COWRY WEEKLY FINANCIAL MARKETS REVIEW & OUTLOOK (CWR)

Cowry Research

DOMESTIC ECONOMY: 2026 Global Growth Steady at 3.3%, but Momentum Narrows Across Regions…….

This week, attention turns to the latest global growth projections from the International Monetary Fund (IMF), which suggest that the world economy is set to maintain a steady expansion of 3.3% in 2026, despite a complex mix of supportive and restraining forces. The forecast represents a marginal two-basis-point deviation from the IMF's October 2025 outlook and reflects the balancing effect of easing inflation, softening energy prices, and moderating oil demand, weighed against persistent trade tensions and policy uncertainty.

According to the IMF, global growth momentum remains underpinned by advances in high-tech sectors, even as broader economic activity faces headwinds from tariffs, geopolitical risks, and tightening financial conditions. While these factors are expected to suppress activity levels in the near term, their drag on growth is projected to fade through 2026 and 2027. The IMF now sees global output expanding by 3.3% in 2026 and moderating slightly to 3.2% in 2027, marking a mild deceleration from the estimated 3.3% growth recorded in 2025.

In advanced economies, growth is projected at 1.8% in 2026 and 1.7% in 2027, reflecting subdued demand, lingering inflation pressures, and structural constraints. The United States is expected to grow by a relatively robust 2.4% in 2026, supported by fiscal stimulus and lower policy rates, as the adverse impact of trade barriers gradually diminishes. This marks a 0.3 percentage point upward revision from the October forecast, driven by stronger-than-expected GDP performance in Q3 2025, a rebound in early 2026 following the federal government shutdown, and a carryover effect into the new year.

In the euro area, growth is expected to remain subdued at 1.3% in 2026 and edge up to 1.4% in 2027, supported by increased public spending, particularly in Germany, alongside strong performances in Ireland and Spain. However, unresolved structural challenges, persistent energy cost pressures, and weaker competitiveness relative to technology-driven economies continue to constrain the region's outlook.

In emerging markets and developing economies, growth is expected to hover just above 4.0% in both 2026 and 2027. China's growth forecast for 2025 has been revised upward to 5.0%, reflecting policy stimulus and increased lending for investment, while 2026 growth is now projected at 4.5%, supported by lower effective US tariffs and continued stimulus.

For sub-Saharan Africa, growth is projected to accelerate modestly to 4.6% in 2026 from 4.4% in 2025, driven by macroeconomic stabilization and reform efforts in several key economies, alongside improving domestic demand and easing inflation pressures.

Global inflation is expected to continue its downward trajectory, easing to 3.8% in 2026 and 3.4% in 2027, broadly in line with earlier projections. While inflation in the United States is projected to gradually return to its 2% target by 2027 as tariff effects dissipate, price pressures are expected to remain more persistent in countries such as Australia and Norway. In the euro area, headline inflation is forecast to stabilize around 2%, while in China, inflation is expected to rise modestly from low levels.

Despite the broadly stable outlook, the IMF cautions that downside risks remain elevated. These include potential reversals in productivity expectations tied to artificial intelligence, which could trigger market corrections and dampen investment, renewed trade tensions, geopolitical flare-ups, and mounting fiscal pressures that could push long-term interest rates higher. On the upside, faster adoption of AI and sustained easing in trade tensions could provide additional support to growth and productivity.

Looking ahead, the IMF emphasizes that lifting medium-term growth prospects remains the most durable solution to global macroeconomic challenges. Structural reforms in labor markets, education, regulation, and competition, combined with investments in digitalization, artificial intelligence, renewable energy, and energy efficiency, are seen as critical to driving productivity, job creation, and sustainable expansion. …..

EQUITIES MARKET: Equities Record First Weekly Decline in 2026 at 0.37% on Profit-Taking……

The Nigerian equities market recorded its first weekly negative performance, extending its losing streak into the week as investor sentiment weakened following several sessions of intensified profit-taking. The NGX All-Share Index (ASI) closed at 165,512.18 points, reflecting a week-on-week decline of 0.37% and underscoring subdued confidence among market participants.

This bearish outing translated into a corresponding 0.37% contraction in total market capitalization, which fell to N105.96 trillion from N106.35 trillion in the previous week. As a result, the market shed approximately N394 billion in value, while the year-to-date return moderated to 6.36%.

Despite the overall decline, market breadth remained moderately positive at 1.43x, as 57 advancing stocks significantly outnumbered 40 decliners, indicating selective bargain hunting. However, trading activity weakened during the week, with total deals, traded volume, and traded value declining by 9.97%, 18.83%, and 23.71%, respectively. By the close of the week, a total of 3.75 billion shares valued at N99.9 billion were exchanged across 237,302 deals, reflecting cautious positioning and persistent selloffs.

Sectoral performance this week largely mirrored the broader market weakness, as sustained selling pressure and profit-taking activities dominated the broader market. All sectors closed in negative territory, with the lone exception of the Oil & Gas and Commodity indices, which emerged as the week's only gainer. The sectors advanced by 1.36% and 0.79% respectively, supported by price appreciation in ARADEL, although this gain was partly offset by sharp losses in ETERNA.

The Consumer Goods sector recorded a notable decline of 1.48%, reflecting intensified sell-offs in key counters, particularly Nigerian Brewerie, and International Breweries. Similarly, the Banking sector closed the week down 1.32%, weighed by broad-based weakness in tier-one and mid-tier names, with FIRSTHOLDCO and FIDELITYBK respectively, as investors trimmed exposure following recent rallies.

In the Insurance space, the sector edged lower by 0.10%, as profit-taking in WAPIC and GUINEAINS, outweighed gains recorded in a few select counters. Meanwhile, the Industrial Goods sector posted the mildest decline of 0.08%, reflecting modest selling interest in CUTIX, and WAPCO despite a standout performance by TRIPPLEG.

At the stock level, several equities posted strong gains during the week. DEAPCAP led the gainers' table with a 60.1% appreciation, followed by SCOA (+59.7%), NCR (+46.4%), DAARCOMM (+41.7%), and RTBRISCOE (+40.7%), largely driven by heightened accumulation interest. On the flip side, ETERNA (-11.9%), NSLTECH (-10.2%), IMG (-9.9%), ALEX (-9.9%), and UPDC (-8.1%) recorded the steepest losses, reflecting sustained selling pressure in those counters.

Looking ahead, we expect the Nigerian equities market to remain range-bound in the near term, as cautious investor sentiment persists amid ongoing profit-taking and soft trading activity. While the recent pullback has moderated gains accumulated earlier in the year, the market's year-to-date return of 6.36% suggests that downside risks may be somewhat contained, particularly for fundamentally strong and dividend-paying stocks.

FOREIX MARKET: Naira Slips Against Dollar as External Reserves Edge Higher; Oil Gains on Iran Tensions……

The naira weakened against the U.S. dollar this week, falling 0.21% in the official window to N1,421.63 and 0.72% in the parallel market to N1,475, reflecting persistent demand pressures and structural FX imbalances.

Nigeria's external reserves rose slightly by 0.20% to $45.99 billion, supported by steady oil receipts, stronger non-oil inflows, and a trade surplus.

Oil prices rebounded after U.S. President Donald Trump's remarks about a naval "armada" heading to Iran heightened geopolitical risks.

Brent crude traded at $64.50 per barrel and WTI at $59.78, reversing earlier declines linked to easing U.S.–Europe tensions and tariff decisions. Bonny Light crude, however, fell 1.21% to $67.61 amid concerns over potential supply disruptions from Iran.

The naira is expected to remain under pressure near term due to FX demand pressures and structural imbalances, though rising external reserves may provide some support. Oil prices are likely to stay volatile, driven by geopolitical risks in the Middle East and OPEC supply factors.

BOND MARKET: FGN Bonds Yields Spike on Investor Sell-Offs, Eurobonds Gain on Improved Sentiment……

The Nigerian secondary bond market closed the week in bearish territory, as sustained sell-offs across most maturities dampened market performance. Trading activity remained weak, reflecting subdued investor sentiment and limited appetite for local fixed-income assets amid prevailing market uncertainties. Consequently, yields trended higher, with the average yield rising by 2 basis points to 16.90%, underscoring continued caution toward government securities.

In contrast, the Nigerian sovereign Eurobond market posted a positive performance during the week. Average yields declined by 6 basis points week-on-week to 7.05%, driven by improved investor demand. The rally was supported by strengthening confidence in Nigeria's external debt, underpinned by relatively favourable macroeconomic conditions and expectations of sustained fiscal discipline.

In the coming week, the Debt Management Office (DMO) is set to auction a total of N900 billion in FGN bonds next week, including the FEB-2031 (7-year reopening), FEB-2034 (10-year reopening), and JAN-2035 (10-year reopening) issues. In contrast, the Nigerian sovereign Eurobond market is likely to remain positive, supported by sustained foreign demand.

MONEY MARKET: CBN's OMO/ T-bills Auctions Barrage Reprices the Curve……

System liquidity improved to a net surplus position of N2.78 trillion, representing a 31.94% week-on-week increase from the prior week's N2.11 trillion. This improvement was driven primarily by the repayment of N2.2 trillion in NTB maturities, which more than offset liquidity debits arising from N1.06 trillion in Wednesday's NTB auction sales and N1.3 trillion in OMO bill settlements earlier in the week.

Notwithstanding the headline surplus, the cumulative liquidity withdrawals from two CBN auctions which was estimated at nearly N4.0 trillion, tightened interbank conditions and triggered an uptick in funding rates.

Reflecting these liquidity pressures, NIBOR rose across all tenors. The overnight NIBOR increased by 2bps to 22.84% at the close of the week, while the 1-month, 3-month, and 6-month tenors also recorded increases. Consequently, funding conditions remained elevated, with the overnight funding rate rising by 10bps to 22.79%, while the Open Repo rate remained unchanged at 22.50%.

NITTY yields were broadly higher across the curve, although the 1-month NITTY declined by 6bps to 16.64%. In contrast, the 3-month, 6-month, and 12-month NITTY tenors trended upward, reflecting investor repositioning following the outcome of Wednesday's primary market auction. Meanwhile, the secondary market for treasury bills traded on a bearish note, with selective sell-offs across maturities. As a result, the average secondary market yield rose by 37bps week-on-week to 18.50%.

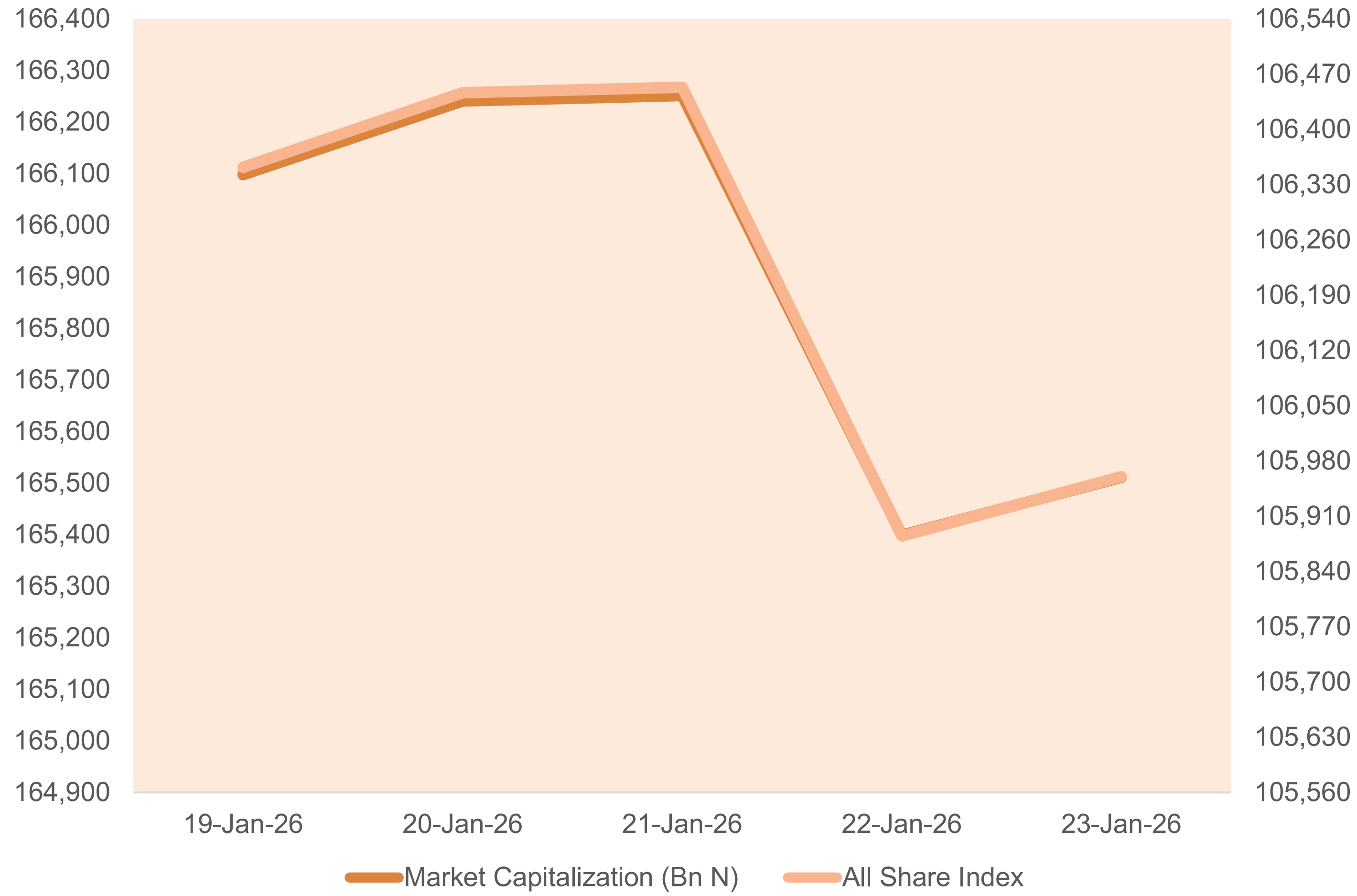
At Wednesday's NTB primary auction, the CBN offered N1.15 trillion across the standard tenors. Total subscriptions printed at N3.4 trillion, underscoring strong investor appetite, with approximately 98% of bids concentrated in the 364-day tenor.

Ultimately, the CBN allotted N1.1 trillion, translating to a bid-to-cover ratio of 3.24x and a sales-to-offer ratio of 0.92x. Stop rates on the 91-day and 182-day bills increased by 4bps and 15bps to 15.84% and 15.65%, respectively, while the 364-day stop rate eased marginally to 18.36% from 18.47% at the previous auction.

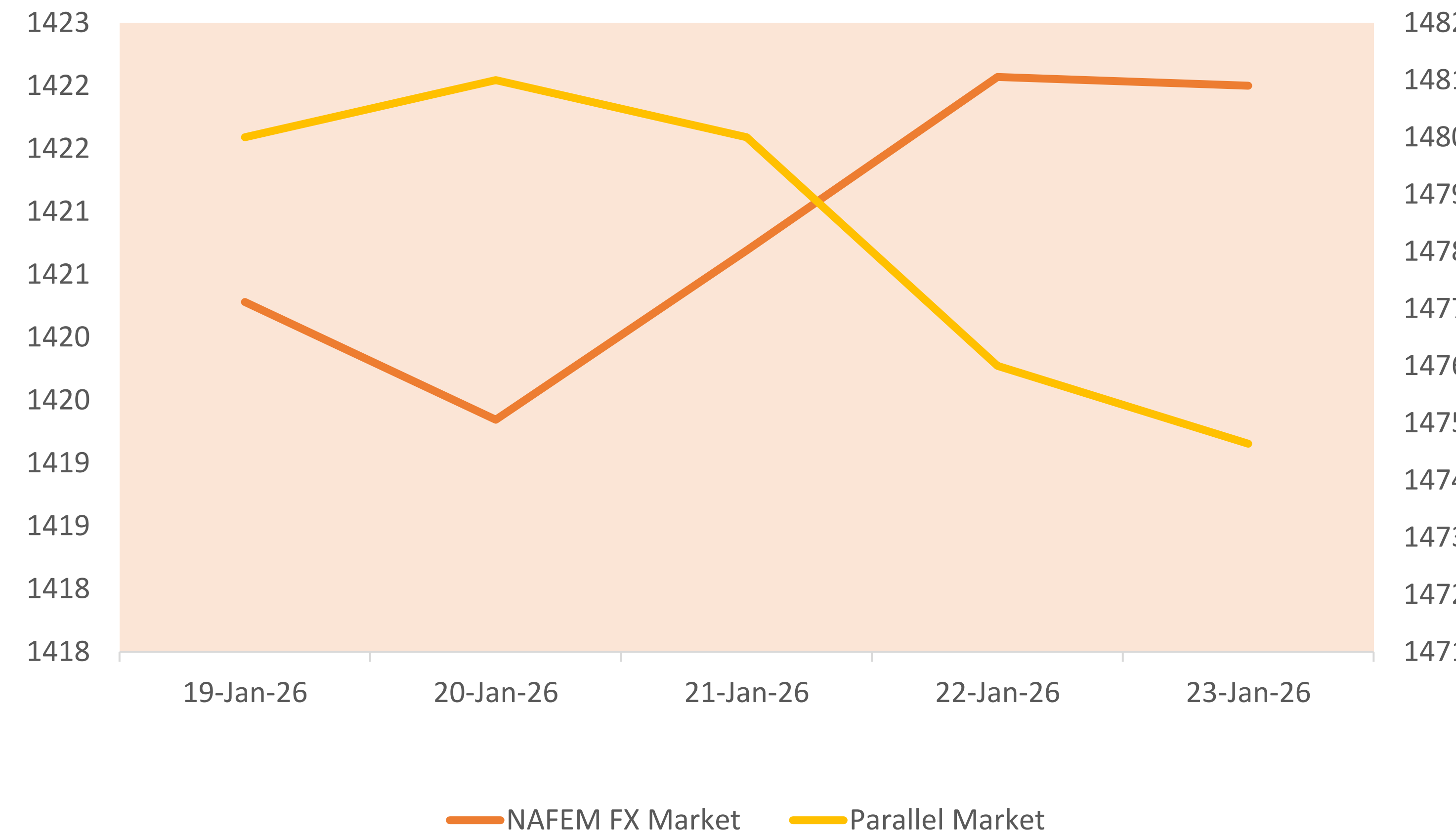
Earlier in the week, the CBN conducted an OMO bills auction on Monday, which also recorded robust investor participation. The apex bank offered N600 billion across the 203-day and 245-day maturities, while total subscriptions reached N2.9 trillion, resulting in a final allotment of N2.6 trillion. Stop rates settled at 19.38% for the 203-day bill and 19.39% for the 245-day bill.

In the coming week, we expect rates to trend marginally lower, supported by a positive system liquidity outlook. Liquidity conditions are expected to be bolstered by an estimated N900 billion in OMO bill maturities alongside anticipated December FAAC inflows. However, these inflows may be partially offset by liquidity pressures from the planned FGN bond auction, with over N900 billion in repayments, which could temper the extent of rate moderation. Consequently, while liquidity is expected to remain positive, funding rates may stay elevated relative to recent averages.

Evolution of Equities Performance Gauges



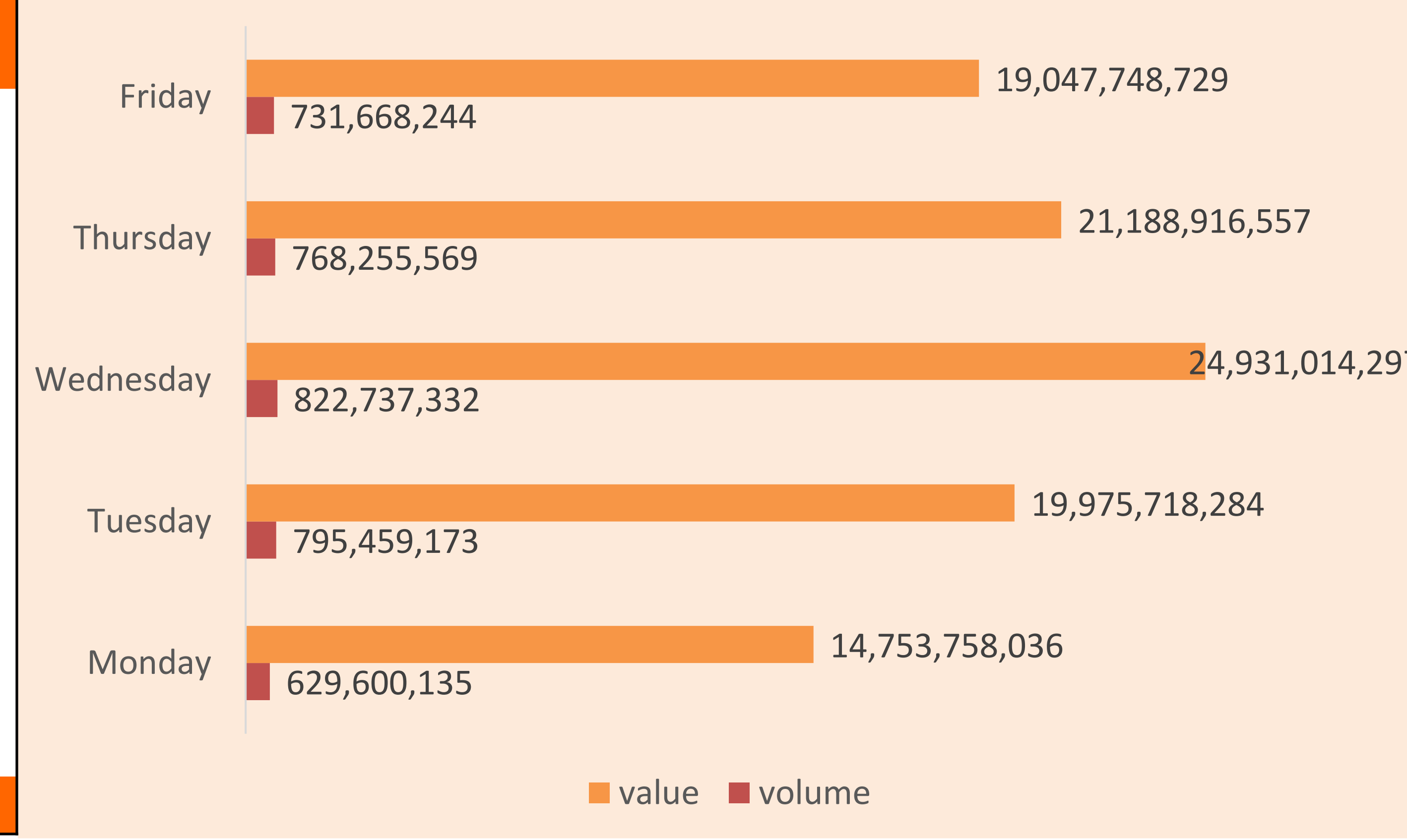
Evolution of NGN/USD Exchange Rates



FGN Eurobonds Yields as at Friday , January 23, 2026

FGN Eurobonds	Issue Date	TTM (years)	23-Jan-26 Price (N)	Weekly USD Δ	23-Jan-26 Yield	Weekly PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.85	101.32	0.09	5.7%	-0.06
6.125 SEP 28, 2028	28-Sep-21	2.68	100.73	0.37	5.8%	-0.15
8.375 MAR 24, 2029	24-Mar-22	3.17	106.40	0.27	6.1%	-0.10
7.143 FEB 23, 2030	23-Feb-18	4.09	103.17	0.21	6.3%	-0.06
8.747 JAN 21, 2031	21-Nov-18	5.00	108.90	0.20	6.6%	-0.05
7.875 16-FEB-2032	16-Feb-17	6.07	104.33	0.02	7.0%	0.00
7.375 SEP 28, 2033	28-Sep-21	7.68	101.15	0.18	7.2%	-0.04
7.696 FEB 23, 2038	23-Feb-18	12.09	99.28	0.06	7.8%	-0.01
7.625 NOV 28, 2047	28-Nov-17	21.86	93.81	0.64	8.2%	-0.07
9.248 JAN 21, 2049	21-Nov-18	23.01	109.07	0.83	8.4%	-0.08
8.25 SEP 28, 2051	28-Sep-21	25.70	98.05	0.47	8.4%	-0.04
6.50 NOV 28, 2027	28-Nov-17	1.85	101.32	0.09	5.7%	-0.06

Daily Traded Volume and Value



Weekly Top Gainers and Losers as at Friday, January 23, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	23-Jan-26	16-Jan-26	% Change	Symbol	23-Jan-26	16-Jan-26	% Change
DEAPCAP	7.14	4.46	60.1%	ETERNA	28.45	32.30	-11.9%
SCOA	23.80	14.90	59.7%	NSLTECH	0.97	1.08	-10.2%
NCR	188.15	128.55	46.4%	IMG	34.85	38.70	-9.9%
DAARCOMM	1.53	1.08	41.7%	ALEX	17.20	19.10	-9.9%
RTBRISCOE	5.98	4.25	40.7%	UPDC	5.70	6.20	-8.1%
UHOMREIT	71.35	51.85	37.6%	WAPIC	3.31	3.6	-8.1%
LEARNAFRCA	8.75	6.50	34.6%	NB	77	83.5	-7.8%
TRIPPLEG	7.1	5.33	33.2%	TRANSCORP	46.15	49.75	-7.2%
MORISON	7.52	5.66	32.9%	INTBREW	13.90	14.95	-7.0%
MAYBAKER	43.50	33.00	31.8%	GUINEAINS	1.25	1.34	-6.7%

Weekly Stock Recommendations as at Friday, January 23, 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
DANGOTE SUGAR	-0.87	-1.10	16.34	4.08	-76.38x	75.6	28.55	66.60	85.6	57.4	77.7	26.67	Buy
FIDELITY BANK PLC	1.81	2.47	18.59	1.02	10.47x	22.45	13.00	19.00	27.3	17.0	23.1	36.00	Buy
GTCO	20.16	24.19	98.60	1.00	4.89x	103.20	43.20	98.50	119.5	81.3	109.9	25.01	Buy
MAY & BAKER PLC	1.94	2.32	7.27	5.98	22.46x	48	6.7	43.50	54.2	37.1	50.3	24.00	Buy
PRESCO	61.38	72.84	202.23	8.09	26.64x	1,635	585.00	1,635	2068.6	1389.8	1880.3	26.52	Buy

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