

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Exports Trade Upbeat Triggers Further Expansion in Nigeria's Trade Surplus to N12.1trn in H1:24...

Cowry Research believes that the further expansion in total merchandise trade during the second quarter of 2024 is indicative of Nigeria's strengthening trade relations with its global partners. However, ongoing foreign exchange volatility and easing inflationary pressures in advanced economies will continue to have a notable impact on Nigeria's trade sector. We are optimistic that economic diversification efforts will yield further improvements in export performance, thereby sustaining positive trade balances and supporting the current account in the balance of payments.

### EQUITIES MARKET: Upbeat w/w Outing for Nigeria's Local Bourse by 1.06% on Expected Macro Dynamics.....

As Nigeria's macro landscape continues to evolve, the bourse is poised for further activity in reaction to the changing fundamentals and technicals even as we expect continued volatility and entry opportunities for savvy investors. Looking into the coming week, we expect positive sentiment to rule the local bourse in the coming week on portfolio rebalancing, and position taking in value -giving and fundamentally sound stocks given the relative strength of the market index trading above the T-line. Nevertheless, we continue to advise investors to focus on fundamentally sound stocks.

## ECONOMY: Exports Trade Upbeat Triggers Further Expansion in Nigeria's Trade Surplus to N12.1trn in H1:24...

According to the latest foreign trade report published by the National Bureau of Statistics (NBS), Nigeria's total merchandise trade surged by 153% year on year to N65.03 trillion during the first six months of 2024. This growth was largely driven by a 199% year-on-year increase in total exports, which rose to N38.59 trillion, spurred by a significant rise in crude oil exports and other non-oil products during the period. On the imports side, total value stood at N26.44 trillion, reflecting the impact of the depreciation of the naira, which made imports more expensive and exports cheaper. Consequently, Nigeria's trade balance recorded a surplus of N12.14 trillion, a substantial increase of 7,779% compared to N154.12 billion in H1 2023.

The improvement in the trade balance can be attributed to the strong growth in exports, which benefited from both the devaluation of the naira and an increase in exportable products. This aligns with our expectation that a larger trade surplus will contribute to a healthier current account balance in 2024, as crude oil production and exports continue to play a pivotal role in the economy. Nevertheless, persistent foreign exchange pressures remain a downside risk, particularly in relation to the services account, which may continue to widen.

On a quarterly basis, the NBS report shows that total trade in Q2 2024 amounted to N31.89 trillion, a 150.4% year-on-year increase from N12.74 trillion in Q2 2023. However, this figure represents a 3.76% quarter-on-quarter decline from N33.14 trillion in Q1 2024. Of the total trade in Q2, exports accounted for 60.9%, valued at N19.42 trillion, and continued to be dominated by crude oil exports, which stood at N14.6 trillion. Non-crude oil exports were valued at N4.9 trillion, while non-oil exports accounted for just over 10% of the total exports at N1.9 trillion.

In terms of imports, these accounted for 39.1% of total trade, amounting to N12.5 trillion. Under the Standard International Trade Classification (SITC), the highest-ranked import category was "mineral fuels" at N4.42 trillion (35.4% of total imports), followed by "machinery and transport equipment" at N2.9 trillion (23.08%), and "chemicals and related products" at N1.9 trillion (15.12%). While for exports, Nigeria exported mainly 'mineral products' valued at N17.59 trillion, or 90.62% of the total export value, followed by exports of 'Prepared foodstuffs; beverages, spirits and vinegar; tobacco', with N531 billion (2.73%) and Vegetable products' worth N488.47 billion (2.52%).

Exports of agricultural goods in Q2 2024 fell by 5.93% to N973.69 billion from N1.04 trillion in Q1 2024, though this represents a sharp 246.67% rise from N280.87 billion in Q2 2023. Imports of agricultural goods, valued at N893.25 billion, decreased by 2.96% from N920.54 billion in Q1 2024, but showed a 96.38% increase compared to N454.85 billion in Q2 2023. Raw material imports grew slightly by 0.96% to N1.48 trillion from N1.46 trillion in Q1 2024, and saw a significant year-on-year increase of 160.92%. Meanwhile, raw material exports in Q2 2024 increased by 4.01% to N366.91 billion from N352.75 billion in Q1 2024, and by 151.96% compared to N145.62 billion in Q2 2023.

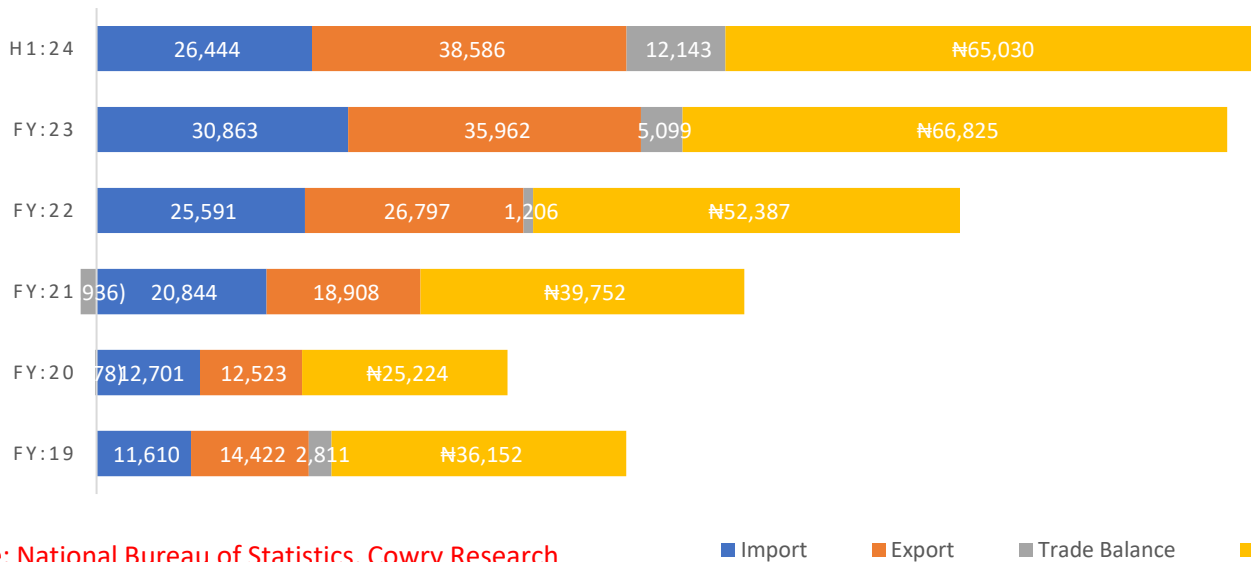
Exports of manufactured goods rose by 78.95% quarter on quarter to N480.82 billion, a 126.65% year-on-year increase. However, imports of manufactured goods decreased by 2.82% to N5.57 trillion in Q2 2024, though this still reflects an 84.67% rise from N3.02 trillion in Q2 2023. Solid mineral exports, valued at N58.56 billion, fell by 7.65% from N63.41 billion in Q1 2024, though they posted a 71.79% year-on-year increase. Solid mineral imports, on the other hand, increased by 35.61% to N96.80 billion in Q2 2024, a remarkable 206.08% rise from N31.63 billion in Q2 2023.

Regional trade data reveals that Nigeria exported mainly to Europe, with exports valued at N8.07 trillion, representing 41.6% of total exports, followed by Asia (N4.96 trillion or 25.58%) and America (N3.88 trillion or 19.98%). Exports to Africa totalled N2.35 trillion, with N1.6 trillion going to ECOWAS countries. On the imports side, Asia accounted for the largest share at N5.58 trillion (44.74%), followed by Europe (N4.93 trillion or 39.56%), and America (N1.33 trillion or 10.72%). Imports from Africa were valued at N555.48 billion, with ECOWAS countries contributing N166.37 billion (1.33% of total imports), while imports from Oceania amounted to N66.14 billion.

Nigeria's top export destinations in Q2 2024 were Spain, the United States, France, India, and the Netherlands, with the leading export commodities being crude oil, liquefied natural gas, petroleum gases, high-quality cocoa beans, and urea. On the import side, China remained Nigeria's largest trading partner, followed by Belgium, India, the United States, and the Netherlands. The most imported commodities included motor spirit, gas oil, durum wheat, butanes, and cane sugar for refining.

Cowry Research believes that the further expansion in total merchandise trade during the second quarter of 2024 is indicative of Nigeria's strengthening trade relations with its global partners. However, ongoing foreign exchange volatility and easing inflationary pressures in advanced economies will continue to have a notable impact on Nigeria's trade sector. We are optimistic that economic diversification efforts will yield further improvements in export performance, thereby sustaining positive trade balances and supporting the current account in the balance of payments.

### NIGERIA'S TOTAL MERCHANDISE TRADE (N'BN)



Source: National Bureau of Statistics, Cowry Research

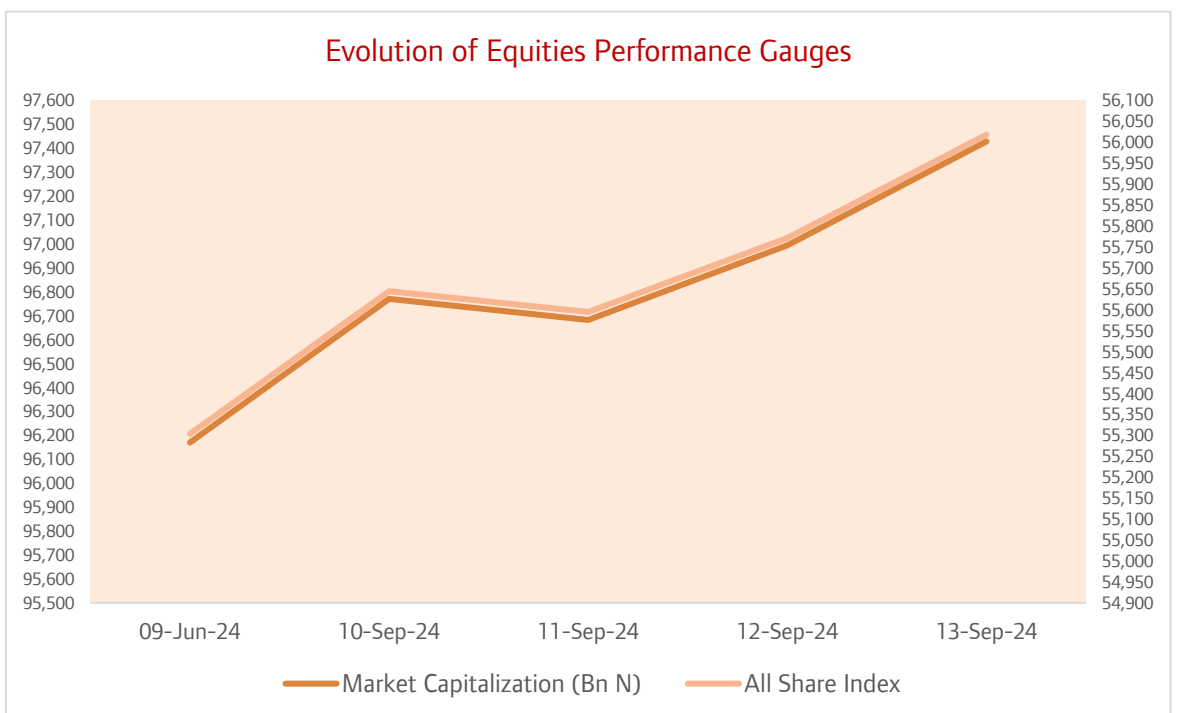
■ Import ■ Export ■ Trade Balance ■ Total Trade

### EQUITIES MARKET: Upbeat w/w Outing for Nigeria's Local Bourse by 1.06% on Expected Macro Dynamics.....

The Nigerian stock market posted an upbeat performance this week, driven by investor optimism surrounding anticipated macroeconomic developments. Also, increased expectations for favourable fiscal and monetary policies from the anticipated CPI data for next week and the MPC meeting the following week, alongside stronger corporate earnings from dividends paying banking stocks, fuelled bullish sentiment, pushing the NGX All-Share Index higher on a week-on-week performance.

Similarly, the benchmark index of the equities market soared by 1.06% week on week, crossing the 97,000 mark to close the week at 97,456.62 points due to renewed optimism across all market sectors this week. This optimism was fueled by anticipation of quarter-end window dressing activities, continued expectation of positive corporate results from dividend paying bank stocks and major macroeconomic data. Market cap of listed equities increased week on week by 1.10% to N56 trillion as investors saw N607.8 billion in weekly gains. Consequently, the year-to-date return of the market rose to 30.34%.

Trading activities this week was in the positive territory and was buoyed by increased buying interests on the back of positive market breadth and optimism even as the exchange printed 52 gainers as against 31 decliners. Thus, the weekly average traded volume advanced by 20.7% week on week to 2.58 billion with a total value of N51.21 billion. However, the weekly deals nosedived by 8.9% week on week to 50,617 trades in the current week.



Furthermore, positive momentum across key sectors such as banking, consumer goods, and oil & gas contributed to the market's gains, while investors remain watchful of upcoming economic data releases and potential policy shifts. As such, the NGX-Banking index was the leading gainer this week with 5.12% week on week uptick. This was propelled by price rises in FBNH, ETI, ACCESS and FIDELITYBNK respectively. Also, upbeat in momentum from position taking in OANDO and ETERNA led to a 2.00% weekly gains for the NGX-Oil & Gas index and was followed by NGX-Insurance, NGX-Consumer Goods and NGX-Industrial Goods indexes which reported some pockets of gains this week by 1.59%, 1.47% and 0.17% respectively.

At the close of the week, stocks such as CAVERTON (59.7%), RTBRISCOE (42%), UPDC (37%), FBNH (32%), and ETRANZACT (30%) emerged as the weekly top advancers on the back of positive price movements. On the other hand, the likes of LEARNAFRICA

(22%), JULIUS BERGER (18%), PZ CUSSONS (18%), DAARCOMM (12%), and SOVRENINS (11%) all reported adverse price movements as investors rebalance their portfolio ahead of strong expectations for a favourable macros.

As Nigeria's macro landscape continues to evolve, the bourse is poised for further activity in reaction to the changing fundamentals and technicals even as we expect continued volatility and entry opportunities for savvy investors. Looking into the coming week, we expect positive sentiment to rule the local bourse in the coming week on portfolio rebalancing, and position taking in value - giving and fundamentally sound stocks given the relative strength of the market index trading above the T-line. Nevertheless, we continue to advise investors to focus on fundamentally sound stocks.

### Weekly Gainers and Loser as at Friday, September 13, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	13-Sep-24	06-Sep-24	% Change	Symbol	13-Sep-24	06-Sep-24	% Change
CAVERTON	2.54	1.59	59.7%	LEARNAFRCA	3.62	4.65	-22.2%
RTBRISCOE	3.65	2.57	42.0%	JBERGER	140.00	170.50	-17.9%
UPDC	1.78	1.30	36.9%	PZ	15.65	19.00	-17.6%
FBNH	29.00	22.05	31.5%	DAARCOMM	0.65	0.74	-12.2%
ETRANZACT	8.00	6.15	30.1%	SOVRENINS	0.64	0.72	-11.1%
BERGER	23.95	18.75	27.7%	TRANSPower	301.70	335.20	-10.0%
FLOURMILL	54.50	44.50	22.5%	NNFM	43.50	48.30	-9.9%
ABCTRANS	0.90	0.78	15.4%	ACADEMY	2.63	2.92	-9.9%
FTNCOCOA	2	1.51	15.2%	UPL	2.43	2.67	-9.0%
LIVESTOCK	2.60	2.26	15.0%	SKYAVN	24.00	26.35	-8.9%

### Weekly Stock Recommendations as at Friday, September 13, 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	4.35	6.09	71.65	0.26	4.30x	30.7	7.5	19.25	27.0	16.4	22.1	40.00	Buy
FLOURMILLS	1.70	7.40	58.68	0.84	29.12x	49.55	27	54.50	70.0	46.3	62.7	27.14	Buy
TRANSCORP	0.81	0.97	5.52	2.02	13.75x	20.88	5.45	11.20	14.8	9.5	12.9	32.65	Buy
CONOIL	11.56	14.33	59.32	2.83	14.53x	154	23.9	168.00	208.3	142.8	193.2	24.00	Buy
BERGER PAINTS	0.30	0.48	11.61	1.90	72.85x	22.00	10.55	23.95	31.1	20.4	27.5	30.00	Buy
FBN HOLDINGS	10.11	17.94	61.67	0.43	2.61x	43.95	15.9	29.00	39.9	24.7	33.4	37.50	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, September 13, 2024

FGN Eurobonds	Issue Date	TTM (years)	13-Sep-24 Price (N)	Weekly USD Δ	13-Sep-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.19	99.75	0.00	7.8%	0.00
6.50 NOV 28, 2027	28-Nov-17	3.21	92.61	0.15	9.2%	-0.05
6.125 SEP 28, 2028	28-Sep-21	4.04	88.85	-0.39	9.5%	0.14
8.375 MAR 24, 2029	24-Mar-22	4.53	95.59	-0.37	9.6%	0.11
7.143 FEB 23, 2030	23-Feb-18	5.45	89.24	-0.23	9.7%	0.07
8.747 JAN 21, 2031	21-Nov-18	6.36	94.31	-0.12	10.0%	0.03
7.875 16-FEB-2032	16-Feb-17	7.43	87.52	-0.31	10.3%	0.07
7.375 SEP 28, 2033	28-Sep-21	9.05	82.33	-0.26	10.4%	0.05
7.696 FEB 23, 2038	23-Feb-18	13.45	78.94	-0.14	10.7%	0.02
7.625 NOV 28, 2047	28-Nov-17	23.22	74.17	-0.30	10.6%	0.04
9.248 JAN 21, 2049	21-Nov-18	24.37	88.01	-0.09	10.6%	0.01
8.25 SEP 28, 2051	28-Sep-21	27.06	77.31	-0.14	10.9%	0.02

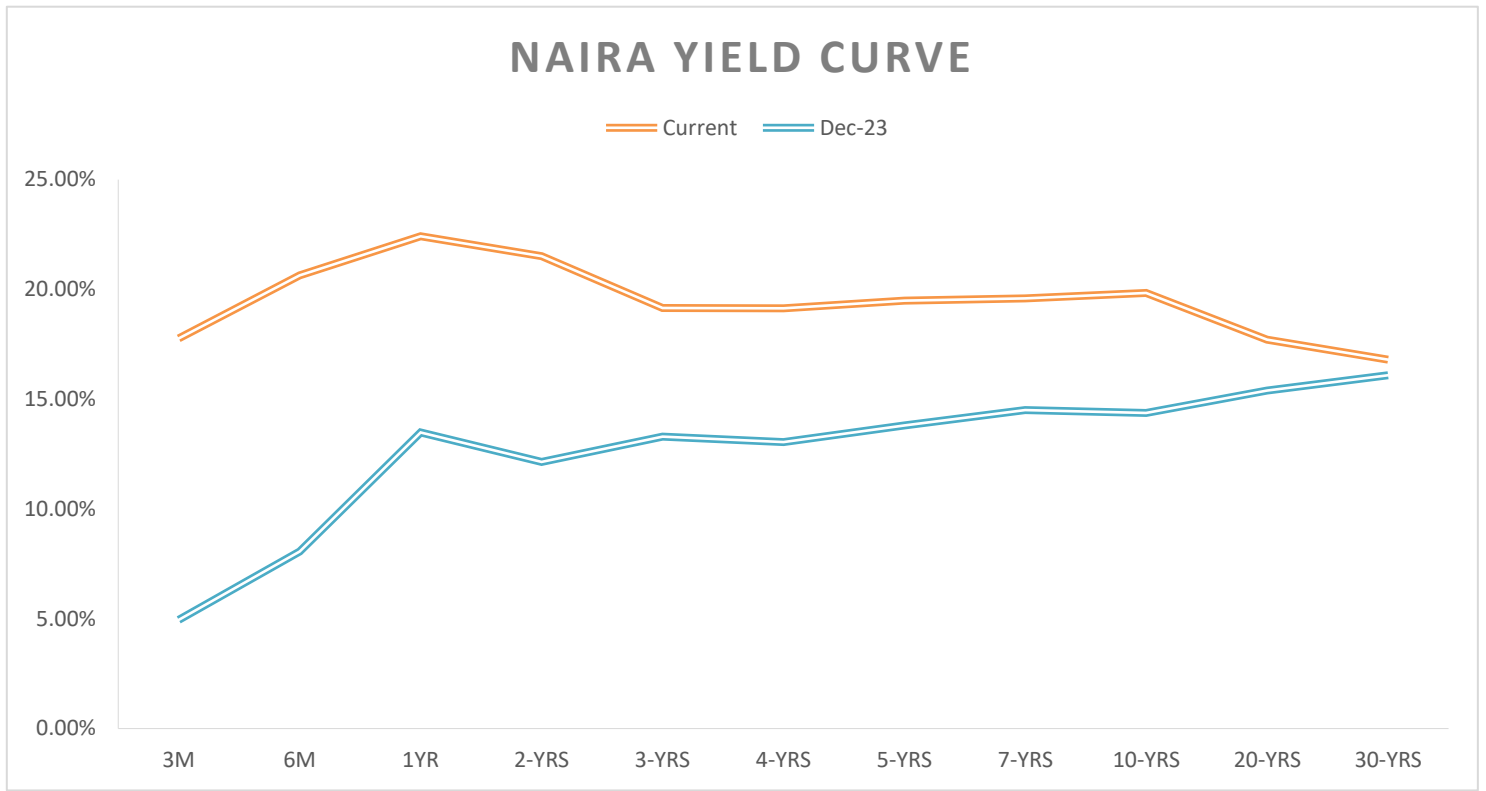
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 13, 2024

MAJOR	13-Sep-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1092	1.1079	0.12%	0.06%	0.73%	4.24%
GBPUSD	1.3150	1.3133	0.13%	0.16%	2.52%	5.96%
USDCHF	0.8462	0.8499	-0.43%	0.43%	-2.12%	-5.45%
USDRUB	91.0578	89.2024	2.08%	0.78%	1.39%	-4.41%
USDNGN	1639.1000	1655.4893	-0.99%	2.11%	3.09%	109.34%
USDZAR	17.6992	17.7721	-0.41%	-0.83%	-2.02%	-6.91%
USDEGP	48.4147	48.3905	0.05%	0.05%	-1.30%	56.43%
USDCAD	1.36	1.3575	-0.03%	0.02%	-1.04%	0.49%
USDMXN	19.28	19.5307	-1.27%	-3.38%	2.53%	12.83%
USDBRL	5.57	5.6269	-1.01%	-0.42%	1.90%	14.54%
AUDUSD	0.6721	0.6726	-0.08%	0.76%	1.86%	4.37%
NZDUSD	0.6173	-0.0600	-0.23%	-0.04%	2.89%	4.44%
USDJPY	140.5420	141.5042	-0.68%	-1.09%	-4.47%	-4.60%
USDCNY	7.0980	7.1157	-0.25%	0.14%	-0.67%	-2.59%
USDINR	83.8851	83.9271	-0.05%	-0.12%	-0.10%	1.06%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, September 13, 2024

Commodity		13-Sep-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	70.2	69.0	1.74%	3.78%	-8.77%	-20.93%
BRENT	USD/Bbl	73.0	72.0	1.48%	2.88%	-8.34%	-21.34%
NATURAL GAS	USD/MMBtu	2.3	9.8	-0.42%	3.56%	6.17%	-21.02%
GASOLINE	USD/Gal	2.0	1.9	1.48%	3.72%	-15.33%	-26.47%
COAL	USD/T	138.2	139.0	-0.61%	-2.02%	-5.96%	-14.85%
GOLD	USD/t.oz	2,578.9	2,558.4	0.80%	3.68%	5.27%	34.97%
SILVER	USD/t.oz	30.7	29.9	2.60%	9.82%	11.20%	35.54%
WHEAT	USD/Bu	592.0	578.5	2.32%	6.82%	10.51%	-0.47%
PALM-OIL	MYR/T	3,904.0	3,847.8	1.46%	0.08%	4.81%	3.80%
COCOA	USD/T	7,597.0	7,538.9	0.77%	6.96%	-14.35%	96.57%

FGN Bonds Yield Curve, Friday September 13, 2024



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