

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Further Uptrend Expected in Headline Inflation Reading on Price Pressures....

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. 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 See N1.14 trillion in Weekly Profits as ASI Sustains Bullish Momentum by 1.80% w/w.....

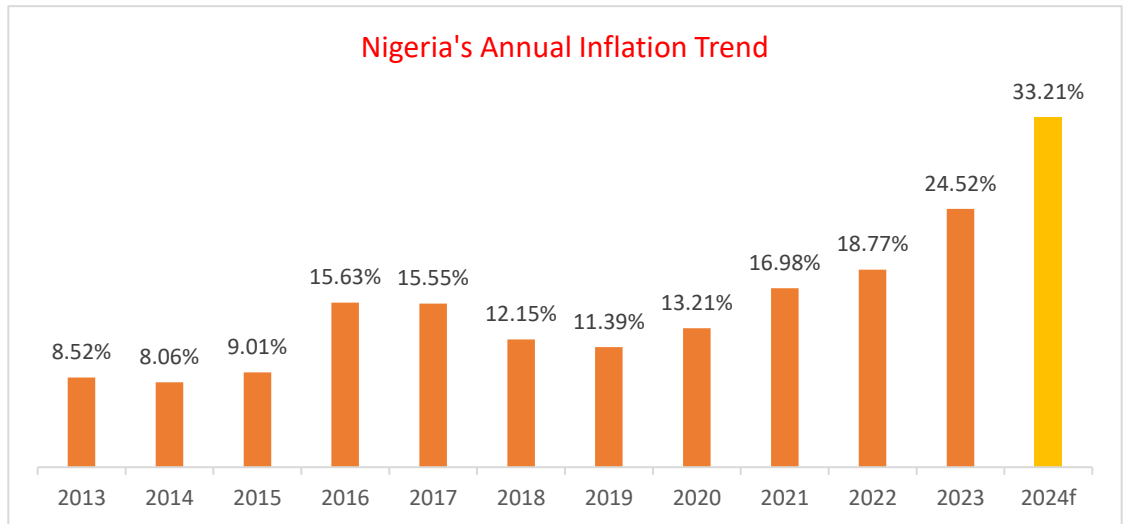
Looking ahead, we expect the bullish momentum in the local bourse to persist in the coming week, supported by anticipation of Q4 2024 unaudited financial results and preparations for the dividend earning season. Positive sentiment is likely to prevail as stocks continue to reach new historical highs, bolstered by favourable market valuations and outlooks. Nonetheless, we advise investors to focus on fundamentally sound stocks to maximise returns amidst the ongoing rally.

**ECONOMY: Further Uptrend Expected in Headline Inflation Reading on Price Pressures....**

The National Bureau of Statistics (NBS) is set to release its December 2024 inflation report, and early projections from Cowry Research suggests a rise in headline inflation to 35.20%, up from 34.60% recorded in November 2024. This marks a continuation of the inflationary trend observed over the past months. The annual average inflation rate for 2024 is also expected to climb significantly, reaching 33.21%, compared to 24.52% in the preceding year, underscoring persistent price pressures across the economy.

Several factors have contributed to this anticipated rise in inflation. The festive season played a critical role, as heightened demand for goods, services, travel, and accommodation during the holiday period exerted significant upward pressure on prices. This seasonal spike in spending added to an already challenging inflationary environment, driven by structural and economic issues.

The depreciation of the naira has remained a key factor fuelling inflation. The weakened currency has increased the cost of imports, particularly affecting essential commodities and consumer goods. Additionally, energy costs have continued to soar following the removal of fuel subsidies, further compounding inflationary pressures. This has had a ripple effect on transportation costs and production expenses, both of which have significantly contributed to rising prices across various sectors.



Food inflation continues to dominate as a major driver of overall inflation. The disruption of agricultural production and distribution due to recurring insecurity and flooding in key farming regions has led to sharp increases in food prices. In November 2024, food inflation surged to 39.93% year-on-year, compared to 32.84% in November 2023, and this trend is expected to persist into December. Imported food inflation has also seen a steady increase, reflecting the higher costs of commodities such as fish, rice, and dairy products due to global price trends and local currency challenges.

Core inflation has equally exhibited an upward trajectory, reaching a historic high of 28.75% year-on-year in November. Transportation costs, influenced by high energy prices, have played a significant role, with transportation inflation rising to 30.54% year-on-year from 29.26% in October. While there was a marginal decline in the month-on-month core inflation rate from 2.14% in October to 1.83% in November, this provides little relief against the entrenched price pressures affecting consumers and businesses alike.

Regional disparities in inflation have remained pronounced. States such as Bauchi, Kebbi, and Anambra recorded the highest year-on-year headline inflation rates in November at 46.21%, 42.41%, and 40.48%, respectively, while Delta, Benue, and Katsina reported the lowest rates. Similarly, food inflation varied significantly across states, with Sokoto, Yobe, and Edo experiencing the highest year-on-year rates at 51.30%, 49.69%, and 47.77%, respectively. On the other hand, states like Kwara, Kogi, and Rivers saw the slowest food inflation rates.

The inflationary environment in Nigeria remains a cause for concern, with various economic, structural, and seasonal factors converging to push prices to record levels. The anticipated December inflation figures are expected to highlight the deepening cost-of-living crisis and the urgent need for targeted interventions to address these challenges.

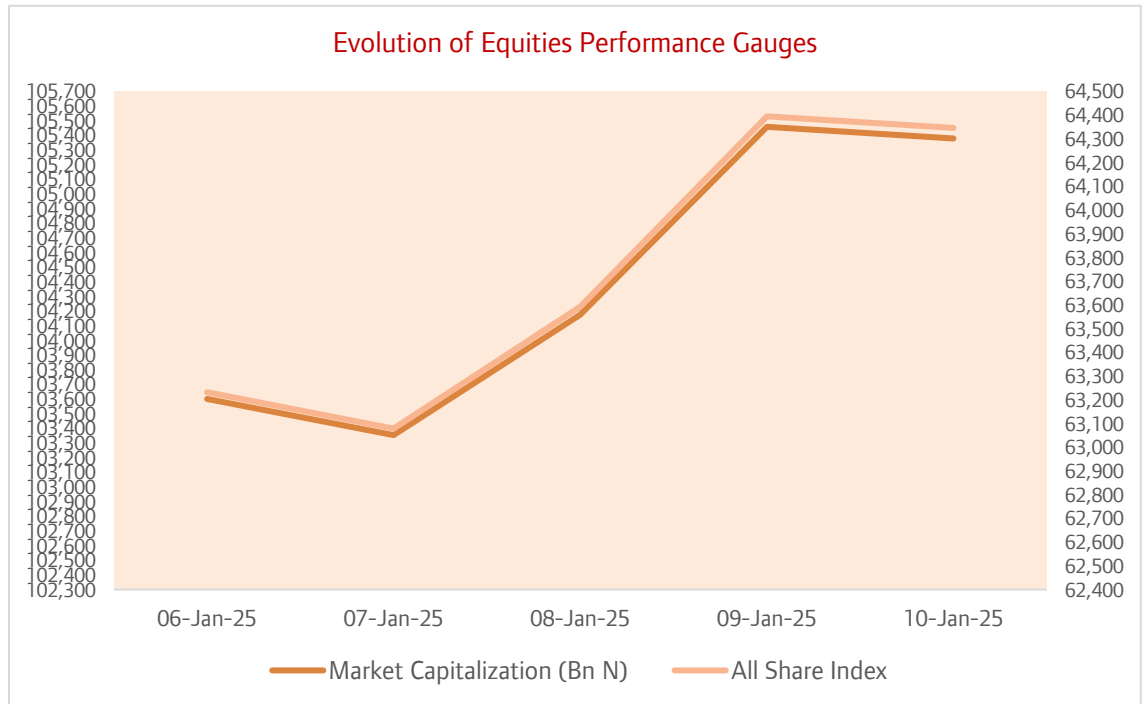
Despite the Central Bank of Nigeria's (CBN) tight monetary policy stance, including raising the benchmark interest rate to 27.50% in November, inflationary pressures have proven resistant. Structural bottlenecks such as inadequate infrastructure, high energy costs, and logistical inefficiencies continue to undermine the effectiveness of monetary policy measures, leaving consumers and businesses grappling with escalating costs. 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 See N1.14 trillion in Weekly Profits as ASI Sustains Bullish Momentum by 1.80% w/w.....**

The Nigerian equities market extended its bullish run into the just-concluded week, gaining 1.80% week-on-week to close at 105,451.06 points. This performance builds on an impressive 37.65% year-to-date gain in 2024, which notably outpaces the local inflation rate of 34.60% as of November 2024. The rally comes as investors assess Nigeria's macroeconomic fundamentals and position themselves for opportunities ahead of Q4 2024 unaudited financial results, with banking stocks drawing the bulk of investor interest.

Market capitalisation mirrored the upward trajectory, advancing by 1.80% week-on-week to reach N64.30 trillion, compared to N63.17 trillion the previous week. This translates to a remarkable gain of N1.14 trillion for equity investors, achieved over four bullish trading sessions out of five. Positive market breadth characterised the week, with 51 stocks advancing against 39 declining, while the year-to-date return on the index rose to 2.45%.

Trading activities also demonstrated significant strength, as the weekly average volume of traded shares increased by 79.5% to 4.7 billion units, while the value of transactions grew by 21.9% to N85.04 billion. The total number of weekly deals also surged, rising by 51.3% to 72,560 transactions, underscoring heightened market activity and robust investor participation.



On the sectoral front, performance was largely negative, with four out of five indices under our watch closing in the red zone. The NGX-Banking Index stood out as the sole gainer, advancing by 1.94% week-on-week, driven by positive price movements in WEMABANK, FBNH, FCMB, and GTCO respectively. However, the NGX-Insurance Index led the decliners, shedding 6.91% week-on-week due to losses in SUNUASSURANCE, CONHALLPLC, PRESTIGE, and CORNERSTONE. Elsewhere, the NGX-Consumer Goods and NGX-Oil & Gas indices both recorded 0.34% declines, dragged down by price reductions in GUINNESS, OANDO, and INTERNATIONAL BREWERIES. Meanwhile, the NGX-Industrial Index fell slightly by 0.26% as CAVERTON, RTBRISCOE, and UPDC experienced negative price movements.

Top-performing stocks for the week included MULTIVERSE (+53.4%), HONYFLOUR (+31.7%), DAARCOMM (+25.7%), MTNN (+21%), and NCR (+20.7%), driven by strong investor demand. Conversely, SUNUASSURANCE (-36.5%), CAVERTON (-15%), CONHALLPLC (-15%), RTBRISCOE (-14.3%), and JAIZBANK (-10.8%) were the worst performers, affected by profit-taking and sell-offs.

Looking ahead, we expect the bullish momentum in the local bourse to persist in the coming week, supported by anticipation of Q4 2024 unaudited financial results and preparations for the dividend earning season. Positive sentiment is likely to prevail as stocks continue to reach new historical highs, bolstered by favourable market valuations and outlooks. Nonetheless, we advise investors to focus on fundamentally sound stocks to maximise returns amidst the ongoing rally.

Weekly Gainers and Losers as at Friday, January 10, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	10-Jan-25	03-Jan-25	% Change	Symbol	10-Jan-25	03-Jan-25	% Change
MULTIVERSE	12.35	8.05	53.4%	SUNUASSUR	7.30	11.50	-13.8%
HONYFLOUR	10.02	7.61	31.7%	CAVERTON	2.38	2.80	-10.8%
DAARCOMM	0.88	0.70	25.7%	CONHALLPLC	3.40	4.00	-10.0%
MTNN	242.00	200.00	21.0%	RTBRISCOE	2.57	3.00	-9.2%
NCR	7.30	6.05	20.7%	JAIZBANK	2.90	3.25	-6.5%
TRANSEXP	2.00	1.66	20.5%	PRESTIGE	1.31	1.46	-6.5%
TRANSCORP	51.50	43.50	18.4%	CORNERST	3.91	4.35	-6.3%
LEARNAFRCA	5.79	4.95	17.0%	EUNISELL	17.35	19.27	-4.2%
LINKASSURE	1.64	1.41	16.3%	ROYALEX	1.09	1.21	-4.1%
UPL	4.45	3.85	15.6%	SKYAVN	30.15	33.45	-3.8%

Weekly Stock Recommendations as at Friday, January 10, 2025

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
ZENITH BANK	26.34	21.07	111.76	0.42	1.77x	47.35	28.00	46.00	62.0	39.5	53.5	33.33	Buy
FBN HOLDINGS	14.72	16.68	72.32	0.43	2.11x	43.95	15.9	30.20	45.0	26.4	35.7	44.93	Buy
MTN NIGERIA	-24.48	-25.78	-27.32	-8.86	-9.89x	319.8	178	242.00	310.0	205.7	278.3	28.10	Buy
TRANSCORP	4.71	5.02	8.39	5.72	10.20x	48.85	24.00	51.50	61.0	40.8	55.2	27.08	Buy
PRESCO	51.77	54.53	84.63	6.24	10.20x	528.00	240.00	530.00	639.0	448.8	607.2	21.02	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, January 10, 2025

FGN Eurobonds	Issue Date	TTM (years)	10-Jan-25 Price (N)	Weekly USD Δ	10-Jan-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.86	99.56	0.03	8.1%	-0.04
6.50 NOV 28, 2027	28-Nov-17	2.88	95.01	-0.08	8.5%	0.05
6.125 SEP 28, 2028	28-Sep-21	3.72	90.79	-0.26	9.1%	0.10
8.375 MAR 24, 2029	24-Mar-22	4.20	97.00	-0.54	9.3%	0.17
7.143 FEB 23, 2030	23-Feb-18	5.12	90.90	-0.30	9.4%	0.08
8.747 JAN 21, 2031	21-Nov-18	6.03	96.63	-0.22	9.5%	0.06
7.875 16-FEB-2032	16-Feb-17	7.10	90.99	0.12	9.7%	-0.02
7.375 SEP 28, 2033	28-Sep-21	8.72	86.46	0.06	9.7%	-0.01
7.696 FEB 23, 2038	23-Feb-18	13.13	82.39	0.00	10.2%	0.00
7.625 NOV 28, 2047	28-Nov-17	22.90	77.20	-0.10	10.2%	0.02
9.248 JAN 21, 2049	21-Nov-18	24.05	91.37	-0.09	10.2%	0.01
8.25 SEP 28, 2051	28-Sep-21	26.73	80.68	-0.03	10.4%	0.00

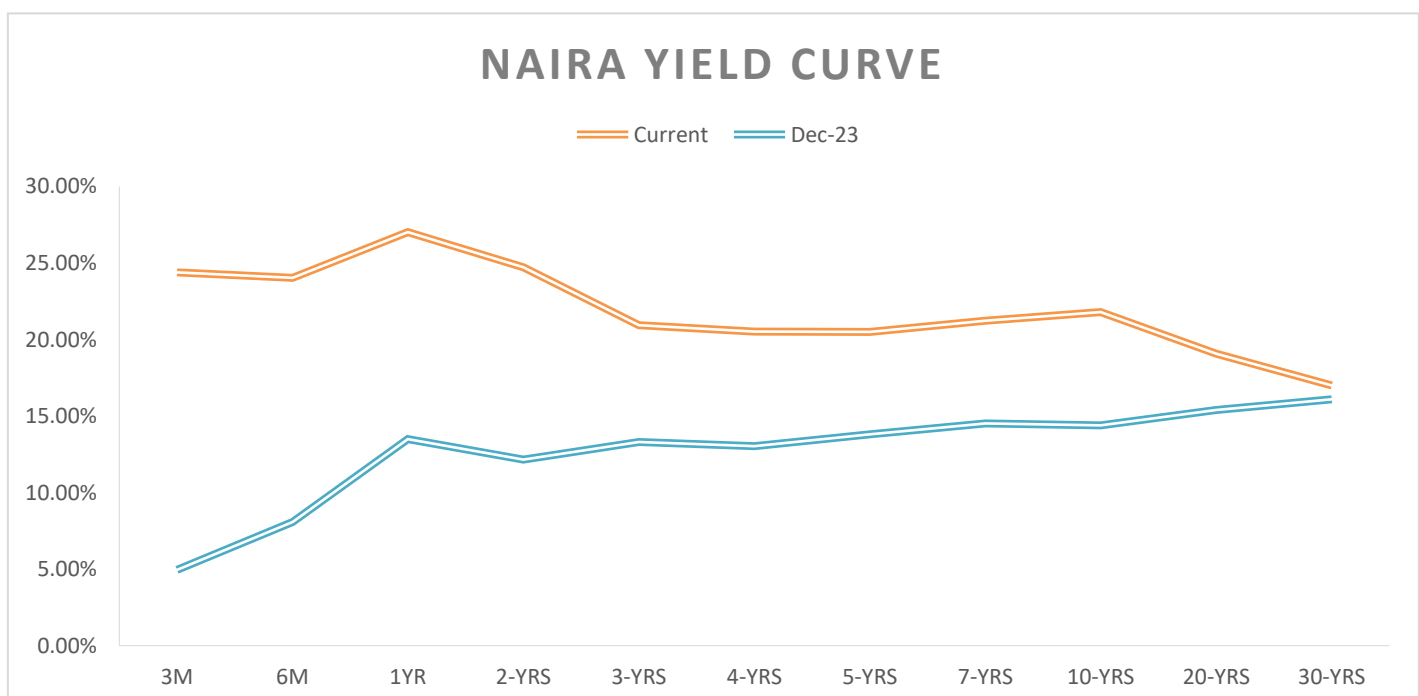
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, January 10, 2025

MAJOR	10-Jan-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0259	1.0300	-0.40%	-0.52%	-2.29%	-6.52%
GBPUSD	1.2230	1.2308	-0.63%	-1.61%	-4.14%	-4.21%
USDCHF	0.9164	0.9124	0.44%	0.94%	3.65%	7.65%
USDRUB	102.2800	102.2493	0.03%	-7.46%	-3.08%	15.54%
USDNGN	18.8392	18.8902	-0.27%	0.34%	-1.65%	63.21%
USDZAR	18.8392	18.8902	-0.27%	0.70%	5.81%	0.86%
USDEGP	50.5671	50.5519	0.03%	-0.36%	0.33%	63.91%
USDCAD	20.65	20.5075	0.68%	-0.28%	1.75%	7.59%
USDMXN	20.65	20.5075	0.68%	0.03%	2.47%	22.04%
USDBRL	6.10	6.0370	1.12%	-1.25%	2.48%	25.31%
AUDUSD	0.5600	0.5604	-0.07%	-1.05%	-3.46%	-8.05%
NZDUSD	0.5600	-0.0600	-0.07%	0.08%	-3.38%	-10.09%
USDJPY	7.3601	7.3565	0.05%	0.85%	4.05%	9.18%
USDCNY	7.3601	7.3565	0.05%	0.02%	1.11%	2.59%
USDINR	86.1020	85.9044	0.23%	0.39%	1.51%	3.66%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, January 10, 2025

Commodity		10-Jan-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	77.0	73.9	4.19%	4.04%	9.47%	6.62%
BRENT	USD/Bbl	80.3	76.9	4.39%	4.36%	8.61%	3.15%
NATURAL GAS	USD/MMBtu	4.0	9.8	6.99%	17.32%	16.48%	54.91%
GASOLINE	USD/Gal	2.1	2.0	2.99%	1.44%	4.82%	-2.34%
COAL	USD/T	115.8	117.5	-1.45%	-7.10%	-13.13%	-13.30%
GOLD	USD/t.oz	2,685.1	2,669.9	0.57%	1.73%	-1.33%	32.34%
SILVER	USD/t.oz	30.5	30.1	1.41%	3.00%	-4.45%	34.04%
WHEAT	USD/Bu	532.2	532.7	-0.11%	0.50%	-5.57%	-11.90%
PALM-OIL	MYR/T	4,393.0	4,295.1	2.28%	0.43%	-9.52%	15.79%
COCOA	USD/T	10,615.4	10,907.7	-2.68%	-7.92%	3.82%	149.14%

FGN Bonds Yield Curve, Friday January 10, 2025





#### Disclaimer

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