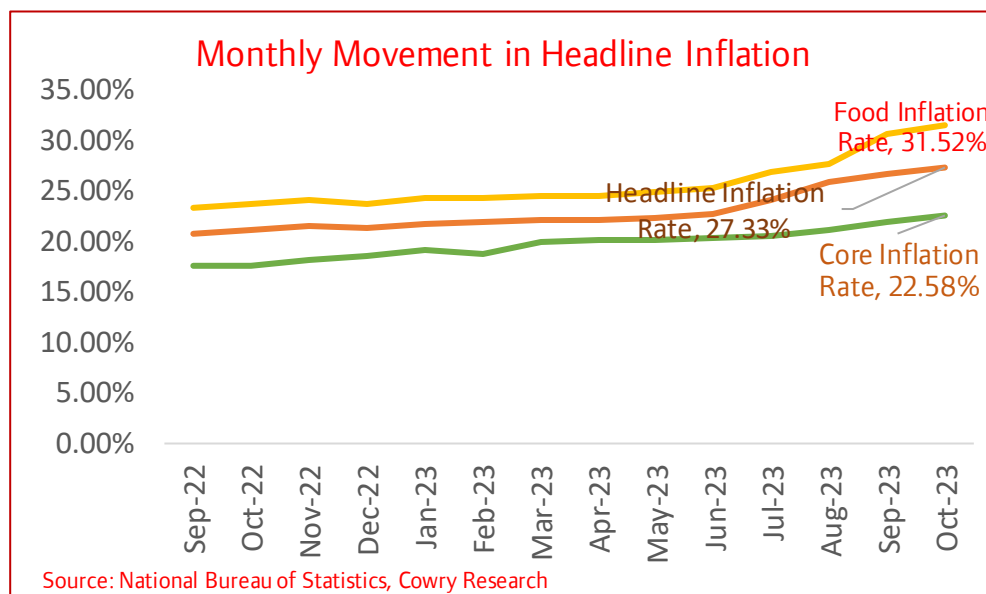


# Cowry Financial Markets Review, Outlook & Recommended Stocks

## ECONOMY: CBN Sees Rate Maneuver Thicket as Inflation Remains Far from Inflexion Point at 27.33%....

The latest report published by the National Bureau of Statistics showed that in October 2023, Nigeria’s annual inflation rate increased to 27.33% from 26.72% reported in September 2023 marking the tenth consecutive monthly increase, and was driven by increased import costs, the vulnerability of the Naira, and the removal of the fuel subsidy regime by the federal government. This rate is the highest since August 2005. Contributing factors include the escalating transportation costs due to the rise in PMS prices since May 2023, the impact of climate change on food production, and security issues in the country.

The analysis of the statistics bureau's report highlights that the major driver of inflation in Nigeria comes from the food basket, a crucial component of the Consumer Price Inflation (CPI) basket. This index rose to 31.52% in October, peaking since August 2005, from 30.64% in September, primarily due to persistent security challenges in food-producing regions. Year-on-year, food inflation increased, driven by higher prices in categories such as bread and cereals, oil and fat, potatoes, yams, fish, fruit, meat, vegetables, and dairy products.



The depreciation of the Nigerian Naira and floods damaging crops in food-producing areas have also contributed to higher food prices. On a positive note, food inflation reversed its monthly uptrend in October to 1.91%, a 0.54% decrease compared to September 2023. This decline was attributed to reduced rates of increase in the average prices of fruits, oil and fat, coffee, tea, cocoa, bread, and cereals. Another contributor to the headline index is the core inflation index, which excludes volatile agricultural produce and energy. It stood at 22.58% in October 2023 on a year-on-year basis, reflecting a 5.12% increase compared to October 2022. The highest increases were recorded in prices of passenger transport by road, medical services, passenger transport by air, actual and imputed rentals for housing, pharmaceutical products, etc. However, the month-on-month reading showed a core inflation rate of 1.39% in October, a decline of 0.83% from September 2023.

Transportation costs, which rose by 18.33% in October, further impacted overall price increases. This increase was attributed to factors such as the surge in fuel prices, increased spare parts costs, and higher transportation costs due to the poor state of roads. Housing costs also rose by 14.21% in October 2023, driven by increased building material costs and rising demand for rental accommodation due to population growth.

Items Contribution to the Headline index		
Divisional Level	(%) Y/Y Contribution	(%) M/M Contribution
Food & Non-Alcoholic beverages	14.16	0.9
Housing and Utility	4.57	0.29
Clothing & Footwear	2.09	0.13
Transportation	1.78	0.11
Household Equipment & Furnishing	1.37	0.09
Education	1.08	0.07
Health	0.82	0.05
Miscellaneous Goods & services	0.45	0.03
Restaurants & Hotels	0.33	0.02
Alcoholic Beverage, Tobacco & Kola	0.3	0.02
Recreation & Culture	0.19	0.01
Communication	0.19	0.01
Total	27.33	1.73

In analyzing state profiles, the NBS report indicated that annual inflation was highest in Kogi (34.20%), Rivers (31.44%), Lagos (31.23%), while Borno (20.06%), Jigawa (23.52%), and Sokoto (24.47%) recorded the slowest rise in year-on-year headline inflation. On a month-on-month basis, October 2023 recorded the highest increases in Yobe (3.72%), Jigawa (2.85%), Sokoto (2.84%), while Kogi (1.01%), Edo (1.05%), and Kwara (1.18%) recorded the slowest rises.

Food inflation rose fastest in Kogi (41.74%), Kwara (38.48%), and Lagos (37.37%), while Borno (24.41%), Kebbi (24.90%), and Jigawa (25.10%) recorded the slowest rise on a year-on-year basis. On a month-on-month basis, October 2023 food inflation was highest in Yobe (5.35%), Sokoto (3.68%), and Jigawa (3.45%), while Edo (0.95%), Katsina (1.03%), and Rivers (1.10%) recorded the slowest rise in inflation.

Cowry Research anticipates a moderate acceleration in the inflation rate to 27.95% in November 2023, considering the approaching festive season and a modest boost to food supply from the ongoing green harvest. However, rising transportation costs pose significant risks to food inflation, and the core inflation basket may face pressure due to the material depreciation of the Naira across various FX markets and the high prices of PMS and Diesel amid the surge in crude oil prices. Addressing the expanding rate of inflation requires both demand and supply-side strategies from fiscal and monetary authorities. The new CBN management team is expected to deploy a robust liquidity management strategy, while the fiscal authority should focus on value-creating projects and capital spending rather than recurrent expenses.

Looking ahead to the next MPC meeting, the committee faces another challenge for further tightening measures to curb spiraling inflation. In its last meeting in July, the monetary policy committee (MPC) raised interest rates by 25bps to 18.75% and lowered the asymmetric corridor to +100/-300bps (vs. +100/-700bps) to curb sustained headline inflation. To sustain efforts in curbing persistent inflation, Cowry Research expects the MPC to raise the policy rate by 75bps.

### EQUITIES MARKET: NGX Records Modest 0.37% Weekly Gains as Focus Shifts to Q3 GDP, MPC Outcome..

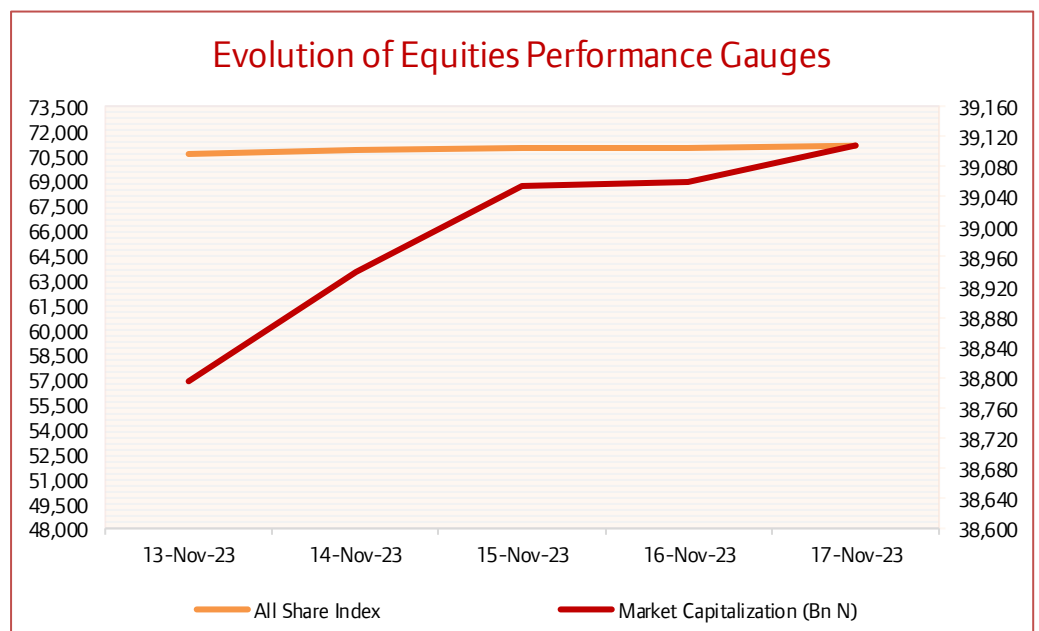
The Nigerian stock market witnessed a positively modest week-on-week performance, marked by a 0.37% gain in the All-Share Index, which closed at 71,112.99 points. This uptick occurred amidst profit-taking activities, as market players carefully digested the latest inflation data, which surged to 27.33% in October from the previous month's 26.72%. The market's focus is now shifting towards the eagerly anticipated release of the Q3 GDP figures and the outcomes of the upcoming Monetary Policy Committee (MPC) meeting, both of which are expected to provide crucial insights into fund flow dynamics and the potential market trajectory.

Notably, the inflationary pressures, as reflected in the recent data, have added an extra layer of complexity to market dynamics. Investors are keenly observing how these factors, coupled with the year-end seasonality, will influence market sentiment. The third quarter brought impressive corporate earnings, complemented by rising yields in the fixed income market. This dual scenario presents a mixed bag of opportunities and challenges for equity investors.

In terms of market capitalization, listed equities recorded a 0.47% week-on-week increase, reaching N39.11 trillion. The market exhibited gains totaling N182.86 billion, contributing to the year-to-date return, which extended further to 38.75%. Despite a relatively positive overall performance, the Banking and Industrial indexes faced minor setbacks, declining by 0.04% and 1.18%, respectively. This dip was attributed to adverse price movements in specific stocks such as FIDELITYBNK, ACCESS, BUACEMENT, and BETAGLASS.

Conversely, the Oil & Gas sector emerged as the week's leading gainer, experiencing a 2.61% week-on-week increase. The uptrend was fueled by gains in SEPLAT and OANDO. Additionally, the Insurance and Consumer Goods sectors posted gains of 0.91% and 0.2%, respectively, driven by significant increases in PRESTIGE, CHIPLC, NASCON, GLAXOSMITH, and OKOMUOIL.

Trading activity during the week witnessed a lackluster performance, with a 19.80% decline in total traded volume, amounting to 2.03 billion units. The weekly traded value also decreased by 38.86%, totaling N27.69 billion. Noteworthy performers included DEADCAP, CILEASING, and MECURE, each securing impressive gains of 55%, 50%, and 46%, respectively, on a week-on-week basis. In contrast, certain stocks, such as JAPAUFGOLD, BETAGLASS, and TIP, faced



declines in their share prices, experiencing losses ranging from -14%, -10%, and -10%, respectively, on a week-on-week basis.

Looking ahead, Cowry Research anticipates the prevailing bullish momentum to persist. Market participants are expected to target dividend-paying stocks, driven by profit-taking and portfolio rebalancing. This strategy is influenced by better-than-expected corporate performance and the allure of high yields. However, all eyes remain on the Monetary Policy Committee meeting, scheduled towards the end of the month, as it is poised to provide crucial policy statements and further direction for the market. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

### Weekly Gainers and Loser as at Friday, November 17, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	Nov -17 - 23	Nov - 10 - 23	% Change	Symbol	Nov -17 - 23	Nov - 10 - 23	% Change
DEAPCAP	0.48	0.31	+55%	JAPAULGOLD	1.70	1.98	-14%
CILEASING	4.98	3.33	+50%	BETAGLAS	54.00	59.95	-10%
MECURE	5.73	3.92	+46%	TIP	0.92	1.02	-10%
OMATEK	0.87	0.64	+36%	REDSTAREX	3.00	3.28	-9%
NNFM	23.90	18.00	+33%	MBENEFIT	0.48	0.52	-8%
NSLTECH	0.36	0.28	+29%	CORNERST	1.40	1.50	-7%
MULTIVERSE	3.63	2.90	+25%	FTNCOCOA	1.71	1.83	-7%
MCNICHOLS	0.75	0.61	+23%	LEARNAFRCA	2.80	2.98	-6%
PRESTIGE	0.55	0.45	+22%	ETRANZACT	7.10	7.55	-6%
OANDO	11.70	9.60	+22%	CADBURY	13.80	14.40	-4%

### Weekly Stock Recommendations as at Friday, November 17, 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	Poten tial Upsid e	Reco mme ndati on
ACCESSBANK	3.18	3.40	46.15	0.37	5.42	18.9	7.5	17.30	22.0	14.7	19.8	27.54	Buy
MTNN	7.02	7.49	14.73	15.88	33.34	290	185	239.50	283.0	204.9	277.2	17.43	Buy
SEPLAT	2.98	3.17	2,278	0.87	665.4	1837	1050	2100.10	2650	1785	2415	26.18	Buy
FBNH	1.35	1.44	38.27	0.52	14.8	20.3	9.00	20.00	26.0	17.0	23.0	30.00	Buy
OKOMUOIL	4.95	5.28	45.61	5.19	47.84	265	157	240	300.0	204.0	276.0	25.00	Buy

## FGN Eurobonds Trading Above 8% Yield as at Friday, November 17, 2023

FGN Eurobonds	Issue Date	TTM (years)	17-Nov-23 Price (N)	Weekly USD Δ	17-Nov-23 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	2.01	96.91	0.69	9.4%	-0.38
6.50 NOV 28, 2027	28-Nov-17	4.03	87.11	1.75	10.5%	-0.58
6.125 SEP 28, 2028	28-Sep-21	4.87	83.36	2.00	10.6%	-0.60
8.375 MAR 24, 2029	24-Mar-22	5.35	90.16	2.33	10.8%	-0.63
7.143 FEB 23, 2030	23-Feb-18	6.27	83.21	2.38	10.9%	-0.60
8.747 JAN 21, 2031	21-Nov-18	7.18	88.20	2.24	11.2%	-0.50
7.875 16-FEB-2032	16-Feb-17	8.25	82.64	2.34	11.1%	-0.50
7.375 SEP 28, 2033	28-Sep-21	9.87	77.57	2.50	11.2%	-0.51
7.696 FEB 23, 2038	23-Feb-18	14.28	73.83	2.69	11.5%	-0.49
7.625 NOV 28, 2047	28-Nov-17	24.05	70.38	3.32	11.2%	-0.56
9.248 JAN 21, 2049	21-Nov-18	25.20	80.50	3.36	11.7%	-0.52
8.25 SEP 28, 2051	28-Sep-21	27.88	73.47	3.19	11.4%	-0.52

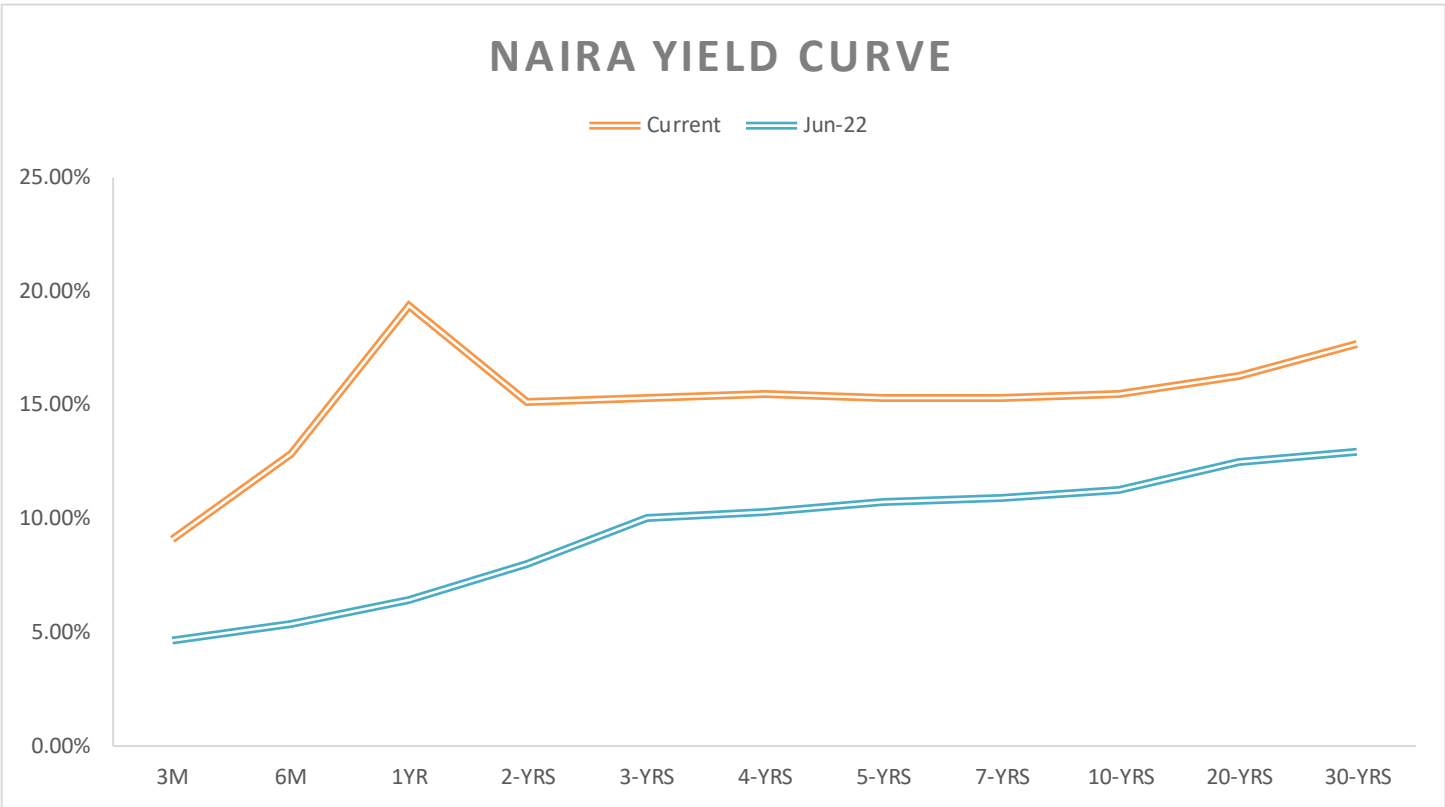
## U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 17, 2023

MAJOR	17-Nov-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0888	1.0850	0.35%	1.94%	3.36%	5.47%
GBPUSD	1.2433	1.2406	0.22%	1.72%	2.41%	4.61%
USDCHF	0.8864	0.8885	-0.24%	-1.80%	-1.39%	-7.14%
USDRUB	88.8330	89.3423	-0.57%	-3.73%	-9.45%	48.43%
USDNGN	839.5400	826.8072	1.54%	4.68%	8.41%	89.87%
USDZAR	18.3788	18.3531	0.14%	-1.83%	-3.21%	6.57%
USDEGP	30.9079	30.8986	0.03%	0.19%	0.03%	26.10%
USDCAD	1.37	1.3754	-0.19%	-0.53%	0.08%	2.56%
USDMXN	17.21	17.2242	-0.07%	-2.35%	-5.61%	-11.41%
USDBRL	4.89	4.8633	0.57%	-0.10%	-3.21%	-9.03%
AUDUSD	0.6502	0.6470	0.50%	2.19%	2.64%	-2.52%
NZDUSD	0.5975	-0.0600	0.07%	1.42%	2.08%	-2.82%
USDJPY	149.5560	150.7165	-0.77%	-1.25%	-0.21%	6.59%
USDCNY	7.2174	7.2450	-0.38%	-1.20%	-1.50%	1.32%
USDINR	83.2240	83.1492	0.09%	-0.11%	-0.08%	1.96%

## Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 17, 2023

Commodity		17-Nov-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	74.8	72.9	2.61%	-3.11%	-14.32%	-6.34%
BRENT	USD/Bbl	79.6	77.4	2.81%	-2.26%	-11.78%	-8.05%
NATURAL GAS	USD/MMBtu	2.9	9.8	-4.03%	-3.15%	-15.17%	-54.69%
GASOLINE	USD/Gal	2.1	2.1	2.10%	-2.36%	-8.43%	-8.55%
COAL	USD/T	123.1	123.2	-0.12%	0.08%	-13.46%	-63.21%
GOLD	USD/t.oz	1,983.2	1,980.8	0.12%	2.40%	1.83%	13.35%
SILVER	USD/t.oz	23.8	23.7	0.12%	6.86%	3.81%	13.51%
WHEAT	USD/Bu	550.0	553.5	-0.63%	-4.56%	-5.38%	-33.21%
PALM-OIL	MYR/T	3,931.0	3,998.2	-1.68%	3.39%	3.18%	1.97%
COCOA	USD/T	4,060.0	4,003.9	1.40%	1.70%	11.54%	68.28%

FGN Bonds Yield Curve, Friday, November 17, 2023



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