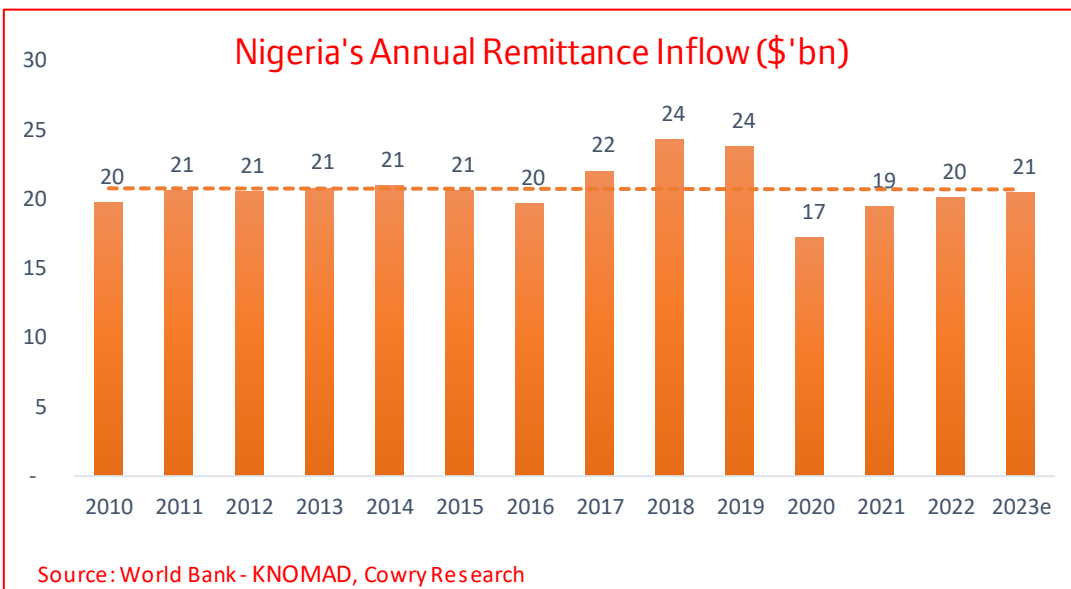


Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Positive Trend in Nigeria's Dollar Remittances to \$21 bn in Post-Pandemic Rebound...

The latest data from the World Bank on remittances indicates a notable surge in inflows into Nigeria during the post-COVID-19 years. Following a decline to \$17 billion in 2020 from the previous year's \$24 billion, remittances are estimated to have grown by over 19%, reaching \$21 billion in 2023. This robust recovery is attributed to factors such as the economic resurgence in sending countries and the implementation of digital payment solutions, facilitating swifter and more cost-effective transfers.

In 2023, remittance flows to low- and middle-income countries (LMICs) are estimated to have reached \$669 billion as resilient labour markets in advanced economies and Gulf Cooperation Council (GCC) countries continue supporting migrants' ability to send money home. Thus, flows to the LIMCs grew at estimated 3.8% in 2023, a moderation from the high gains of the previous two years. Of concern is the risk of decline in real income for migrants in 2024 in the face of global inflation and low growth prospects.



Nigeria is among the key remittance destinations in sub-Saharan Africa, with remittance receipts amounting to \$24 billion in 2019 and \$21 billion in 2023. Nigeria maintains its lead as a major recipient, accounting for 38% of total remittances inflows into the sub-Saharan African region in 2023 on the back of strong remittance growth. These inflows play a crucial role in Nigeria's economy, contributing significantly to household income, poverty reduction, and investment in education and healthcare.

According to the World Bank report, Nigeria recorded a moderate rebound in remittance inflow by 2% from \$20 billion in 2022 to \$21 billion in 2023, and was trailed by the likes of Ghana and Kenya, as major recipients, which posted estimated gains of 5.6% and 3.8%, respectively. The report highlighted that in the last decade, 2018 was the peak period for foreign currencies inflows into the country from Nigerians in the diaspora while a total inflow of \$24.31 billion was received into the country from diaspora but declined to \$23.809 billion in 2019, \$17.208 billion in 2020 amidst pandemic induced pressures.

Remittances generally sustained upward trajectory between 2014 and 2021, with annual increases ranging from 5.9% to 14.7. However, there have been significant fluctuations in remittance inflows, with the biggest drops occurring in 2016 and 2020, likely due to economic downturns in both Nigeria and major sending countries. Meanwhile, the last two years (2021 and 2022) have seen a strong rebound in remittance inflows, majorly propelled by factors such as economic recovery in sending countries and the implementation of digital payment solutions facilitating faster and more cost-effective transfers.

Looking ahead, to 2024, the World Bank anticipates that a significant increase by 2.5% is expected in terms of remittance flows to the sub-Saharan Africa (SSA) region. Also, we may likely see an increase of about 1.9% in 2023, reaching \$54 billion. This growth is underpinned by strong remittance performance in countries like Mozambique (48.5%), Rwanda (16.8%), and Ethiopia (16%).

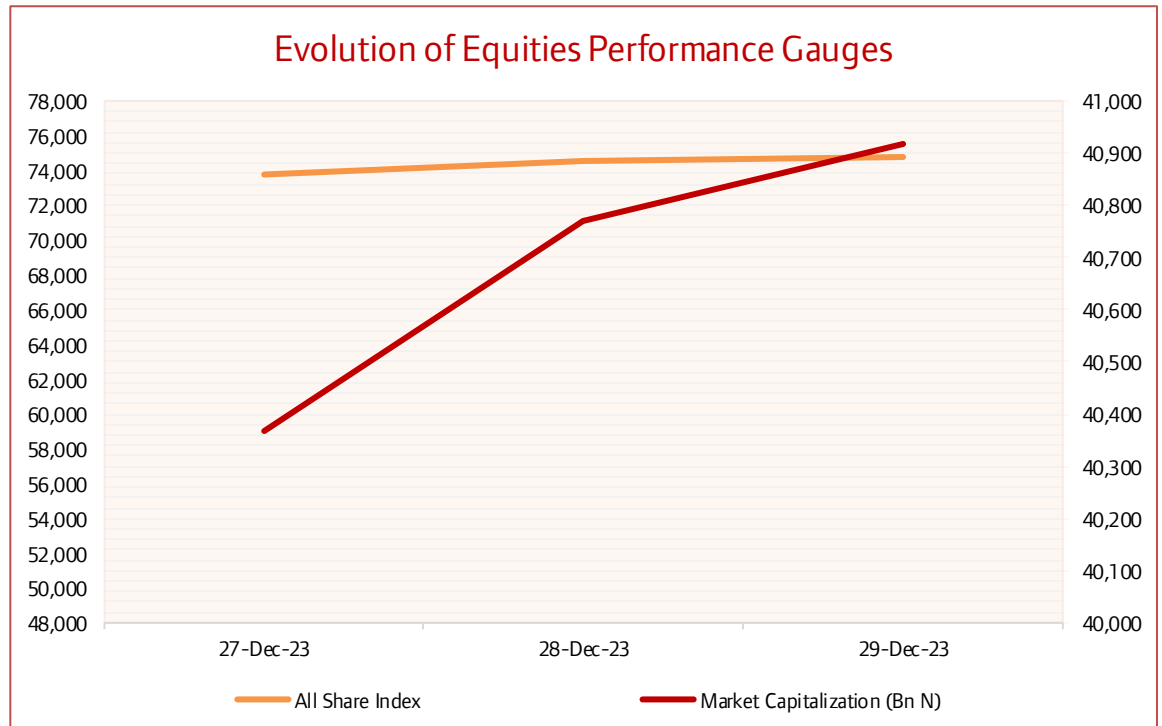
However, amidst this optimistic outlook, concerns arise about a potential decline in real income for migrants in 2024. This apprehension is grounded in global inflation and low growth prospects, posing risks to remittance flows. Furthermore, the trajectory of weaker global economic activity is projected to soften the growth of remittances to LMICs to 3.1% in 2024. Contributing to this moderated forecast are slowing economic growth and the prospect of weaker job markets in several high-income countries. Additional downside risks include volatile oil prices, fluctuating currency exchange rates, and the potential for a more pronounced economic downturn in high-income countries.

In our analysis, Cowry Research anticipates that while 2023 is poised for further growth, the rate of remittance inflow is expected to be more gradual compared to the preceding two years. This deceleration could be attributed to economic uncertainties and rising living costs in both Nigeria and sending countries. The sustained volatility in the global economic and financial landscape could impact remittance flows in the future, necessitating vigilant monitoring and potential policy adjustments.

EQUITIES MARKET: Year-End Rally Keeps Spirits High: Equity Investors Reap N13trn Gains in 2023

In the closing week of the year, the local bourse exhibited a positive 1.01% weekly and 4.78% monthly gains, reaching 74,773.77 points and setting a new all-time high of 74,850.26 points. This upward momentum, triggered by year-end window dressing, reflects a robust demand for financial services and fundamentally sound stocks, setting the stage for a year-end rally. The positive sentiment, buoyed by market breadth and increased volumes, signifies a sustained bull run during the markup phase and ongoing portfolio rebalancing in anticipation of the 2024 earnings reporting and dividend season.

The closing week witnessed not only remarkable market highs but also surpassed historical thresholds, culminating in a bullish trajectory as the year drew to a close. The market capitalization experienced a 1.01% week-on-week increase, reaching N40.92 trillion. Noteworthy gains saw equity investors accumulate N410.7 billion over two of three trading sessions, contributing to an impressive N13 trillion gain in 2023, with the ASI gaining by +45.90%.



Across sectors, the bullish trend was evident, with significant advancements in the financial services sector. Banking and Insurance stocks led gainers by 1.08% and 8.19%, respectively, attributed to price appreciations in institutions such as JAIZBANK, GTCO, STANBIC, FIDELITYBNK, and insurance firms like CONHALLPLC, MANSARD, and PRESTIGE. The Industrial and Oil & Gas indexes also recorded appreciations of 0.01% and 0.37%, driven by a surge in buying interest in select counters like MULTIVERSE, IMG, JBERGER, and ETERNA. However, the Consumer Goods index faced a minor setback of 1.46%, driven by notable price declines in TANTALIZER, BUAFOODS, NESTLE, and FLOURMILL.

Market activity, however, experienced a lacklustre mood compared to the previous week, with a 52.06% decrease in total traded volume to 1.19 billion units. The number of trades nosedived by 33.14% to 23,969 deals, and the weekly traded value experienced a significant decline of 41.58% week-on-week, closing at N31.43 billion.

Top gaining stocks at the week's close included MULTIVERSE, IMG, INFINITY, DAARCOMM, and IKEJAHOTEL, securing gains of 33%, 33%, 32%, 29%, and 22%, respectively. Conversely, DEAPCAP, UACN, NAHCO, and OANDO faced declines in their share prices on a week-on-week basis, shedding 16%, 14%, 5%, and 3%, respectively.

The upcoming week marks the commencement of the new trading month and the year 2024 with investors anticipating positive policy reforms from economic drivers. Cowry Research anticipates a pervasive bullish sentiment as investors position themselves for the new year through sectoral portfolio rebalancing. With the January effect in play, investors are expected to engage in profit-taking and bargain hunting for dividend-paying stocks as the reporting and earnings season approaches. The strategic reallocation of funds among sectors and adjustments in portfolios to align with changing market conditions are likely to shape trading activities, reflecting investors' pursuit of optimal risk-return profiles and capitalizing on emerging opportunities. Amidst all these, we maintain our advice to investors on taking positions in stocks with sound fundamentals and whose earnings yield and earnings per share support higher payout ratio.

Weekly Gainers and Loser as at Friday, December 29, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	Dec -29 – 23	Dec - 22 - 23	% Change	Symbol	Dec -29 – 23	Dec - 22 – 23	% Change
MULTIVERSE	18.57	13.97	33%	DEAPCAP	0.58	0.69	-16%
IMG	13.45	10.15	33%	UACN	12.85	15.00	-14%
INFINITY	6.00	4.53	32%	RTBRISCOE	0.61	0.67	-9%
DAARCOMM	0.90	0.69	30%	NAHCO	25.40	26.85	-5%
UPDCREIT	6.40	4.95	29%	SUNUASSUR	1.10	1.16	-5%
MCNICHOLS	0.84	0.65	29%	STERLINGNG	4.29	4.50	-5%
CONHALLPLC	1.47	1.15	28%	FTNCOCOA	1.48	1.55	-5%
IKEJAHOTEL	6.00	4.90	22%	TANTALIZER	0.47	0.49	-4%
JAIZBANK	1.94	1.60	21%	JAPAUFGOLD	1.70	1.75	-3%
ABBEYBDS	2.22	1.84	21%	OANDO	10.50	10.80	-3%

Weekly Stock Recommendations as at Friday, December 29, 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	0.23	0.26	73.01	0.29	90.02	22	9.5	20.90	26.3	17.8	24.0	25.79	Buy
ETERNAOIL	1.00	1.07	6.41	2.08	13.25	32.35	13.3	13.85	17.7	11.3	15.90	32.86	Buy
OKOMUOIL	4.95	5.28	45.61	5.53	50.91	265	157	260	300.0	214.2	289.8	19.05	Buy
TRANSCO HOT	0.16	0.17	6.53	9.77	405.8	70.18	6.05	70.18	85.0	59.7	80.7	21.12	Buy
JBERGER	1.41	1.50	53.71	0.74	28.29	43.00	21.15	43.00	57.0	36.6	49.5	32.56	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, December 29, 2023

FGN Eurobonds	Issue Date	TTM (years)	22-Dec-23	Weekly	22-Dec-23	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.92	98.60	0.32	8.4%	-0.18
6.50 NOV 28, 2027	28-Nov-17	3.94	91.10	0.78	9.3%	-0.24
6.125 SEP 28, 2028	28-Sep-21	4.77	88.46	1.03	9.2%	-0.28
8.375 MAR 24, 2029	24-Mar-22	5.26	95.51	0.93	9.5%	-0.23
7.143 FEB 23, 2030	23-Feb-18	6.18	89.68	1.23	9.4%	-0.28
8.747 JAN 21, 2031	21-Nov-18	7.09	94.79	1.53	9.8%	-0.32
7.875 16-FEB-2032	16-Feb-17	8.16	89.46	1.42	9.8%	-0.27
7.375 SEP 28, 2033	28-Sep-21	9.78	84.76	1.39	9.8%	-0.25
7.696 FEB 23, 2038	23-Feb-18	14.18	81.67	1.99	10.2%	-0.32
7.625 NOV 28, 2047	28-Nov-17	23.95	78.83	1.93	10.0%	-0.26
9.248 JAN 21, 2049	21-Nov-18	25.10	89.51	2.03	10.4%	-0.26
8.25 SEP 28, 2051	28-Sep-21	27.79	81.59	1.68	10.3%	-0.22
					9.66%	

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, December 29, 2023

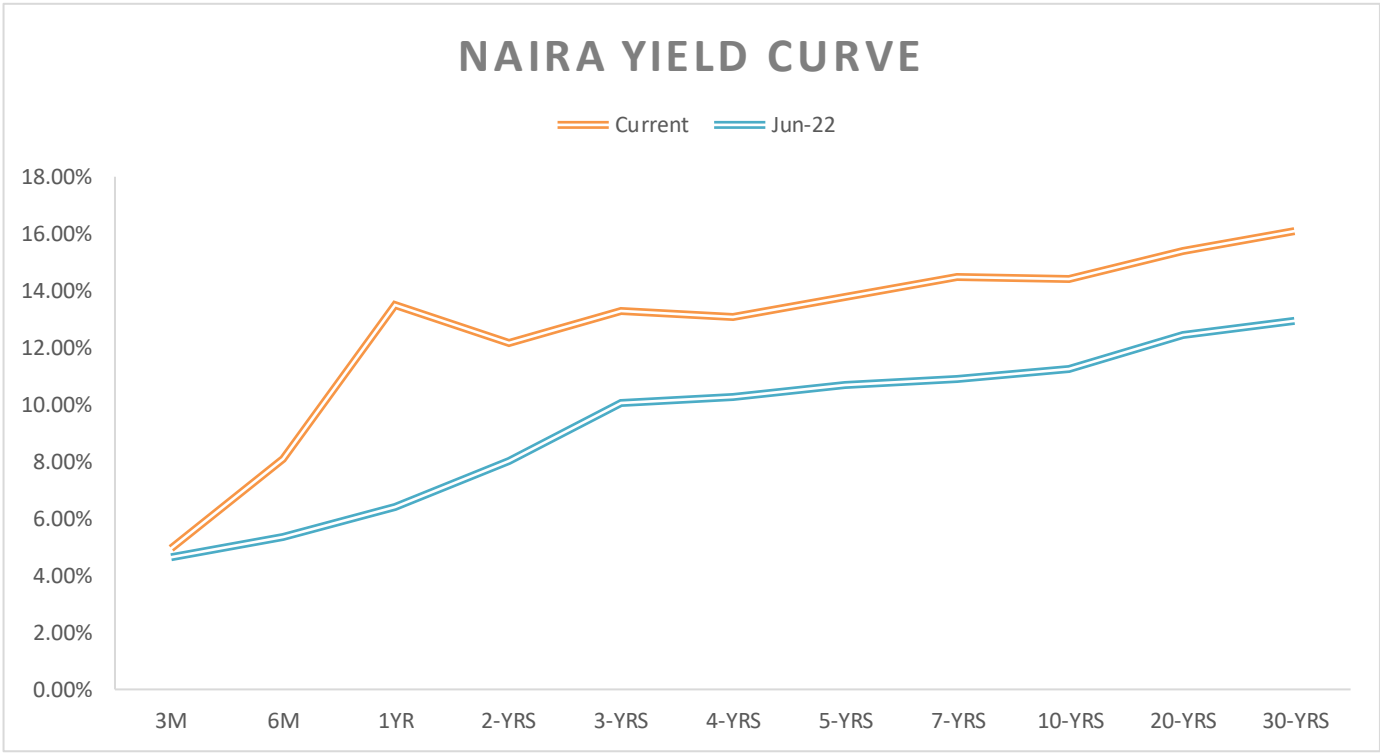
MAJOR	29-Dec-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1068	1.1059	0.08%	0.51%	1.65%	3.40%
GBPUSD	1.2733	1.2730	0.03%	0.25%	0.87%	5.25%
USDCHF	0.8370	0.8444	-0.88%	-2.13%	-4.32%	-9.42%
USD RUB	90.0480	88.4993	1.75%	-2.25%	0.09%	24.20%
USD NGN	895.6100	895.6100	0.00%	-1.08%	13.37%	100.10%
USD ZAR	18.3546	18.5325	-0.96%	-0.49%	-2.66%	7.92%
USD EGP	30.9075	30.9013	0.02%	0.19%	0.19%	24.93%
USD CAD	1.32	1.3230	-0.10%	-0.38%	-2.51%	-2.41%
USD MXN	16.90	16.9298	-0.16%	-0.39%	-2.74%	-13.21%
USD BRL	4.85	4.8265	0.53%	-0.66%	-1.04%	-8.21%
AUDUSD	0.6818	0.6829	-0.16%	0.24%	3.19%	0.04%
NZDUSD	0.6334	-0.0600	0.06%	0.63%	2.89%	-0.27%
USD JPY	141.3730	141.3871	-0.01%	-0.69%	-4.57%	7.86%
USD CNY	7.1243	7.1186	0.08%	-0.38%	-0.25%	2.93%
USD INR	83.1880	83.1714	0.02%	0.03%	-0.20%	0.57%



Global Commodity Prices as at 3:30 PM GMT+1, Friday, December 29, 2023

Commodity		29-Dec-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	72.0	71.8	0.28%	-2.10%	-5.31%	-10.49%
BRENT	USD/Bbl	77.6	77.1	0.63%	-1.41%	-3.59%	-9.30%
NATURAL GAS	USD/MMBtu	2.5	9.8	-1.40%	1.21%	-8.79%	-38.59%
GASOLINE	USD/Gal	2.1	2.1	1.35%	-0.53%	-2.19%	-14.05%
COAL	USD/T	145.5	146.0	-0.38%	0.14%	12.75%	-64.01%
GOLD	USD/t.oz	2,063.9	2,067.0	-0.15%	0.52%	1.37%	13.11%
SILVER	USD/t.oz	23.8	23.9	-0.53%	-1.45%	-5.67%	-0.62%
WHEAT	USD/Bu	629.2	631.5	-0.37%	1.93%	5.04%	-20.69%
PALM-OIL	MYR/T	3,721.0	3,738.9	-0.48%	-0.45%	-4.47%	-10.85%
COCOA	USD/T	4,216.0	4,256.0	-0.94%	-2.06%	-5.29%	62.38%

FGN Bonds Yield Curve, Friday, December 29, 2023



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