

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

---

### ECONOMY: More Pressure Points Expected from October Inflation Readings Amid Economic Challenges.....

Cowry Research notes that while the Central Bank of Nigeria's (CBN) tight monetary policy may exert some downward pressure on inflation, structural challenges such as infrastructure deficiencies, high fuel costs, and logistical constraints continue to limit the impact of these measures. Addressing these underlying issues is critical if policy efforts are to effectively stabilise prices across Nigeria's economy.

### EQUITIES MARKET: Mixed Sentiments Pervades Local Bourse as ASI Takes a Bow by 0.20% w/w.....

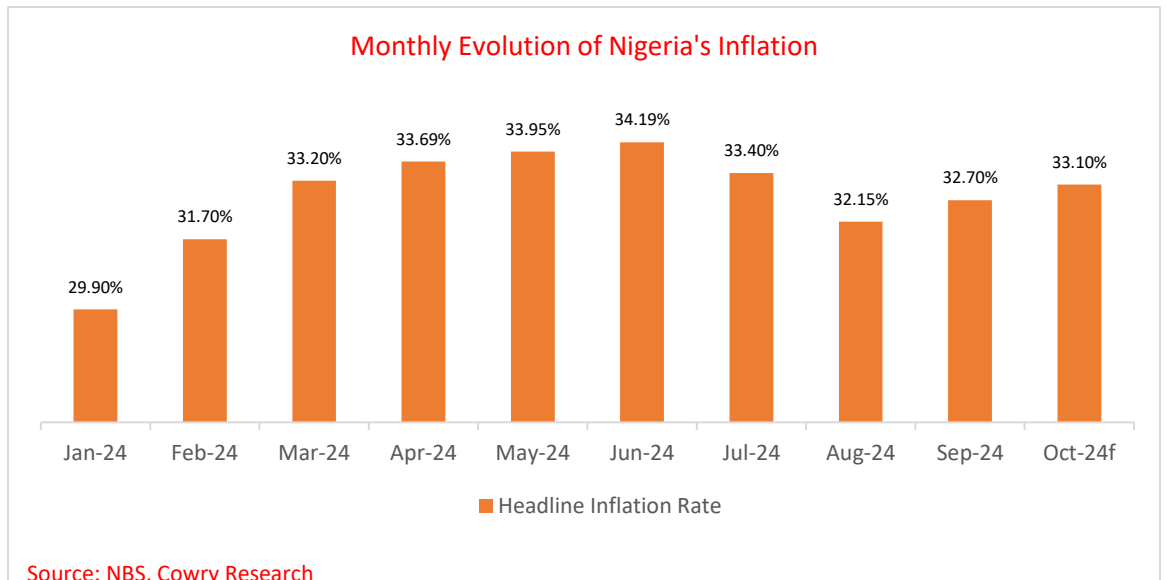
Looking ahead to the coming week, mixed sentiment is expected to persist as portfolio rebalancing continues. Despite the recent downturn, a near-term rebound is anticipated, although investor sentiment is expected to remain cautious. The release of October's Consumer Price Index (CPI) figures by the National Bureau of Statistics could further weigh on market sentiment, with persistent inflationary pressures and potential currency volatility keeping investors on the edge. As a result, we advise investors to focus on fundamentally sound stocks while remaining mindful of broader economic conditions.

**ECONOMY: More Pressure Points Expected from October Inflation Readings Amid Economic Challenges...**

Ahead of Nigeria’s October inflation data, price pressures remain elevated from fuel hikes, currency depreciation, and agricultural disruptions. Despite CBN’s rate hikes and the government’s zero-duty import policy, structural issues, such as supply chain inefficiencies and security concerns, have continued to limit their impact on the whole.

Nigeria’s inflation rate has fluctuated markedly in 2024, driven by rising fuel prices, currency depreciation, and ongoing disruptions in agricultural supply. These factors have brought inflation to near 30-year highs, exacerbating price pressures across the economy despite high-interest rates and concerted, albeit one-sided, policy efforts from fiscal and monetary authorities to curb consumer price inflation.

Early in 2024, inflation continued its upward trend, reaching 33.2% in March, up from 31.7% in February. This surge was primarily driven by steep increases in food and transportation costs following the removal of fuel subsidies and continued naira depreciation, compounded by insecurity and flooding



in food-producing regions in the north. By mid-2024, inflation peaked at 34.19% in June, marking the highest level seen this year. A slight moderation followed in July and August, with inflation easing to 33.4% and 32.15%, respectively, aided by seasonal harvests that helped temper food prices.

However, September saw inflation climb again to 32.7%, largely due to persistently high food costs, widespread flooding, and ongoing currency pressures. This uptick was driven primarily by higher energy costs, with petrol prices rising from N980 to around N1,050 per litre in Lagos and even higher in other states. These adjustments could push the headline index above 35% by December.

Food prices in particular have played a substantial role in the elevated headline rate, with September’s year-on-year food inflation rising to 37.77%, up by 25 basis points from August’s 37.52%. Contributing factors include heightened insecurity, high farm input costs, and flooding across food-producing regions. And on a more positive note, the core inflation, which excludes food and energy, slightly eased for the first time in ten months, declining from 27.58% in August to 27.43% in September. A reversal is likely in October following recent developments in Nigeria.

Next week, the monthly inflation report for the month of October will be published by the National Bureau of Statistics. Our expectation for a 33.10% CPI numbers for October is hinged on the impact of recent PMS pump price adjustments and flooding in some parts of the country as well as the recent reversal in the food index due to supply chain disruption on the back of insecurity challenges and currency depreciation. Also, the core index may remain elevated unless the fiscal authorities take decisive actions to manage high PMS prices and mitigate scarcity across the country. Without such intervention, there could be increased pressure on transportation costs, which will likely affect the headline inflation index further.

The Monetary Policy Committee (MPC) is also set to meet in a fortnight. At its September 2024 meeting, the committee implemented additional tightening measures, raising the Monetary Policy Rate (MPR) by 50 basis points to 27.25% and increasing the Cash Reserve Ratio (CRR) for deposit money banks to 50% and for merchant banks to 16%, while leaving the other parameters constant.

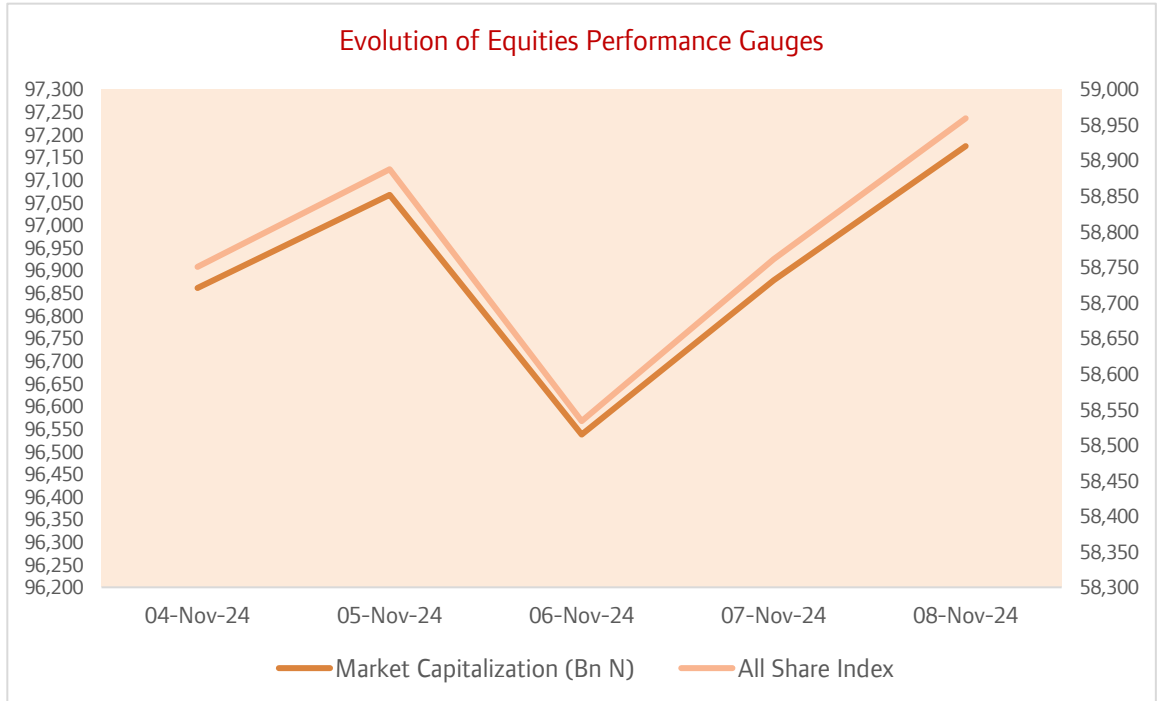
Cowry Research notes that while the Central Bank of Nigeria’s (CBN) tight monetary policy may exert some downward pressure on inflation, structural challenges such as infrastructure deficiencies, high fuel costs, and logistical constraints continue to limit the impact of these measures. Addressing these underlying issues is critical if policy efforts are to effectively stabilise prices across Nigeria’s economy.

**EQUITIES MARKET: Mixed Sentiments Pervades Local Bourse as ASI Takes a Bow by 0.20% w/w.....**

In the just-concluded week, the Nigerian stock market saw mixed sentiment, culminating in a slight decline of 0.20% week-on-week in the All-Share Index (ASI), which closed at 97,236.19 points. This move takes the index further away from the 100,000-point mark, reflecting investor caution amid ongoing economic challenges and policy shifts by both the fiscal and monetary authorities. The week was marked by fluctuating trading patterns across sectors, with the Industrial and Consumer Goods indices particularly impacted. Investors remained on edge due to concerns over inflation, fuel price hikes, and the potential effects of fiscal policies on critical sectors.

As the ASI dipped, the market capitalisation followed suit, also decreasing by 0.20% to settle at N58.92 trillion, erasing N118.40 billion from investors' portfolios. This decline comes amid ongoing portfolio rebalancing and position-taking. Year-to-date, however, the ASI has still posted a 30.04% return. The broader market saw more decliners than gainers, with 42 stocks losing value compared to 31 gainers. This reflects the broader sentiment of caution among investors in light of economic uncertainties.

Despite this overall weak performance, some sectors outperformed the broader market. The NGX-Oil & Gas sector gained 5.43%, driven by strong performances from stocks like CONOIL, while the NGX-Banking sector rose by 2.81%, buoyed by gains in ACCESSCORP, ETI, and STERLINGNG. The NGX-Insurance and NGX-Consumer Goods



sectors also saw marginal gains of 0.11% and 0.02%, respectively, led by positive movements in stocks such as SOVEREIGN TRUST INSURANCE and MAY & BAKER.

On the flip side, the NGX-Industrial Goods sector experienced notable sell-offs, with stocks like ABBEY BUILDERS, BETAGLASS, UPDC, and CUTIX showing weak price movements, reflecting negative sentiment in the sector.

Market activity reflected a mix of high and low momentum across stocks of varying capitalisations. The number of trades increased by 4.2% week-on-week, reaching 48,801 deals. Additionally, the trade value surged by 38.7% to N75.75 billion, while the traded volume saw a significant 138.1% increase, reaching 6.47 billion shares.

Several stocks were the top weekly advancers, drawing strong investor interest. These included EUNISELL (+46%), JOHNHOLT (+46%), CONOIL (+37%), SOVRENINS (+21%), and CONSOLIDATED HALLMARK INSURANCE (+15%). Conversely, the top decliners included ABBEYBDS (-18%), DEAP CAPITAL (-14%), TANTALIZER (-13%), MEYER (-10%), and ETERNA (-10%).

Looking ahead to the coming week, mixed sentiment is expected to persist as portfolio rebalancing continues. Despite the recent downturn, a near-term rebound is anticipated, although investor sentiment is expected to remain cautious. The release of October's Consumer Price Index (CPI) figures by the National Bureau of Statistics could further weigh on market sentiment, with persistent inflationary pressures and potential currency volatility keeping investors on the edge. As a result, we advise investors to focus on fundamentally sound stocks while remaining mindful of broader economic conditions.

Weekly Gainers and Loser as at Friday, November 8, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	08-Nov-24	01-Nov-24	% Change	Symbol	08-Nov-24	01-Nov-24	% Change
EUNISELL	8.20	5.62	45.9%	ABBEYBDS	2.66	3.25	-18.2%
JOHNHOLT	4.81	3.30	45.8%	DEAPCAP	1.07	1.25	-14.4%
CONOIL	260.00	189.30	37.3%	TANTALIZER	0.56	0.64	-12.5%
SOVRENINS	0.69	0.57	21.1%	MEYER	7.67	8.52	-10.0%
CONHALLPLC	1.70	1.48	14.9%	ETERNA	24.80	27.50	-9.8%
PZ	24.95	22.00	13.4%	OANDO	69.95	77.00	-9.2%
STERLINGNG	5.25	4.70	11.7%	INTENEGINS	1.20	1.32	-9.1%
ACCESSCORP	24.65	22.10	11.5%	JAPAULGOLD	2.05	2.25	-8.9%
ARADEL	485.30	445.60	8.9%	ROYALEX	0.58	0.63	-7.9%
WAPIC	0.99	0.92	7.6%	NASCON	30.00	32.55	-7.8%

Weekly Stock Recommendations as at Friday, November 8, 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
CONOIL PLC	16.33	19.60	64.10	3.69	14.48x	236.5	128	260.00	315.3	201.0	272.0	33.31	Buy
FIDELITY BANK	7.02	7.02	21.51	0.66	2.04x	15.30	8.50	14.90	21.0	12.7	17.1	40.94	Buy
JULIUS BERGER	7.58	8.69	106.9	1.61	22.75x	172.5	34.4	172.50	240.0	146.6	198.4	39.13	Buy
MAY & BAKER	1.09	0.95	5.89	1.32	7.08x	8.5	4.5	7.80	11.2	6.6	8.9	44.52	Buy
GTCO PLC	38.41	43.53	94.00	0.57	1.40x	57.00	32.35	53.60	74.9	45.5	61.5	40.00	Buy

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

FGN Eurobonds	Issue Date	TTM (years)	08-Nov-24 Price (N)	Weekly USD Δ	08-Nov-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.04	99.87	0.25	7.8%	-0.24
6.50 NOV 28, 2027	28-Nov-17	3.05	95.27	0.85	8.3%	-0.31
6.125 SEP 28, 2028	28-Sep-21	3.89	91.49	1.10	8.8%	-0.34
8.375 MAR 24, 2029	24-Mar-22	4.38	97.62	1.27	9.0%	-0.37
7.143 FEB 23, 2030	23-Feb-18	5.30	91.67	1.46	9.2%	-0.37
8.747 JAN 21, 2031	21-Nov-18	6.21	97.36	1.60	9.3%	-0.36
7.875 16-FEB-2032	16-Feb-17	7.28	91.86	1.94	9.4%	-0.40
7.375 SEP 28, 2033	28-Sep-21	8.89	86.57	1.83	9.7%	-0.34
7.696 FEB 23, 2038	23-Feb-18	13.30	83.04	1.79	10.0%	-0.28
7.625 NOV 28, 2047	28-Nov-17	23.07	78.51	2.20	10.0%	-0.31
9.248 JAN 21, 2049	21-Nov-18	24.22	92.76	2.11	10.1%	-0.25
8.25 SEP 28, 2051	28-Sep-21	26.90	81.95	2.12	10.2%	-0.28

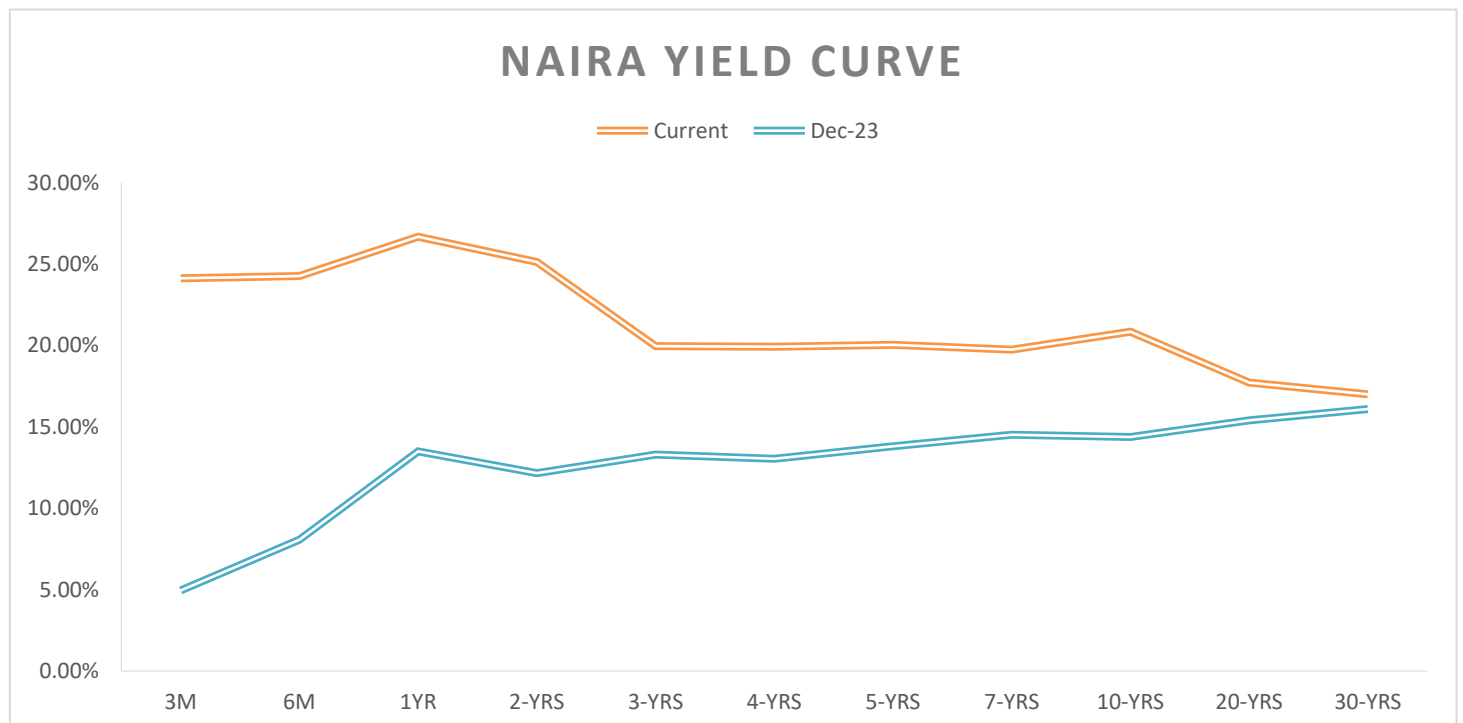
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 8, 2024

MAJOR	08-Nov-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0731	1.0796	-0.60%	-0.94%	-1.92%	0.61%
GBPUSD	1.2927	1.2983	-0.43%	0.10%	-1.06%	5.79%
USDCHF	0.8742	0.8728	0.16%	0.53%	1.61%	-3.15%
USDRUB	97.4423	98.0009	-0.57%	-0.81%	0.47%	6.31%
USDNGN	17.5623	17.3062	1.48%	1.31%	3.25%	108.62%
USDZAR	17.5623	17.3062	1.48%	-0.55%	-0.51%	-5.82%
USDEGP	49.3120	49.2185	0.19%	0.84%	1.74%	59.78%
USDCAD	20.11	19.8004	1.56%	-0.32%	1.43%	0.72%
USDMXN	20.11	19.8004	1.56%	-0.88%	3.22%	12.82%
USDBRL	5.78	5.6926	1.47%	-1.57%	3.26%	17.08%
AUDUSD	0.5969	0.6022	-0.87%	0.42%	-1.94%	3.47%
NZDUSD	0.5969	-0.0600	-0.87%	0.13%	-1.61%	1.33%
USDJPY	7.1973	7.1579	0.55%	-0.22%	2.32%	0.85%
USDCNY	7.1973	7.1579	0.55%	0.81%	1.48%	-1.38%
USDINR	84.3663	84.3073	0.07%	0.33%	0.51%	1.26%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 8, 2024

Commodity		08-Nov-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	70.2	72.4	-3.04%	0.97%	-4.20%	-7.15%
BRENT	USD/Bbl	73.5	75.6	-2.82%	0.64%	-3.93%	-7.85%
NATURAL GAS	USD/MMBtu	2.7	9.8	0.65%	1.83%	1.94%	-18.64%
GASOLINE	USD/Gal	2.0	2.0	-2.26%	2.14%	-2.84%	-6.11%
COAL	USD/T	142.2	141.1	0.78%	-1.28%	-5.70%	16.08%
GOLD	USD/t.oz	2,687.3	2,706.8	-0.72%	-1.83%	2.98%	37.18%
SILVER	USD/t.oz	31.4	32.0	-1.95%	-3.26%	2.87%	38.70%
WHEAT	USD/Bu	573.5	571.5	0.36%	0.85%	-4.37%	-5.51%
PALM-OIL	MYR/T	5,104.0	4,950.1	3.11%	4.91%	20.07%	36.36%
COCOA	USD/T	7,200.6	7,265.2	-0.89%	-2.21%	-3.35%	80.65%

FGN Bonds Yield Curve, Friday November 8, 2024





Disclaimer

This report is produced by the **Research Desk** of Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.