July 31, 2026

COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: Nigeria's Pension Assets Decline to N30.70tn in June 2026 as Market Correction Reshapes Portfolio Allocation…….

Nigeria's pension industry witnessed its first notable contraction in 2026 as total pension assets declined to N30.70 trillion in June 2026 from N31.32 trillion in May, representing a monthly decline of 1.99%. Despite this short-term moderation, the industry's long-term growth trajectory remains intact, with net asset value increasing by 11.83% from N27.45 trillion recorded in December 2025, reflecting continued pension contributions, investment income, and expanding Retirement Savings Account membership, which rose to 11.32 million contributors from 11.04 million at the end of 2025.

The moderation in total assets during June was largely driven by the sharp correction witnessed in the domestic equities market during the month. Following an exceptional rally that lifted the Nigerian Exchange (NGX) All-Share Index by over 60% year-to-date before June, widespread profit-taking erased a significant portion of pension funds' mark-to-market gains on equity holdings. Although the monthly decline reduced the industry's asset base, pension fund performance remained significantly stronger than at the close of 2025, highlighting the resilience of long-term retirement savings despite heightened market volatility.

Federal Government of Nigeria (FGN) securities continued to dominate pension fund portfolios, reaffirming the industry's conservative investment philosophy. Total exposure to FGN securities increased to N17.40 trillion in June 2026 from N16.33 trillion in December 2025, accounting for approximately 56.7% of total pension assets compared with 59.5% at the end of 2025. The increase reflects continued preference for sovereign instruments amid elevated interest rates and the Central Bank of Nigeria's restrictive monetary policy stance, which kept fixed-income yields attractive throughout the first half of the year. Treasury bills recorded one of the strongest increases within the sovereign portfolio, rising to N1.13 trillion from N761.09 billion in December 2025 as fund managers increased allocations to shorter-duration instruments to benefit from higher yields while maintaining portfolio liquidity.

One of the most significant shifts during the review period occurred within domestic equities. Pension funds increased their holdings in domestic quoted shares to N5.91 trillion in June 2026 from N3.96 trillion in December 2025, representing an increase of almost 50% within six months. This expansion was largely driven by the remarkable appreciation recorded across banking, industrial and consumer goods stocks during the first half of 2026 rather than aggressive portfolio reallocation. Even after the June market correction, equity holdings remained substantially above their December levels, demonstrating the positive contribution of capital appreciation to pension fund growth. Foreign equity investments also edged higher to N281.81 billion from N263.94 billion, reflecting continued diversification into offshore assets. Corporate debt securities remained relatively stable, increasing marginally to N2.21 trillion from N2.20 trillion at the end of 2025, indicating that pension fund administrators maintained measured exposure to high-quality corporate issuances despite attractive sovereign yields. Similarly, money market investments expanded to N2.93 trillion from N2.62 trillion,

Alternative asset classes also recorded notable growth during the first half of the year. Infrastructure funds increased to N329.43 billion from N282.14 billion, while private equity investments rose to N263.24 billion from N238.53 billion. Mutual fund investments similarly expanded to N288.49 billion from N231.19 billion, underscoring the industry's gradual diversification beyond traditional fixed-income assets. Conversely, real estate investments declined slightly to N162.79 billion from N170.76 billion, suggesting continued caution towards direct property exposure amid elevated financing costs and slower activity within the real estate sector. While sovereign securities remain the anchor of pension portfolios, the substantial appreciation in domestic equities demonstrates that managers benefited from the strong rally in Nigerian equities before the June correction. At the same time, increased allocations to money market instruments and Treasury bills indicate a preference for liquidity and lower-duration assets as expectations for elevated interest rates persisted following the Central Bank of Nigeria's decision to maintain a restrictive monetary policy stance.

Looking ahead, we expect Nigeria's pension assets to resume their upward trajectory during the second half of 2026, supported by continued RSA contributions, stable fixed-income returns, and improving macroeconomic fundamentals. Although periodic corrections in the equities market may continue to create short-term fluctuations in portfolio valuations, sustained economic reforms, moderating inflation, stable foreign exchange conditions, and elevated interest rates should continue to support

EQUITIES MARKET: Profit-Taking Weighs on NGX as Banking Stocks Drag Market Lower by 0.81% W/W….

The Nigerian equities market extended its pullback during the week as profit-taking activities outweighed buying interest across major sectors of the market. The benchmark NGX All-Share Index (ASI) declined by 0.81% week-on-week to close at 245,283.68 points, while total market capitalisation fell by approximately N887 billion to N158.70 trillion. The decline in market value occurred despite the supplementary listing of 15 billion ordinary shares by Fortis Global Plc, underscoring the broad-based selling pressure that characterised trading during the week. Consequently, the market's year-to-date return moderated to 57.62%, although it continues to rank among the strongest-performing equity markets globally in 2026.

Investor sentiment remained subdued throughout the week, as reflected in negative market breadth. The market recorded 32 gainers against 54 losers, translating to a market breadth ratio of 0.59x, an indication that declining stocks significantly outnumbered advancing equities. Despite the weaker price performance, trading activity strengthened considerably as investors actively repositioned their portfolios. Total transaction volume rose by 15.46% week-on-week to 5.12 billion shares, while the number of executed deals increased by 11.59% to 285,614 transactions. Similarly, the value of trades surged by 32.22% to N404.99 billion, suggesting that institutional investors remained active despite the market correction.

Sectoral performance was largely negative, with four of the five major sectoral indices closing lower. The Banking Index emerged as the worst-performing sector, declining by 0.69% following significant selloffs in ACCESSCORP, WEMABANK, FCMB, and UBA, as investors locked in gains after the sector's strong rally in recent months. The Consumer Goods Index followed with a 0.35% decline, pressured by losses in International Breweries, Vitafoam, and Nigerian Breweries, reflecting persistent concerns over elevated production costs, inflationary pressures, and subdued consumer demand. The Oil & Gas Index eased by 0.24%, largely driven by profit-taking in OANDO, while the Industrial Goods Index shed 0.20% amid declines in TRIPPLE GEE, Austin Laz, and MEYER. The Commodity Index also retreated by 0.87%, extending the broadly cautious sentiment across cyclical sectors.

The Insurance Index was the sole outperformer during the week, advancing 1.72% as renewed buying interest in CONHALLPLC, LASACO, and NEM Insurance lifted the sector. The gains reflected selective bargain hunting in undervalued insurance counters following previous market weakness. On the price performance table, CMFC emerged as the week's best-performing stock with a 22.8% gain, followed by CNIF (+20.9%), THOMASWY (+20.7%), CONHALLPLC (+19.6%), and LASACO (+18.7%), highlighting renewed investor appetite for selected small- and mid-cap stocks. Conversely, ABCTRANS topped the losers' chart after shedding 18.4%, followed by TRIPPLE GEE (-15.5%), VERITASKAP (-15.4%), International Breweries (-13.9%), and OMATEK (-12.9%), as sustained profit-taking and weak investor sentiment continued to pressure these counters.

Looking ahead, we expect market sentiment to remain mixed as investors continue to digest the ongoing corporate earnings releases and assess management guidance for the second half of the year. While intermittent profit-taking may persist following the market's strong year-to-date performance, we anticipate bargain hunting in fundamentally sound stocks—particularly within the banking and industrial sectors—to provide support to the market. Furthermore, relatively stable macroeconomic conditions, moderating inflation, improved foreign exchange stability, and sustained domestic institutional participation are expected to underpin investor confidence over the medium term, although elevated valuations may continue to encourage periodic portfolio rebalancing……

FOREX MARKET: Naira Weakens Across FX Markets as External Reserves Edge Lower …….

During the week, the naira weakened against the U.S. dollar across the major foreign exchange windows. At the official market, the currency depreciated by 0.45% week-on-week to close at N1,368.22/US$, while it declined by 1.35% in the parallel market to N1,387.82/US$. Meanwhile, Nigeria's external reserves edged lower by 0.19% week-on-week to US$51.92 billion, reflecting a slight moderation in the country's external buffers.

In the commodities market, crude oil prices remained under pressure during the week but were still on track to record both weekly and monthly gains. On a monthly basis, Brent crude and West Texas Intermediate (WTI) advanced by nearly 20%, supported by persistent geopolitical tensions in the Middle East. At the time of writing, Brent crude traded at US$90.33 per barrel, while WTI stood at US$85.65 per barrel, with both benchmarks down about 1% from the previous session. The decline followed reports of increased tanker traffic through the Strait of Hormuz, easing immediate supply disruption concerns despite ongoing hostilities involving Iran and the United States.

We expect the naira to remain under pressure in the near term, amid sustained demand for foreign exchange and evolving global market conditions. In the commodities market, crude oil prices are likely to remain volatile as investors continue to monitor geopolitical developments and their implications for global oil supply.

BOND MARKET: Strong Demand Supports Bond Prices as Yields Trend Lower……

The Nigerian secondary bond market recorded a bullish performance during the week, supported by strong investor demand across key maturities. Increased buying interest lifted bond prices and drove yields lower, reflecting sustained investor confidence in domestic fixed-income assets. Consequently, the average FGN bond yield declined by 30 basis points week-on-week to close at 17.16%.

Similarly, the Nigerian sovereign Eurobond market recorded positive momentum, as improved demand and reduced selling pressure across the yield curve encouraged investors to increase exposure to Nigeria's dollar-denominated debt instruments. This renewed appetite for sovereign Eurobonds resulted in a 4 basis point week-on-week decline in the average Eurobond yield to 6.95%.

We anticipate continued demand for fixed-income instruments in the near term, as investors seek attractive yields amid prevailing market conditions. However, increased participation may be tempered by expectations around future rate movements and macroeconomic developments.

MONEY MARKET: Liquidity Tightens After NTB and OMO Settlements, While Treasury Bills Demand Remains Robust……

Funding conditions in the Nigerian financial system came under pressure during the week following the settlement of N1.20 trillion in Nigerian Treasury Bills (NTBs) and N2.19 trillion in Open Market Operations (OMO) auctions, which significantly drained liquidity from the banking system. Consequently, system liquidity declined by 20.68% to N2.99 trillion from N3.78 trillion in the previous week. Despite this moderation, liquidity remained firmly in surplus, underscoring the resilience of banking system funding even as the Central Bank of Nigeria (CBN) maintained its tight monetary policy stance aimed at containing inflation and managing excess liquidity.

Money market rates remained broadly stable despite the liquidity squeeze. The Open Repo Rate (OPR) was unchanged at 22.00%, while the Overnight (OVN) rate edged up marginally by 2 basis points to 22.14%, indicating that short-term funding conditions remained relatively comfortable.

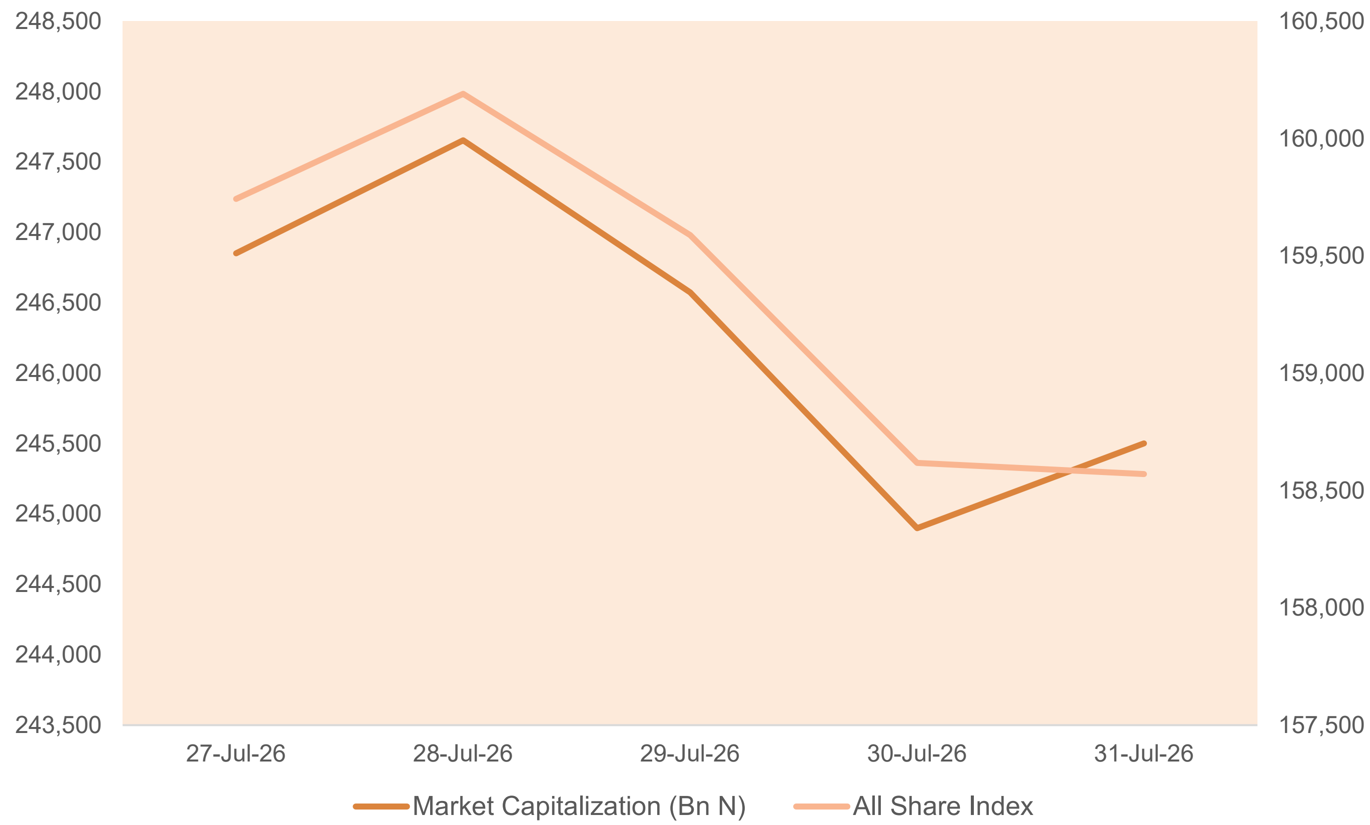
Across the Nigerian Interbank Offered Rate (NIBOR) curve, however, funding costs rose beyond the overnight tenor as the one-month, three-month, and six-month rates increased by 25bps, 45bps, and 58bps to 22.70%, 23.22%, and 23.67%, respectively, while the overnight NIBOR eased slightly by 3bps to 22.21%. The upward repricing of medium- to long-term interbank rates reflects market expectations that the CBN will sustain its restrictive monetary policy stance following its decision to retain the Monetary Policy Rate (MPR) at 26.50%.

Meanwhile, the Nigerian Treasury Bills True Yield (NITTY) curve recorded broad-based declines across all maturities, with the one-month, three-month, six-month, and twelve-month tenors falling by 41bps, 8bps, 34bps, and 16bps, respectively, reflecting sustained investor demand for government securities in the secondary market. Trading activity in the Treasury bills secondary market remained largely subdued, although mild buying interest compressed the average yield by 12bps to 18.23%.

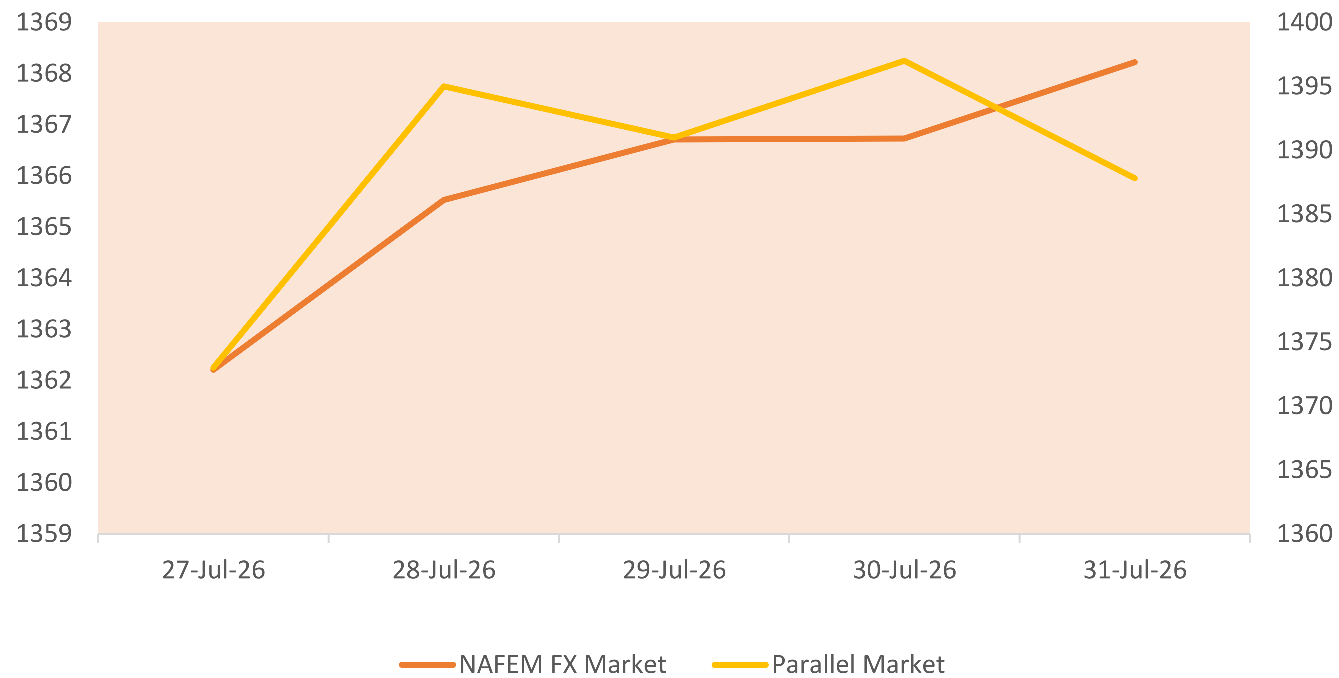
At the primary market auction, the Debt Management Office (DMO) offered N700 billion across the standard NTB maturities, attracting overwhelming investor demand with subscriptions of N3.60 trillion—an oversubscription rate of more than 5.1x. The DMO ultimately allotted N1.20 trillion, while stop rates for the 91-day and 182-day bills were maintained at 16.30% and 16.50%, respectively. The 364-day stop rate, however, declined by 31bps to 17.35%, signalling stronger investor appetite for longer-dated short-term instruments.

Looking ahead, we expect liquidity conditions to receive support from N783.78 billion in maturing securities, comprising N500 billion in OMO bills and N283.78 billion in Treasury bills. Nonetheless, the CBN is likely to conduct additional OMO auctions to sterilise excess liquidity and keep short-term interest rates within the current range as it continues to pursue its inflation-targeting objectives...

Evolution of Equities Performance Gauges

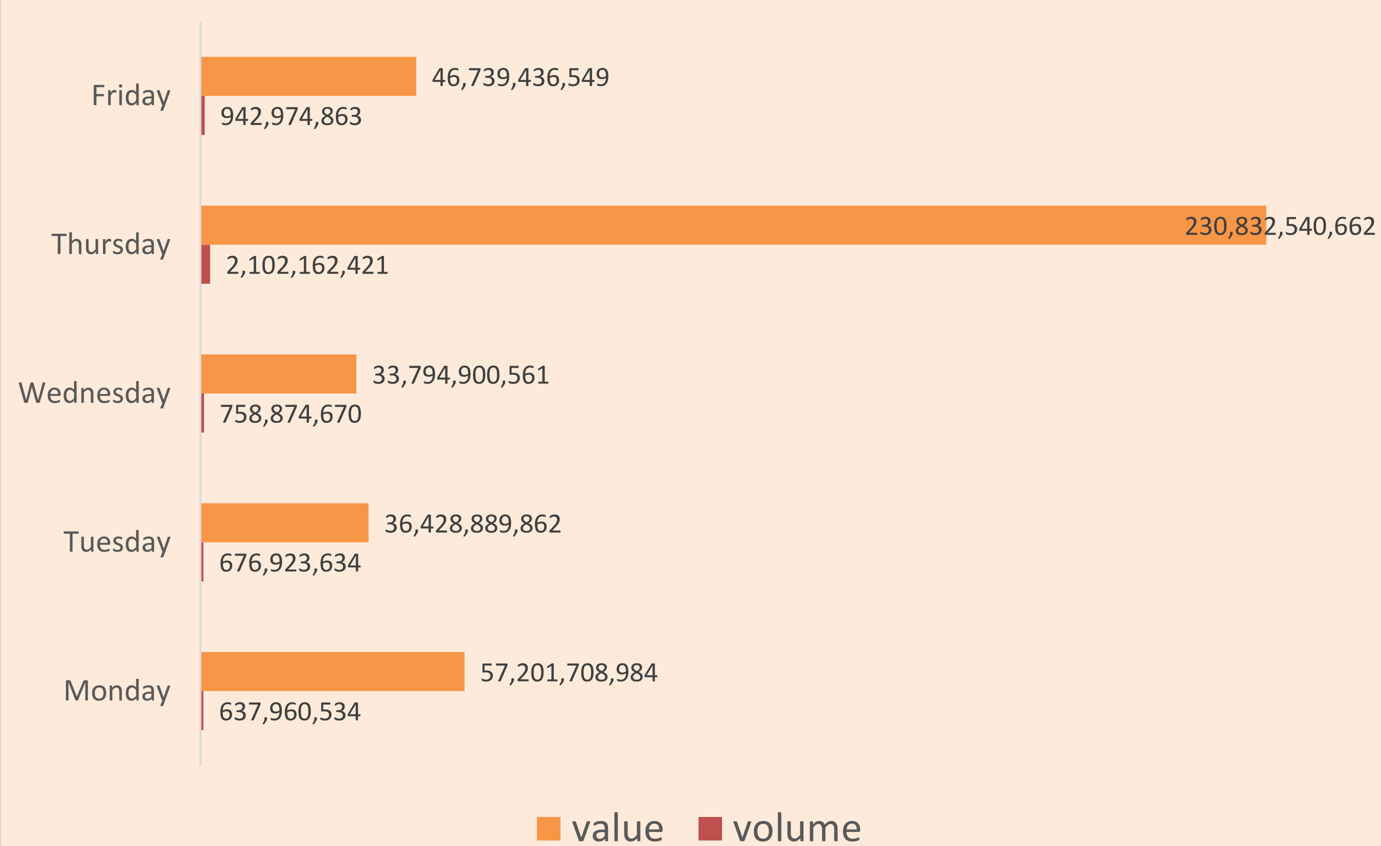


Evolution of NGN/USD Exchange Rates



FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.35	100.71	0.08	5.9%	-0.08
6.125 SEP 28, 2028	28-Sep-21	2.18	100.04	-0.04	6.1%	0.02
8.375 MAR 24, 2029	24-Mar-22	2.67	105.40	0.05	6.1%	-0.03
7.143 FEB 23, 2030	23-Feb-18	3.59	102.18	0.16	6.5%	-0.05
8.747 JAN 21, 2031	21-Nov-18	4.50	107.67	0.08	6.7%	-0.02
7.875 16-FEB-2032	16-Feb-17	5.57	105.07	0.16	6.8%	-0.04
7.375 SEP 28, 2033	28-Sep-21	7.19	102.34	0.23	7.0%	-0.04
7.696 FEB 23, 2038	23-Feb-18	11.59	102.08	0.33	7.4%	-0.05
7.625 NOV 28, 2047	28-Nov-17	21.36	97.60	0.31	7.9%	-0.03
9.248 JAN 21, 2049	21-Nov-18	22.51	112.35	0.36	8.1%	-0.03
8.25 SEP 28, 2051	28-Sep-21	25.20	101.76	0.35	8.1%	-0.04
					6.95%	

Daily Traded Volume and Value



Weekly Top Gainers and Losers as at Friday, July 31, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	31-Jul-26	24-Jul-26	% Change	Symbol	31-Jul-26	24-Jul-26	% Change
CMFC	3.88	3.16	22.8%	ABCTRANS	5.75	7.05	-18.4%
CNIF	154.30	127.60	20.9%	TRIPPLEG	2.88	3.41	-15.5%
THOMASWY	4.38	3.63	20.7%	VERITASKAP	1.43	1.69	-15.4%
CONHALLPLC	8.36	6.99	19.6%	INTBREW	11.8	13.7	-13.9%
LASACO	2.16	1.82	18.7%	OMATEK	1.62	1.86	-12.9%
VFDGROUP	11.95	10.65	12.2%	CILEASING	5.55	6.35	-12.6%
ETERNA	33.00	30.50	8.2%	TIP	28.00	32.00	-12.5%
NEM	34.20	31.70	7.9%	AUSTINLAZ	3.18	3.63	-12.4%
TRANSCORP	42.00	39.05	7.6%	HMCALL	2.91	3.29	-11.6%
FIRSTHOLDCO	129.55	120.50	7.5%	LIVESTOCK	8.05	8.95	-10.1%

Weekly Stock Recommendations as at Friday, July 31, 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	0.32x	**6.55x**	36.00	19.9	26.30	36.54	22.19	30.02	40.0	**BUY**
HBM NIGERIA	12.93	14.23	50.02	7.20x	**13.92x**	389.9	103	363.00	396.11	306.09	414.12	30.00	**BUY**
NIGERIAN BREWERIES PLC	1.81	2.53	19.89	3.77x	**10.38x**	103.00	60.00	73.00	105.00	63.75	86.25	40.00	**BUY**
ETERNA OIL PLC	2.69	3.50	7.1	11.14X	**18.7%**	51.20	22.75	33.00	39.00	34.50	25.50	30.0	**BUY**
MTN NIGERIA	33.70	45.16	44.32	19.34X	**12.72x**	915.00	414.10	837.00	1,148.51	985.67	728.54	34.0	**BUY**
ZENITH BANK PLC	7.65	9.79	125.79	0.96x	**15.75x**	136.9	53.7	123.55	154.11	102.34	138.46	40.00	**BUY**

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