

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Resilient Global Growth Amid Persistent Risks, Regional Economic Divergence...

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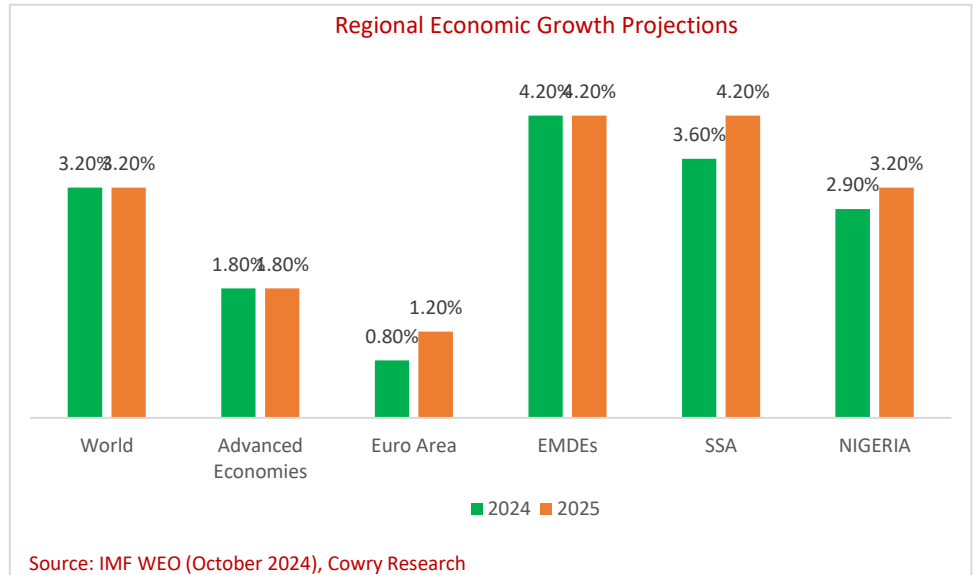
EQUITIES MARKET: Bullish Sentiment Pushes NGX by 1.41% w/w as Market Gains N835bn on Robust Liquidity.....

Cowry Research points that the recent positive quarterly corporate earnings reports have further buoyed market sentiment, particularly in the banking, industrial goods, and consumer goods sectors —delivering strong performances from key players and driving the benchmark index closer to the 100,000-points psychological threshold. Notably, we think the current rally is likely to persist, though cautious profit-taking activities may create intermittent dips.

ECONOMY: Resilient Global Growth Amid Persistent Risks, Regional Economic Divergence...

This week, we turn our spotlight to the International Monetary Fund’s (IMF) World Economic Outlook for October 2024, which offers a nuanced look at the global economic landscape amid a recovery that, while resilient, is marked by significant challenges. Following initial rebounds from the pandemic and subsequent economic shocks, the IMF projects that the global economy will grow by a steady 3.2% year-on-year in both 2024 and 2025. However, this overall stability masks pronounced disparities between regions and countries, with advanced economies and emerging markets experiencing divergent economic dynamics.

The global economy is poised to sustain moderate growth as fears of a widespread recession recede. However, the IMF underscores a range of downside risks that could unsettle these projections. Key threats include escalating policy uncertainties, extreme weather events, and the potential intensification of regional conflicts, which have collectively led to a downward revision in growth projections for the Middle East, Central Asia, and Sub-Saharan Africa.



Compared to the IMF’s July 2024 outlook, the 2025 global growth forecast has been adjusted downward from 3.3% to 3.2%. The outlook for 2024, however, remains consistent, largely due to anticipated slower growth in China, a major driver of global demand. Much of the projected expansion is expected to be led by emerging Asia, where the semiconductor and electronics sectors are thriving on the back of robust investments in artificial intelligence and other advanced technologies.

The IMF highlights China’s slowing property sector as a critical concern, with implications that extend well beyond its borders. A prolonged or deeper-than-expected downturn in Chinese real estate could dampen consumer confidence and trigger wider economic repercussions due to China’s extensive role in global trade. Additionally, the report warns that rising protectionism could exacerbate these risks, leading to heightened trade tensions, reduced market efficiencies, and further disruptions across global supply chains.

Among advanced economies, the growth forecast for the United States has been revised upward to 2.8% in 2024, reflecting a resilient domestic economy, while the Eurozone’s projection was slightly reduced to 0.8%, indicating a more challenging economic environment. These marginal adjustments—each by 10 basis points—highlight the varied economic trajectories within advanced economies as they navigate shifting policy landscapes and sector-specific dynamics.

Emerging and developing economies are expected to experience a more subdued growth trajectory compared to their advanced counterparts. The IMF’s growth forecast for this group has been revised downward by 10 basis points to 4.2% for 2024, reflecting headwinds from geopolitical conflicts, civil unrest, and climate-related disruptions that continue to impact commodity production and shipping, especially in oil-exporting nations.

On a global scale, inflation is expected to moderate to 5.8% in 2024, down from 6.7% in 2023, and to further decline to 4.3% by 2025. These figures represent slight downward adjustments from the IMF’s previous forecast in July, underscoring continued disinflation efforts. However, while goods prices have stabilised, inflation in services remains elevated across many regions, highlighting the importance of carefully calibrated monetary policy.

This anticipated moderation in inflation is attributed to a gradual resolution of cyclical imbalances that have pressured prices in recent years. Yet, inflation is likely to decrease more gradually in advanced economies, while remaining relatively high in emerging markets and developing economies, underscoring the diverse challenges faced across different economic regions.

For Sub-Saharan Africa, the IMF has adjusted its 2024 growth forecast slightly downward by 10 basis points to 3.6%, while the 2025 outlook has been revised upward by the same margin to 4.2%, indicating cautious optimism for the region’s economic resilience. Nigeria’s growth forecast for 2024 was reduced by 20 basis points to 2.9%, while the outlook for 2025 was raised to 3.2%, reflecting a 20 basis-point increase. These adjustments reflect a complex regional outlook influenced by both external pressures and domestic policy challenges.

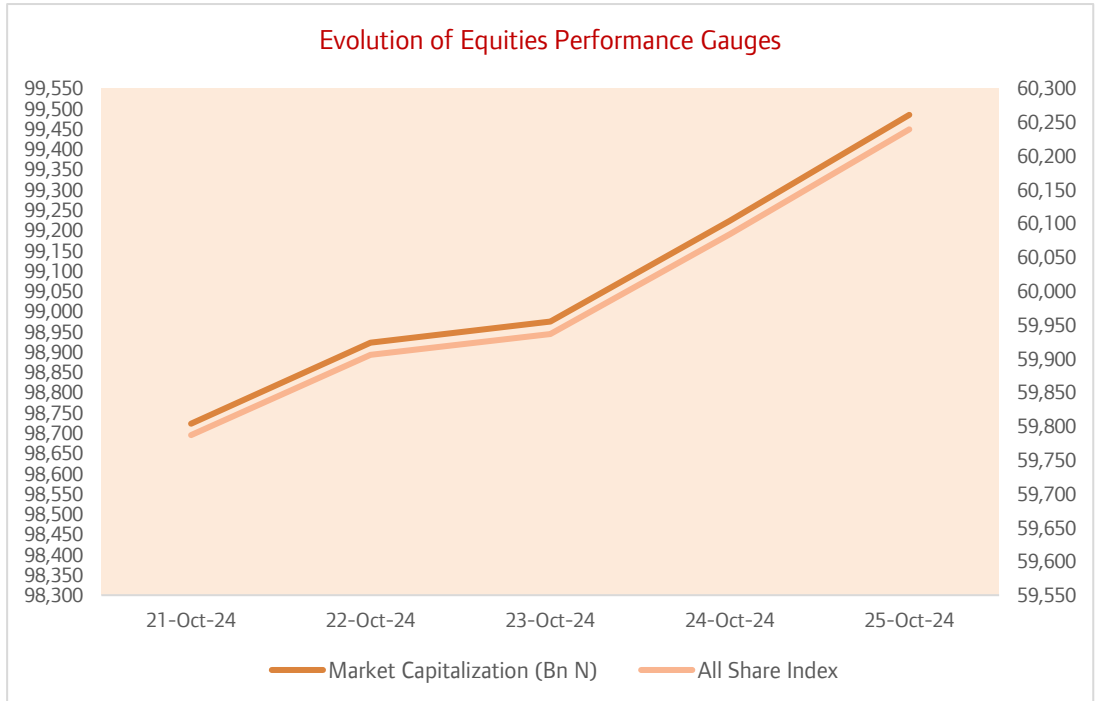
In conclusion, the October 2024 WEO thus presents a carefully balanced picture of the global economy, one characterised by resilience yet tempered by the persistent challenges of geopolitical tensions, climate-related risks, and regional economic imbalances. As global leaders and policymakers respond to these dynamics, a targeted approach to economic policy will be essential to fostering sustained growth and stability in the coming years.

EQUITIES MARKET: Bullish Sentiment Pushes NGX by 1.41% w/w as Market Gains N835bn on Robust Liquidity.....

The Nigerian stock market extended its bullish run this week, with investors pocketing a total gain of N835 billion on the back of favourable sentiment and strong liquidity inflows. This positive performance, underpinned by increased investor confidence and active buying interest, highlights an optimistic outlook on the country’s economic fundamentals and key market indicators.

Over the trading week, market participants engaged in strategic investments, boosting the Nigerian Exchange (NGX) All-Share Index by 1.41% to reach 99,448.91 points. This surge was primarily driven by heightened buying interest in financial and oil & gas stocks, as liquidity continued to flow steadily into the market. This capital injection not only lifted the market capitalisation above N60 trillion to close at N60.26 trillion but also pushed the index’s year-to-date return to a robust 33.0%.

Reflecting the heightened market confidence, trading activity showed a marked increase, with momentum surging to high levels across stocks of varying sizes. A total of 57 stocks advanced compared to 19 lagging behind, a trend bolstered by rebalancing and position-taking activities across small, mid, and large-cap stocks. Consequently, the weekly trade value spiked by 16.3% to N85.95 billion, while traded volumes reversed last week’s decline, jumping by 48.03% to 2.14 billion shares executed across 41,217 deals—a 4.23% rise from the previous week.



Sectoral performance this week was overwhelmingly positive, with gains seen across all major indices except the NGX Consumer Goods Index, which declined by 0.84%. This drop was attributed to price pressures on DANGSUGAR, FTNCOCOA, NNFM, and INTERNATIONAL BREWERIES. In contrast, the NGX Banking Index emerged as the week’s top performer, posting a 7.86% week-on-week increase, buoyed by strong investor sentiment in banking heavyweights such as UBA, FBNH, ACCESSCORP, and STANBIC. The positive sentiment follows the release of robust nine-month earnings from banks, providing investors with encouraging insights for year-end expectations.

Furthermore, gains were recorded in the NGX Insurance Index, which rose by 4.04% due to positive movements in WAPIC INSURANCE, LASACO, and GUINEA INSURANCE. The NGX Oil & Gas Index also recorded a solid 3.95% gain, led by SEPLAT after the Ministry of Petroleum granted the company clearance to acquire Mobil Producing Nigeria Unlimited (MPNU). The NGX Industrial Index posted a mild gain of 0.1%, thanks to upward price trends in UPDC and LAFARGE.

The top weekly advancers included EUNISELL (+21%), UBA (+19%), UNILEVER (+18%), ABBEYBDS (+17%), and CORONATION (+16%), showcasing significant appeal among equity investors. Conversely, DANGSUGAR (-10%), SCOA (-10%), JOHNHOLT (-10%), NSLTECH (-10%), and REGALINS (-8%) were the top decliners for the week.

Cowry Research points that the recent positive quarterly corporate earnings reports have further buoyed market sentiment, particularly in the banking, industrial goods, and consumer goods sectors —delivering strong performances from key players and driving the benchmark index closer to the 100,000-points psychological threshold. Notably, we think the current rally is likely to persist, though cautious profit-taking activities may create intermittent dips.

Looking ahead, we see the local bourse poised for further gains as investors look forward to the upcoming macroeconomic data releases and corporate earnings reports, which are anticipated to influence short-term trading dynamics.

Weekly Gainers and Loser as at Friday, October 25, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	25-Oct-24	18-Oct-24	% Change	Symbol	25-Oct-24	18-Oct-24	% Change
EUNISELL	3.50	2.90	20.7%	DANGSUGAR	31.50	35.05	-10.1%
UBA	30.10	25.40	18.5%	SCOA	1.71	1.90	-10.0%
UNILEVER	22.50	19.00	18.4%	JOHNHOLT	2.75	3.05	-9.8%
ABBEYBDS	3.25	2.78	16.9%	NSLTECH	0.56	0.62	-9.7%
WAPIC	0.95	0.82	15.9%	REGALINS	0.56	0.61	-8.2%
IKEJAHOTEL	8.05	7.00	15.0%	INTBREW	4.06	4.33	-6.2%
ABCTRANS	1.35	1.20	12.5%	ARADEL	600.10	625.40	-4.0%
LASACO	2.86	2.57	11.3%	CILEASING	3.64	3.79	-4.0%
UPDC	1.64	1.48	10.8%	CUTIX	2.50	2.60	-3.8%
FBNH	28.75	26.00	10.6%	FTNCOCOA	1.80	1.87	-3.7%

Weekly Stock Recommendations as at Friday, October 25, 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
ZENITH BANK	18.41	22.09	101.7	0.39	2.17x	47.35	18.90	39.90	51.0	34.0	46.0	27.50	Buy
FBN HOLDING	10.11	13.90	61.67	0.47	2.85x	43.95	15.9	28.75	39.6	24.5	33.1	37.50	Buy
ETERNA	-3.71	-4.82	-1.02	-26.39	-7.28x	34	11.15	27.00	35.1	23.0	31.1	30.00	Buy
DANGOTE SUGAR	-11.86	-15.41	-5.33	-5.91	-2.66x	80.2	28	31.50	41.0	26.8	36.2	30.00	Buy
GTCO	32.12	41.76	85.66	0.62	1.65x	53.00	33.00	52.00	68.9	45.1	61.0	30.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, October 25, 2024

FGN Eurobonds	Issue Date	TTM (years)	25-Oct-24 Price (N)	Weekly USD Δ	25-Oct-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.07	99.81	-0.20	7.8%	0.20
6.50 NOV 28, 2027	28-Nov-17	3.09	94.54	-0.30	8.6%	0.13
6.125 SEP 28, 2028	28-Sep-21	3.93	90.45	-0.49	9.1%	0.18
8.375 MAR 24, 2029	24-Mar-22	4.41	96.49	-0.57	9.4%	0.16
7.143 FEB 23, 2030	23-Feb-18	5.33	90.48	-0.67	9.5%	0.18
8.747 JAN 21, 2031	21-Nov-18	6.24	96.05	-0.41	9.6%	0.09
7.875 16-FEB-2032	16-Feb-17	7.32	90.15	-0.69	9.8%	0.15
7.375 SEP 28, 2033	28-Sep-21	8.93	85.06	-0.68	9.9%	0.13
7.696 FEB 23, 2038	23-Feb-18	13.34	81.49	-0.78	10.3%	0.12
7.625 NOV 28, 2047	28-Nov-17	23.11	76.51	-0.66	10.3%	0.10
9.248 JAN 21, 2049	21-Nov-18	24.26	90.76	-0.57	10.3%	0.07
8.25 SEP 28, 2051	28-Sep-21	26.94	80.22	-0.61	10.5%	0.08

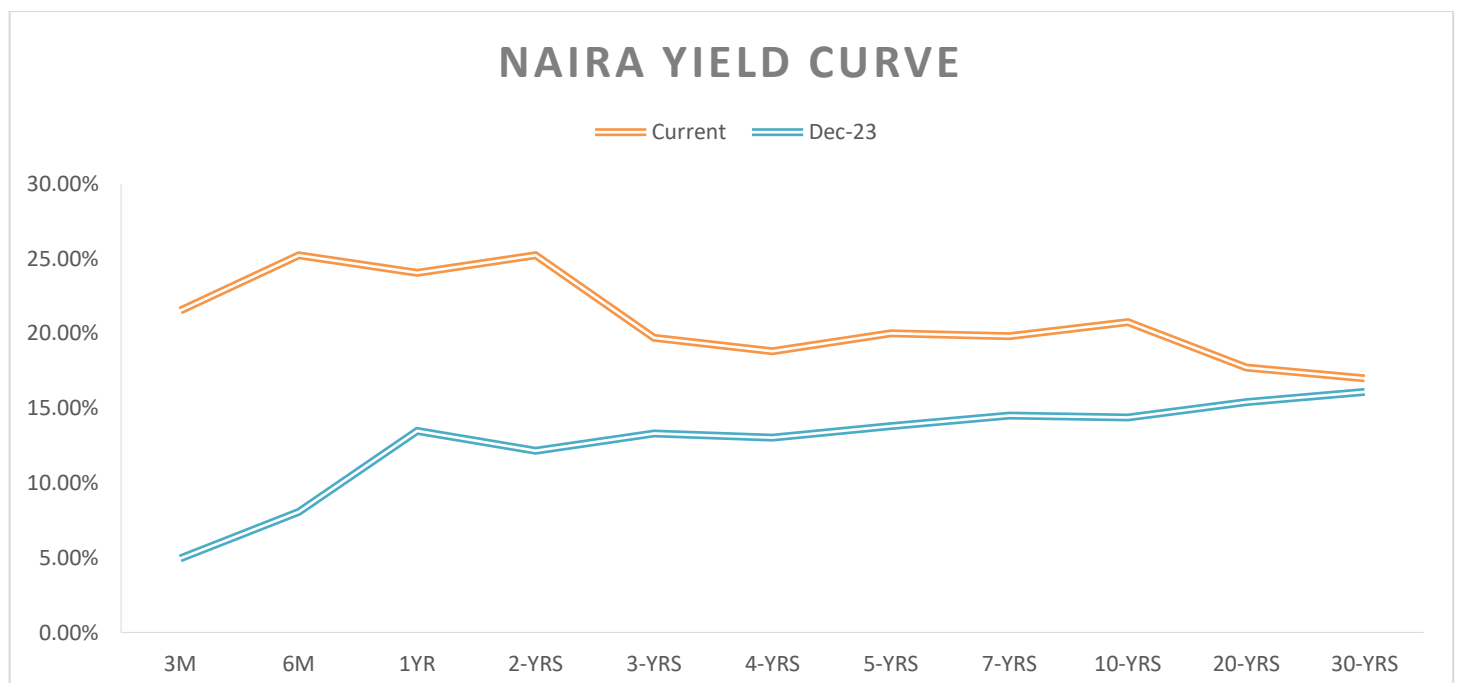
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, October 25, 2024

MAJOR	25-Oct-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0819	1.0823	-0.04%	-0.43%	-3.19%	2.47%
GBPUSD	1.2983	1.2971	0.09%	-0.48%	-3.18%	7.07%
USDCHF	0.8664	0.8659	0.05%	0.20%	2.36%	-3.60%
USDRUB	96.8487	96.2519	0.62%	1.67%	4.57%	3.42%
USDNGN	17.6656	17.6638	0.01%	0.51%	-0.61%	104.84%
USDZAR	17.6656	17.6638	0.01%	0.35%	2.70%	-6.84%
USDEGP	48.7852	48.7316	0.11%	0.42%	0.96%	58.13%
USDCAD	19.88	19.8246	0.28%	0.54%	2.95%	0.31%
USDMXN	19.88	19.8246	0.28%	0.14%	1.33%	9.54%
USDBRL	5.70	5.6658	0.61%	0.17%	4.83%	14.36%
AUDUSD	0.5995	0.6008	-0.21%	-1.14%	-3.81%	4.88%
NZDUSD	0.5995	-0.0600	-0.21%	-1.19%	-5.24%	3.09%
USDJPY	7.1285	7.1256	0.04%	1.66%	4.77%	1.08%
USDCNY	7.1285	7.1256	0.04%	0.16%	2.13%	-2.67%
USDINR	84.0913	84.0829	0.01%	0.02%	0.57%	1.02%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, October 25, 2024

Commodity		25-Oct-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	71.8	70.2	2.26%	4.50%	6.07%	-13.04%
BRENT	USD/Bbl	76.0	74.4	2.19%	3.98%	6.86%	-12.00%
NATURAL GAS	USD/MMBtu	2.5	9.8	-1.08%	10.75%	-9.16%	-32.54%
GASOLINE	USD/Gal	2.1	2.0	2.19%	3.58%	7.12%	-7.08%
COAL	USD/T	145.9	145.0	0.62%	-1.15%	4.40%	9.29%
GOLD	USD/t.oz	2,736.7	2,733.9	0.10%	0.63%	2.47%	37.97%
SILVER	USD/t.oz	33.9	33.7	0.62%	0.58%	6.02%	48.50%
WHEAT	USD/Bu	566.3	581.5	-2.62%	-1.08%	-3.03%	-2.24%
PALM-OIL	MYR/T	4,660.0	4,602.0	1.26%	6.48%	9.18%	20.49%
COCOA	USD/T	6,768.5	6,732.1	0.54%	-8.74%	-16.24%	77.91%

FGN Bonds Yield Curve, Friday October 25, 2024





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