Friday July 11, 2025

Cowry Weekly Financial Markets Review & Outlook (CWR)

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: Nigeria's PMI Signals Strong Business Conditions as June Index Rises to 52.3 Points …

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FOREX MARKET: Naira Slides as Dollar Demand Rises, Oil Holds Firm on Geopolitical Tensions….

Looking ahead, we expect a more stable outing for the naira in the coming week. With continued CBN intervention, FX reforms gaining traction, and steady oil export revenues, the groundwork is gradually being laid for currency recovery and improved market sentiment.....…

MONEY MARKET: Liquidity Boost Falls Short as Rates Soar, Investors Chase Longer-Dated Bills...

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BOND MARKET: Bonds Stay Buoyant as Investors Weigh Fiscal Strength Against Global Storms…..

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EQUITIES MARKET: Bulls Run Wild as NGX Breaks 126,000 Mark, Investors Pocket N3.46tn in Weekly Gains .....

Looking into next week, a more cautious and mixed tone may emerge. As the market approaches overbought territory, investors are likely to begin profit-taking and portfolio rebalancing. This shift could be further shaped by the upcoming inflation data from the National Bureau of Statistics (NBS) and growing anticipation surrounding the Central Bank of Nigeria's (CBN) Monetary Policy Committee meeting scheduled for July 20–21…..

DOMESTIC ECONOMY: Nigeria's PMI Signals Strong Business Conditions as June Index Rises to 52.3 Point……

Economic activities in Nigeria continued their upward trajectory in June 2025, according to the latest Purchasing Managers' Index (PMI) report from the Central Bank of Nigeria (CBN). The composite PMI rose slightly to 52.3 index points in June from 52.1 in May, marking the sixth consecutive month of expansion in business conditions across key sectors of the economy. This continued improvement reflects broad-based momentum in the second quarter of the year, with 25 subsectors reporting increased activity.

The PMI serves as a forward-looking economic indicator based on monthly surveys from purchasing and supply executives in manufacturing, services, and other sectors. A reading above 50 signals expansion, while below 50 indicates contraction. The June print suggests sustained recovery and growing optimism within Nigeria's private sector.

In the industry sector, the PMI stood at 51.4 points—marking the sixth straight month of growth. The expansion was mainly supported by stronger output (53.4 points) and an increase in new orders (50.3 points). However, employment levels fell below the neutral threshold, closing at 49.8 points, a signal that firms may still be cautious on hiring despite improving activity. Inventory levels rose to 51.0 points, while supplier delivery time improved to 52.9 points, suggesting supply chain stability. Growth in the sector was led by subsectors such as printing and related support services as well as petroleum and coal products, whereas the paper products subsector recorded the steepest decline.

The services sector also expanded in June, with the index climbing to 51.3 points. This performance was driven by improved business activity, particularly in creative sectors like motion pictures, cinema, sound recording, and music production. Conversely, transportation and warehousing continued to contract, dragging slightly on the sector's overall performance. Output, new orders, and inventories in the services sector stood at 52.0, 51.8, and 51.9 points respectively—all indicating continued growth.

Meanwhile, the agriculture sector remained a standout performer, registering a PMI of 55.2 points in June—its eleventh straight month of growth since August 2024. Activity was strongest in the forestry subsector, with four other subsectors contributing positively to the expansion. Farming operations, new orders, and inventory levels all posted robust growth, closing at 57.0, 55.6, and 55.1 points, respectively.

On the pricing front, businesses reported rising cost pressures across all sectors. Input prices remained higher than output prices in the industry, services, and agriculture sectors—signaling an ongoing squeeze on profit margins. While firms have so far managed to absorb much of these cost increases, the widening gap raises concerns over long-term sustainability and the potential pass-through effect on consumer prices.

Agriculture recorded the highest input and output price pressures, at 72.3 and 62.5 index points respectively, reflecting heightened costs in that sector. In contrast, the services sector saw the lowest price pressures, with input and output indices at 65.2 and 60.8 points, respectively.

Overall, the June PMI points to continued momentum in Nigeria's private sector in the face of shifting dynamics. Cost pressures continue to drag sector performance with high input and output cost considering the cost of production, distribution and financing for managers. While underlying challenges remain—particularly around cost pressures and employment—broad-based sectoral growth underscores a positive outlook for the domestic economy heading into the second half of the year.

Nigeria's Purchasing Managers' Index (PMI) Trend

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Composite PMI	50.2	51.4	52.3	52.2	52.1	52.3
Agriculture	52.5	53.1	54.7	53.8	53.4	55.2
Industry	51.3	50.5	51.5	51.8	51.6	51.4
Services	48.6	51.1	51.5	51.8	51.7	51.3

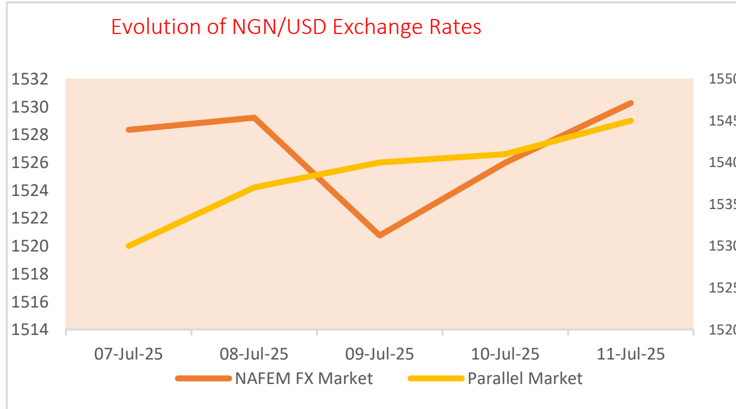
Source: CBN, Cowry Research

FOREX MARKET: Naira Slides as Dollar Demand Rises, Oil Holds Firm on Geopolitical Tensions…

The naira faced renewed pressure this week, slipping across both official and parallel markets amid rising demand for the U.S. dollar and constrained FX supply. At the official window, the naira weakened by 0.11% week-on-week to close at N1,530.26 per dollar, reflecting a thinning liquidity environment. The parallel market mirrored this downtrend, with the naira depreciating by 0.97% to settle at an average of N1,545/$1—down from N1,530/$1 the previous week.

This pullback erased part of the currency's recent gains, even as the Central Bank of Nigeria (CBN) continued its interventions to defend the naira. The rising gap between dollar demand and supply remains a core challenge, though recent reforms suggest a path toward greater currency stability in the near term.

In the global commodity space, oil prices were poised for a marginal weekly gain after a temporary reprieve in trade tensions. Market jitters eased following the White House's decision to delay its deadline on proposed sweeping tariffs, which many feared would dampen global demand. Brent crude hovered near $70 per barrel, with added speculation stemming from U.S. President Trump's anticipated "major" announcement on Russia, slated for early next week.



On the domestic front, Nigeria's benchmark crude, Bonny Light, edged higher to $72.81 per barrel from last week's $72.07. The steady price of oil and improved export performance helped lift Nigeria's foreign reserves, which grew by 0.47% to close the week at $37.36 billion.

Meanwhile, OPEC's latest 2025 World Oil Outlook painted a bullish long-term picture. The oil cartel raised its global demand forecast, projecting consumption to hit 122.9 million barrels per day by 2050—an increase of over 19 million b/d, with growth driven primarily by emerging markets in India, Africa, and the Middle East.

Looking ahead, we expect a more stable outing for the naira in the coming week. With continued CBN intervention, FX reforms gaining traction, and steady oil export revenues, the groundwork is gradually being laid for currency recovery and improved market sentiment.

MONEY MARKET: Liquidity Boost Falls Short as Rates Soar, Investors Chase Longer-Dated Bills…....

Despite a hefty N301.94 billion injection from Treasury Bills maturities this week, Nigeria's money market remained under significant pressure as liquidity conditions stayed tight and short-term funding demand remained elevated. The inflow, while notable, was insufficient to ease the grip of interbank stress, with financial institutions continuing to scramble for cash amid cautious sentiment.

The NIBOR shot up sharply by 593 basis points to settle at 32.75%, from 26.82% the previous week—marking a steep spike in short-term borrowing costs. Longer-dated NIBOR tenors also reflected the squeeze, with the 1-month, 3-month, and 6-month rates rising to 27.67%, 28.03%, and 28.53%, respectively, underscoring persistent tightness in funding despite moderate system liquidity.

In the OMO window, the Central Bank of Nigeria (CBN) offered N600 billion in 272-day and 363-day bills on Wednesday. However, investor appetite was overwhelmingly focused on the longer 363-day paper, which attracted a massive N2.13 trillion out of the N2.17 trillion in total subscriptions. The 272-day offer received zero allotment, while the 363-day bill saw N1.25 trillion in sales, clearing at a stop rate of 21.99%. The bid-to-offer ratio for the auction came in at 1.74x, highlighting the persistent investor demand for high-yield, long-term instruments.

Meanwhile, the Nigerian Interbank Treasury True Yield (NITTY) curve experienced broad-based declines, reflecting shifting sentiment toward short-term debt. The 1-month, 3-month, 6-month, and 12-month yields fell to 16.06%, 16.57%, 17.73%, and 18.84%, shedding 160bps, 213bps, 247bps, and 264bps respectively. This shift came amid strong secondary market demand for Treasury bills, where average yields dipped by 156bps to 18.35%.

On Wednesday, the CBN conducted a Treasury Bills auction offering N250 billion across standard maturities. Demand remained robust, with total subscriptions reaching N1.33 trillion, although the apex bank allotted just N201.82 billion. Investor interest was heavily tilted toward the 364-day bill, which alone drew N1.18 trillion in subscriptions, with N126.31 billion allotted. The bid-to-cover ratio for this tenor stood at 6.59x—still high, though slightly lower than the 7.61x recorded at the previous auction.

Yields fell notably across all tenors. The 91-day bill cleared at 15.74%, down from 17.80% at the last auction. The 182-day and 364-day bills settled at 16.20% and 16.30%, respectively, marking a continued decline from previous levels of 18.35% and 18.84%.

Looking ahead, the absence of any maturing instruments in the coming week could mean liquidity remains tight or even worsens slightly, potentially keeping short-term funding costs elevated. Investors and institutions alike will be watching closely for any signals of intervention or policy moves that could relieve the current pressure on the system.

BOND MARKET: Bonds Stay Buoyant as Investors Weigh Fiscal Strength Against Global Storms…..

This week, the fixed income market reflected a cautiously optimistic tone as investors recalibrated their strategies in light of Nigeria's fiscal outlook, fluctuating oil prices, and mounting global uncertainties including geopolitical tensions and tariff skirmishes. Despite the cloudy backdrop, sentiment leaned mildly positive across the board.

In the secondary market for Federal Government of Nigeria (FGN) bonds, bullish activity prevailed. Investors sought safety and yield, prompting broad-based demand that compressed yields across the curve. As a result, the average yield on FGN bonds declined sharply by 71 basis points to settle at 16.75%, continuing a downward trajectory fueled by expectations of policy stability and improved macro signals.

A similar mood permeated Nigeria's sovereign Eurobond space, where investor appetite remained intact. The overall average yield dipped slightly by 1 basis point to 8.50%, despite a noticeable sell-off in the November 2025 maturity, which saw yields rise by 29 basis points. That outlier aside, the broader market remained steady, buoyed by confidence in Nigeria's credit profile and relative calm in the international bond market.

Looking ahead, market activity in the fixed income space is expected to stay influenced by expectations of stable or declining interest rates. Investors will continue to weigh the evolving local macroeconomic picture—including fiscal discipline and oil revenue trends—against global headwinds, using the balance of risks and returns to guide their portfolio decisions.

EQUITIES MARKET: Bulls Run Wild as NGX Breaks 126,000 Mark, Investors Pocket N3.46tn in Weekly Gains……

The Nigerian equities market lit up this week, riding on the back of strong investor confidence, sector-wide momentum, and an influx of funds from a softening money market. The bullish rally reached new heights, as the NGX All-Share Index (ASI) surged by 4.26% week-on-week, crossing the 126,000-point threshold for the first time to settle at 126,149.59 index points. The rally was primarily driven by heightened interest in banking, insurance, and consumer goods stocks—sectors currently basking in strong earnings sentiment ahead of the second-quarter reporting season.

Investor appetite was further fuelled by declining yields in the fixed income market. Following last week's Treasury bills auction, where the 1-year stop rate dropped to 16.30%, equities emerged as a more attractive alternative, prompting a wave of hot money inflows. This was reflected in the Money Flow Index (MFI), which moved into greener territory, affirming a renewed level of market participation and liquidity.

Market capitalisation followed suit, advancing by 4.54% to close the week at N79.80 trillion. This translated to an impressive N3.46 trillion in value gains for equity investors. Year-to-date, the NGX has now returned 22.56%, underscoring sustained optimism and upward momentum in the bourse. Market breadth also came in strong, with 89 stocks advancing against just 16 decliners—resulting in a healthy breadth ratio of 5.56x.

However, while the market's direction was overwhelmingly positive, trading activity showed a slight dip. Total volume and value traded for the week declined marginally by 1.38% and 0.27% to 5.39 billion units and N107.81 billion, respectively. That said, the number of total deals surged by 13.34% to 134,389, indicating continued investor engagement despite the lull in turnover.

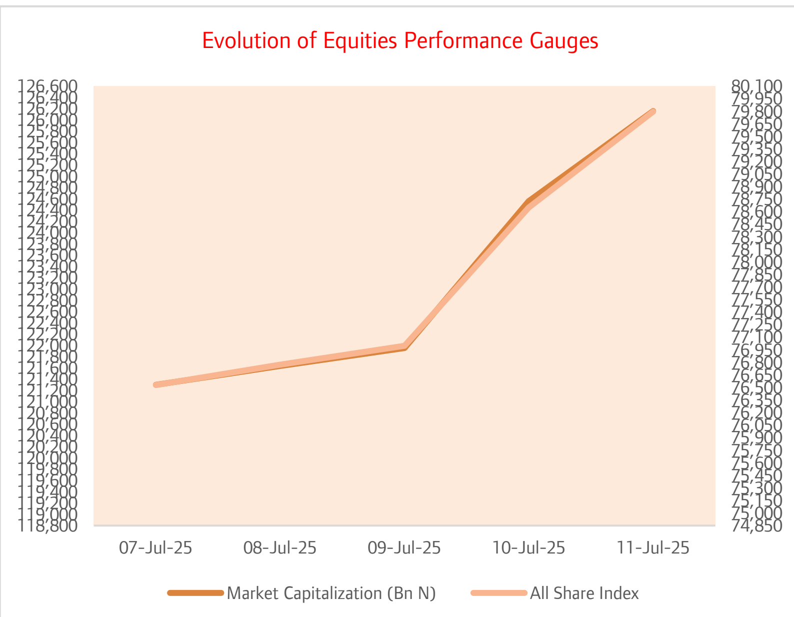
On the sectoral front, the bulls maintained a dominant presence. The NGX Insurance and NGX Banking indices led the charge, gaining 13.83% and 12.49%, respectively. Key contributors to these gains included ZENITHBANK, UBA, FIRSTHOLDCO, AIICO, UNIVINSURE, and GTCO. Notably, GTCO's rally was turbocharged by its historic dual listing on the London Stock Exchange—making it the first Nigerian bank to achieve this feat.

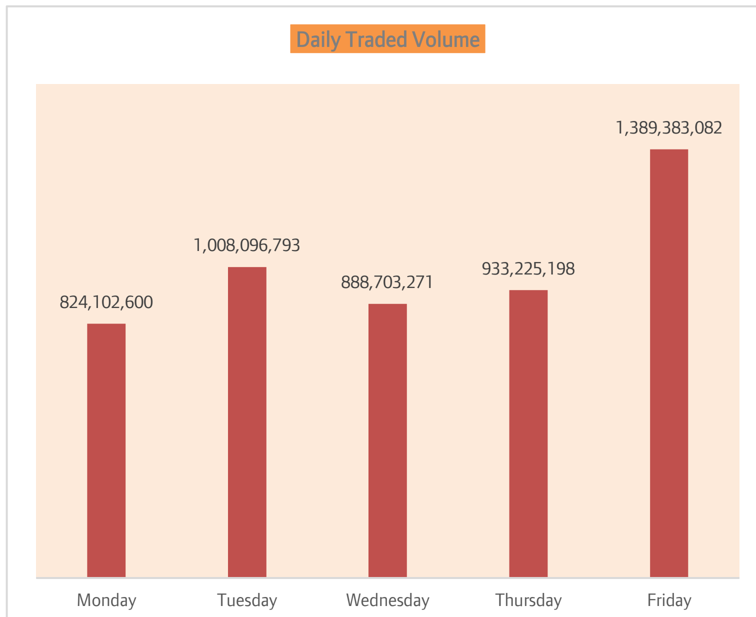
The NGX Industrial and Consumer Goods indices also joined the party, notching up 2.94% and 2.18% gains, while the NGX Commodity Index inched up 0.31%, buoyed by buying interest in FTNCOCOA, CILEASING, UNIONDICON, MCNICHOLS, MULTIVERSE, WAPCO, NB, and OKOMUOIL. The lone laggard this week was the NGX Oil & Gas Index, dragged by sell-offs in OANDO and ETERNA.

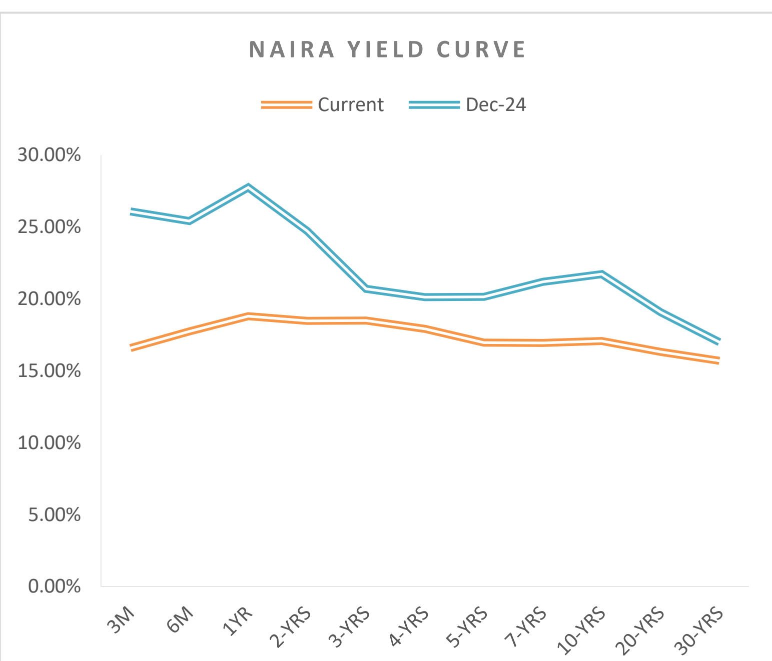
Among the week's top performers were FTNCOCOA and REDSTAREX, both soaring 60.60%, followed closely by OMATEK (60.4%), CILEASING (60.3%), and MEYER (60.1%). On the flip side, LEGENDINT led the laggards with a 12.5% decline, followed by INTENEGINS (6.8%), OANDO (6.1%), PRESTIGE (5.3%), and ETRANZACT (4.9%).

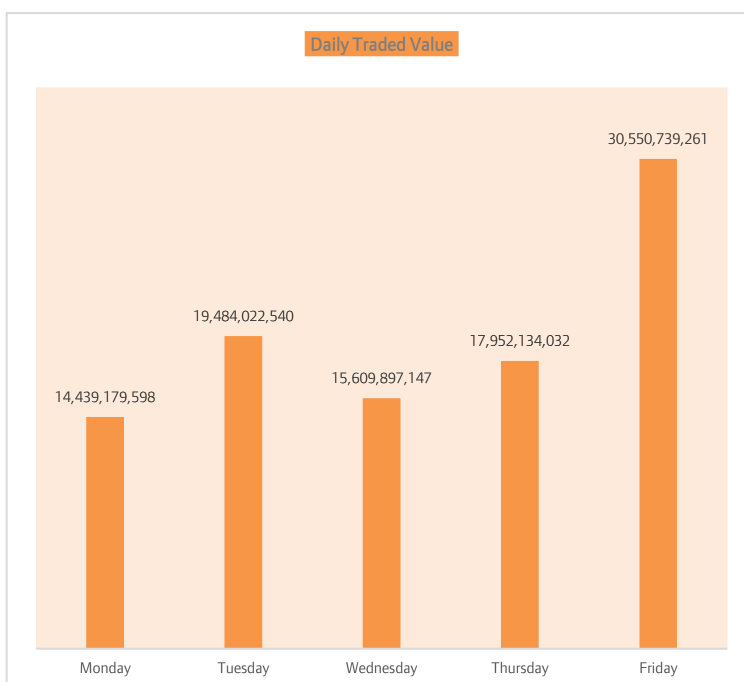
Looking into next week, a more cautious and mixed tone may emerge. As the market approaches overbought territory, investors are likely to begin profit-taking and portfolio rebalancing. This shift could be further shaped by the upcoming inflation data from the National Bureau of Statistics (NBS) and growing anticipation surrounding the Central Bank of Nigeria's (CBN) Monetary Policy Committee meeting scheduled for July 20–21. The NGX now sits at a technical inflection point—poised either for a healthy pullback or a continuation of the uptrend, depending on market sentiment and economic signals.

With second-quarter earnings season ramping up and companies beginning to announce board meetings for Q2 results approval, investors will remain focused on corporate performance and policy direction. Nevertheless, we continue to advise investors to position in companies with strong fundamentals and earnings potential.









Weekly Top Gainers and Losers as at Friday, July 11, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	11-Jul-25	04-Jul-25	% Change	Symbol	11-Jul-25	04-Jul-25	% Change
FTNCOCOA	7.50	4.67	60.6%	INTENEGINS	2.21	2.37	-6.8%
REDSTAREX	13.44	8.37	60.6%	OANDO	51.70	55.05	-6.1%
OMATEK	1.46	0.91	60.4%	PRESTIGE	1.25	1.32	-5.3%
CILEASING	8.77	5.47	60.3%	ETRANZACT	8.70	9.15	-4.9%
MEYER	23.45	14.65	60.1%	CORNERST	4.29	4.50	-4.7%
THOMASWY	3.59	2.25	59.6%	SUNUASSUR	4.79	5.00	-4.2%
ELLAHLAKES	12.63	8.10	55.9%	NNFM	103.50	108.00	-4.2%
NGXGROUP	71.85	46.40	54.8%	ETERNA	41.50	43.00	-3.5%
ACADEMY	9.25	6.17	49.9%	PRESCO	1,233.00	1,275.00	-3.3%
ABCTRANS	4.40	2.95	49.2%	FCMB	9.50	9.85	-3.6%

FGN Eurobonds Yields as at Friday, July 11, 2025

FGN Eurobonds	Issue Date	TTM (years)	11-Jul-25 Price (N)	Weekly USD Δ	11-Jul-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.36	100.82	0.00	5.6%	0.29
6.50 NOV 28, 2027	28-Nov-17	2.38	98.89	0.00	7.0%	0.00
6.125 SEP 28, 2028	28-Sep-21	3.22	95.76	0.00	7.5%	-0.13
8.375 MAR 24, 2029	24-Mar-22	3.70	101.15	0.00	7.9%	-0.06
7.143 FEB 23, 2030	23-Feb-18	4.62	95.41	0.00	8.3%	-0.10
8.747 JAN 21, 2031	21-Nov-18	5.53	100.83	0.00	8.5%	-0.04
7.875 16-FEB-2032	16-Feb-17	6.61	95.41	0.00	8.8%	-0.02
7.375 SEP 28, 2033	28-Sep-21	8.22	90.17	0.00	9.0%	-0.08
7.696 FEB 23, 2038	23-Feb-18	12.63	87.14	0.00	9.4%	-0.03
7.625 NOV 28, 2047	28-Nov-17	22.40	79.97	0.00	9.9%	-0.01
9.248 JAN 21, 2049	21-Nov-18	23.55	93.36	0.00	10.0%	0.00
8.25 SEP 28, 2051	28-Sep-21	26.23	83.50	0.00	10.1%	0.01

Weekly Stock Recommendations as at Friday, July 11, 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
ZENITH BANK PLC	7.59	10.93	108.18	0.64	9.19x	69.70	33.10	69.70	**100.4**	59.2	80.2	44.00	Buy
GTCO PLC	7.45	10.44	87.25	1.08	12.62x	94.10	43.00	94.10	**131.7**	80.0	108.2	40.00	Buy
LAFARGE AFRICA PLC	3.02	4.47	34.35	3.09	35.10x	106.00	35.60	106.00	**156.9**	90.1	121.9	48.00	Buy
MTN NIGERIA PLC	6.37	9.17	-15.46	-25.55	62.04x	395.0	178	395.00	**568.8**	335.8	454.3	44.00	Buy
TRANSCORP PLC	1.92	2.61	29.22	1.69	25.67x	61.95	10.40	49.30	**67.0**	41.9	56.7	36.00	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, July 11, 2025

MAJOR	11-Jul-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1693	1.1701	-0.07%.	-0.69%.	0.91%	7.18%
GBPUSD	1.3503	1.3581	-0.57%.	-1.09%.	-0.84%.	3.94%
USDCHF	0.7963	0.7967	-0.05%.	0.22%	-1.68%.	-10.92%.
USDRUB	78.2980	77.5535	0.96%	-0.57%.	-2.13%.	-10.90%.
USDNGN	17.9308	17.7357	1.10%	0.16%	-0.50%.	-4.24%.
USDZAR	17.9308	17.7357	1.10%	2.04%	0.71%	-0.14%.
USDEGP	49.5100	49.6092	-0.20%.	0.32%	0.00%	3.25%
USDCAD	18.70	18.6005	0.56%	0.77%	0.67%	0.44%
USDMXN	18.70	18.6005	0.56%	0.44%	-0.94%.	6.21%
USDBRL	5.58	5.5318	0.88%	2.89%	0.75%	2.74%
AUDUSD	0.6002	0.6040	-0.63%.	0.40%	0.60%	-3.12%.
NZDUSD	0.6002	-0.0600	-0.63%.	-0.85%.	-1.03%.	-1.89%.
USDJPY	147.3540	146.2716	0.74%	2.02%	2.69%	-6.67%.
USDCNY	147.3540	146.2716	0.74%	2.02%	2.69%	-6.67%.
USDINR	85.8080	85.7223	0.10%	0.11%	0.26%	2.74%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, July 11, 2025

Commodity		11-Jul-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	68.2	66.6	2.46%	2.55%	0.16%	-17.11%.
BRENT	USD/Bbl	70.2	68.6	2.23%	2.74%	1.14%	-17.50%.
NATURAL GAS	USD/MMBtu	3.4	9.8	2.00%	0.49%	-2.55%.	46.11%
GASOLINE	USD/Gal	2.2	2.2	0.94%	2.70%	0.24%	-13.40%.
COAL	USD/T	111.0	110.3	0.68%	-0.22%.	6.27%	-17.01%.
GOLD	USD/t.oz	3,361.2	3,324.3	1.11%	0.79%	-0.73%.	39.41%
SILVER	USD/t.oz	38.1	37.0	2.98%	3.22%	4.93%	23.90%
WHEAT	USD/Bu	551.6	554.5	-0.52%.	0.52%	4.72%	0.11%
PALM-OIL	MYR/T	4,175.0	4,146.8	0.68%	2.78%	8.72%	6.67%
COCOA	USD/T	7,995.0	7,938.7	0.71%	-2.10%.	-18.43%.	-4.30%.