

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: CBN Applies Less Aggressive Measures by Subtle 25bps Hike to Taming Inflation's Flames

Looking ahead, the MPC is likely to maintain a tightening stance in early 2025, particularly if inflationary pressures persist. However, as inflation shows signs of moderation, the committee may adopt a more accommodative approach to stimulate growth and improve real income levels. Collaborative efforts between fiscal and monetary authorities remain critical to achieving synchronised objectives of economic stability and sustainable development. The current approach signals cautious optimism, as the CBN navigates the complexities of inflation control, economic growth, and monetary transmission in the Nigerian economy.

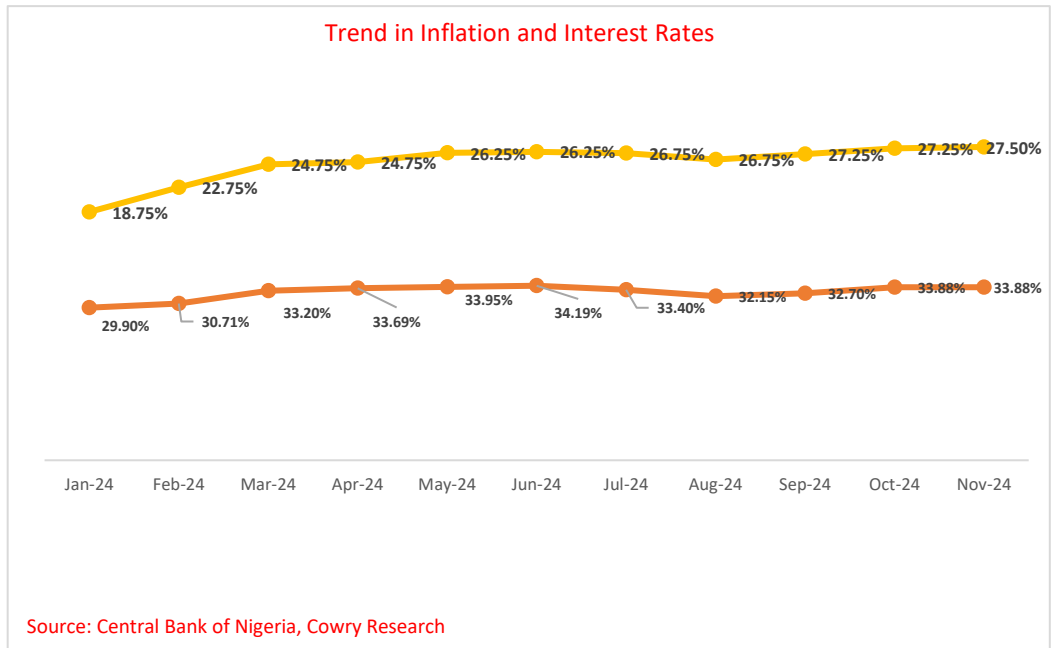
EQUITIES MARKET: Markets Waver by 0.33% w/w as Inflation Flames Clash with Seasonal Hope

Looking ahead, we expect a mixed sentiment as the year draws to a close with the prospect of a Santa rally—a seasonal uptick driven by increased liquidity and end-of-year optimism—lingering in the minds of market participants. However, the technical picture remains clouded. The failed bullish hammer candlestick formation highlights lingering market weakness, while momentum indicators suggest a tentative recovery amidst persistent selling pressure. We think investors will likely navigate these conflicting signals, balancing opportunities for bargain hunting against broader macroeconomic concerns.

ECONOMY: CBN Applies Less Aggressive Measures by Subtle 25bps Hike to Taming Inflation's Flames

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) concluded its final meeting of 2024 with a modest yet strategic 25 basis points hike in the Monetary Policy Rate (MPR), bringing it to a historic high of 27.50% leaving all monetary policy parameters unchanged. This measured move reflects a shift to a dovish stance as the MPC seeks to balance inflation control with the economic realities of 2025.

The MPC's decision comes amid unrelenting inflationary pressures. Nigeria's headline inflation surged to a four-month peak of 33.88% in October, up from 32.70% in September. This marked the second consecutive monthly increase since August, driven by escalating food prices, higher energy costs, and persistent supply chain disruptions. Additionally, ongoing volatility in the foreign exchange market exacerbated inflationary trends, despite measures such as zero-duty import policies and aggressive monetary tightening earlier in the year.



Food inflation rose sharply to 39.2% in October from 37.8% in September, reflecting the impact of elevated transportation and production costs. Core inflation, excluding volatile food and energy prices, hit an all-time high of 28.4%, up from 27.4%. Month-on-month, headline inflation climbed by 2.64%, while food and core inflation increased by 2.94% and 2.14%, respectively, underscoring the pervasive nature of price pressures.

The MPC highlighted the multidimensional nature of inflation, recognising its adverse impact on household income and overall welfare. The committee acknowledged that rising energy prices, particularly following the increase in Premium Motor Spirit (PMS) prices, have inflated production and distribution costs, further straining businesses and consumers.

While food prices remain a significant driver, the MPC commended government efforts to improve security in the North-East, which could enhance agricultural production. The committee expressed optimism that full deregulation of the downstream petroleum sector could stabilise energy costs and reduce supply-side pressures in the medium term.

Throughout 2024, the MPC raised the policy rate by a cumulative 875 basis points from 18.75% to 27.50%. This most recent 25 basis points hike signals a shift towards assessing the lagging effects of previous rate hikes as the committee appears keen to gauge the impact of tighter monetary conditions on inflation and economic growth while remaining vigilant to domestic and global economic developments.

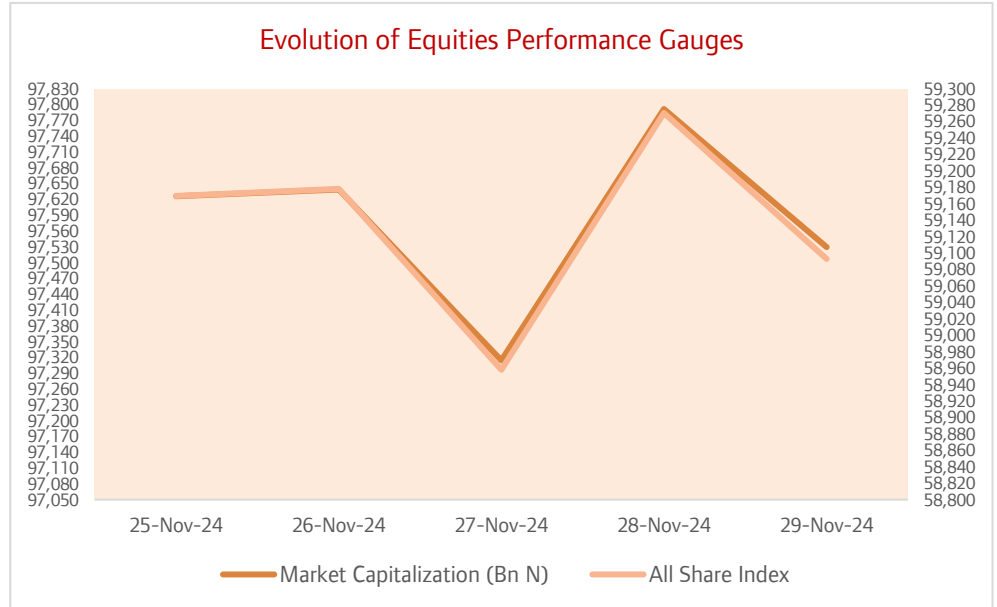
We think the decision reflects the MPC's intent to curb aggregate demand without significantly dampening economic output; reinforce its credibility in maintaining price stability, narrow the negative real interest rate gap to encourage domestic savings and restore investor confidence; and taper economic and financial conditions to manage systemic liquidity effectively.

Looking ahead, the MPC is likely to maintain a tightening stance in early 2025, particularly if inflationary pressures persist. However, as inflation shows signs of moderation, the committee may adopt a more accommodative approach to stimulate growth and improve real income levels. Collaborative efforts between fiscal and monetary authorities remain critical to achieving synchronised objectives of economic stability and sustainable development. The current approach signals cautious optimism, as the CBN navigates the complexities of inflation control, economic growth, and monetary transmission in the Nigerian economy.

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In the recently concluded trading week, the Nigerian stock market faltered after closing the month of November negative (0.15%), closing in negative territory as investors grappled with a mix of profit-taking, sector rotation, and subdued optimism. The benchmark NGX All-Share Index declined by 0.33% week-on-week, settling at 97,506.87 points, underscoring bearish sentiment. This downturn was driven by a complex interplay of reactions to newly published macroeconomic data and cautious interpretations of Nigeria’s evolving economic narrative.

The week commenced with the release of Nigeria’s third-quarter GDP report, which revealed a year-on-year growth of 3.46%. This growth was powered by the vibrancy of the services and agriculture sectors, which sustained the momentum in the non-oil segment of the economy. Meanwhile, the oil sector experienced modest gains, reflecting a slight increase in output. These developments, while positive, were juxtaposed against the Monetary Policy Committee's decision to raise the Monetary Policy Rate (MPR) by 25 basis points. The less aggressive hike was an attempt to temper inflation, which reached 33.88% in October, without stifling fragile growth.



Investor sentiment remained cautious as market capitalisation dipped southward, shrinking by N184.73 billion to settle at N59.11 trillion. Year-to-date, the NGX All-Share Index has returned 30.40%, with market capitalisation gaining 44.5% over the same period. Market breadth tilted negatively, with a ratio of 1.45x, as 32 stocks advanced while 46 declined, reflecting a broad-based sell-off.

Trading activity, however, presented a mixed picture. Weekly traded volume surged by 63.6%, reaching 3.19 billion shares, and the value of trades increased by 52.9% to N54.85 billion, signalling a return to higher-value transactions. Despite these gains, the total number of deals declined by 7.09% to 45,112, pointing to a more selective trading environment.

Sectoral performance painted a varied landscape. The NGX Oil & Gas index dropped by 1.93%, while the NGX Consumer Goods and Banking indices shed 0.38% and 0.28%, respectively. These declines were driven by sell-offs in stocks such as SEPLAT, ETERNA, NIGERIAN BREWERIES, and GTCO. Conversely, the NGX Insurance index emerged as a top performer, gaining 1.23%, buoyed by interest in SUNU ASSURANCE and SOVRENINS, while the NGX Industrial Goods index climbed by 0.62%, supported by LAFARGE and UPDCREIT.

Notable gainers for the week included SUNU ASSURANCE (23%), HALDANE McCALL (22%), SOVEREIGN INSURANCE (16%), NASCON (13%) and NEIMETH (11%) with positive weekly rally. On the other hand, AUSTINLAZ led the laggards with a steep decline of 26%, followed by LASACO (17%), ETERNA (16%) and DEAP CAPITAL (10%)

Looking ahead, we expect a mixed sentiment as the year draws to a close with the prospect of a Santa rally — a seasonal uptick driven by increased liquidity and end-of-year optimism — lingering in the minds of market participants. However, the technical picture remains clouded. The failed bullish hammer candlestick formation highlights lingering market weakness, while momentum indicators suggest a tentative recovery amidst persistent selling pressure. We think investors will likely navigate these conflicting signals, balancing opportunities for bargain hunting against broader macroeconomic concerns. The interplay between rising inflation, monetary policy adjustments, and seasonal trends will shape the market's path as it enters the final month of 2024.

Weekly Gainers and Loser as at Friday, November 29, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	29-Nov-24	22-Nov-24	% Change	Symbol	29-Nov-24	22-Nov-24	% Change
SUNUASSUR	3.90	3.16	23.4%	AUSTINLAZ	1.96	2.66	-26.3%
HMCALL	6.20	5.10	21.6%	JOHNHOLT	8.92	11.00	-18.9%
SOVRENINS	0.73	0.63	15.9%	LASACO	2.13	2.55	-16.5%
NASCON	32.40	28.65	13.1%	ETERNA	20.80	24.80	-16.1%
NEIMETH	2.18	1.96	11.2%	DEAPCAP	1.06	1.18	-10.2%
NCR	4.74	4.32	9.7%	UNILEVER	26.65	29.60	-10.0%
MECURE	11.45	10.55	8.5%	MULTIVERSE	5.90	6.55	-9.9%
FTNCOCOA	1.93	1.78	8.4%	NSLTECH	0.55	0.61	-9.8%
WAPCO	58.00	54.00	7.4%	ACADEMY	2.79	3.09	-9.7%
VITAFOAM	23.50	22.00	6.8%	GUINEAINS	0.50	0.55	-9.1%

Weekly Stock Recommendations as at Friday, November 29, 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
DANGOTE SUGAR	-15.18	-13.15	8.74	4.00	-2.30x	80.2	28	35.00	47.0	29.7	40.2	34.48	Buy
FIDELITY BANK	7.02	7.02	21.51	0.71	2.19x	16.75	8.50	15.30	21.0	13.0	17.7	36.81	Buy
CONOIL	16.33	19.60	64.10	4.31	16.90x	276	128	276.00	339.0	234.6	317.4	22.83	Buy
LAFARGE AFRICA	3.73	3.93	28.84	2.05	15.82x	61.20	20.10	58.00	78.7	50.2	67.9	33.34	Buy
UBA	14.78	16.75	104.8	0.31	2.20x	33.50	12.85	32.70	43.0	27.6	37.4	32.31	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, November 29, 2024

FGN Eurobonds	Issue Date	TTM (years)	29-Nov-24 Price (N)	Weekly USD Δ	29-Nov-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.98	99.54	-0.03	8.1%	0.03
6.50 NOV 28, 2027	28-Nov-17	3.00	94.78	0.17	8.5%	-0.06
6.125 SEP 28, 2028	28-Sep-21	3.83	90.80	0.15	9.0%	-0.05
8.375 MAR 24, 2029	24-Mar-22	4.32	96.79	0.36	9.3%	-0.10
7.143 FEB 23, 2030	23-Feb-18	5.24	90.41	0.23	9.5%	-0.05
8.747 JAN 21, 2031	21-Nov-18	6.15	95.68	0.21	9.7%	-0.05
7.875 16-FEB-2032	16-Feb-17	7.22	90.03	0.39	9.8%	-0.08
7.375 SEP 28, 2033	28-Sep-21	8.84	84.47	0.34	10.1%	-0.06
7.696 FEB 23, 2038	23-Feb-18	13.24	80.97	0.50	10.4%	-0.08
7.625 NOV 28, 2047	28-Nov-17	23.01	75.79	0.05	10.4%	0.00
9.248 JAN 21, 2049	21-Nov-18	24.16	90.08	0.25	10.4%	-0.03
8.25 SEP 28, 2051	28-Sep-21	26.85	78.95	0.31	10.6%	-0.05
					9.65%	

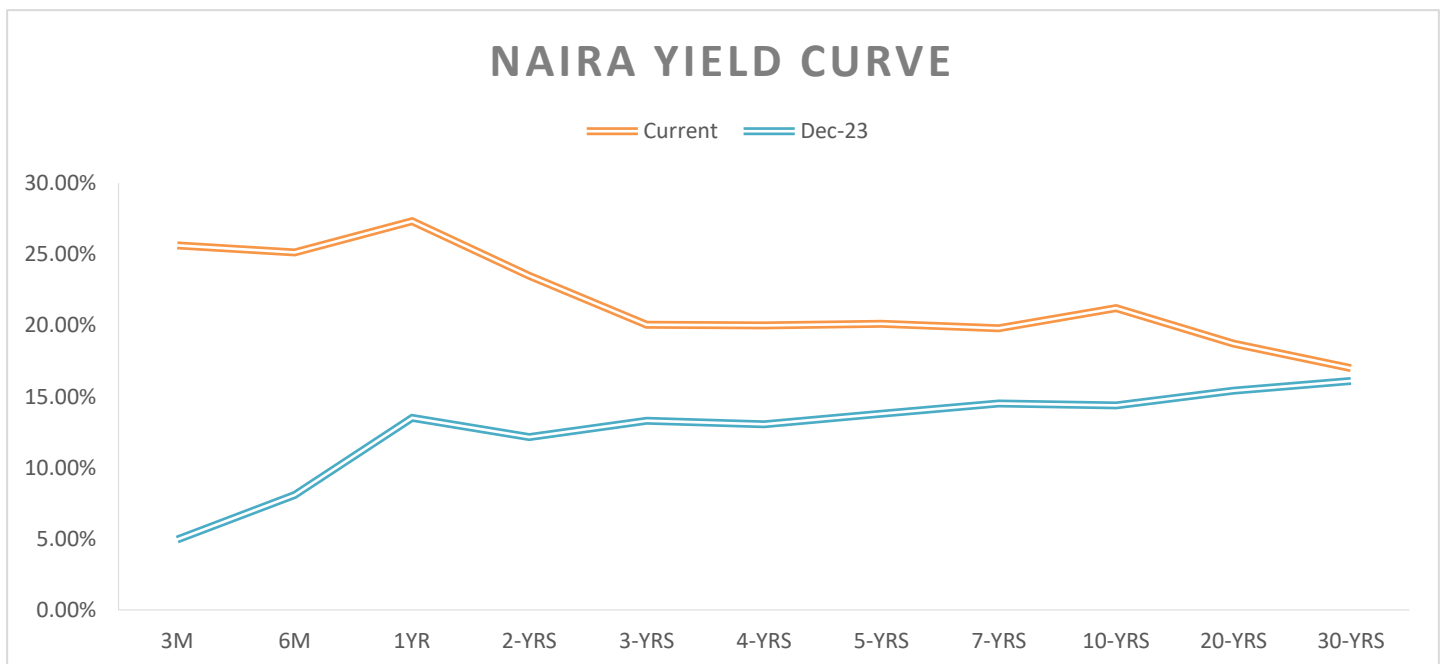
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 29, 2024

MAJOR	28-Nov-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0540	1.0566	-0.24%	0.70%	-2.57%	-3.89%
GBPUSD	1.2672	1.2680	-0.06%	0.67%	-2.63%	-0.19%
USDCHF	0.8833	0.8820	0.15%	-0.40%	1.84%	1.07%
USDRUB	108.1291	113.1413	-4.43%	6.75%	10.90%	21.91%
USDNGN	18.1500	18.1900	-0.22%	-0.62%	2.41%	112.22%
USDZAR	18.1500	18.1900	-0.22%	0.17%	2.69%	-3.27%
USDEGP	49.5910	49.6208	-0.06%	-0.05%	1.92%	60.24%
USDCAD	20.37	20.5922	-1.09%	0.19%	0.69%	3.10%
USDMXN	20.37	20.5922	-1.09%	-0.39%	1.54%	17.86%
USDBRL	6.00	5.9394	1.02%	3.05%	3.97%	22.21%
AUDUSD	0.5887	0.5903	-0.28%	-0.15%	-0.89%	-1.78%
NZDUSD	0.5887	-0.0600	-0.28%	0.56%	-1.34%	-4.30%
USDJPY	7.2509	7.2451	0.08%	-1.72%	-1.15%	2.90%
USDCNY	7.2509	7.2451	0.08%	-0.06%	1.52%	1.52%
USDINR	84.4734	84.4312	0.05%	-0.02%	0.46%	1.35%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, November 29, 2024

Commodity		28-Nov-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	69.0	68.7	0.36%	-1.62%	2.61%	-11.57%
BRENT	USD/Bbl	73.2	72.8	0.49%	-1.34%	3.54%	-11.32%
NATURAL GAS	USD/MMBtu	3.2	9.8	0.77%	-7.37%	12.82%	16.49%
GASOLINE	USD/Gal	2.0	2.0	0.62%	-2.89%	1.57%	-11.32%
COAL	USD/T	140.7	141.0	-0.21%	-0.57%	-2.63%	10.40%
GOLD	USD/t.oz	2,646.8	2,637.0	0.37%	-0.87%	-4.66%	29.40%
SILVER	USD/t.oz	30.2	30.1	0.38%	-1.76%	-12.39%	20.77%
WHEAT	USD/Bu	537.8	539.5	-0.32%	-2.67%	-3.76%	-5.99%
PALM-OIL	MYR/T	4,891.0	4,797.0	1.96%	2.56%	5.48%	26.32%
COCOA	USD/T	8,881.2	8,926.7	-0.51%	6.49%	28.86%	103.23%

FGN Bonds Yield Curve, Friday November 22, 2024







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