

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Continued Decline in FPIs' Participation in Equity Trading ...

The equities market was bullish in April 2022 amid company releases of the Q1 2022 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.....

FOREX MARKET: Naira Appreciated against USD at I&E FX Window on Sell Pressure.....

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

MONEY MARKET: NIBOR Decreases for Most Tenor Buckets on Financial Liquidity Ease...

In the new week, NTB worth N90 billion will mature in the primary market while the secondary market is muted. Hence, we expect the stop rate to marginally increase amid liquidity strain in the OMO space.....

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

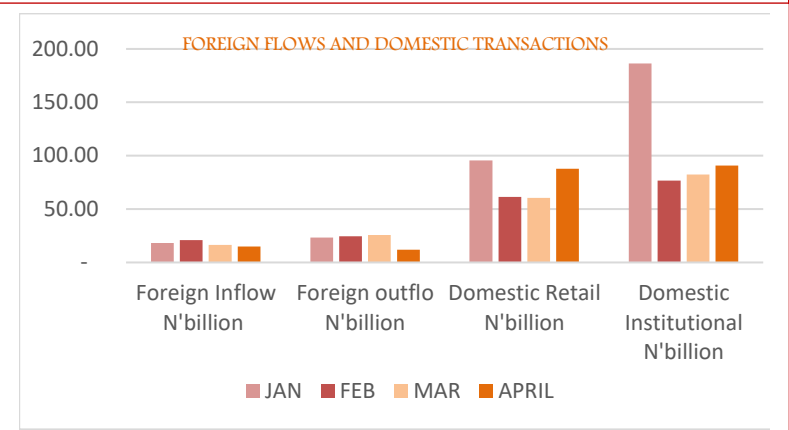
In the new week, we expect the value of FGN Bonds, especially for longer maturities to fall (and yields to rise) as investors demand higher returns given the recent rate hike on 364-day Bill. Nevertheless, we expect investors to demand for Nigerian Eurobonds as yields trade at attractive levels.

EQUITIES MARKET: The NGX All Share Index closed at 52,908.24 points, decreasing the weekly gain by 2.18%..

In the new week, we expect to see a mixed reaction to the daily change of the local bourse. This we believe will be as a result of no upcoming company's financial release for the new week....

ECONOMY: Continued Decline in FPIs’ Participation in Equity Trading ...

The freshly released report by the Nigerian Exchange (NGX) on domestic and foreign portfolio participation in equities trading showed that total equities market transactions increased by 11.13% to N205.88 billion in April 2022 from N185.26 billion in March 2022. When compared to April 2021, the result shows that total transactions Increased by 28.73% y-o-y. Further analysis of the total transactions revealed that total domestic transactions increased by 24.96% m-o-m to N178.80billion in April from N143.09 billion in March 2022, and total foreign transactions decreased by 35.78% m- o- m to N27.08 billion from N42.17 billion in March 2022. The appetite of foreign portfolio investors (FPIs) continues to decline amid sustained fear of foreign exchange volatility eroding their returns on investment and insecurity currently being encountered in the country. Foreign investors appeared to have their reservations about the Naira not being fairly priced against the greenback. However, local investors seem to be taking a position as companies’ Q1 year 2022 results are being released, as they accumulate more shares of some fundamentally sound stocks. Notably, we saw local players’ participation in the equities market increase in April than in March 2022. Further breakdown showed that domestic institutional investors outperformed retail investors by 24% in April. Also, the m- o- m comparison of domestic transactions shows that retail transactions increased by 12.56% to N68.22 billion in April 2022 from N60.61 billion in March 2022. Similarly, the institutional composition of the domestic market m-o-m increased by 34.07% to N110.58 billion in April 2022 from N82.48 billion in March 2022. The 2021 transaction data shows that domestic investors Contributed 77% of the total amount of transactions, whilst FPI contributed 23% Of the total transactions in the same period, 2022 data revealed domestic transactions to be N742.09 billion and FPI N156.09 billion. The ratio of total domestic transactions to total foreign transactions tilted increased to 83:17 at the end of April 2022. A further breakdown of the FPI transactions m-o-m showed that foreign portfolio inflows reduced to N15.02 billion (from N16.37 billion); However, foreign portfolio outflows fell to 12.06 billion in April from N25.80 billion m-o-m in March 2022. On the part of local investors saw an increased stake in the equities market – their purchase transactions were N87.89 billion, lower than N90.91 billion worth of outflows.



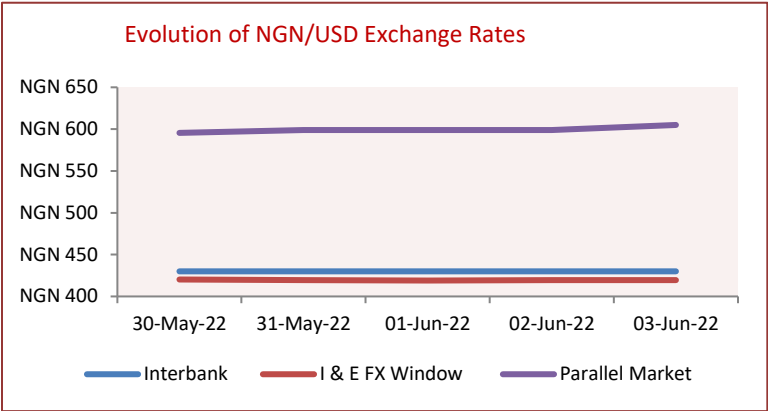
Monthly Global Oil Market Watch				
	Feb-22	Jan-22	%age Δ	2021 Avg
World Oil Demand mb/d	101.38	99.30	1.20%	97.50
World Oil Supply mb/d	99.76	99.05	1.18%	94.43
World Rig Count	1,623	1,566	0.57 %	1,361

The equities market was bullish in April 2022 amid company releases of the Q1 2022 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 no expectation of company result



FOREX MARKET: Naira Appreciated against USD at I&E FX Window on Sell Pressure.....

In the just concluded week, the Naira/USD exchange rate depreciated against the greenback by 0.06% to N419.75/USD at the I&E FX Window as Bonny light price rose to USD124.18 per barrel. However, Naira depreciated against the greenback at the Parallel market by 19.18% to close at N600.00/USD. At the Interbank Foreign Exchange market, NGN/USD closed flat at

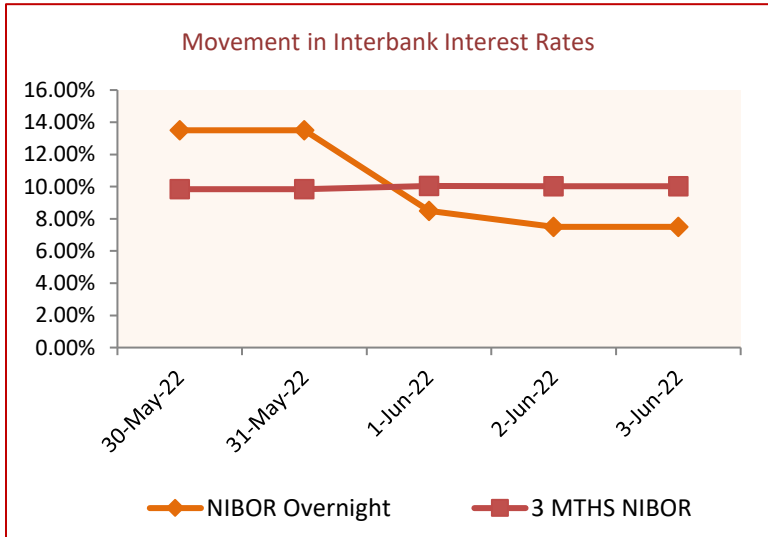


N430.00/USD amid CBN’s weekly injections of USD210 million: USD100 million was allocated to Wholesale Secondary Market Intervention Sales (SMIS), USD55 million was allocated to Small and Medium Scale Enterprises and USD55 million was sold for Invisibles. Meanwhile, the Naira/USD exchange rate went in mixed directions across the foreign exchange forward contracts. Specifically, 2 months, 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 month 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 the USD due to anticipated pressure on foreign exchange amid electioneering activity coupled with weak petrodollar earnings.

MONEY MARKET: NIBOR Decreases for Most Tenor Buckets on Financial Liquidity Ease...

In the just concluded week, there was no auction in the primary market. NIBOR fell for most of the tenor Burket being tracked. Specifically, Overnight, 1 month, 3 months and 6 months maturities decreased to 7.50% (from 12.58%), 9.36%(from 10.53%), 10.30%(from 11.31%) and 11.08%(from 11.10%) respectively. On the flip side, NITTY was mix bagged for all tenor buckets tracked as we saw no maturity for this week. Bearish sentiment eclipsed both the 3-month and 6

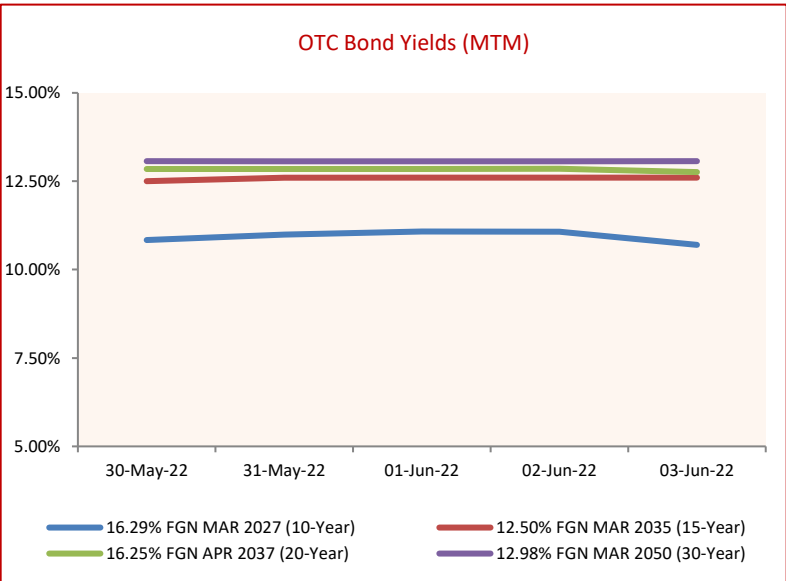


months tenor buckets as they closed at 3.74%(from 3.80%) and 4.34%(from 4.46%) respectively. While both the 1-month and 12-month tenor buckets rose by 3.43%(from 3.34%) and 6.49%(from 6.04%) respectively.

In the new week, NTB worth N90 billion will mature in the primary market while the secondary market is muted. Hence, we expect the stop rate to marginally increase amid liquidity strain in the OMO space.

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

In the just concluded week, investors were mostly bullish on maturities tracked in the secondary market as the value of FGN bonds traded went in a mismag direction for the maturities tracked. Specifically, the 10-year, 16.29% FGN MAR 2027 instrument and 20-year 16.25% FGN APR 2037 debt rose by N0.53 to N120.47 from N119.94 and N0.66 to N122.97 from N122.31 while their yields decreased to 10.70% (from 10.84%) and 12.76% (from 12.85%) respectively. On the other hand, the 15-year 12.50% FGN MAR

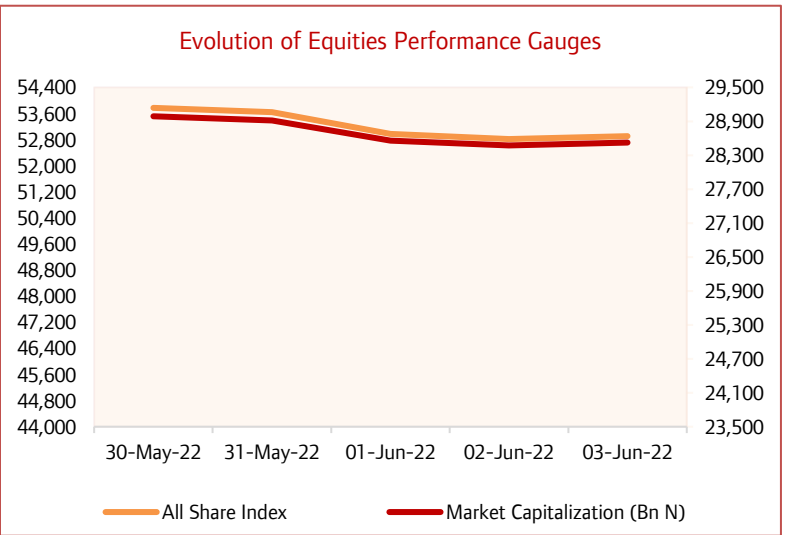


2035 instrument declined by N0.62 to N99.33 (from N99.95) while its yield rose to 12.60% (from 12.50%). However, the 30-year 12.98% FGN MAR 2050 bond remains flattishh at N99.30 and the corresponding yields at 13.07%. Elsewhere, the value of FGN Eurobonds traded at the international capital market depreciated for all the 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 0.23 , USD 2.02 and USD 1.58 respectively; while their corresponding yields rose to 7.40% (from 7.16%), 11.33% (from 10.99%) and 11.04% (from 10.80%) 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 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 54,085.30 points, increasing the weekly gain by 2.09%..

In the just concluded week, the local bourse witnessed bearish sentiment on the back of increased profit-taking on some stocks. Notably, we saw the share prices of UPDCREDIT, WAPIC, UACN, CAVERTON and INTERBREW decline by 9.33%, 4.55%, 4.35%, 3.36%, and 3.33% respectively – the overall twin market performance gauges, NGX ASI and market capitalization, each declined w-o-w by 2.18 percent to close at 52,908.24 points and N28.52 trillion respectively. In the same vein,,



most of the sector gauges tracked closed negative. Notably, The NGX Oil and Gas Index, NGX Consumer Goods Index, NGX Banking Index and NGX Industrial Index decreased by 0.45%, 2.51%, 0.73%, 0.76% and 3.73% respectively to close at 549.01 points, 647.55 points, 424.34 points, and 2,193.62 points respectively. Meanwhile, market activity rose as volume and value increased by 1,458% and 685% to 28.67 billion units and N213.3 billion respectively. However, deals for the week under review close at 28,567 as against 27,273 recorded for the comparative full week.



In the new week, we expect to see a mixed reaction to the daily change of the local bourse. This we believe will be as a result of no upcoming company’s financial release for the new week. However, Investors are advised to trade on companies’ stocks with good fundamentals and positive outlook so as to avoid falling into the bear trap.

Top Ten Gainers				Bottom Ten Losers			
Symbol	Jun 03 2022	May 27, 2022	% Change	Symbol	Jun 03, 2022	May 27, 2022	% Change
CONOIL	34.25	29.10	18%	NAHCO	6.47	7.94	-19%
OKOMUOIL	215.00	193.50	11%	JAIZBANK	0.78	0.90	-13%
PRESCO [MRF]	180.00	162.00	11%	ETERNA	6.77	7.70	-12%
NNFM	11.70	10.60	10%	PZ	11.45	12.60	-9%
JBERGER	28.90	26.20	10%	NEM	3.82	4.20	-9%
UPDCREIT	3.75	3.40	10%	CHAMS	0.22	0.24	-8%
INTBREW [BLS]	7.90	7.25	9%	SOVRENINS	0.25	0.27	-7%
NB	69.30	63.70	9%	TRANSCOHOT [BLS]	5.85	6.25	-6%
MAYBAKER	4.34	4.01	8%	LIVESTOCK	1.50	1.60	-6%
NEIMETH	1.67	1.55	8%	LEARNAFRCA	2.05	2.18	-6%

Weekly Stock Recommendations as at Friday, June 03, 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
CAP	Q3 2021	818.52	1.55	1.04	4.95	4.00	12.76	27.50	15.40	20.15	25.00	16.83	22.77	12.07	Buy
May & Baker	Q3 2021	1,176.57	0.56	0.68	3.93	1.12	7.87	5.18	1.79	4.01	6.09	3.74	5.06	51.87	Buy
UBA	Q1 2022	122,019.00	3.57	4.85	26.03	0.32	2.30	8.80	4.40	7.75	13.49	9.43	9.43	74.06	Buy
WAPCO	Q1 2022	87,174.72	3.91	15.64	72.15	0.44	8.12	31.79	21.87	27.00	57.33	19.64	42.00	112.33	Buy
Zenith Bank	Q1 2022	389,400.00	8.00	7.61	47.98	0.51	3.06	26.89	22.01	23.45	30.25	28.75	28.75	29.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, June 03, 2022

FGN Eurobonds	Issue Date	TTM (years)	03-June-22 Price (N)	Weekly Naira Δ	03-June-22 Yield	Weekly PPT Δ
7.143 FEB 23, 2030	23-Feb-18	7.73	81.59	-0.97	8.3%	0.00
8.747 JAN 21, 2031	21-Nov-18	8.64	85.89	-1.38	8.8%	0.00
7.875 16-FEB-2032	16-Feb-17	9.71	80.47	-0.82	8.8%	0.00
7.375 SEP 28, 2033	28-Sep-21	11.33	77.22	-2.49	8.8%	0.00
7.696 FEB 23, 2038	23-Feb-18	15.74	73.55	-2.02	9.4%	0.00
7.625 NOV 28, 2047	28-Nov-17	25.50	71.06	-1.58	9.5%	0.00
9.248 JAN 21, 2049	21-Nov-18	26.65	80.44	-1.14	9.9%	0.00
8.25 SEP 28, 2051	28-Sep-21	29.34	73.66	-1.47	9.7%	0.00
7.143 FEB 23, 2030	23-Feb-18	7.73	81.59	-0.97	8.3%	0.00
8.747 JAN 21, 2031	21-Nov-18	8.64	85.89	-1.38	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.