COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: No Pivot Yet: CBN Holds Rates at 26.50% Despite Cooling Inflation and Global Risks Simmer……

The Central Bank of Nigeria (CBN) maintained the Monetary Policy Rate (MPR) at 26.50% at its 306th Monetary Policy Committee (MPC) meeting in July 2026, signalling a continued commitment to a cautious and restrictive monetary policy stance. The decision came despite a further moderation in inflation, reflecting the Committee's determination to consolidate recent disinflation gains while guarding against persistent domestic price pressures and heightened global uncertainties. In addition to retaining the benchmark policy rate, the MPC left all other monetary policy parameters unchanged, reinforcing its preference to sustain tight financial conditions until inflation is firmly anchored.

Nigeria's headline inflation eased marginally to 15.91% year-on-year in June 2026 from 15.93% in May, representing a 2-basis-point decline and marking the first moderation since the inflation uptick triggered by geopolitical tensions in the Middle East earlier in the year. The latest reading was broadly in line with our forecast of 15.80%, reflecting favourable base effects, easing domestic energy costs, improved food supply, and relatively stable macroeconomic conditions. On a month-on-month basis, headline inflation slowed to 1.66% from 1.75% in May, suggesting that the pace of consumer price increases moderated further during the period. Similarly, core inflation eased to 15.92% year-on-year, while the monthly core inflation rate declined to 1.66% from 1.94%, indicating a gradual moderation in underlying price pressures. Exchange rate stability and the lagged impact of previous monetary tightening also contributed to containing imported inflation and broader pricing pressures across the economy.

In response, the Committee voted to retained all key monetary policy parameters. 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 decision underscores the CBN's commitment to sustaining policy consistency while ensuring that liquidity conditions remain supportive of its inflation objective and exchange rate stability. Despite these encouraging inflation developments, the MPC maintained that the risks to the inflation outlook remain tilted to the upside. The Committee noted that renewed geopolitical tensions in the Middle East continue to pose significant risks through potential disruptions to global supply chains and higher energy and commodity prices. It also acknowledged the resilience of the domestic economy, supported by stronger external reserves, improved foreign exchange market stability, sustained foreign portfolio inflows, and a gradual easing in inflation. Nonetheless, policymakers judged that maintaining the current restrictive policy stance remained the most appropriate course of action to preserve macroeconomic stability and prevent a resurgence of inflationary pressures before considering any policy easing

Looking ahead, we expect the CBN to maintain its cautious stance over the near term as it continues to evaluate the durability of recent macroeconomic improvements. Although inflation is expected to remain on a gradual downward trajectory, supported by improved food supply, exchange rate stability, and the cumulative effects of previous policy tightening, upside risks from global geopolitical developments, commodity price volatility, and energy costs remain significant. Consequently, we anticipate that the MPC will continue to prioritise price and exchange rate stability, with any shift towards policy easing likely to depend on sustained moderation in

EQUITIES MARKET: Market Capitalisation Rises by N2.53 Trillion as Equities Close Week Higher….

The Nigerian equities market closed the week on a positive note, supported by renewed buying interest across key counters. The benchmark NGX All-Share Index (ASI) gained 0.xx% week-on-week to close at 247,357.40 points, while market capitalisation increased by approximately N2.53 trillion to N159.59 trillion. Consequently, the market's year-to-date return improved to 58.96%.

Market breadth remained positive, with 57 gainers against 36 losers, translating to a market breadth ratio of 1.58x. This reflects sustained investor appetite, as advancing stocks continued to outnumber decliners during the week.

Market activity strengthened considerably, signalling increased investor participation. The number of deals, trading volume, and transaction value rose by 12.75%, 57.28%, and 67.59% week-on-week, respectively. In total, investors exchanged 4.43 billion shares worth N306.31 billion across 255,945 deals.

Sectoral performance was broadly positive during the week, with all major indices closing in positive territory, led by strong gains in the Banking, Consumer Goods, and Industrial Goods sectors as renewed investor confidence and bargain hunting spurred widespread buying interest. The Banking Index emerged as the best-performing sector, advancing 8.35% on the back of robust gains in FIRSTHOLDCO, ACCESSCORP, FCMB, and ZENITHBANK, reflecting sustained optimism ahead of the earnings season and continued expectations of strong profitability in the high-interest-rate environment. The Consumer Goods Index followed with a 6.30% gain, driven by renewed demand for UNILEVER, CADBURY, and GUINNESS, as investors accumulated fundamentally attractive counters after recent price corrections.

The Industrial Goods Index appreciated by 5.01%, supported primarily by strong buying interest in BUA Cement, which outweighed declines in TRIPPLE GEE and CUTIX, highlighting investors' preference for large-cap industrial stocks. Meanwhile, the Insurance Index gained 3.86%, buoyed by impressive performances in AXA Mansard, NEM Insurance, and Veritas Kapital, while the Oil & Gas Index posted a modest 0.11% increase as gains in ETERNA and OANDO offset weakness across other counters.

On the gainers' chart, UPL led with a 33.3% weekly gain, followed by FIRSTHOLDCO (+25.6%), UNIONDICON (+19.3%), CADBURY (+18.4%), and MAYBAKER (+17.9%), driven by renewed buying interest across large-, mid-, and small-cap stocks. Conversely, MEYER topped the losers' chart after declining 27.0%, followed by ROYALEX (-12.8%), UACN (-12.3%), BUAFOODS (-10.0%), and NGXGROUP (-10.0%). The losses were largely attributed to profit-taking and sustained selling pressure in these counters.

Looking ahead, We expect the Nigerian equities market to maintain a positive bias in the near term, supported by sustained investor interest in fundamentally sound stocks, particularly within the banking and industrial goods sectors. Continued positioning ahead of the ongoing corporate earnings season and dividend expectations is likely to underpin buying activity.

However, intermittent profit-taking in stocks that have recorded significant gains may temper overall market performance. Consequently, market direction is expected to remain driven by corporate earnings releases, macroeconomic developments, and investor reactions to monetary policy expectations……

FOREIX MARKET: Currency Stability Improves as Naira Appreciates and Oil Prices Rally……

During the week, the naira recorded a positive performance against the U.S. dollar across major foreign exchange markets. At the official window, the currency appreciated by 1.33% week-on-week to close at N1,362.09/US$, while it strengthened by 0.73% in the parallel market, closing at N1,369.12/US$. Meanwhile, Nigeria's external reserves increased marginally by 0.19% week-on-week to US$52.04 billion, reflecting a modest improvement in the country's external liquidity position.

In the commodities market, crude oil prices recorded strong gains during the week, supported by heightened geopolitical tensions and concerns over potential supply disruptions. Market sentiment was influenced by disruptions around the Strait of Hormuz, continued attacks on vessels in the Bab el-Mandeb Strait, and the temporary suspension of oil flows through the Caspian Pipeline Consortium (CPC) system following drone attacks.

At the time of reporting, Brent crude traded at $90.39 per barrel, while WTI crude stood at $97.82 per barrel, reflecting elevated risk premiums in global energy markets. Meanwhile, Bonny Light crude remained supported by the broader upward trend in international oil prices, with expectations that supply concerns may continue to influence price movements in the near term.

We expect the naira to remain relatively stable in the near term, supported by improved FX liquidity, higher external reserves, and stronger crude oil receipts. However, currency movements will continue to be influenced by FX demand pressures and global market developments. Crude oil prices are likely to remain elevated in the short term amid ongoing supply concerns and geopolitical risks.

BOND MARKET: Domestic Bonds Rally as Eurobonds Face Selling Pressure……

The Nigerian secondary bond market traded on a bullish note during the week, supported by strong investor demand across key maturities. Increased buying interest drove bond price appreciation and pushed yields lower, reflecting sustained confidence in domestic fixed-income instruments. Consequently, the average FGN bond yield declined by 21 basis points week-on-week to close at 17.46%.

The Debt Management Office (DMO), on behalf of the Federal Government of Nigeria (FGN), recorded robust investor demand at its July 2026 bond auction, with total subscriptions of N1.74 trillion against an offer of N1.20 trillion, representing an oversubscription rate of 1.87x. The strong subscription underscores sustained confidence in sovereign debt instruments and the continued preference of institutional investors for attractive risk-free returns despite elevated inflation and tight liquidity conditions as the DMO eventually allotted N929.32 billion, alongside N50 billion in non-competitive allotments, reflecting a measured borrowing strategy despite strong market appetite. Demand was strongest for the Apr-2037 bond, while the Jan-2035 and Jun-2038 bonds also attracted healthy subscriptions. Marginal rates cleared at 18.34%, 18.35%, and 18.40%, respectively, marking a modest 10-basis-point increase from the previous auction.

In contrast, the Nigerian sovereign Eurobond market recorded a bearish performance, as weaker demand and increased sell-offs across the yield curve led investors to reduce exposure to Nigeria's dollar-denominated debt securities. This decline in risk appetite resulted in a 9 basis point week-on-week increase in the average Eurobond yield to 6.98%.

We expect the domestic bond market to remain supported by sustained investor demand and attractive yields, which may continue to drive buying interest across selected maturities. However, market activity could remain influenced by liquidity conditions, inflation expectations, and monetary policy direction.

MONEY MARKET: Liquidity Remains Robust Despite Bond Settlement Debits and CBN's Tight Policy Stance……

Liquidity conditions in the Nigerian money market remained resilient during the week despite significant funding outflows and the Monetary Policy Committee's (MPC) decision to maintain a tight monetary policy stance. System liquidity opened the week with a net surplus of N3.20 trillion, lower than the N4.68 trillion recorded in the previous week, largely reflecting a decline in balances at the Central Bank of Nigeria's (CBN) Standing Deposit Facility (SDF).

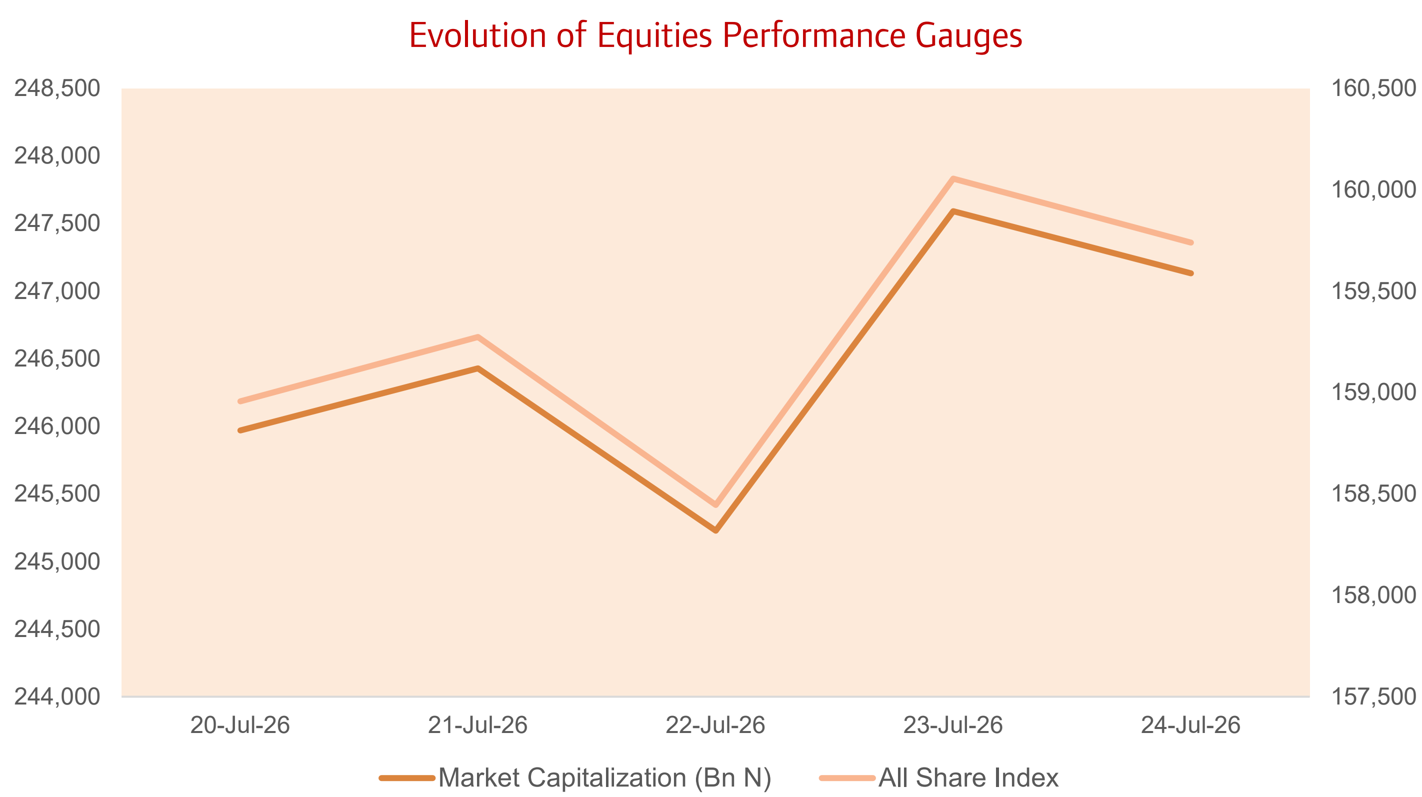
Liquidity was subsequently boosted by N1.50 trillion in Open Market Operations (OMO) bill maturities, which provided substantial inflows into the banking system. However, funding conditions tightened midweek following a N929 billion debit for the settlement of the Federal Government of Nigeria (FGN) bond auction. Despite this liquidity withdrawal, elevated SDF balances helped cushion the impact, allowing system liquidity to close the week at a healthy N3.78 trillion, albeit below the previous week's level.

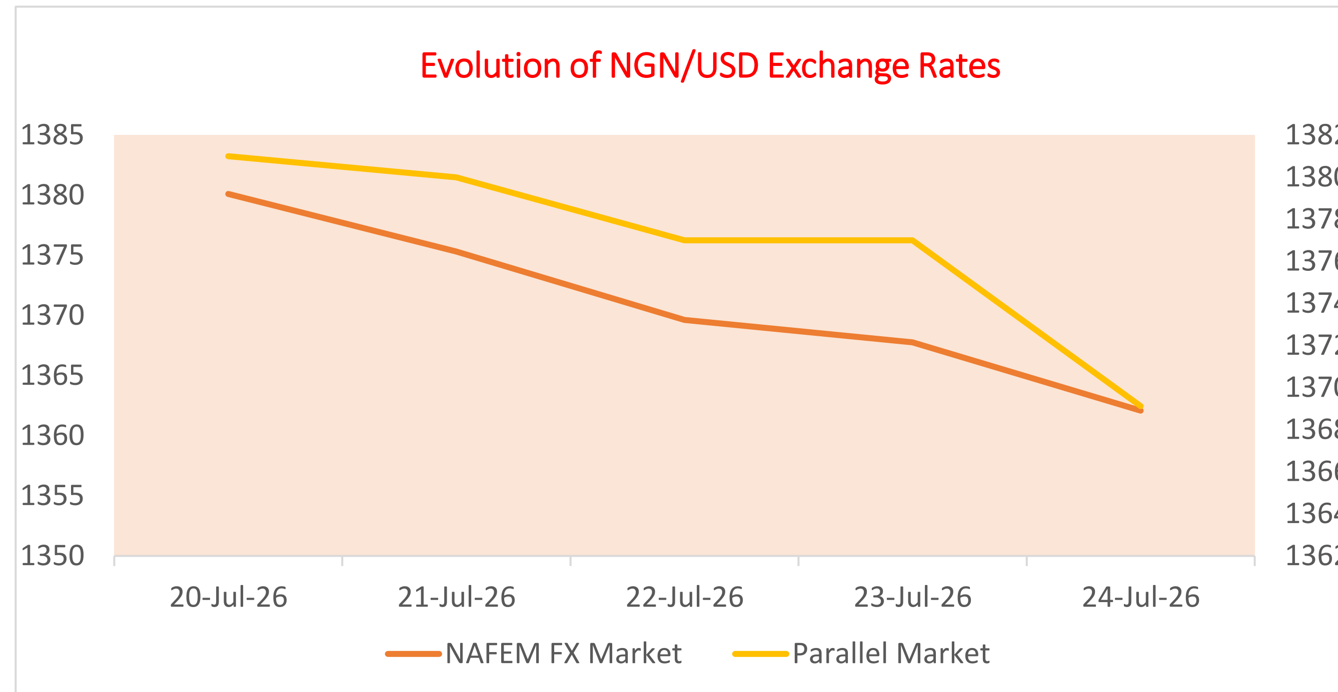
Money market rates reflected broadly stable funding conditions despite the moderation in system liquidity. The Overnight (OVN) rate declined marginally by 1 basis point to 22.12%, while the Open Repo Rate (OPR) remained unchanged at 22.00%, indicating that liquidity remained sufficient to meet short-term funding requirements.

Across the NIBOR curve, rates edged higher as the overnight, one-month, three-month, and six-month tenors increased by 3bps, 6bps, 7bps, and 17bps, respectively, suggesting that market participants continued to price in a prolonged restrictive monetary policy environment following the MPC's decision to retain the Monetary Policy Rate (MPR) at 26.50%. Meanwhile, the Nigerian Treasury Bills True Yield (NITTY) curve recorded mixed performance, with yields declining at the one-month (-11bps), three-month (-9bps), and twelve-month (-29bps) tenors, while the six-month tenor rose 26bps, reflecting stronger demand for selected mid-curve maturities.

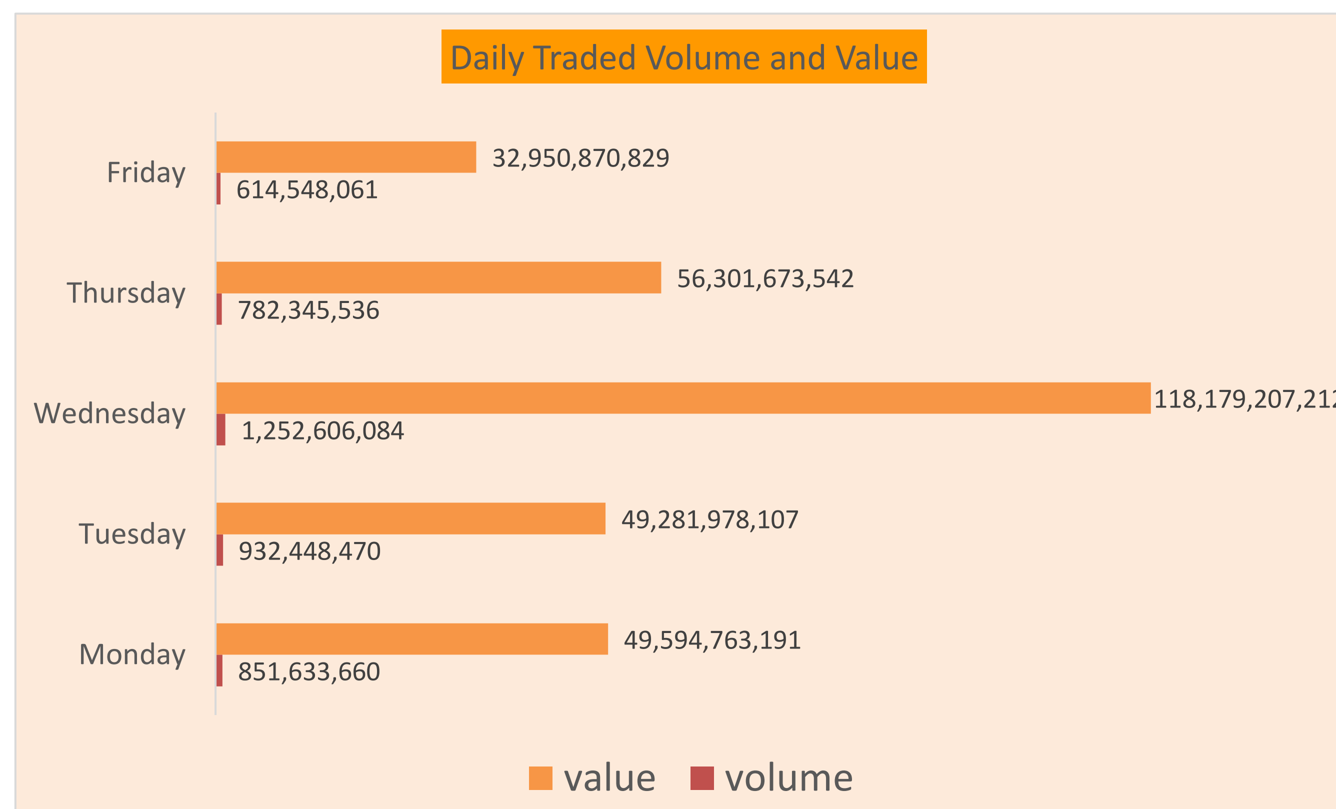
The secondary Treasury bills market maintained its bullish momentum during the week, supported by sustained investor demand, particularly at the long end of the curve. Mild yield declines across the short- and medium-term maturities further reinforced buying interest, resulting in the average Treasury bills yield falling by 13 basis points to 18.27% from 18.40% in the previous week.

Looking ahead, we expect market liquidity to remain relatively comfortable, supported by N500 billion in OMO bill maturities. However, the CBN is likely to conduct another OMO auction to sterilise excess liquidity and reinforce its tight monetary policy stance. In addition, the Bank, on behalf of the Debt Management Office (DMO), is scheduled to conduct the semi-monthly Treasury bills auction, offering N700 billion across the 91-day (N100 billion), 182-day (N100 billion), and 364-day (N500 billion) maturities. Given the prevailing high-interest-rate environment and investors' continued preference for risk-free assets, we expect the auction to attract strong subscription levels……..





FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.35	100.63	-0.15	6.0%	0.12
6.125 SEP 28, 2028	28-Sep-21	2.18	100.08	-0.19	6.1%	0.09
8.375 MAR 24, 2029	24-Mar-22	2.67	105.35	-0.31	6.2%	0.11
7.143 FEB 23, 2030	23-Feb-18	3.59	102.02	-0.27	6.5%	0.08
8.747 JAN 21, 2031	21-Nov-18	4.50	107.59	-0.33	6.8%	0.07
7.875 16-FEB-2032	16-Feb-17	5.57	104.91	-0.42	6.8%	0.09
7.375 SEP 28, 2033	28-Sep-21	7.19	102.11	-0.71	7.0%	0.12
7.696 FEB 23, 2038	23-Feb-18	11.59	101.75	-0.70	7.5%	0.09
7.625 NOV 28, 2047	28-Nov-17	21.36	97.29	-0.62	7.9%	0.06
9.248 JAN 21, 2049	21-Nov-18	22.51	111.99	-0.88	8.1%	0.07
8.25 SEP 28, 2051	28-Sep-21	25.20	101.41	-0.78	8.1%	0.08
					6.98%	



Weekly Top Gainers and Losers as at Friday, July 24, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	24-Jul-26	17-Jul-26	% Change	Symbol	24-Jul-26	17-Jul-26	% Change
UPL	14.20	10.65	33.3%	MEYER	62.4	85.45	-27.0%
FIRSTHOLDCO	120.50	95.95	25.6%	ROYALEX	1.29	1.48	-12.8%
UNIONDICON	147.95	124.00	19.3%	UACN	3.41	3.89	-12.3%
CADBURY	67.50	57.00	18.4%	BUAFOODS	845.1	939	-10.0%
MAYBAKER	13.20	11.20	17.9%	NGXGROUP	2,812.50	3,125.00	-10.0%
BUACEMENT	324.00	275.60	17.6%	PRESCO	2,070.00	2,300.00	-10.0%
TIP	3.63	3.09	17.5%	SUNUASSUR	3.60	4.00	-10.0%
ACCESSCORP	29.20	25.00	16.8%	HONYFLOUR	3.29	3.65	-9.9%
CILEASING	6.35	5.55	14.4%	ABCTRANS	7.05	7.8	-9.6%
CUTIX	78.45	69.00	13.7%	TRANSPOWER	2.82	3.10	-9.0%

Weekly Stock Recommendations as at Friday, July 24, 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
ACCESS HOLDINGS	3.98	5.58	80.86	0.36x	7.33x	36	19.9	29.20	40.88	24.82	33.58	40.0	BUY
BUA CEMENT	9.59	10.55	19.46	16.65x	16.89x	460	129.9	324.00	421.20	275.40	372.60	30.00	BUY
FIRST HOLDCO	11.74	15.26	81.45	1.48x	10.30x	121	29.25	120.50	157.17	102.77	139.04	30.00	BUY
HONYWELL FLOUR PLC	2.08	2.59	6.80	2.39x	7.82x	28.40	14.00	17.45	20.28	13.81	18.69	25.00	BUY
NASCON	3.66	8.05	30.00	6.53x	13.39x	222	84	196.00	274.40	166.60	225.40	40.00	BUY
MTN COMMUNICATIONS	16.93	23.71	43.05	19.74x	12.55x	915	395	850.00	1,190.00	722.50	977.50	40.00	BUY

CONTACT US

HEAD OFFICE
Plot 1319, Karimu Kotun Street,
Victoria Island
Lagos
Website: www.cowryasset.com
Email: research@cowryasset.com

ABUJA OFFICE
Statement Suites Hotel D03 (3rd Floor), Plot 1002,
1st Avenue, Off Ahmadu Bello Way
Central Business District,
Abuja
Website: www.cowryasset.com
Email: research@cowryasset.com

PORT HARCOURT OFFICE
UPDC Complex, 26 Aba Road,
Port-Harcourt
River State
Website: www.cowryasset.com
Email: research@cowryasset.com

RESEARCH TEAM

CHARLES ABUEDE

Cabuede@cowryasset.com

TAIWO LUPO

Tlupo@cowryasset.com

TOMIWA JIMOH

Tjimoh@cowryasset.com

www.cowryasset.com www.twitter.com/cowryassetmgt www.facebook.com/cowryasset