Friday February 7, 2025

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

GLOBAL ECONOMY: Global Economy in Positive Territory on Improved Operating Conditions….

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DOMESTIC ECONOMY: Dwindling GDP Per Capita Exposes Nigeria's Shrinking Prosperity Amid Economic Headwinds…

Looking ahead, the outlook for Nigeria's GDP per capita remains a pressing concern, particularly as economic growth continues to lag behind population expansion. If current trends persist, the country's economic progress will remain sluggish, exacerbating poverty levels and reducing the quality of life for millions of Nigerians….

FOREX MARKET: Naira Weakens Marginally Amid Market Adjustments….

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MONEY MARKET: Liquidity Squeeze Intensifies as Treasury Bills Market Sees Record Oversubscription...

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EQUITIES MARKET: Local Bourse Kicks Off February with Strong 1.38% w/w Gains, Navigating the Bullish Wave…

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GLOBAL ECONOMY: Global Economy in Positive Territory on Improved Operating Conditions….

We begin our comments this week from where the global economy experienced marginal expansion in January 2025, as indicated by the JP Morgan Global PMI report, which edged up to 50.1 points from a contraction in December. This signals the first improvement in operating conditions in seven months, driven by a return to growth in global manufacturing output and new orders. January's data signals a tentative return to expansion, though structural challenges persist in trade, employment, and cost pressures.

Among the five key sub-indices, output, new orders, and suppliers' delivery times recorded positive movements, while employment and stocks of purchases remained in decline. The recovery in production was underpinned by rising demand, despite continued regional disparities and external uncertainties, including concerns over potential US tariffs in the coming months.

Regional variations remained marked, with business conditions being affected by, among other things, the possibility of US tariffs being imposed during the coming year. For the major industrial nations, India led global industrial growth, maintaining strong momentum. The US witnessed a noticeable rebound, with output growth hitting a seven-month high, breaking a five-month contractionary trend. China also saw a stronger expansion rate. The euro area, Japan, and the UK continued to struggle, although their contraction rates slowed.

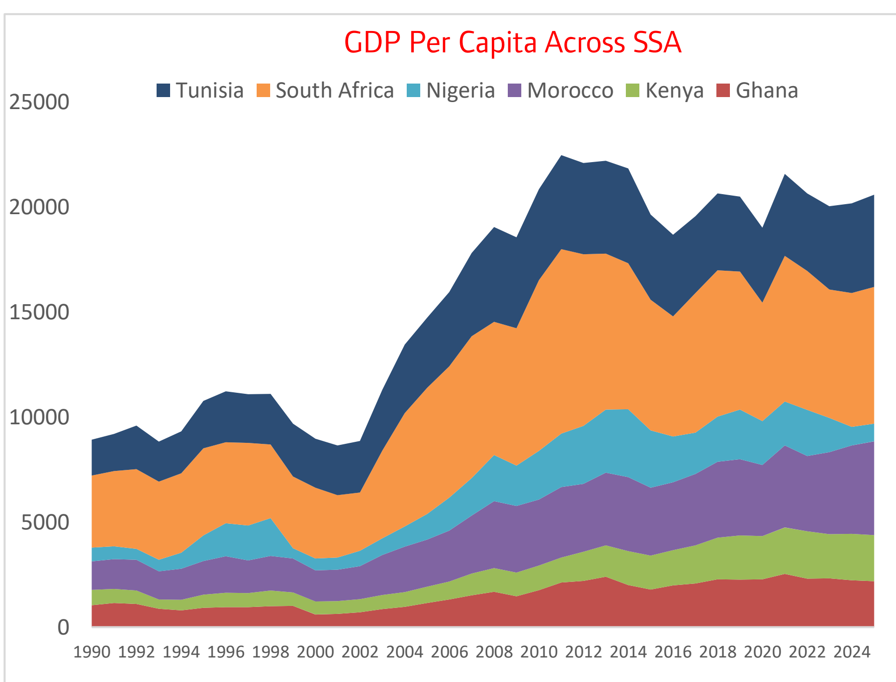
Output PMI data broken down by sector also highlighted ongoing performance disparities with consumer goods production surged to a seven-month high, fuelled by solid new order growth. Intermediate goods production rebounded into expansion after prior declines. Investment goods remained weak, with output and new business contracting for the eighth consecutive month.

Global new export orders declined for the eighth straight month, but the pace of contraction moderated. Asia (excluding Japan and China) saw its strongest growth since May 2024, while contraction rates eased in China, the US, Japan, and the euro area. Despite improvements in output and demand, employment levels fell for the sixth consecutive month, matching the job loss rate last seen in October 2024. While the US, Japan, and India saw job gains, these were outweighed by employment cuts in China (fastest in five years), the euro area, and the UK.

Price pressures rose during January as Input cost inflation accelerated to a five-month high, prompting a sharper rise in manufacturers' selling prices while Supplier performance deteriorated for the eighth consecutive month, while input buying volumes and stocks of purchases and finished goods declined

DOMESTIC ECONOMY: Dwindling GDP Per Capita Exposes Nigeria's Shrinking Prosperity Amid Economic Headwinds…..

The recently released GDP per capita data by the International Monetary Fund (IMF), which highlights a concerning decline in the purchasing power and economic well-being of Nigerians. According to the latest figures, Nigeria's GDP per capita has continued on a downward trajectory, reaching $835.49 in 2025—its lowest level in recorded history. This persistent decline is largely driven by the depreciation of the naira and the country's rapid population growth, both of which have significantly eroded economic prosperity. Over the past decade, Nigeria's GDP per capita has plummeted by 74.08%, falling from $3,222.7 in 2014 to its current level, underscoring the fragile state of the country's economic progress.



IMF, WEO 2024, Cowry Research

GDP per capita serves as a crucial metric for measuring a nation's average standard of living, as it accounts for both economic output and population size. To this, the steady decline in Nigeria's GDP per capita paints a worrying picture of economic stagnation, further exacerbated by macroeconomic instability, exchange rate volatility, and weak policy responses. Unless significant measures are taken to stimulate sustainable economic growth, Nigeria may continue to lag behind its African and global counterparts, leaving millions vulnerable to worsening economic conditions.

When placed in a regional context, Nigeria ranks the lowest among its African peers in 2025. Comparative data reveals that South Africa's GDP per capita stands at $6,517.1, Morocco at $4,470.6, Tunisia at $4,396.2, Egypt at $3,160.1, Ghana at $2,189.3, and Kenya at $2,186.6. These figures suggest that Nigeria remains in the lower GDP per capita bracket of $500 to $2,500, placing it among some of the least economically prosperous nations in Sub-Saharan Africa. This stark contrast further highlights the widening gap in economic development between Nigeria and its regional counterparts.

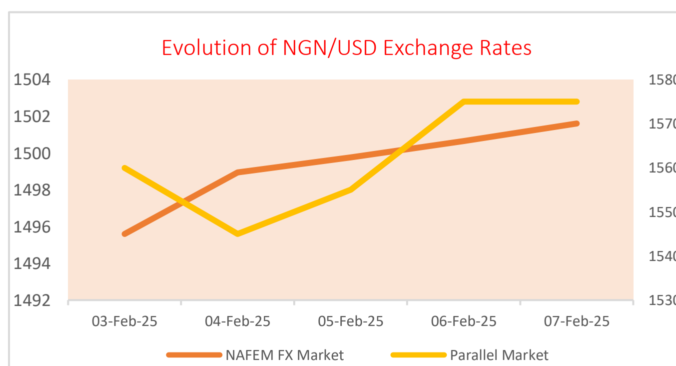
In a broader global context, emerging and developing economies continue to outperform Nigeria in terms of GDP per capita growth. According to IMF data, the average GDP per capita across these economies stood at $17,060 in 2024, with an expected increase to $17,901 in 2025, driven by an annual real GDP growth rate of 4.2%. While the IMF projects an eventual uptrend for Nigeria, it is only expected to cross the $1,000 threshold by 2028, with a projected GDP per capita of $1,040. This slow recovery underscores the urgent need for structural economic reforms, improved productivity, and enhanced investment in key sectors to accelerate growth and boost individual prosperity.

Looking ahead, the outlook for Nigeria's GDP per capita remains a pressing concern, particularly as economic growth continues to lag behind population expansion. If current trends persist, the country's economic progress will remain sluggish, exacerbating poverty levels and reducing the quality of life for millions of Nigerians. However, projections indicate a slight improvement in the coming years. The IMF anticipates that Nigeria's GDP per capita will rise to $940.2 in 2026, and further to $1,001.3 by 2029, potentially reaching $1,047.08 by the end of the decade.

FOREX MARKET: Naira Weakens Marginally Amid Market Adjustments…

In the foreign exchange market this week, the Naira lost strength marginally by 0.02% week on week against the dollar to close the week at N1501.61/$1 at the official NAFEM window, while at the parallel market, it was a flattish close from last week at N1575/$1.

Data from the CBN showed that Bonny Light crude declined in price by 3.44% week on week to $76.86 per barrel (as of February 6) from $79.6 per barrel, while foreign exchange reserves depleted marginally by 0.68% week on week to $39.45 billion (as of February 6) from $39.72 billion a week ago.



In the coming week, barring any market distortions, we expect the local currency to continue its current daily gaining streak across the various FX market windows as the monetary authority continues to implement policies aimed at ensuring transparency in the market as well as price discovery.

MONEY MARKET: Liquidity Squeeze Intensifies as Treasury Bills Market Sees Record Oversubscription…

In the just concluded week, Overnight NIBOR increased by 4.14 percentage points week on week to 32.64% on the back of liquidity thinning even as system liquidity stayed on a negative zone while banks with liquidity seek higher returns from those seeking liquidity for their funding operations. Specifically, NIBOR for 1 month, 3 months and 6 months maturities decreased 26.46%, 27.45% and 28.41% respectively following the N25bn worth of OMO-bills maturity. Also, NITTY tanked for majority of the tenor buckets except for the 1-month which increased to 21.33% while the 3,6- and 12-months tenors settled at 20.64%, 21.46%, and 23.86% in that order even as investors tilt focus on the NT-Bills primary market auctions.

Elsewhere, at the first Nigerian Treasury Bills (NTB) Primary Market Auction (PMA) for February 2025, conducted on Wednesday, the Central Bank of Nigeria (CBN) successfully allotted the entire N670 billion offered across the standard tenors of 91-day, 182-day, and 364-day maturities. Investor interest in the auction was exceptionally strong, with total subscriptions reaching an impressive N3.2 trillion, representing a significant oversubscription. However, demand was heavily skewed towards the 364-day maturity, which accounted for 98% of the total bids. This overwhelming preference for longer-dated instruments suggests that investors were positioning for higher yields over an extended period, potentially in anticipation of future shifts in monetary policy or inflation trends.

In terms of pricing, stop rates for the 91-day and 182-day tenors remained unchanged at 18.00% and 18.50%, respectively, indicating stability in short-term rates. However, the stop rate for the 364-day maturity declined sharply by 148 basis points to 20.32% from its previous level.

We think the strong participation and oversubscription at this auction underscore the sustained appetite for risk-free government securities, particularly in an environment of elevated interest rates. The decline in the long-term stop rate may also signal shifting market sentiments, as investors weigh potential changes in inflation dynamics and monetary policy direction.

BOND MARKET: Bullish Momentum Persists Across FGN Bonds and Eurobonds Market Amid Yield Contractions…..

In the just concluded week, the FGN Bonds secondary market, bullish sentiment persisted as notable yield contractions were recorded at the short and mid-end of the curve. Consequently, buying interest in JAN-26, FEB-28, MAR-35, and APR-49 led to a 30 basis points downward movement in the average yields to 20.53%.

Market activity was largely driven by sustained investor confidence in the high-yield environment and expectations of a potential shift in monetary policy. Demand for short and mid-term instruments intensified as investors sought to lock in attractive rates amidst broader economic uncertainties. Additionally, the secondary market witnessed improved trading volumes, further reinforcing the bullish sentiment.

On the Eurobond front, the market closed in a mildly positive position, with a base point movement in the average secondary market yields to 9.31%. Yield declines were recorded in the NOV-25, MAR-29, and JAN-31 maturities, reflecting renewed investor interest in sovereign Eurobonds, despite global risk-off sentiment in emerging markets.

In the coming week, we expect the fixed income market to trade in a relatively positive zone, with attractive yields continuing to draw investors. However, potential liquidity constraints and shifting inflation expectations may introduce some volatility, particularly in the long-dated segment of the curve. Monitoring the CBN's policy stance and upcoming bond auctions will be critical in shaping near-term market direction.

In the new week, we expect the value of FGN Bonds, especially for longer maturities to fall (and yields to rise) as investors demand higher returns given the recent rate hike on 364-day Bill. Nevertheless, we expect investors to demand for Nigerian Eurobonds as yields trade at attractive levels.

EQUITIES MARKET: Local Bourse Kicks Off February with Strong 1.38% w/w Gains, Navigating the Bullish Wave…

The Nigerian equities market commenced February on a positive note, extending its bullish streak with a 1.38% week-on-week increase in the benchmark NGX All-Share Index to 105,933.03 points. Investors continued to take positions in equities, driven by expectations of more impressive earnings releases and the anticipated January 2025 Consumer Price Index (CPI) data under the new methodology.

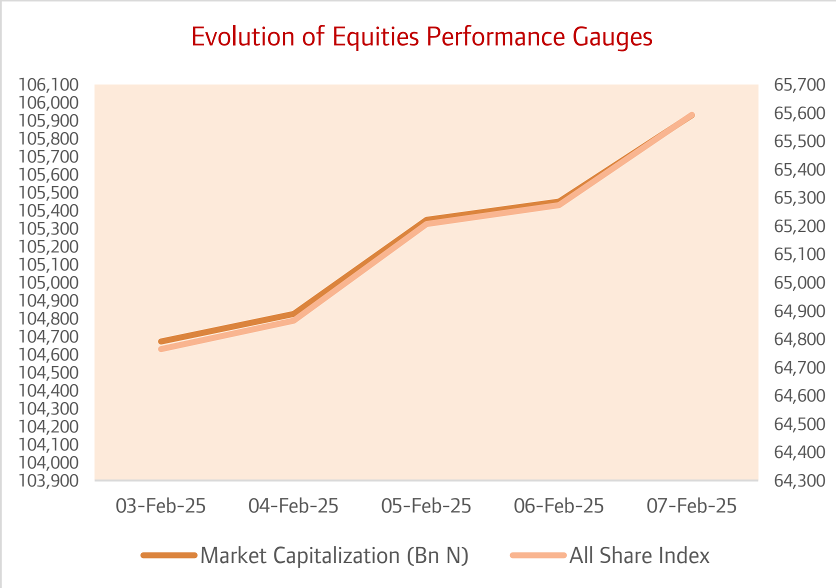
As a result, the total market capitalisation rose by 1.37% week-on-week to N65.59 trillion, translating to an N883.5 billion gain for investors. This brought the year-to-date return of the index to 2.92%. Market breadth remained positive at 1.71x, with the exchange recording more gainers (58) than losers (34) this week.

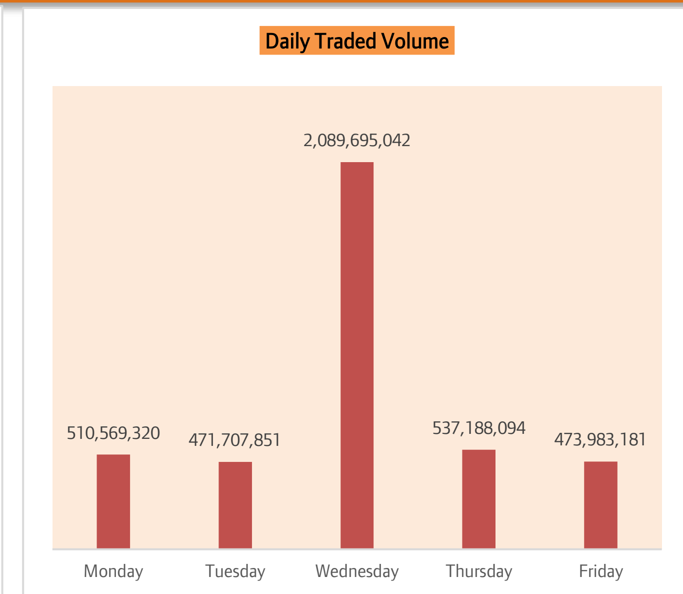
Trading activity remained strong, with gains recorded in all five sessions. Weekly trading volume and value surged by 25.84% and 82.71% week-on-week to 4.08 billion units valued at N126.43 billion, respectively, while the number of weekly deals increased by 12.8% to 87,162 trades.

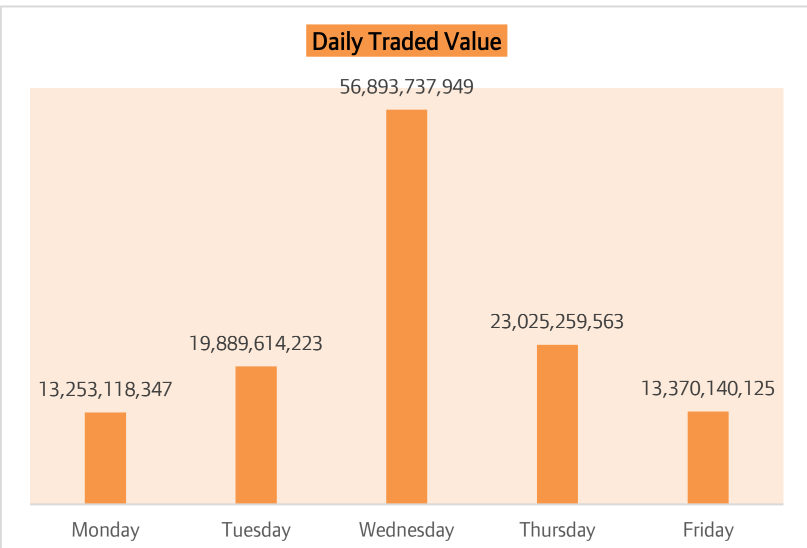
The market witnessed a positive performance across five of the six tracked sectors, except for the NGX-Consumer Goods Index, which declined by 0.60% week-on-week due to price depreciation in DANGSUGAR, TANTALIZER, NIGERIAN BREWERIES, and MAYBAKER. On the other hand, the NGX-Banking Index led the gainers with a 4.66% increase, followed by the NGX-Insurance index, which advanced by 1.61%, and the NGX-Commodity index, which rose by 1.29%. The NGX-Industrial and NGX-Oil & Gas indices also posted gains of 0.85% and 0.56%, respectively. Strong investor interest was observed in UPDC, ETERNA, INTENEGINS, FBNH, SOVRENINS, BETAGLASS, ACCESSCORP, OKOMUOIL, PRESCO, and OANDO.

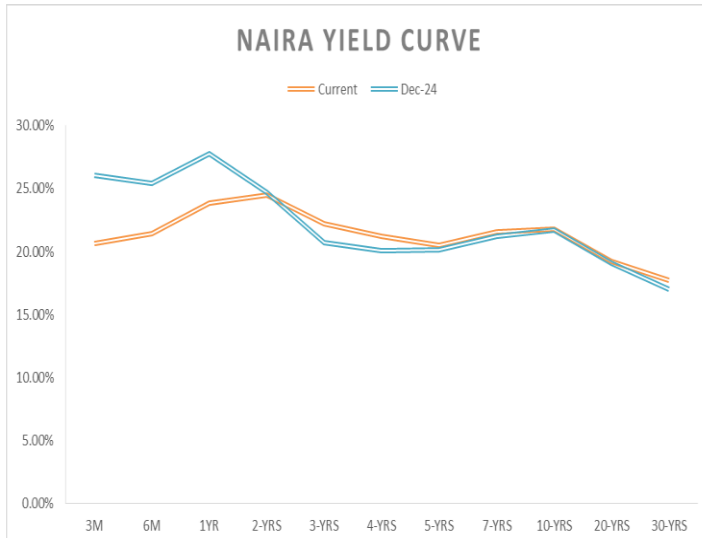
Among the top-performing stocks for the week, UPDC led with a 38.5% gain, followed by ETERNA at 32.8%, INTENEGINS at 29.5%, CADBURY at 26.6%, and FIDSON at 24.4%. On the flip side, the worst-performing stocks included SUNUASSUR, which declined by 12.9%, UPL and MULTIVERSE, both of which dropped by 10%, SCAO, which lost 9.8%, and TRIPPLE G, which fell by 9.70%

Looking ahead, the bullish momentum is expected to continue, driven by the release of more impressive Q4 earnings reports. These reports are expected to provide insights into potential dividend payouts, based on corporate earnings performance and dividend policies. Additionally, macroeconomic data and upcoming economic events will shape market sentiment in the coming week. Investors will keep an eye on corporate disclosures and broader economic indicators to make informed decisions.









Weekly Top Gainers and Top Losers as at Friday, February 7, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	07-Feb-25	31-Jan-25	% Change	Symbol	07-Feb-25	31-Jan-25	% Change
UPDC	2.59	1.87	38.5%	SUNUASSUR	5.01	5.75	-12.9%
ETERNA	36.65	27.60	32.8%	UPL	5.04	5.60	-10.0%
INTENEGINS	2.50	1.93	29.5%	MULTIVERSE	9.05	10.05	-10.0%
CADBURY	29.35	23.00	27.6%	SCOA	3.67	4.07	-9.8%
FIDSON	20.90	16.80	24.4%	TRIPPLEG	2.23	2.47	-9.7%
SOVRENINS	1.21	1.00	21.0%	MECURE	12.55	13.90	-9.7%
BETAGLAS	86.50	71.50	21.0%	THOMASWY	1.85	2.04	-9.3%
NNFM	73.30	60.60	21.0%	GOLDBREW	7.87	8.64	-8.9%
CHELLARAM	7.89	6.53	20.8%	TANTALIZER	2.00	2.14	-6.5%
PRESCO	700.20	585.00	19.7%	CHAMPION	3.70	3.95	-6.3%

FGN Eurobonds Trading Above 8% Yield as at Friday, February 7, 2025

FGN Eurobonds	Issue Date	TTM (years)	07-Feb-25 Price (N)	Weekly USD Δ	07-Feb-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.79	100.25	0.03	7.3%	-0.05
6.50 NOV 28, 2027	28-Nov-17	2.81	95.88	0.01	8.2%	0.01
6.125 SEP 28, 2028	28-Sep-21	3.64	91.94	0.01	8.8%	0.01
8.375 MAR 24, 2029	24-Mar-22	4.13	97.89	0.22	9.0%	-0.07
7.143 FEB 23, 2030	23-Feb-18	5.05	91.82	0.07	9.2%	-0.01
8.747 JAN 21, 2031	21-Nov-18	5.96	97.63	0.07	9.3%	-0.02
7.875 16-FEB-2032	16-Feb-17	7.03	91.54	0.03	9.6%	0.00
7.375 SEP 28, 2033	28-Sep-21	8.64	86.56	-0.08	9.7%	0.02
7.696 FEB 23, 2038	23-Feb-18	13.05	82.80	-0.01	10.1%	0.01
7.625 NOV 28, 2047	28-Nov-17	22.82	77.49	-0.16	10.2%	0.02
9.248 JAN 21, 2049	21-Nov-18	23.97	91.84	-0.02	10.2%	0.00
8.25 SEP 28, 2051	28-Sep-21	26.65	81.25	0.10	10.3%	-0.01

Weekly Stock Recommendations as at Friday, February 7, 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
DANGOTE SUGAR	-15.18	-18.21	8.74	4.18	-2.40x	76.7	28.55	**35.80**	**47.0**	31.0	42.0	28.77	Buy
ZENITH BANK	26.34	21.07	111.76	0.45	1.91x	51.45	29.70	**52.00**	67.0	44.2	59.8	28.85	Buy
MAYBAKER	0.98	1.04	5.78	1.34	7.90x	10	5.08	**8.50**	**12.0**	6.6	8.9	54.84	Buy
ETERNA	2.48	2.78	5.16	6.46	13x	36.65	11.15	**36.65**	49.0	31.2	42.1	33.70	Buy
OKOMUOIL	35.93	38.17	53.06	10.12	14.95x	537.2	243	**536.00**	**672.0**	456.6	617.8	25.09	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, February 7, 2025

MAJOR	07-Feb-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0337	1.0383	-0.45%.	0.20%	0.65%	-3.62%.
GBPUSD	1.2397	1.2435	-0.31%.	0.43%	0.72%	-1.31%.
USDCHF	0.9099	0.9050	0.54%	-0.39%.	-0.43%.	3.88%
USDRUB	96.8811	96.7457	0.14%	-1.72%.	-7.29%.	6.26%
USDNGN	18.4060	18.4281	-0.12%.	-0.37%.	-2.90%.	3.69%
USDZAR	18.4060	18.4281	-0.12%.	-1.71%.	-2.95%.	-3.29%.
USDEGP	50.2974	50.2522	0.09%	0.22%	-0.51%.	63.02%
USDCAD	20.56	20.4591	0.50%	-1.81%.	-0.64%.	6.15%
USDMXN	20.56	20.4591	0.50%	-0.85%.	0.53%	19.64%
USDBRL	5.76	5.7628	0.03%	-1.72%.	-5.96%.	15.01%
AUDUSD	0.5654	0.5675	-0.37%.	1.18%	1.27%	-3.04%.
NZDUSD	0.5654	-0.0600	-0.37%.	0.53%	1.24%	-6.92%.
USDJPY	7.3054	7.2894	0.22%	-2.36%.	-4.34%.	1.46%
USDCNY	7.3054	7.2894	0.22%	-0.40%.	-0.83%.	1.08%
USDINR	87.7690	87.5851	0.21%	1.02%	1.93%	5.55%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, February 7, 2025

Commodity		07-Feb-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	70.9	70.6	0.39%	-2.27%.	-3.32%.	-6.78%.
BRENT	USD/Bbl	74.5	74.3	0.32%	-1.50%.	-2.13%.	-8.07%.
NATURAL GAS	USD/MMBtu	3.4	9.8	-1.12%.	10.60%	-7.79%.	72.83%
GASOLINE	USD/Gal	2.1	2.1	0.94%	0.37%	4.17%	-18.09%.
COAL	USD/T	109.0	111.3	-2.07%.	-6.80%.	-7.90%.	-9.59%.
GOLD	USD/t.oz	2,875.2	2,858.1	0.60%	2.91%	8.12%	41.58%
SILVER	USD/t.oz	32.4	32.2	0.49%	3.54%	7.49%	43.46%
WHEAT	USD/Bu	581.8	587.7	-1.01%.	3.89%	8.40%	-2.14%.
PALM-OIL	MYR/T	4,543.0	4,405.1	3.13%	5.90%	4.29%	17.27%
COCOA	USD/T	9,680.5	9,916.6	-2.38%.	-11.61%.	-13.12%.	67.21%