

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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**DOMESTIC ECONOMY: Portfolio Investment in Equities Surges to N5.59trn in 2024 on Macroeconomic Conditions.....**

The Nigerian Exchange Limited (NGX) experienced a significant surge in equity transactions by domestic and foreign portfolio investors in 2024, a 56.2% y/y increase reaching N5.59 trillion from N3.58 trillion a year ago. Domestic investors remained the dominant force in the market, accounting for 84.75% (N4.73 trillion), while foreign investors contributed 15.25% (N852.03 billion). This marked an improvement in foreign participation compared to 2023 when foreign transactions stood at just 11.48% of total market activity.

The year began on a strong note in January, with total transactions amounting to N651.52 billion. Domestic investors accounted for 91.85% (N598.41 billion), while foreign investors contributed 8.15% (N53.11 billion). The market rally was fuelled by strong corporate earnings, positive sentiment around economic reforms, and increased capital inflows. Investor optimism drove the NGX All-Share Index up by 35.3% during the month. In February, total market transactions declined to N357.88 billion, as profit-taking and rising inflation (31.7%) dampened investor sentiment. Foreign transactions increased to 18.39% (N65.81 billion), while domestic transactions dropped to 81.61% (N292.07 billion). The naira depreciated further to N1,580.5/\$1, reducing foreign confidence in the market.

Market confidence rebounded in March, with total transactions increasing to N538.54 billion. Foreign investors accounted for 17.50% (N94.26 billion), while domestic transactions stood at 82.50% (N444.28 billion). The slight stabilisation of the naira at N1,421/\$1, coupled with a GDP growth rate of 2.98% in Q1 2024, boosted investor sentiment. April saw a decline in total transactions to N346.23 billion, despite foreign participation increasing to 34.90% (N120.83 billion). Domestic transactions dropped to 65.10% (N225.40 billion). The rise in foreign inflows followed favourable policy announcements and investor positioning ahead of the Q2 earnings season, while inflation edged up slightly to 33.69%.

In May, total transactions increased marginally to N355.38 billion, with foreign investment contributing 34.97% (N124.28 billion) and domestic transactions at 65.03% (N231.10 billion). Policy stabilisation, strong corporate earnings, and the Central Bank's intervention in the forex market helped sustain market activity. The Monetary Policy Rate (MPR) was adjusted to 26.25% to curb inflationary pressures. June recorded N354.55 billion in total transactions, with foreign participation declining to 23.18% (N82.19 billion) as global interest rates remained high. Domestic transactions stood at 76.82% (N272.36 billion). The Federal Reserve's decision to keep interest rates at 5.5% led to lower foreign investment inflows, while domestic

investors remained cautious due to rising inflation, which reached 34.19%.

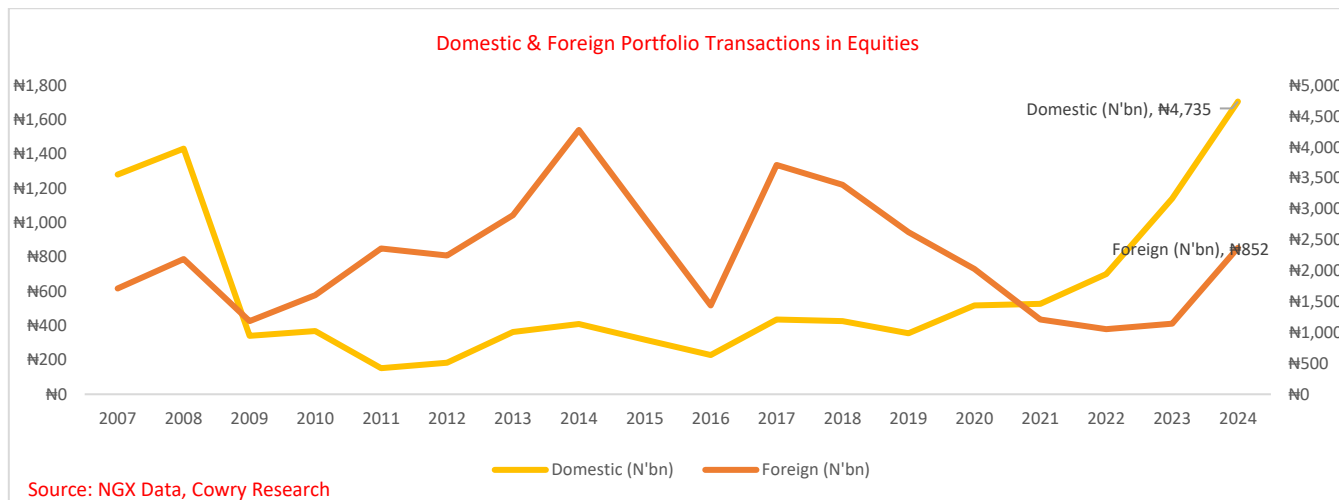
In July, total transactions climbed to N491.61 billion, largely driven by domestic investors, who accounted for 88.30% (N434.09 billion). Foreign investment remained subdued at 11.70% (N57.52 billion). Institutional investors played a key role in driving market activity, fuelled by improved corporate earnings and dividend announcements. The banking sector's Q2 results, which showed a 12.8% increase in profits, further strengthened investor confidence. August saw moderate trading activity, with total transactions reaching N379.52 billion. Domestic investors contributed 84.86% (N322.05 billion), while foreign transactions stood at 15.14% (N57.47 billion). Economic policy uncertainty and forex concerns kept investor sentiment subdued, with the naira averaging N1,591.5/\$1.

In September, the market recorded N493.01 billion in transactions, with foreign participation declining further to 8.40% (N41.41 billion) and domestic investors accounting for 91.60% (N451.60 billion). The volatility of the naira discouraged foreign inflows, while strong domestic confidence sustained market activity. The Nigerian Treasury Bills (NT-Bills) market saw a bearish performance, with declining prices leading to an increase in yields by 0.71% month-on-month to 21.92%, attracting capital away from equities. October saw a further increase in transactions to N502.73 billion, with foreign transactions at 9.44% (N47.46 billion) and domestic investors maintaining dominance at 90.56% (N455.27 billion). Market performance was supported by stabilising inflation at 33.88%, strong Q3 corporate earnings, and increased institutional investment. The Central Bank's decision to raise the MPR from 26.75% to 27.25% reflected its commitment to tightening monetary policy.

In November, total transactions stood at N442.34 billion, with foreign participation dropping to 9.26% (N40.94 billion) as global monetary tightening reduced foreign inflows. Domestic investors remained active, accounting for 90.74% (N401.40 billion). The fixed-income market became increasingly attractive, with 364-day treasury bill yields rising to 23.50%, the highest closing rate for the year. December saw a surge in market activity, with total transactions reaching N673.66 billion. Foreign transactions increased slightly to 9.91% (N66.75 billion), while domestic investors accounted for 90.09% (N606.91 billion). The market rally was driven by strong domestic institutional participation and improved investor sentiment following increased forex stability at N1,543.9/\$1. The issuance of \$2.2 billion in Eurobonds helped bolster foreign exchange reserves and contributed to a rise in foreign portfolio investment.

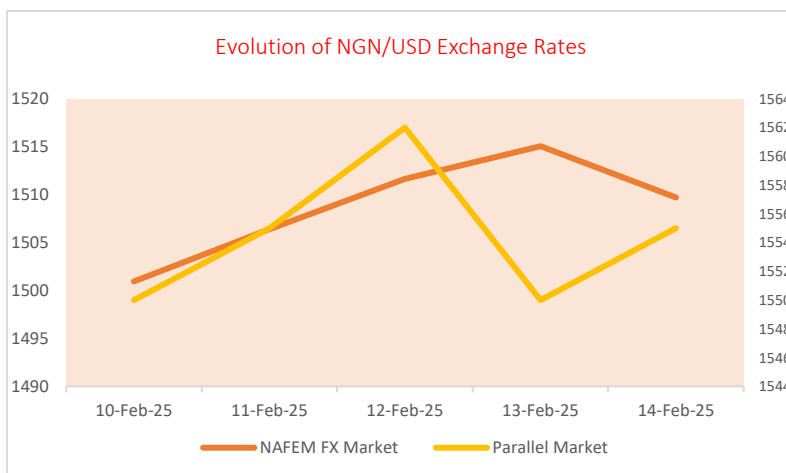
Over the last 18 years, domestic transactions have grown by 33.15%, while foreign transactions have increased by 38.31%. Looking ahead, sustained policy reforms, exchange rate stability, and economic growth will be crucial in maintaining this momentum. Enhancing investor confidence, particularly among foreign participants, will be key to fostering long-term market

growth in 2025. Additionally, global economic conditions and local regulatory frameworks will continue to shape investment decisions in the year 2025.



**FOREX MARKET: Naira Faces Mixed Fortunes as CBN Strives for Stability; FX Reserves Dip...**

This week in the foreign exchange market, the naira experienced a mixed performance across various segments, reflecting the Central Bank of Nigeria's (CBN) ongoing efforts to stabilise the currency. At the official NAFEM window, the naira depreciated marginally by 0.01% (N8.09) week-on-week to close at N1,509.70/\$1. In contrast, the parallel market saw a slight appreciation of 0.01% (N20.00), with the naira trading at N1,555/\$1.



Meanwhile, crude oil market data from the CBN indicated weak demand for Bonny Light crude, leading to a 0.42% decline in price week-on-week to \$76.17 per barrel as of February 13, down from \$76.49 per barrel in the previous week. Additionally, Nigeria's foreign exchange reserves depleted slightly, falling by 0.78% week-on-week to \$39.10 billion as of February 13, compared to \$39.41 billion a week earlier.

In the coming week, the naira is expected to trade within a relatively stable range, provided there are no significant market distortions. Market dynamics will continue to shape the supply and demand for the dollar, influencing the local currency's performance across various exchange segments.

**MONEY MARKET: Liquidity Tightens as NIBOR Rises; Treasury Bills Market Eyes Upcoming PMA...**

In the money market this week, the Overnight NIBOR rose marginally by 0.23 percentage points week on week to 32.88%, reflecting tighter liquidity conditions as increased participation in the Standing Lending Facility (SLF) window drained system liquidity. Meanwhile, NIBOR for 1-month, 3-month, and 6-month maturities reversed last week's declines to settle at 27.32%, 28.03%, and 28.97%, respectively.

Similarly, the Nigerian Treasury Bills Yield (NITTY) declined across most tenors, except for the 1-month, 3-month, 6-month, and 12-month tenors, which settled at 20.52%, 20.33%, 20.68%, and 23.29%, respectively, as investors shifted focus to the upcoming primary market auctions for treasury bills.

On Thursday, the CBN conducted an Open Market Operations (OMO) primary market auction (PMA), offering N600 billion worth of instruments split between the 355-day and 362-day maturities. Investor interest remained strong, with total subscriptions reaching N1.92 trillion, representing a bid-to-offer ratio of 1.37x. At the close of the auction, the CBN allotted N1.39 trillion, with stop rates for the two tenors settling at 21.33% and 21.45%, respectively.

In the treasury bills secondary market, buying interest persisted across the short, mid, and long end of the curve, driving the average market yield lower by 39bps to 22.08% from 22.47% in the previous week.

Looking ahead to next week, a total of N1.29 trillion worth of treasury bills is set to mature, while the CBN has scheduled a N700 billion auction at the forthcoming PMA. As a result, market sentiment and activity are expected to be largely driven by the auction, with money market rates likely to trend higher amid prevailing liquidity constraints and the N700 billion expected to be mopped up from the financial system.

**BOND MARKET: FGN Bonds Rally Ahead of MPC Meeting; Eurobond Yields Decline Amid Renewed Interest.....**

In the FGN Bonds secondary market, bullish sentiment prevailed as yields contracted across various maturities. Investor confidence remained strong, driven by the high-yield environment and expectations of a potential shift in monetary policy in the coming week. Demand for short and mid-term instruments intensified as investors sought to lock in attractive rates amidst broader economic uncertainties. Consequently, buying interest in the MAR-28, JAN-26,

NOV-28, and JUN-53 bonds led to a 28 basis points decline in average yields, settling at 20.25%.

On the Eurobond front, the market closed on a positive note, with a 24 basis points decline in average secondary market yields to 9.07%. This was driven by renewed investor interest in sovereign Eurobonds, particularly in the SEPT-33, MAR-29, and NOV-25 maturities, despite a prevailing risk-off sentiment in emerging markets.

Looking ahead to next week, we expect the fixed income market to maintain a relatively positive trajectory, with attractive yields continuing to draw investors. However, potential liquidity constraints and shifting inflation expectations could introduce some volatility, particularly in the long-dated segment of the curve. The CBN's policy stance at the upcoming MPC meeting and the February FGN bond auctions will be key factors influencing near-term market direction.

**EQUITIES MARKET: Bullish Momentum Prevails as ASI Hits New Highs Amid Investor Optimism; Gains N1.83trn...**

The bullish momentum in the Nigerian equities market persisted for the second trading week in February, as the benchmark NGX All-Share Index (ASI) advanced by 2.00% week-on-week to close at 108,053.95 points. This rally saw the index surpass the 108,000 and 109,000 psychological levels, reaching new historic highs. The strong buying interest was primarily driven by gains in Industrial, Insurance, and Energy & Commodity stocks, which propelled the ASI into positive territory.

Similarly, the total market capitalisation of listed equities rose by 2.78% week-on-week to N67.42 trillion after briefly crossing the N68 trillion mark. This was fuelled by strong bargain hunting, as equity investors gained N1.83 trillion from four out of the five trading sessions this week. Consequently, the year-to-date return of the index climbed to 4.98%, with the exchange recording 64 gainers against 32 losers, resulting in a positive market breadth of 2.0x.

Despite the benchmark index's strong performance, trading activity was subdued, reflecting negative market internals. The total weekly traded volume fell by 40.9% to 2.41 billion units, transacted across 80,988 deals, with a total trade value of N55.51 billion.

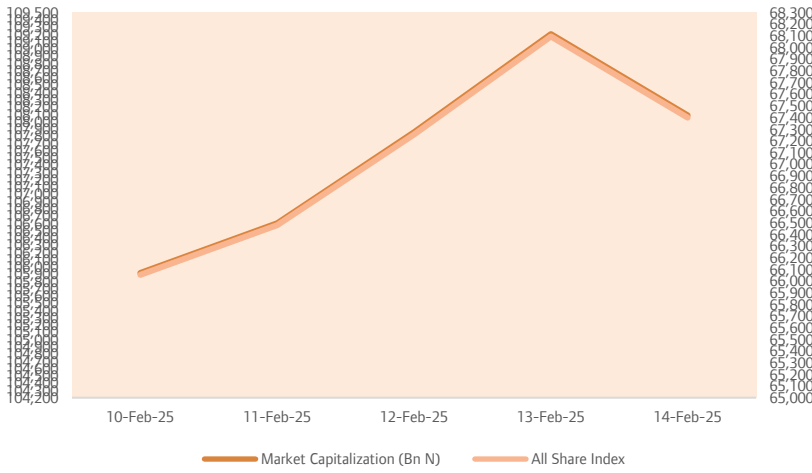
Across the sectoral front, market performance was mixed, with three sectors closing positive while three sectors ended in the red. The NGX-Industrial Index led the gainers, surging by 10.4% week-on-week, followed by the NGX-Insurance Index (+2.52%) and the NGX-Commodity Index (+0.43%). The notable gainers in these sectors included Dangote Cement, UPDC, Beta Glass, SUNU Assurance, Presco, Transcorp Power, and Custodian.

Conversely, the NGX-Consumer Goods Index led the laggards, shedding 3.63% week-on-week, followed by declines in the NGX-Oil & Gas (-2.30%) and NGX-Banking (-0.24%) indices. These losses were driven by selloffs in Aradel Holdings, Zenith Bank, BUA Foods, Julius Berger, Conoil, and FBN Holdings, as investors engaged in portfolio rebalancing.

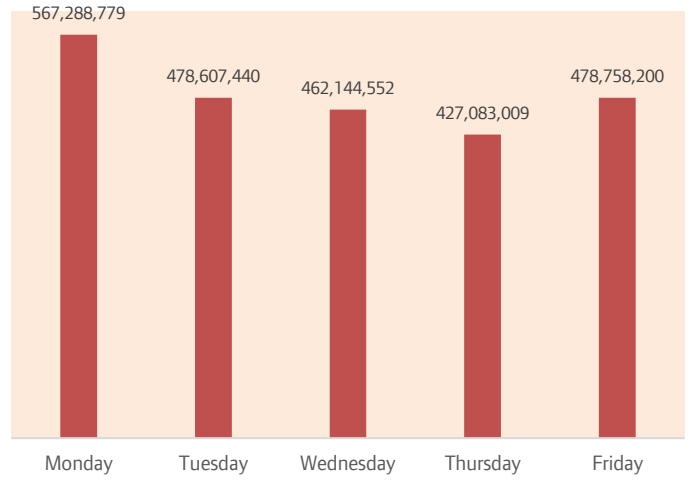
Among the top-performing stocks of the week, Honeywell Flour and UPDC led the chart, appreciating by 47.1% and 45.9%, respectively. VFD Group followed with a 30.6% gain, buoyed by an impressive FY2024 earnings release, while SUNU Assurance and Ikeja Hotel advanced by 27.9% and 24.4%, respectively. On the flip side, DAAR Communications was the worst-performing stock, declining by 13.6%, trailed by International Energy Insurance (-10.8%), BUA Foods (-10.0%), Golden Breweries (-9.9%), and Eunisell (-9.7%).

Looking ahead, we anticipate a mixed market sentiment in the coming week as investors await further corporate earnings releases and dividend declarations. Additionally, market participants will closely monitor the newly rebased Consumer Price Index (CPI) data and the outcome of the Monetary Policy Committee (MPC) meeting scheduled for Wednesday and Thursday. These key events will provide direction for investors as they assess the potential impact on their portfolios. We advise investors to remain vigilant, keeping an eye on stocks with strong fundamentals to make informed investment decisions.

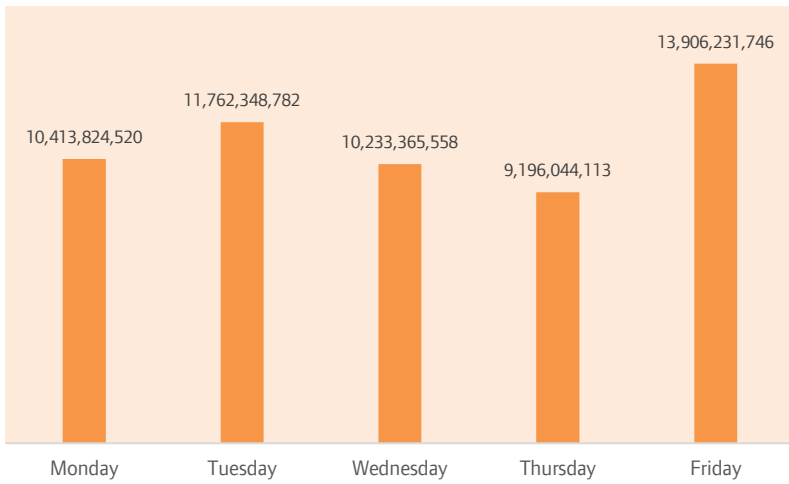
Evolution of Equities Performance Gauges



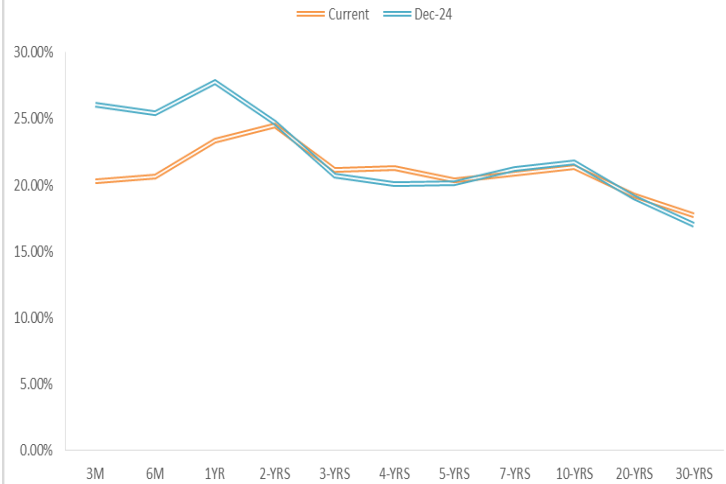
Daily Traded Volume



Daily Traded Value



NAIRA YIELD CURVE



Weekly Top Gainers and Top Losers as at Friday, February 14, 2025

| Top Ten Gainers |           |           |          | Bottom Ten Losers |           |           |          |
|-----------------|-----------|-----------|----------|-------------------|-----------|-----------|----------|
| Symbol          | 14-Feb-25 | 07-Feb-25 | % Change | Symbol            | 14-Feb-25 | 07-Feb-25 | % Change |
| HONYFLOUR       | 14.00     | 9.52      | 47.1%    | DAARCOMM          | 0.70      | 0.81      | -13.6%   |
| UPDC            | 3.78      | 2.59      | 45.9%    | INTENEGINS        | 2.23      | 2.50      | -10.8%   |
| VFDGROUP        | 58.00     | 44.40     | 30.6%    | BUAFOODS          | 373.50    | 415.00    | -10.0%   |
| SUNUASSUR       | 6.41      | 5.01      | 27.9%    | GOLDBREW          | 7.09      | 7.87      | -9.9%    |
| IKEJAHOTEL      | 14.00     | 11.25     | 24.4%    | EUNISELL          | 12.05     | 13.34     | -9.7%    |
| ETERNA          | 45.00     | 36.65     | 22.8%    | JBERGER           | 128.00    | 139.80    | -8.4%    |
| DANGCEM         | 480.00    | 394.00    | 21.8%    | DEAPCAP           | 1.00      | 1.09      | -8.3%    |
| MULTIVERSE      | 10.90     | 9.05      | 20.4%    | FTNCOCOA          | 1.73      | 1.87      | -7.5%    |
| CONHALLPLC      | 3.65      | 3.04      | 20.1%    | WAPIC             | 2.45      | 2.64      | -7.2%    |
| UPDCREIT        | 7.40      | 6.20      | 19.4%    | GUINEAINS         | 0.79      | 0.85      | -7.1%    |

FGN Eurobonds Trading Above 8% Yield as at Friday, February 14, 2025

| FGN Eurobonds      | Issue Date | TTM (years) | 14-Feb-25 Price (N) | Weekly USD Δ | 14-Feb-25 Yield | Weekly PPT Δ |
|--------------------|------------|-------------|---------------------|--------------|-----------------|--------------|
| 7.625 21-NOV-2025  | 21-Nov-18  | 0.77        | 100.40              | 0.15         | 7.1%            | -0.22        |
| 6.50 NOV 28, 2027  | 28-Nov-17  | 2.79        | 96.79               | 0.91         | 7.8%            | -0.37        |
| 6.125 SEP 28, 2028 | 28-Sep-21  | 3.62        | 92.67               | 0.73         | 8.5%            | -0.24        |
| 8.375 MAR 24, 2029 | 24-Mar-22  | 4.11        | 98.82               | 0.93         | 8.7%            | -0.27        |
| 7.143 FEB 23, 2030 | 23-Feb-18  | 5.03        | 92.96               | 1.14         | 8.9%            | -0.30        |
| 8.747 JAN 21, 2031 | 21-Nov-18  | 5.94        | 98.58               | 0.95         | 9.1%            | -0.21        |
| 7.875 16-FEB-2032  | 16-Feb-17  | 7.01        | 92.70               | 1.16         | 9.3%            | -0.24        |
| 7.375 SEP 28, 2033 | 28-Sep-21  | 8.62        | 88.01               | 1.45         | 9.4%            | -0.27        |
| 7.696 FEB 23, 2038 | 23-Feb-18  | 13.03       | 84.22               | 1.42         | 9.9%            | -0.22        |
| 7.625 NOV 28, 2047 | 28-Nov-17  | 22.80       | 79.01               | 1.52         | 10.0%           | -0.21        |
| 9.248 JAN 21, 2049 | 21-Nov-18  | 23.95       | 93.05               | 1.21         | 10.0%           | -0.14        |
| 8.25 SEP 28, 2051  | 28-Sep-21  | 26.64       | 82.64               | 1.39         | 10.2%           | -0.18        |



Weekly Stock Recommendations as at Friday, February 14, 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 |
|----------|-------------|--------------|--------|-----------|-----------|--------------|-------------|---------------|--------------|----------------------|------------------------|------------------|----------------|
| UBA      | 14.78       | 17.14        | 104.83 | 0.37      | 2.64x     | 39.15        | 12.85       | 38.70         | 53.0         | 33.2                 | 44.9                   | 35.90            | Buy            |
| ETERNA   | 2.48        | 2.82         | 5.16   | 8.82      | 18.38x    | 48.7         | 23.1        | 45.00         | 59.4         | 38.7                 | 52.3                   | 30.55            | Buy            |
| NAHCO    | 6.60        | 7.43         | 10.30  | 6.12      | 9.54x     | 64           | 28          | 65.90         | 82.0         | 53.6                 | 72.5                   | 30.16            | Buy            |
| LAFARGE  | 3.73        | 4.23         | 28.84  | 2.70      | 20.89x    | 78.00        | 20.10       | 77.90         | 97.0         | 66.2                 | 89.6                   | 24.52            | Buy            |
| ETI      | 18.82       | 20.08        | 147.53 | 0.23      | 1.84x     | 34.6         | 20          | 34.70         | 47.0         | 29.4                 | 39.8                   | 35.84            | Buy            |
| OKOMUOIL | 35.93       | 38.17        | 53.06  | 10.10     | 14.92x    | 537.2        | 243         | 536.00        | 712.0        | 455.6                | 616.4                  | 32.84            | Buy            |

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, February 14, 2025

| MAJOR  | 14-Feb-25 | Previous | Δ from Last | Weekly | Monthly | Yearly |
|--------|-----------|----------|-------------|--------|---------|--------|
| EURUSD | 1.0498    | 1.0464   | 0.32%       | 1.65%  | 2.03%   | -2.54% |
| GBPUSD | 1.2614    | 1.2565   | 0.39%       | 1.85%  | 3.08%   | 0.15%  |
| USDCHF | 0.8987    | 0.9031   | -0.49%      | -1.23% | -1.53%  | 2.15%  |
| USDRUB | 91.7478   | 89.4926  | 2.52%       | -5.28% | -10.36% | -0.43% |
| USDNGN | 18.3201   | 18.4827  | -0.88%      | 1.09%  | -2.60%  | -0.08% |
| USDZAR | 18.3201   | 18.4827  | -0.88%      | -0.55% | -2.38%  | -3.31% |
| USDEGP | 50.6305   | 50.5799  | 0.10%       | 0.76%  | 0.50%   | 64.12% |
| USDCAD | 20.31     | 20.4080  | -0.50%      | -0.97% | -1.29%  | 5.15%  |
| USDMXN | 20.31     | 20.4080  | -0.50%      | -1.28% | -0.81%  | 19.11% |
| USDBRL | 5.72      | 5.7674   | -0.77%      | -1.39% | -4.75%  | 15.12% |
| AUDUSD | 0.5727    | 0.5651   | 1.34%       | 1.39%  | 2.15%   | -2.50% |
| NZDUSD | 0.5727    | -0.0600  | 1.34%       | 1.17%  | 2.03%   | -6.21% |
| USDJPY | 7.2535    | 7.2702   | -0.23%      | 0.47%  | -2.77%  | 1.49%  |
| USDCNY | 7.2535    | 7.2702   | -0.23%      | -0.69% | -1.29%  | 0.52%  |
| USDINR | 86.6000   | 86.6433  | -0.05%      | -1.34% | 0.19%   | 4.37%  |

Global Commodity Prices as at 3:30 PM GMT+1, Friday, February 14, 2025

| Commodity   |           | 14-Feb-25 | Previous | Δ from Last | Weekly | Monthly | Yearly  |
|-------------|-----------|-----------|----------|-------------|--------|---------|---------|
| CRUDE OIL   | USD/Bbl   | 71.6      | 71.3     | 0.46%       | 0.86%  | -9.02%  | -7.27%  |
| BRENT       | USD/Bbl   | 75.5      | 75.0     | 0.66%       | 1.13%  | -7.96%  | -7.43%  |
| NATURAL GAS | USD/MMBtu | 3.8       | 9.8      | 3.57%       | 13.07% | -8.36%  | 111.75% |
| GASOLINE    | USD/Gal   | 2.1       | 2.1      | -0.02%      | 0.12%  | -2.83%  | -17.57% |
| COAL        | USD/T     | 104.3     | 104.5    | -0.19%      | -4.27% | -9.62%  | -12.90% |
| GOLD        | USD/t.oz  | 2,923.8   | 2,931.7  | -0.27%      | 2.18%  | 8.42%   | 45.79%  |
| SILVER      | USD/t.oz  | 33.1      | 32.4     | 2.22%       | 3.80%  | 7.61%   | 44.10%  |
| WHEAT       | USD/Bu    | 594.0     | 577.7    | 2.82%       | 2.02%  | 8.69%   | 4.81%   |
| PALM-OIL    | MYR/T     | 4,502.0   | 4,556.2  | -1.19%      | -0.07% | 3.21%   | 16.18%  |
| COCOA       | USD/T     | 10,286.0  | 10,341.9 | -0.54%      | 5.65%  | -5.11%  | 73.11%  |

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