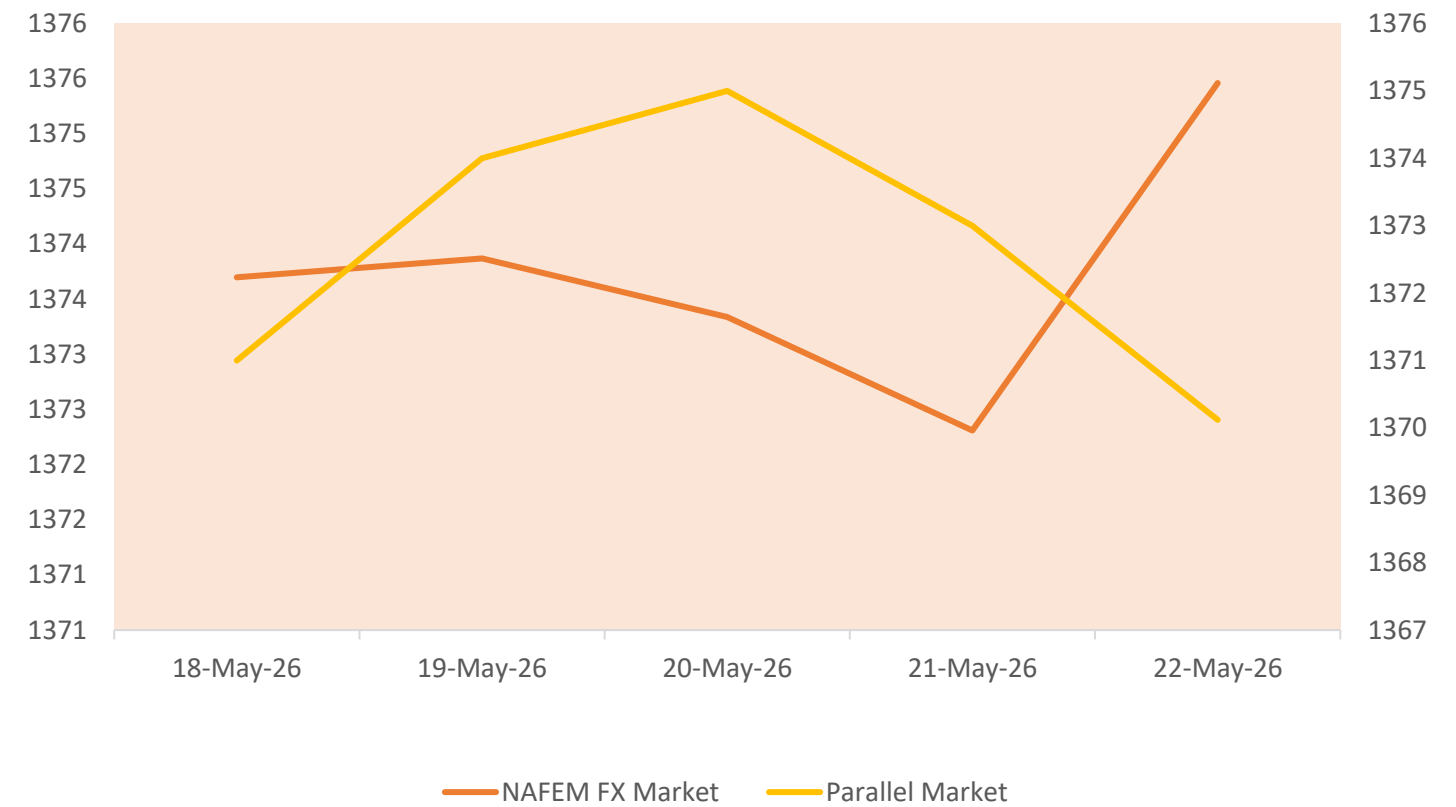
Looking ahead, following the MPC decision, the domestic bond market is expected to remain cautiously bearish in the near term as investors reassess liquidity conditions, inflation pressures, and the direction of monetary policy. In the Eurobond market, sentiment is likely to stay mixed amid global uncertainties and shifting U.S. rate expectations, though improved external reserves and relative exchange rate stability may offer some support to Nigerian sovereign Eurobonds in the near term.



### Evolution of Equities Performance Gauges



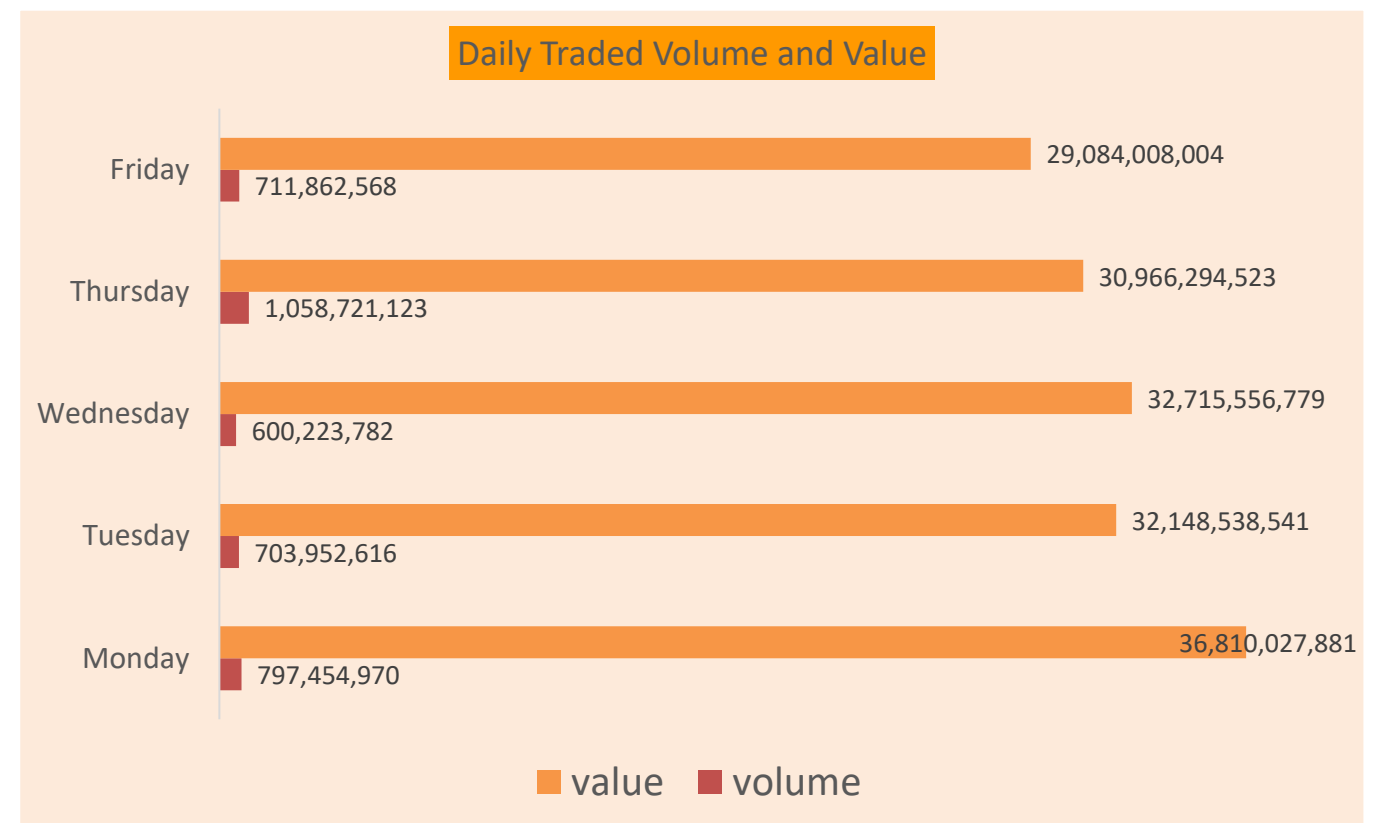
### Evolution of NGN/USD Exchange Rates



### FGN Eurobonds Yields as at Friday , `May 22, 2026

FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.52	100.88	0.03	5.9%	-0.03
6.125 SEP 28, 2028	28-Sep-21	2.36	100.52	0.10	5.9%	-0.05
8.375 MAR 24, 2029	24-Mar-22	2.84	105.91	-0.43	6.1%	0.14
7.143 FEB 23, 2030	23-Feb-18	3.76	102.27	-0.29	6.5%	0.09
8.747 JAN 21, 2031	21-Nov-18	4.67	107.71	-0.28	6.8%	0.06
7.875 16-FEB-2032	16-Feb-17	5.74	104.65	-0.21	6.9%	0.05
7.375 SEP 28, 2033	28-Sep-21	7.36	101.70	-0.04	7.1%	0.00
7.696 FEB 23, 2038	23-Feb-18	11.77	102.08	0.35	7.4%	-0.04
7.625 NOV 28, 2047	28-Nov-17	21.53	97.80	0.67	7.8%	-0.06
9.248 JAN 21, 2049	21-Nov-18	22.68	111.98	0.18	8.1%	-0.02
8.25 SEP 28, 2051	28-Sep-21	25.37	101.08	0.40	8.2%	-0.03
					6.95%	

### Daily Traded Volume and Value



## Weekly Top Gainers and Losers as at Friday, May 22, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	22-May-26	15-May-26	% Change	Symbol	22-May-26	15-May-26	% Change
ABCTRANS	9.08	5.70	59.3%	SOVRENINS	2.20	2.70	-18.5%
UPL	6.00	4.80	25.0%	RTBRISCOE	12.79	15.40	-16.9%
JAPAULGOLD	3.94	3.23	22.0%	UPDCREIT	10.15	11.85	-14.3%
SKYAVN	156.95	130.50	20.3%	ABBEYBDS	7.05	8.00	-11.9%
EUNISELL	209.95	174.90	20.0%	NB	83.60	93.00	-10.1%
ACADEMY	8.45	7.05	19.9%	NCR	161.20	179.10	-10.0%
LEARNAFRCA	11.75	9.90	18.7%	CAP	210.35	233.70	-10.0%
TRANSCORP	49.00	43.25	13.3%	IMG	38.10	42.30	-9.9%
SUNUASSUR	4.52	4.00	13.0%	WAPIC	2.60	2.88	-9.7%
NEIMETH	11.00	9.95	10.6%	ARADEL	1836.00	2009.50	-8.6%

## Weekly Stock Recommendations as at Friday, May 22, 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
FIDELITY BANK	4.22	5.27	20.98	1.12	5.57x	24.25	17.10	23.50	29.4	20.0	27.0	24.99	BUY
UNITED BANK FOR AFRICA	3.11	4.24	97.54	0.47	14.77x	55.2	31.65	45.00	60.9	38.1	51.5	36.00	BUY
OKOMU OIL PALM	24.74	30.93	500.00	3.50	70.73x	1765	600	1750	2,187.50	1487.5	2012.5	25.00	BUY
MAY & BAKER PLC	0.74	1.04	8.65	5.38	62.94x	52.5	10.9	50.00	65.2	39.6	53.5	40.00	BUY
NIGERIAN BREWERIES	1.81	2.46	19.89	4.20	46.30x	103	53	86.00	113.7	71.1	96.1	36.00	BUY



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