



COWRY WEEKLY FINANCIAL MARKETS

REVIEW & OUTLOOK (CWR)



Cowry Research

**DOMESTIC ECONOMY: Growth Mode Continues as Nigeria's GDP Climbs 3.89% in Q1'26, But Momentum Cools from Q4 Peak.....**

Nigeria's economy sustained its growth trajectory in the first quarter of 2026, as real Gross Domestic Product (GDP) expanded by 3.89% year-on-year, meeting our forecast for 3.89% and outperforming the 3.13% growth recorded in Q1 2025, according to latest report from the National Bureau of Statistics (NBS). Although slightly below the 4.07% growth achieved in Q4 2025, the latest performance underscores the resilience of the domestic economy amid prevailing global uncertainties and persistent structural challenges. Growth during the quarter was largely driven by sustained expansion across key non-oil sectors, particularly Information and Communication (Telecommunications), Agriculture, Trade, Manufacturing, Financial Services, Construction, Real Estate, and Transportation.

Sectoral performance remained broadly positive. The agricultural sector grew by 3.15% in real terms, a significant improvement from the marginal 0.07% growth recorded in Q1 2025, reflecting improved crop production activities and relative stability within the food supply chain. The industrial sector also strengthened, expanding by 3.50% compared to 3.42% in the corresponding period of 2025, supported by improved manufacturing and construction activities. Meanwhile, the services sector maintained its dominant role in the economy, growing by 4.31%, although marginally lower than the 4.33% growth recorded in Q1 2025.

The non-oil sector continued to underpin economic expansion, recording a real growth rate of 3.94% in Q1 2026, higher than the 3.19% achieved in Q1 2025. The sector accounted for 96.08% of total real GDP during the quarter, highlighting Nigeria's increasing dependence on domestic non-oil activities as the key engine of growth. Major contributors included Telecommunications, Crop Production, Trade, Cement Manufacturing, Financial Institutions, Construction, Real Estate, and Road Transportation. This performance reflects improved business activities, relative exchange rate stability, and the gradual transmission of economic reforms into productive sectors of the economy.

Within the mining and quarrying sector, real growth slowed to 1.89% year-on-year in Q1 2026, lower than both the corresponding quarter of 2025 and the preceding quarter. Nonetheless, the sector's contribution to GDP improved slightly to 4.14% from 3.16% in Q4 2025. The oil sector specifically recorded a real growth of 2.57%, higher than the 1.87% growth recorded in Q1 2025 but below the 6.79% growth achieved in Q4 2025. Oil production averaged 1.55 million barrels per day (mbpd), lower than both Q1 2025 and Q4 2025 levels, reflecting lingering production challenges and operational constraints within the upstream segment.

Manufacturing activities showed renewed momentum, with the sector growing by 3.29% year-on-year, supported primarily by cement production and improved domestic industrial demand. Similarly, the construction sector remained robust, expanding by 6.38%, while Finance and Insurance posted an impressive 8.54% growth, reinforcing the strength of financial intermediation and digital financial services within the economy. Transportation and Storage also remained resilient, growing by 7.41%, despite moderating from the elevated growth levels recorded in previous quarters.

However, some sectors continued to experience structural weaknesses. The Electricity, Gas, Steam, and Air Conditioning Supply sector contracted sharply by 15.30%, reflecting inadequate infrastructure investment, persistent grid inefficiencies, and operational bottlenecks within the power sector. Likewise, the Other Services sector declined by 1.96%, further highlighting weak private sector investment in some service-related activities. Education growth also moderated to 1.22%, indicating subdued expansion within the sector.

Going forward, we expect economic activities to remain moderately resilient, supported by continued strength in Telecommunications, Financial Services, Agriculture, Transportation, Water Supply, and selected manufacturing segments. However, elevated energy costs, global uncertainty, insecurity, and weak infrastructure investment remain critical headwinds to growth. Consequently, we project Nigeria's real GDP growth to settle within the range of 3.98% – 4.03% in Q2 2026, in line with our full-year 2026 growth forecast of 4.12%.

EQUITIES MARKET : Nigerian Equities Close Week Higher Despite Weak Market Breadth and Subdued Trading Activity..

The Nigerian equities market ended the week on a mildly positive note, supported by selective bargain hunting across key counters. The benchmark NGX All-Share Index (ASI) advanced by 0.27% week-on-week to close at 250,385.47 points, while market capitalisation increased by approximately ₦432 billion to ₦160.51 trillion. Consequently, the year-to-date return strengthened further to 60.90%, reflecting sustained, albeit cautious, investor confidence in the domestic equities space.

However, market breadth remained weak, closing negative at 0.96x, with 43 gainers against 45 decliners. This indicates a largely selective and stock-specific trading pattern, as gains were concentrated in a limited number of counters despite the overall index uptick.

Trading activity was subdued over the review period, as key market indicators recorded notable declines. The number of deals, trading volume, and transaction value fell by 27.91%, 38.07%, and 31.01% week-on-week, respectively. In total, investors exchanged 2.40 billion shares worth ₦160.51 billion across 241,726 deals, underscoring relatively weak participation and cautious positioning by market players.

Sectoral performance closed broadly mixed as investor sentiment remained selective across major counters. The Insurance, Oil & Gas, and Commodity indices recorded gains of supported by renewed buying interest in select energy and commodity-linked stocks. On the flip side, the Banking, Consumer Goods, and Industrial Goods indices declined amid sustained profit-taking activities and weak momentum in key bellwether stocks.

The Banking sector emerged as the worst-performing segment, declining by 2.43% W-o-W following heavy selloffs in Fidelity Bank Plc, Guaranty Trust Holding Company Plc, and Stanbic IBTC Holdings Plc. Similarly, the Consumer Goods index weakened by 2.04% as investors booked profits in Dangote Sugar Refinery Plc, Unilever Nigeria Plc, and Champion Breweries Plc.

The Insurance sector also came under pressure, falling by 1.77% due to weakened investor appetite for Regency Alliance Insurance Plc, AIICO Insurance Plc, and Guinea Insurance Plc. Meanwhile, the Industrial Goods sector edged lower by 0.05% following mild profit-taking in Chemical and Allied Products Plc, Premier Paints Plc, and Cutix Plc. Conversely, the Oil & Gas sector posted a modest gain of 0.07%, buoyed by renewed investor confidence in Aradel Holdings Plc and Eterna Plc.

On the gainers' chart, INTENEGINS topped the list with a 20.5% gain, followed by SOVRENINS (+13.6%), ALEX (+10.0%), AUSTINLAZ (+10.0%), and AIRTELAFRI (+10.0%), driven largely by strong buy-side interest and positive sentiment in selected mid- and large-cap stocks. On the losers' chart, TIP (-25.8%) led declines, followed by ZICHIS (-14.3%), ABBEYBDS (-12.1%), DANGSUGAR (-11.0%), and FTNCOCOA (-10.1%), reflecting profit-taking activities and sustained sell pressures across select counters.

Looking Ahead , the Nigerian equities market is expected to remain cautiously positive, with performance likely driven by stock-specific factors rather than broad market momentum. Weak market breadth and subdued trading activity suggest continued fragile sentiment, while elevated fixed-income yields may sustain occasional portfolio shifts away from equities. Nonetheless, selective opportunities may emerge in fundamentally strong counters, particularly in the banking and insurance sectors, as investors remain focused on earnings resilience and dividend prospects.

FOREX MARKET : Naira Trade Mixed as Reserves Improve; Oil Prices Remain Volatile After Recent Pullback...

This week, the naira recorded a mixed performance against the U.S. dollar, appreciating by 0.16% in the official market to close at ₦1,373.25, while depreciating by 15 basis points in the parallel market to settle at ₦1,372.11. Meanwhile, Nigeria's foreign reserves rose by 0.57% to \$49.26 billion.

In the oil market, Brent crude front-month futures traded largely flat at \$93.84 per barrel early on Friday, while U.S. benchmark West Texas Intermediate (WTI) slipped 0.12% to \$88.94 per barrel. At the time of writing, Brent crude had declined further by 1.74% to \$92.08, while WTI fell 1.52% to \$87.55. The recent decline in oil prices in May follows April's historic monthly surge, which was driven by severe supply disruptions and pushed average U.S. gasoline prices well above \$4 per gallon.

Looking ahead, the naira is expected to remain mixed in the near term, supported by rising external reserves but still pressured by FX demand and liquidity constraints. The official market may stay relatively stable, while the parallel market could remain volatile due to uneven dollar supply. Oil prices are likely to stay volatile following recent declines after April's sharp rally, as markets adjust to shifting supply-demand conditions, profit-taking, and evolving global growth and geopolitical risks.

BOND MARKET: FGN Bond Yields Rise Amid Weak Demand, Eurobonds Gain Momentum.....

The Nigerian secondary bond market maintained a bearish tone during the week, pressured by weak investor demand and increased selloffs across most maturities relative to the previous week. Trading activity remained subdued, reflecting cautious investor sentiment and muted appetite for local fixed-income instruments. Consequently, average yields rose by 9 basis points to close at 16.36%.

In contrast, the Nigerian sovereign Eurobond market recorded positive performance across the yield curve, supported by stronger demand for dollar-denominated assets. As a result, average yields declined by 17 basis points to 6.78%, reflecting improved market sentiment and increased investor appetite for sovereign Eurobonds.

Looking ahead, the Nigerian secondary bond market is expected to remain cautiously bearish in the near term as investors continue to assess liquidity conditions, inflation trends, and the direction of monetary policy. Elevated yields in the primary market may continue to drive selective selloffs in the secondary market, while subdued system liquidity could further limit demand for local fixed-income securities. However, intermittent buying interest may emerge across attractive mid- to long-dated maturities as investors seek improved real returns.

Meanwhile, sentiment in the sovereign Eurobond market is likely to remain relatively positive, supported by sustained investor appetite for higher-yielding emerging market dollar-denominated assets and improving external reserve conditions. Nonetheless, market performance will remain sensitive to global interest rate expectations, U.S. Treasury yield movements, and broader risk sentiment across emerging markets.

MONEY MARKET : Money Market Awash with Cash as System Liquidity Climbs to ₦6.02tn...

Liquidity conditions in the money market remained firmly positive during the week, with system liquidity opening at ₦3.84 trillion on Monday, rebounding from Friday's post-OMO auction low of ₦2.79 trillion. Liquidity levels strengthened further through the week, eventually closing at ₦6.02 trillion, driven largely by increased placements at the CBN's Standing Deposit Facility (SDF) amid subdued interbank borrowing and weaker funding pressures among banks.

The major catalyst came on Tuesday following the inflow of ₦1.97 trillion in OMO maturities, which pushed system liquidity sharply higher to ₦5.92 trillion. Despite the significant liquidity injection, interbank funding rates remained largely stable, with both the Open Repo (OPR) and Overnight (O/N) rates unchanged at 22.00% and 22.19% respectively across the week, reflecting already comfortable liquidity conditions in the financial system.

Across the benchmark money market indicators, the Nigerian Interbank Offered Rate (NIBOR) showed mixed but generally downward movements across longer tenors, indicating improved short-term funding conditions. Overnight NIBOR remained flat at 22.25%, while the 1-month, 3-month, and 6-month tenors declined by 17bps, 70bps, and 88bps respectively to settle at 22.65%, 22.97%, and 23.28%.

Similarly, the Nigerian Treasury Bill True Yield (NITTY) curve traded mixed during the week. Shorter-dated instruments saw mild upticks as investors selectively demanded near-term papers, while longer tenors eased slightly. Consequently, the 1-month and 3-month tenors advanced by 24bps and 16bps respectively to 16.04% and 16.53%, while the 6-month and 12-month papers declined marginally by 13bps and 8bps to close at 17.19% and 18.85%.

Meanwhile, activity in the secondary treasury bills market remained moderately active despite the shortened trading week. Sentiment tilted bullish as investors continued to position aggressively on the back of elevated system liquidity, driving average benchmark yields lower by 6bps week-on-week to close at 17.51%.

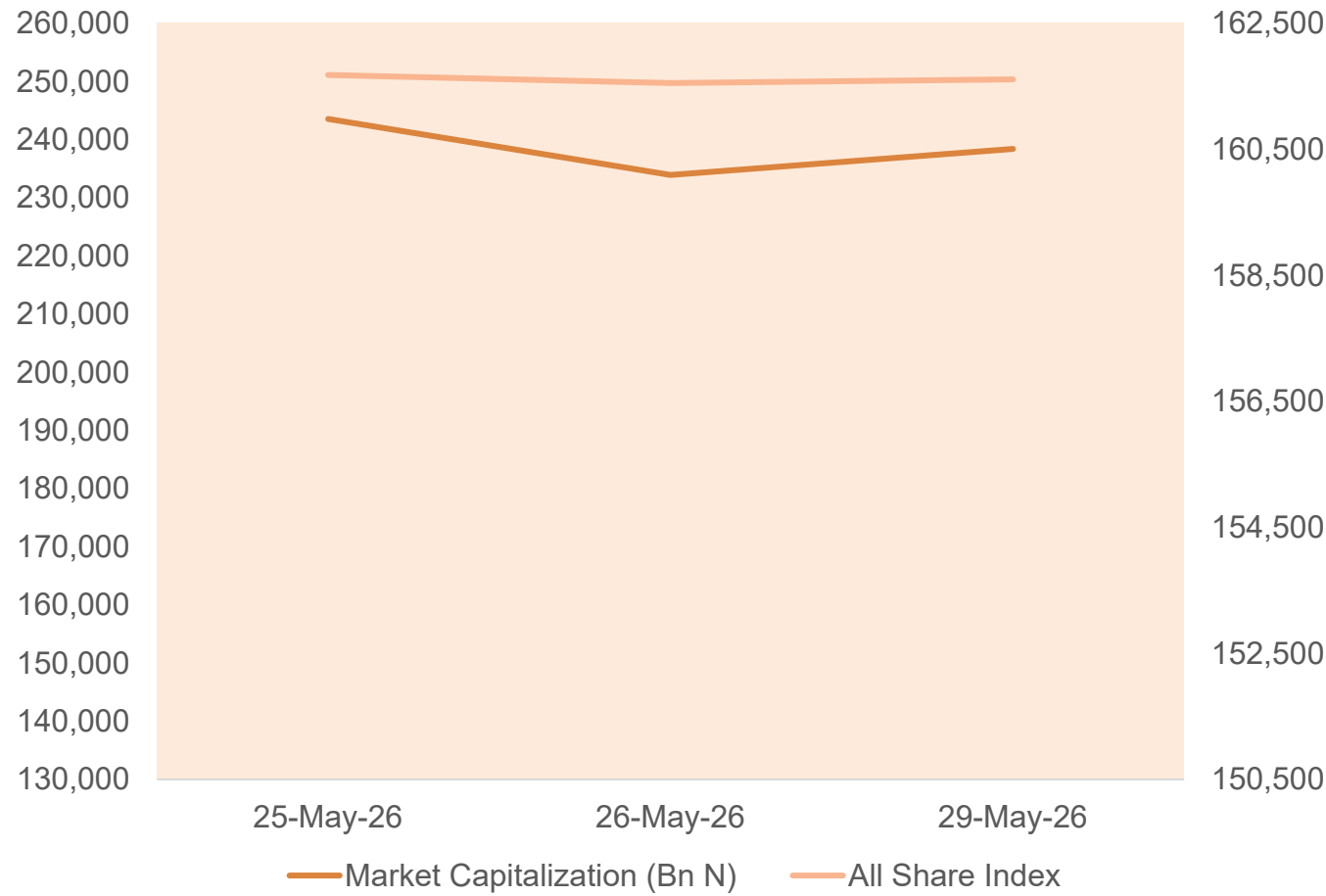
The OMO auction results for May 29, 2026 indicate exceptionally strong liquidity demand from investors, particularly for the 102-day tenor, which recorded subscriptions of ₦1.73 trillion against an offer size of ₦200 billion. The Central Bank eventually sold ₦1.72 trillion at a stop rate of 20.37%, highlighting aggressive market participation despite slightly lower yields compared to the shorter-tenor instruments.

The 11-day paper also attracted healthy demand with subscriptions of ₦225 billion and total sales of ₦220 billion at a stop rate of 21.80%, reflecting investors' preference for short-duration instruments amid prevailing uncertainty around rates and liquidity conditions. Meanwhile, the 39-day tenor, despite receiving ₦588 billion in subscriptions, recorded "No Sale," suggesting the CBN rejected bids likely due to pricing considerations and an attempt to avoid validating lower yield expectations.

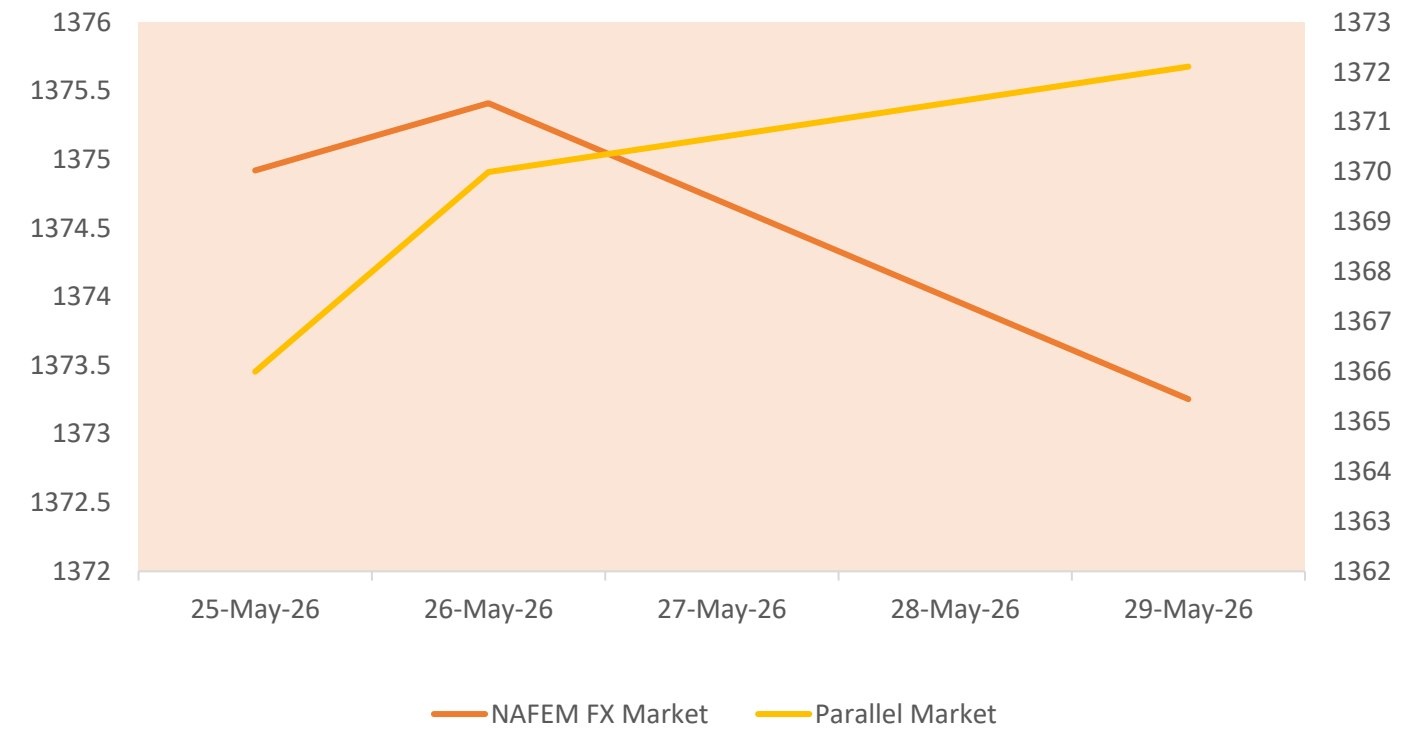
Looking ahead, liquidity conditions are expected to remain significantly robust as the market enters a new month with a heavy maturity profile. Scheduled inflows include approximately ₦2.72 trillion in OMO maturities as one of the largest single-week injections seen in recent periods, alongside ₦631.46 billion in NTB maturities, bringing total expected inflows to about ₦3.35 trillion. This is expected to comfortably offset the planned ₦700 billion NTB auction scheduled for Wednesday, likely sustaining bullish sentiment across the fixed income market in the near term.



Evolution of Equities Performance Gauges



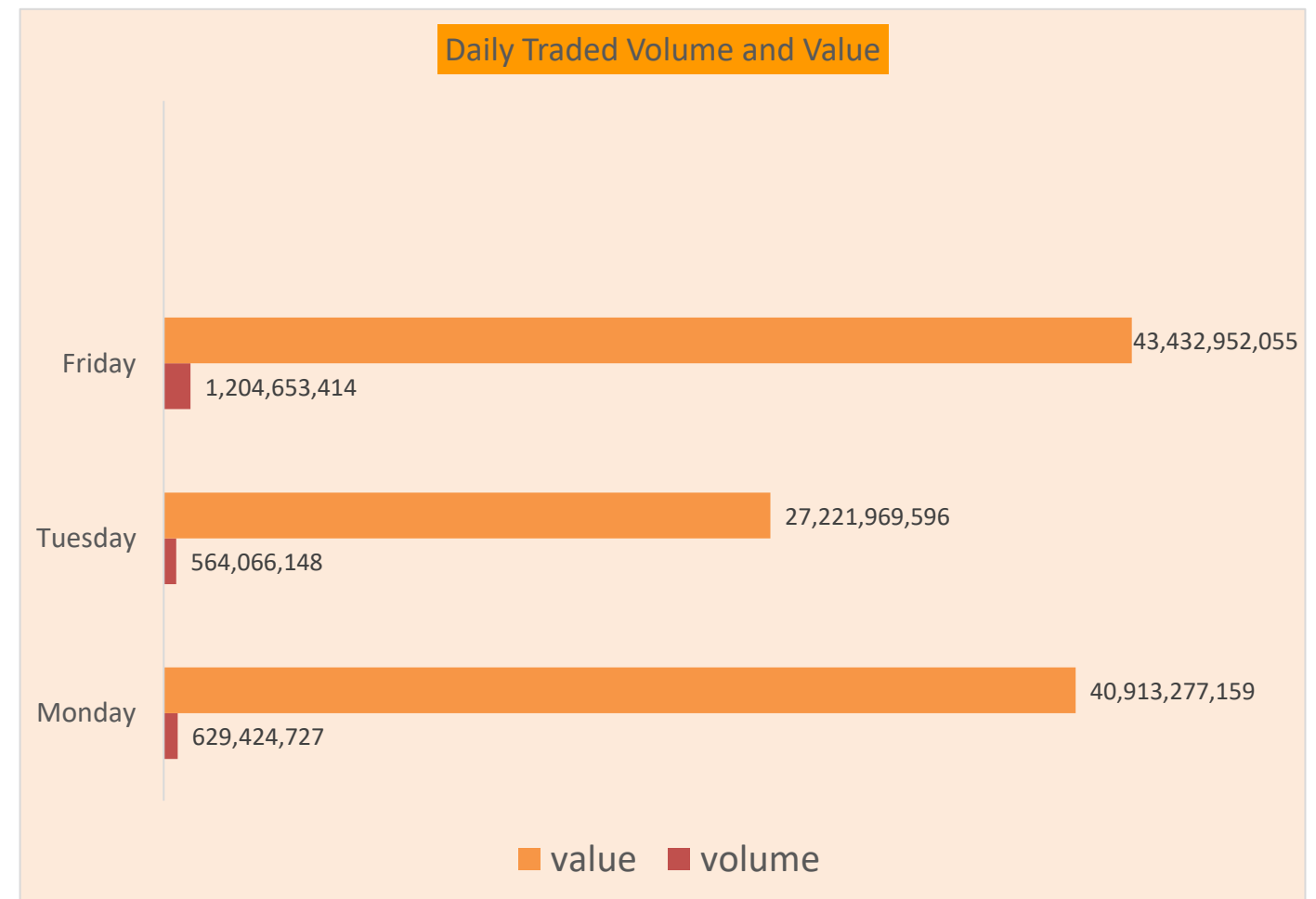
Evolution of NGN/USD Exchange Rates



FGN Eurobonds Yields as at Friday , `May 29, 2026

FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.50 NOV 28, 2027	28-Nov-17	1.50	100.99	0.11	5.8%	-0.08
6.125 SEP 28, 2028	28-Sep-21	2.34	100.78	0.26	5.8%	-0.12
8.375 MAR 24, 2029	24-Mar-22	2.82	106.30	0.39	5.9%	-0.15
7.143 FEB 23, 2030	23-Feb-18	3.74	103.17	0.90	6.2%	-0.28
8.747 JAN 21, 2031	21-Nov-18	4.65	108.65	0.94	6.6%	-0.23
7.875 16-FEB-2032	16-Feb-17	5.72	105.74	1.09	6.7%	-0.23
7.375 SEP 28, 2033	28-Sep-21	7.34	102.71	1.01	6.9%	-0.17
7.696 FEB 23, 2038	23-Feb-18	11.75	103.51	1.43	7.2%	-0.19
7.625 NOV 28, 2047	28-Nov-17	21.52	99.30	1.50	7.7%	-0.15
9.248 JAN 21, 2049	21-Nov-18	22.67	113.66	1.68	7.9%	-0.14
8.25 SEP 28, 2051	28-Sep-21	25.35	102.74	1.66	8.0%	-0.16
					6.78%	

Daily Traded Volume and Value



Weekly Top Gainers and Losers as at Friday, May 29, 2026

Top Ten Gainers				Bottom Ten Losers			
Symbol	29-May-26	22-May-26	% Change	Symbol	29-May-26	22-May-26	% Change
INTENEGINS	4.11	3.41	20.5%	TIP	27.45	37.00	-25.8%
SOVRENINS	2.50	2.20	13.6%	ZICHIS	30.00	35.00	-14.3%
ALEX	9.90	9.00	10.0%	ABBEBYBDS	6.20	7.05	-12.1%
AUSTINLAZ	4.40	4.00	10.0%	DANGSUGAR	78.30	88.00	-11.0%
AIRTELAfri	3655.70	3323.40	10.0%	FTNCOCOA	8.90	9.90	-10.1%
UNIONDICON	23.75	21.70	9.4%	TRANSPower	245.50	272.70	-10.0%
TANTALIZER	4.50	4.13	9.0%	TRANSEXP	5.72	6.35	-9.9%
LEARNAFRCA	12.75	11.75	8.5%	ELLAHLAKES	10.00	11.00	-9.1%
ACADEMY	9.15	8.45	8.3%	FIDELITYBK	21.60	23.50	-8.1%
UPDC	4.35	4.05	7.4%	UNILEVER	156.00	168.00	-7.1%

Weekly Stock Recommendations as at Friday, May 29, 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
BUA FOODS	7.91	10.75	47.54	20.34	122.30x	967	434	967	1315.1	822.0	1112.1	36.00	BUY
ETI	5.22	7.10	161.45	0.60	18.66x	97.4	36	97.4	132.5	82.8	112.0	36.00	BUY
MAY & BAKER PLC	0.74	0.95	8.65	5.40	63.14x	48	18	46.7	59.8	39.7	53.7	28.00	BUY
TRANSCORP PLC	2.16	2.77	38.65	1.24	22.10x	55.05	39.60	46	61.1	40.6	54.9	28.00	BUY
OKOMU OIL PALM PLC	24.74	32.66	75.91	23.05	70.73x	1765	338.1	1750	2310.0	1487.5	2012.5	32.00	BUY

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