

*Segment Outlook:*

## *Cowry Financial Markets Review, Outlook & Recommended Stocks*

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### **ECONOMY: Inflation Snaps Further Uptick to 34.60% in November from Christmas Blues Price Expectations.....**

Looking ahead, inflation is expected to rise further in December 2024, with Cowry Research forecasts suggesting a figure of 35.20% due to price increases from festive activities. Factors such as naira depreciation, high food prices, and sustained pressures from energy costs are likely to keep inflation elevated. While inflationary pressures may begin to moderate in 2025 due to base effects, the method of financing the Federal Government's projected budget deficit of N13.08 trillion for 2025 could create additional inflationary pressure.

### **EQUITIES MARKET: Investors Bet Big with N1.06 trillion Gains on Custom Street, ASI Up 1.76% w/w.....**

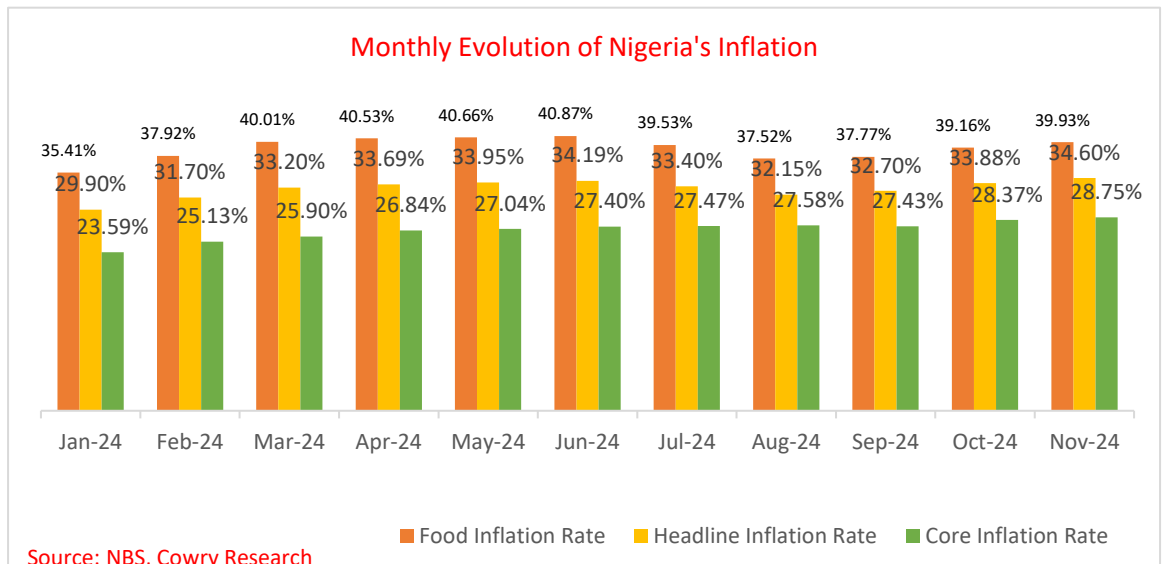
Looking ahead, the Nigerian equities market is expected to maintain its bullish momentum, supported by year-end window-dressing activities by fund managers. Market participants will also closely monitor the impact of the recently published Consumer Price Index (CPI) data on their portfolios and market strategies. Optimism surrounding improved macroeconomic indicators and ongoing portfolio rebalancing efforts is likely to sustain market activity. As the year draws to a close, strategic positioning is anticipated to guide trading decisions, promising an eventful conclusion to a record-breaking year for the local bourse.

**ECONOMY: Inflation Snaps Further Uptick to 34.60% in November from Christmas Blues Price Expectations.....**

The persistence of high inflation in 2024 reflects deep-seated structural issues in Nigeria's economy. Despite the Central Bank of Nigeria's (CBN) tight monetary policy stance, including raising the benchmark interest rate to 27.50% in November, inflationary pressures have proven resistant. Structural bottlenecks such as inadequate infrastructure, high energy costs, and logistical inefficiencies continue to undermine the effectiveness of monetary policy measures, leaving consumers and businesses grappling with escalating costs.

The latest Consumer Price Inflation (CPI) report published by the National Bureau of Statistics reveals a concerning surge in Nigeria's inflationary pressures. Headline inflation accelerated for the third consecutive month to 34.60% year-on-year in November 2024, surpassing the October figure of 33.88%. This represents a new 28-year high and highlights the deepening cost-of-living crisis in the country. The rise in inflation, slightly exceeding our expectations of 34.45%, is attributed to mounting food and energy prices, compounded by the persistent depreciation of the naira. On a month-on-month basis, the headline inflation rate for November was 2.638%. Although marginally lower than the 2.640% recorded in October, this subtle decline suggests only a slight deceleration in the pace of price increases, offering little relief to consumers.

Food inflation continues to be a significant driver of overall inflation. In November 2024, food inflation surged to 39.93% year-on-year, a sharp increase from 32.84% recorded in November 2023. This spike is largely due to rising prices of staple foods, ongoing insecurity, and recurrent flooding in key agricultural regions, which have disrupted food production and distribution.



On a month-on-month basis, food inflation rose to 2.98%, up from 2.94% in October, signalling intensifying pressures in this critical sector. Imported food inflation, which has been on an upward trajectory since 2019, accelerated further in November, reaching 42.29% from 40.96% in October. The increase reflects higher costs of imported commodities such as fish, rice, dairy products, and other essentials.

Core inflation, which excludes volatile items like food and energy, climbed to an all-time high of 28.75% year-on-year in November, up from 28.37% in the previous month. This persistent rise in core inflation reflects widespread and entrenched price pressures across various sectors of the economy. Notably, transportation inflation stood out, increasing to 30.54% year-on-year compared to 29.26% in October. This surge is directly linked to higher energy costs, driven by the complete removal of fuel subsidies. However, on a month-on-month basis, core inflation showed a slight decrease, easing to 1.83% in November from 2.14% in October.

Across the states, the disparity in inflationary trends remained pronounced. Bauchi, Kebbi, and Anambra recorded the highest year-on-year headline inflation rates in November at 46.21%, 42.41%, and 40.48%, respectively. In contrast, Delta, Benue, and Katsina recorded the lowest inflation rates, with Delta at 27.47%, Benue at 28.98%, and Katsina at 29.57%. On a month-on-month basis, Yobe, Kebbi, and Kano experienced the sharpest increases in headline inflation at 5.14%, 5.10%, and 4.88%, respectively, while Adamawa, Osun, and Kogi recorded the slowest monthly rises, with rates of 0.95%, 1.12%, and 1.29%.

Food inflation also exhibited significant regional variations. Year-on-year, Sokoto experienced the highest food inflation rate at 51.30%, followed by Yobe at 49.69% and Edo at 47.77%. On the other end, Kwara, Kogi, and Rivers recorded the slowest year-on-year food inflation rates, at 31.39%, 32.95%, and 33.27%, respectively. Month-on-month, Yobe again led the surge in food inflation with a 6.52% increase, while Kano and Kebbi followed with rates of 5.95% and 5.68%. In contrast, Borno, Adamawa, and Kogi recorded the slowest monthly increases in food inflation, at 0.76%, 0.90%, and 1.21%, respectively.

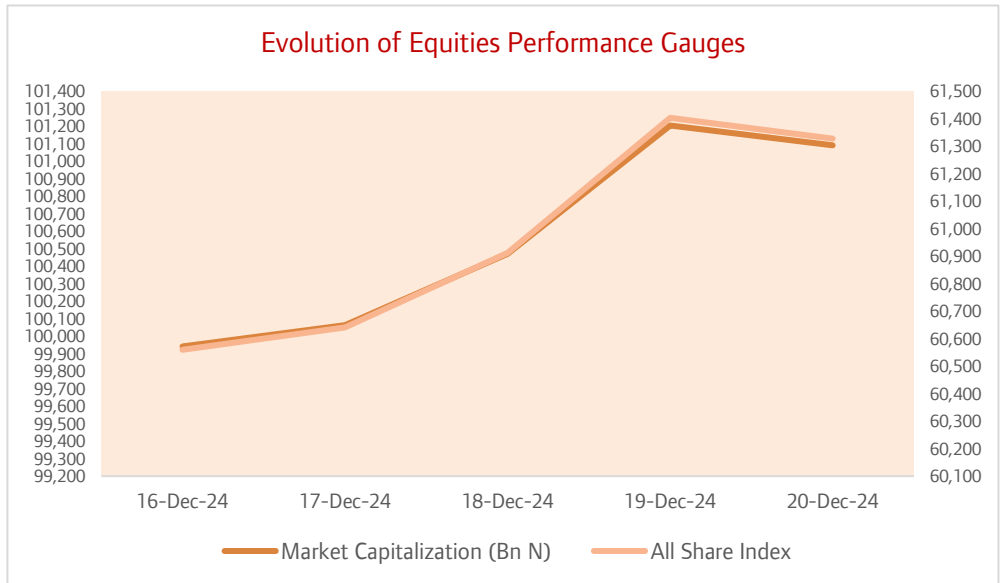
Looking ahead, inflation is expected to rise further in December 2024, with Cowry Research forecasts suggesting a figure of 35.20% due to price increases from festive activities. Factors such as naira depreciation, high food prices, and sustained pressures from energy costs are likely to keep inflation elevated. While inflationary pressures may begin to moderate in 2025 due to base effects, the method of financing the Federal Government's projected budget deficit of N13.08 trillion for 2025 could create additional inflationary pressure.

**EQUITIES MARKET: Investors Bet Big with N1.06 trillion Gains on Custom Street, ASI Up 1.76% w/w.....**

The Nigerian equities market extended its winning streak in the just-concluded week, achieving a historic milestone as the benchmark NGX All-Share Index (ASI) surpassed the psychological 100,000-point threshold for the first time since July 2024. The ASI closed at 101,129.09 points, reflecting a 1.76% week-on-week (w/w) increase, driven by investors' renewed confidence across multiple sectors. This rally was buoyed by favourable market dynamics, including festive season optimism and Christmas-related activities.

The market capitalisation mirrored this upward trajectory, growing by N1.06 trillion to close at N61.3 trillion, also up 1.76% w/w. The consistent rise underscores strong investor appetite for Nigerian equities, spurred by year-end window dressing and a positive macroeconomic outlook. The year-to-date return on the ASI has now surged to an impressive 35.25%, cementing its status as the best-performing index of 2024.

Despite the bullish sentiment, trading activities showed mixed patterns as investors carefully reassessed their portfolios, factoring in the implications of November 2024 inflation data. The total volume of shares traded for the week declined by 10.32% to 2.44 billion units, while the value of transactions rose significantly by 78.84% to N88.81 billion, executed across 48,216 deals. These figures reflect cautious trading amidst strategic positioning by market participants preparing for potential macroeconomic shifts.



Sectoral performance remained predominantly positive, with a robust market breadth as 61 stocks recorded gains against 26 decliners. The NGX-Insurance and NGX-Banking indices emerged as the week's top-performing sectors, posting solid gains of 8.83% and 3.23% w/w, respectively, as financial stocks drew heightened investor interest. The NGX-Consumer Goods and NGX-Oil & Gas sectors also performed commendably, rising by 2.92% and 0.99% w/w, respectively. This was driven by a surge in demand for energy and consumer stocks with strong fundamentals, particularly blue-chip counters. However, the NGX-Industrial Goods sector declined by 0.83%, reflecting profit-taking activities that slightly tempered its performance.

In terms of individual stock performance, MRS Oil Plc emerged as the top gainer for the week, soaring by 36.4%. It was closely followed by Eterna Oil (+32.4%), Honeywell Flour (+31.5%), Livestock Feeds (+30.2%), and Coronation Insurance (+26.9%), as investors capitalised on their growth prospects. Conversely, John Holt Plc led the decliners, dropping 18.7%, followed by Multiverse Exploration (-18.6%), University Press (-16.3%), Tantalizer (-13.0%), and PZ Cussons (-8.0%), driven by profit-booking pressures in these counters.

Looking ahead, the Nigerian equities market is expected to maintain its bullish momentum, supported by year-end window-dressing activities by fund managers. Market participants will also closely monitor the impact of the recently published Consumer Price Index (CPI) data on their portfolios and market strategies. Optimism surrounding improved macroeconomic indicators and ongoing portfolio rebalancing efforts is likely to sustain market activity. As the year draws to a close, strategic positioning is anticipated to guide trading decisions, promising an eventful conclusion to a record-breaking year for the local bourse.

Weekly Gainers and Loser as at Friday, December 20, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	20-Dec-24	13-Dec-24	% Change	Symbol	20-Dec-24	13-Dec-24	% Change
MRS	180.00	132.00	36.4%	JOHNHOLT	5.88	7.23	-18.7%
ETERNA	29.45	22.25	32.4%	MULTIVERSE	4.60	5.65	-18.6%
HONYFLOUR	6.05	4.60	31.5%	UPL	3.50	4.18	-16.3%
LIVESTOCK	4.10	3.15	30.2%	TANTALIZER	1.60	1.84	-13.0%
WAPIC	1.70	1.34	26.9%	PZ	23.00	25.00	-8.0%
UACN	30.25	23.95	26.3%	DANGSUGAR	32.50	35.00	-7.1%
SUNUASSUR	7.49	6.10	22.8%	CILEASING	3.88	4.05	-4.2%
UNIVINSURE	0.44	0.36	22.2%	WEMABANK	8.50	8.85	-4.0%
ROYALEX	0.73	0.60	21.7%	HMCALL	5.00	5.20	-3.8%
NAHCO	46.10	37.90	21.6%	ELLAHLAKES	3.01	3.13	-3.8%

Weekly Stock Recommendations as at Friday, December 20, 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
ACCESS HOLDINGS	12.40	14.05	92.87	0.26	1.94x	30.7	10.25	24.00	32.0	20.4	27.6	33.33	Buy
UBA	14.78	16.75	104.8	0.32	2.27x	33.50	12.85	33.75	43.0	28.5	38.5	28.36	Buy
MRS OIL	18.15	19.36	81.77	2.15	9.67x	175.6	105	180.00	219.0	149.3	201.9	24.72	Buy
NIGERIAN BREWERIES	-14.55	-15.52	-8	-3.61	-2.06x	48.85	28.8	29.00	41.0	25.5	34.5	36.67	Buy
PRESCO	51.77	54.53	84.63	5.49	8.98x	485.1	110.0	465.00	598.0	395.3	534.8	28.60	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, December 20, 2024

FGN Eurobonds	Issue Date	TTM (years)	20-Dec-24 Price (N)	Weekly USD Δ	20-Dec-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.92	99.25	-0.24	8.5%	0.28
6.50 NOV 28, 2027	28-Nov-17	2.94	94.74	-0.80	8.6%	0.33
6.125 SEP 28, 2028	28-Sep-21	3.78	90.79	-0.96	9.1%	0.33
8.375 MAR 24, 2029	24-Mar-22	4.26	97.03	-1.21	9.2%	0.36
7.143 FEB 23, 2030	23-Feb-18	5.18	90.51	-1.11	9.5%	0.30
8.747 JAN 21, 2031	21-Nov-18	6.09	96.12	-1.23	9.6%	0.28
7.875 16-FEB-2032	16-Feb-17	7.16	89.77	-1.51	9.9%	0.32
7.375 SEP 28, 2033	28-Sep-21	8.78	85.51	-1.28	9.9%	0.25
7.696 FEB 23, 2038	23-Feb-18	13.19	81.47	-1.60	10.3%	0.25
7.625 NOV 28, 2047	28-Nov-17	22.95	76.26	-1.78	10.4%	0.25
9.248 JAN 21, 2049	21-Nov-18	24.10	90.51	-1.75	10.3%	0.21
8.25 SEP 28, 2051	28-Sep-21	26.79	79.59	-1.48	10.6%	0.20

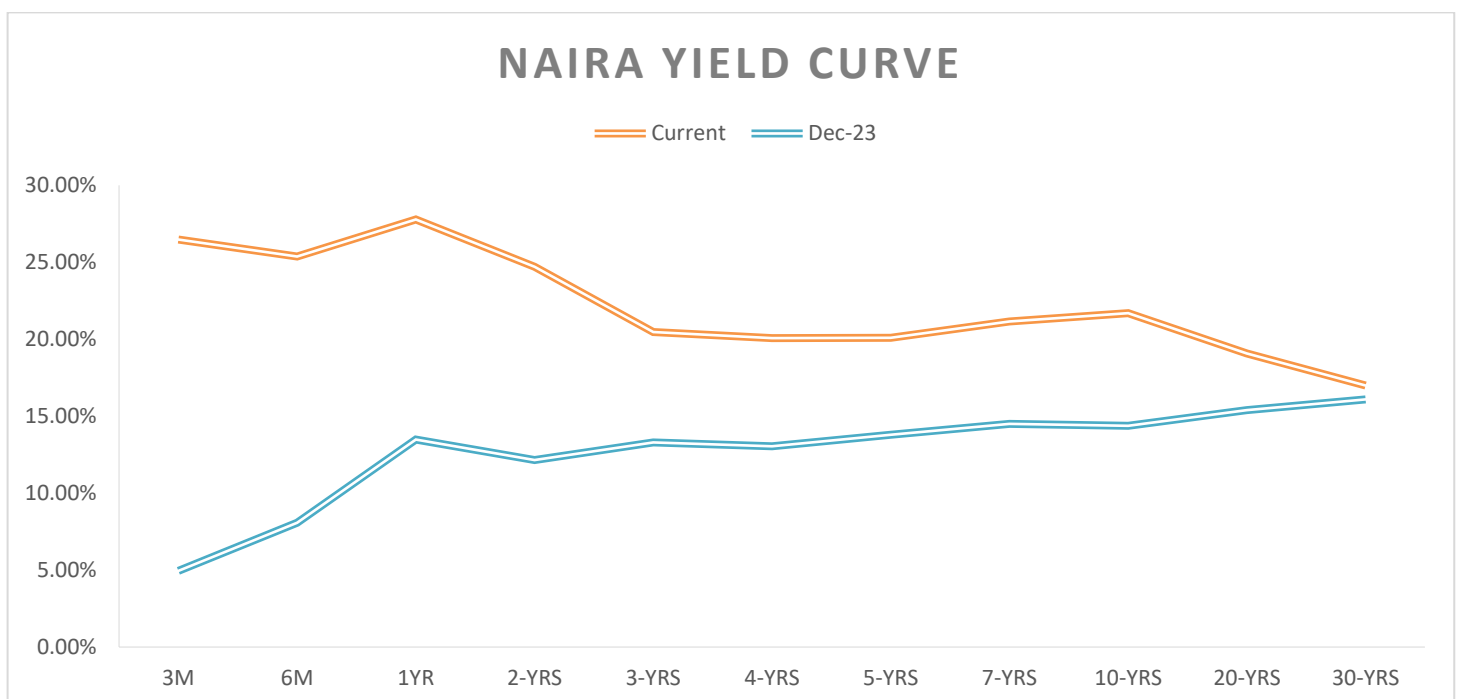
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, December 20, 2024

MAJOR	20-Dec-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0410	1.0362	0.46%	-0.96%	-0.66%	-5.52%
GBPUSD	1.2563	1.2503	0.48%	-0.53%	-0.27%	-1.08%
USDCHF	0.8942	0.8990	-0.54%	0.18%	0.90%	4.52%
USDRUB	103.6000	103.4965	0.10%	-0.86%	2.28%	11.55%
USDNGN	18.3584	18.3841	-0.14%	0.00%	-8.58%	71.63%
USDZAR	18.3584	18.3841	-0.14%	2.96%	1.53%	0.20%
USDEGP	50.9199	50.8690	0.10%	0.27%	2.59%	65.01%
USDCAD	20.08	20.3158	-1.15%	0.94%	2.78%	8.23%
USDMXN	20.08	20.3158	-1.15%	-0.10%	-1.65%	18.11%
USDBRL	6.08	6.1541	-1.22%	0.86%	4.79%	24.76%
AUDUSD	0.5654	0.5641	0.23%	-1.78%	-4.05%	-8.16%
NZDUSD	0.5654	-0.0600	0.23%	-2.11%	-3.65%	-10.32%
USDJPY	7.2956	7.3087	-0.18%	1.84%	1.57%	10.19%
USDCNY	7.2956	7.3087	-0.18%	0.24%	0.61%	2.20%
USDINR	84.9638	85.1085	-0.17%	0.17%	0.56%	2.10%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, December 20, 2024

Commodity		20-Dec-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	69.4	69.4	0.08%	-2.60%	-0.95%	-6.03%
BRENT	USD/Bbl	72.9	72.9	-0.01%	-2.13%	-1.78%	-7.90%
NATURAL GAS	USD/MMBtu	3.7	9.8	1.95%	10.94%	4.50%	58.34%
GASOLINE	USD/Gal	1.9	1.9	1.32%	-2.67%	-5.20%	-11.14%
COAL	USD/T	127.8	128.6	-0.66%	-3.95%	-9.72%	-11.44%
GOLD	USD/t.oz	2,623.7	2,593.4	1.17%	-0.87%	-1.68%	28.30%
SILVER	USD/t.oz	29.4	29.0	1.35%	-3.35%	-4.23%	20.77%
WHEAT	USD/Bu	533.1	533.0	0.02%	-3.50%	-2.89%	-13.00%
PALM-OIL	MYR/T	4,546.0	4,512.2	0.75%	-7.30%	-4.68%	21.52%
COCOA	USD/T	12,023.3	11,766.8	2.18%	8.03%	43.25%	183.86%

FGN Bonds Yield Curve, Friday December 20, 2024





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