

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria's Economy Posts Growth of 2.74% in 2023 with Surprising Upsides....

The year 2023 was marked by significant events impacting Nigeria's economy, from the CBN's cash crunch to the political landscape, demonstrating resilience despite challenges like the COVID-19 pandemic and ongoing security issues. While challenges persist, Nigeria's economy has exhibited resilience and positive growth trends, with sectors like Services and Agriculture contributing significantly, and the non-oil sector playing a vital role in economic dynamics.

Looking ahead to 2024, there is an anticipation of 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, acknowledging positive momentum.

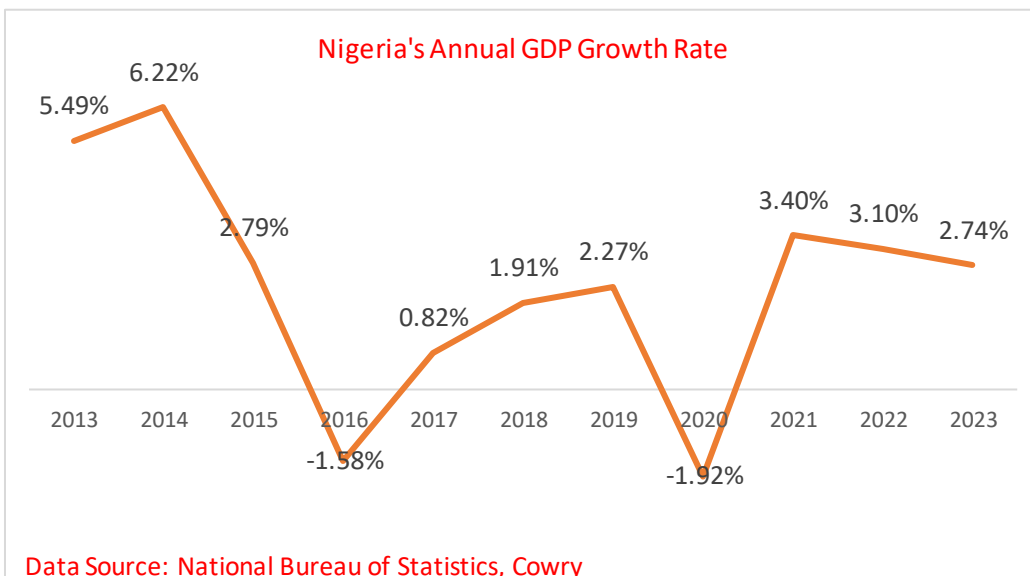
EQUITIES MARKET: Downbeat Sentiment Holds Grip of Local Bourse by 3.44% w/w with 1.99 trillion Loss....

In the upcoming week, we anticipate the bearish sentiment to continue as the market seeks catalyst and policy direction from economic managers to trigger the positive sentiment. However, as we anticipate more corporate releases for the final quarter of 2023, investors will begin to rebalance their portfolio in their search for alpha amidst the rising fixed income yields and outcome of the monetary policy meeting. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.....

ECONOMY: Nigeria's Economy Posts Growth of 2.74% in 2023 with Surprising Upsides. ...

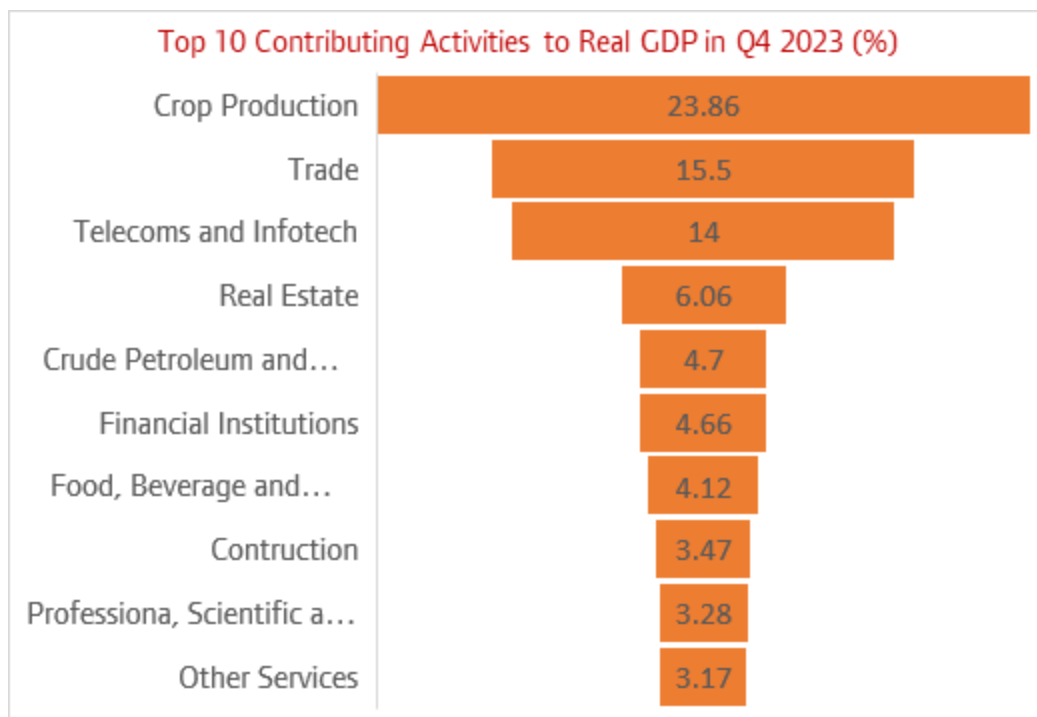
This week, we take a cursory look into Nigeria's economic growth data from the National Bureau of Statistics in 2023. The data showed that Nigeria's economy posted a positive figure of 2.74%, reaching N76.68 trillion in real GDP value, exceeding market expectations for a slower growth momentum below the projected 2.5%. This surprising upside comes in the face of challenges such as a rising inflation rate, flattering unemployment numbers, and a mild economic slowdown. However, this acceleration represents the lowest in three years when compared to the 3.40% and 3.10% reported in 2021 and 2022, respectively.

According to the latest publication by the National Bureau of Statistics on Nigeria's growth, the economy recorded a year-on-year growth of 3.46% in real terms in the fourth quarter of 2023, amounting to N21.77 trillion. The non-oil sector drove this expansion, marking the 13th consecutive quarter of positive growth and the strongest since 2021, with the non-oil sector remaining the major driver. The non-oil sector grew by 3.07% in real terms in Q4 2023 and by 3.04% on an annual basis in 2023, compared to 4.84% in 2022. In real terms, the non-oil sector contributed 95.30% to the nation's GDP in Q4 2023, lower than the share recorded in Q4 2022 (95.66%) and higher than Q3 2023 (94.52%).



Examining the drivers of this acceleration, the services, agriculture, and industry sectors contributed more to the aggregate value of the GDP in Q4 2023 compared to Q4 2022. Notably, the services sector recorded a growth of 3.98%, contributing 56.55% to the aggregate GDP, primarily due to finance & insurance (+29.8%) and information & communication (+6.3%). The Agriculture sector exhibited positive growth, expanding by 2.10% year on year, with crop production activities being the primary catalyst, constituting a significant 90.03% of the total nominal value in Q4 2023. Meanwhile, the decline recorded in the Industry sector in the last quarter of 2022 was stemmed through 2023, as this sector grew by 3.86% year on year.

For the oil sector, there was a sharp rebound by 12.1%, ending over three years of contraction, as production increased to 1.55 million barrels per day, from 1.34 million barrels a year earlier.



Growth also increased by 12.96% points compared to Q3 2023, which was -0.85%. The Oil sector contributed 4.70% to the total real GDP in Q4 2023, up from the figure recorded in the corresponding period of 2022 and down from the preceding quarter, where it contributed 4.34% and 5.48%, respectively.

On crude production, Nigeria recorded an average daily oil production of 1.55 million barrels per day (mbpd), higher than the daily average production of 1.34mbpd recorded in the same

quarter of 2022 by 0.21mbpd and higher than the third quarter of 2023 production volume of 1.45 mbpd by 0.10mbpd.

The year 2023 was marked by significant events impacting Nigeria's economy, from the CBN's cash crunch to the political landscape, demonstrating resilience despite challenges like the COVID-19 pandemic and ongoing security issues. While challenges persist, Nigeria's economy has exhibited resilience and positive growth trends, with sectors like Services and Agriculture contributing significantly, and the non-oil sector playing a vital role in economic dynamics.

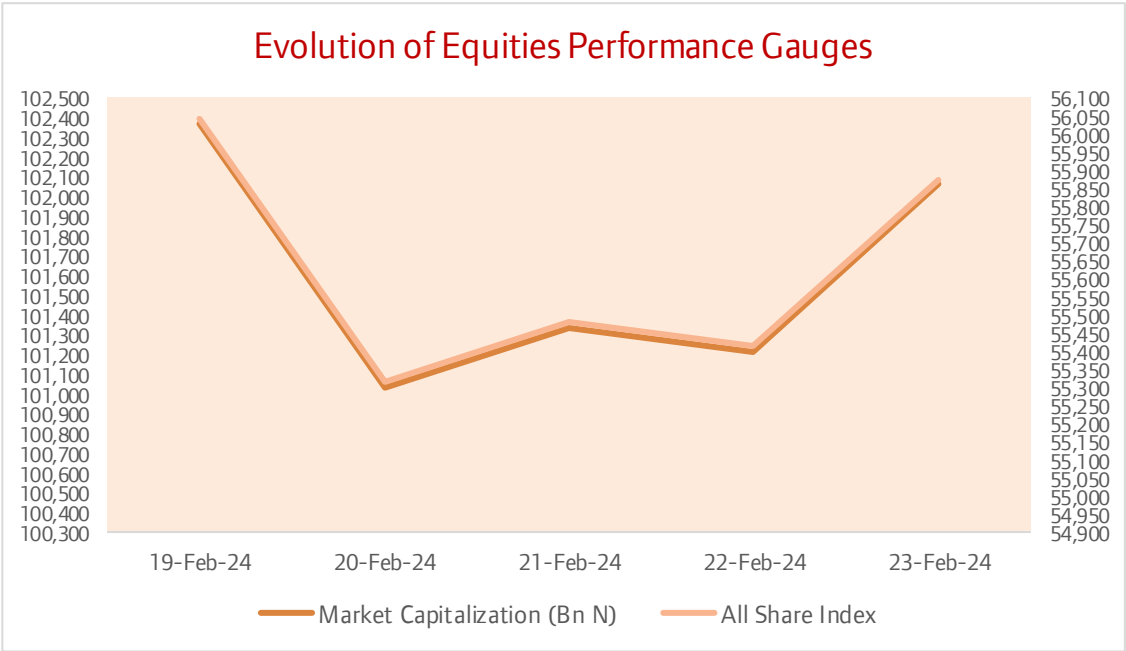
The current growth numbers are remarkably positive in the face of high inflation at a three-decade high, a high unemployment rate, and a challenging interest rate environment affecting both citizens and businesses. The Nigerian government is currently targeting a growth rate of about 3.76% in 2024 and 6% or more in the coming years, signaling a cautious optimism from the current administration for the current year 2024 and beyond.

Looking ahead to 2024, there is an anticipation of 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, acknowledging positive momentum.

EQUITIES MARKET: Downbeat Sentiment Holds Grip of Local Bourse by 3.44% w/w with 1.99 trillion Loss....

It was another negative outing this week for the local equities market as the All-Share Index declined by 3.44% week on week to 102,088.30 points on the back of weak sentiment which was spurred by higher yields outlook in the fixed income market while portfolio rebalancing continues ahead of expected corporate earnings and outcome of the monetary policy committee. In tandem with the ASI, the total market capitalization of listed equities experienced a decline of 3.44% week-on-week, descending to N55.86 trillion as the year-to-date return of the All-Share Index (ASI) eased to 36.53% as a total of N1.99 trillion was wiped out from investors' wealth.

The sectoral performance was largely downbeat as the see-saw movement continues across tickers. The Insurance and Industrial goods sectors were the least performing indexes as they pared previous week gains by 8.91% and 7.94% week on week and then trailed by the banking index which closed the week in a weak region by 2.10% due to sell-off in some bellwether banking stocks. On the flip side, the Consumer goods (2.01%) and the Oil & Gas sectors (0.01%) accordingly posted weekly appreciations as investors pick up further interests across these indices.



Trading activity throughout the week remained characterized by waning sentiments, as evidenced by the weekly tally of deals which decelerated by 1.19% week-on-week to 42,040 deals. Moreover, the average traded volume witnessed a weekly decrease by 11.72%, settling at 1.38 billion units while the weekly average value declined by 13.46% week on week, and reaching a value of N31.58 billion.

At the close of the week, JULI, FBNH, GEREGU and BUAFODS were the major toast of investors amid the cherry-picking activities as their share prices advanced by +59%, +11%, +9% and +6% respectively while the laggards for the week were MORISON, STERLING, NEM, and ROYALEX whose prices nosedived by -33%, -19%, -14% and -14% week on week.

In the upcoming week, we anticipate the bearish sentiment to continue as the market seek catalyst and policy direction from economic managers to trigger the positive sentiment. However, as we anticipate more corporate releases for the final quarter of 2023, investors will begin to rebalance their portfolio in their search for alpha amidst the rising fixed income yields and outcome of the monetary policy meeting. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, February 23, 2024

Top Ten Gainers				Bottom Ten Losers			
Company	Feb - 23 - 2024	Feb- 16-2024	% Change	Company	Feb - 23 - 2024	Feb- 16-2024	% Change
JULI	2.34	1.47	59.2%	MORISON	1.67	2.48	-32.7%
SUNUASSUR	2.09	1.78	17.4%	CONHALLPLC	1.25	1.55	-19.4%
FBNH	31.00	28.00	10.7%	STERLINGNG	4.35	5.35	-18.7%
GEREGU	985.00	901.00	9.3%	ABCTRANS	0.75	0.90	-16.7%
PRESTIGE	0.62	0.57	8.8%	GUINEAINS	0.40	0.48	-16.7%
VERITASKAP	0.76	0.70	8.6%	HONYFLOUR	3.42	4.10	-16.6%
BUAFOODS	379.90	357.50	6.3%	RTBRISCOE	0.50	0.59	-15.3%
NAHCO	30.70	29.00	5.9%	NEM	6.60	7.70	-14.3%
AFRIPRUD	7.80	7.60	2.6%	ROYALEX	0.72	0.84	-14.3%
CUTIX	2.65	2.60	1.9%	OMATEK	0.70	0.81	-13.6%

Weekly Stock Recommendations as at Friday, February 23, 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	0.48	0.51	596	3.69	4557.8	2200	1175	2,200	3000.0	1,870	2,530	36.36	Buy
LAFARGE	0.24	0.27	26.27	1.37	151.14	47.95	20.10	35.90	43.0	30.5	41.3	19.78	Buy
FBNH	2.05	2.05	47.35	0.61	14.2	31	10.3	29.00	36.0	24.7	33.4	24.14	Buy
OKOMUOIL	22.19	23.58	41.37	5.87	10.95	270	157	243.00	290.0	206.6	279.5	19.34	Buy
MTNN	7.02	7.49	14.73	16.78	35.22	319.8	220	247.20	296.0	210.1	284.3	19.74	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, February 23, 2024

FGN Eurobonds	Issue Date	TTM (years)	23-Feb-24 Price (N)	Weekly USD Δ	23-Feb-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.75	98.15	-0.35	8.8%	0.24
6.50 NOV 28, 2027	28-Nov-17	3.76	91.14	-0.66	9.4%	0.24
6.125 SEP 28, 2028	28-Sep-21	4.60	87.85	-0.91	9.5%	0.28
8.375 MAR 24, 2029	24-Mar-22	5.08	94.64	-1.04	9.7%	0.27
7.143 FEB 23, 2030	23-Feb-18	6.01	88.39	-0.88	9.8%	0.22
8.747 JAN 21, 2031	21-Nov-18	6.92	94.09	-0.79	10.0%	0.17
7.875 16-FEB-2032	16-Feb-17	7.99	87.83	-1.11	10.1%	0.23
7.375 SEP 28, 2033	28-Sep-21	9.60	83.78	-1.08	10.1%	0.20
7.696 FEB 23, 2038	23-Feb-18	14.01	80.51	-0.77	10.4%	0.13
7.625 NOV 28, 2047	28-Nov-17	23.78	77.12	-1.16	10.2%	0.16
9.248 JAN 21, 2049	21-Nov-18	24.93	90.26	-1.11	10.3%	0.13
8.25 SEP 28, 2051	28-Sep-21	27.61	81.16	-1.02	10.3%	0.13

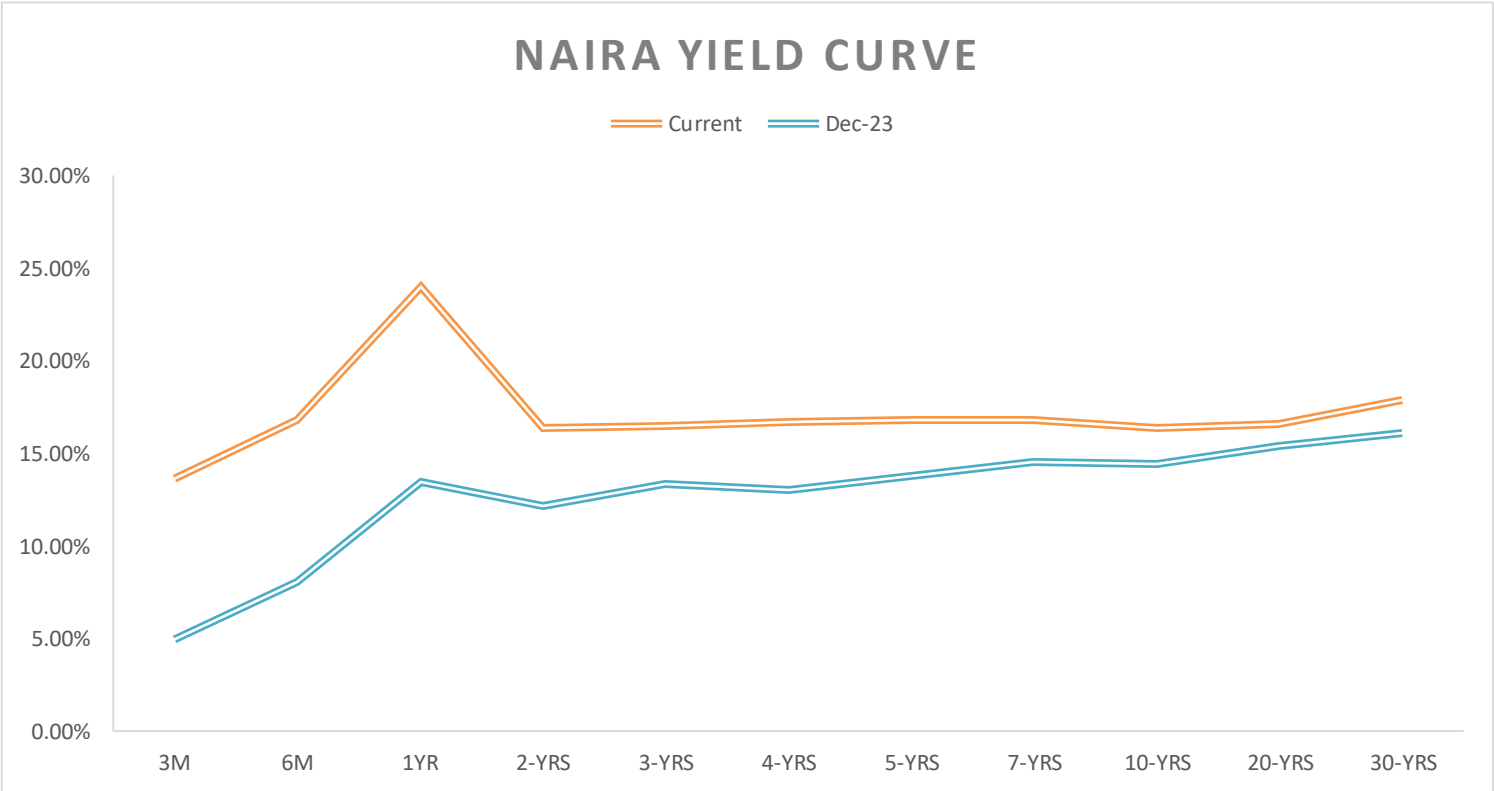
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, February 23,2024

MAJOR	23-Feb-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0837	1.0823	0.13%	0.57%	-0.44%	2.74%
GBPUSD	1.2700	1.2659	0.32%	0.78%	-0.21%	6.30%
USDCHF	0.8798	0.8801	-0.03%	-0.06%	2.00%	-6.47%
USDRUB	94.4170	93.0492	1.47%	2.63%	6.39%	24.23%
USDNGN	1470.0000	1488.4569	-1.24%	-1.52%	63.47%	219.61%
USDZAR	19.3462	19.1471	1.04%	2.49%	2.47%	5.10%
USDEGP	30.8965	30.8502	0.15%	0.15%	0.15%	1.04%
USDCAD	1.35	1.3481	-0.04%	-0.07%	-0.35%	-0.99%
USDMXN	17.10	17.0976	0.03%	0.30%	-0.62%	-7.00%
USDBRL	4.99	4.9607	0.50%	0.37%	1.04%	-4.32%
AUDUSD	0.6571	0.6553	0.28%	0.62%	-0.07%	-2.29%
NZDUSD	0.6199	-0.0600	0.10%	1.26%	1.47%	0.65%
USDJPY	150.4030	150.5084	-0.07%	0.14%	1.98%	10.23%
USDCNY	7.2056	7.2005	0.07%	-0.08%	0.62%	3.23%
USDINR	82.8490	82.8407	0.01%	-0.20%	-0.34%	-0.06%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, February 23, 2024

Commodity		23-Feb-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	76.8	78.6	-2.32%	-2.13%	2.42%	0.42%
BRENT	USD/Bbl	81.8	83.7	-2.24%	-1.98%	2.22%	-0.58%
NATURAL GAS	USD/MMBtu	1.6	9.8	-7.48%	-0.41%	-29.16%	-40.67%
GASOLINE	USD/Gal	2.3	2.3	-2.32%	-2.49%	1.74%	-11.55%
COAL	USD/T	119.4	115.0	3.83%	0.13%	-6.21%	-43.17%
GOLD	USD/t.oz	2,024.8	2,024.2	0.03%	0.59%	0.62%	11.83%
SILVER	USD/t.oz	22.7	22.8	-0.36%	-3.07%	-0.05%	9.22%
WHEAT	USD/Bu	587.3	583.3	0.69%	4.91%	-3.72%	-18.53%
PALM-OIL	MYR/T	3,853.0	3,839.2	0.36%	1.16%	-3.53%	-8.31%
COCOA	USD/T	6,410.0	6,168.8	3.91%	12.34%	33.96%	136.62%

FGN Bonds Yield Curve, Friday February 23, 2024





Disclaimer

This report is produced by the *Research Desk* of Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.