

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria's Inflation Upticks to 3-Decade High of 33.20%; Consumers' Pockets Squeeze Further....

Despite the overall upward trend, there's a slight easing on a monthly basis to 3% in March from 3.1% in February. However, this marginal decrease might not be enough to offset the broader inflationary pressures Nigeria is experiencing. We think inflationary pressure will continue to stay elevated in the near term as Nigeria continue to experience surges in food prices resulting from supply chain disruption, the pass-through effect of the currency devaluation and insecurity concerns which continues to mount further pressure on the food index.

EQUITIES MARKET: : Negative Sentiments Lingers as Investors Dump Financial Stocks; Lose N1.6trn.....

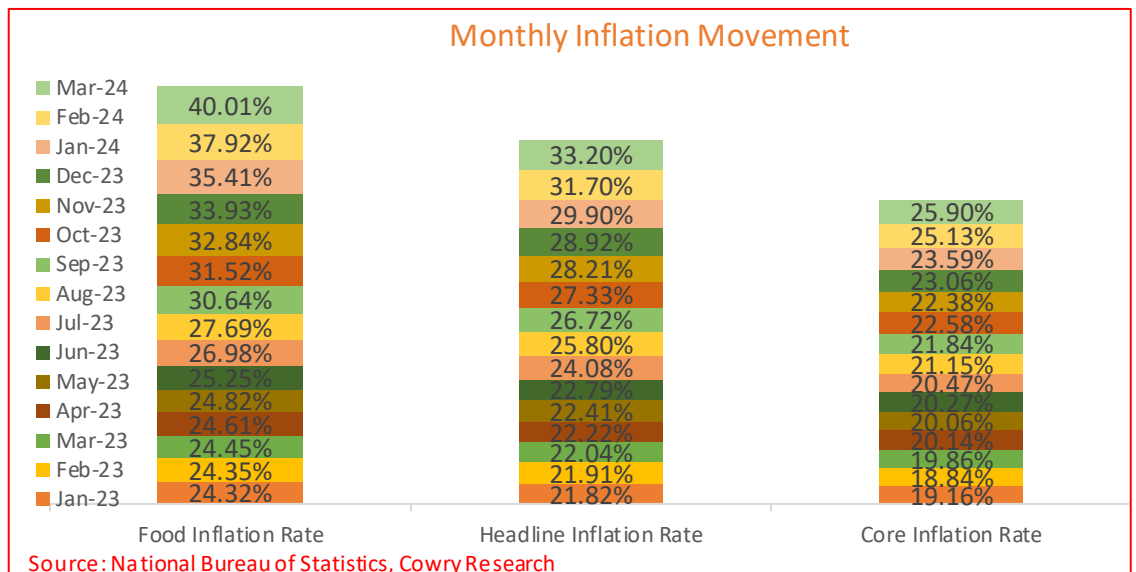
Looking ahead to the coming week, the current trend of corrections and pullbacks are expected to continue on the back of portfolio rebalancing, and sector rotation by investors and fund managers. We think investors will closely monitor expected earnings numbers, published macroeconomic data and government policy direction for further guidance. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

ECONOMY: Nigeria's Inflation Upticks to 3-Decade High of 33.20%; Consumers' Pockets Squeeze Further....

The latest consumer price inflation reading for the month of March 2024 show that Nigeria's headline inflation has risen for the fifteenth consecutive months with the rate climbing year on year to 33.20%, up from 31.70% in February 2024. This translates to a 1.50 percentage point increase month-over-month with growth momentum moderating when compared to February and marks the highest level in over 28 years when this figure was achieved.

This surge in inflationary pressures can be attributed to several factors such as heightened import costs, the pass-through effect of economic policies, sharp depreciation of the local currency, and the removal of fuel subsidies have all played significant roles. Additionally, various items within the inflation basket, including food, housing, transportation, and other miscellaneous categories, have contributed further to the inflationary pressures. Regardless, Nigeria faces significant challenges in curbing inflation, stemming from security issues in food-growing regions, the pass-through effect of currency depreciation on consumer prices, infrastructure deficits, elevated energy prices, and logistics challenges across the country.

Of particular concern is food inflation, a crucial component of Nigeria's inflation basket, has spiked to 40% in March the highest level since August 2005. The food component risen steadily since January 2023 and remains the main contributor to the elevated headline reading. However, its pace of increase slowed compared with an acceleration of 254 basis points to 37.92% year on year in the previous month.



The imported food index continues to exert upward pressure on Nigeria's headline inflation, with the latest reading showing an increase of 309 basis points to 32.89% year-on-year in March. Notably, this increase is more pronounced in the prices of essential food items such as bread, cereals, potatoes, yams, fishes, oils, fats, meats, fruits, and beverages like coffee, tea, and cocoa, as items making up the divisional level. On a positive note, the month on month reading for the food inflation decelerated slightly to 3.62% from 3.79% indicating that previous rate adjustments by the monetary authority are starting to impact the economy positively. The deceleration in the monthly inflation reading comes on the back of a fall in the rate of increase in the average prices of the food items under the divisional level.

However, the annual core inflation rate, which excludes volatile items like farm produce and energy, has also risen substantially to 25.9%, reaching a multi-year high in March from 25.12% from the previous month. The Bureau reported that the rise in core inflation was due to increased prices for items such as passenger transport by road, housing rentals, pharmaceutical products, and medical services. Meanwhile, on a month on month basis, the core reading increased by 37 basis points to 2.54% month on month in March.

Across the states profile, inflation in the month of March 2024 was highest in Kogi (39.97%), Bauchi (38.34%), Kwara (38.10%), and Oyo (37.29%) states, while Borno (25.78%), Benue/Taraba (28.12%) and Katsina (28.32%) states recorded the slowest rise in headline inflation on year-on-year basis. On a Month-on-Month basis, however, March 2024 recorded the highest increases in Zamfara (3.90%), Abia (3.89%), Ondo (3.75%), while Borno (1.46%), Yobe (1.84%) and Adamawa (1.85%) recorded the slowest rise on Month-on-Month inflation.

For the food index, food inflation in March was highest in Kogi (48.46%), Kwara (46.18%), Akwa Ibom (45.18%), while Nasarawa (33.76%), Borno (34.28%) and Bauchi (34.38%), recorded the slowest rise in Food inflation on year-on-year basis. On the flipside, Abia (5.17%), Cross River (5.14%), Bayelsa (4.75%), reported the fastest increases in food inflation while Borno (1.59%), Yobe (2.08%) and Adamawa (2.12%) recorded the slowest rise in Food inflation on month-on-month basis.

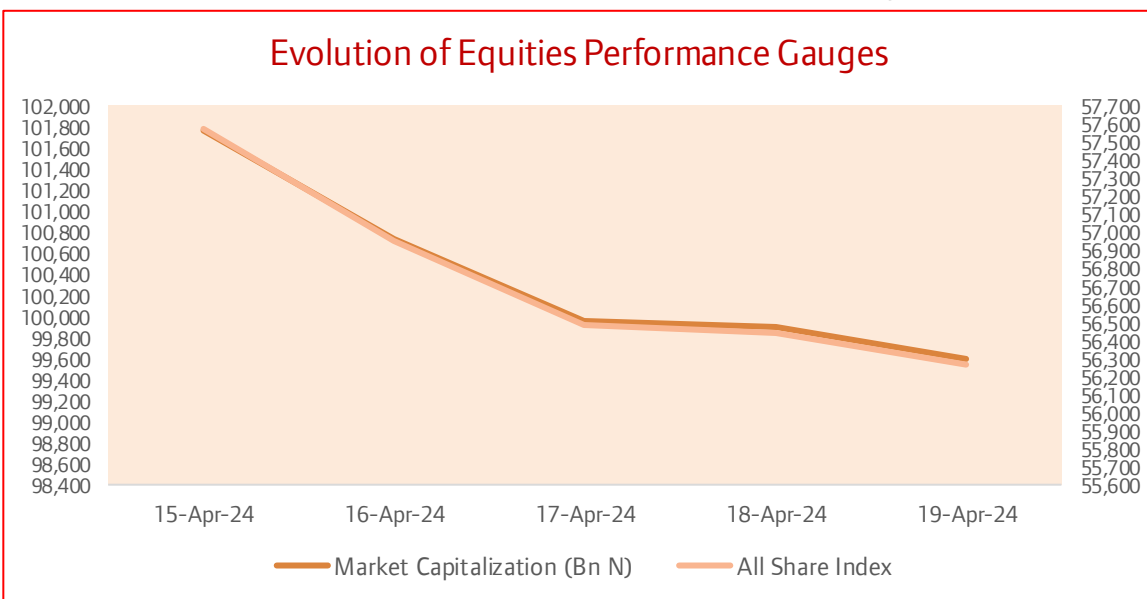
Despite the overall upward trend, there's a slight easing on a monthly basis to 3% in March from 3.1% in February. However, this marginal decrease might not be enough to offset the broader inflationary pressures Nigeria is experiencing. We think inflationary pressure will continue to stay elevated in the near term as Nigeria continue to experience surges in food prices resulting from supply chain disruption, the pass-through effect of the currency devaluation and insecurity concerns which continues to mount further pressure on the food index.

Looking ahead, Cowry Research sees further but slower rise in the headline inflation to 34.65% in April as the recent appreciation of the Naira begins to permeate the economy, causing ease on commodity price levels.

EQUITIES MARKET: Negative Sentiments Lingers as Investors Dump Financial Stocks; Lose N1.6trn.....

In the just concluded week, the domestic equities market saw another pullback which reflects the current market dynamics and changes in fundamentals in the face of high interest rate environment, mixed macroeconomic data and yields in the alternative investment windows as market players continue to analyse the potential impact of these variables on investment decisions.

Resultantly, it was a see-saw movement for the benchmark all-share index which trended southward by 2.71% week on week to close below the 100k psychological mark at 99,539.75 index points resulting from the downbeat in market sentiments which came from sell-offs across the SWOOT (stocks worth over one trillion) sectors and the continued dumping of banking stocks by investors in the wake of the recapitalisation drive by the CBN and the digestion of recently published macroeconomic data.



Furthermore, the market capitalisation of listed equities went southward in all sessions witnessed this week by 2.71% week on week to N56.30 trillion as expectations for dividend earnings season and Q1 2024 corporate earnings wane, resulting in equity investors losing a total of N1.6 trillion while the year to date return of the market printed lower at 33.12% as against the 36.83% in the prior week.

Trading activity this week was positive despite a weakened market breadth as evidenced in the total number of losers that outnumbered the gainers in the ratio 62:13. As a result, the weekly traded volume advanced by 41.07% week on week to 1.59 billion units consummated in 44,915 deals which indicates a 104.9% uptick during the week. In the same manner, the traded value for the week soared further by 12.78% week on week to N32.31 billion.

On the sectoral performance, it was another week of market-wide bearish performance as the NGX-Banking index led the losses by 11.46% week on week driven by adverse price movements in GTCO, UNITYBNK, JAIZBANK, UBA and ACCESS. Trailing on the losers table were the NGX-Insurance (2.80%), NGX-Industrial Goods (2.71%), and NGX-Consumer Goods (0.96%), which got dragged by southward movement in CHAMS, SUNUASSUR, DANGSUGAR, UNILEVER, FLOUR and OANDO respectively while the NGX Oil & Gas Index stayed muted from last week's close.

At the close of the week, the best performed stocks for the week included MORISON, GUINNESS, ACADEMY, PRESTIGE, and NEM as their share prices trended upward by 45%, 10%, 10%, 9%, and 9% in that order. However, the worst performance stocks for the week are GTCO, UNITYBNK, LIVESTOCK, JAPAUFGOLD, and CHAMS as their share prices plummeted by 19% apiece.

Looking ahead to the coming week, the current trend of corrections and pullbacks are expected to continue on the back of portfolio rebalancing, and sector rotation by investors and fund managers. We think investors will closely monitor expected earnings numbers, published macroeconomic data and government policy direction for further guidance. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, April 19, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	19-Apr-24	12-Apr-24	% Change	Symbol	19-Apr-24	12-Apr-24	% Change
MORISON	3.72	2.56	45.3%	GTCO	33.50	41.40	-19.1%
GUINNESS	55.00	50.00	10.0%	UNITYBNK	1.62	2.00	-19.0%
ACADEMY	1.91	1.74	9.8%	LIVESTOCK	1.45	1.79	-19.0%
PRESTIGE	0.61	0.56	8.9%	JAPAULGOLD	1.67	2.05	-18.5%
THOMASWY	2.14	1.97	8.6%	CHAMS	1.70	2.04	-16.7%
NEM	10.35	9.55	8.4%	CAVERTON	1.50	1.78	-15.7%
REGALINS	0.41	0.38	7.9%	SUNUASSUR	1.00	1.18	-15.3%
DAARCOMM	0.70	0.65	7.7%	JAIZBANK	1.93	2.27	-15.0%
ROYALEX	0.67	0.64	4.7%	TIP	2.00	2.35	-14.9%
NSLTECH	0.60	0.58	3.4%	CWG	6.10	7.15	-14.7%

Weekly Stock Recommendations as at Friday, April 19, 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
ELLAHLAKES	-0.23	-0.36	7.59	0.40	-13.26	4.40	3.58	3.10	4.8	2.6	3.5	60.00	Buy
ETI	0.23	0.26	73.01	0.36	111.99	28.8	9.5	26.00	34.8	22.1	29.9	33.85	Buy
FLOURMILLS	0.22	0.23	52.80	0.58	139.39	47.4	27	30.50	40.0	25.9	35.1	31.15	Buy
GUINNESS	-2.39	-4.78	23.60	2.33	-23.02	87.90	54.45	55.00	75.0	46.8	63.3	36.36	Buy
MAYBAKER	0.63	0.67	5.09	1.18	9.6	7.51	3.35	6.00	9.0	5.1	6.9	50.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, April 19, 2024

FGN Eurobonds	Issue Date	TTM (years)	19-Apr-24 Price (N)	Weekly USD Δ	19-Apr-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.59	98.97	-0.32	8.3%	0.23
6.50 NOV 28, 2027	28-Nov-17	3.61	92.58	-0.43	9.0%	0.16
6.125 SEP 28, 2028	28-Sep-21	4.45	88.24	-0.68	9.4%	0.21
8.375 MAR 24, 2029	24-Mar-22	4.93	94.95	-1.03	9.7%	0.28
7.143 FEB 23, 2030	23-Feb-18	5.85	88.09	-0.98	9.9%	0.25
8.747 JAN 21, 2031	21-Nov-18	6.76	93.87	-1.06	10.0%	0.22
7.875 16-FEB-2032	16-Feb-17	7.83	87.61	-0.88	10.2%	0.18
7.375 SEP 28, 2033	28-Sep-21	9.45	83.01	-0.80	10.2%	0.15
7.696 FEB 23, 2038	23-Feb-18	13.86	78.74	-1.16	10.7%	0.19
7.625 NOV 28, 2047	28-Nov-17	23.62	74.37	-1.23	10.6%	0.18
9.248 JAN 21, 2049	21-Nov-18	24.78	88.60	-1.25	10.6%	0.16
8.25 SEP 28, 2051	28-Sep-21	27.46	78.44	-1.32	10.7%	0.18

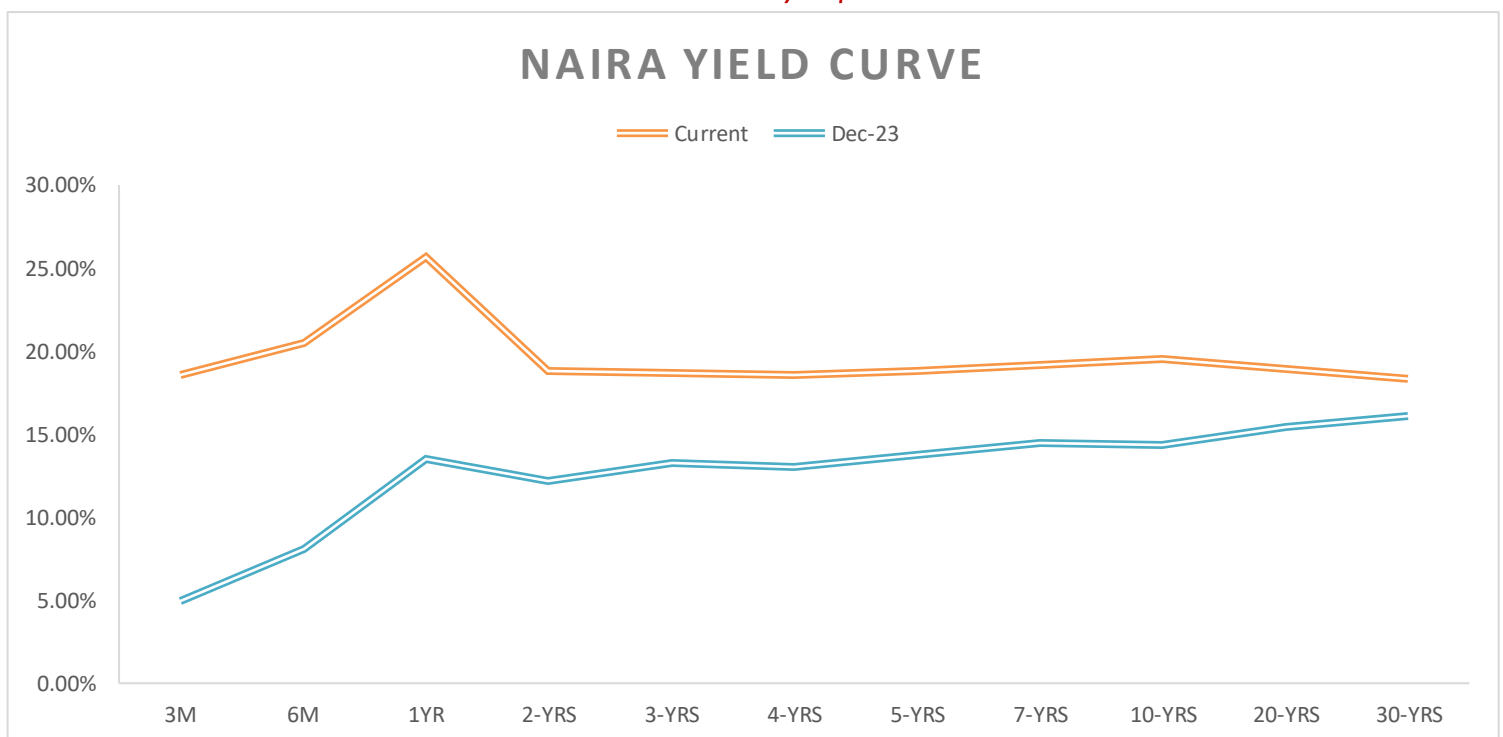
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, April 19,2024

MAJOR	19-Apr-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0673	1.0642	0.29%	0.32%	-2.24%	-2.67%
GBPUSD	1.2444	1.2435	0.07%	-0.03%	-2.65%	0.02%
USDCHF	0.9085	0.9124	-0.43%	-0.65%	2.42%	1.81%
USDRUB	93.1570	93.7759	-0.66%	-0.32%	0.96%	15.26%
USDNGN	1078.3100	1150.3200	-6.26%	-10.29%	-30.93%	134.40%
USDZAR	19.1214	19.1674	-0.24%	1.22%	2.16%	5.93%
USDEGP	48.3271	48.3319	-0.01%	1.62%	3.15%	56.65%
USDCAD	1.37	1.3771	-0.30%	-0.31%	1.77%	1.89%
USDMXN	17.25	17.0766	1.04%	3.73%	3.52%	-4.04%
USDBRL	5.22	5.2414	-0.49%	1.93%	4.98%	3.32%
AUDUSD	0.6428	0.6423	0.07%	-0.46%	-2.34%	-4.58%
NZDUSD	0.5899	-0.0600	-0.06%	-0.55%	-2.92%	-4.34%
USDJPY	154.5900	154.6055	-0.01%	0.88%	2.18%	15.13%
USDCNY	7.2472	7.2508	-0.05%	-0.26%	0.51%	5.28%
USDINR	83.3877	83.5883	-0.24%	-0.26%	0.26%	1.54%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, April 19, 2024

Commodity		19-Apr-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	83.2	82.7	0.52%	-2.90%	2.35%	7.51%
BRENT	USD/Bbl	87.5	87.1	0.42%	-3.29%	2.45%	8.25%
NATURAL GAS	USD/MMBtu	1.8	9.8	1.70%	1.01%	-3.09%	-20.50%
GASOLINE	USD/Gal	2.7	2.7	0.25%	-2.94%	0.05%	5.19%
COAL	USD/T	141.0	139.5	1.08%	6.82%	8.96%	-26.75%
GOLD	USD/t.oz	2,390.9	2,380.6	0.43%	1.99%	9.33%	19.23%
SILVER	USD/t.oz	28.5	28.2	1.09%	2.41%	10.98%	12.80%
WHEAT	USD/Bu	543.5	553.0	-1.71%	-2.19%	-0.22%	-18.56%
PALM-OIL	MYR/T	3,928.0	3,989.0	-1.53%	-8.20%	-9.26%	6.02%
COCOA	USD/T	11,875.0	11,282.7	5.25%	8.67%	41.46%	281.44%

FGN Bonds Yield Curve, Friday April 19, 2024





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