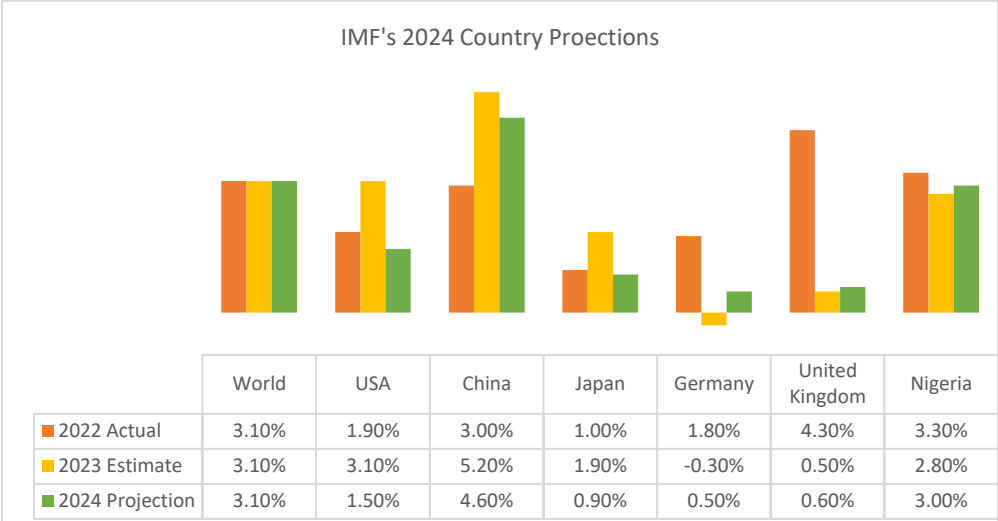


Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: IMF’s 3.0% Growth Trajectory for Nigeria Unravels Cautious Tapestry for FG, Policymakers....

The International Monetary Fund (IMF) has released its latest World Economic Outlook (WEO) update in January 2024, providing projections for various economies, including Nigeria. In 2024, the International Monetary Fund (IMF) foresees a 3.0% growth in Nigeria's economy, slightly lower than its previous estimate of 3.1% in October 2023. Looking ahead to 2025, growth is expected to accelerate to 3.1%. However, not without risks and challenges.

Chief among the concerns, as indicated in the report, is the specter of high inflation, anticipated to loom at an average of 11.4% throughout 2024. Such inflationary pressures, if realized, pose the threat of eroding purchasing power and casting a shadow over overall economic vibrancy. Compounding these challenges is the specter of suboptimal oil production, a vital economic lifeline. Factors such as theft and lingering infrastructure impediments are expected to keep oil production below its full potential, thereby limiting both export earnings and government revenue.



On the global scene, the International Monetary Fund (IMF) has outlined its global growth projections, indicating a trajectory of 3.1 percent in 2024 and a marginal uptick to 3.2 percent in 2025. This 2024 forecast is 0.2 percentage points higher than the October 2023 World Economic Outlook (WEO), driven by the unexpected resilience in the United States and several prominent emerging market economies. Additionally, fiscal support in China has contributed to this positive adjustment. However, these figures fall below the historical average of 3.8 percent from 2000 to 2019. Elevated central bank policy rates, the withdrawal of fiscal support amidst high debt levels, and sluggish underlying productivity growth collectively contribute to this subdued outlook. Inflation, on the other hand, is experiencing a faster decline than anticipated, influenced by resolving supply-side issues and the implementation of restrictive monetary policies. The global headline inflation is forecasted to decrease to 5.8 percent in 2024 and further to 4.4 percent in 2025, with the latter seeing a downward revision.

The report suggests that the risk of a hard landing has diminished due to disinflationary trends and steady growth. The risks to global growth are perceived as broadly balanced, with potential positive outcomes such as further easing of financial conditions if disinflation accelerates. However, the report cautions against excessively loose fiscal policies, emphasizing the risk of a more challenging adjustment in the future. Structural reforms leading to increased productivity and positive cross-border spillovers are identified as potential upside factors. Conversely, the downside risks include commodity price spikes from geopolitical shocks, continued attacks in the Red Sea, and supply disruptions. Moreover, persistent underlying inflation or deepening property sector issues in China, as well as disruptive turns to tax hikes and spending cuts globally, could lead to growth disappointments. The IMF's assessment underscores the delicate balance and potential impact of various factors on the global economic landscape in the coming years.

The overarching global landscape also introduces a layer of uncertainty, with the IMF underscoring the potential impact of a broader economic slowdown on Nigeria's exports and foreign investment. Against this backdrop, the IMF presents a triad of strategic policy recommendations to fortify Nigeria's economic resilience.

Firstly, the suggestion is for the Central Bank of Nigeria (CBN) to maintain its monetary tightening stance, viewing this as a crucial measure in the ongoing battle against inflation. Secondly, a call for fiscal consolidation is takes center stage, emphasizing the imperative for the government to recalibrate its fiscal policies. This involves a concerted effort to reduce the budget deficit, paving the way for a more robust fiscal landscape that accommodates strategic investments.

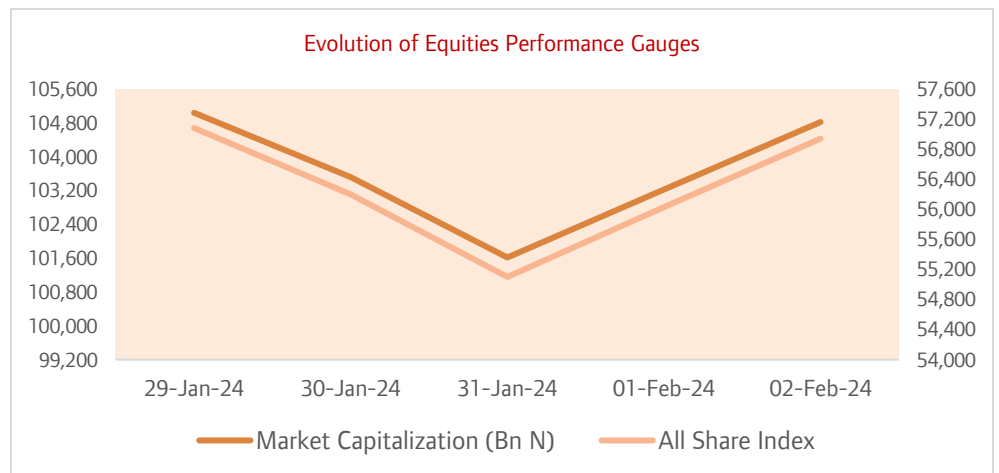
However, the IMF's advice extends beyond immediate fiscal adjustments. The prescription includes a third vital component: structural reforms. Addressing systemic issues, such as oil theft, infrastructural deficiencies, and the imperative of economic diversification, emerges as pivotal for fostering sustained, long-term economic growth.

As earlier highlighted in our 2024 Outlook report, we have a cautious outlook for 2024, maintaining an average of 3% GDP forecast, while acknowledging positive momentum and emphasizing the need for proactive policies to address multifaceted challenges hindering Nigeria's sustained and inclusive economic growth. Looking ahead to 2024, we anticipate a higher real GDP growth than in 2023, with expectations of accelerated growth in the oil sector, aligned with the recovery in crude oil production. Additionally, the normalization and permeation of new government reforms and policies are expected to propel growth in the non-oil sector, particularly supported by the Services sector. Overall, Cowry Research projects a 3.25% year-on-year real GDP growth in 2024.

EQUITIES MARKET: ASI Gains 1.97% w/w as Market Players Anticipate Earning Season....

The trading week concluded on a positive note, with the all-share index making a robust 1.97% week-on-week advancement, closing at 104,421.23 points. Despite profit-taking and portfolio adjustments by fund managers impacting stock prices earlier in the week, the market rebounded, driven by high volatility, corporate earnings releases, and anticipation of the dividend season. As the market delves into the peak of the earnings reporting season, sentiments and fundamental earnings factors are steering momentum and liquidity levels.

Market players reacted strongly to early filers, witnessing heightened trading volumes and positive market breadth. The resurgence of buying interest, particularly in banking stocks, propelled the market beyond the psychological 104,000-point threshold. Year-to-date, the index recorded an impressive return of 39.7%, contributing to a 2% weekly increase in the market capitalization of listed equities to N57 trillion. Investor gains amounted to N1.12 trillion as interest surged in Industrial and consumer goods stocks despite prevailing market volatility.



Sectoral performance for the week displayed a mixed picture, with three out of the five sectors experiencing declines. Banking and insurance indexes retreated by 4.52% and 4.07%, respectively, primarily due to price drops in GTCO, ZENITH, ROYALEX, and NEM. Conversely, the Industrial index outperformed, recording a 6.36% week-on-week gain, driven by increased prices and buying interest in DANGCEM and BUACEM. The Consumer Goods Index also ended the week positively, rising by 1.30%, fueled by upward price movements in MEYER and MCNICHOLS. However, the Oil & Gas index witnessed a dip due to waning sentiment in ETERNA, resulting in a 2.47% decline.

Despite the overall positive performance, market participation levels were robust, reflecting positive market breadth. Total traded volume increased by 30.56% to 3.89 billion units, with the number of trades rising by 1.70% to 69,117 deals. The weekly traded value saw a notable uptick, surging by 64.40% to N95.15 billion.

Top-performing stocks at the close of the week included TRIPPLE GEE (+42%), MEYER (+21%), CORNERST (+20%), JULI (+19%), and GEREGU (+15%). Conversely, stocks like VERITASKAP (-23%), DAARCOMM (-22%), ETERNA (-20%), CADBURY (-13%), and MAYBAKER (-16%) experienced declines in their share prices, respectively..

Looking ahead to the coming week, we anticipate the continuation of positive sentiments in the local stock market. However, we foresee a mixed trend with a possibility of profit-taking as investors are likely to continue sectoral rotation, capitalizing on stocks that experience pullbacks to position themselves strategically. This rotation strategy is expected to create further buying opportunities, especially in anticipation of more earning releases in the corporate reporting season. Amidst all these, we continue to advise investors to take position in stocks with consistent track records of dividend payments and strong fundamentals and growth prospect to support earnings growth.

Weekly Gainers and Loser as at Friday, February 2, 2024

Top Ten Gainers				Bottom Ten Losers			
Company	Feb - 02 - 2024	Jan- 26-2024	% Change	Company	Feb - 02 - 2024	Jan- 26-2024	% Change
TRIPPLEG	4.02	2.83	42.0%	VERITASKAP	0.59	0.77	-23.4%
MEYER	4.30	3.56	20.8%	DAARCOMM	0.70	0.90	-22.2%
CORNERST	1.90	1.58	20.3%	ETERNA	22.10	27.45	-19.5%
JULI	0.70	0.59	18.6%	SUNUASSUR	1.82	2.25	-19.1%
VERITASKAP	0.70	0.59	18.6%	DEAPCAP	0.67	0.80	-16.3%
GEREGU	568.00	495.00	14.7%	MAYBAKER	6.30	7.50	-16.0%
OANDO	14.05	12.55	12.0%	UNIVINSURE	0.39	0.46	-15.2%
DANGCEM	763.00	694.10	9.9%	CWG	6.70	7.80	-14.1%
BERGER	17.35	15.80	9.8%	CADBURY	20.00	22.95	-12.9%
MCNICHOLS	1.58	1.48	6.8%	NEM	7.45	8.50	-12.4%

Weekly Stock Recommendations as at Friday, February 2, 2024

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
AIRTELAFRI	27.62	41.43	596	3.36	72.4	2040	1175	2,000	3000.0	1,700	2,300	50.00	Buy
ACCESS	3.18	3.40	46.15	0.54	7.84	30.7	7.5	27.00	32.0	21.2	28.7	20.24	Buy
NESTLE	8.72	9.30	-53	-20.73	125.0	1350	963.9	1,100	1283.0	926.5	1253.5	17.71	Buy
UBA	1.94	2.07	51.99	0.52	13.79	33.50	12.85	28.00	33.0	22.8	30.8	23.13	Buy
SEPLAT	2.98	3.17	2,278	1.35	1033.1	3075	1050	3074	3600.0	2612.9	3535.1	17.11	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, February 2, 2024

FGN Eurobonds	Issue Date	TTM (years)	02-Feb-24 Price (N)	Weekly USD Δ	02-Feb-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.80	97.98	-0.10	8.9%	0.08
6.50 NOV 28, 2027	28-Nov-17	3.82	90.95	0.42	9.4%	-0.13
6.125 SEP 28, 2028	28-Sep-21	4.66	87.76	0.85	9.4%	-0.24
8.375 MAR 24, 2029	24-Mar-22	5.14	94.68	1.00	9.7%	-0.26
7.143 FEB 23, 2030	23-Feb-18	6.06	88.16	0.86	9.8%	-0.20
8.747 JAN 21, 2031	21-Nov-18	6.97	93.72	0.68	10.0%	-0.14
7.875 16-FEB-2032	16-Feb-17	8.04	87.96	0.81	10.1%	-0.16
7.375 SEP 28, 2033	28-Sep-21	9.66	83.67	1.15	10.1%	-0.21
7.696 FEB 23, 2038	23-Feb-18	14.07	80.29	1.35	10.4%	-0.22
7.625 NOV 28, 2047	28-Nov-17	23.84	77.32	1.70	10.2%	-0.24
9.248 JAN 21, 2049	21-Nov-18	24.99	89.66	1.97	10.4%	-0.25
8.25 SEP 28, 2051	28-Sep-21	27.67	80.79	1.25	10.4%	-0.17

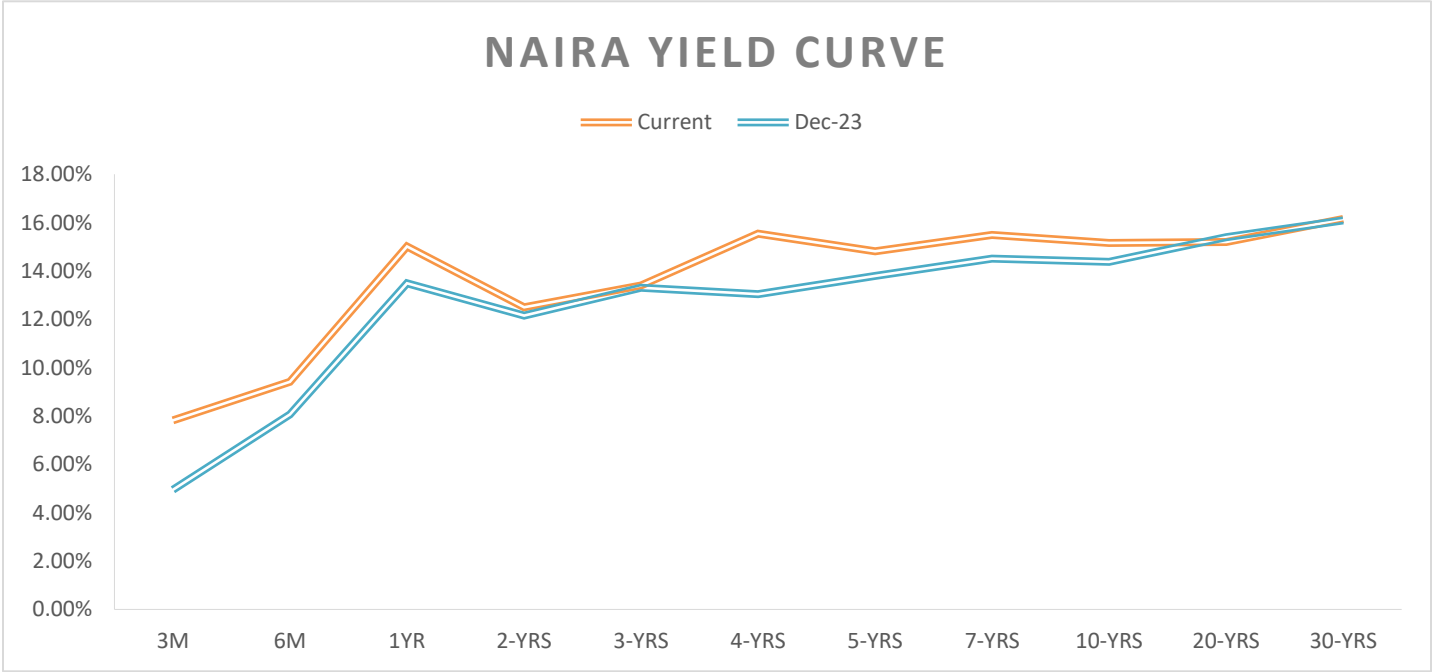
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, February 2, 2024

MAJOR	02-Feb-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0795	1.0872	-0.71%	-0.47%	-1.10%	0.07%
GBPUSD	1.2653	1.2742	-0.70%	-0.34%	-0.03%	5.04%
USDCHF	0.8643	0.8574	0.81%	-0.07%	1.74%	-6.70%
USDRUB	90.6750	90.4128	0.29%	1.04%	-1.44%	28.35%
USDNGN	1250.0000	1356.3368	-7.84%	39.17%	40.31%	171.72%
USDZAR	18.8427	18.5899	1.36%	0.35%	0.76%	7.90%
USDEGP	30.8917	30.8485	0.14%	0.14%	-0.03%	2.19%
USDCAD	1.35	1.3383	0.56%	0.04%	0.77%	0.44%
USDMXN	17.13	17.0802	0.30%	-0.10%	0.79%	-9.59%
USDBRL	4.95	4.9165	0.65%	0.67%	0.60%	-3.93%
AUDUSD	0.6525	0.6569	-0.67%	-0.75%	-3.04%	-5.70%
NZDUSD	0.6088	-0.0600	-0.90%	-0.04%	-2.55%	-3.86%
USDJPY	147.8150	146.4240	0.95%	-0.28%	3.11%	12.63%
USDCNY	7.2132	7.1866	0.37%	0.40%	0.72%	6.01%
USDINR	82.9630	82.9464	0.02%	-0.18%	-0.38%	0.92%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, February 2, 2024

Commodity		02-Feb-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	72.1	73.8	-2.36%	-7.54%	-0.79%	-2.18%
BRENT	USD/Bbl	77.2	78.7	-1.95%	-6.92%	-1.33%	-3.14%
NATURAL GAS	USD/MMBtu	2.1	9.8	0.75%	-4.94%	-15.54%	-16.63%
GASOLINE	USD/Gal	2.1	2.2	-2.77%	-8.35%	-2.02%	-15.14%
COAL	USD/T	116.0	116.0	0.00%	-8.73%	-9.73%	-50.85%
GOLD	USD/t.oz	2,036.1	2,055.0	-0.92%	0.81%	-0.30%	9.07%
SILVER	USD/t.oz	22.6	23.2	-2.51%	-0.83%	-1.57%	1.14%
WHEAT	USD/Bu	607.9	601.5	1.06%	1.31%	1.31%	-20.84%
PALM-OIL	MYR/T	3,764.0	3,798.2	-0.90%	-6.30%	3.95%	-2.26%
COCOA	USD/T	4,948.0	4,955.9	-0.16%	6.27%	17.15%	93.27%

FGN Bonds Yield Curve, Friday, February 2, 2023





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