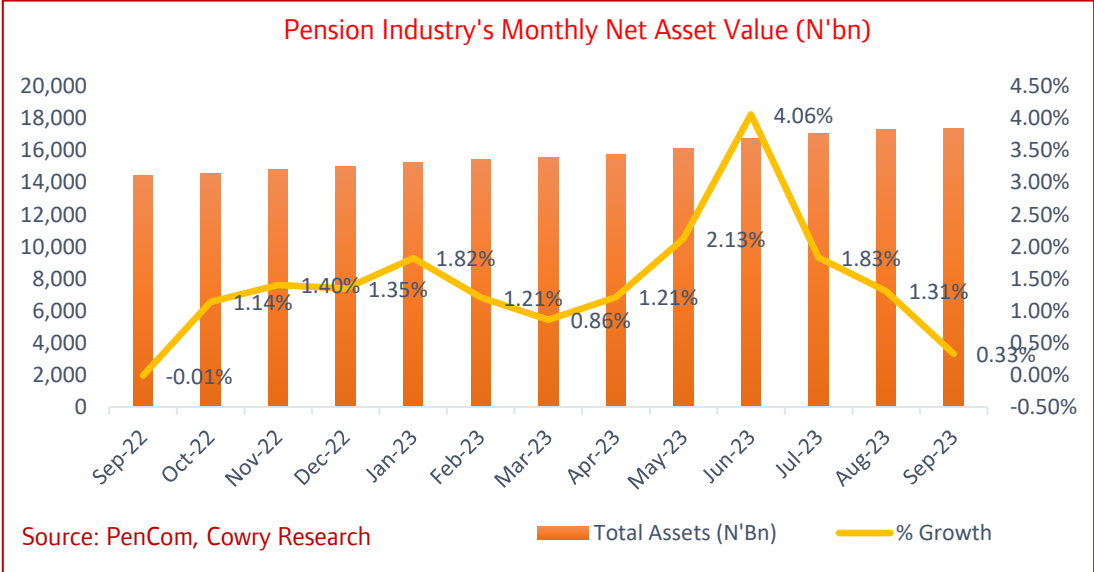


Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigerian Pension Fund AUM Soars to N17.35 Trillion, Driven by Diversification

The latest data sourced from the Nigerian Pension Commission (PenCom) website reveals that the assets under management (AUM) in the Nigerian pension fund industry reached N17.35 trillion by the end of September 2023. This figure represents a 0.33% increase compared to the previous month's N17.29 trillion. The year-on-year growth is even more impressive, showing a 20.28% rise from N14.42 trillion during the same period in the previous year. On a quarterly basis, the AUM increased by 3.51% from N16.76 trillion at the close of June 2023. This robust growth can be attributed to increased contributions from both employers and employees, as well as favorable investment returns.

A closer look at the data highlights the Nigerian pension fund industry's proactive approach to diversifying its portfolio. This diversification extends into alternative asset classes, including real estate, private equity, and infrastructure. The primary goal of this strategy is to mitigate risk and enhance returns for pension fund subscribers. As a result, the industry achieved a noteworthy 15.72% return in the nine months leading up to September 30, 2023.



The Nigerian pension fund industry plays a significant role in the Nigerian capital market, accounting for approximately 20% of the total market capitalization. Notably, their investments in domestic ordinary shares have bolstered the growth of the Nigerian Stock Exchange (NGX), which has enjoyed remarkable returns, with the All-Share Index (ASI) surging to 68,000 points in a 15-year high, not witnessed since March 2008. This remarkable performance can be attributed to various factors, including market reforms and increased interest from both domestic and foreign investors. During this period, the ASI and Market Capitalization reached 66,382.14 points and N36.33 trillion, respectively, reflecting a year-to-date return of 29.52%.

The breakdown of the pension fund industry's portfolio, as per PenCom data, reveals that the largest asset class is investment in Federal Government of Nigeria (FGN) securities, such as bonds and treasury bills, constituting 65.2% of AUM as of September 30, 2023. Corporate debt securities have witnessed a notable increase, growing from 6% to 10.70% over the past year, likely due to attractive yields and a desire to support this sector's growth. Other asset classes include money market instruments (9.44%) and domestic ordinary shares (7.99%).

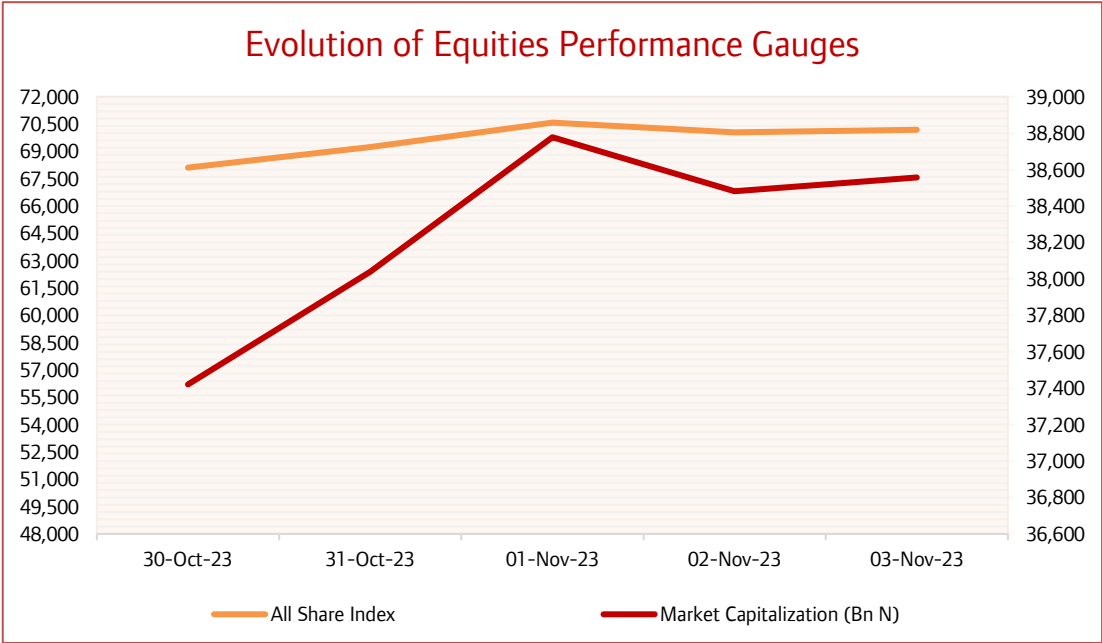
While investments in real estate and private equity have also seen growth, these asset classes remain a small portion of the overall portfolio. Additionally, foreign ordinary shares, infrastructure funds, mutual funds, and real estate as an alternative investment class have not gained significant traction in the Nigerian market.

The Nigerian pension fund industry is on a rapid growth trajectory and is poised to surpass the N20 trillion mark by the end of 2023, with expectations that it continues to play a pivotal role in the development of the Nigerian economy in the coming years. The diversification of the industry's portfolio into a wider range of asset classes is a positive development, benefiting both pension fund members and the overall economy. By spreading investments across diverse assets, pension funds can reduce risk and generate more sustainable returns, thus enhancing the financial security of their members and facilitating long-term investment in the economy. However, there is still room to create an environment that encourages fund administrators to invest in alternative assets.

EQUITIES MARKET: Local Equities Market Surges to Historic High, Up 4.56% w/w on Impressive Q3 Earnings..

The local equities market experienced a sustained surge in buying interest, particularly in large-cap stocks and blue-chip companies propelled by high investor sentiment that gave rise to a bullish trend in the market. The surge was driven by several factors, including the release of impressive Q3 financial reports and earnings, attractive valuations in some stocks, and the resulting high investor confidence. As a result, the benchmark index advanced by 4.56% on a week-on-week basis, reaching a historic level of 70,196.77 points. This marked a significant milestone as it crossed the psychological threshold of 70,000. The overall market capitalization on the NGX also saw an increase, inching higher to N38.56 trillion.

During this optimistic week marked by strong corporate earnings reports, equity investors witnessed significant gains, with the market recording an increase of N1.67 trillion in gains while the year-to-date return for the market also saw a further increase, reaching 36.97%. Notable contributors to this impressive rally included stocks like AIRTELAFRI, SEPLAT, JAPAUFGOLD, FBN Holdings, UBA, and STANBIC, which collectively contributed to the bullish momentum in the market.



The performance of various sectors during the week was predominantly bullish, with four out of the five tracked sectors showing positive advancements. These gains were largely attributed to strategic position-taking and strong buying activities. Notably, the Insurance, Banking, Industrial, and Consumer Goods indexes experienced week-on-week increases of 7.96%, 2.67%, 0.73%, and 0.47%, respectively. Positive price movements in stocks like TANTALIZER, AIRTELAFRI, MBENEFIT, UBA, STANBIC, and GREGU PLC played a significant role in driving the bullish momentum in these sectors. However, the Oil & Gas index remained largely unchanged during the week, despite notable upticks in SEPLAT and ETERNA.

The trading activity during the week painted a positive picture, with a 31.20% week-on-week increase in the weekly deal count, reaching 37,959 deals. The average traded volume also witnessed a significant surge of 69.52%, totaling 2.45 billion units, while the weekly average value increased by 59.61% week-on-week, amounting to N40.57 billion.

Key performers at the close of the week included stocks like MBENEFIT, JAPAUFGOLD, AIRTELAFRI, OMATEK, and CADBURY. These stocks posted remarkable gains of 29.27%, 28.28%, 27.85%, 27.27%, and 25.00%, respectively, on a week-on-week basis, despite the market's inherent volatility. Conversely, some stocks, including ELLAHLAKES, RTBRISCOE, BETAGLASS, MEYER, and ABBEYBDS, experienced declines in their share prices, with losses ranging from 21.96% to 9.71% on a week-on-week basis.

Looking ahead, Cowry Research expect anticipate the prevailing bullish momentum to persist, with dividend qualification dates drawing closer. Equity investors are expected to position themselves in dividend-paying stocks. Additionally, some portfolio rebalancing is anticipated, driven by better-than-expected corporate financial results released thus far, sector rotation dynamics, and a relatively weak manufacturing PMI for October. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, November 3, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	Nov-03-23	Oct-27-23	% Change	Symbol	Nov-03-23	Oct-27-23	% Change
MBENEFIT	0.53	0.41	29.27%	ELLAHLAKES	3.59	4.60	-21.96%
JAPAULGOLD	1.27	0.99	28.28%	RTBRISCOE	0.43	0.50	-14.00%
AIRTELAFRI	1,790.00	1,400.10	27.85%	BETAGLASS	59.95	66.95	-10.46%
OMATEK	0.56	0.44	27.27%	MEYER	2.74	3.04	-9.87%
CADBURY	15.75	12.60	25.00%	ABBEYBDS	1.86	2.06	-9.71%
UACN	16.00	13.10	22.14%	LEARNAFRCA	2.98	3.30	-9.70%
NNFM	20.00	16.50	21.21%	THOMASWY	3.70	4.03	-8.19%
TANTALIZER	0.41	0.34	20.59%	SUNUASSUR	0.94	0.99	-5.05%
NEM	5.60	5.05	10.89%	BUACEMENT	100.50	105.80	-5.01%
ETRANZACT	8.10	7.70	5.19%	GUINEAINS	2.21	2.30	-3.91%

Weekly Stock Recommendations as at Friday, November 3, 2023

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
ETI	5.73	9.17	72.70	0.21	2.62	17.5	9.5	15.00	24.0	12.8	17.3	60.0	Buy
AIRTELAFRI	27.62	51.79	596	2.84	61.3	2,040	1,175	1,694	2,685	1,522	2,059	50.00	Buy
SEPLAT	2.98	3.17	2,278	0.84	640.2	1837	1050	1,905	2,250.	1619	2191	18.1	Buy
PRESCO	8.40	11.20	50.83	3.74	22.62	235	110	190	253.3	161.5	218.5	33.3	Buy
NAHCO	1.35	1.44	5.98	4.18	18.6	26.7	14	25	32.0	21.3	28.8	28.0	Buy



FGN Eurobonds Trading Above 8% Yield as at Friday, November 3, 2023

FGN Eurobonds	Issue Date	TTM (years)	03-Nov-23 Price (N)	Weekly USD Δ	03-Nov-23 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	2.05	97.73	1.77	8.9%	-0.98
6.50 NOV 28, 2027	28-Nov-17	4.07	87.23	3.61	10.4%	-1.22
6.125 SEP 28, 2028	28-Sep-21	4.91	83.00	3.38	10.7%	-1.02
8.375 MAR 24, 2029	24-Mar-22	5.39	89.34	4.45	11.1%	-1.23
7.143 FEB 23, 2030	23-Feb-18	6.31	82.58	4.53	11.1%	-1.18
8.747 JAN 21, 2031	21-Nov-18	7.22	87.82	4.41	11.3%	-1.02
7.875 16-FEB-2032	16-Feb-17	8.29	82.17	4.55	11.2%	-1.01
7.375 SEP 28, 2033	28-Sep-21	9.91	76.97	4.06	11.3%	-0.85
7.696 FEB 23, 2038	23-Feb-18	14.32	73.10	4.39	11.6%	-0.83
7.625 NOV 28, 2047	28-Nov-17	24.08	69.80	4.80	11.3%	-0.84
9.248 JAN 21, 2049	21-Nov-18	25.24	79.63	4.45	11.8%	-0.71
8.25 SEP 28, 2051	28-Sep-21	27.92	72.16	4.41	11.6%	-0.76

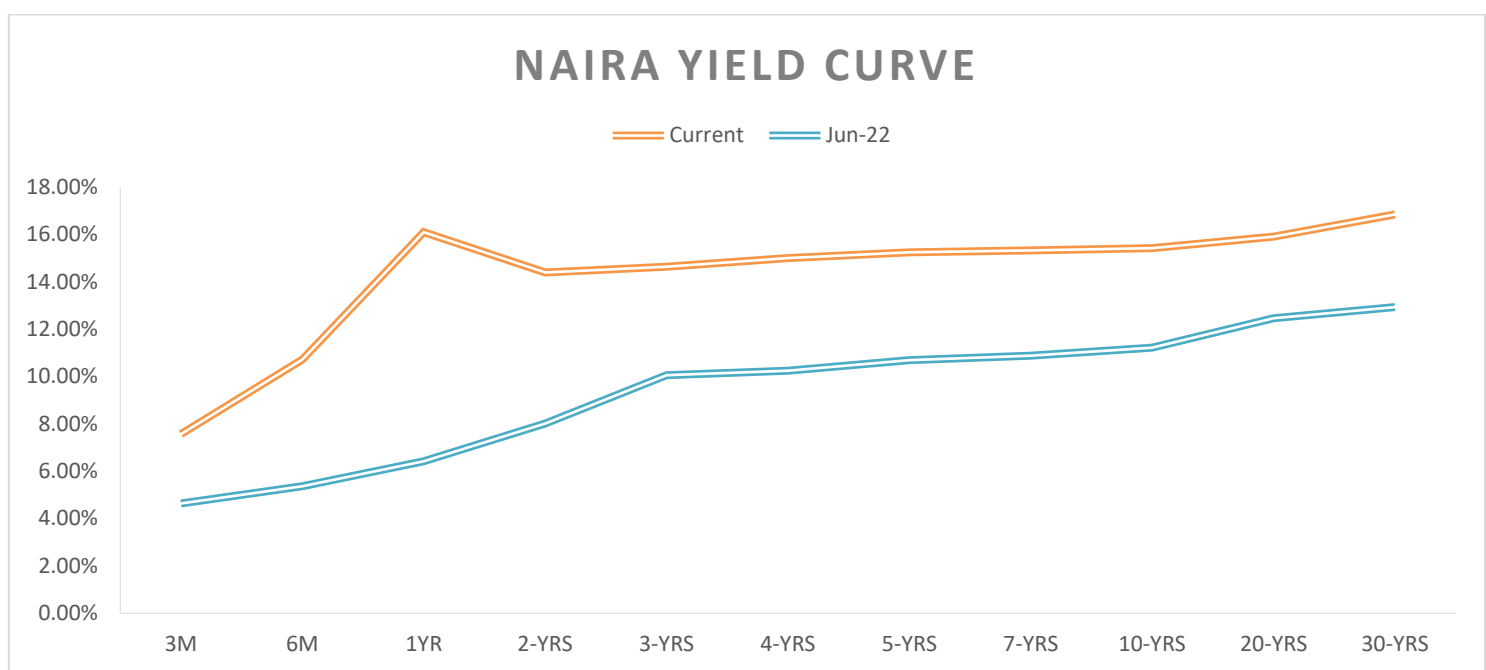
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 3, 2023

MAJOR	03-Nov-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0704	1.0620	0.79%	1.34%	1.93%	7.48%
GBPUSD	1.2334	1.2201	1.09%	1.77%	1.72%	8.46%
USDCHF	0.9004	0.9061	-0.62%	-0.22%	-1.85%	-9.43%
USDRUB	92.0150	93.2742	-1.35%	-2.31%	-6.87%	50.84%
USDNGN	806.2700	786.9888	2.45%	2.06%	7.99%	83.71%
USDZAR	18.3038	18.4180	-0.62%	-2.83%	-5.23%	2.37%
USDEGP	30.8910	30.8509	0.13%	0.13%	0.46%	27.65%
USDCAD	1.37	1.3737	-0.27%	-1.23%	-0.33%	1.64%
USDMXN	17.39	17.5092	-0.70%	-4.02%	-3.14%	-10.85%
USDBRL	4.89	4.9540	-1.20%	-2.47%	-5.14%	-3.25%
AUDUSD	0.6487	0.6434	0.82%	2.48%	2.66%	0.39%
NZDUSD	0.5969	-0.0600	1.22%	2.73%	0.99%	0.86%
USDJPY	149.6550	150.4373	-0.52%	0.00%	0.32%	2.05%
USDCNY	7.3098	7.3274	-0.24%	-0.33%	-0.11%	1.86%
USDINR	83.2139	83.2305	-0.02%	-0.06%	-0.05%	1.52%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 3, 2023

Commodity		03-Nov-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	81.4	82.5	-1.24%	-4.71%	-1.25%	-10.86%
BRENT	USD/Bbl	85.8	86.9	-1.25%	-3.77%	1.96%	-11.42%
NATURAL GAS	USD/MMBtu	3.5	9.8	0.85%	0.58%	5.52%	-48.13%
GASOLINE	USD/Gal	2.2	2.2	-2.06%	-4.13%	1.69%	-16.94%
COAL	USD/T	118.0	117.4	0.47%	-13.04%	-21.33%	-66.67%
GOLD	USD/t.oz	1,994.5	1,985.6	0.45%	-0.59%	9.50%	18.67%
SILVER	USD/t.oz	23.2	22.7	2.01%	0.25%	10.67%	11.33%
WHEAT	USD/Bu	573.0	565.5	1.33%	-0.56%	2.20%	-33.97%
PALM-OIL	MYR/T	3,768.0	3,783.9	-0.42%	-0.19%	1.43%	-13.72%
COCOA	USD/T	3,883.0	3,864.8	0.47%	0.57%	12.91%	59.16%

FGN Bonds Yield Curve, Friday, November 3, 2023



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