

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: PFAs Comply with N5 Billion Minimum Regulatory Capital Requirement...

The equities market continue to be bullish in the first quarter of the year amid releases of the audited FY 2021 financial results. This, was despite the dwindling level of participation by the foreign portfolio investors. We expect that going forward the performance of the local bourse would chiefly depend on the perceived level of risk in the political space as well as the performance of companies in Q1 2022....

FOREX MARKET: Naira Loses against USD at I&E FX Window on Demand Pressure...

In the new week, we expect some level of pressure on the Naira against USD due anticipated pressure on foreign exchange amid electioneering activity coupled with weak petrodollar earnings....

MONEY MARKET: NIBOR Rises for Most Tenor Buckets on Financial Liquidity Strain...

In the new week, TB worth N20.27 billion and OMO worth N4 billion is expected to mature. we expect activity in the money market to be slightly bullish as the market expects liquidity boost from the maturing N24.27 billion worth of TB and OMO bills....

BOND MARKET: FGN Eurobond Yields Depreciated on renewed Bearish Sentiment....

In the new week, we expect the value of FGN Bonds, especially for longer maturities to fall (and yields to rise) as investors demand for 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: The NGX All Share Index closed at 50,935 points, raising the weekly gain by 1.94%....

In the new week, we expect the equities market index to rise further as investors buy more shares in anticipation for positive Q1 2022 companies releases.

ECONOMY: PFAs Comply with N5 Billion Minimum Regulatory Capital Requirement ...

Freshly released report by the National Pension Commission (PenCom) revealed that all the PFA’s has fully complied with the capitalisation requirement and the commission in its report wish to inform all stakeholders and the general public that as at 27 April 2022, all Pension Fund Administrators (PFAs) have complied with the Commission’s directive for the increase of the Minimum Regulatory Capital (Shareholders’ Fund) from N1 billion to N5 billion. The Commission had previously approved the recapitalisation exercise for the PFAs with a 12-month transition period from 27 April 2021 to 27 April 2022. The exercise which now became expedient as the value of pension fund assets under management and custody had grown exponentially by 244 percent, from N3 trillion in 2012 in 2021. (When the previous recapitalisation was done) to N12.29 trillion (as at December 31, 2020). The sustained growth in assets implies greater fiduciary responsibilities that require more operational capacity by the PFAs. The urgent need to ramp up PFAs capacity to manage the increasing number of registered contributors and value of pension fund assets under management led to the recapitalisation exercise. The commission is proud to say that 10 PFAs had met the new regulatory capital requirement of N5 billion as at 31 December 2021, while the others efforts to meet the deadline of 27 April 2022. This resulted in some mergers and acquisitions, which led to the reduction of the number of PFAs from 22 to 20. The Commission approved the acquisition of AIICO Pension Managers Limited by FCMB Pensions Limited; and the merger between Tangerine Pensions Limited and APT Pension Funds Managers Limited and subsequent change of name of the merged entity to Tangerine APT Pensions Limited. In addition, the Commission also approved Norrenberger’s acquisition of IEI-Anchor Pension Managers Limited, after its acquisition of the majority shareholder, IEI Plc. With the conclusion of the recapitalisation exercise, stakeholders, particularly RSA holders, should expect increased effectiveness and efficiency as well as improved service delivery from PFAs.

Also, foreign portfolio outflows increased to 25.80 billion in March from N24.57 billion m-o-m in Feb 2022. On the part of local investors, we saw increased stake in the equities market – their purchase transactions were N76.08 billion, higher than N67.01 billion worth of outflows.

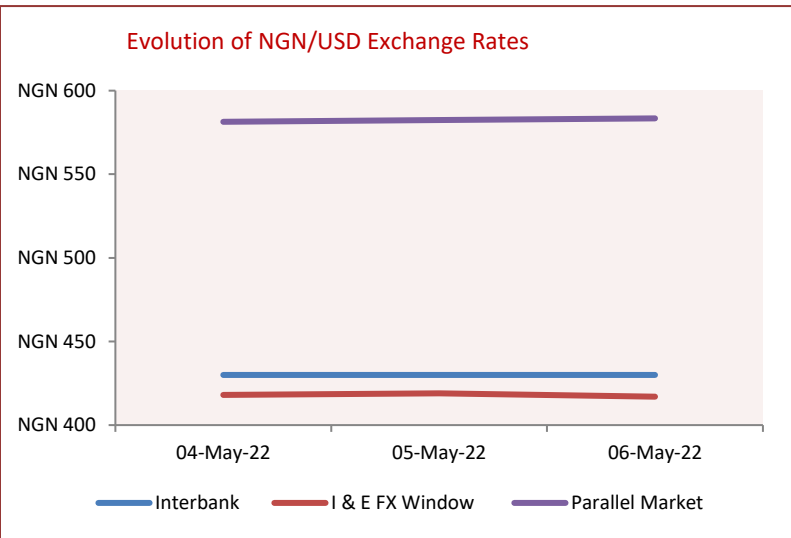
Monthly Global Oil Market Watch				
	Feb-22	Jan-22	%age Δ	2021 Avg
World Oil Demand mb/d	101.38	99.30	1.20%	97.50
World Oil Supply mb/d	99.76	99.05	1.18%	94.43

With the recapitalisation of PFA’s from N1 billion to N5 billion, Merger of Tangerine Pensions with APT Pensions and Acquisition of AIICO Pensions by FCMB Pensions Limited we hope to see increased effectiveness, efficiency and improved service delivery from the PFAs going forward.



FOREX MARKET: Naira Loses against USD at I&E FX Window on Demand Pressure...

In the just concluded week, the Naira/USD exchange rate depreciated against the greenback by 0.2% to N419/USD at the I&E FX Window as Bonny light price rised to USD108 per barrel. However, Naira depreciated against the greenback at the Parallel market by 19.00% to close at N592.00/USD. At the Interbank Foreign Exchange market, NGN/USD closed flat at N430.00/USD amid CBN’s weekly injections of USD210 million: USD100 million was

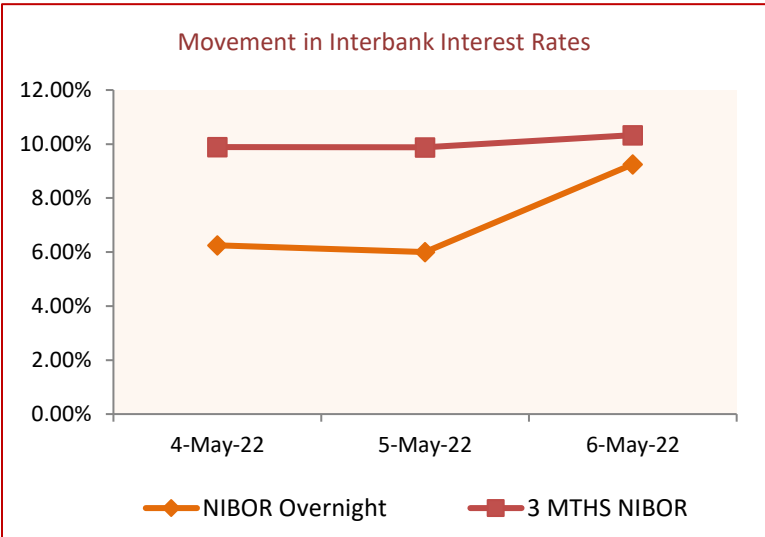


allocated to Wholesale Secondary Market Intervention Sales (SMIS), USD55 million was allocated to Small and Medium Scale Enterprises and USD55 million was sold for invisibles. Meanwhile, the Naira/USD exchange rate went in mixed directions across the foreign exchange forward contracts. Specifically, 2 month, 3 months and 12 months contracts gained 0.05%, 0.05% and 0.18% to close at N420.92/USD, N423.80/USD and N448.02/USD respectively. However, 1 months and 6 months contracts lost 0.11% and 0.01% to close at N418.46/USD and N432.66/USD respectively.

In the new week, we expect some level of pressure on the Naira against USD due anticipated pressure on foreign exchange amid electioneering activity coupled with weak petrodollar earnings.

MONEY MARKET: NIBOR Rises for Most Tenor Buckets on Financial Liquidity Strain...

In the just concluded week, given the muted activity in the treasury bills primary market which led to strong demand in the secondary market, as investors scrambled for T-bills, we saw NITTY went in mixed direction for the maturities tracked. Specifically, NITTY fell for 3 month and 6 months maturities to 3.29% (from 3.33%) and 3.79% (from 3.80%) respectively. However, 12 months maturity rose to 5.04% (from 4.44%), while NITTY for 1 month maturities remain flat. Meanwhile, in the OMO market, we saw N20

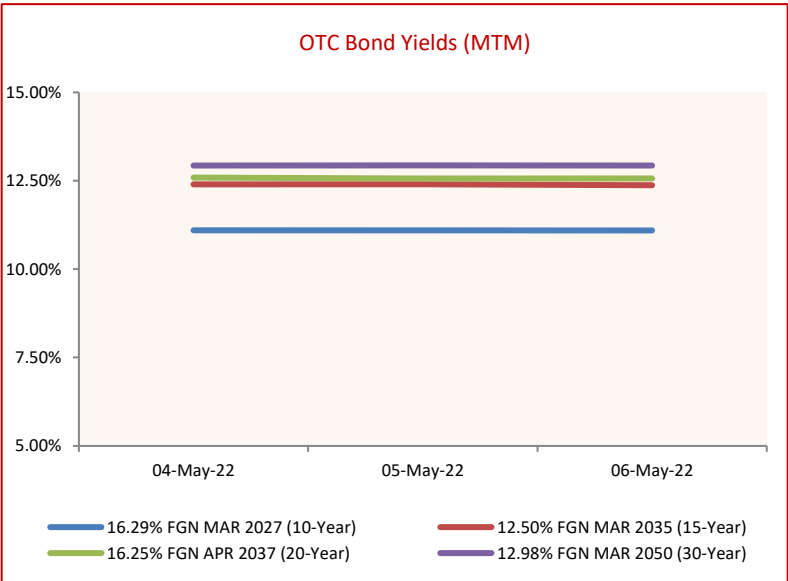


billion bills worth matured without refinancing, despite the new inflow, NIBOR closed in bullish direction for most of the tenor buckets as 1 month, 3 months, and 6 month tenor buckets rose to 9.25% (from 7.31%), 10.33% (from 8.11%) and 10.55% (from 8.49%) respectively. However, Overnight tenor bucket fell to 9.25% (from 9.40%).

In the new week, TB worth N20.27 billion and OMO worth N4 billion is expected to mature. we expect activity in the money market to be slightly bullish as the market expects liquidity boost from the maturing N24.27 billion worth of TB and OMO bills.

BOND MARKET:FGN Eurobond Yields Depreciated on renewed Bearish Sentiment.

In the just concluded week, investors were mostly bearish on maturities tracked in the secondary market as the value of FGN bonds traded in mismag direction for the maturities tracked.The 10-year, 16.29% FGN MAR 2027 instrument and 20-year 16.25% FGN APR 2037 debt declined by N1.23 to N119.08 from N120.31 and N0.79 to N124.55 from N125.34 while their yields

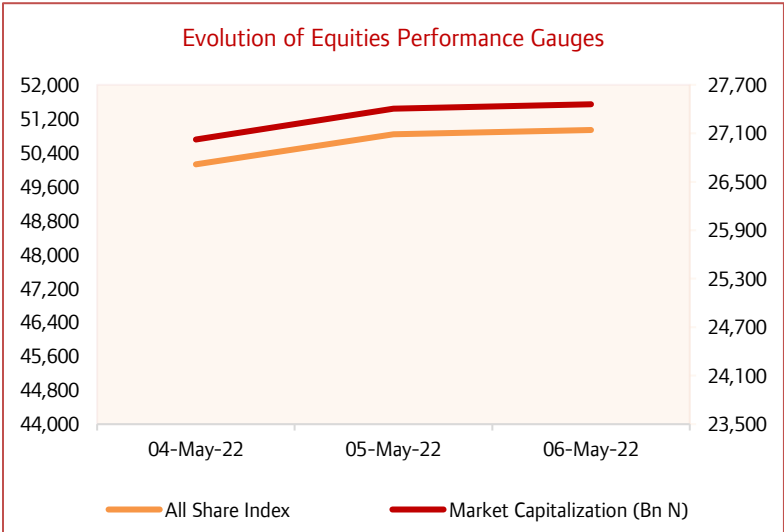


Increased to 11.10% (from 10.88%) and 12.57% (from 12.25%) respectively. However, the 15-year 12.50% FGN MAR 2035 instrument rose by N0.16 to N100.77 (from N100.61) while its yield declined to 12.37% (from 12.44%). However, and the 30-year 12.98% FGN MAR 2050 bond remain flat at N100.33 and the corresponding yields at 12.93%. Elsewhere, the value of FGN Eurobonds traded at the international capital market depreciated for all maturities tracked on renewed bearish sentiment. The 10-year, 6.375% JUL 12, 2023 bond, the 20-year, 7.69% FEB 23, 2038 paper and the 30-year, 7.62% NOV 28, 2047 debt lost USD 0.83 , USD 2.88 and USD 3.02 respectively; their corresponding yields rose to 7.28% (from 6.53%), 11.53% (from 11.02%) and 11.48% (from 10.99%) respectively.

In the new week, we expect the value of FGN Bonds, especially for longer maturities to fall (and yields to rise) as investors demand for 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: The NGX All Share Index closed at 50,935 points, raising the weekly gain by 1.94%..

In the just concluded week, the local bourse witnessed bullish momentum as investors bought shares of tickers companies with sound fundamentals. Notably, we saw the share prices of CAVERTON, CHAMPION, LEARNAFRCA, INTBREW and CADBURY rise by 10.00%, 9.87%, 9.81%, 9.76% and 9.72% respectively – hence, lifting the All-Share Index and Market Capitalization each by 194bps to close at 50,935.03 points and N267.46 trillion. Also, most the sector gauges closed in positive



territory amid sustained buy pressure. Notably, The NGX Consumer Goods index, NGX Industrial Goods, and NGX NSE30 index increased by 7.21%, 3.23%, and 3.34% respectively to close at 662.68 points, 2185.25 points, and 1,949.17 points respectively. Meanwhile, market activity was bullish as volume and value rose by 12% & 10% to 1.6 billion units and N33 billion. However, deals for the three days of the week under review close at 21,052 as against 29,132 recorded for the comparative full week.

In the new week, we expect the equities market index to rise further as investors buy more shares in anticipation for positive Q1 2022 companies releases.

Top Ten Gainers				Bottom Ten Losers			
Symbol	May 06 2022	Apr 29 2022	% Change	Symbol	May 06 2022	Apr 29 2022	% Change
CHAMPION [BLS]	3.34	2.52	33%	OANDO [MRF]	5.56	6.30	-12%
INTBREW [BLS]	6.75	5.10	32%	MANSARD	2.20	2.44	-10%
CADBURY	13.55	10.25	32%	TRANSCOHOT [BLS]	4.50	4.95	-9%
FIDSON	10.03	8.15	23%	NEM	4.03	4.40	-8%
NB	70.00	57.10	23%	FCMB	3.60	3.88	-7%
ETERNA	7.26	6.02	21%	REGALINS	0.30	0.32	-6%
LEARNAFRCA	2.35	1.95	21%	VERITASKAP	0.21	0.22	-5%
UPL	2.94	2.45	20%	MULTIVERSE	0.22	0.23	-4%
PRESCO [MRF]	170.00	143.40	19%	UNITYBNK [MRF]	0.48	0.50	-4%
GUINNESS	110.00	93.00	18%	UPDCREIT	3.70	3.85	-4%



Weekly Stock Recommendations as at Friday, May 06, 2022

Stock	Last Qtr Result	Adjusted Forecast FY PAT	Current EPS	Forecast EPS	BV/S	P/B Ratio	PE Ratio	52 Weeks' High	52 Weeks' Low	Current Price	FY Price Target	Short term Stop Loss	Short term Take Profit	Upside Potential (%)	Recommendation
Stock	Last Qtr. Result	Adjusted Forecast FY PAT	Current EPS	Forecast EPS	BV/S	P/B Ratio	PE Ratio	52 Weeks' High	52 Weeks' Low	Current Price	FY Price Target	Short term Stop Loss	Short term Take Profit	Upside Potential (%)	Recommendation
CAP	Q4 2021	818.52	1.55	1.04	4.95	2.07	6.61	27.50	15.40	21.90	25.00	18.62	25.19	14.16	Buy
Fidelity Bank	Q4 2021	19,180.00	0.92	0.66	9.44	0.40	4.13	3.99	1.40	3.71	3.28	3.15	4.27	-11.46	Buy
May & Baker	Q4 2021	1,176.57	0.56	0.68	3.93	1.12	7.87	5.18	1.79	4.40	6.09	3.74	5.06	38.41	Buy
UBA	Q4 2021	132,489.53	3.33	3.87	20.32	0.41	2.48	9.25	4.40	8.05	9.50	6.84	9.26	18.01	Buy
WAPCO	Q4 2021	48,473.52	1.91	3.01	22.33	1.21	14.10	27.00	8.95	27.00	30.00	22.95	31.05	11.11	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, May 06, 2022

FGN Eurobonds	Issue Date	TTM (years)	06-May-22 Price (N)	Weekly Naira Δ	29-April-22 Yield	Weekly PPT Δ
7.143 FEB 23, 2030	23-Feb-18	7.81	82.07	-3.31	8.3%	0.00
8.747 JAN 21, 2031	21-Nov-18	8.72	86.35	-4.18	8.8%	0.00
7.875 16-FEB-2032	16-Feb-17	9.79	80.60	-3.32	8.8%	0.00
7.375 SEP 28, 2033	28-Sep-21	11.41	77.13	-2.81	8.8%	0.00
7.696 FEB 23, 2038	23-Feb-18	15.81	72.47	-2.88	9.4%	0.00
7.625 NOV 28, 2047	28-Nov-17	25.58	68.37	-3.02	9.5%	0.00
9.248 JAN 21, 2049	21-Nov-18	26.73	80.17	-3.47	9.9%	0.00
8.25 SEP 28, 2051	28-Sep-21	29.42	73.23	-2.51	9.7%	0.00
7.143 FEB 23, 2030	23-Feb-18	7.81	82.07	-3.31	8.3%	0.00
8.747 JAN 21, 2031	21-Nov-18	8.72	86.35	-4.18	8.8%	0.00

Disclaimer

This report is produced by the **Research Desk** of Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing

this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.