

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Laudable Y/Y Expansion in Credit to FGN, Private Sector Amidst Hawkish CBN Activities....

The full impact of the policy rate hikes by the central bank will continue to be seen in the economy as borrowing costs trend higher while businesses seek alternative funding options in the local debt market through the issuance and raise of commercial papers for the short term in order to keep business operations afloat. While we think a continued slow growth in total credit to government and private sector will continue, businesses will explore further funding options amidst rising prices. On the other hand, we think the federal government will continue its exploring various funding options with lower debt servicing requirements just to meet its project funding and investment obligations.

### EQUITIES MARKET: : ASI Pares Weekly Gains on Sell Sentiment as Market Skids by N761.4bn.....

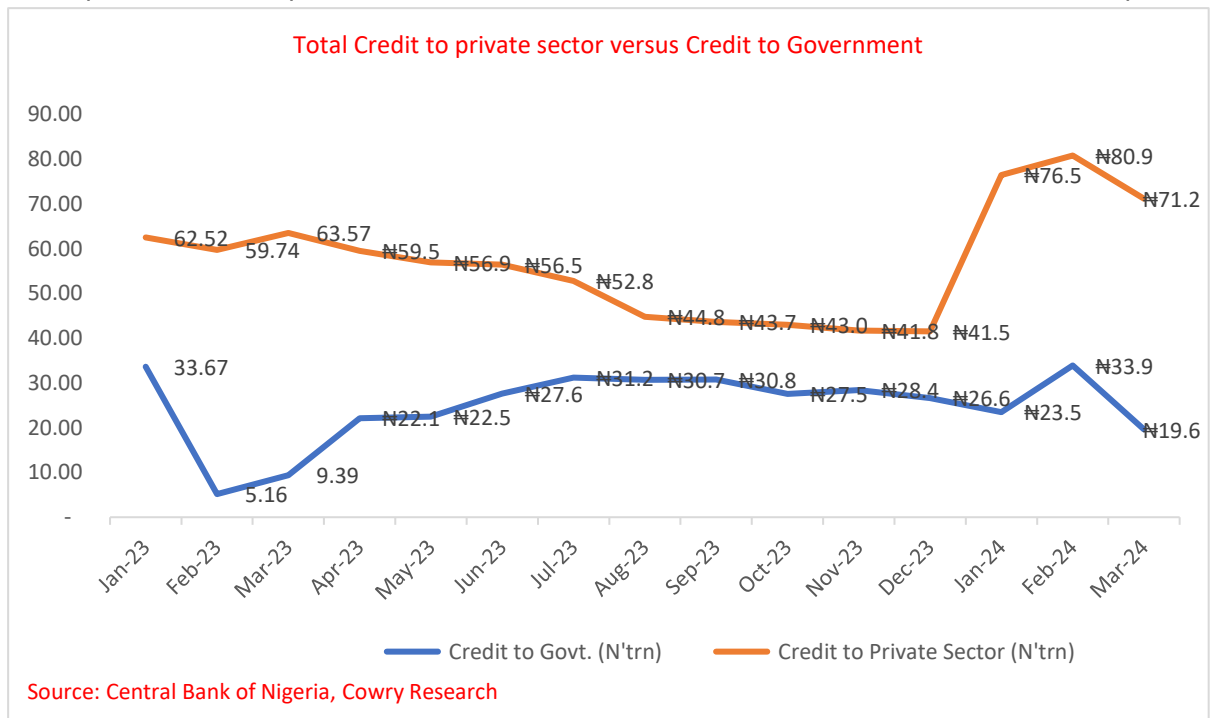
Looking ahead to the coming week, mixed sentiment is anticipated in the market as bulls and bears vie for dominance, while market players remain attuned to corporate actions in anticipation of dividend income. Despite this, pockets of gains are expected as fiscal and monetary policies strive to steer the nation's economy towards recovery, notwithstanding the forthcoming April 2024 CPI report and Q1 2024 Nigeria's GDP report.

**ECONOMY: Laudable Y/Y Expansion in Credit to FGN, Private Sector Amidst Hawkish CBN Activities....**

The latest credit extension data obtained from the website of the Central Bank of Nigeria (CBN) on total credit to the federal government as well as to the private sector shows a concerning growth of 12% in the total credit to the private sector to N71.21 trillion as at March 2024 from N63.6 trillion in the corresponding period of 2023 while the federal government has seen improved rise by 150.4% to N19.6 trillion from N9.4 trillion in the same period last year.

The gradual growth could be attributed to the improved level of economic activity post-COVID, signaling economic recovery and increased demand for credit by major businesses despite the prevailing high interest rate environment. The data also indicates an improvement and growth in the total banking system liquidity during the period, providing more lending opportunities for banks. The CBN has implemented various initiatives aimed at boosting credit delivery to the private sector, including the increase of the loan-to-deposit (LDR) policy and targeted intervention programmes for sectors like trade, agriculture and manufacturing.

On a monthly movement, the private sector experienced a decline of 11.9% month on month decrease in the total private sector credit to N71.2 trillion in March 2024 from N80.9 trillion in the preceding month amid the rising interest rate environment, spiralling inflation rate and foreign exchange volatility in the economy. In the same manner, the total credit to the government tumbled by 42.3% month on month to N19.6 trillion from N33.9 trillion in the prior month and then, on the average, credit to government printed at N25.7 trillion so far in 2024 as against the 16.1 trillion with that to the private sector averaging N72.8 trillion as against the N61.9 trillion in the same period last year.



This could be linked to the effect of the policy rate hikes by the monetary authority on the economy where the CBN's Monetary Policy Committee (MPC) has raised interest rate by 600 basis points to 24.75% so far in 2024 from 18.75% just to achieve price stability. This rate hike was precipitated by the fight against rising inflation that has maintained acceleration since December 2022 to the recent reading of 33.20% in March 2024.

Meanwhile, there has been an unprecedented growth in the total monetary aggregate, according to the central bank data as obtained from its website. Consequently, the money supply and broad money supply of the bank (M2 and M3) have soared by 69% and 66% year on year to N93.8 trillion in March 2024 and N94.6 trillion respectively. However, these aggregates went on a slight southward movement month on month from N95.6 trillion (M3) and N93.9 trillion (M2) to the current levels as a result of the impact of the tightening measures of the MPC.

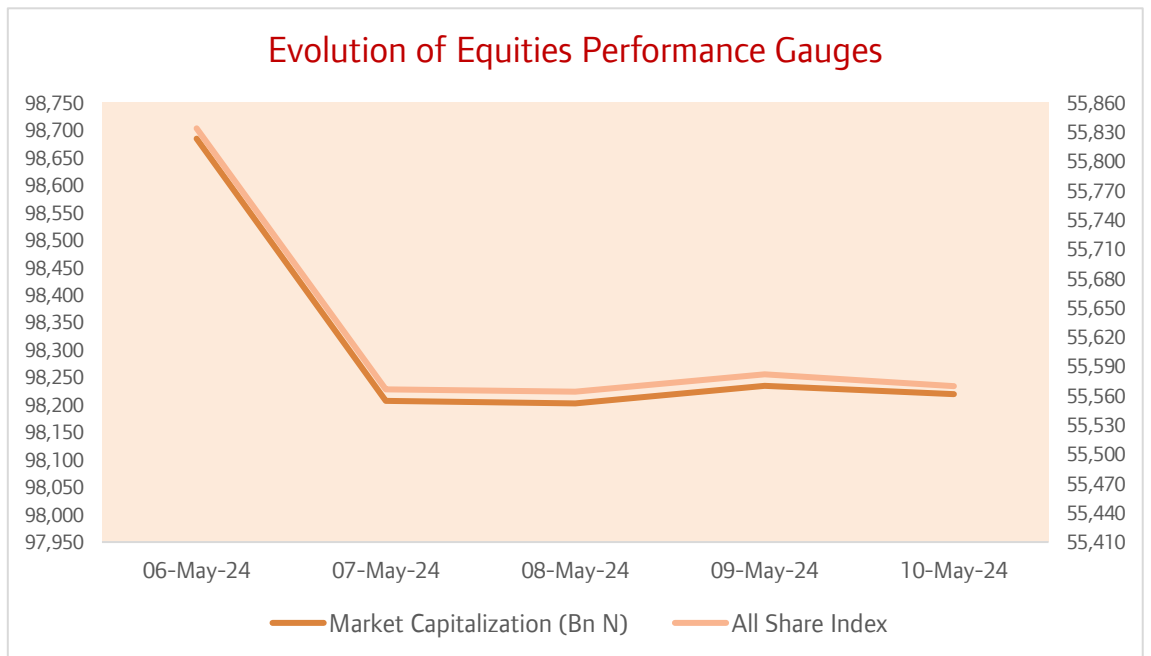
The full impact of the policy rate hikes by the central bank will continue to be seen in the economy as borrowing costs trend higher while businesses seek alternative funding options in the local debt market through the issuance and raise of commercial papers for the short term in order to keep business operations afloat. While we think a continued slow growth in total credit to government and private sector will continue, businesses will explore further funding options amidst rising prices. On the other hand, we think the federal government will continue its exploring various funding options with lower debt servicing requirements just to meet its project funding and investment obligations.

**EQUITIES MARKET: ASI Pares Weekly Gains on Sell Sentiment as Market Skids by N761.4bn.....**

The local bourse relinquished its previous weekly gains as bearish sentiment resurfaced, leading to fluctuations in stock prices and prompting investors, particularly in consumer goods and insurance stocks, to engage in sell-offs. Consequently, the benchmark index experienced a significant decline of 1.36% week-on-week, closing at 98,233.76 index points, driven by downbeat market sentiments as investors opted to offload shares in a sectoral rotation exercise.

Moreover, the market capitalisation of listed equities witnessed a downturn in three out of five trading sessions last week, decreasing by 1.35% week-on-week to N55.56 trillion. Despite being in the dividend earnings season, equity investors saw their wealth decrease by a total of N761.4 billion, although the year-to-date return of the market improved to 31.4%.

Trading activity during the week displayed a positive trend, albeit with a slightly negative market breadth, with



the number of losers outnumbering gainers in a ratio of 37:24. Consequently, the weekly traded volume saw a 12.7% increase week-on-week to 2.19 billion units, transacted in 45,277 deals, marking a 26.45% advancement from the previous week. Similarly, the traded value for the week surged by 55.21% week-on-week to N50.67 billion.

The sectoral performance this week was predominantly skewed towards the negative territory, except for the NGX-Industrial index, which recorded marginal gains of 0.07% due to positive price movements in CAVERTON, CAP, and WAPCO. Conversely, the NGX-Consumer Goods, NGX-Oil & Gas, NGX-Banking, and NGX-Insurance indexes witnessed declines of 1.18%, 0.33%, 0.07%, and 1.01% week-on-week, driven by sell sentiment in stocks such as PZ, INTBREW, AIRTELAFRI, STERLINGNG, FBNH, LINKASSURE, MBENEFIT, and ETERNA.

For the week's best-performing stocks, TANTALIZER led with a 28% increase, followed by FTNCOCOA (20%), PRESCO (15%), MAYBAKER (15%), and TIP (15%), buoyed by positive interest from investors. Conversely, the worst performers included PZ (-27%), MCNICHOLS (-20%), INTBREW (-15%), AIRTELAFRI (-10%), and ETERNA (-10%), as their share prices faced downward pressure from negative sentiments.

Looking ahead to the coming week, mixed sentiment is anticipated in the market as bulls and bears vie for dominance, while market players remain attuned to corporate actions in anticipation of dividend income. Despite this, pockets of gains are expected as fiscal and monetary policies strive to steer the nation's economy towards recovery, notwithstanding the forthcoming April 2024 CPI report and Q1 2024 Nigeria's GDP report. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

Weekly Gainers and Loser as at Friday, May 10, 2024

Top Ten Gainers				Bottom Ten Losers			
Symbol	10-May-24	03-May-24	% Change	Symbol	10-May-24	03-May-24	% Change
TANTALIZER	0.46	0.36	27.8%	PZ	27.75	38.00	-27.0%
FTNCOCOA	1.62	1.35	20.0%	MCNICHOLS	0.91	1.14	-20.2%
PRESCO	291.50	252.80	15.3%	NSLTECH	0.49	0.59	-16.9%
MAYBAKER	6.90	6.00	15.0%	INTBREW	4.05	4.78	-15.3%
TIP	2.30	2.00	15.0%	MANSARD	5.13	5.89	-12.9%
GUINEAINS	0.34	0.30	13.3%	TRANSCORP	12.60	14.10	-10.6%
OANDO	10.15	9.05	12.2%	AIRTELAFRI	1,973.00	2,200.00	-10.3%
JAPAULGOLD	2.13	1.90	12.1%	ETERNA	13.65	15.15	-9.9%
NGXGROUP	24.75	22.50	10.0%	BERGER	12.35	13.70	-9.9%
CORNERST	1.98	1.80	10.0%	IMG	12.40	13.75	-9.8%

Weekly Stock Recommendations as at Friday, May 10, 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
NESTLE	-100.9	-91	-98	-8.33	-8.1	1250	990	820.00	1045.0	697.0	943.0	27.44	Buy
PRESCO	24.06	33.68	81.22	3.59	12.12	291.50	110.00	291.50	408.1	247.8	335.2	40.00	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
STANBIC	3.45	5.52	42.02	1.24	15.07	84.00	27.50	52.00	83.2	44.2	59.8	60.00	Buy
ZENITH	8.22	11.51	90.70	0.37	4.14	47.35	18.90	34.00	47.6	28.9	39.1	40.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, May 10, 2024

FGN Eurobonds	Issue Date	TTM (years)	10-May-24 Price (N)	Weekly USD Δ	10-May-24 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.53	99.55	0.24	7.9%	-0.17
6.50 NOV 28, 2027	28-Nov-17	3.55	93.26	0.31	8.8%	-0.09
6.125 SEP 28, 2028	28-Sep-21	4.39	89.19	0.45	9.2%	-0.12
8.375 MAR 24, 2029	24-Mar-22	4.87	95.66	0.32	9.5%	-0.08
7.143 FEB 23, 2030	23-Feb-18	5.79	88.94	0.45	9.7%	-0.11
8.747 JAN 21, 2031	21-Nov-18	6.70	94.98	0.30	9.8%	-0.06
7.875 16-FEB-2032	16-Feb-17	7.78	88.69	0.48	10.0%	-0.09
7.375 SEP 28, 2033	28-Sep-21	9.39	84.42	0.56	10.0%	-0.10
7.696 FEB 23, 2038	23-Feb-18	13.80	80.32	0.68	10.4%	-0.11
7.625 NOV 28, 2047	28-Nov-17	23.57	76.37	0.99	10.3%	-0.14
9.248 JAN 21, 2049	21-Nov-18	24.72	90.76	0.75	10.3%	-0.09
8.25 SEP 28, 2051	28-Sep-21	27.40	79.79	0.53	10.5%	-0.07

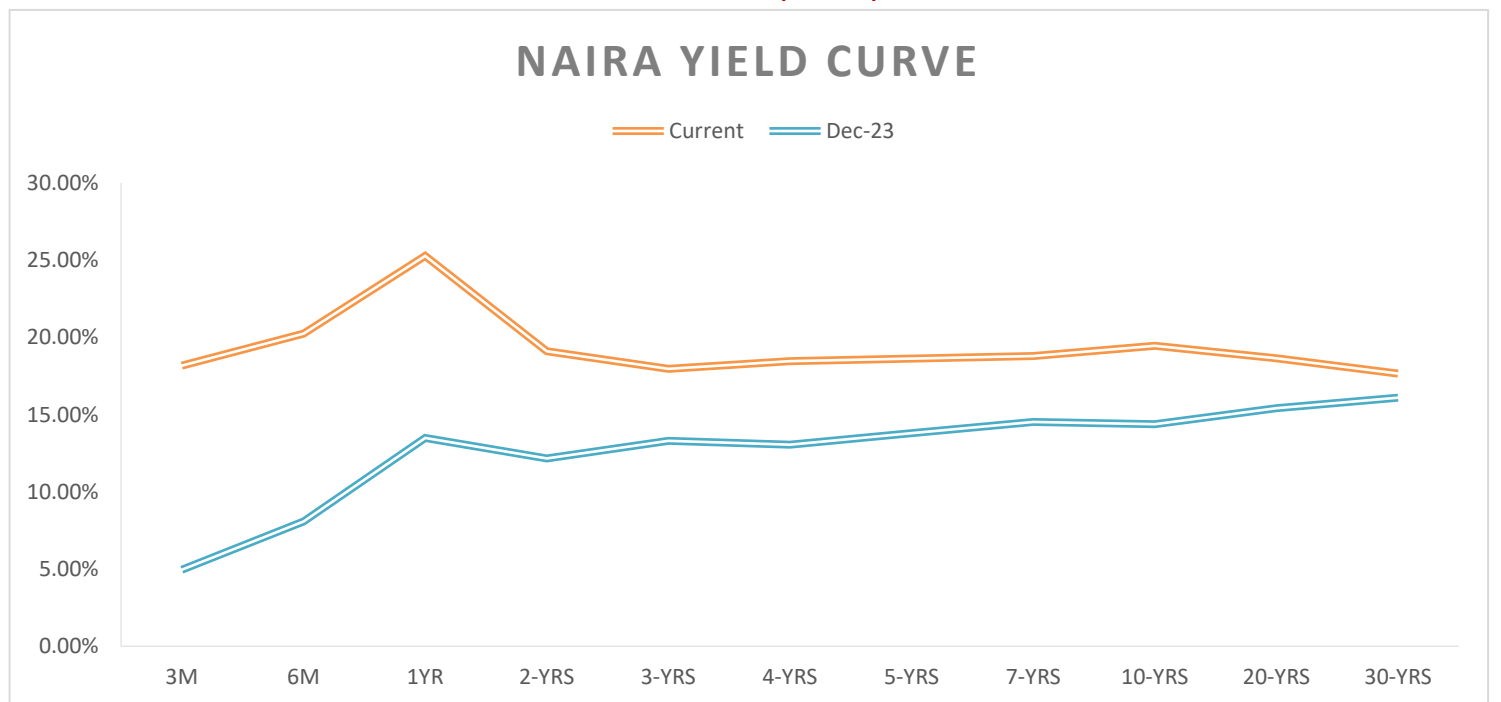
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, May 10,2024

MAJOR	10-May-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0766	1.0781	-0.14%	0.05%	0.39%	-1.34%
GBPUSD	1.2508	1.2525	-0.13%	-0.27%	-0.34%	0.02%
USDCHF	0.9081	0.9059	0.25%	0.32%	-0.21%	1.52%
USDRUB	92.3070	91.9484	0.39%	0.77%	-1.03%	19.89%
USDNGN	1424.9000	1419.5059	0.38%	3.07%	14.75%	209.71%
USDZAR	18.4723	18.4668	0.03%	-0.18%	-1.32%	-3.78%
USDEGP	47.4029	47.4029	0.00%	-1.09%	-0.30%	53.65%
USDCAD	1.37	1.3677	-0.04%	-0.14%	-0.15%	1.30%
USDMXN	16.76	16.7911	-0.16%	-1.22%	1.95%	-4.62%
USDBRL	5.15	5.1424	0.13%	1.45%	1.07%	4.40%
AUDUSD	0.6597	0.6617	-0.31%	-0.13%	0.92%	-1.50%
NZDUSD	0.6010	-0.0600	-0.42%	0.04%	0.18%	-4.54%
USDJPY	155.8250	155.3899	0.28%	1.85%	1.73%	15.83%
USDCNY	7.2319	7.2210	0.15%	0.57%	-0.31%	3.91%
USDINR	83.5444	83.4609	0.10%	0.19%	0.23%	1.77%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, May 10, 2024

Commodity		10-May-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	79.4	79.3	0.12%	1.62%	-6.64%	12.26%
BRENT	USD/Bbl	83.9	83.9	0.06%	1.21%	-6.44%	11.98%
NATURAL GAS	USD/MMBtu	2.3	9.8	-0.49%	6.90%	14.49%	4.56%
GASOLINE	USD/Gal	2.5	2.5	-0.40%	-0.38%	-8.44%	3.35%
COAL	USD/T	144.0	146.1	-1.47%	-2.57%	12.46%	-13.78%
GOLD	USD/t.oz	2,361.8	2,346.6	0.65%	2.66%	0.78%	17.22%
SILVER	USD/t.oz	28.2	28.3	-0.67%	6.22%	-0.96%	16.64%
WHEAT	USD/Bu	649.6	637.5	1.90%	4.28%	17.65%	3.49%
PALM-OIL	MYR/T	3,810.0	3,829.9	-0.52%	-0.83%	-10.96%	5.75%
COCOA	USD/T	8,401.7	8,302.1	1.20%	3.04%	-19.20%	159.06%

FGN Bonds Yield Curve, Friday May 10, 2024





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