

### Segment Outlook:

## Cowry Financial Markets Review, Outlook & Recommended Stocks

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**ECONOMY: Domestic investors taking a bet on the equities market, FPI participation on a decline.....**

In our opinion, this has created an attractive buying opportunity for investors as we approach the half-year earnings and dividend season in the equities market.....

**FOREX MARKET: Naira Strengthened N5.56 W/W Against USD At I&E FX Window On Buy Pressure...**

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**BOND MARKET: FGN Bond Yields Decline as Investors Remain Bullish...**

In the new week, we expect the value of FGN Bonds to fall (and yields to rise) as investors scramble for short term fixed income securities. Nevertheless, we expect investors to demand for Nigerian Eurobonds as yields appear attractive.

**EQUITIES MARKET: The Bulls Rule The Bourse As NGX-ASI Close 51829.67 Points.**

In the new week, we expect to see the expectations of Q2 numbers act as catalyst to trigger more bullish sentiments. Also, we continue to maintain positive sentiments in the market while investors are advised to trade on companies' stocks with good fundamentals and a positive outlook so as to avoid falling into the bear trap.

ECONOMY: Domestic investors taking a bet on the equities market, FPI participation on a decline.....

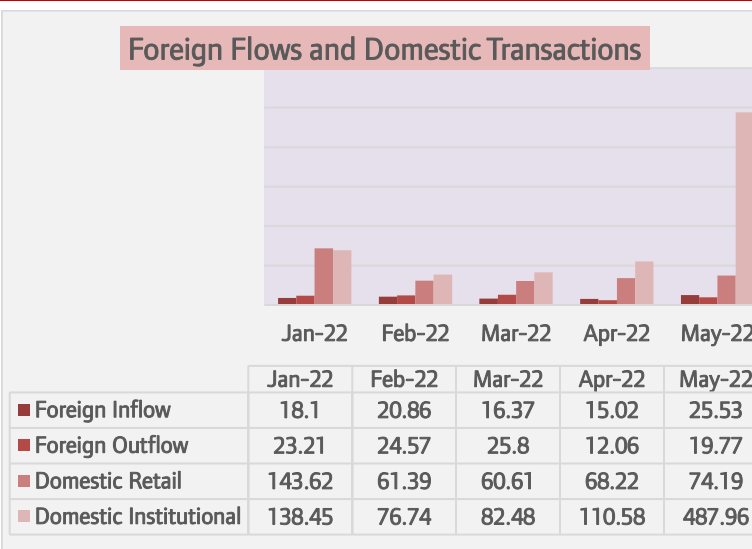
The newly published report on domestic and foreign portfolio participation in equities trading by the Nigerian Exchange (NGX) showed that total equities market transactions increased by 195.05% to N607.45 billion in May 2022 from N205.88 billion in the previous month. When compared to May 2021, the result shows that total transactions Increased by over 500% (525.01%) y-o-y from N97.19 billion.

Our analysis of the data shows that this is the highest trading figure recorded in a month since 2007 and brings the year-to-date transaction to N1.51 trillion under 5 months. Also, the strong appetite of domestic investors continues to outperform the total transactions by foreign investors by 86%. This was hinged on the fact that domestic investors at the close of Q1 2022, began taking a bet on the domestic bourse.

Consequent with a strong-willed consideration of the positive rally during the month of May, there was improved investors’ sentiment spurred by strong earnings, positive price appreciations, and movements on the index which gained 8.1 percent month on month and crossed the 50,000 psychological point mark to close the month at 53,772.35 points (almost a 14-year high).

From the trading figures polled by the NGX from market operators, total domestic transactions executed between April and May surged 214.4% to N562.15 billion from N178.8 billion while the total foreign transactions rose 67.28% to N45.3 billion from N27.08 billion in May. Similarly, institutional investors maintained their performance ahead of their Retail counterparts by 74% as the report revealed that the institutional composition of the domestic market increased by 341.27% from N110.58 billion in April to N487.96 billion while retail transactions surged 8.75% to N74.19 billion from N68.22 billion during the month

Meanwhile, foreign portfolio investors have largely exited Nigeria resulting from FX liquidity issues, leading to a backlog of delayed external payments which is estimated by the World Bank at around \$1.7 billion. Nevertheless, we have in recent days in June, seen the equities market slip into a bearish pattern as investors continue to take profits off the market in light of the recent MPC rate hike. In our opinion, this has created an attractive buying opportunity for investors as we approach the half-year earnings and dividend season in the equities market.



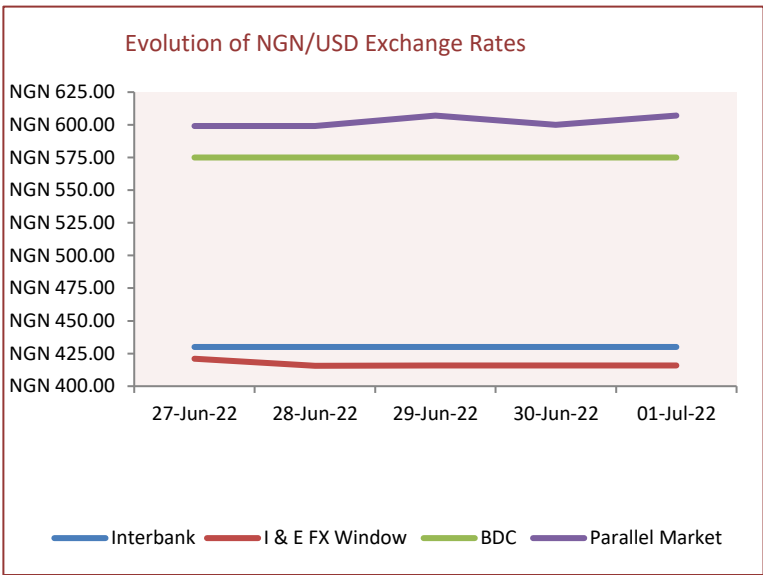
Monthly Global Oil Market Watch				
	June-22	May-22	%age Δ	2021 Avg
World Oil Demand mb/d	95	98.6	-3.65	96.92
World Oil Supply mb/d	98.19	98.75	-0.57	98.8
World Rig Count	1,706	1628	4.79	1470

Source: Nigerian Exchange Group, Cowry Research



FOREX MARKET: Naira strengthened N5.56 w/w against USD at I&E FX Window on Buy Pressure...

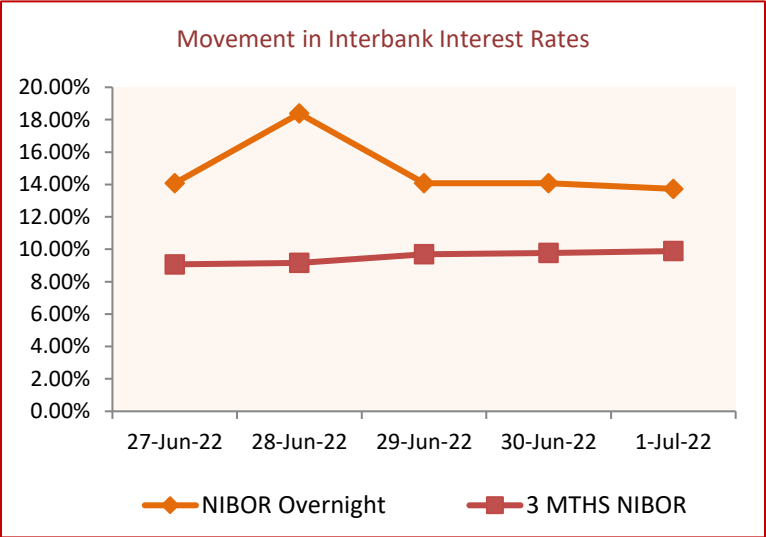
In the just concluded week, the Naira/USD exchange rate appreciated by 1.24% against the last week price of N421.33/USD to close at N415.77/USD at the I&E FX Window likewise the Bonny light price rose to USD118.52 from USD115.4 per barrel in the previous week. However, Naira depreciated against the greenback at the Parallel market by 1.33% to close at N607.06/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 rose for all the foreign exchange forward contracts. Specifically, 1 month, 2 months, 3 months, 6 months and 12 months contracts gained 0.96%, 1.09% 1.05%, 1,12% and 1.1% to close at N422.13/USD, N424.65/USD, N431.97/USD, N443.59/USD and N467.12/USD respectively.



In the new week, we expect the local currency to trade in a calm manner against the greenback barring market distortions amid electioneering activity coupled with weak petrodollar earnings for the country.

MONEY MARKET: NITTY Rises for All Tenor Buckets on Sustained Financial Liquidity Strain...

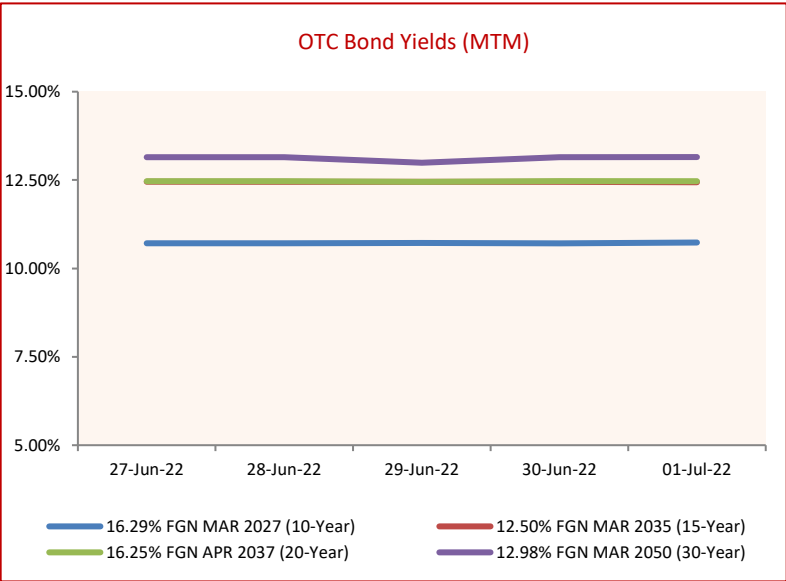
In the just concluded week, CBN allotted T-bills worth N174.06 billion to refinance the N64.66 billion worth of matured treasury bills. Notably, given the over-subscription of the 91 Days, the stop rate fell to 2.40% (from 2.49%). Despite the huge sale of N174.06 billion. Stop rates for 182-Day bill and 364-day bill were unchanged at 3.79% and 6.07% respectively. Despite the bullish mood in the primary market, NITTY rose for Overnight, 1 month, 3 months, 6 months and 12months maturities 4.16% (from 3.73%), 4.79% (from 4.26%), 5.44% (from 4.97%) and 6.55% (from 6.49%) respectively. Given the lack of activity in the OMO space, NIBOR for most tenor buckets closed southward. 1 month, 3 months, 6 Months and 12 Months tenor buckets rose to 13.73% (from 14.20%), 7.29% (from 11.12%), 9.89% (from 12.33%) and 9.68% (from 13.16%) respectively.



In the new week, we expect activity in the money market to be slightly bullish as the financial system liquidity should be boosted by the maturing N20 billion worth of OMO bills – hence, we anticipate a fall in NIBOR for most tenor buckets.

BOND MARKET: FGN Bond Yields Decline as Investors Remain Bullish...

In the just concluded week, investors were mostly bullish on maturities tracked in the secondary market as the value of FGN bonds traded Declined for all the maturities tracked except the 15-year 12.50% FGN MAR 2035, which rose by N0.08 to N100.35 ( from N100.27) while it yield declined to 12.44% (from 12.45%). Specifically, the 10-year, 16.29% FGN MAR 2027 instrument, the 20-year 16.25% FGN APR 2037 debt instrument and the 30-year 12.98% FGN MAR 2050 bond declined by N0.12 to N120.08 from N120.20,

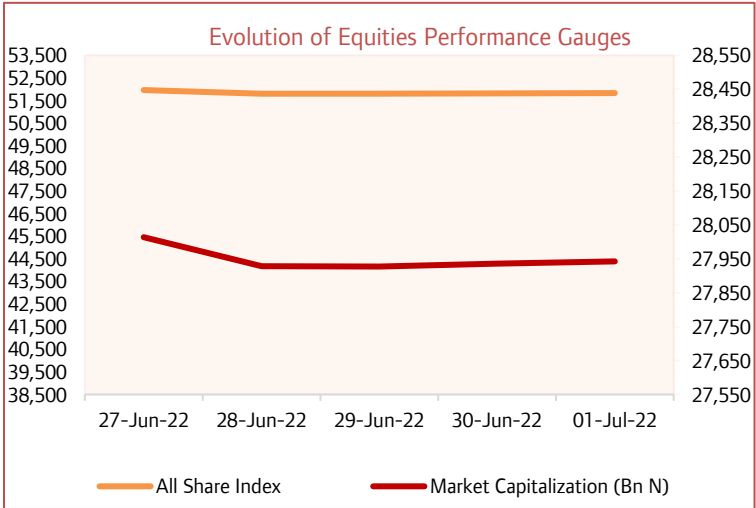


N0.12 to N125.24 (from N125.36) and N1.19 to N98.69 from N98.88 while their yields rose to 10.73% (from 10.72%), 12.46% (from 12.45%) and 13.15% (from 12.99%) respectively. Elsewhere, the value of FGN Eurobonds traded at the international capital market depreciated for all the maturities tracked on renewed 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 0.29 , USD 0.50 and USD 0.74 respectively; while their corresponding yields rose to 8.85% (from 8.50%), 13.54% (from 13.42%) and 12.99% (from 12.84%) respectively.

In the new week, we expect the value of FGN Bonds to fall (and yields to rise) as investors scramble for short term fixed income securities. Nevertheless, we expect investors to demand for Nigerian Eurobonds as yields appear attractive.....

EQUITIES MARKET: The bulls rule the bourse as NGX-ASI close 51829.67 points.

In the just concluded week, the domestic bourse sustained its bullish run from the prior week from three out of five trading sections and closing the week on a marginally positive note as investors begin to take position ahead of the forthcoming earning season. Notably, we saw the share prices of CORNEST (21%), OKOMUOIL (12%), FBNH (10%), ETI (9%) and SOVERINS (8%) in that order– hence, driving the positive advancement of the All-Share Index and Market Capitalization each by 2ps (0.24%



w/w) to close at 51,829.67 points and N27.94 trillion. However, most of the sector gauges tracked closed northward as was seen in the NGX Banking (1.06%), NGX Insurance (3.59%) and NGX Oil/Gas (0.15%) indexes respectively. On the other hand, the NGX Consumer Goods Index and NGX Industrial Index declined by 0.40%, 0.13% on a week on week comparison. Elsewhere, we saw a positive outing in the market trading activity during the week as total traded volume and value increased by 20.54% and 78.76% week on week to 1.35 billion units and N24.5 billion respectively. However, deals for the week under review close at 22,155 as against 242,349 recorded in the prior week.

In the new week, we expect to see the expectations of Q2 numbers act as catalyst to trigger more bullish sentiments. Also, we continue to maintain positive sentiments in the market while investors are advised to trade on companies’ stocks with good fundamentals and a positive outlook so as to avoid falling into the bear trap.

Top Ten Gainers				Bottom Ten Losers			
Symbol	June 24` 2022	July 01 2022	% Change	Symbol	June 24` 2022	July 01 2022	% Change
CORNERST	0.62	0.75	21%	PZ	12.50	10.20	-18%
OKOMUOIL	193.50	216.90	12%	UPL	2.88	2.58	-10%
FBNH	10.55	11.60	10%	NGXGROUP	24.60	22.25	-10%
ETI	9.70	10.60	9%	HONYFLOUR	3.03	2.76	-9%
SOVRENINS	0.25	0.27	8%	LIVESTOCK	1.40	1.28	-9%
LINKASSURE	0.53	0.57	8%	RTBRISCOE [MRF]	0.48	0.44	-8%
GLAXOSMITH	6.10	6.50	7%	FTNCOCOA [RST]	0.35	0.33	-6%
CAVERTON	1.05	1.11	6%	CADBURY	17.25	16.30	-6%
UNILEVER	14.50	15.30	6%	ETERNA	7.50	7.10	-5%
INTBREW [BLS]	6.00	6.30	5%	NAHCO	8.40	8.00	-5%

Weekly Stock Recommendations as at Friday, July 1, 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 Potentia l (%)	Recomm endation
ETI	Q1 2022	229,596.00	5.92	6.20	42.29	0.28	1.89	12.10	3.90	10.60	24.40	9.40	23.56	130.16	Buy
May & Baker	Q4 2021	1,176.57	0.56	0.68	3.93	1.12	7.87	5.18	1.79	4.00	6.09	3.74	5.06	53.40	Buy
UBA	Q1 2022	122,019.00	3.57	4.85	26.03	0.32	2.30	8.80	4.40	7.40	13.49	7.00	9.43	82.30	Buy
WAPCO	Q1 2022	87,174.72	3.91	15.64	72.15	0.44	8.12	31.79	21.87	26.50	57.33	19.64	42.00	116.34	Buy
Zenith Bank	Q1 2022	389,400.00	8.00	7.61	47.98	0.51	3.06	26.89	22.01	21.85	30.25	20.00	28.75	38.44	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, July 01, 2022

FGN Eurobonds	Issue Date	TTM (years)	01-July-22 Price (N)	Weekly Naira Δ	24-June-22 Yield	Weekly PPT Δ
7.143 FEB 23, 2030	23-Feb-18	7.65	70.93	-0.59	8.3%	0.00
8.747 JAN 21, 2031	21-Nov-18	8.56	70.82	-4.68	8.8%	0.00
7.875 16-FEB-2032	16-Feb-17	9.64	75.00	4.99	8.8%	0.00
7.375 SEP 28, 2033	28-Sep-21	11.25	70.00	3.66	8.8%	0.00
7.696 FEB 23, 2038	23-Feb-18	15.66	65.77	2.87	9.4%	0.00
7.625 NOV 28, 2047	28-Nov-17	25.43	62.40	1.29	9.5%	0.00
9.248 JAN 21, 2049	21-Nov-18	26.58	60.37	-9.00	9.9%	0.00
8.25 SEP 28, 2051	28-Sep-21	29.26	68.34	4.56	9.7%	0.00
7.143 FEB 23, 2030	23-Feb-18	7.65	70.93	-0.59	8.3%	0.00
8.747 JAN 21, 2031	21-Nov-18	8.56	70.82	-4.68	8.8%	0.00

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