

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: No Surprises as CBN Maintains Tight Policy Settings at 27.50% Amid Cooling Inflation

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EQUITIES MARKET: Nigerian Equities Retreat 0.62% w/w Amid Post-MPC Rebalancing as Investors' Lose N201bn

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At the conclusion of its landmark 300th Monetary Policy Committee (MPC) meeting, the Central Bank of Nigeria (CBN) opted to maintain the status quo on all key policy parameters, extending its wait-and-see approach that began in February 2025. In a unanimous decision by all 12 members, the Committee retained the Monetary Policy Rate (MPR) at 27.50%, preserved the asymmetric corridor around the MPR at +500/-100 basis points, held the Cash Reserve Ratio (CRR) at 50.00% for deposit money banks and 16.00% for merchant banks, and kept the Liquidity Ratio unchanged at 30.00%.

This decision to hold interest rates steady was largely in line with market expectations. It reflects a cautious policy stance aimed at monitoring the delayed effects of earlier monetary tightening amid renewed financial pressures. Chief among the concerns was a resurgence of foreign exchange (FX) market volatility, triggered by renewed global risk aversion following the U.S. administration’s imposition of fresh tariff measures. President Trump’s policy shift has raised global trade tensions, leading to a flight to safety among foreign portfolio investors (FPIs) and a subsequent tightening of dollar supply in Nigeria’s FX markets.

The naira has come under notable pressure in recent weeks, a trend driven by these FX liquidity challenges and a broader sense of macroeconomic uncertainty. Despite temporary relief stemming from the U.S. government's 90-day suspension of some reciprocal tariffs and the announcement of new trade agreements with China and the United Kingdom, global economic sentiment remains fragile, with risks tilted to the downside. These factors have compounded Nigeria’s vulnerability, particularly in light of weakening oil prices which serve as a critical source of FX inflows.

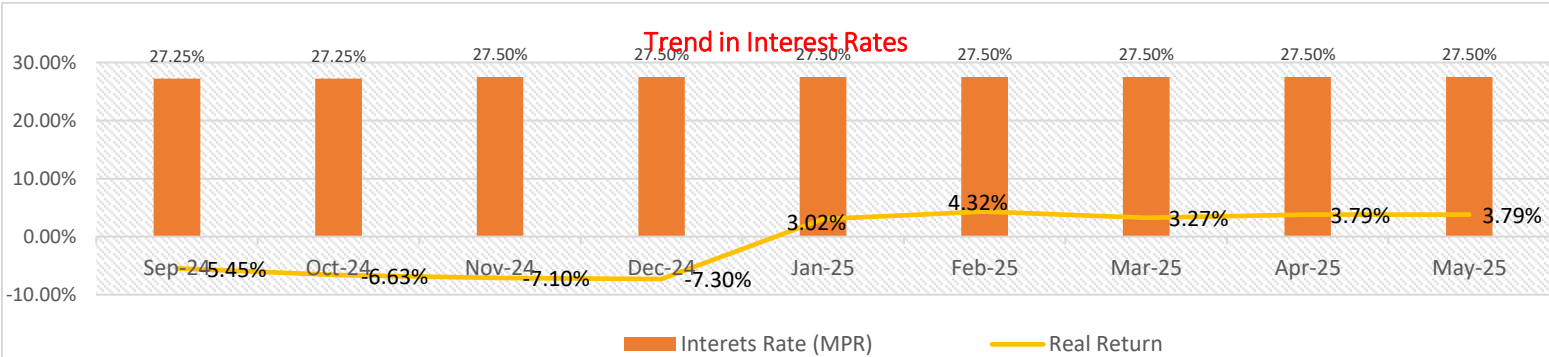
On a more positive note, the MPC acknowledged a welcomed deceleration in domestic inflation metrics, particularly food inflation. Members commended government efforts to enhance food supply and reduce insecurity in key agricultural zones—initiatives that appear to be yielding initial benefits. They encouraged sustained support for security operations in rural communities and emphasized the importance of continuous provision of farming inputs to further boost agricultural productivity.

According to the National Bureau of Statistics (NBS), headline inflation in April 2025 slowed to 23.71%, down from 24.23% in March. This easing was primarily attributed to a softening of food prices, which had spiked in the preceding months. The relative stabilization of the naira during this period also helped subdue imported inflationary pressures. It is worth noting that this decline in inflation came on the back of the NBS’s recent rebasing of the Consumer Price Index (CPI) basket. The updated basket—designed to reflect current household consumption patterns—has led to recalibrated weights and may partly explain the observed moderation in inflation data.

Food inflation, which remains a dominant component of the overall CPI, declined sharply to 21.26% year-on-year in April, down from a staggering 40.53% recorded in the same period last year. However, this dramatic fall is largely attributed to the base-year effect resulting from the re-benchmarking exercise rather than any structural improvement in food supply chains. Similarly, core inflation, which excludes food and energy, moderated to 23.39% year-on-year in April 2025, representing a 3.45 percentage point drop from April 2024 levels.

Cowry Research interprets the MPC’s decision as a deliberate pause and portends a signal that the CBN intends to allow previous policy adjustments to flow through the economy more fully before initiating any new moves. This strategy suggests confidence in the medium-term effectiveness of earlier interventions, but also reflects caution in the face of persistent external and internal uncertainties. Nonetheless, concerns persist around the elevated cost of borrowing, which continues to constrain access to credit for both businesses and households. This tight credit environment poses downside risks to private sector-led investment and could weigh on broader economic activity or output growth in the near to medium term.

Looking ahead, the path of inflation remains a critical variable. If cost pressures—driven by FX instability, potential increases in pump prices for petroleum motor spirit (PMS), and other structural inefficiencies—fail to subside, Nigeria could see inflation climb once more. This would erode real interest rates and could undermine monetary stability if the current nominal rates are not adjusted in time. The balance between sustaining growth and containing inflation remains delicate, and the CBN’s future actions will need to reflect evolving macroeconomic dynamics.



Source: Central Bank of Nigeria, NBS, Cowry Research

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After riding a bullish wave for four consecutive weeks, the Nigerian equity market reversed course, closing the week in the red as investors reassessed their positions in response to the Central Bank of Nigeria’s recent monetary policy stance. The benchmark NGX All-Share Index declined by 0.62% week-on-week, settling at 109,028.62 points, as sell-offs across the banking and energy sectors weighed heavily on the overall market performance.

This market retreat appears to be a result of portfolio rebalancing activities by investors following the CBN’s decision to keep all policy parameters unchanged at its 300th Monetary Policy Committee meeting.

Market capitalisation similarly recorded a contraction, dipping by 0.29% to close at N68.75 trillion. While this decline partly reflects the general bearish sentiment, it was also exacerbated by the listing of additional shares from United Bank for Africa Plc.

Specifically, the bourse saw the admission of 34.2 billion new ordinary shares from UBA’s Rights Issue, which effectively expanded the market float and contributed to a notional loss of approximately N201.4 billion in investor wealth. Consequently, the year-to-date return on the index moderated to 5.93%, despite a relatively positive market breadth, with 52 gainers outpacing 41 losers over the course of the week.

Notwithstanding the negative headline index performance, trading activity remained vibrant. Weekly transaction volume surged by 50.8% to 3.92 billion units, executed across 105,012 deals, marking a 35.7% increase in deal count compared to the previous week. The total value of trades also rose significantly by 17.2%, reaching N74.61 billion—underscoring the resilient investor appetite for Nigerian equities even amid short-term volatility.

Sectoral performance was mixed, with a split between gainers and laggards among the six major indices tracked. Leading the charge on the upside was the NGX Consumer Goods Index, which advanced by 2.18% on the back of renewed buying interest in bellwether names such as Nestlé Nigeria, Tantalizers, Guinness Nigeria, and Ikeja Hotel. Similarly, the NGX Insurance and NGX Industrial Goods indices posted marginal gains of 0.73% and 0.72%, respectively, buoyed by improved sentiment in counters like CUTIX, Custodian Investment, Regal Insurance, Tripple Gee, Beta Glass, and Linkage Assurance.

On the downside, the NGX Oil & Gas Index suffered the heaviest loss of the week, declining by 3.44%. This was followed by the NGX Banking Index, which dropped 1.52%, and the NGX Commodity Index, which lost 0.75%. The sectoral drag was primarily due to price declines in key stocks such as Fidelity Bank, Aradel Holdings, AccessCorp, Oando, Wema Bank, and Zenith Bank.

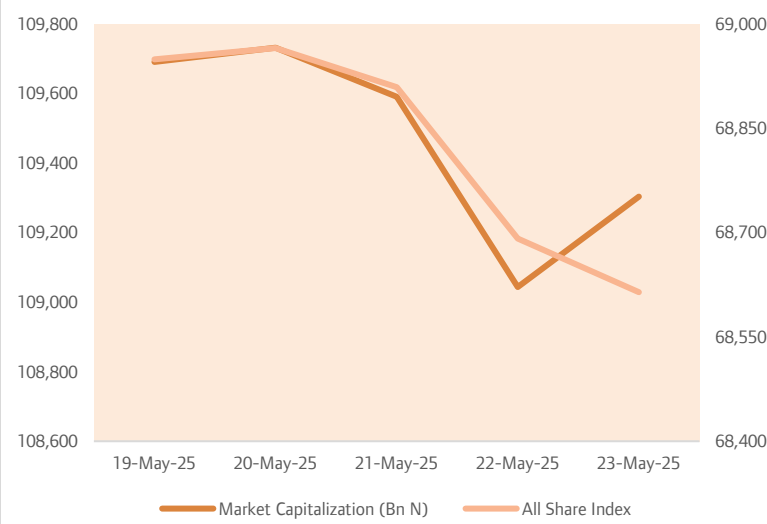
Among the top-performing equities of the week, Regal Insurance stood out with a notable 18.2% gain, followed closely by Linkage Assurance (17.6%), Tantalizers (17.4%), E-Tranzact (15.3%), and Tripple Gee (15.0%). Conversely, the worst performers included Chellarams (-10.0%), Caverton Offshore (-9.5%), Legend Intercontinental (-9.5%), Learn Africa (-8.9%), and The Initiates Plc (TIP), which declined by 8.8%.

Looking ahead to the new trading week, market sentiment is expected to remain cautiously optimistic. The anticipated release of Nigeria’s Q1 2025 GDP report is likely to influence investor positioning, especially if it confirms expectations of positive economic output growth. Additionally, the ongoing corporate earnings season may provide fresh catalysts for stock-specific rallies. At Cowry Research, we maintain a broadly constructive outlook for the near term and continue to advise investors to focus on fundamentally sound companies with strong earnings visibility and resilience to macroeconomic headwinds.

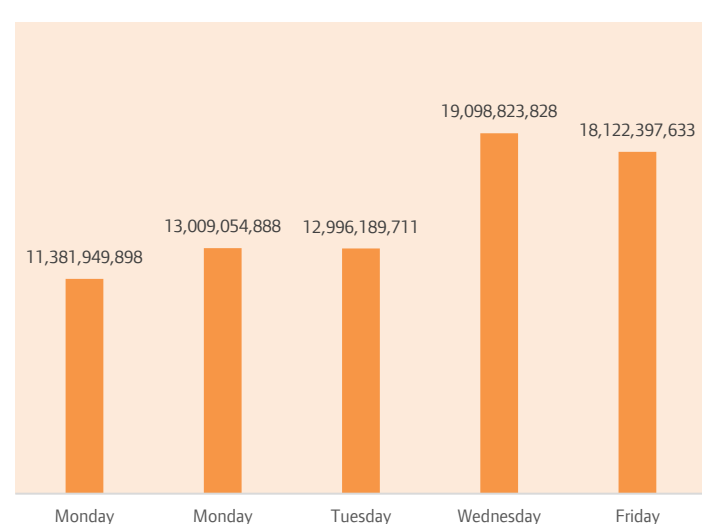
Weekly Top Gainers and Losers as at Friday, May 23, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	23-May-25	16-May-25	% Change	Symbol	23-May-25	16-May-25	% Change
CUTIX	3.17	2.60	21.9%	NEIMETH	3.07	3.70	-17.0%
CUSTODIAN	21.80	17.95	21.4%	ABCTRANS	2.49	2.95	-15.6%
REDSTAREX	6.71	5.55	20.9%	TRANSCOHOT	138.50	163.00	-15.0%
JOHNHOLT	7.60	6.30	20.6%	NPFMCRFBK	2.25	2.58	-12.8%
EUNISELL	12.95	10.75	20.5%	FTNCOCOA	2.28	2.59	-12.0%
NESTLE	1,590.50	1,331.00	19.5%	FIDELITYBK	18.65	20.80	-10.3%
REGALINS	0.65	0.55	18.2%	CHELLARAM	11.75	13.05	-10.0%
LINKASSURE	1.47	1.25	17.6%	CAVERTON	3.80	4.20	-9.5%
TANTALIZER	2.70	2.30	17.4%	LEGENDINT	7.60	8.40	-9.5%
ETRANZACT	6.80	5.90	15.3%	LEARNAFRCA	4.01	4.40	-8.9%

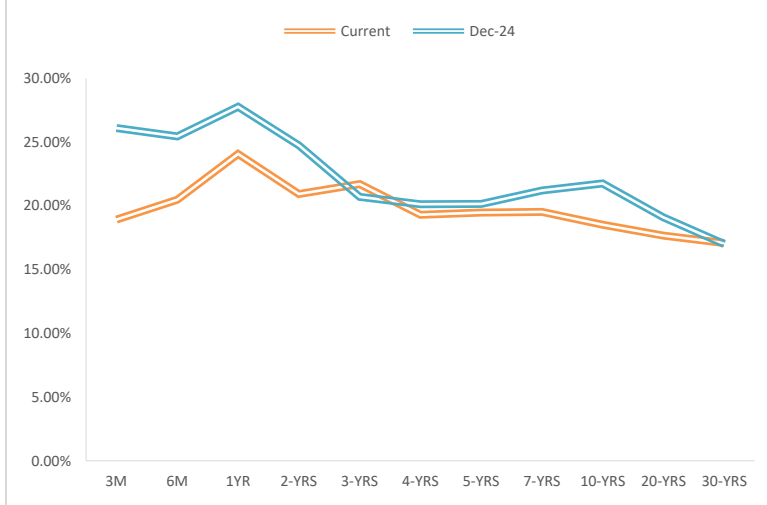
Evolution of Equities Performance Gauges



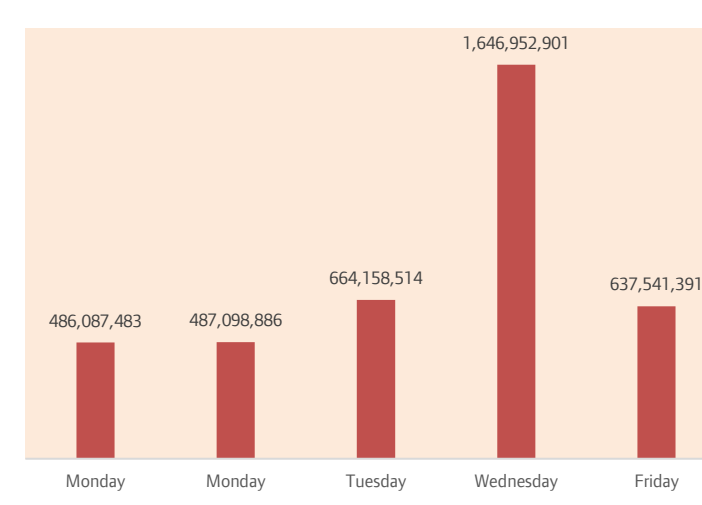
Daily Traded Value



NAIRA YIELD CURVE



Daily Traded Volume



FGN Eurobonds Trading Above 8% Yield as at Friday, May 23, 2025

FGN Eurobonds	Issue Date	TTM (years)	23-May-25 Price (N)	Weekly USD Δ	23-May-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.50	99.99	0.01	7.6%	-0.04
6.50 NOV 28, 2027	28-Nov-17	2.52	95.96	0.40	8.3%	-0.17
6.125 SEP 28, 2028	28-Sep-21	3.35	92.05	0.34	8.9%	-0.11
8.375 MAR 24, 2029	24-Mar-22	3.84	97.18	0.42	9.3%	-0.13
7.143 FEB 23, 2030	23-Feb-18	4.76	90.45	0.48	9.7%	-0.13
8.747 JAN 21, 2031	21-Nov-18	5.67	95.03	0.43	9.9%	-0.10
7.875 16-FEB-2032	16-Feb-17	6.74	89.21	0.07	10.1%	-0.01
7.375 SEP 28, 2033	28-Sep-21	8.36	83.75	-0.37	10.3%	0.08
7.696 FEB 23, 2038	23-Feb-18	12.76	80.38	-0.18	10.5%	0.03
7.625 NOV 28, 2047	28-Nov-17	22.53	73.95	-0.74	10.7%	0.11
9.248 JAN 21, 2049	21-Nov-18	23.68	86.82	-0.63	10.8%	0.09
8.25 SEP 28, 2051	28-Sep-21	26.37	77.00	-0.64	10.9%	0.09

Weekly Stock Recommendations as at Friday, May 23, 2025

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
BERGER PAINTS PLC	1.07	1.49	14.28	1.48	19.85x	22.50	10.55	22.45	29.7	18.0	24.4	40.00	Buy
STANBIC IBTC PLC	6.25	9.26	58.33	1.19	11.06x	71.45	52.00	69.15	102.3	58.8	79.5	48.00	Buy
OKOMU OIL PLC	22.79	34.64	79.35	7.56	26.33x	600	243	600	739.0	510.0	690.0	23.17	Buy
VITAFOAM NIGERIA PLC	5.02	6.72	23.84	2.47	11.72x	59	16.85	58.8	78.8	50.0	67.6	34.00	Buy
ZENITH BANK PLC	7.59	10.93	108.18	0.45	6.43x	52.00	29.70	47.40	70.3	41.5	56.1	44.00	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, May 23, 2025

MAJOR	23-May-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1340	1.1280	0.53%	1.58%	-0.43%	4.56%
GBPUSD	1.3492	1.3418	0.55%	1.75%	1.18%	5.98%
USDCHF	0.8218	0.8294	-0.92%	-2.04%	-0.71%	-10.17%
USDRUB	79.8356	79.6762	0.20%	-1.44%	-4.04%	-10.82%
USDNGN	17.8860	18.0157	-0.72%	-0.95%	-1.44%	8.08%
USDZAR	17.8860	18.0157	-0.72%	-0.79%	-4.74%	-2.88%
USDEGP	49.9000	49.9000	0.00%	-0.46%	-2.08%	5.85%
USDCAD	19.31	19.3174	-0.06%	-1.45%	-0.58%	0.78%
USDMXN	19.31	19.3174	-0.06%	-0.88%	-1.48%	15.64%
USDBRL	5.69	5.7151	-0.50%	0.38%	0.05%	10.01%
AUDUSD	0.5971	0.5902	1.17%	1.09%	1.01%	-2.34%
NZDUSD	0.5971	-0.0600	1.17%	1.52%	-0.35%	-2.45%
USDJPY	7.1738	7.2048	-0.43%	-2.08%	0.01%	-9.08%
USDCNY	7.1738	7.2048	-0.43%	-0.51%	-1.59%	-1.21%
USDINR	85.1210	85.9721	-0.99%	-0.54%	-0.10%	2.50%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, May 23, 2025

Commodity		23-May-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	61.4	61.2	0.38%	-0.78%	-2.08%	-20.89%
BRENT	USD/Bbl	64.7	64.4	0.36%	-1.11%	-2.80%	-21.23%
NATURAL GAS	USD/MMBtu	3.3	9.8	2.29%	-0.26%	7.37%	19.92%
GASOLINE	USD/Gal	2.1	2.1	-0.31%	-0.78%	0.51%	-14.80%
COAL	USD/T	100.1	100.5	-0.35%	1.11%	6.83%	-30.92%
GOLD	USD/t.oz	3,359.0	3,299.9	1.79%	4.82%	0.29%	43.93%
SILVER	USD/t.oz	33.3	33.0	0.77%	3.14%	-0.97%	9.70%
WHEAT	USD/Bu	540.2	544.5	-0.80%	2.89%	2.06%	-22.53%
PALM-OIL	MYR/T	3,827.0	3,820.9	0.16%	0.39%	-5.18%	-2.25%
COCOA	USD/T	9,752.8	10,280.1	-5.13%	-10.83%	4.77%	20.00%



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