

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Carry Trade Opportunities from CBN's Policies Underpins Uptrend in FX Reserves to \$40.23bn

Looking ahead, expectations are for a continued rise in Nigeria's foreign exchange reserves, primarily supported by higher foreign portfolio inflows driven by the CBN's hawkish monetary policy stance and the favourable real interest rate differential relative to advanced economies. These dynamics offer a path to stabilising the reserves further, but achieving long-term resilience will depend on a holistic approach to economic reforms and diversification.

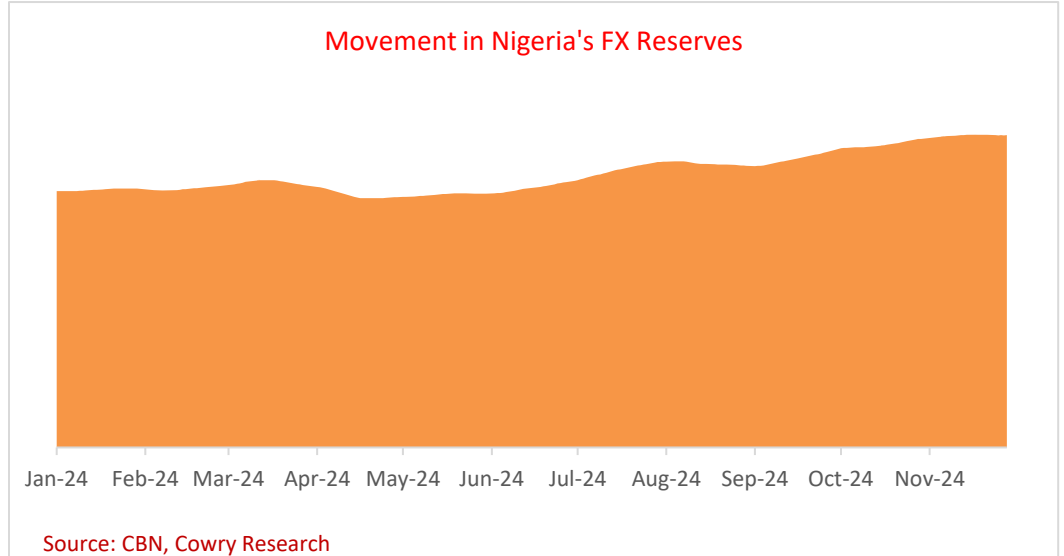
EQUITIES MARKET: Investors' Optimism Stay Positive as ASI Rallies 0.72% w/w; Market Gains N426.7bn

Looking ahead, the bullish momentum is expected to persist in the coming week, driven by continued investor interest in fundamentally sound stocks. From a technical perspective, the NGX appears to be in a markup phase amidst ongoing recovery and market volatility. The candlestick patterns and momentum indicators suggest a balanced interplay of market strength and weakness. We continue to advise investors to take position in fundamentally sound stocks.

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The latest data from the Central Bank of Nigeria (CBN) indicates a notable improvement in the country's foreign exchange reserves, highlighting a positive trajectory in their periodic movement. By the end of November 2024, Nigeria's reserves had appreciated by an impressive 21.90% year-on-year, climbing from \$33 billion in November 2023 to \$40.23 billion. This increase of \$7.23 billion represents the highest reserve levels recorded since February 2022, bolstered by substantial foreign capital inflows driven by robust carry trade opportunities arising from the CBN's tight monetary policy stance.

Throughout 2024, Nigeria's foreign exchange reserves experienced a significant uptick of 22.24% between January and November. At the start of the year, the reserves stood at a relatively strong \$33.02 billion, supported by a combination of moderate oil prices and deliberate efforts by the CBN to stabilise the foreign exchange market. The growth in reserves was further sustained by favourable conditions in the oil market, particularly for Bonny Light crude,



which maintained an upward trajectory, frequently exceeding \$80 per barrel. Additionally, the country benefitted from increased foreign portfolio investments, reflecting renewed investor interest in Nigeria's financial markets.

Despite these gains, the foreign exchange market faced persistent pressures, as the naira struggled under the weight of high demand for dollars from diverse segments of the economy. This demand placed significant strain on reserves, particularly as the year progressed. Global oil price volatility emerged as a key challenge, impacting Nigeria's export revenues. While oil production showed periods of recovery, structural challenges such as crude oil theft and operational inefficiencies hindered the steady flow of revenues.

On the domestic front, the removal of petrol subsidies, a critical fiscal reform, introduced initial inflationary pressures, which temporarily discouraged foreign capital inflows. Furthermore, the persistent depreciation of the naira against major currencies exacerbated demand for foreign exchange, compelling the CBN to intervene in the market to meet critical import needs, particularly for essential commodities such as fuel and food. These interventions, while necessary, placed additional pressure on reserves.

By November 2024, the reserves provided coverage for 11.8 months of merchandise imports based on the balance of payments for the 12 months to June 2024. When imported services were included, the coverage extended to 8.3 months, which marked an improvement over the average of 9 months for merchandise import cover in 2023. These figures reflect a relatively favourable position, underscoring the resilience of Nigeria's external reserves amidst persistent challenges.

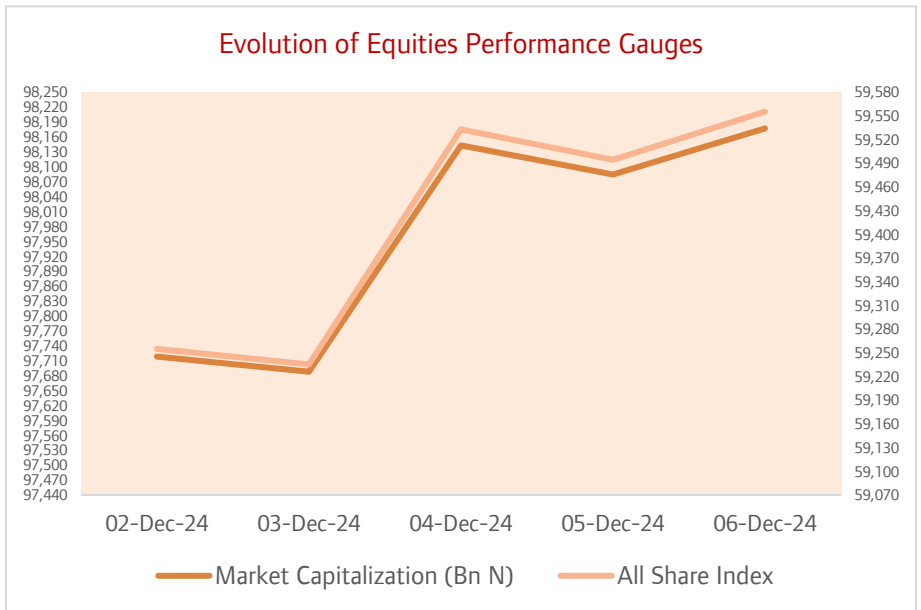
The decline in foreign direct investment and portfolio inflows, however, remained a concern, attributed largely to economic uncertainties and structural inefficiencies. To mitigate these issues, the government launched initiatives such as issuing dollar-denominated bonds and implementing policies aimed at attracting foreign investment. While these measures achieved limited success, they underscored the importance of addressing broader structural issues and enhancing the business environment to sustain inflows.

As the year drew to a close, cautious optimism emerged. Recovering oil prices, combined with the gradual impact of fiscal reforms, began to lift investor sentiment. However, sustaining this momentum requires sustained policy efforts to diversify exports, improve oil production efficiency, and rebuild confidence among investors.

Looking ahead, expectations are for a continued rise in Nigeria's foreign exchange reserves, primarily supported by higher foreign portfolio inflows driven by the CBN's hawkish monetary policy stance and the favourable real interest rate differential relative to advanced economies. These dynamics offer a path to stabilising the reserves further, but achieving long-term resilience will depend on a holistic approach to economic reforms and diversification.

EQUITIES MARKET: Investors' Optimism Stay Positive as ASI Rallies 0.72% w/w; Market Gains N426.7bn

The Nigerian stock market ended the week on a bullish trajectory, with the All-Share Index (ASI) advancing by 0.72% week-on-week (w/w) to close at 98,210.75 points. This performance underscores renewed investor confidence, driven by strategic positioning in high-performing stocks amid an evolving macroeconomic environment. The upward movement in the ASI was mirrored in the market capitalisation of listed equities, which rose by 0.72% to N59.53 trillion, representing an increase of N426.69 billion in investors' wealth. As a result, the year-to-date return on the index now stands at an impressive 31.3%. The market breadth was positive at 1.70x, with 51 gainers outperforming 30 losers, reflecting robust market sentiment.



Trading activity also recorded significant improvement. The volume of transactions surged by 21.9% to 3.89 billion units, while the value traded rose sharply by 59.9% to N87.75 billion compared to the preceding week. However, the total number of deals executed during the week experienced a marginal decline of 2.8%, closing at 43,867 trades. This heightened activity reflects increased investor participation, particularly as market players position themselves ahead of expected fiscal policy updates.

On the sectoral front, the performance was broadly positive, with all five major sectors posting gains. The NGX Insurance index led the charge, appreciating by 8.45%, followed by the NGX Oil & Gas index, which gained 4.84%. These advances were primarily driven by notable performances from stocks such as SUNU Assurance, Cornerstone, LASACO, Eterna, SEPLAT, and Conoil. Other sectors also contributed to the bullish momentum, with the NGX Industrial Goods, NGX Banking, and NGX Consumer Goods indices rising by 2.52%, 1.30%, and 0.13%, respectively, buoyed by gains in stocks like Lafarge Africa, Golden Guinea Breweries, Beta Glass, Access Corporation, Fidelity Bank, May & Baker, and UBA.

Notable gainers during the week included Golden Guinea Breweries, which soared by 46%, and SUNU Assurance, which climbed 30%. Lafarge Africa advanced by 28%, while NSL Technology and Consolidated Hallmark Insurance each gained 27% and 25%, respectively. Conversely, the top laggard was Learn Africa, which declined by 12%, followed by Aradel Holdings, Red Star Express, E-Tranzact, and John Holt, all of which shed 10% apiece.

Looking ahead, the bullish momentum is expected to persist in the coming week, driven by continued investor interest in fundamentally sound stocks. From a technical perspective, the NGX appears to be in a markup phase amidst ongoing recovery and market volatility. The candlestick patterns and momentum indicators suggest a balanced interplay of market strength and weakness. We continue to advise investors to take position in fundamentally sound stocks.

Weekly Gainers and Loser as at Friday, December 6, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	06-Dec-24	29-Nov-24	% Change	Symbol	06-Dec-24	29-Nov-24	% Change
GOLDBREW	5.40	3.70	45.9%	LEARNAFRCA	2.93	3.32	-11.7%
SUNUASSUR	5.05	3.90	29.5%	ARADEL	465.00	517.00	-10.1%
WAPCO	74.00	58.00	27.6%	REDSTAREX	4.41	4.90	-10.0%
NSLTECH	0.70	0.55	27.3%	ETRANZACT	6.75	7.50	-10.0%
CONHALLPLC	2.50	2.00	25.0%	JOHNHOLT	8.03	8.92	-10.0%
CORNERST	3.20	2.56	25.0%	DAARCOMM	0.57	0.61	-6.6%
AFRIPRUD	10.80	9.00	20.0%	PRESTIGE	0.75	0.80	-6.3%
ABBEYBDS	2.80	2.40	16.7%	HMCALL	5.85	6.20	-5.6%
BETAGLAS	57.75	49.65	16.3%	VITAFIOM	22.20	23.50	-5.5%
LASACO	2.47	2.13	16.0%	TIP	2.14	2.25	-4.9%

Weekly Stock Recommendations as at Friday, December 6, 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	35.05	47.0	29.7	40.2	34.48	Buy
FIDELITY BANK	7.02	7.02	21.51	0.75	2.29x	16.75	8.50	16.00	23.0	13.7	18.5	42.86	Buy
CONOIL	16.33	19.60	64.10	4.52	17.75x	292	128	290.00	348.0	246.5	333.5	20.00	Buy
MAY & BAKER	1.09	0.95	5.89	1.32	7.08x	8.5	4.5	8.00	11.2	6.6	8.9	44.52	Buy
ACCESSCORP	12.40	14.05	92.87	0.26	1.94x	30.70	10.25	24.80	35.0	20.4	27.7	45.53	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, December 6, 2024

FGN Eurobonds	Issue Date	TTM (years)	06-Dec-24 Price (N)	Weekly USD Δ	06-Dec-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.96	99.62	0.08	8.1%	-0.07
6.50 NOV 28, 2027	28-Nov-17	2.98	95.83	1.05	8.1%	-0.40
6.125 SEP 28, 2028	28-Sep-21	3.81	92.32	1.52	8.5%	-0.48
8.375 MAR 24, 2029	24-Mar-22	4.30	98.78	1.99	8.7%	-0.57
7.143 FEB 23, 2030	23-Feb-18	5.22	92.40	1.99	9.0%	-0.51
8.747 JAN 21, 2031	21-Nov-18	6.13	98.30	2.62	9.1%	-0.58
7.875 16-FEB-2032	16-Feb-17	7.20	92.61	2.58	9.3%	-0.53
7.375 SEP 28, 2033	28-Sep-21	8.82	87.94	3.47	9.4%	-0.65
7.696 FEB 23, 2038	23-Feb-18	13.22	84.32	3.35	9.8%	-0.53
7.625 NOV 28, 2047	28-Nov-17	22.99	79.18	3.39	9.9%	-0.48
9.248 JAN 21, 2049	21-Nov-18	24.14	93.39	3.31	10.0%	-0.39
8.25 SEP 28, 2051	28-Sep-21	26.83	82.40	3.45	10.2%	-0.46

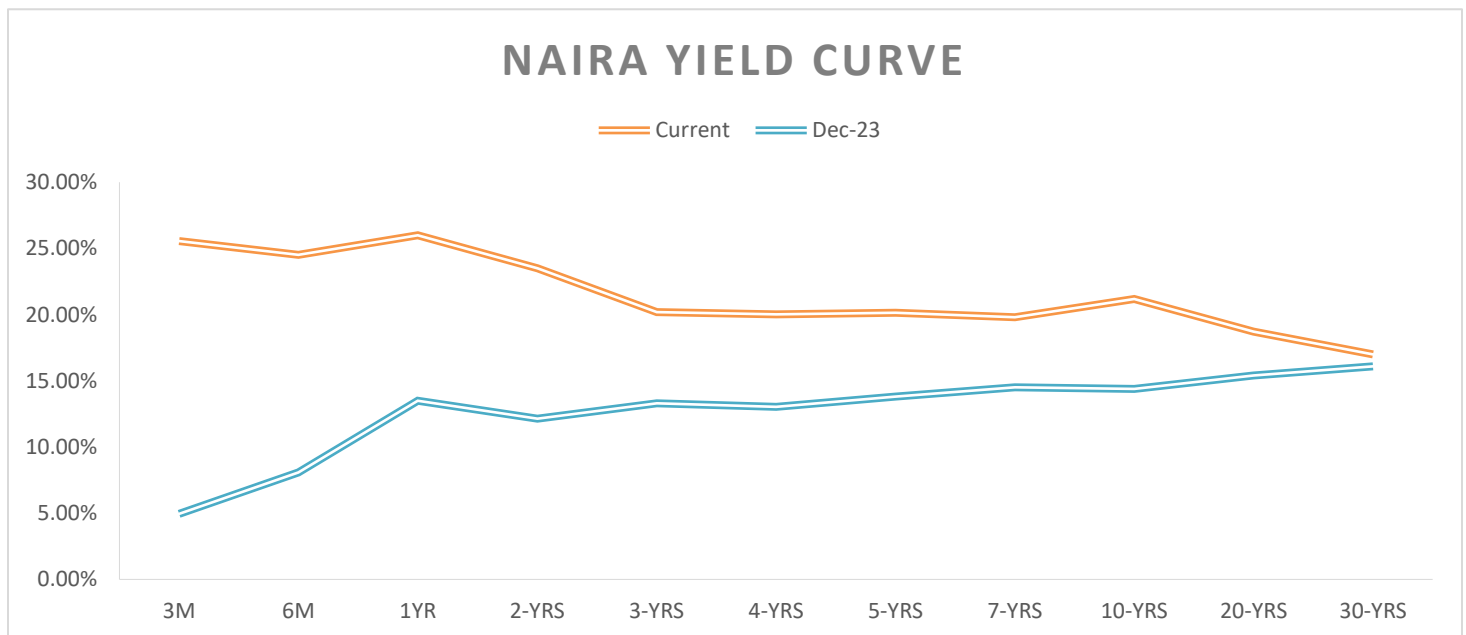
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, December 6, 2024

MAJOR	06-Dec-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0553	1.0586	-0.31%	-0.25%	-2.27%	-2.24%
GBPUSD	1.2728	1.2759	-0.24%	-0.03%	-1.97%	1.09%
USDCHF	0.8783	0.8785	-0.02%	-0.31%	0.67%	0.42%
USDRUB	100.5524	100.9968	-0.44%	-5.58%	2.60%	8.80%
USDNGN	18.0013	17.9995	0.01%	-7.81%	-7.48%	94.06%
USDZAR	18.0013	17.9995	0.01%	-0.23%	4.06%	-3.99%
USDEGP	49.9797	49.9298	0.10%	0.91%	1.56%	62.04%
USDCAD	20.24	20.1959	0.21%	1.09%	2.08%	4.14%
USDMXN	20.24	20.1959	0.21%	-0.63%	2.25%	16.00%
USDBRL	6.08	6.0117	1.15%	1.85%	6.86%	23.85%
AUDUSD	0.5827	0.5872	-0.77%	-2.06%	-4.46%	-3.39%
NZDUSD	0.5827	-0.0600	-0.77%	-1.63%	-3.29%	-5.60%
USDJPY	7.2820	7.2638	0.25%	0.13%	-2.07%	4.08%
USDCNY	7.2820	7.2638	0.25%	0.49%	1.76%	1.68%
USDINR	84.6876	84.6791	0.01%	0.15%	0.45%	1.61%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, December 6, 2024

Commodity		06-Dec-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	67.4	68.3	-1.33%	-1.88%	-6.94%	-3.23%
BRENT	USD/Bbl	71.3	72.1	-1.10%	-1.54%	-5.78%	-4.01%
NATURAL GAS	USD/MMBtu	3.1	9.8	-0.11%	-7.78%	14.21%	22.05%
GASOLINE	USD/Gal	1.9	1.9	-1.09%	0.26%	-6.73%	-4.84%
COAL	USD/T	132.6	134.0	-1.04%	-4.91%	-6.02%	-5.59%
GOLD	USD/t.oz	2,636.4	2,633.8	0.10%	-0.82%	-2.62%	29.96%
SILVER	USD/t.oz	31.1	31.3	-0.79%	1.60%	-2.84%	30.77%
WHEAT	USD/Bu	547.1	546.8	0.07%	2.71%	-4.35%	-14.88%
PALM-OIL	MYR/T	5,132.0	5,138.2	-0.12%	2.17%	3.68%	38.63%
COCOA	USD/T	9,595.0	9,594.1	0.01%	5.58%	32.20%	119.24%

FGN Bonds Yield Curve, Friday December 6, 2024





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