

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria's Economy Strengthens by 3.19% in Q2 on Non-Oil Sector Upbeat....

Overall, we believe that the normalisation and implementation of new government reforms and policies are expected to drive national output growth, particularly supported by the industry and services sectors. Additionally, the expectation of a dovish tone from the Central Bank of Nigeria in September and the anticipated moderation in price levels will likely support further upward output growth.

EQUITIES MARKET: Widespread Optimism Pervades Local Bourse with N348bn Gains for Investors.....

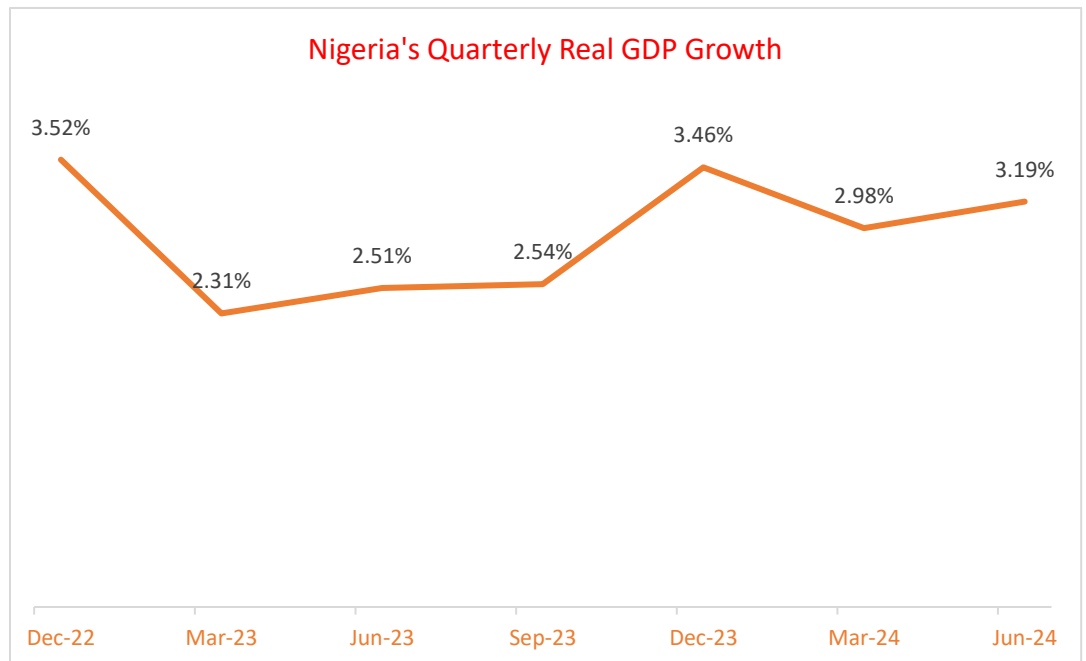
Looking ahead to the coming week, it is expected that the prevailing market sentiment will continue to dominate the local bourse, with position-taking and portfolio reshuffling likely to intensify ahead of the September trading month. From a technical perspective, the NGX is showing signs of recovery, as indicated by the candlestick formations and momentum indicators, with equity investors poised to capitalise on pullbacks to acquire value stocks.

ECONOMY: Nigeria's Economy Strengthens by 3.19% in Q2 on Non-Oil Sector Upbeat...

Growth expectations for Nigeria in recent times has been a reflection of the economic activity levels amid the impact of high inflation, weakening local currency, insecurity challenges which have impacted the increases seen in fuel price and price of commodities. Also, the high interest rate environment continues to dampen the prospect for businesses as well as the lingering infrastructure and investment challenges.

The latest macroeconomic data on growth, published by the National Bureau of Statistics (NBS), indicates that Nigeria's economy has experienced accelerated growth for the fifteenth consecutive quarter, with a real growth rate of 3.19% year-on-year during the second quarter of 2024. This growth rate surpasses the 2.51% recorded in the second quarter of 2023 and exceeds the first quarter of 2024's growth of 2.98%.

An examination of GDP performance during the second quarter of 2024 highlights the services sector as the primary driver of real growth during this period. The sector achieved a growth rate of 3.79% year-on-year and contributed 58.8% of the total gross domestic product (GDP). This performance was supported by positive growth in key sectors such as telecommunications and information services (16.4%), financial institutions (6.04%), real estate (5.2%), construction (3.2%), professional, scientific, and technical services (3%), and broadcasting services (2.54%).



Additionally, the agriculture sector recorded modest gains during the second quarter, growing by 1.41%, slightly below the 1.50% growth recorded in the second quarter of 2023. This growth in the agriculture sector was driven by improved activities in crop production, livestock, forestry, and fishery, as well as mining and quarrying activities.

The industrial sector grew by 3.53%, an improvement from the -1.94% recorded in the second quarter of 2023, driven by the performance of the manufacturing sector. However, the growth was undermined by negative performances in the transportation sub-sector, particularly in road and air transport. In terms of GDP share, the industry and services sectors contributed more to the aggregate GDP in the second quarter of 2024 compared to the corresponding quarter of 2023.

Elsewhere, the performance of the basic sectors of the economy, specifically the oil and non-oil sectors, further supported the positive performance of the aggregate GDP. The oil sector's real growth was 10.15% year-on-year in Q2 2024, an increase of 23.58 percentage points compared to the rate recorded in the corresponding quarter of 2023 (-13.43%). Growth also increased by 4.45 percentage points compared to Q1 2024, which was 5.70%. The oil sector contributed 5.70% to the total real GDP in Q2 2024, higher than the figure recorded in the corresponding period of 2023 but lower than the preceding quarter's contribution of 6.38%.

During the review period, Nigeria's average daily oil production of 1.41 million barrels per day (mbpd) was higher than the daily average production of 1.22 mbpd recorded in the same quarter of 2023 by 0.19 mbpd. However, it was lower than the first quarter of 2024's production volume of 1.57 mbpd by 0.16 mbpd. This decrease occurred despite continued crude oil theft and low investment in the sector.

On the other hand, the non-oil sector maintained its growth, recording a real growth rate of 2.80% in Q2 2024. This sector's growth was driven mainly by financial and insurance services (financial institutions), information and communication (telecommunications), agriculture (crop production), trade, and manufacturing (food, beverage, and tobacco), all of which contributed to positive GDP growth. In real terms, the non-oil sector contributed 94.30% to the nation's GDP in the second quarter of 2024, slightly lower than the 94.66% recorded in the second quarter of 2023 but higher than the 93.62% recorded in the first quarter of 2024.

As expected, Nigeria’s economy continues its positive growth trajectory, defying challenges such as high price pressures, global dynamics, a rising interest rate environment, and the continued depreciation of the local currency against the United States dollar across various foreign exchange market segments. This strong growth trajectory is underpinned by the pivotal role played by the non-oil sector, driven by the improved activities of financial institutions through the development of consumer-tailored financial services products and the adoption of technology to drive their operations. We also note the rapid expansion of the oil sector from 5.70% in the previous quarter, driven by improved oil output. However, there are downside risks to Nigeria’s oil output, including crude oil theft, pipeline vandalism, and the regulators’ lack of capacity to encourage refining by local refineries.

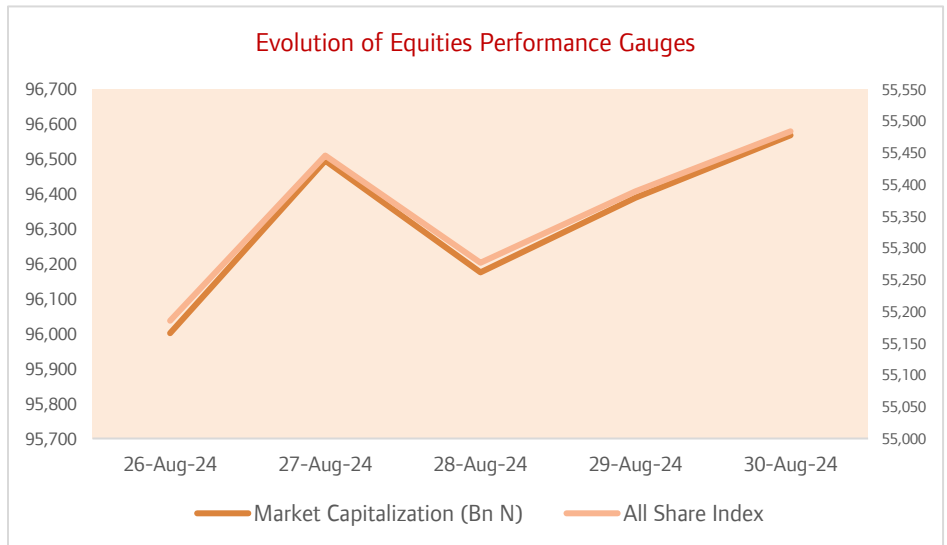
Overall, we believe that the normalisation and implementation of new government reforms and policies are expected to drive national output growth, particularly supported by the industry and services sectors. Additionally, the expectation of a dovish tone from the Central Bank of Nigeria in September and the anticipated moderation in price levels will likely support further upward output growth.

EQUITIES MARKET: Widespread Optimism Pervades Local Bourse with N348bn Gains for Investors.....

This week in the Nigerian stock market, the bulls maintained a firm grip, driven by widespread optimism that created buying opportunities for market participants. This positive market breadth was bolstered by the release of favourable macroeconomic data, which suggests a promising trajectory for the economy. In response, equity investors engaged in sector rotation and portfolio reshuffling, focusing on high-quality stocks with strong fundamentals and encouraging chart patterns.

The benchmark All-Share Index of the market registered a 0.63% increase on a week-on-week basis, surpassing the 96,000 psychological threshold to close at 96,579.54 points. This upward movement signifies a gradual return of strength to the market, despite the index remaining below both the 50-day Exponential Moving Average (EMA) and the 50-day Simple Moving Average (SMA), amidst evolving market fundamentals and technical indicators.

Additionally, the market capitalisation of traded equities rose by 0.63% week-on-week, reaching N55.48 trillion, driven by positive price movements across various sectors. Consequently, investors realised a profit of N348 billion in weekly gains, as the exchange recorded a total of 56 advancing stocks compared to 26 that experienced price declines. The year-to-date return of the exchange now stands at 29.16%.



Market momentum was strong, fuelled by buying interest across small, mid, and large-cap stocks with solid fundamentals. As a result, the weekly trade value surged by 55.3% week-on-week to N51.34 billion, although the weekly trading volumes declined by 52.4% to 2.69 billion shares, all executed in 47,877 deals—a 14% increase from the previous week.

Across the sectoral spectrum, performance was bullish, with all five sectors under observation closing in positive territory. The NGX-Oil & Gas and NGX-Insurance indices led the charge with weekly gains of 8.55% and 6.10%, respectively, driven by buying interest in stocks such as OANDO, ETERNA, TOTAL, SOVRENINS, CORNERSTONE, and UNIVINSURE. The NGX Consumer Goods, NGX-Banking, and NGX-Industrial Goods indices also reported notable gains of 3.5%, 1.60%, and 0.04% respectively, buoyed by positive price movements in OKOMUOIL, MCNICHOLS, INTBREW, FBNH, JULIUS BERGER, BERGER, and ETI.

At the close of the week, stocks like OANDO (61%), DEAPCAP (57%), MCNICHOLS (57%), DAARCOMM (55%), and NSLTECH (54%) emerged as the top gainers, drawing significant investor attention. Conversely, TRANSPOWER (-10%), MTNN (-10%), UPL (-9%), UNITED CAPITAL (-8%), and EUNISELL (-6%) were the week's laggards, as investors offloaded these stocks as part of a broader portfolio rebalancing exercise.

Looking ahead to the coming week, it is expected that the prevailing market sentiment will continue to dominate the local bourse, with position-taking and portfolio reshuffling likely to intensify ahead of the September trading month. From a technical perspective, the NGX is showing signs of recovery, as indicated by the candlestick formations and momentum indicators, with equity investors poised to capitalise on pullbacks to acquire value stocks. Nevertheless, we continue to advise investors to focus on fundamentally sound stocks.

Weekly Gainers and Loser as at Friday, August 30, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	30-Aug-24	23-Aug-24	% Change	Symbol	30-Aug-24	23-Aug-24	% Change
OANDO	76.90	47.85	60.7%	TRANSPower	335.20	372.40	-10.0%
DEAPCAP	0.88	0.56	57.1%	MTNN	180.00	199.80	-9.9%
MCNICHOLS	1.55	0.99	56.6%	UPL	2.30	2.54	-9.4%
DAARCOMM	0.73	0.47	55.3%	UCAP	18.20	19.75	-7.8%
NSLTECH	0.66	0.43	53.5%	EUNISELL	3.00	3.20	-6.3%
OMATEK	0.88	0.66	33.3%	CWG	5.50	5.85	-6.0%
ETERNA	27.60	21.00	31.4%	TANTALIZER	0.64	0.68	-5.9%
JBERGER	170.50	130.00	31.2%	FIDSON	13.00	13.75	-5.5%
RTBRISCOE	4	2.71	31.0%	UNILEVER	18.00	19.00	-5.3%
SOVRENINS	0.68	0.56	21.4%	VITAFOAM	18.35	19.35	-5.2%

Weekly Stock Recommendations as at Friday, August 30, 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	31.18	71.59	0.64	2.83x	48.80	22.05	45.50	62.0	39.0	52.8	35.08	Buy
ETERNA	-3.71	-4.82	-1.02	29.96	-8.27x	32.35	11.15	27.60	39.8	26.1	35.2	30.00	Buy
CAP	2.20	2.86	10.43	3.29	15.59x	37	16.2	34.30	44.6	29.2	39.4	30.00	Buy
MAY & BAKER	0.85	1.10	5.64	1.31	8.73x	7.51	3.35	7.40	10.0	6.3	8.5	35.14	Buy
ZENITH	8.22	11.84	90.70	0.42	4.66x	47.35	18.90	38.25	55.2	32.6	44.1	44.00	Buy
GTCO	16.24	31.18	71.59	0.64	2.83x	48.80	22.05	45.90	62.0	39.0	52.8	35.08	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, August 30, 2024

FGN Eurobonds	Issue Date	TTM (years)	30-Aug-24 Price (N)	Weekly USD Δ	30-Aug-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.23	100.03	0.65	7.6%	-0.56
6.50 NOV 28, 2027	28-Nov-17	3.25	92.99	1.32	9.0%	-0.49
6.125 SEP 28, 2028	28-Sep-21	4.08	89.83	1.40	9.2%	-0.44
8.375 MAR 24, 2029	24-Mar-22	4.57	96.72	1.86	9.3%	-0.52
7.143 FEB 23, 2030	23-Feb-18	5.49	90.27	2.10	9.5%	-0.53
8.747 JAN 21, 2031	21-Nov-18	6.40	95.25	1.83	9.8%	-0.41
7.875 16-FEB-2032	16-Feb-17	7.47	88.82	1.86	10.0%	-0.39
7.375 SEP 28, 2033	28-Sep-21	9.08	83.73	1.92	10.2%	-0.37
7.696 FEB 23, 2038	23-Feb-18	13.49	80.17	1.92	10.5%	-0.32
7.625 NOV 28, 2047	28-Nov-17	23.26	75.21	1.95	10.5%	-0.29
9.248 JAN 21, 2049	21-Nov-18	24.41	89.16	2.18	10.5%	-0.28
8.25 SEP 28, 2051	28-Sep-21	27.10	78.66	2.14	10.7%	-0.31
					9.72%	

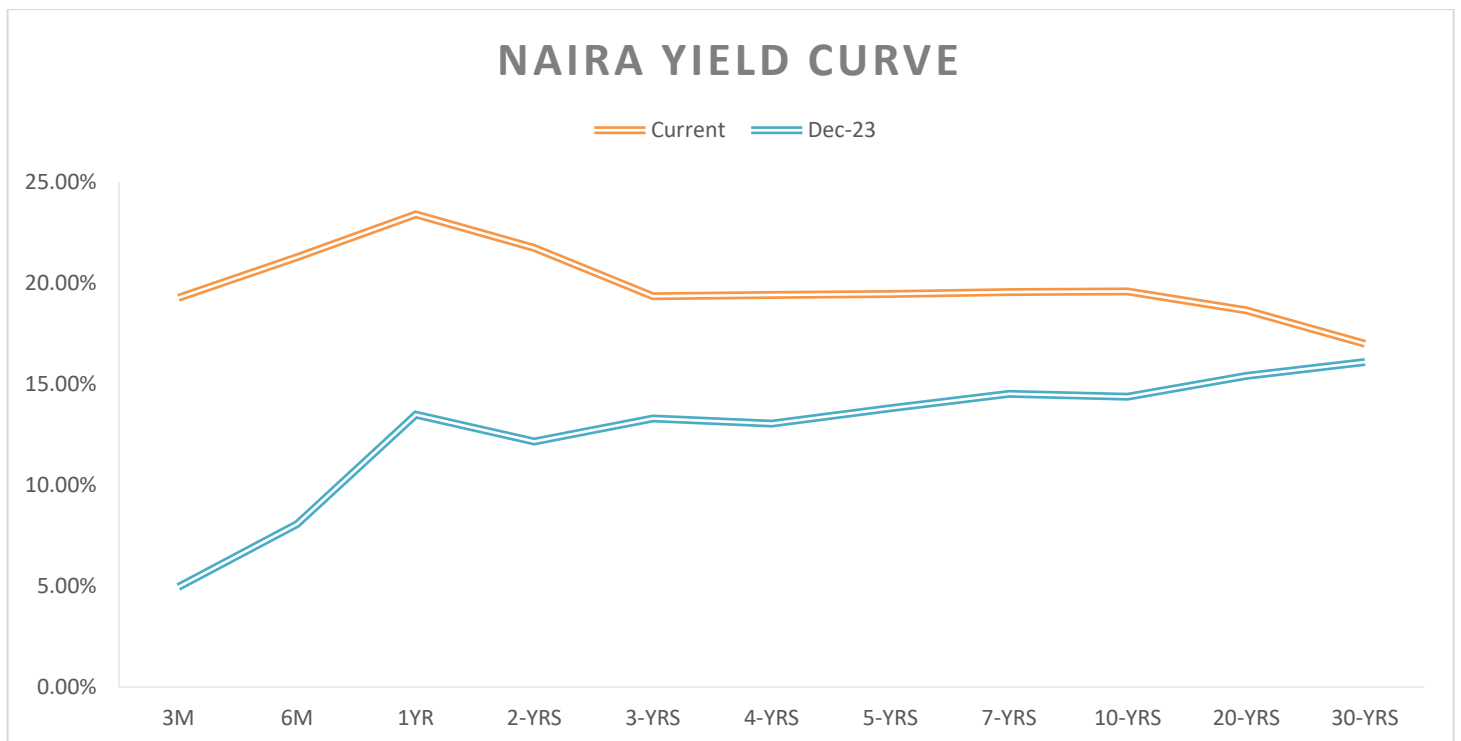
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, August 30, 2024

MAJOR	30-Aug-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1077	1.1080	-0.03%	-0.99%	2.34%	2.18%
GBPUSD	1.3157	1.3165	-0.06%	-0.41%	2.36%	3.81%
USDCHF	0.8488	0.8469	0.23%	0.14%	-3.36%	-3.89%
USDRUB	90.6500	92.0024	-1.47%	-0.93%	6.65%	-4.45%
USDNGN	1590.0100	1592.2391	-0.14%	0.94%	-4.28%	105.69%
USDZAR	17.7306	17.7519	-0.12%	0.11%	-2.54%	-5.93%
USDEGP	48.6247	48.5713	0.11%	-0.23%	0.22%	57.60%
USDCAD	1.35	1.3489	-0.13%	-0.27%	-2.44%	-0.26%
USDMXN	19.72	19.8413	-0.62%	3.33%	5.79%	15.83%
USDBRL	5.67	5.6288	0.66%	3.25%	0.12%	14.35%
AUDUSD	0.6789	0.6796	-0.09%	-0.04%	3.67%	4.71%
NZDUSD	0.6261	-0.0600	-0.02%	0.44%	5.18%	4.96%
USDJPY	145.5280	144.8905	0.44%	0.84%	-2.85%	0.00%
USDCNY	7.0802	7.0887	-0.12%	-0.50%	-2.01%	-2.69%
USDINR	83.8399	83.8902	-0.06%	0.03%	0.15%	1.38%

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

Commodity		30-Aug-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	73.8	75.9	-2.84%	-1.44%	-5.34%	-11.10%
BRENT	USD/Bbl	76.9	78.8	-2.40%	-2.65%	-4.84%	-10.79%
NATURAL GAS	USD/MMBtu	2.1	9.8	0.04%	-2.11%	4.81%	-32.19%
GASOLINE	USD/Gal	2.1	2.2	-6.95%	-8.69%	-15.12%	-15.85%
COAL	USD/T	143.3	145.0	-1.21%	-2.39%	2.87%	-8.17%
GOLD	USD/t.oz	2,509.4	2,519.5	-0.40%	-0.09%	2.52%	29.27%
SILVER	USD/t.oz	29.0	29.4	-1.40%	-2.98%	-0.38%	18.42%
WHEAT	USD/Bu	528.0	524.5	0.66%	5.17%	0.18%	-12.26%
PALM-OIL	MYR/T	4,003.0	3,941.9	1.55%	3.46%	2.40%	-0.92%
COCOA	USD/T	9,708.4	9,650.5	0.60%	-1.53%	20.11%	167.19%

FGN Bonds Yield Curve, Friday August 30, 2024





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