

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Nigeria's Inflation Hits Four-Month High at 33.88% in October Amid Economic Pressures.....

Globally, inflation remains a critical concern for policymakers, prompting stringent measures to contain price surges while balancing growth considerations. In Nigeria, despite the CBN's tight monetary stance, structural challenges—including inadequate infrastructure, high energy costs, and logistical inefficiencies—continue to hinder the efficacy of anti-inflationary policies. Cowry Research anticipates that inflation will climb further in November to 34.45%, reflecting sustained pressures from the same factors as well as price pressures from season effect across the country.

### EQUITIES MARKET: Nigerian Bourse Rebounds by 0.50% w/w Amid Sector Rotation and Portfolio Rebalancing .....

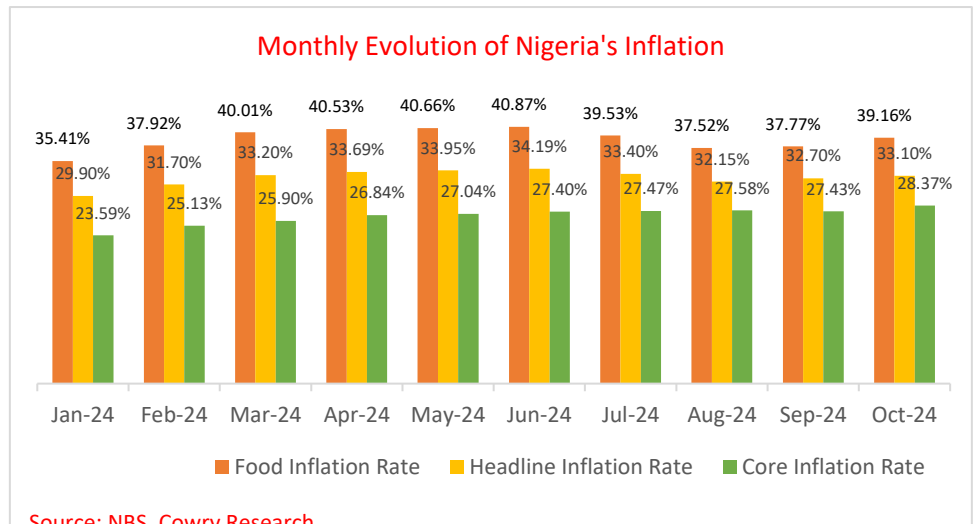
Looking ahead, a continued tug-of-war between bulls and bears is expected, with the bulls likely gaining an edge. Opportunities persist for savvy investors in undervalued stocks amid ongoing market volatility. The release of October's Consumer Price Index (CPI) data by the National Bureau of Statistics may also influence sentiment, as inflationary pressures and naira volatility keep market players cautious. Investors are advised to prioritise fundamentally strong stocks while staying vigilant about broader economic developments.

**ECONOMY: Nigeria's Inflation Hits Four-Month High at 33.88% in October Amid Economic Pressures...**

The latest Consumer Price Index (CPI) report released by the National Bureau of Statistics (NBS) shows that Nigeria's inflation rate rose for the second consecutive month in October 2024, reaching a four-month high of 33.88%, up from 32.70% in September. This increase reflects rising food prices, surging energy costs, supply chain disruptions in agriculture, and ongoing foreign exchange volatility. Despite the Central Bank of Nigeria's (CBN) interest rate hikes and the government's zero-duty import policy, inflationary pressures remain persistent.

The upward trajectory of the headline index reflects price pressures across all components of the index despite government and monetary policy interventions, such as the Central Bank of Nigeria's (CBN) rate hikes and the zero-duty import policy. This aligns with CBN's recent inflation expectation survey, which highlights households' and businesses' belief that inflation will continue to rise in the next three to six months.

On a month-on-month basis, headline inflation in October rose by 2.64%, 0.12 percentage points higher than the 2.52% recorded in September, indicating a faster increase in average price levels compared to the previous month.



Food inflation, which constitutes the largest component of the inflation basket, climbed to 39.2% from 37.8% in September. This increase was exacerbated by reduced harvests due to severe flooding and ongoing security crises in key agricultural regions. Meanwhile, transport inflation rose to 29.3%, driven by higher petrol and gas prices following the removal of subsidies. Housing and utilities inflation also edged up to 28.8% from 28.6%, influenced by increased electricity tariffs.

On a monthly basis, food inflation stood at 2.94%, up by 0.30 percentage points from September's 2.64%, primarily driven by price increases in categories such as oil and fats (palm oil, vegetable oil), fish (mudfish, croaker, fresh fish), meat (dried beef, goat meat, mutton), and bread and cereals (plantain flour, rice).

Core inflation, which excludes volatile food and energy prices, hit an all-time high of 28.4%, compared to 27.4% in September. On a monthly basis, core inflation increased by 2.14%, slightly above September's 2.10% while the average twelve-month annual inflation rate stood at 26.12%, a significant 6.14 percentage points higher than the 19.98% recorded in October 2023.

On a state-level basis, year-on-year all-items inflation was highest in Bauchi (46.68%), Kebbi (40.02%), and Sokoto (39.65%), while Delta (27.85%), Benue (28.22%), and Katsina (29.59%) recorded the lowest inflation rates. Month-on-month, Kano (3.77%), Bauchi (3.74%), and Adamawa (3.59%) saw the highest increases, while Kwara (1.27%), Ondo (1.49%), and Lagos (1.91%) recorded the slowest.

For food inflation, year-on-year rates were highest in Sokoto (52.18%), Edo (46.55%), and Borno (45.85%), while Kwara (31.68%), Kogi (33.30%), and Rivers (33.87%) saw the slowest rises. Month-on-month food inflation was most pronounced in Adamawa (5.08%), Sokoto (4.86%), and Yobe (4.34%), with the lowest in Kwara (1.11%), Ondo (1.31%), and Kogi (1.50%).

Addressing Nigeria's inflation crisis requires not only monetary adjustments but also significant structural reforms to resolve persistent bottlenecks. Infrastructure improvements, better agricultural productivity, and currency stabilisation will be crucial in achieving long-term price stability.

Globally, inflation remains a critical concern for policymakers, prompting stringent measures to contain price surges while balancing growth considerations. In Nigeria, despite the CBN's tight monetary stance, structural challenges—including inadequate infrastructure, high energy costs, and logistical inefficiencies—continue to hinder the efficacy of anti-inflationary policies. Cowry Research anticipates that inflation will climb further in November to 34.45%, reflecting sustained pressures from the same factors as well as price pressures from season effect across the country.

The Monetary Policy Committee (MPC) is scheduled to meet in two weeks. At its last meeting in September 2024, the MPC raised the Monetary Policy Rate (MPR) by 50 basis points to 27.25%, increased the Cash Reserve Ratio (CRR) for deposit money banks to 50%, and maintained the CRR for merchant banks at 16%. Given the persistent inflationary pressures, we expect the MPC to tighten further with a potential 25 to 50 basis points increase in the MPR.

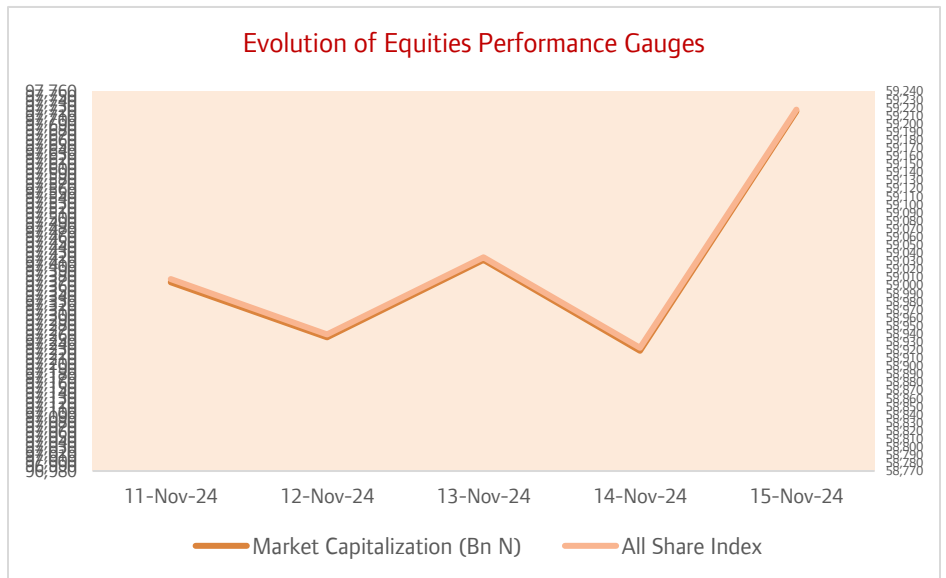
**EQUITIES MARKET: Nigerian Bourse Rebounds by 0.50% w/w Amid Sector Rotation and Portfolio Rebalancing.....**

This week, the Nigerian Exchange (NGX) rebounded from the previous week’s decline, as the All-Share Index (ASI) rose by 0.50% to close at 97,722.28 points. The positive performance was driven by sector rotation and portfolio rebalancing activities, reflecting optimism from Q3 earnings releases and the undervalued nature of many stocks with strong upside potential. Market participants also digested the October inflation numbers, considering their implications for the broader market.

As the ASI performed positively, the market capitalisation followed suit, increasing by 0.50% to settle at N59.22 trillion, and further adding N295 billion in gains to investors' portfolios. Year-to-date, however, the ASI still delivered a 30.69% return while the broader market saw more decliners than gainers, with 45 stocks losing value compared to 39 gainers. This reflects the broader sentiment of caution among investors in light of economic uncertainties.

On the other hand, the level of market activities this week was lacklustre in the face of low traded volumes and value, revealing the absence of smart money in the market. Thus, the total traded volume and value for the week decreased by 77.1% week on week and 48.7% week on week respectively to 1.48 billion units valued at N38.88 billion. These deals were executed in 44,795 trades which also tanked by 8.2% week on week.

Across the sectoral front, performance was largely positive as three out of the five sectors under our purview moved in the northward direction reflecting strong investors sentiment across the sectors.



Consequently, the NGX-Insurance, NGX-Banking and NGX-Consumer Goods indices were the toast of investors this week with gains of 2.84%, 2.32% and 0.60% due to buying interest in stocks such as FLOURMILLS, UBA, MANSARD, GTCO, CORNERSTONE, and CHAMPION respectively. On the contrary, the NGX-Oil & Gas and NGX-Industrial recorded marginal losses by 0.29% and 0.20% on the back of adverse price movements seen in tickers like OANDO, BUACEMENT and BERGER.

At the close of the week, stocks such as JOHNHOLT (61%), EUNISELL (46%), TANTALIZER (34%), SUNUASSUR (32%) and FLOURMILL (23%) were the best performing securities in the week. However, DAARCOMM (12%), OANDO (10%), VFDGROUP (10%), ABBEYBDS (10%) and ELLAHLAKES (7%) emerged as the worst performing stocks this week due to adverse price movement.

Looking ahead, a continued tug-of-war between bulls and bears is expected, with the bulls likely gaining an edge. Opportunities persist for savvy investors in undervalued stocks amid ongoing market volatility. The release of October’s Consumer Price Index (CPI) data by the National Bureau of Statistics may also influence sentiment, as inflationary pressures and naira volatility keep market players cautious. Investors are advised to prioritise fundamentally strong stocks while staying vigilant about broader economic developments.

**Weekly Gainers and Loser as at Friday, November 15, 2024**

Top Ten Gainers				Bottom Ten Losers			
Symbol	15-Nov-24	08-Nov-24	% Change	Symbol	15-Nov-24	08-Nov-24	% Change
JOHNHOLT	7.72	4.81	60.5%	DAARCOMM	0.58	0.66	-12.1%
EUNISELL	11.99	8.20	46.2%	OANDO	62.65	69.95	-10.4%
TANTALIZER	0.75	0.56	33.9%	VFDGROUP	40.50	45.00	-10.0%
SUNUASSUR	2.72	2.06	32.0%	ABBEYBDS	2.40	2.66	-9.8%
FLOURMILL	78.65	64.00	22.9%	ELLAHLAKES	3.40	3.67	-7.4%
INTENEGINS	1.45	1.20	20.8%	AFRIPRUD	9.00	9.70	-7.2%
UPL	3.96	3.30	20.0%	IKEJAHOTEL	7.50	8.05	-6.8%
CONHALLPLC	1.88	1.70	10.6%	GUINEAINS	0.45	0.48	-6.2%
TIP	2.53	2.30	10.0%	UCAP	16.80	17.90	-6.1%
ARADEL	533.80	485.30	10.0%	FIDSON	14.10	14.95	-5.7%

Weekly Stock Recommendations as at Friday, November 15, 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>FBNH</b>	14.72	16.68	72.32	0.38	1.89x	43.95	15.9	<b>27.60</b>	45.0	23.6	31.9	62.16	Buy
<b>FIDELITYBNK</b>	7.02	7.02	21.51	0.70	2.14x	15.30	8.50	<b>14.95</b>	21.0	12.8	17.3	40.00	Buy
<b>CAP PLC</b>	3.24	2.81	11.47	3.27	11.58x	38.5	19.3	<b>37.50</b>	48.0	31.9	43.1	28.00	Buy
<b>LAFARGE AFRICA</b>	3.73	3.93	28.84	1.34	10.39x	47.95	20.10	<b>42.00</b>	52.0	32.9	44.6	34.19	Buy
<b>GTCO PLC</b>	38.41	43.53	94.00	0.58	1.42x	57.00	32.35	<b>56.00</b>	74.9	46.3	62.7	37.43	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, November 15, 2024

FGN Eurobonds	Issue Date	TTM (years)	15-Nov-24 Price (N)	Weekly USD Δ	15-Nov-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.02	99.55	-0.32	8.1%	0.34
6.50 NOV 28, 2027	28-Nov-17	3.04	94.49	-0.78	8.6%	0.31
6.125 SEP 28, 2028	28-Sep-21	3.87	90.39	-1.10	9.1%	0.37
8.375 MAR 24, 2029	24-Mar-22	4.36	96.37	-1.25	9.4%	0.37
7.143 FEB 23, 2030	23-Feb-18	5.28	90.27	-1.40	9.5%	0.37
8.747 JAN 21, 2031	21-Nov-18	6.19	95.82	-1.54	9.7%	0.35
7.875 16-FEB-2032	16-Feb-17	7.26	89.95	-1.91	9.8%	0.40
7.375 SEP 28, 2033	28-Sep-21	8.87	84.69	-1.88	10.0%	0.36
7.696 FEB 23, 2038	23-Feb-18	13.28	80.90	-2.14	10.4%	0.35
7.625 NOV 28, 2047	28-Nov-17	23.05	76.48	-2.03	10.3%	0.29
9.248 JAN 21, 2049	21-Nov-18	24.20	90.58	-2.18	10.3%	0.26
8.25 SEP 28, 2051	28-Sep-21	26.88	79.43	-2.52	10.6%	0.34

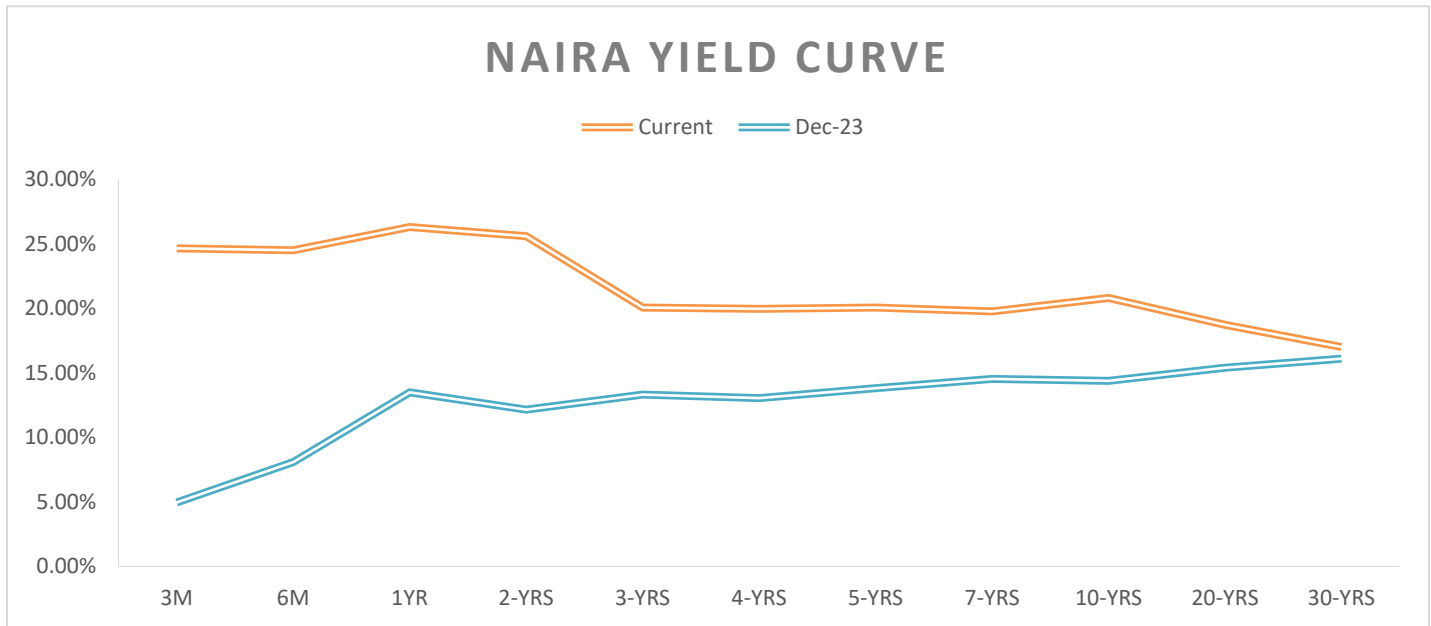
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 15, 2024

MAJOR	15-Nov-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0531	1.0529	0.02%	-1.76%	-3.02%	-2.94%
GBPUSD	1.2626	1.2667	-0.33%	-2.26%	-2.82%	1.76%
USDCHF	0.8890	0.8905	-0.17%	1.52%	2.69%	0.02%
USDRUB	99.8410	99.6716	0.17%	2.31%	2.41%	11.76%
USDNGN	18.2340	18.2870	-0.29%	-0.39%	1.94%	101.57%
USDZAR	18.2340	18.2870	-0.29%	3.72%	3.31%	-0.64%
USDEGP	49.3607	49.3114	0.10%	0.24%	1.70%	59.76%
USDCAD	20.43	20.4503	-0.09%	1.34%	2.45%	2.46%
USDMXN	20.43	20.4503	-0.09%	1.31%	2.65%	18.65%
USDBRL	5.80	5.7892	0.11%	1.04%	2.22%	19.17%
AUDUSD	0.5854	0.5849	0.08%	-2.09%	-3.28%	-0.37%
NZDUSD	0.5854	-0.0600	0.08%	-1.90%	-3.41%	-2.00%
USDJPY	7.2423	7.2517	-0.13%	1.74%	3.82%	3.03%
USDCNY	7.2423	7.2517	-0.13%	0.60%	1.50%	-0.06%
USDINR	84.4492	84.4745	-0.03%	0.06%	0.48%	1.56%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 15, 2024

Commodity		15-Nov-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	68.0	68.7	-1.01%	-3.28%	-3.30%	-7.00%
BRENT	USD/Bbl	71.9	72.6	-0.90%	-2.56%	-3.02%	-7.12%
NATURAL GAS	USD/MMBtu	2.8	9.8	-0.48%	3.89%	17.14%	-13.05%
GASOLINE	USD/Gal	2.0	2.0	0.10%	-1.70%	-3.54%	-4.93%
COAL	USD/T	141.5	141.5	0.00%	-0.49%	-4.87%	14.81%
GOLD	USD/t.oz	2,568.7	2,566.9	0.07%	-4.29%	-3.91%	29.71%
SILVER	USD/t.oz	30.5	30.4	0.39%	-2.37%	-3.78%	28.77%
WHEAT	USD/Bu	535.9	530.2	1.07%	-6.39%	-8.39%	-7.76%
PALM-OIL	MYR/T	5,082.0	4,963.9	2.38%	-0.35%	17.83%	27.11%
COCOA	USD/T	8,735.4	8,760.0	-0.28%	22.35%	13.42%	117.53%

FGN Bonds Yield Curve, Friday November 15, 2024



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