

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Inflationary Pressures Hound Nigeria's Economy; Reaches 28-Year High of 31.70% in February 2024...

In our view, we think the continued uptick in inflationary pressures is expected to stay elevated for most part of the year even as the country reels from the impact of insecurity challenges on food supply chain. This is further compounded by the increase in electricity tariffs, stamp duties, removal of subsidy on PMS and the upward exchange rates adjustment by the CBN in order to ease the pressure on the forex market.

EQUITIES MARKET: ASI Soars by 3.71% w/w on Bargain Hunting Activities Despite Staggering CPI Figures....

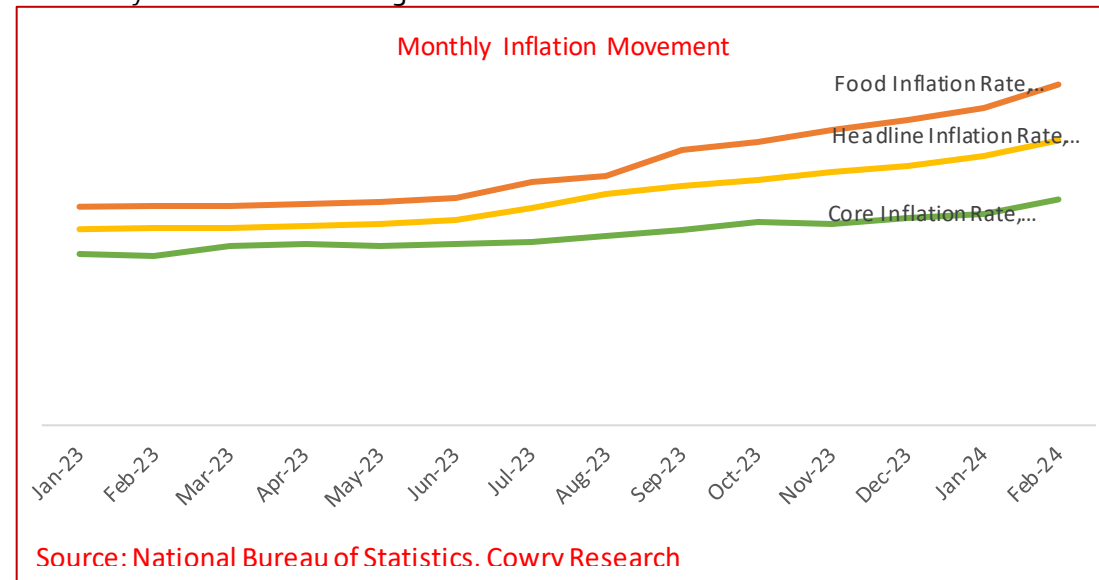
Looking ahead, Cowry Research anticipates the prevailing bullish sentiment to persist in the market during the coming week. This expectation is based on the anticipation by market players that more corporate releases with dividend announcements will hit the market even as players digest the recently published consumer price inflation report as well as the outcome of the recent treasury bills auction where we saw rates declined. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

ECONOMY: Inflationary Pressures Hound Nigeria's Economy; Reaches 28-Year High of 31.70% in February 2024...

In our analysis this week, we closely examine the latest monthly inflation data published by the National Bureau of Statistics indicate that in February 2024, Nigeria's headline inflation soared to a staggering 31.70%, marking a distressing 28-year high. This upward trajectory, persisting for fourteen consecutive months, reflects a multifaceted confluence of challenges gripping the nation's economy. Chief among these are mounting insecurity disrupting vital food production regions, coupled with the cascading impact of subsidy removal on petrol and upward adjustments in exchange rates. The current rate of 31.70% was up from 29.90% in January 2024 and stays above market expectation of 31% and closer to our forecast of 32%.

The acceleration of headline inflation to levels not witnessed since April 1996 was expected to stay elevated as inflationary pressures continue to build up. The faster speed of increase suggests that inflation has become difficult and is in doubt to reach an inflection point in the near time. This is particularly so given the fact that the inflationary pressure is coming more from the food component which increased to 37.9%.

Particularly worrisome is the significant contribution of food and non-alcoholic beverages, comprising over half of the



inflationary index at 51.80%, underscoring the acute vulnerability of Nigeria's food supply chain. Other contributing factors include housing and utility items, clothing and footwear, transportation costs, educational and health amenities costs, accounting for 16.72%, 7.63%, 6.50%, 3.94%, and 3.0% respectively. Regardless, the continued depreciation of the local currency has continued

to exert significant pressure on the core component of Nigeria's inflation basket due to the country's reliance on imported items.

Moreover, the depreciation of the naira by 59% between June 2023 when the foreign exchange market was liberalised and the mid-February 2024. This has notably escalated import costs, impacting Nigeria's economy significantly as it heavily relies on imports and also exerts immense pressure on Nigeria's inflation basket. For proper context, we can say the inflationary pressures stem from a myriad of factors, including escalated transportation costs, adverse effects of climate change on agricultural output, domestic security instabilities, geopolitical tensions such as the Russia-Ukraine conflict, and the protracted devaluation of the Nigerian Naira against the US dollar.

Furthermore, structural challenges within the food and agriculture sector have perpetuated supply constraints, exacerbating inflationary pressures. Notably, food inflation surged to 37.92% year-on-year in February 2024, the highest since August 2005, driven by increases in prices of staple commodities such as bread, cereals, potatoes, and meat.

Core inflation, which excludes the prices of volatile agricultural produces and energy stood at 25.13% in February 2024 on a year-on-year basis, highest since March 2004 (25.95%); up by 6.76% when compared to the 18.37% recorded in February 2023. The highest increases were recorded in prices of Passenger Transport by Road, Actual and Imputed Rentals for Housing, Medical Services, Pharmaceutical products, etc.

Across states of the federation, inflation rate on a Year-on-Year basis was highest in Kogi (37.98%), Oyo (36.60%), Bauchi (35.62%), while Borno (26.28%), Taraba (26.72%) and Benue (27.40%) recorded the slowest rise in Headline inflation. And on a Month-on-Month basis, however, February 2024 recorded the highest increases in Kwara (6.42%), Kebbi (4.64%), Adamawa (4.46%), while Katsina (1.93%), Cross River (1.98%) and Benue (2.33%) recorded the slowest rise on Month-on-Month inflation. For the Food basket, on a Year-on-Year basis was highest in Kogi (46.32%), Rivers (44.34%), and Kwara (43.05%), while Bauchi (31.46%), Plateau (32.56%), and Taraba (33.23%) recorded the slowest rise and then on a Month-on-Month basis, however, February 2024 Food inflation was highest in Adamawa (5.61%), Yobe (5.60%), and Borno (5.60%), while Cross River (2.08%), Niger (2.56%), and Abuja (2.60%) recorded the slowest rise in Food inflation on Month-on-Month basis.

The continued uptick in inflationary pressures is expected to stay elevated for most part of the year even as the country reels from the impact of insecurity challenges on food supply chain. This is further compounded by the increase in electricity tariffs, stamp duties, removal of subsidy on PMS and the upward exchange rates adjustment by the CBN in order to ease the pressure on the forex market.

Meanwhile, the Monetary Policy Committee is due to meet later this month. At the last meeting in February, the committee aggressively took to a 4% hike in the policy rate to 22.75% from 18.75% in a bid to rein-in on inflation. Despite the move, inflation pressure continued its pang on the economy.

Looking ahead, we expect the underlying drivers of inflation to continue exerting upward pressure on components of Nigeria's inflation basket. As such, we anticipate the Nigeria's headline inflation will continue its upward trend to 34% in March 2024 following the pass-through effect of the naira devaluation and rising cost of living.

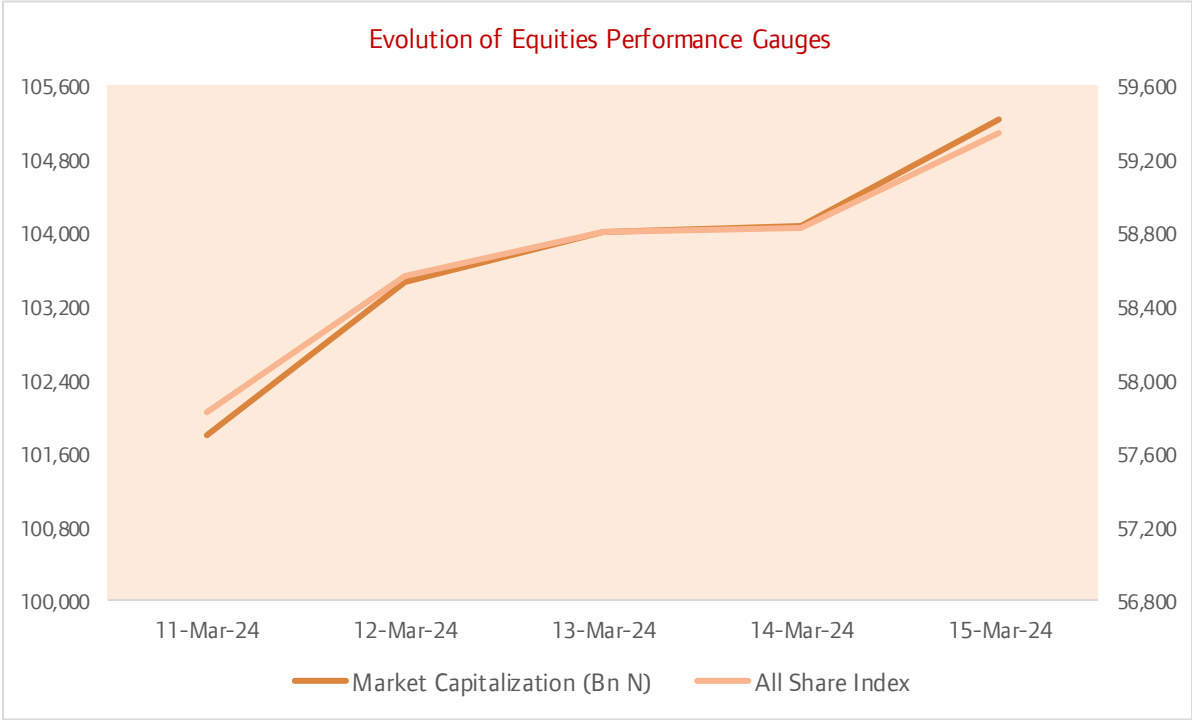
EQUITIES MARKET: ASI Soars by 3.71% w/w on Bargain Hunting Activities Despite Staggering CPI Figures....

The local equities market experienced another positive week on the back of bargain hunting just as dividend income investors continue to position in anticipation for more corporate earnings without losing sight of the February CPI report which printed at 31.70% even as they digest the outcome of the recent Nigerian Treasury Bills auction where there were slight declines in the stop rates. Thus, the All-Share Index (ASI) surged by an impressive 3.71% week on week, reaching 105,085.25 index points.

In alignment with the ASI's positive movement, the total market capitalization of listed equities experienced a robust 3.71% week-on-week increase, reaching N59.42 trillion. This surge was propelled by renewed bullish sentiment in financial stocks on the back of expected corporate releases. Consequently, investors enjoyed a substantial year-to-date return of 40.54%, resulting in a collective wealth accretion of N2.12 trillion compared to the previous week's N3.26 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 lackluster performance throughout the week

as the tally of weekly deals decelerated by 13.27% to 44,713 deals, while the average traded volume tanked by 17.80% week on week to 1.77 billion units. Additionally, the weekly average value closed weak by 51.42% week on week, reaching N52.87 billion, reflecting a downbeat in market participation amid rising investor interest.



The sectoral performance for the week displayed upbeat performance across most sectors, with the exception of the OIL & GAS index, which recorded a modest loss of 0.11% week on week, attributed to the adverse price movements in OANDO and ETERNA. Conversely, the BANKING, INSURANCE, CONSUMER GOODS and INDUSTRIAL sectors experienced positive outings, gaining 12.84%, 2.52%, 1.41% and 0.20% week on week, respectively, due to upward movement in the prices of key stocks such as JBERGER, NEM, MTNN, GTCO, ZENITHBANK, ETI, FBNH, DANGSUGAR and ROYALEX.

Individual stock performances showcased remarkable achievements among gainers, with JBERGER, OMATEK, NEM, MTNN, GTCO, and FTNCOCOA leading the charts with share price advances of +31%, +23%, +21%, +21%, and +18%, respectively. Conversely, INTENEGINS (27%), SUNUASSUR (19%), LASACO (15%), TRANSCORP (9%), and OANDO (4%) 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 by market players that more corporate releases with dividend announcements will hit the market even as players digest the recently published consumer price inflation report as well as the outcome of the recent treasury bills auction where we saw rates declined. Thus, it is expected that investors will take due advantage of low valuations and the rebalancing of portfolio. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, March 15, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	15-Mar-24	08-Mar-24	% Change	Company	15-Mar-24	08-Mar-24	% Change
JBERGER	72.60	55.60	30.6%	INTENEGINS	1.22	1.68	-27.4%
OMATEK	0.80	0.65	23.1%	SUNUASSUR	1.27	1.57	-19.1%
NEM	6.65	5.50	20.9%	LASACO	2.00	2.34	-14.5%
MTNN	267.00	221.40	20.6%	CONHALLPLC	1.33	1.53	-13.1%
GTCO	48.45	41.10	17.9%	SKYAVN	22.95	25.50	-10.0%
FTNCOCOA	1.62	1.38	17.4%	UACN	12.60	13.95	-9.7%
TIP	2.40	2.05	17.1%	TRANSCORP	15.50	17.00	-8.8%
ZENITHBANK	39.70	34.00	16.8%	UNITYBNK	1.83	2.00	-8.5%
ETI	23.30	20.00	16.5%	VITAFOAM	21.25	22.95	-7.4%
UPDC	1.52	1.32	15.2%	MORISON	1.41	1.51	-6.6%

Weekly Stock Recommendations as at Friday, March 15, 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
ACCESSCORP	3.18	3.40	46.15	0.51	7.34	30.7	7.5	23.00	29.0	19.8	26.9	24.20	Buy
MAYBAKER	0.02	0.02	4.89	1.04	316.9	7.51	3.35	5.10	6.9	4.3	5.9	35.10	Buy
UBA	1.94	2.07	51.99	0.48	12.82	33.50	12.85	24.90	32.0	21.2	28.6	28.51	Buy
JBERGER	1.41	1.50	53.71	1.25	47.69	67.1	21.15	72.60	89.0	67.0	84.2	25.19	Buy
LAFARGE	3.17	3.37	27.01	1.31	11.18	47.95	20.10	35.80	44.8	30.2	40.8	26.06	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, March 15, 2024

FGN Eurobonds	Issue Date	TTM (years)	15-Mar-24 Price (N)	Weekly USD Δ	15-Mar-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.69	98.36	0.01	8.7%	0.01
6.50 NOV 28, 2027	28-Nov-17	3.71	90.92	-0.61	9.5%	0.22
6.125 SEP 28, 2028	28-Sep-21	4.54	87.41	-1.00	9.6%	0.31
8.375 MAR 24, 2029	24-Mar-22	5.03	93.82	-1.61	10.0%	0.43
7.143 FEB 23, 2030	23-Feb-18	5.95	87.39	-1.60	10.0%	0.40
8.747 JAN 21, 2031	21-Nov-18	6.86	92.95	-2.15	10.2%	0.46
7.875 16-FEB-2032	16-Feb-17	7.93	87.17	-2.11	10.3%	0.43
7.375 SEP 28, 2033	28-Sep-21	9.55	82.35	-2.54	10.3%	0.48
7.696 FEB 23, 2038	23-Feb-18	13.95	79.30	-2.51	10.6%	0.41
7.625 NOV 28, 2047	28-Nov-17	23.72	74.93	-3.00	10.5%	0.42
9.248 JAN 21, 2049	21-Nov-18	24.87	88.12	-3.43	10.6%	0.42
8.25 SEP 28, 2051	28-Sep-21	27.56	78.72	-3.21	10.7%	0.43

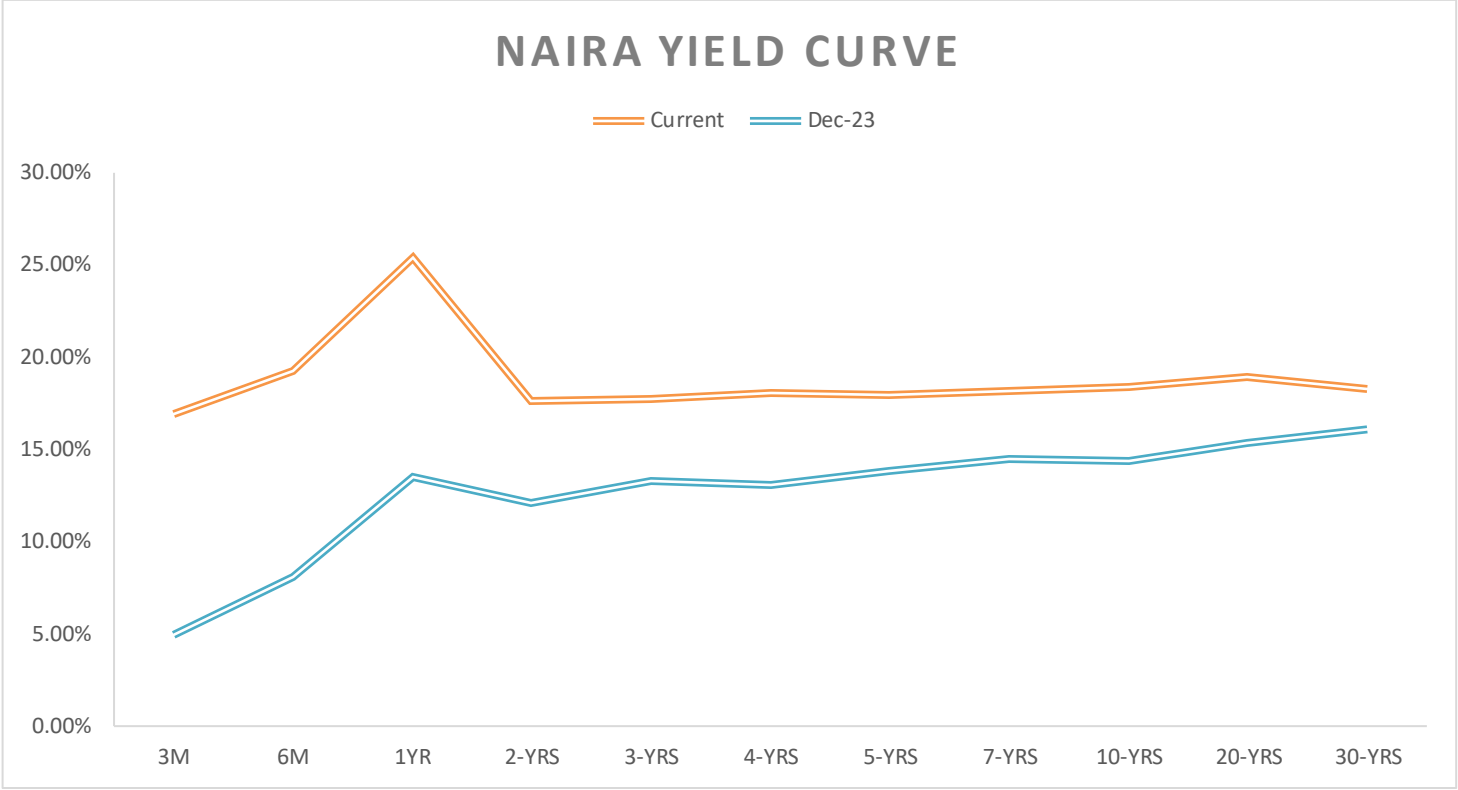
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, March 15,2024

MAJOR	15-Mar-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0885	1.0881	0.04%	-0.46%	1.05%	2.66%
GBPUSD	1.2730	1.2751	-0.17%	-0.97%	1.07%	5.16%
USDCHF	0.8840	0.8838	0.02%	0.72%	0.38%	-4.87%
USDRUB	92.5205	91.5229	1.09%	1.73%	0.57%	19.31%
USDNGN	1600.0000	1590.4573	0.60%	0.42%	7.19%	247.87%
USDZAR	18.7660	18.7285	0.20%	0.33%	-0.53%	2.10%
USDEGP	47.8040	47.7515	0.11%	-3.13%	54.96%	55.46%
USDCAD	1.35	1.3532	0.11%	0.50%	0.46%	-1.26%
USDMXN	16.72	16.6964	0.14%	-0.54%	-1.95%	-10.61%
USDBRL	4.99	4.9894	0.10%	0.30%	0.58%	-4.46%
AUDUSD	0.6559	0.6580	-0.32%	-1.01%	0.44%	-1.41%
NZDUSD	0.6084	-0.0600	-0.74%	-1.41%	-0.61%	-1.76%
USDJPY	149.0470	148.3202	0.49%	1.34%	-0.78%	11.46%
USDCNY	7.2063	7.2020	0.06%	0.09%	-0.07%	4.52%
USDINR	82.8600	82.9180	-0.07%	0.15%	-0.18%	0.29%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, March 15, 2024

Commodity		15-Mar-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	81.2	81.3	-0.01%	4.14%	3.55%	18.38%
BRENT	USD/Bbl	85.3	85.4	-0.13%	3.93%	3.10%	14.83%
NATURAL GAS	USD/MMBtu	1.7	9.8	-5.00%	-8.48%	-1.67%	-37.09%
GASOLINE	USD/Gal	2.7	2.7	0.61%	7.64%	5.51%	9.93%
COAL	USD/T	131.5	131.1	0.31%	-2.95%	10.27%	-24.86%
GOLD	USD/t.oz	2,158.0	2,161.0	-0.14%	-0.88%	7.21%	12.46%
SILVER	USD/t.oz	25.2	24.8	1.61%	3.80%	7.82%	16.22%
WHEAT	USD/Bu	529.2	532.3	-0.58%	-1.59%	-5.33%	-24.29%
PALM-OIL	MYR/T	4,287.0	4,295.2	-0.19%	4.71%	12.55%	9.00%
COCOA	USD/T	8,018.0	7,404.9	8.28%	15.73%	40.52%	201.66%

FGN Bonds Yield Curve, Friday March 15, 2024



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