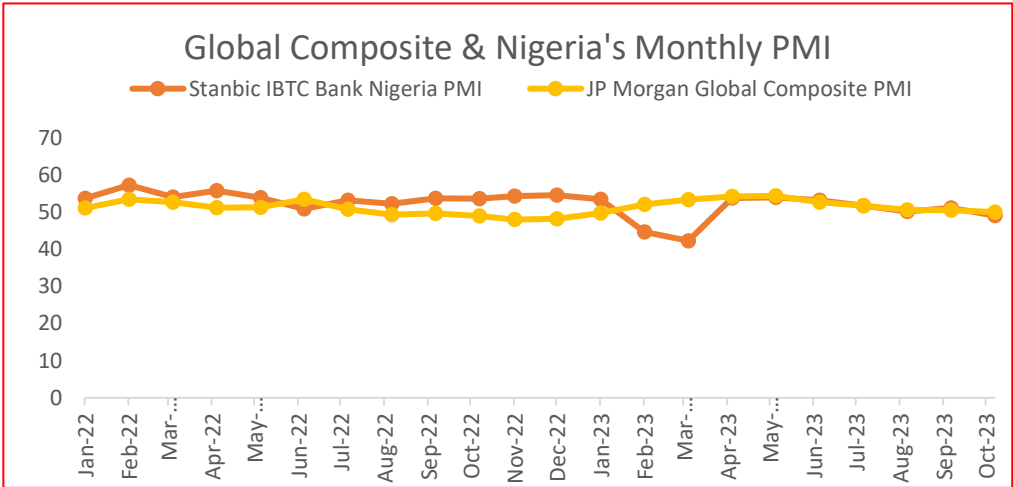


# Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Soaring prices and currency weakness dampen demand, leading to contractions....

The latest Purchasing Managers' Index (PMI) report from the S&P Stanbic IBTC for October 2023 reveals a challenging scenario for the Nigerian private sector. According to the report, the headline PMI dropped below 50.0 for the first time in seven months, signaling a deterioration in private sector business conditions at 49.1, down from September's 51.1. The primary challenge for firms was the sharpest increase in overall input prices in nearly a decade, driven by currency weakness and the removal of fuel subsidies. As living costs, particularly related to transportation, rose, companies increased staff pay considerably. This sharp inflationary environment led to a decline in customer demand in October, ending six months of growth in new business.

The inflationary environment, marked by the sharpest increase in overall input prices in nearly a decade, led to a decline in customer demand, ending six months of growth in new business. Business activity also declined, reflecting reduced new orders and high input prices, causing companies to cut purchasing activity for the first time in seven months and resulting in project delays. Outstanding work increased, reflecting customer payment delays, despite continued employment growth. The report highlights the delicate balance between growth aspirations and the harsh economic realities faced by Nigerian businesses.



On the global front, the month of October witnessed the fifth consecutive monthly decline in global manufacturing output, with notable drops in intermediate and investment goods production. The service sector experienced its fifth consecutive month of slower expansion, marked by the first contraction in business services in ten months. Consumer services showed minimal growth, reaching its weakest level in nine months, while financial services demonstrated strong growth.

The JP Morgan PMI report for 15 nations, including India, Russia, the US, Japan, Brazil, and Kazakhstan, revealed a mixed economic landscape. While six nations reported economic expansion, Europe grappled with contractions in major economies. New business levels contracted for the second consecutive month in both manufacturing and service sectors globally, with only financial services showing growth. International trade faced ongoing challenges, with new export business declining for the twentieth consecutive month.

Performance of Nigeria's Key Macroeconomic Indices		
Monthly Indices		
Indices	Latest	Previous
MPR	18.75%	18.50%
Inflation	26.72%	25.80%
PMI	49.10	51.10
Official FX rate (N/\$)	815.32	755.27
Quarterly Indices		
GDP Growth (%y/y)	2.51%	2.31%
Trade Balance (N'bn)	1,289.50	927.20
Capital Importation (\$'bn)	1,030.21	1,132.65
Total National Debt (N'trn)	87.40	49.85
Unemployment Rate (%)	4.10	5.30

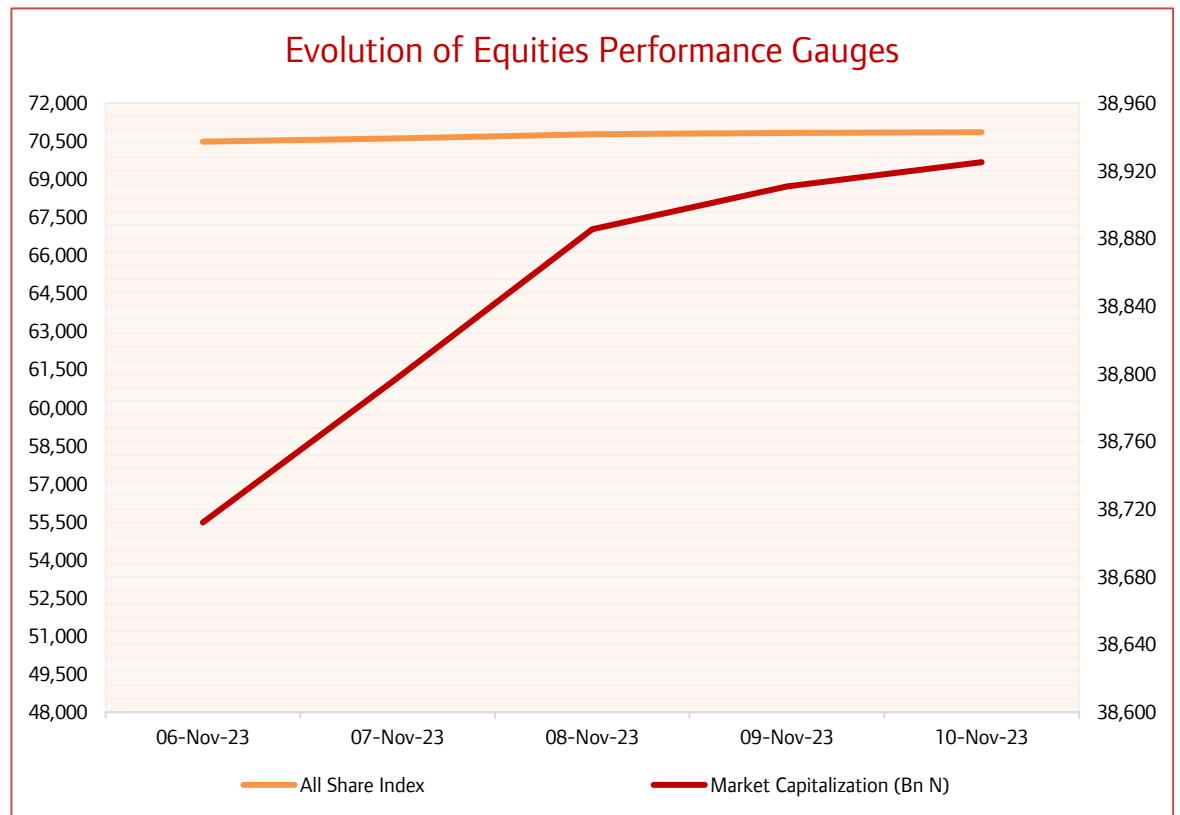
Global job creation rates reached a nine-month low, and both services and manufacturing sectors experienced a reduction in backlogs of work, contributing to a dip in overall business optimism. Price inflation rates eased in October, particularly in developed nations, reflecting lower input costs and output charges. The J.P. Morgan Global Services PMI Business Activity Index indicated expansion but at the weakest level in the current nine-month period, influenced by reduced new order intakes, declining backlogs of work, and lower business optimism.

As Nigeria grapples with a myriad of economic challenges, the confluence of high inflation, limited foreign exchange liquidity, and sluggish GDP growth has cast a shadow over the nation's financial landscape. The palpable slowdown in the Purchasing Managers' Index (PMI) reflects a contraction in the private sector, as businesses diligently explore avenues to mitigate costs and streamline operational processes. This economic quagmire is further elucidated by the recent earnings reports from listed companies, particularly those in the manufacturing and consumer goods sectors, citing the escalating costs of production materials and the harsh economic environment as impediments to their productive capacity. Cowry Research, however, remains optimistic about Nigeria's economic trajectory. They emphasize the necessity of implementing robust economic reforms and a well-executed policy framework, with particular attention to resolving the foreign exchange conundrum. This, they believe, will not only fortify growth but also stimulate the real sector, paving the way for a significant improvement in the PMI in the near term as the government charts a comprehensive economic roadmap.

**EQUITIES MARKET: ASI Advances 0.93% w/w as Positive Sentiment Pervades Local Bourse..**

The bullish trend on the Nigerian Exchange persisted for yet another week as investors intensified their buying activities across low, mid, and high-priced stocks. This surge in buying interest is attributed to portfolio reshuffling in anticipation of key macroeconomic reports, including October Inflation, Q3 GDP data, the final MPC meeting for the year, and year-end seasonality. These factors collectively contributed to a positive impact on the benchmark All-Share Index, which closed higher with significant traded volume and positive market breadth. As a result, the benchmark index advanced by 0.93% on a week-on-week basis, to a new historic level of 70,849.38 points.

This upward movement brought the market's year-to-date return to an impressive 38.18%. Concurrently, the market capitalization of listed equities increased by 1.12% week-on-week, reaching N38.91 trillion. McCure Industries' addition of N11.8 billion in market capitalization significantly contributed to this uptrend. During this optimistic week marked by strong corporate earnings reports, equity investors witnessed significant gains, with the market recording an increase of N368.2 billion in gains while the year-to-date return for the market also saw a further increase, reaching 38.24%.



Across the sectors, the performance reflects the optimism and confidence of investors amid the ongoing economic developments and anticipation of key reports. Thus, the week was predominantly bullish, with the exception of the Insurance index, which declined by 0.53% week-on-week due to adverse price movement in CHIPLC, LASACO, ROYALEX. On the contrary, Oil & Gas sector led the gainers due to gains in JAPAU LGOLD, OANDO, and CONOIL, experiencing a 2.91% week-on-week increase, followed by the Industrial Goods sector with a 2.73% gain. Also, the Banking and Consumer Goods indexes recorded positive movements, rising by 1.17% and 0.05%, respectively from the performance of GLAXOS MITH, PZ, FBNH and FCMB.

The trading activity during the week painted a positive picture, with a 2.99% week-on-week increase in the weekly trade volume to reaching 2.5 billion units while the weekly traded value increased by 11.65% week-on-week, amounting to N45.30 billion.

Key performers at the close of the week included stocks like JAPAU LGOLD, RTBRISCOE, GLAXOSMITH, PZ and DEAPCAP. These stocks posted remarkable gains of 55.91%, 39.53%, 29.44%, 15.00%, and 14.81%, respectively, on a week-on-week basis. Conversely, some stocks, such as CAVERTON, TIP, NNFM, MULTIVERSE, and CADBURY, experienced declines in their share prices, with losses ranging from -13.64% TO 7.34% on a week-on-week basis.

Looking ahead, Cowry Research expect anticipate the prevailing bullish momentum to persist and to be driven by improved corporate earnings and the commencement of dividend season. We believe equity investors will continue to position themselves in dividend-paying stocks. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

## Weekly Gainers and Loser as at Friday, November 10, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	Nov -10 - 23	Nov - 03 - 23	% Change	Symbol	Nov -10 - 23	Nov - 03 - 23	% Change
JAPAULGOLD	1.98	1.27	56%	CAVERTON	1.33	1.54	-14%
RTBRISCOE	0.60	0.43	40%	TIP	1.02	1.14	-11%
GLAXOSMITH	16.05	12.40	29%	NNFM	18.00	20.00	-10%
PZ	23.00	20.00	15%	MULTIVERSE	2.90	3.20	-9%
DEAPCAP	0.31	0.27	15%	CADBURY	14.40	15.75	-9%
OMATEK	0.64	0.56	14%	CHIPLC	1.01	1.09	-7%
FBNH	20.00	17.80	12%	TANTALIZER	0.38	0.41	-7%
FCMB	7.00	6.30	11%	ACADEMY	1.77	1.90	-7%
PRESTIGE	0.45	0.41	10%	UPDC	1.23	1.32	-7%
OANDO	9.60	8.80	9%	ETRANZACT	7.55	8.10	-7%

## Weekly Stock Recommendations as at Friday, November 10, 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
GTCO	2.92	3.12	43.25	0.83	12.29	40.00	16.80	35.70	42.35	30.5	41.3	26.67	Buy
MTNN	7.02	7.49	14.73	15.88	33.34	290	185	234	278	198.9	269.1	18.80	Buy
SEPLAT	2.98	3.17	2,278	0.87	665.4	1837	1050	1,980	2,280	1,683	2,277	20.15	Buy
FIDELITY	0.93	0.99	12.84	0.74	10.22	9.82	2.87	9.15	12.52	8.1	10.9	31.58	Buy
OKOMUOIL	4.95	5.28	45.61	5.19	47.84	265	157	236.80	280	201.3	272.3	18.24	Buy



## FGN Eurobonds Trading Above 8% Yield as at Friday, November 10, 2023

FGN Eurobonds	Issue Date	TTM (years)	10-Nov-23 Price (N)	Weekly USD Δ	10-Nov-23 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	2.03	96.22	-1.51	9.7%	0.87
6.50 NOV 28, 2027	28-Nov-17	4.05	85.36	-1.87	11.1%	0.65
6.125 SEP 28, 2028	28-Sep-21	4.89	81.36	-1.64	11.2%	0.52
8.375 MAR 24, 2029	24-Mar-22	5.37	87.83	-1.51	11.5%	0.42
7.143 FEB 23, 2030	23-Feb-18	6.29	80.83	-1.75	11.5%	0.46
8.747 JAN 21, 2031	21-Nov-18	7.20	85.96	-1.86	11.7%	0.43
7.875 16-FEB-2032	16-Feb-17	8.27	80.30	-1.87	11.7%	0.42
7.375 SEP 28, 2033	28-Sep-21	9.89	75.07	-1.90	11.7%	0.40
7.696 FEB 23, 2038	23-Feb-18	14.30	71.14	-1.96	12.0%	0.36
7.625 NOV 28, 2047	28-Nov-17	24.07	67.06	-2.74	11.8%	0.46
9.248 JAN 21, 2049	21-Nov-18	25.22	77.14	-2.49	12.2%	0.39
8.25 SEP 28, 2051	28-Sep-21	27.90	70.28	-1.88	11.9%	0.31

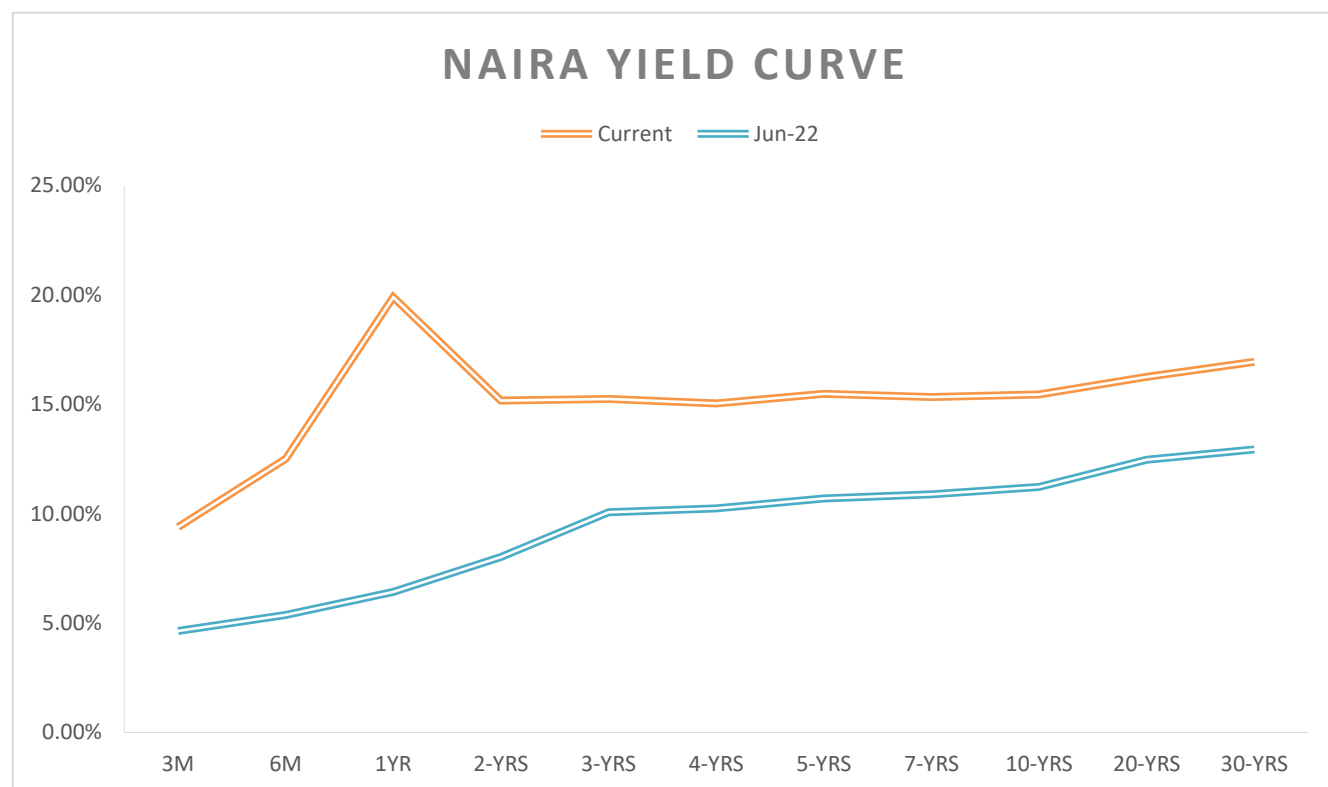
## U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 10, 2023

MAJOR	10-Nov-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0685	1.0666	0.18%	-0.43%	0.62%	3.19%
GBPUSD	1.2222	1.2222	0.00%	-1.25%	-0.72%	3.27%
USDCHF	0.9015	0.9027	-0.14%	0.28%	-0.06%	-4.28%
USD RUB	92.2360	91.6677	0.62%	-0.66%	-7.30%	54.89%
USDNGN	802.0000	802.8028	-0.10%	1.91%	5.11%	82.22%
USDZAR	18.7593	18.6456	0.61%	2.66%	-0.44%	8.73%
USDEGP	30.8881	30.8511	0.12%	0.12%	-0.04%	26.90%
USDCAD	1.38	1.3806	0.10%	1.19%	1.69%	4.28%
USDMXN	17.82	17.8081	0.04%	2.10%	-0.08%	-8.62%
USDBRL	4.92	4.9344	-0.20%	0.41%	-2.51%	-7.58%
AUDUSD	0.6357	0.6365	-0.12%	-2.32%	-0.81%	-5.09%
NZDUSD	0.5892	-0.0600	0.00%	-1.70%	-2.04%	-3.36%
USDJPY	151.4060	151.3455	0.04%	1.37%	1.52%	9.10%
USDCNY	7.3014	7.2970	0.06%	0.18%	0.01%	2.99%
USDINR	83.2282	83.3115	-0.10%	0.10%	0.08%	3.41%

## Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 10, 2023

Commodity		10-Nov-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	76.6	75.7	1.19%	-4.74%	-6.55%	-12.02%
BRENT	USD/Bbl	81.1	80.0	1.36%	-4.46%	-4.23%	-14.09%
NATURAL GAS	USD/MMBtu	3.0	9.8	0.16%	-13.37%	-16.75%	-51.38%
GASOLINE	USD/Gal	2.2	2.2	1.02%	-0.74%	-0.41%	-14.51%
COAL	USD/T	123.0	122.5	0.41%	4.24%	-13.32%	-62.15%
GOLD	USD/t.oz	1,945.3	1,958.2	-0.66%	-2.32%	3.86%	9.90%
SILVER	USD/t.oz	22.3	22.6	-1.28%	-3.65%	1.33%	3.10%
WHEAT	USD/Bu	579.1	580.8	-0.29%	0.94%	3.94%	-30.81%
PALM-OIL	MYR/T	3,802.0	3,742.9	1.58%	0.90%	7.07%	-11.31%
COCOA	USD/T	3,994.0	3,949.0	1.14%	2.36%	16.26%	58.33%

## FGN Bonds Yield Curve, Friday, November 10, 2023



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