

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Rising Costs Stoke Inflation to 32.70% Amid Fuel Price Hikes, Defies CBN Measures...

After two months of deceleration, Nigeria's headline inflation rate increased to 32.70% in September 2024, defying the Central Bank's monetary tightening efforts. This rise was influenced by the surge in petroleum prices and the continued depreciation of the naira, reflecting ongoing pressure points despite policy interventions aimed at easing inflationary pressures.

Looking ahead to October, we anticipate a further, though moderate, increase to 33.10%, driven by the recent rise in PMS prices to around N950, and in some parts of the country, above N1,050, as well as the continued impact of flooding in key food-producing areas.

### EQUITIES MARKET: NGX Gains 0.47% as Aradel's Listing Boosts Market Cap by N3.34tn Despite Inflation Pressure.....

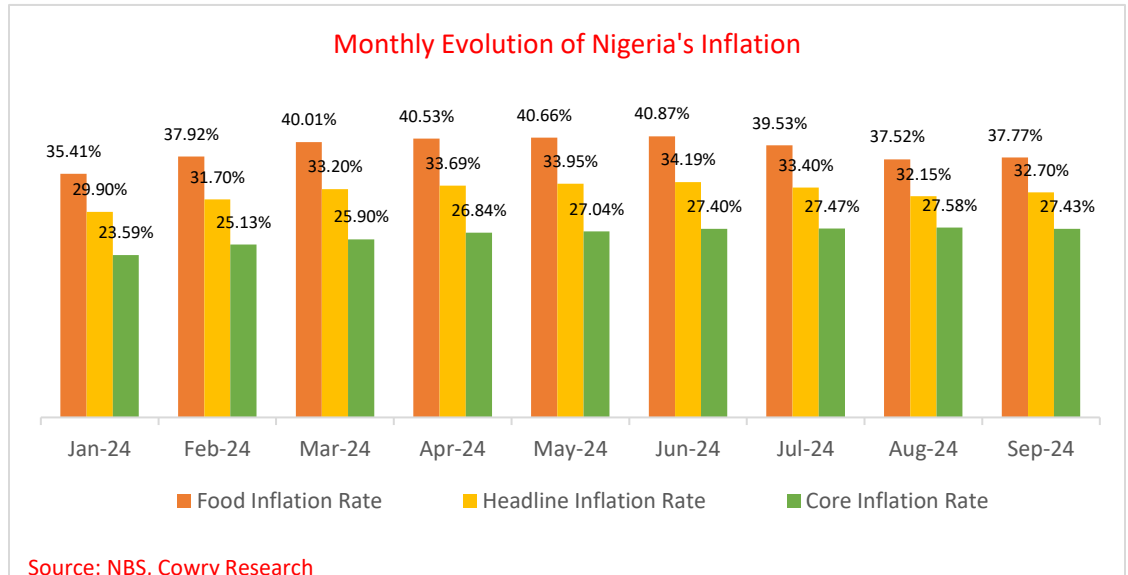
Looking ahead, market sentiment is expected to remain positive as investors anticipate more Q3 earnings reports. The market has already reacted favourably to several impressive Q3 releases, providing insight into potential year-end performance. Despite the ongoing market corrections and pullbacks, investors are advised to reposition their portfolios strategically, focusing on sectors and companies with strong growth and earnings prospects.

**ECONOMY: Rising Costs Stoke Inflation to 32.70% Amid Fuel Price Hikes, Defies CBN Measures...**

Earlier this week, we saw the latest report from the National Bureau of Statistics (NBS) on Nigeria’s consumer price inflation revealed a sharp reversal in the headline index, which rose to 32.70% in September 2024, up from 32.19% in August. This marks the first increase in three months, defying analysts’ expectations of continued easing in price pressures, despite the Central Bank of Nigeria's aggressive monetary policy tightening.

A closer examination of the economic and market forces in September 2024 shows that the 0.55% increase in the headline index compared to the previous month highlights the effects of flooding in key food-producing regions and the rising input costs, driven by higher distribution expenses. These factors offset the benefits of increased food supply. The depreciation of the naira and the significant rise in fuel prices since early September have also contributed to increased costs across various items, reflected in the divisional level.

On a monthly basis, the inflation rate stood at 2.52%, 0.30% higher than the 2.22% recorded in the previous month. This increase was driven by higher prices for food and non-alcoholic beverages, housing, clothing and footwear, health, education, restaurants, hotels, and other items that contribute to the overall inflation rate for the month.



Food inflation, which accounts for a significant portion of Nigeria’s inflation basket, continues to be the primary driver of the headline index, rising sharply to 37.77% year-on-year in September from 37.52% in August, despite the ongoing food harvest season. The rise in food prices was caused by increases in key items such as guinea corn, rice, maize grains, beans (in the bread and cereals class), yam, water yam, cassava tuber (in the potatoes, yam, and other tubers class), beer (local and foreign), tea, coffee, and vegetable oil.

Month-on-month food inflation increased by 0.27% to 2.64% in September, up from 2.37% in the previous month, due to higher prices for liquor, tobacco, vegetable and palm oil, meat, tea, coffee, milk, and eggs. The NBS's food price watch indicated price increases across all 43 food items surveyed. Imported food inflation also continued its upward trend, driven by currency depreciation and its broader effects on the economy.

Meanwhile, core inflation, which excludes volatile items like food and energy, marginally decreased to 27.43% in September from 27.53% in August. This decline occurred despite higher energy prices resulting from the rise in petrol prices from around N600 to N900 during the month. The NBS report on Liquefied Petroleum Gas (LPG) prices revealed a 9% month-on-month increase and a 69% year-on-year rise in the average cost of refilling a 12.5kg cylinder to N15,552 in August 2024, up from N14,261 the previous month. Similarly, the Premium Motor Spirit (petrol) price watch showed an average price increase of 32% year-on-year and 8% month-on-month to N830.5 per litre in August.

In September, the highest price increases were recorded in rents (under the actual and imputed rentals for housing class), intercity bus fares, taxi fares (under the passenger transport by road class), meals at local restaurants (under the accommodation service class), laboratory services, and medical consultations (under the medical services class).

On a month-on-month basis, the core inflation rate was 2.10% in September 2024, compared to 2.27% in August, reflecting a 0.17% decline. The twelve-month average annual inflation rate was 25.64% for the twelve months ending in September 2024, 6.09% higher than the 19.55% recorded in September 2023.

Regarding regional inflation, Bauchi (44.83%), Sokoto (38.74%), and Jigawa (38.39%) recorded the highest year-on-year increases in headline inflation, while Delta (26.35%), Benue (26.90%), and Katsina (27.71%) had the slowest rises. On a month-on-month basis, Sokoto (4.63%), Taraba (4.07%), and Anambra (3.74%) recorded the highest increases, while Kwara (1.14%), Cross River (1.78%), and Lagos (1.82%) saw the slowest month-on-month inflation.

For food inflation, Sokoto (50.47%), Gombe (44.09%), and Yobe (43.51%) recorded the highest year-on-year increases, while Kwara (32.45%), Rivers (32.80%), and Kogi (32.83%) experienced the slowest rises. On a month-on-month basis,

Sokoto (5.94%), Taraba (5.76%), and Bayelsa (4.44%) had the highest food inflation, while Kwara (0.88%), Cross River (1.29%), and Kogi (1.45%) recorded the slowest month-on-month food inflation.

After two months of deceleration, Nigeria’s headline inflation rate increased to 32.70% in September 2024, defying the Central Bank’s monetary tightening efforts. This rise was influenced by the surge in petroleum prices and the continued depreciation of the naira, reflecting ongoing pressure points despite policy interventions aimed at easing inflationary pressures.

Looking ahead to October, we anticipate a further, though moderate, increase to 33.10%, driven by the recent rise in PMS prices to around N950, and in some parts of the country, above N1,050, as well as the continued impact of flooding in key food-producing areas.

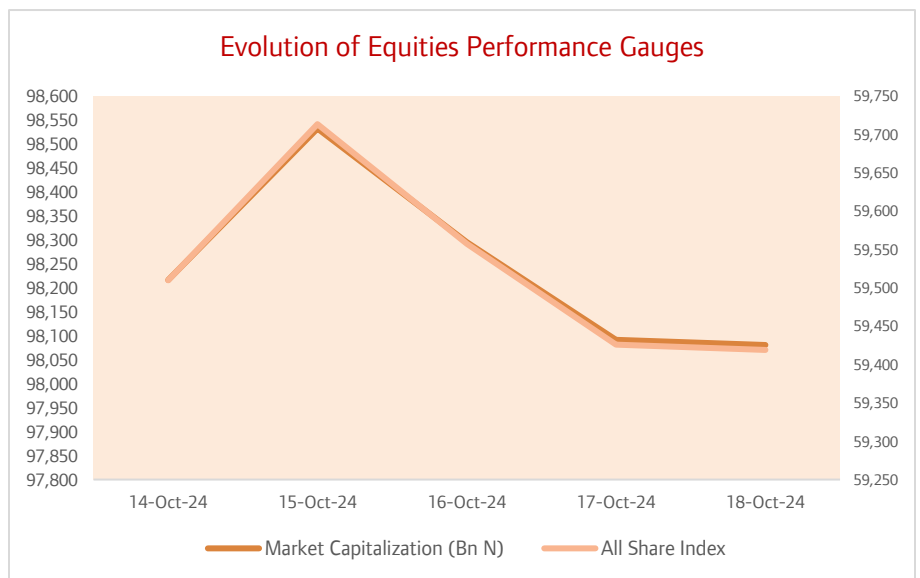
**EQUITIES MARKET: NGX Gains 0.47% as Aradel’s Listing Boosts Market Cap by N3.34tn Despite Inflation Pressure.....**

The Nigerian Exchange (NGX) maintained its positive momentum this week, despite macroeconomic headwinds, particularly the release of September’s inflation data, which saw consumer price inflation rise to 32.70%. This increase, largely driven by persistent hikes in the food index that makes up over 51% of Nigeria’s inflation basket, did little to dampen market sentiment. The All-Share Index (ASI) advanced 0.47% week-on-week to close at 98,070.23 points, buoyed by the landmark listing of Aradel Holdings Plc.

The NGX market capitalisation rose by 5.95% week-on-week to N59.43 trillion. Despite this impressive rally, market breadth was negative, even as 42 stocks posted losses compared to 34 gainers this week. This mixed sentiment reflected the underlying macroeconomic pressures, yet the year-to-date return stood at a solid 31.16%.

Aradel’s listing of 4.34 billion shares at N702.69 per share through a ‘Listing by Introduction’ injected fresh optimism into the market. This positive momentum, propelled by Aradel’s addition, helped maintain investor confidence, reinforcing the oil and gas sector’s participation in the equity market.

However, trading activity showed some signs of caution with market momentum relatively weak in the face of lower traded volumes this week, fuelled by rebalancing activities across small, mid, and large-cap stocks. As a result, the weekly trade value uptrend by 134.5% week-on-week to N73.89 billion, while the traded volumes this week maintained another week of decline by 51.2% week on week to 1.45 billion shares, all executed in 39,546 deals—a 6.91% decrease from the previous week.



Across the sectoral front, performance was largely in the positive region as we saw three out of the five sectors tracked closed northward. Leading the gainers was the Consumer Goods index with 1.42% weekly gains and was followed by the Oil & Gas and the Industrial index which recorded gains of 1.08% and 0.04% week on week. The oil and gas sector benefitted significantly from Aradel’s entry, reinforcing investor confidence in the sector. These positive performances were driven by TRANSPOWER, MECURE, DANGSUGAR, OANDO, ETERNA and SCOA respectively.

On the other hand, investors continued their portfolio rebalancing in the week as they dump financial stocks from the mix. Consequently, the Banking and Insurance indices were the laggards for the week as they declined by 0.51% and 1.23% week on week. These negative performances comes on the back of sell-off in REGALINS, INTENEGINS, ROYALEX, FIDELITYBNK, UBA, and JAIZBANK.

Looking at the top advancers and decliners for the week, TRANSPOWER (19%), MECURE (19%), DANGSUGAR (13%), SCOA (11%), and GOLDEN BREWERIES (10%) emerged the top spot of attraction for equity investors in the week while stocks such as REGALINS (15%), TRIPPLE GEE (15%), CAVERTON (9%), ABCTRANS (9%) and VITAFOAM (9%) were the top losers in that manner for the week.

Looking ahead, market sentiment is expected to remain positive as investors anticipate more Q3 earnings reports. The market has already reacted favourably to several impressive Q3 releases, providing insight into potential year-end performance. Despite the ongoing market corrections and pullbacks, investors are advised to reposition their portfolios strategically, focusing on sectors and companies with strong growth and earnings prospects.

Weekly Gainers and Loser as at Friday, October 18, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	18-Oct-24	11-Oct-24	% Change	Symbol	18-Oct-24	11-Oct-24	% Change
TRANSPower	359.90	301.70	19.3%	REGALINS	0.61	0.72	-15.3%
MECURE	12.00	10.10	18.8%	TRIPPLEG	1.71	2.01	-14.9%
DANGSUGAR	35.05	31.00	13.1%	CAVERTON	2.36	2.60	-9.2%
SCOA	1.90	1.71	11.1%	ABCTRANS	1.20	1.32	-9.1%
GOLDBREW	3.74	3.40	10.0%	VITAFOAM	20.00	22.00	-9.1%
OANDO	77.00	70.00	10.0%	CUSTODIAN	11.65	12.80	-9.0%
CHAMPION	3.42	3.11	10.0%	INTENEGINS	1.45	1.57	-7.6%
TIP	2.14	1.95	9.7%	RTBRISCOE	3.06	3.31	-7.6%
UPL	2.79	2.55	9.4%	OKOMUOIL	338.10	363.00	-6.9%
ETERNA	26.70	24.70	8.1%	ROYALEX	0.68	0.73	-6.8%

Weekly Stock Recommendations as at Friday, October 18, 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
<b>BUA CEMENT</b>	1.01	1.72	12	8.88	108.91x	180	109	110	187.0	93.5	126.5	70.00	Buy
<b>OKOMUOIL</b>	21.17	27.52	47.92	7.05	15.97x	417.7	157	338.10	439.5	287.4	388.8	30.00	Buy
<b>CONOIL</b>	11.56	14.33	59.32	2.98	15.31x	176.95	52	176.95	219.4	150.4	203.5	24.00	Buy
<b>GUINNESS PLC</b>	-28.15	-30.02	-2.16	-30.14	-2.31x	80.00	42.05	65.00	87.0	55.3	74.8	33.85	Buy
<b>GTCO</b>	32.12	41.76	85.66	0.58	1.56x	52.00	33.00	50.00	65.0	42.5	57.5	30.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, October 18, 2024

FGN Eurobonds	Issue Date	TTM (years)	18-Oct-24 Price (N)	Weekly USD Δ	18-Oct-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.09	100.01	0.16	7.6%	-0.15
6.50 NOV 28, 2027	28-Nov-17	3.11	94.84	0.69	8.4%	-0.25
6.125 SEP 28, 2028	28-Sep-21	3.95	90.94	0.30	8.9%	-0.08
8.375 MAR 24, 2029	24-Mar-22	4.43	97.06	0.09	9.2%	-0.02
7.143 FEB 23, 2030	23-Feb-18	5.35	91.15	0.41	9.3%	-0.10
8.747 JAN 21, 2031	21-Nov-18	6.26	96.46	0.37	9.5%	-0.08
7.875 16-FEB-2032	16-Feb-17	7.33	90.84	0.56	9.6%	-0.11
7.375 SEP 28, 2033	28-Sep-21	8.95	85.74	0.69	9.8%	-0.12
7.696 FEB 23, 2038	23-Feb-18	13.36	82.27	0.68	10.2%	-0.10
7.625 NOV 28, 2047	28-Nov-17	23.13	77.17	0.67	10.2%	-0.10
9.248 JAN 21, 2049	21-Nov-18	24.28	91.33	0.78	10.2%	-0.09
8.25 SEP 28, 2051	28-Sep-21	26.96	80.83	0.85	10.4%	-0.11

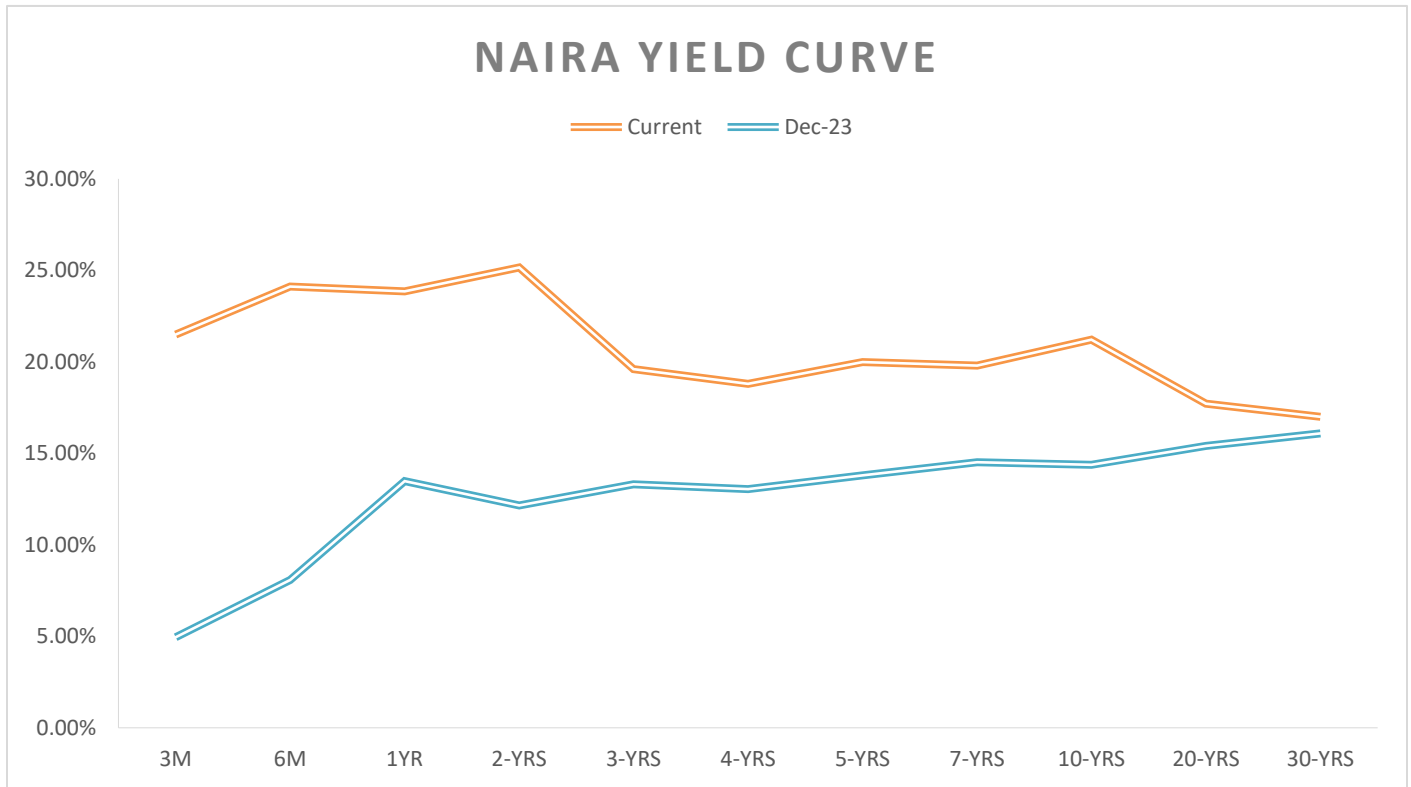
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, October 18, 2024

MAJOR	18-Oct-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0858	1.0829	0.27%	-0.72%	-2.70%	2.63%
GBPUSD	1.3036	1.3015	0.16%	-0.22%	-1.85%	7.35%
USDCHF	0.8653	0.8660	-0.09%	0.94%	2.06%	-2.91%
USDRUB	96.1251	97.4011	-1.31%	0.34%	4.29%	-0.05%
USDNGN	17.5743	17.6626	-0.50%	0.90%	-0.32%	114.02%
USDZAR	17.5743	17.6626	-0.50%	0.99%	0.34%	-7.58%
USDEGP	48.6300	48.5814	0.10%	0.20%	0.30%	57.62%
USDCAD	19.76	19.8167	-0.27%	0.32%	1.80%	0.65%
USDMXN	19.76	19.8167	-0.27%	2.45%	2.42%	7.84%
USDBRL	5.68	5.6530	0.49%	1.20%	4.67%	12.13%
AUDUSD	0.6069	0.6060	0.16%	-0.67%	-1.54%	5.94%
NZDUSD	0.6069	-0.0600	0.16%	-0.66%	-2.69%	3.78%
USDJPY	7.1188	7.1381	-0.27%	0.31%	4.68%	-0.15%
USDCNY	7.1188	7.1381	-0.27%	0.73%	0.66%	-2.95%
USDINR	84.0632	84.0464	0.02%	-0.05%	0.53%	1.16%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, October 18, 2024

Commodity		18-Oct-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	68.8	70.7	-2.64%	-8.95%	-3.32%	-20.98%
BRENT	USD/Bbl	72.6	74.4	-2.46%	-8.10%	-3.00%	-20.19%
NATURAL GAS	USD/MMBtu	2.3	9.8	-3.54%	-13.99%	-3.59%	-36.69%
GASOLINE	USD/Gal	2.0	2.0	-2.55%	-7.39%	-3.31%	-14.60%
COAL	USD/T	147.6	147.4	0.14%	-1.76%	6.19%	5.81%
GOLD	USD/t.oz	2,717.6	2,693.6	0.89%	2.30%	5.06%	-11.47%
SILVER	USD/t.oz	32.6	31.8	2.46%	3.26%	5.79%	0.00%
WHEAT	USD/Bu	571.6	589.5	-3.03%	-4.69%	0.96%	-12.93%
PALM-OIL	MYR/T	4,257.0	4,277.1	-0.47%	-2.14%	9.74%	-27.29%
COCOA	USD/T	7,503.3	7,685.4	-2.37%	-2.98%	-2.76%	-2.40%

FGN Bonds Yield Curve, Friday October 18, 2024



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