

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Modest Accretion in Nigeria's Gross External Reserves to \$34.1bn in 2024....

In our view, we see the positive rise in Nigeria's foreign exchange reserves levels as encouraging, despite the continued weakening of the naira in various foreign exchange segments. The future trajectory of reserve accretion will be contingent on several factors, including the oscillation of global oil prices, Nigeria's efforts to tackle oil theft, and the effectiveness of FX management policies by the central bank in the medium to long term. These factors will play a critical role in determining the sustained growth of Nigeria's foreign reserves and overall economic stability.

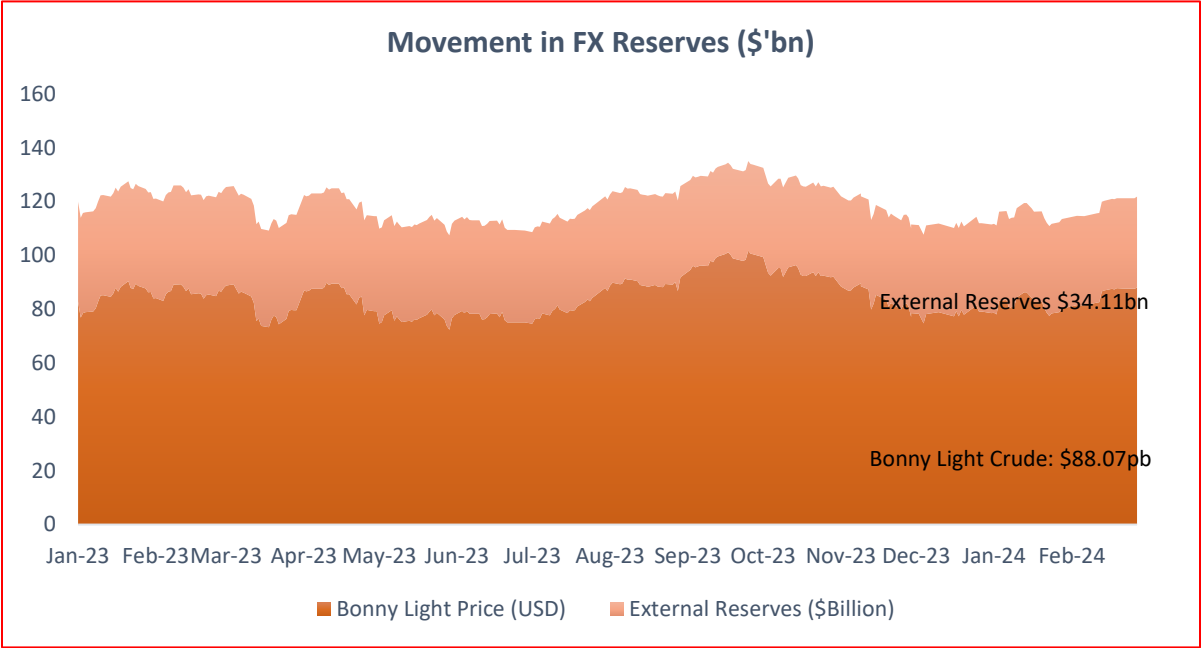
### EQUITIES MARKET: Local Bourse Shows Strong Trajectory with 2.61% w/w Gain Amid Rebalancing Activities..

Looking ahead, Cowry Research anticipates the prevailing bullish sentiment to persist in the market during the coming week. This expectation is based on the anticipation of more corporate announcements and continued portfolio rebalancing by investors seeking alpha. Nonetheless, we advise investors to remain vigilant in rebalancing their portfolios while carefully assessing Nigeria's macroeconomic data. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

ECONOMY: Modest Accretion in Nigeria’s Gross External Reserves to \$34.1bn in 2024....

In our analysis this week, we closely examine the latest data from the Central Bank of Nigeria (CBN) regarding Nigeria's gross foreign reserves, which have shown a modest accretion to \$34.11 billion as of March 7, 2024, since the beginning of the year. This uptick of 3.64% year-to-date reflects an encouraging trend of improved foreign exchange inflow into Nigeria's economy. However, it's essential to note that Nigeria's reserves experienced a nearly 2% dip since June 2023, following the foreign exchange unification exercise by the central bank. This exercise aimed to streamline the foreign exchange market and enhance transparency.

The decline in reserves since June 2023 can be attributed to various factors, including limited availability of foreign exchange liquidity due to low crude oil production, reduced export earnings, foreign exchange revaluation in 2023, and subsidy payments. Despite these challenges, the recent upward movement in reserves



signals positive foreign exchange inflows into the economy. Notably, the CBN has reported a notable rise in total portfolio flows into the economy for 2024, currently standing at \$2.4 billion compared to \$3.9 billion in the entirety of 2023.

Furthermore, within the first few days of March 2024, there has been a positive trend in total foreign exchange inflows driven by increased investor interest in short-term sovereign debt following adjustments to benchmark interest rates. Additionally, overseas remittances surged to \$1.3 billion in February 2024, surpassing the previous month's inflow of \$300 million by more than four times. Foreign investors actively participated in the Nigerian market, purchasing over \$1 billion worth of local assets in February. This surge in foreign exchange inflow was attributed to substantial growth in remittance payments from Nigerians abroad and heightened interest from foreign portfolio investors in acquiring naira assets.

However, on a year-on-year analysis, Nigeria's gross external reserves have experienced a decline of \$2.55 billion or 6.95% since the first week of March 2023. This decline occurred as the apex bank continued its weekly and monthly interventions in the foreign exchange market to stabilize the value of the local currency amidst rising forex volatility. Despite this, efforts to enhance transparency in the forex markets and maintain naira stability have positively impacted reserve accretion.

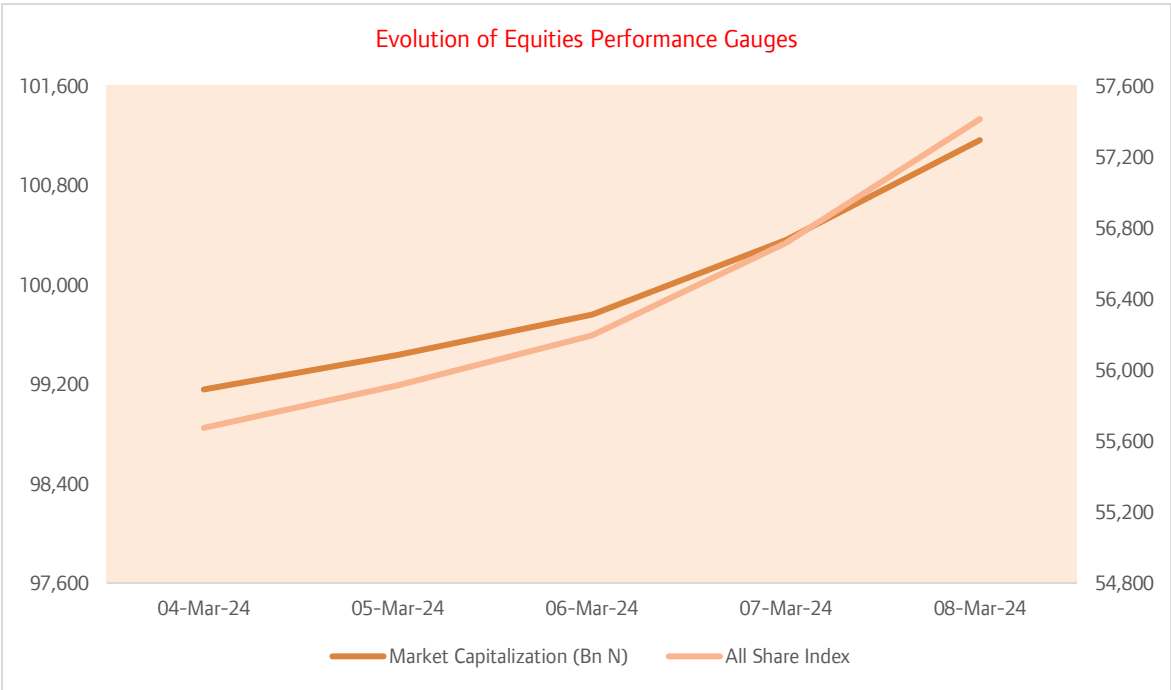
In our view, we see the positive rise in Nigeria's foreign exchange reserves levels as encouraging, despite the continued weakening of the naira in various foreign exchange segments. The future trajectory of reserve accretion will be contingent on several factors, including the oscillation of global oil prices, Nigeria's efforts to tackle oil theft, and the effectiveness of FX management policies by the central bank in the medium to long term. These factors will play a critical role in determining the sustained growth of Nigeria's foreign reserves and overall economic stability.

EQUITIES MARKET: Local Bourse Shows Strong Trajectory with 2.61% w/w Gain Amid Rebalancing Activities..

The local equities market experienced a bullish run this week, noting a bullish trend despite a discernible shift by equity investors away from financial services stocks towards more appealing fixed income yields and amidst negative market breadth. The resurgence of bullish activity was evident in the All-Share Index (ASI), which surged by an impressive 2.61% week on week, reaching 101,330.85 points. This renewed positive sentiment was largely driven by heightened expectations among market participants, who eagerly digested various economic data and in anticipation of the upcoming Consumer Price Index (CPI) report and ongoing portfolio rebalancing activities.

In tandem with the ASI's upward trajectory, the total market capitalization of listed equities experienced a robust 6.03% week-on-week increase, reaching N57.29 trillion. This surge was propelled by the recent listing of TRANSPOWER through introduction at the beginning of the week. Consequently, investors enjoyed a substantial year-to-date return of 35.52%, resulting in a collective wealth accretion of N3.26 trillion compared to the previous week's N1.83 trillion. This performance underscores the dynamic interplay of market forces amid evolving economic conditions.

Despite the overall bullish sentiment and the upward repricing of select Nigerian stocks, trading activity witnessed a significant surge throughout the week. The tally of weekly deals accelerated by 6.38% to 51,557 deals, while the average traded volume rose by 14.64% week on week to 2.16 billion units. Additionally, the weekly average value moved impressively higher by 218.7% week on week, reaching N108.83 billion, reflecting increased market participation and investor interest.



The sectoral performance for the week displayed weakness across most sectors, with the exception of the Industrial goods index, which recorded a modest gain of 1.59% week on week, attributed to positive price movements in BUACEMENT and LAFARGE. Conversely, the Insurance, banking, and consumer goods sectors experienced downturns, losing 5.22%, 1.40%, and 1.21% week on week, respectively, due to retracements in the prices of key stocks such as GUINNESS, ETI, NEM, NASCON, UBA, FCMB, DANSUGAR, and AIICO. The Oil & Gas index remained unchanged from the previous week's close.

Individual stock performances showcased remarkable achievements among gainers, with TRANSPOWER, JULI, TRANSCORP, PZ CUSSONS, FBNH, and MTNN leading the charts with share price advances of +46%, +33%, +19%, +19%, and +10%, respectively. Conversely, GUINNESS (17.5%), ETI (17%), NEM (16.7%), CHAMS (16%), and Nigerian Breweries (11%) emerged as major losers, experiencing notable price declines week-on-week.

Looking ahead, Cowry Research anticipates the prevailing bullish sentiment to persist in the market during the coming week. This expectation is based on the anticipation of more corporate announcements and continued portfolio rebalancing by investors seeking alpha. Nonetheless, we advise investors to remain vigilant in rebalancing their portfolios while carefully assessing Nigeria's macroeconomic data. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, March 8, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	08-Mar-24	01-Mar-24	% Change	Company	08-Mar-24	01-Mar-24	% Change
TRANSPOWER	351.30	240.00	+46.4%	GUINNESS	42.05	51.00	-17.5%
JULI	4.97	3.75	+32.5%	ETI	20.00	24.10	-17.0%
TRANSCORP	17.00	14.28	+19.0%	NEM	5.50	6.60	-16.7%
PZ	40.00	33.75	+18.5%	FTNCOCOA	1.38	1.65	-16.4%
FBNH	32.40	28.10	+15.3%	CHAMS	2.00	2.38	-16.0%
DEAPCAP	0.63	0.57	+10.5%	OMATEK	0.65	0.76	-14.5%
MTNN	221.40	200.70	+10.3%	JAPAULGOLD	1.95	2.25	-13.3%
CONHALLPLC	1.53	1.40	+9.3%	GUINEAINS	0.35	0.40	-12.5%
FLOURMILL	33.40	31.25	+6.9%	ABCTRANS	0.72	0.81	-11.1%
CUSTODIAN	9.00	8.50	+5.9%	CILEASING	3.48	3.91	-11.0%

Weekly Stock Recommendations as at Friday, March 8, 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
MTNN	-6.37	-6.77	-1.95	-103.48	-31.58	319.8	220	221.40	264.0	188.2	254.6	19.24	Buy
DANG SUGAR	-6.07	-6.22	6.52	7.76	-8.33	80.2	23.5	55.65	74.0	47.3	64.0	32.97	Buy
FBNH	2.05	2.10	47.35	0.59	13.6	34.10	10.3	32.40	40.0	27.8	37.7	22.14	Buy
TRANSPOWER	4.44	4.71	10.25	34.26	79.19	351.3	240	351.30	418.0	298.61	403.995	18.99	Buy
LAFARGE	3.17	3.37	27.01	1.26	10.71	47.95	20.10	34.00	43.0	28.9	39.1	26.47	Buy

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

FGN Eurobonds	Issue Date	TTM (years)	08-Mar-24 Price (N)	Weekly USD Δ	08-Mar-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.71	98.35	0.08	8.7%	-0.05
6.50 NOV 28, 2027	28-Nov-17	3.73	91.53	0.58	9.2%	-0.19
6.125 SEP 28, 2028	28-Sep-21	4.56	88.41	0.61	9.3%	-0.17
8.375 MAR 24, 2029	24-Mar-22	5.05	95.43	0.67	9.5%	-0.17
7.143 FEB 23, 2030	23-Feb-18	5.97	88.99	0.53	9.6%	-0.13
8.747 JAN 21, 2031	21-Nov-18	6.88	95.10	0.84	9.7%	-0.17
7.875 16-FEB-2032	16-Feb-17	7.95	89.28	1.05	9.9%	-0.21
7.375 SEP 28, 2033	28-Sep-21	9.56	84.89	0.81	9.9%	-0.15
7.696 FEB 23, 2038	23-Feb-18	13.97	81.81	0.98	10.2%	-0.16
7.625 NOV 28, 2047	28-Nov-17	23.74	77.93	0.61	10.1%	-0.08
9.248 JAN 21, 2049	21-Nov-18	24.89	91.55	1.01	10.2%	-0.12
8.25 SEP 28, 2051	28-Sep-21	27.58	81.93	0.60	10.2%	-0.08

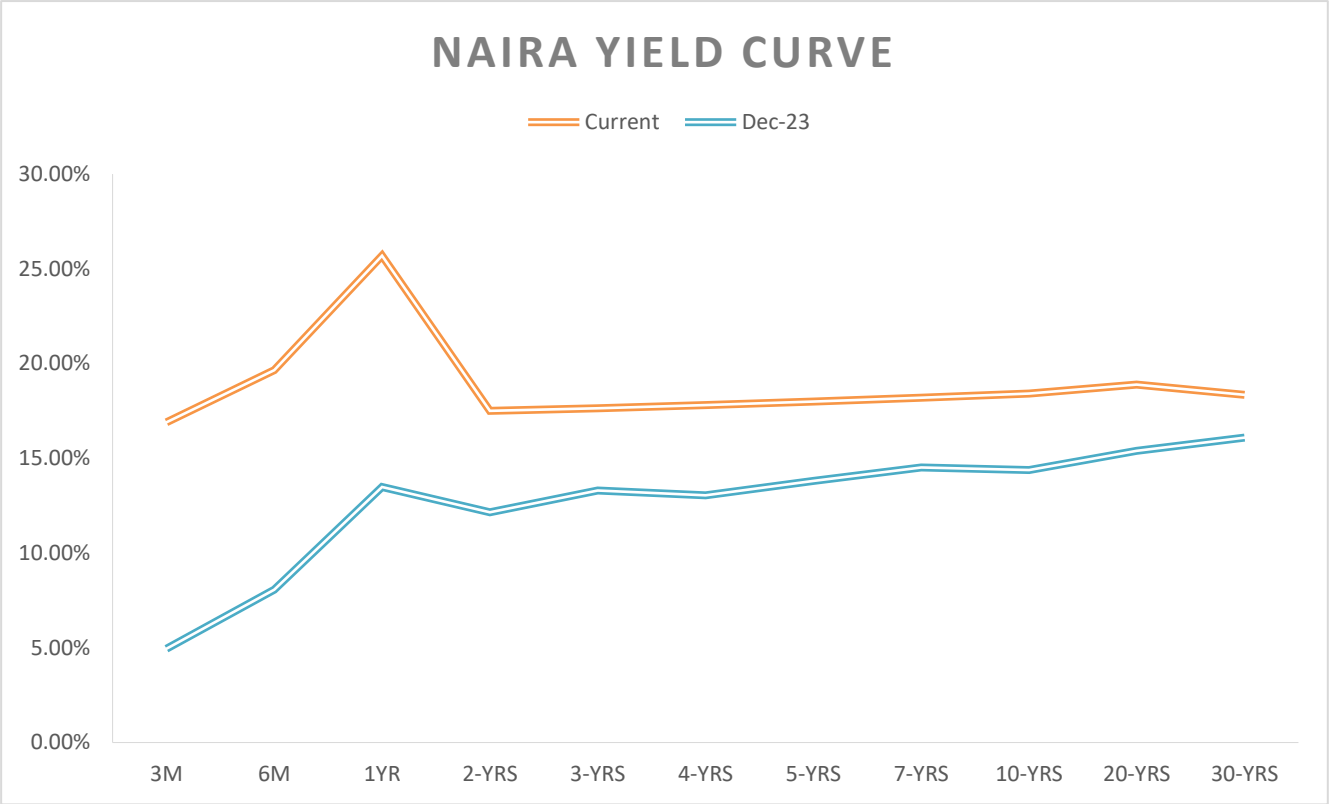
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, March 8,2024

MAJOR	08-Mar-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0957	1.0946	0.10%	1.07%	1.59%	3.53%
GBPUSD	1.2876	1.2806	0.54%	1.76%	2.01%	7.95%
USDCHF	0.8752	0.8775	-0.27%	-0.89%	0.10%	-6.13%
USDRUB	90.8500	90.6415	0.23%	-0.90%	-0.13%	19.81%
USDNGN	1590.0000	1589.2054	0.05%	2.91%	7.90%	245.64%
USDZAR	18.6666	18.6722	-0.03%	-2.16%	-1.68%	0.75%
USDEGP	49.3932	49.2995	0.19%	60.11%	60.11%	60.11%
USDCAD	1.34	1.3458	-0.07%	-0.78%	-0.05%	-2.72%
USDMXN	16.79	16.8693	-0.48%	-1.28%	-1.66%	-8.45%
USDBRL	4.98	4.9351	0.82%	0.50%	0.55%	-3.59%
AUDUSD	0.6648	0.6616	0.48%	1.86%	1.86%	0.83%
NZDUSD	0.6204	-0.0600	0.49%	1.48%	0.87%	1.65%
USDJPY	146.9090	148.0341	-0.76%	-2.13%	-1.60%	7.92%
USDCNY	7.1961	7.1996	-0.05%	-0.16%	-0.29%	3.16%
USDINR	82.6980	82.7063	-0.01%	-0.17%	-0.36%	0.83%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, March 8, 2024

Commodity		08-Mar-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	78.5	78.9	-0.51%	-1.83%	2.26%	3.46%
BRENT	USD/Bbl	82.7	83.0	-0.27%	-0.98%	1.38%	2.03%
NATURAL GAS	USD/MMBtu	1.8	9.8	-1.14%	-2.11%	-4.71%	-33.05%
GASOLINE	USD/Gal	2.5	2.6	-0.76%	-3.00%	-1.27%	-2.35%
COAL	USD/T	135.5	136.7	-0.91%	3.44%	12.92%	-25.55%
GOLD	USD/t.oz	2,172.1	2,159.1	0.60%	4.15%	7.20%	18.51%
SILVER	USD/t.oz	24.4	24.3	0.17%	5.09%	7.61%	21.21%
WHEAT	USD/Bu	518.7	523.3	-0.87%	-7.15%	-12.87%	-21.90%
PALM-OIL	MYR/T	4,094.0	4,070.8	0.57%	3.23%	5.41%	-2.64%
COCOA	USD/T	6,928.0	7,000.1	-1.03%	7.15%	19.35%	156.12%

FGN Bonds Yield Curve, Friday March 8, 2024



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