

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: A Modest Recovery in Nigeria's Manufacturing Landscape; August PMI at 50.2 Points....

Cowry Research highlights the positive shift in economic activity, with the August PMI marking the first expansion in over a year. This recovery is primarily driven by improvements in the services and agricultural sectors, although the industrial sector remains in contraction. The analysis underlines that Nigeria's private sector continues to be a crucial driver of sustainable economic growth, yet faces persistent challenges such as limited credit access, inadequate infrastructure, inflationary pressures, and unreliable power supply. Investment in infrastructure and targeted reforms will be key to unlocking the full potential of these sectors and ensuring long-term economic growth.

EQUITIES MARKET: Aggressive Sell-Sentiments Rule the Bourse Activities; ASI Dips 0.15% w/w.....

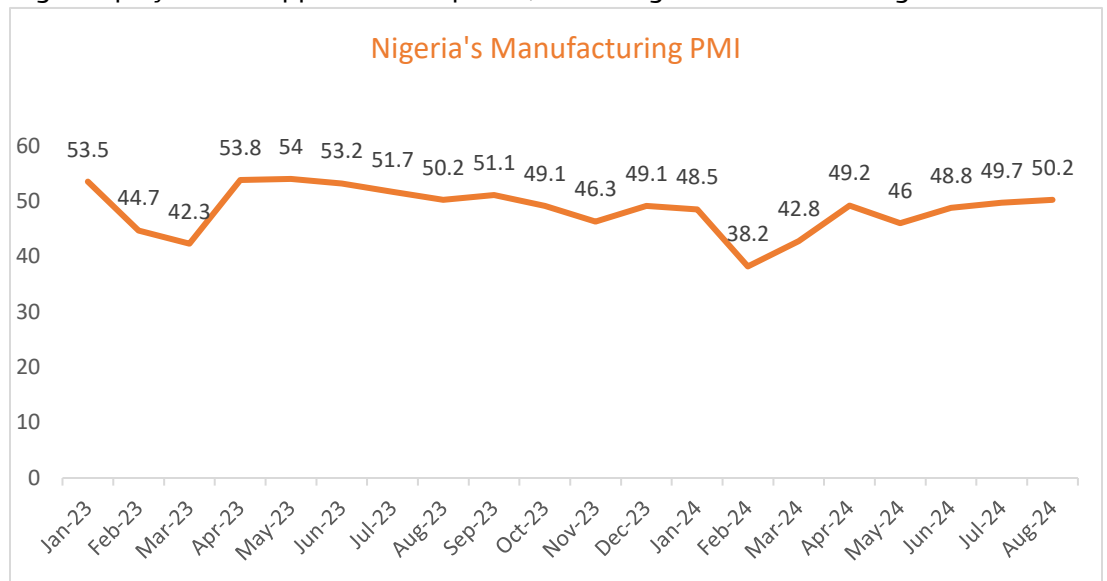
In the coming week, we expect mixed sentiment to rule the market activities with position-taking and portfolio reshuffling likely to intensify as market players await the half-year publication of interim dividend paying banks. From a technical perspective, the NGX is showing signs of recovery, as indicated 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.

ECONOMY: A Modest Recovery in Nigeria’s Manufacturing Landscape; August PMI at 50.2 Points....

In the latest analysis of Nigeria's manufacturing sector performance, the August 2024 Purchasers Managers Index (PMI) report, released by the Central Bank of Nigeria (CBN), indicates a significant shift. The composite PMI stood at 50.2 points, signalling an expansion in economic activity for the first time in 13 months following a prolonged period of contraction.

The report reviewed 36 subsectors across the Industry, Services, and Agriculture sectors. Of these, 17 subsectors reported growth, with Primary Metal showing the strongest performance. However, 19 subsectors recorded declines, with Forestry seeing the steepest contraction. Key indicators such as Output (50.8), New Orders (50.5), and Stock of Raw Materials (51.3) also signalled growth, though Employment dropped to 48.7 points, reflecting continued challenges in the labour market.

The Services sector expanded for the third consecutive month, rising to 50.7 points, supported by increased business activity, rising stock levels, and a higher influx of business opportunities. Among the 14 subsectors in this space, six, including the Repair and Maintenance of Motor Vehicles, saw growth. However, Transportation and Warehousing recorded the most significant contraction since July. Business Activity (51.3), New Orders (51.4), and Stock of Raw Materials (51.1) showed growth, although Employment remained a concern at 49.2 points.



The Agriculture sector also showed signs of recovery, recording a PMI of 50.5 points after three months of declining activity. Growth in Crop Production and Agricultural Support Services drove this uptick, while Livestock, Fishing, and Forestry subsectors continued to decline. General Farming Activity (51.3), New Orders (50.4), and Stock of Agricultural Inventory (51.6) grew, though Employment in the sector fell to 48.8 points.

Meanwhile, the Industry sector continued to contract, albeit at a slower pace, registering 49.2 points in August 2024. This marks the seventh consecutive month of contraction, though it signals a gradual improvement in industrial activities. Among 17 industry subsectors, nine reported contractions, including Transportation Equipment, while Primary Metal led the growth. Key indicators in the sector such as Output (49.2), New Orders (48.8), and Employment (47.5) showed declines, with the Suppliers’ Delivery Time index stationary at 50.0 points.

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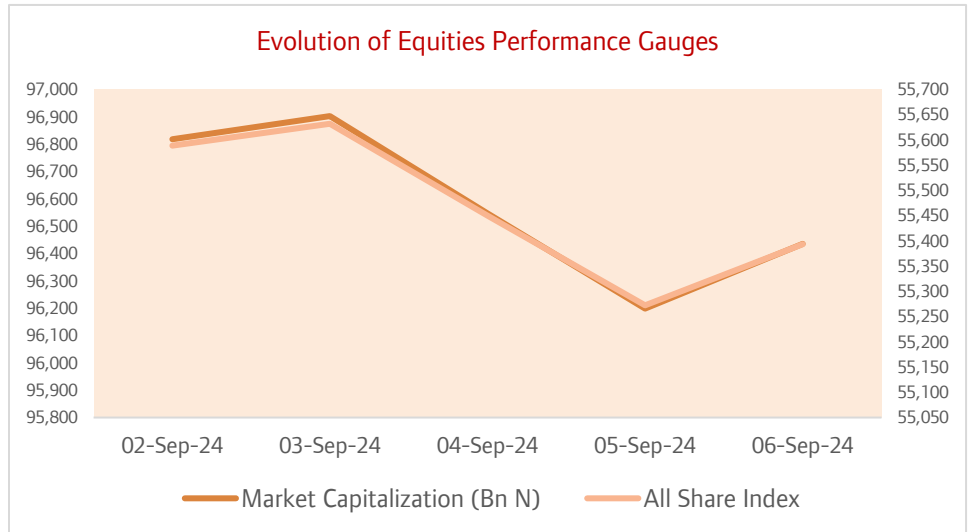
Cowry Research highlights the positive shift in economic activity, with the August PMI marking the first expansion in over a year. This recovery is primarily driven by improvements in the services and agricultural sectors, although the industrial sector remains in contraction. The analysis underlines that Nigeria’s private sector continues to be a crucial driver of sustainable economic growth, yet faces persistent challenges such as limited credit access, inadequate infrastructure, inflationary pressures, and unreliable power supply. Investment in infrastructure and targeted reforms will be key to unlocking the full potential of these sectors and ensuring long-term economic growth.

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The bulls lost momentum this week, paring last week’s gains, despite the widespread optimism that created buying opportunities for market participants from the prior week on the back of sell-sentiment across some major sectors with continued profit-taking activities and portfolio rebalancing in expectation of more interim dividend paying stocks second-quarter financial scorecards.

Resultantly, the benchmark All-Share Index of the market registered a 0.15% plunge on a week-on-week basis, though, above the 96,000 psychological threshold to close at 96,433.53 points. This southward movement signifies a gradual pullback of the index to give discerning investors a good entry point, 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 plunge by 0.15% week-on-week, reaching N55.39 trillion, driven by adverse price movements across various sectors while the sum of N83.6 billion was lost this week in weekly loss, as the exchange recorded a total of 36 advancing stocks compared to 46 that experienced price declines. The year-to-date return of the exchange depletes further to 28.97%.



Market momentum was weak, fuelled by sell interest across small, mid, and large-cap stocks. As a result, the weekly trade value nosedived by 15.4% week-on-week to N43.43 billion, while the traded volumes this week declined by 20.3% to 2.14 billion shares, all executed in 55,598 deals—a 16% increase from the previous week.

Across the sectoral spectrum, performance was in the mixed bag, with three of the five sectors under observation closing in bearish territory. The NGX-Oil & Gas and NGX-Banking indexes led the charge with weekly gains of 1.48% and 0.23%, respectively, driven by buying interest in stocks such as OANDO, ETERNA, CONOIL, STANBIC, UBA, and WEMABANK. On the contrary, the NGX-Insurance, NGX-Consumer Goods, and NGX-Industrial Goods indices closed the week down by 4.76%, 1.18%, and 0.13% respectively, buoyed by downbeat sentiments in RTBRISCOE, CORNERSTONE, PZ CUSSONS, AIICO, DANGSUGAR, WAPIC, and Nigerian Breweries.

At the close of the week, stocks like IMG (33%), BERGER PAINTS (31%), E-TRANZACT (21%), UACN (20%), and CILEASING (19%) emerged as the top gainers, drawing significant investor attention. Conversely, RTBRISCOE (-28%), FTNCOCOA (-18%), OMATEK (-18%), THE INITIATES PLC (-13%), and CORNERST (-13%) were the week’s laggards, as investors offloaded these stocks as part of a broader portfolio rebalancing exercise.

In the coming week, we expect mixed sentiment to rule the market activities with position-taking and portfolio reshuffling likely to intensify as market players await the half-year publication of interim dividend paying banks. 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, September 6, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	06-Sep-24	30-Aug-24	% Change	Symbol	06-Sep-24	30-Aug-24	% Change
IMG	35.00	26.40	32.6%	RTBRISCOE	2.57	3.55	-27.6%
BERGER	18.75	14.30	31.1%	FTNCOCOA	1.51	1.85	-18.4%
ETRANZACT	6.15	5.10	20.6%	OMATEK	0.72	0.88	-18.2%
UACN	20.90	17.45	19.8%	TIP	1.91	2.20	-13.2%
CILEASING	4.15	3.50	18.6%	CORNERST	2.36	2.70	-12.6%
UPL	2.67	2.30	16.1%	NSLTECH	0.59	0.66	-10.6%
CAVERTON	1.59	1.40	13.6%	ABBEYBDS	2.53	2.81	-10.0%
GUINEAINS	0.52	0.46	13.0%	LIVESTOCK	2.26	2.50	-9.6%
MEYER	6	5.30	10.0%	PZ	19.00	21.00	-9.5%
SFSREIT	148.35	134.90	10.0%	CHAMPION	2.96	3.26	-9.2%

Weekly Stock Recommendations as at Friday, September 6, 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
STANBIC IBTC	8.84	10.60	45.11	1.28	6.55x	84.00	27.50	58.40	69.5	49.2	66.6	20.00	Buy
ETERNA	-3.71	-4.82	-1.02	-31.28	-8.63x	34	11.15	30.00	41.6	27.2	36.8	30.00	Buy
DANGSUGAR	-11.86	-15.41	-5.33	-6.75	-3.04x	80.2	23.5	35.80	46.8	30.6	41.4	30.00	Buy
CONOIL	11.56	14.33	59.32	2.60	13.32x	154	23.9	154.00	191.0	130.9	177.1	24.00	Buy
ZENITH	18.41	22.09	101.73	0.36	2.01x	47.35	18.90	37.50	44.4	31.5	42.6	20.00	Buy
OKOMUOIL	21.17	27.52	47.92	8.72	19.73x	417.7	157	417.70	543.0	355.0	480.4	30.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, September 6, 2024

FGN Eurobonds	Issue Date	TTM (years)	06-Sep-24 Price (N)	Weekly USD Δ	06-Sep-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.21	99.75	-0.28	7.8%	0.25
6.50 NOV 28, 2027	28-Nov-17	3.23	92.46	-0.53	9.3%	0.22
6.125 SEP 28, 2028	28-Sep-21	4.06	89.24	-0.59	9.4%	0.21
8.375 MAR 24, 2029	24-Mar-22	4.55	95.96	-0.76	9.5%	0.22
7.143 FEB 23, 2030	23-Feb-18	5.47	89.47	-0.80	9.7%	0.21
8.747 JAN 21, 2031	21-Nov-18	6.38	94.43	-0.82	9.9%	0.18
7.875 16-FEB-2032	16-Feb-17	7.45	87.83	-0.99	10.3%	0.21
7.375 SEP 28, 2033	28-Sep-21	9.07	82.59	-1.14	10.4%	0.23
7.696 FEB 23, 2038	23-Feb-18	13.47	79.08	-1.09	10.7%	0.19
7.625 NOV 28, 2047	28-Nov-17	23.24	74.47	-0.74	10.6%	0.11
9.248 JAN 21, 2049	21-Nov-18	24.39	88.10	-1.06	10.6%	0.14
8.25 SEP 28, 2051	28-Sep-21	27.08	77.45	-1.21	10.8%	0.17

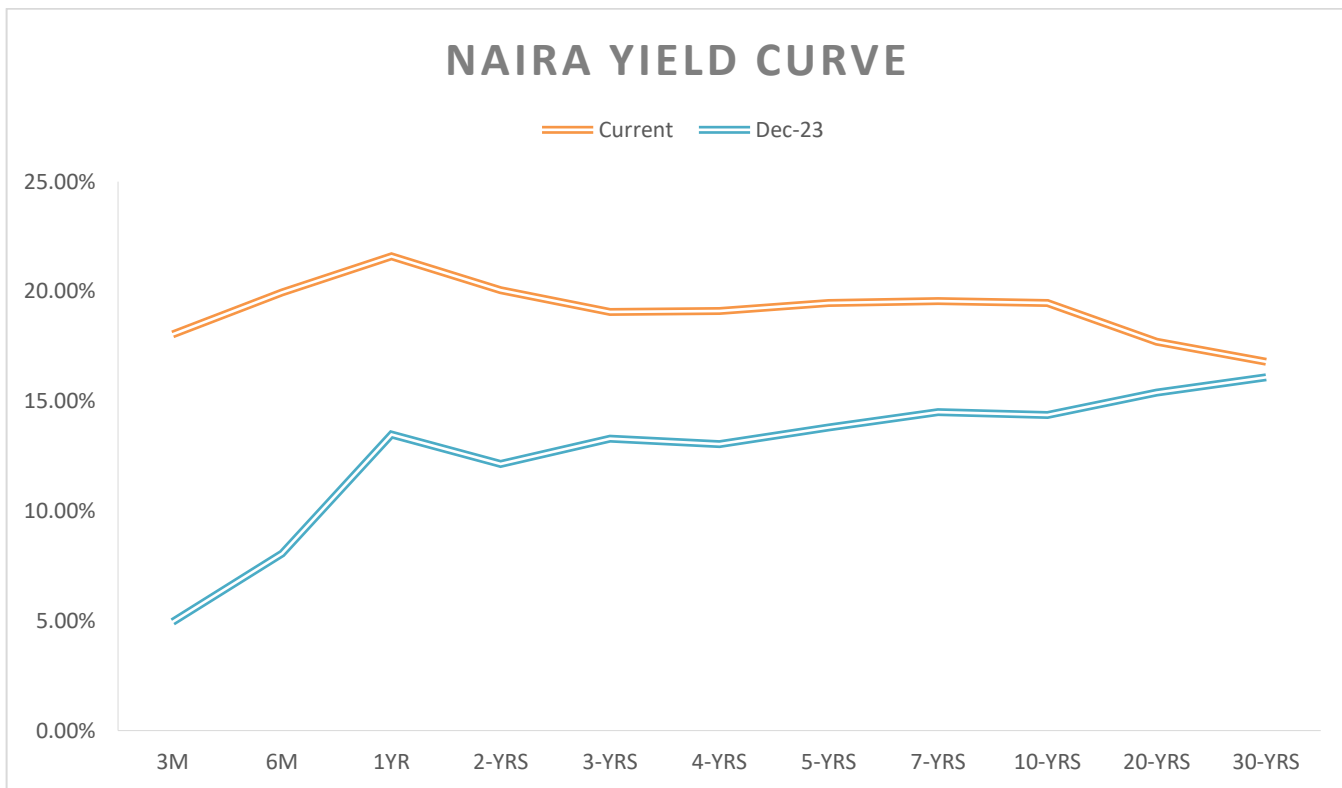
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 6, 2024

MAJOR	06-Sep-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1083	1.1112	-0.26%	0.34%	1.44%	3.60%
GBPUSD	1.3153	1.3176	-0.18%	0.20%	3.71%	5.45%
USDCHF	0.8441	0.8438	0.03%	-0.75%	-1.88%	-5.51%
USDRUB	90.3075	88.2512	2.33%	-0.38%	5.27%	-7.37%
USDNGN	1605.1600	1604.0372	0.07%	0.95%	1.50%	104.60%
USDZAR	17.8185	17.7105	0.61%	-0.04%	-3.13%	-7.05%
USDEGP	48.4406	48.3922	0.10%	-0.24%	-1.56%	57.06%
USDCAD	1.35	1.3498	0.28%	0.32%	-1.57%	-1.06%
USDMXN	20.00	19.8855	0.59%	1.50%	3.67%	13.88%
USDBRL	5.57	5.5686	0.00%	-0.73%	-1.18%	11.94%
AUDUSD	0.6704	0.6741	-0.55%	-0.91%	2.83%	5.13%
NZDUSD	0.6199	-0.0600	-0.40%	-0.81%	3.53%	5.50%
USDJPY	142.6620	143.3789	-0.50%	-2.39%	-2.47%	-3.14%
USDCNY	7.0938	7.0881	0.08%	0.09%	-0.97%	-3.36%
USDINR	83.9628	83.9796	-0.02%	0.10%	0.02%	0.97%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, September 6, 2024

Commodity		06-Sep-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	68.9	69.1	-0.38%	-6.64%	-8.73%	-20.30%
BRENT	USD/Bbl	72.3	72.7	-0.59%	-6.31%	-7.98%	-19.24%
NATURAL GAS	USD/MMBtu	2.3	9.8	0.66%	6.85%	7.61%	-23.16%
GASOLINE	USD/Gal	1.9	1.9	-0.93%	-8.88%	-19.11%	-25.16%
COAL	USD/T	141.0	139.5	1.08%	-1.57%	-3.09%	-11.88%
GOLD	USD/t.oz	2,506.9	2,517.2	-0.41%	0.04%	5.00%	30.47%
SILVER	USD/t.oz	28.5	28.8	-1.26%	-1.65%	6.49%	23.67%
WHEAT	USD/Bu	560.3	561.0	-0.13%	5.27%	4.19%	-6.49%
PALM-OIL	MYR/T	3,950.0	3,919.0	0.79%	-0.70%	6.87%	3.08%
COCOA	USD/T	8,481.3	8,252.7	2.77%	-12.19%	-3.73%	137.62%

FGN Bonds Yield Curve, Friday September 6, 2024



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