

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Labour Demands Vs FGN Power: An Embroidery Shawl Around Stronger Inflationary Pressure....

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EQUITIES MARKET: : Bulls Grip Rule Local Bourse with N812bn Weekly Gains on Improved Sentiments.....

Looking ahead to the coming week, our outlook stay positive as Cowry Research anticipates the current trend of gains in the market to continue, driven by the commencement of the dividend earning season as corporates announce dividend qualification dates. Also, with the gradually seeming uncertain outlook for the alternative investment market where yields are expected to tank paltrily, there exist entry opportunities emerging in the equities space due to the gradual recovery of the market. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

ECONOMY: Labour Demands Vs FGN Power: An Embroidery Shawl Around Stronger Inflationary Pressure....

This week, we delve into a critical examination of the pressing issues surrounding the national minimum wage in the face of escalating inflation rates, and the prevailing high-interest rate environment, all of which are poised to impact individuals, businesses, and the broader economy.

On May 1, 2024, President Bola Tinubu conveyed during this year’s International Workers’ Day celebration in Abuja that the ongoing negotiations for a revised minimum wage have hit an impasse. The discord arises from the stark disparity between the labour union's demand of N615,000 – a staggering 1,950% increase from the current N30,000 – and the federal government's more conservative proposition ranging between N60,000 and N70,000. Despite extensive economic analysis supporting the N615,000 proposal, ostensibly aligned with the needs of an average Nigerian family of six, negotiations remain deadlocked.

Recalling the upward adjustment of the national minimum wage to N30,000 in 2019 by former President Muhammadu Buhari, a response to prevailing economic conditions after a decade-long stagnation at N18,000, provides context to the current deliberations. Meanwhile, the Nigeria Governors’ Forum has underscored the imperative for the government and organised labour to forge a sustainable minimum wage agreement. In response, the Nigeria Labour Congress and Trade Union Congress have cautioned state governors against renegeing on any new minimum wage agreement arising from ongoing negotiations.



Our examination of Nigeria's current economic realities poses that headline inflation has surged to a 28-year high of 33.20% in March 2024. This escalation is attributed to heightened import costs, the reverberating impact of economic policies, pronounced currency depreciation, and the removal of subsidies on petroleum motor spirit, coupled with electricity tariff hikes. Consequently, the average Nigerian consumer grapples with the pervasive repercussions across all aspects of daily life.

Against this backdrop, the view of Cowry Research has it that an increase in the national minimum wage could exacerbate inflationary pressures, potentially necessitating a hawkish policy stance from the central bank in the short term to counteract rising inflation and address excess liquidity in the economy. Conversely, advocates contend that such an increment could bolster employee morale, fostering greater employee retention, particularly in a fiercely competitive labour market. It is vital to recognise the disproportionate impact of inflation on low-wage earners, who allocate a significant proportion of their earnings to essential goods and services, rendering them particularly vulnerable.

Navigating these complex dynamics demands a delicate balance between addressing the legitimate demands of workers and mitigating the broader economic ramifications. Finding a sustainable solution that safeguards both the welfare of workers and macroeconomic stability necessitates nuanced policymaking and concerted efforts from all stakeholders.

In our 2024 Economic and Financial Market Outlook publication, we presented a wide spectrum of predictions for inflation, with a best-case scenario forecasting 22% year-on-year inflation in 2024, a moderate case projecting 27%, and a worst-case scenario envisioning 34%. The broad range reflects the uncertainty surrounding Nigeria's economic outlook, emphasizing the pivotal role of government policies in addressing underlying structural issues to shape the inflation trajectory.

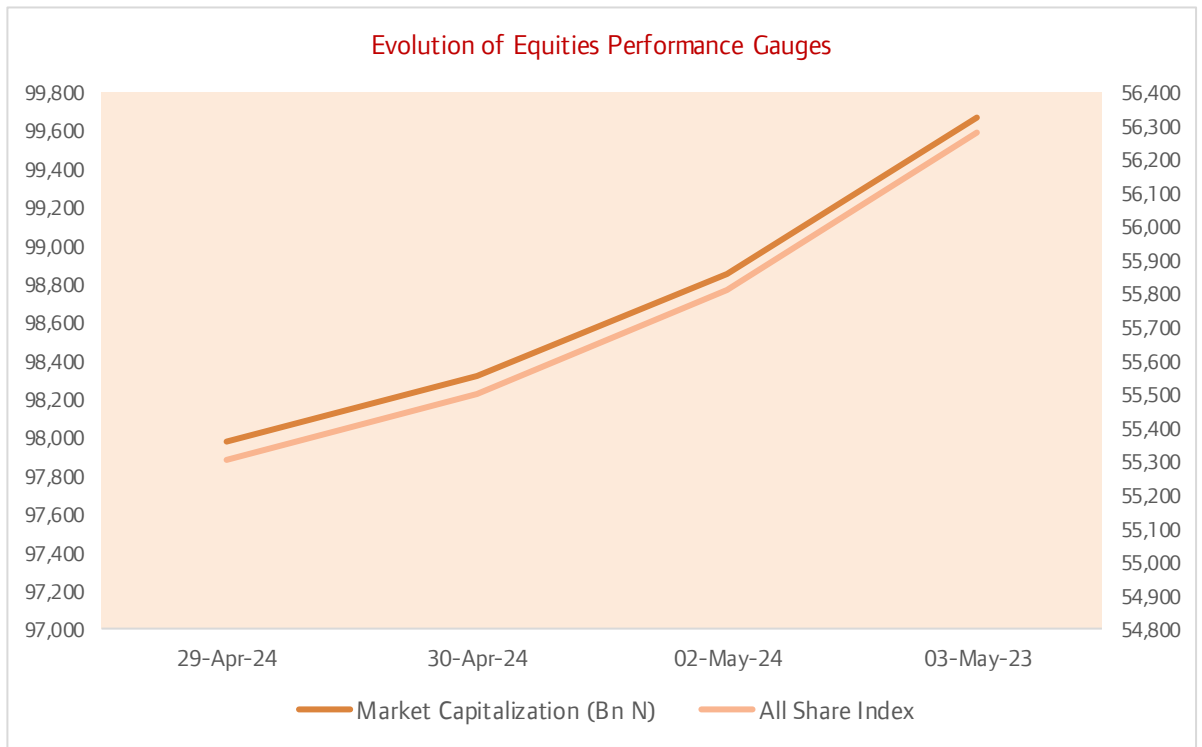
Examining the drivers of headline inflation, including the food and core indexes, our projection for higher inflation rate hinge on expectations for adjustments in electricity tariffs, currency depreciation, a slight increase in average PMS prices. For context, various factors such as the cost of imports influenced by currency pressures, insecurity affecting agricultural cycles in some of the food-producing regions, prospects for higher PMS prices, expectations for electricity tariff hikes, and the anticipation of higher wages and salaries as announced by the federal government for provisional wage increases and cash transfer payments to 15 million households. These multifaceted factors are poised to interact and influence the movement of domestic consumer prices in 2024.

EQUITIES MARKET: Bulls Grip Rule Local Bourse with N812bn Weekly Gains on Improved Sentiments.....

After six consecutive weeks of bears dominance on the local bourse, the grip of the bulls returned to the local bourse in the face of the seeming oscillation in stock prices which resulted in pocket of gains and repositioning by investors in some of the high tickers as well as blue-chip companies with strong fundamentals. Resultantly, the benchmark index progressed by 1.46% week on week inching closer to the 100k mark at 99,587.25 index points resulting from the upbeat in market sentiments which resurrected on the back of buy sentiments where investors flex muscles to stake higher bets on Nigerian stocks.

Furthermore, the market capitalisation of listed equities soared with strength in all sessions witnessed this week by 1.46% week on week to N56.32 trillion as corporates continue to publish their impressive Q1 earnings releases and the commencement of the dividend earnings season resulting in equity investors' wealth appreciating by a total of N811.5 billion while the year to date return of the market printed improved at 33.2%.

Trading activity this week was in the mixed bag despite a mildly positive market breadth as evidenced in the total number of gainers that outnumbered the laggards in the ratio 45:32. As a result, the weekly traded volume advanced by 5.6% week on week to 1.94 billion units consummated in 35,807 deals which indicates a 4.6% decline from last week. In the same manner, the traded value for the week plunged further by 4.7% week on week to N32.64 billion.



On the sectoral front, performance was largely mixed as the NGX-Banking and NGX-Insurance indexes led the gainers by 9.42% and 0.98% week on week driven by strong interest by investors in financial stocks which resulted in positive price movements in FBNH, WEMABANK, STERLINGNG, SOVRENINS and MANSARD. Trailing on the losers table were the NGX-Oil & Gas (0.68%), and the NGX-Industrial Goods (0.36%) and NGX-Consumer Goods indexes, which got dragged by the southward movement in the prices of NASCON, NIGERIAN BREWERIES, DANGOTE SUGAR, SEPLAT, ETERNA, and BERGER respectively.

At the close of the week, the best performed stocks for the week included FBNH (33%), STERLINGNG (28%), UACN (25%), JBERGER (24%), and FLOURMILL (21%) as their share prices trended upward due to positive interest from investors. However, the worst performance stocks for the week are NASCON (-17%), UPL (-17%), NEIMETH (-14%), BERGER (-10%), and VITAFOAM (-10%) as their share prices plummeted from negative sentiments.

Looking ahead to the coming week, our outlook stay positive as Cowry Research anticipates the current trend of gains in the market to continue, driven by the commencement of the dividend earning season as corporates announce dividend qualification dates. Also, with the gradually seeming uncertain outlook for the alternative investment market where yields are expected to tank paltrily, there exist entry opportunities emerging in the equities space due to the gradual recovery of the market. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, May 3, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	03-May-24	26-Apr-24	% Change	Symbol	03-May-24	26-Apr-24	% Change
FBNH	27.00	20.35	32.7%	NASCON	43.60	52.55	-17.0%
STERLINGNG	4.88	3.82	27.7%	UPL	2.05	2.46	-16.7%
UACN	15.45	12.40	24.6%	NEIMETH	1.70	1.98	-14.1%
JBERGER	72.40	58.50	23.8%	BERGER	13.70	15.20	-9.9%
FLOURMILL	36.80	30.50	20.7%	VITAFOAM	17.00	18.85	-9.8%
SOVRENINS	0.42	0.36	16.7%	MCNICHOLS	1.14	1.26	-9.5%
JAIZBANK	2.35	2.02	16.3%	LINKASSURE	0.86	0.95	-9.5%
UBA	25.80	23.00	12.2%	WAPCO	32.85	36.00	-8.7%
TIP	2.00	1.80	11.1%	DEAPCAP	0.54	0.59	-8.5%
UCAP	18.50	16.65	11.1%	PRESTIGE	0.54	0.59	-8.5%

Weekly Stock Recommendations as at Friday, May 3, 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
ACCESSCORP	4.35	6.96	71.65	0.24	4.02	30.7	7.5	17.40	28.0	14.9	20.1	60.00	Buy
OKOMUOIL	15.81	25.30	56.56	4.11	14.71	270	157	232.50	372.0	197.6	267.4	60.00	Buy
TOTAL	338.68	1,083.76	174.03	1.85	0.95	385.00	197.00	321.50	454.0	273.3	369.7	41.21	Buy
LAFARGE	3.17	2.70	27.01	1.22	10.35	47.95	20.10	32.85	47.0	27.9	37.8	43.07	Buy
UBA	17.49	14.00	59.36	0.39	1.31	33.50	12.85	25.85	32.0	19.6	26.5	39.13	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, May 3, 2024

FGN Eurobonds	Issue Date	TTM (years)	03-May-24 Price (N)	Weekly USD Δ	03-May-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.55	99.31	0.24	8.1%	-0.16
6.50 NOV 28, 2027	28-Nov-17	3.57	92.95	0.55	8.9%	-0.18
6.125 SEP 28, 2028	28-Sep-21	4.41	88.74	0.83	9.3%	-0.24
8.375 MAR 24, 2029	24-Mar-22	4.89	95.34	0.69	9.6%	-0.18
7.143 FEB 23, 2030	23-Feb-18	5.81	88.49	0.66	9.8%	-0.15
8.747 JAN 21, 2031	21-Nov-18	6.72	94.68	0.83	9.8%	-0.18
7.875 16-FEB-2032	16-Feb-17	7.79	88.21	0.84	10.1%	-0.17
7.375 SEP 28, 2033	28-Sep-21	9.41	83.86	0.96	10.1%	-0.18
7.696 FEB 23, 2038	23-Feb-18	13.82	79.64	1.18	10.5%	-0.20
7.625 NOV 28, 2047	28-Nov-17	23.59	75.38	1.42	10.5%	-0.21
9.248 JAN 21, 2049	21-Nov-18	24.74	90.01	1.59	10.4%	-0.20
8.25 SEP 28, 2051	28-Sep-21	27.42	79.26	1.23	10.6%	-0.17
					9.80%	

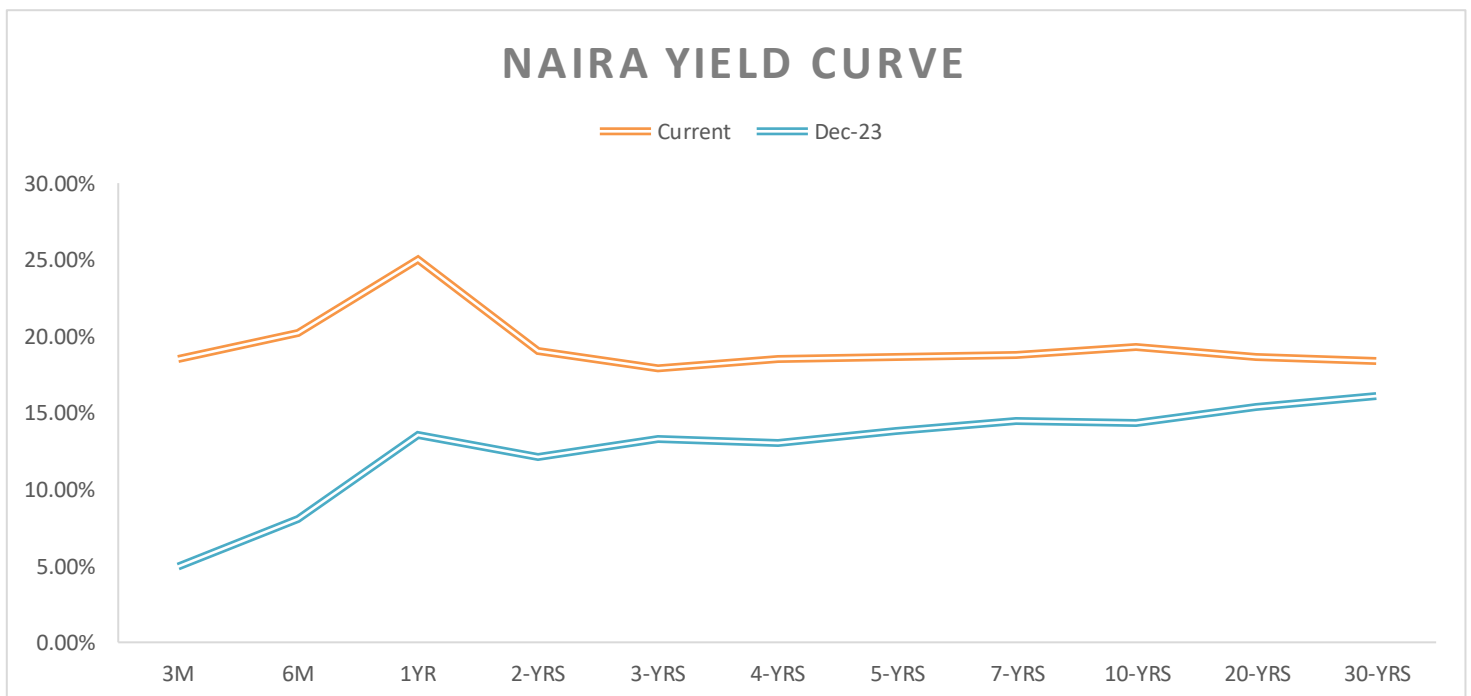
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, May 3,2024

MAJOR	03-May-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0759	1.0729	0.28%	0.63%	-0.69%	-2.28%
GBPUSD	1.2540	1.2540	0.00%	0.43%	-0.79%	-0.25%
USDCHF	0.9057	0.9102	-0.50%	-0.97%	0.46%	2.24%
USDRUB	91.5507	92.0478	-0.54%	-0.17%	-0.74%	16.65%
USDNGN	1402.2100	1372.9658	2.13%	7.35%	12.18%	204.93%
USDZAR	18.5116	18.5487	-0.20%	-1.50%	-1.00%	1.33%
USDEGP	47.9221	47.9461	-0.05%	0.07%	1.32%	54.84%
USDCAD	1.37	1.3667	0.09%	0.06%	1.00%	1.03%
USDMXN	16.98	16.9818	-0.04%	-0.96%	2.47%	-5.08%
USDBRL	5.08	5.1938	-2.19%	-0.68%	0.56%	2.01%
AUDUSD	0.6608	0.6570	0.58%	1.15%	0.31%	-1.28%
NZDUSD	0.6013	-0.0600	0.82%	1.20%	-0.24%	-4.27%
USDJPY	152.8750	153.1507	-0.18%	-3.42%	1.04%	13.88%
USDCNY	7.1924	7.2068	-0.20%	-1.05%	-0.80%	4.00%
USDINR	83.3986	83.3569	0.05%	0.01%	0.08%	2.08%

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

Commodity		03-May-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	78.4	79.0	-0.65%	-6.23%	-9.34%	14.50%
BRENT	USD/Bbl	83.2	83.7	-0.58%	-5.64%	-8.18%	14.80%
NATURAL GAS	USD/MMBtu	2.0	9.8	0.49%	6.29%	15.22%	-2.71%
GASOLINE	USD/Gal	2.6	2.6	-1.33%	-6.98%	-8.06%	10.45%
COAL	USD/T	147.8	147.0	0.51%	8.84%	13.96%	-18.19%
GOLD	USD/t.oz	2,286.4	2,303.5	-0.74%	-2.05%	0.01%	11.63%
SILVER	USD/t.oz	26.2	26.7	-1.84%	-3.43%	-2.09%	0.74%
WHEAT	USD/Bu	611.1	604.2	1.14%	-2.07%	9.55%	-3.20%
PALM-OIL	MYR/T	3,833.0	3,844.1	-0.29%	-1.62%	-14.38%	6.44%
COCOA	USD/T	7,923.3	8,131.5	-2.56%	-26.95%	-16.26%	159.60%

FGN Bonds Yield Curve, Friday May 3, 2024





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