

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Another Improvement in Merchandise Trade Despite Nigeria's Foreign Exchange Conundrums...

As highlighted in our 2024 outlook report, we anticipate that the positive trade surplus recorded will contribute to a higher current account surplus for Nigeria. This improvement in the trade balance is primarily attributed to increased trade activities during the period, with crude oil exports playing a dominant role, accounting for over 80% of the total amount. Our expectations for the fiscal year 2024 are based on the assumption that the pivotal role of crude oil production and export, coupled with a decrease in fuel imports, will continue to enhance the trade surplus, subsequently leading to a higher current account balance. However, we anticipate that the deficit in the services account will widen, albeit below pre-pandemic levels, due to ongoing foreign exchange pressures.

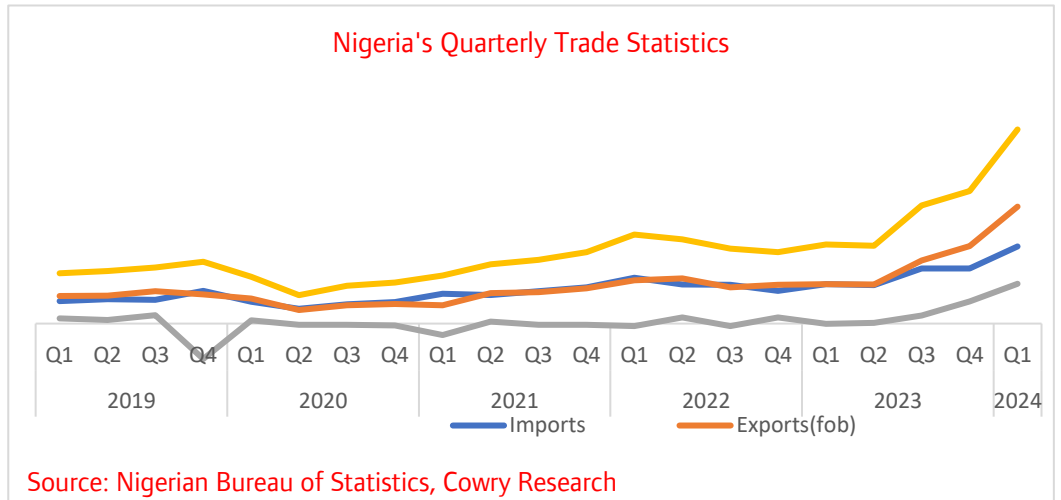
EQUITIES MARKET: : Bullish Optimism Rules as Energy and Financial Stocks Drive Strong Gains by 0.71%...

Looking ahead to the next week, a mixed trend is expected, driven by profit-taking activities. Sector rotation and portfolio rebalancing on the exchange are expected to continue in anticipation of the second half of the year's window dressing activities and the release of the May 2024 consumer price inflation report.

ECONOMY: Another Improvement in Merchandise Trade Despite Nigeria’s Foreign Exchange Conundrums...

The latest foreign trade data from Nigeria’s Bureau of Statistics indicates a 145.58% year-on-year increase in total merchandise trade, reaching N31.81 trillion in Q1 2024, up from N12.95 trillion in the same period of 2023. Exports totaled N19.17 trillion, while imports were N12.64 trillion, resulting in a positive trade balance of N6.52 trillion, a significant 310.6% increase from N20.94 billion in Q1 2023.

Exports accounted for 60.25% of the total trade, valued at N19.17 trillion, showing a 51.0% quarter-on-quarter increase from Q4 2023 and a 195.47% year-on-year rise from Q1 2023. During the period, mineral products dominated exports at N17.51 trillion, or 91.36% of the total export value, followed by vegetable products at N589.57 billion (3.08%) and prepared foodstuffs, beverages, spirits, and vinegar; tobacco at N472.82 billion (2.47%). Crude oil exports were



N15.47 trillion, representing 80.80% of total exports, while non-crude oil exports stood at N3.68 trillion (19.20%), with non-oil products contributing N1.78 trillion (9.28%).

Elsewhere, imports accounted for 39.75% of total trade, valued at N12.64 trillion, a 39.65% increase from Q4 2023 and a 95.53% rise from Q1 2023. The leading import categories were mineral fuels at N4.44 trillion (35.09%), machinery and transport equipment at N3.17 trillion (25.08%), and chemicals and related products at N1.79 trillion (14.13%).

The positive trade balance was driven by rising exports, benefiting from naira devaluation and increased global demand for Nigeria’s export products. This trend aligns with the 2024 WTO forecast, which anticipates global merchandise trade growth of 2.6% in 2024 due to easing inflationary pressures in advanced economies. The report also sheds light on regional trade forecasts, with Africa expected to witness the fastest export growth (5.3%) due to ongoing economic recovery efforts. In addition, a strong import volumes growth of 4.4% in Africa is expected to bolster global demand for traded goods this year.

From the NBS report, we saw that:

- Agricultural goods exports reached N1.04 trillion, up 123.08% from Q4 2023 and 270.13% from Q1 2023. Agricultural imports were N920.54 billion, a 29.45% increase from Q4 2023 and a 95.28% rise from Q1 2023.
- Raw material exports were N352.75 billion, up 7.09% from Q4 2023 and 76.48% from Q1 2023, while raw material imports were N1,47 trillion, a 51.78% increase from Q4 2023 and a 164.18% rise from Q1 2023.
- Solid mineral exports were N63.41 billion, up 76.77% from Q4 2023 and 143.69% from Q1 2023, with imports at N71.38 billion, a 21.15% increase from Q4 2023 and a 59.23% rise from Q1 2023.
- Manufactured goods exports were N268.70 billion, up 14.36% from Q4 2023 and 104.88% from Q1 2023, with imports at N5.74 billion, a 44.47% increase from Q4 2023 and a 139.47% rise from Q1 2023.
- Other oil product exports stood at N1.90 trillion, a 47.70% increase from Q4 2023 and a 177.17% rise from Q1 2023, while imports were N4.44 trillion, a 32.90% increase from Q4 2023 and a 48.28% rise from Q1 2023.

Trade with African nations showed exports valued at N2.24 trillion and imports at N401.83 billion. Key African export destinations included South Africa, Ivory Coast, Senegal, Benin, and Togo, accounting for 96.41% of exports to Africa. Major African import partners were South Africa, Ivory Coast, Togo, Egypt, and Morocco. The primary exports to Africa were petroleum oils, electrical energy, urea, cement clinkers, and soya bean flours, while key imports included kerosine-type jet fuel, petroleum bitumen, diammonium phosphate, other liquefied petroleum gases, and polypropylene.

Top export partners were France, Spain, the Netherlands, India, and the United States, collectively accounting for 45.74% of total exports. Key exported commodities included crude oil, liquefied natural gas, sesamum seeds, urea, and high-quality cocoa beans. On the import side, China was the top partner, followed by India, the United States, Belgium, and the Netherlands. Major imported

commodities included motor spirit ordinary, gas oil, durum wheat, cane sugar for refining, and other liquefied petroleum gases and gaseous hydrocarbons.

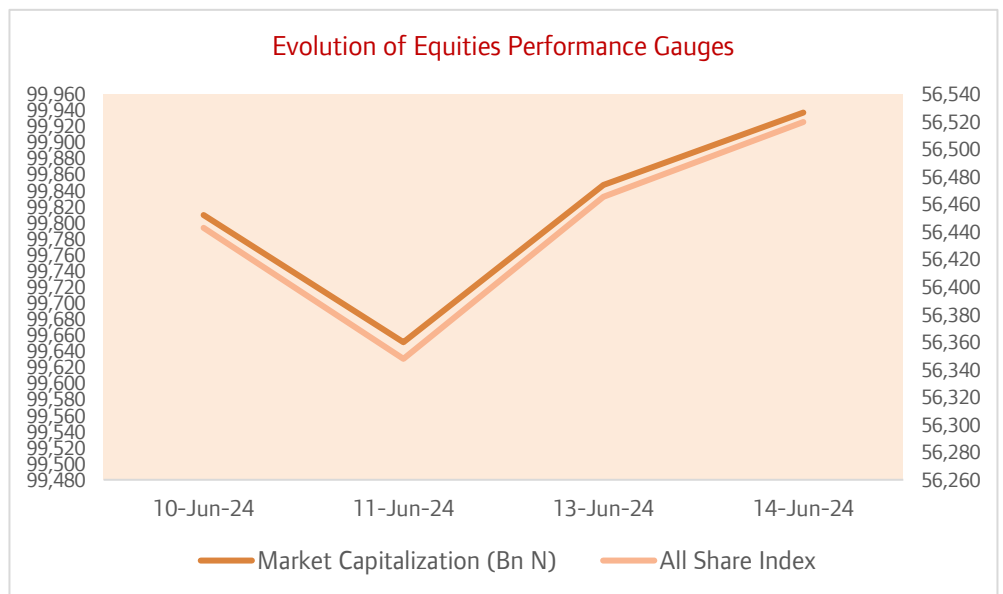
Nigeria's trade surplus of N6.52 trillion marks another significant increase in the level of trade activities and can be primarily buoyed by the decline in total imports for the period on the back of rigorous checks and enhanced processes for accessing foreign currency for imports.

As highlighted in our 2024 outlook report, we anticipate that the positive trade surplus recorded will contribute to a higher current account surplus for Nigeria. This improvement in the trade balance is primarily attributed to increased trade activities during the period, with crude oil exports playing a dominant role, accounting for over 80% of the total amount. Our expectations for the fiscal year 2024 are based on the assumption that the pivotal role of crude oil production and export, coupled with a decrease in fuel imports, will continue to enhance the trade surplus, subsequently leading to a higher current account balance. However, we anticipate that the deficit in the services account will widen, albeit below pre-pandemic levels, due to ongoing foreign exchange pressures.

EQUITIES MARKET: Bullish Optimism Rules as Energy and Financial Stocks Drive Strong Gains by 0.71%...

The local stock exchange exhibited resilience this past week, characterised by a touch of bullish optimism. Investors continued their portfolio repositioning activities, with sectoral allocations coming into play ahead of the holidays. This occurred as market participants awaited the upcoming release of the May Consumer Price Inflation report. The positive market breadth supported a pattern reversal from the recent pullback, bolstered by the market's low valuation.

As a result, the All-Share Index increased by 0.71% week-on-week, closing at 99,925.29 points, reflecting strong investor interest in energy and financial stocks. Similarly, market capitalisation experienced positive movement, recovering from the previous week's downturn with a 0.71% increase over the week, climbing to N56.53 trillion. This translated into a gain of N397.74 billion, thereby enhancing investors' wealth. The market recorded 51 weekly gainers against 34 weekly decliners, buoyed by bullish sentiment that firmly established the bulls' dominance on the benchmark index in three out of the four trading sessions this week. Consequently, the year-to-date return now stands at 33.64%.



The equities market witnessed gains this week, with notable performers such as CUTIX (+28%), REGALINS (+24%), CHAMS (+23%), TOTAL (+21%), and FTNCOCOA (+20%) leading the weekly gainers' chart, driven by positive activities in these stocks, which propelled their price movements. Conversely, negative investor sentiment led to sell-offs in DAARCOMM (-18%), CILEASING (-15%), CUSTODIAN (-11%), ETI (-11%), and NASCON (-10%), positioning these stocks as the top losers for the week.

Sectoral performance was particularly strong, with the NGX-Oil & Gas and NGX-Banking indices leading the gainers with increases of 5.28% and 3.63% respectively. This was due to gains in some of the key stocks in these indices, as banks began to unveil their recapitalisation plans to meet the new capital requirements set by the Central Bank of Nigeria (CBN). The stocks contributing to these gains included TOTAL, UNITYBNK, STERLINGNG, FIDELITYBNK, OANDO, and ZENITHBANK. Following closely were the NGX-Insurance, NGX-Consumer Goods, and NGX-Industrial Goods indices, which rose by 3.42%, 1.05%, and 0.27% respectively, thanks to positive price movements in REGALINS, CUTIX, GUINNESS, PRESCO, NIGERIAN BREWERIES, JULIUS BERGER, and NEM.

Elsewhere, trading activities maintained a positive trajectory for the week, evidenced by an improvement in the total volume and value of weekly trades. Consequently, the total traded volume surged by 54.63% week-on-week to 2.63 billion units, while the total weekly traded value sharply increased by 43.14% to N43.65 billion. However, the total number of trades for the week declined by 10.74% to 33,709 deals.

Looking ahead to the next week, a mixed trend is expected, driven by profit-taking activities. Sector rotation and portfolio rebalancing on the exchange are expected to continue in anticipation of the second half of the year's window dressing activities and the release of the May 2024 consumer price inflation report. As trading volume patterns continue to fluctuate, suggesting buying interest in some sectors and profit-taking in others amidst a wait-and-see attitude among market players, investors are advised to trade in stocks of companies with sound fundamentals.

Weekly Gainers and Loser as at Friday, June 14, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	14-Jun-24	07-Jun-24	% Change	Symbol	14-Jun-24	07-Jun-24	% Change
CUTIX	4.00	3.12	28.2%	DAARCOMM	0.52	0.63	-17.5%
REGALINS	0.47	0.38	23.7%	CILEASING	2.55	2.99	-14.7%
CHAMS	1.90	1.54	23.4%	CUSTODIAN	9.35	10.50	-11.0%
TOTAL	388.90	321.50	21.0%	ETI	21.35	23.85	-10.5%
FTNCOCOA	1.37	1.14	20.2%	NASCON	36.80	40.85	-9.9%
GUINNESS	60.25	50.55	19.2%	ACADEMY	1.83	2.03	-9.9%
VERITASKAP	0.74	0.63	17.5%	CWG	5.30	5.85	-9.4%
PRESCO	345.00	293.90	17.4%	MAYBAKER	5.60	6.03	-7.1%
UPDCREIT	5	4.05	17.3%	CADBURY	15.25	16.00	-4.7%
DEAPCAP	0.56	0.48	16.7%	MTNN	220.70	230.00	-4.0%

Weekly Stock Recommendations as at Friday, June 14, 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
GTCO	16.24	19.49	71.59	0.59	2.59	48.80	22.05	42.20	50.5	35.7	48.4	20.00	Buy
PRESCO	24.06	33.68	81.22	4.25	14.34	323.2	110.00	345.00	483.0	293.3	396.8	40.00	Buy
GUINNESS	-28.15	-30.02	-2.16	-27.94	-2.14	80.00	42.05	60.25	83.0	51.2	69.3	37.76	Buy
LAFARGE	0.32	0.45	27.33	1.31	111.36	47.95	20.10	35.90	50.3	30.5	41.3	40.00	Buy
UBA	3.96	5.55	76.37	0.29	5.64	33.50	12.85	22.35	31.3	19.0	25.7	40.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, June 14, 2024

FGN Eurobonds	Issue Date	TTM (years)	14-Jun-24 Price (N)	Weekly USD Δ	14-Jun-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.44	100.21	0.14	7.5%	-0.11
6.50 NOV 28, 2027	28-Nov-17	3.46	92.69	-0.30	9.0%	0.12
6.125 SEP 28, 2028	28-Sep-21	4.29	88.01	-0.38	9.6%	0.13
8.375 MAR 24, 2029	24-Mar-22	4.78	94.36	-0.39	9.9%	0.11
7.143 FEB 23, 2030	23-Feb-18	5.70	87.27	-0.36	10.1%	0.10
8.747 JAN 21, 2031	21-Nov-18	6.61	93.12	-0.49	10.2%	0.11
7.875 16-FEB-2032	16-Feb-17	7.68	87.29	-0.43	10.3%	0.09
7.375 SEP 28, 2033	28-Sep-21	9.30	82.20	-0.70	10.4%	0.14
7.696 FEB 23, 2038	23-Feb-18	13.70	77.71	-0.94	10.9%	0.16
7.625 NOV 28, 2047	28-Nov-17	23.47	73.16	-1.03	10.8%	0.16
9.248 JAN 21, 2049	21-Nov-18	24.62	88.40	-0.95	10.6%	0.12
8.25 SEP 28, 2051	28-Sep-21	27.31	77.03	-1.15	10.9%	0.17
					10.01%	

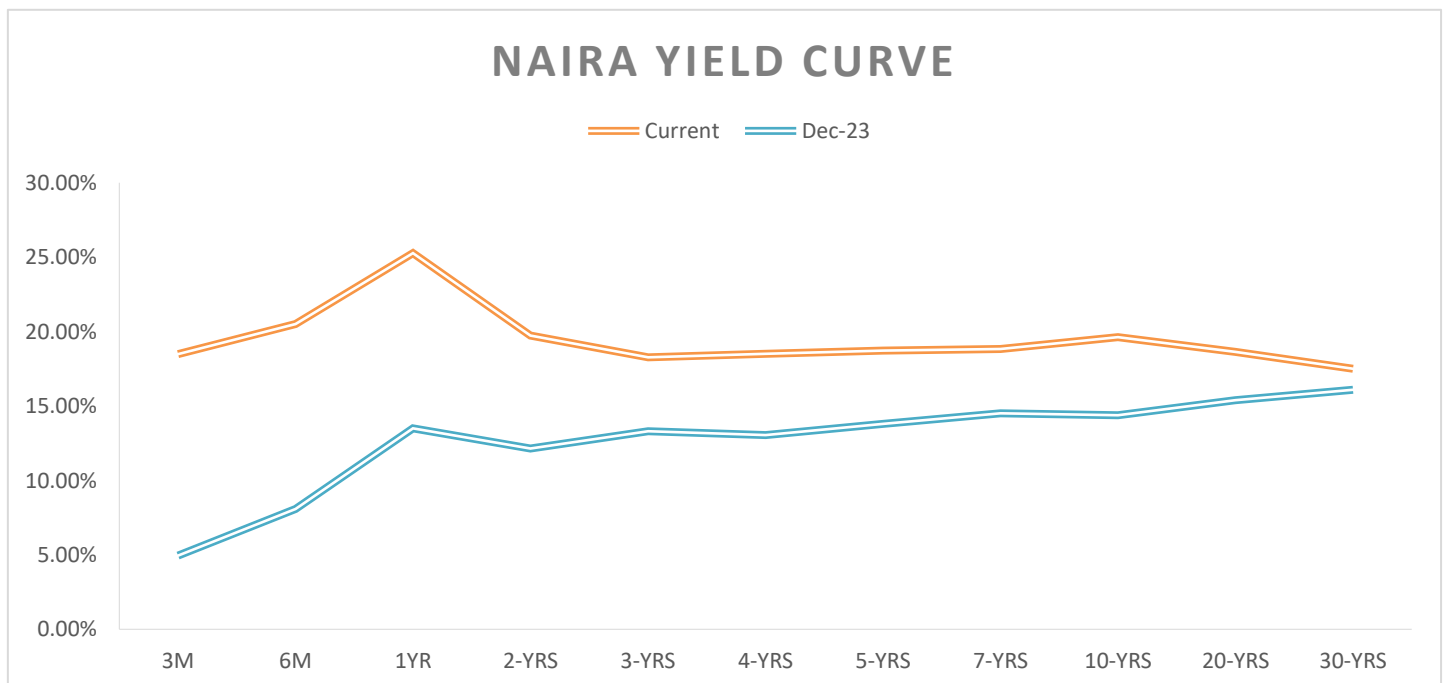
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, June 14, 2024

MAJOR	14-Jun-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0675	1.0737	-0.58%	-1.15%	-1.95%	-2.45%
GBPUSD	1.2662	1.2754	-0.72%	-0.39%	-0.19%	-0.91%
USDCHF	0.8911	0.8940	-0.33%	-0.63%	-1.09%	-0.11%
USDRUB	89.7542	87.8737	2.14%	0.45%	-1.46%	7.53%
USDNGN	1495.0000	1504.9326	-0.66%	1.62%	-1.77%	144.88%
USDZAR	18.4675	18.4306	0.20%	-2.26%	1.11%	1.34%
USDEGP	47.7112	47.7160	-0.01%	0.48%	1.98%	54.64%
USDCAD	1.38	1.3744	0.19%	0.05%	1.28%	4.16%
USDMXN	18.50	18.4125	0.45%	0.57%	10.90%	8.16%
USDBRL	5.37	5.3644	0.10%	0.42%	4.48%	11.57%
AUDUSD	0.6596	0.6631	-0.53%	0.28%	-1.53%	-4.18%
NZDUSD	0.6122	-0.0600	-0.60%	0.33%	-0.11%	-1.73%
USDJPY	157.3100	157.1215	0.12%	0.35%	1.94%	12.14%
USDCNY	7.2741	7.2705	0.05%	0.17%	0.89%	2.17%
USDINR	83.5568	83.5401	0.02%	0.04%	0.17%	2.02%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, June 14, 2024

Commodity		14-Jun-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	78.5	78.6	-0.11%	4.04%	-0.06%	10.91%
BRENT	USD/Bbl	82.7	82.7	-0.06%	3.95%	0.02%	9.39%
NATURAL GAS	USD/MMBtu	3.0	9.8	-0.19%	1.29%	22.33%	13.41%
GASOLINE	USD/Gal	2.4	2.4	0.17%	1.50%	-3.58%	-4.79%
COAL	USD/T	136.4	135.5	0.70%	0.37%	-3.02%	3.33%
GOLD	USD/t.oz	2,332.3	2,302.2	1.31%	1.72%	-2.48%	19.15%
SILVER	USD/t.oz	29.1	28.9	0.80%	0.02%	-1.91%	22.26%
WHEAT	USD/Bu	620.1	620.0	0.02%	-1.05%	-6.73%	-7.71%
PALM-OIL	MYR/T	3,983.0	3,940.8	1.07%	0.18%	3.29%	13.12%
COCOA	USD/T	9,802.5	9,869.6	-0.68%	-0.92%	27.52%	207.23%

FGN Bonds Yield Curve, Friday June 14, 2024





Disclaimer

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