

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Domestic Investors Still Outperform Foreign Investors as Total Domestic & FPIs knee to N156.5bn in June...

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FOREX MARKET: Naira Depreciated Across all Segments as Demand by Manufacturers, Importers Stock-Pile...

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MONEY MARKET: NITTY Falls for All Tenor Buckets Tracked on Buy Pressure.....

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BOND MARKET: FGN Eurobond Traded Bullish on Renewed Positive Sentiments.....

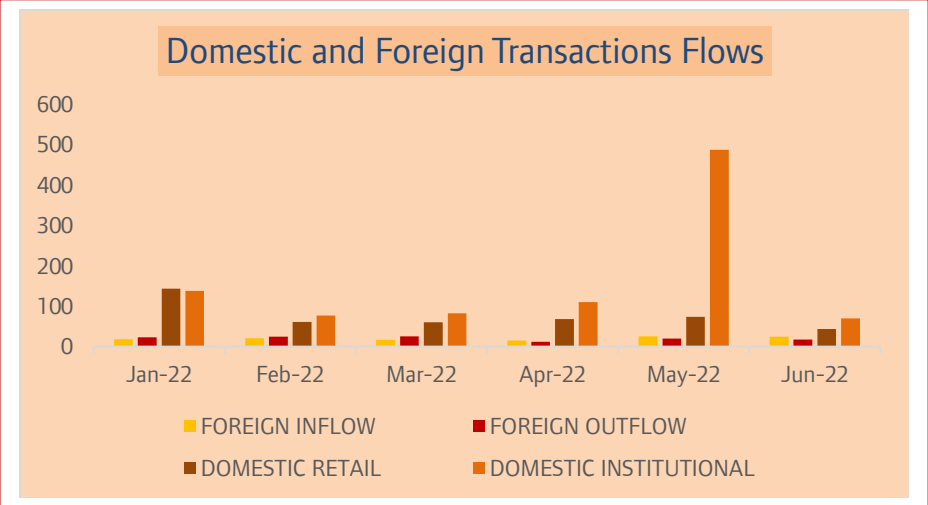
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EQUITIES MARKET: NGX-ASI trended south by 3.1% as investors cherry-picking activities continue amid corporate releases...

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ECONOMY: Domestic Investors Still Outperform Foreign Investors as Total Domestic & FPIs kneel to N156.5bn in June...

The newly published report on domestic and foreign portfolio participation in equities trading by the Nigerian Exchange Group (NGX) showed that total equities market transactions declined 74.23% to N156.52 billion in June 2022 from N607.45 billion traded in May 2022. The report pointed out that there was a 55.32% year on year on year increase from N100.77 billion reported in June 2021.



Our analysis of the monthly trading figure polled by the NGX from market operators on their Domestic and Foreign Portfolio Investment (FPI) flows showed that in the review month of June 2022, the total value of transactions executed by domestic Investors outperformed transactions executed by foreign investors by 46%.

On a year-to-date and half-year analysis, total Domestic and Foreign Portfolio Investments in equity trading rose 60.7% to N1.66 trillion in 2022 from N1.03 trillion in the same period last year. This shows that domestic transactions for the period printed N1.42 trillion from N812.5 billion while trades by their foreign counterparts were N243.5 billion from N221.9 billion last year. Interestingly, investors have historically shown uneasiness during the second half of a pre-election year as foreign investors have always exited Nigerian equities aggressively with local institutional investors following suit.

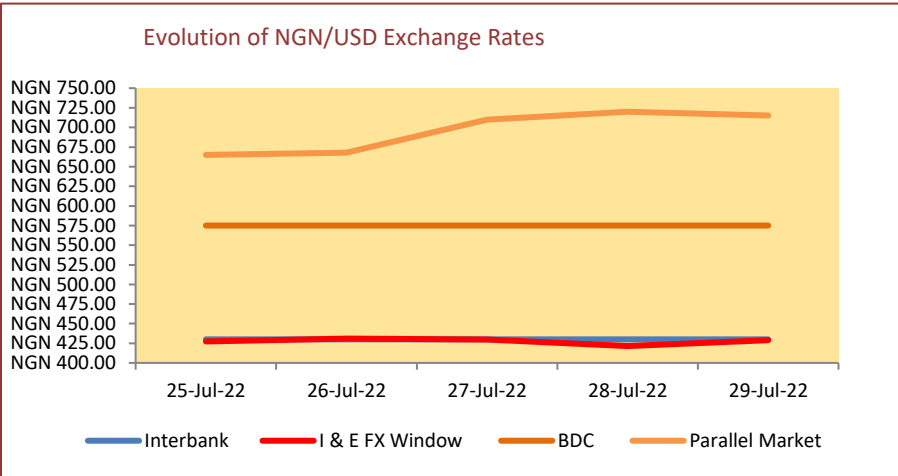
Looking at the activities of institutional investors during the month of June, they outperformed the Retail Investors by 22%. Resultantly, a monthly comparison between categories of investors in domestic transactions shows there was a 40.54% decline to N44.11 billion in June from N74.19 billion in May in retail transactions while the institutional composition of the domestic market decreased by 85.61% from N487.96billion in May 2022 to N70.22billion in June 2022.

As it is obvious that foreign investors no longer play an active role in trading Nigerian equities as they control less than 25% of market trading activities, we think local institutional investors may have more incentive to remain in the market despite the rates hike by the CBN and other central bank chiefs across the globe in July. Also, we expect the delivery of half-year strong corporate earnings to act as major catalysts going forward, and consequently opening up attractive profit taking opportunities for investors.



FOREX MARKET: Naira Depreciated Across all Segments as Demand by Manufacturers, Importers Stock-Pile...

In the just concluded week, the Naira weakened by N6.00 (1.42%) w/w against the dollar from last week's close of N423/USD to N429/USD at the I&E FX Window due rising demand by importers and manufacturers alike. However, at the parallel market segment, the negative reaction to the comments from the CBN Governor at the last

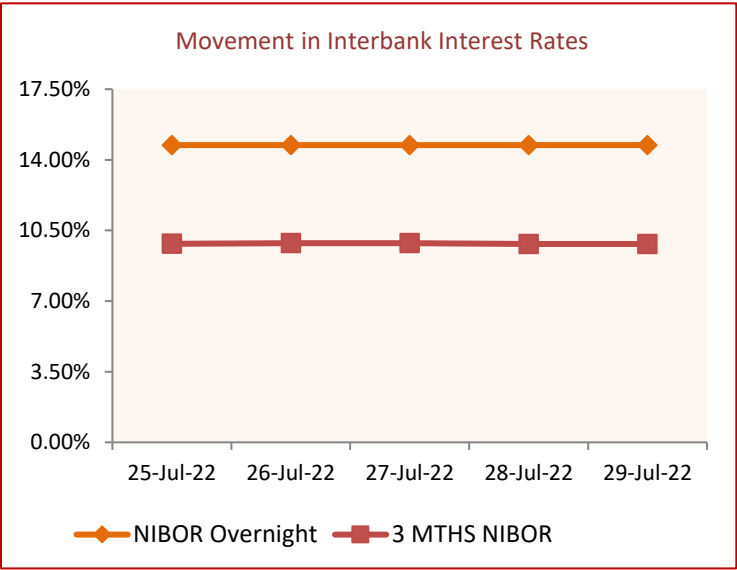


MPC meeting prompted an 8.33% (N55.00) w/w depreciation of the Naira against the greenback at the Parallel market to close at a historic low of N715/USD from N660/USD in the prior week. Furthermore, at the Interbank Foreign Exchange market, NGN/USD closed flat at N430.00/USD amid CBN's weekly injections 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 trended upward last week for all the foreign exchange forward contracts. Specifically, 1 month, 2 months, 3 months, 6 months and 12 months contracts all gained 0.15%, 0.16%, 0.06%, 0.17% and 0.28% week on week to close at N428.04/USD, N432.31/USD, N435.75/USD, N448.87/USD and N473.02/USD in that order. Elsewhere, the Bonny light price traded quietly to close the week at USD120.36 from USD120.36 per barrel in the previous week.

In the new week, we expect the local currency to trade relatively calm against the greenback barring market distortions while the CBN continues its weekly FX market interventions.

MONEY MARKET: NITTY Falls for All Tenor Buckets Tracked on Buy Pressure...

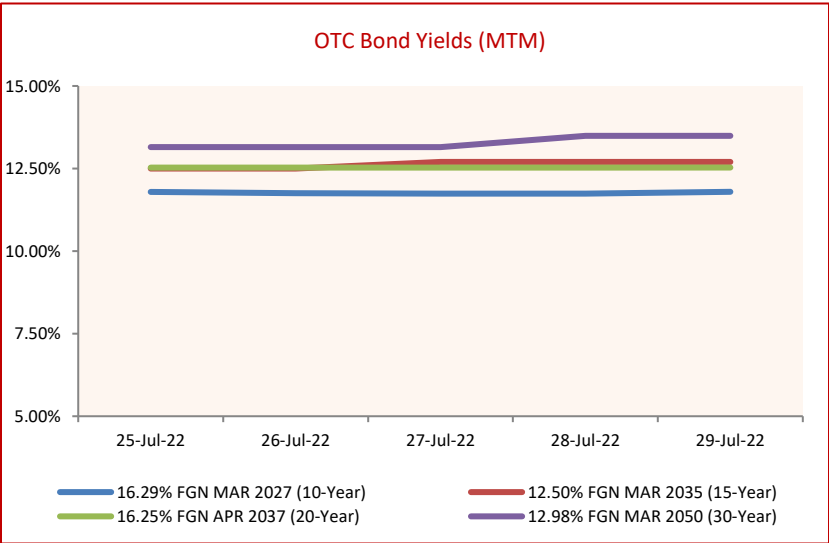
In the just concluded week, CBN sold T-bills worth N264.29 billion to completely mop up the same amount of matured treasury bills. Notably, the 91-days and the 182-days bill were issued at higher rate amid weak investor appetite. Hence, we saw increase in stop rate for 91-Days bill to 2.88% from 2.70% and for the 182-days from 4.00% to 4.10% while the stop rates for 364-Day bill was unchanged at 7.00%. Activities in the secondary market was largely bullish. Hence, NITTY for 1 months, 3 months, 6 months and 12 months fell to 4.36% (from 9.69%), 5.32% (from 10.02%), 6.00% (from 10.50%) and 8.18% (from 9.90%) respectively. Meanwhile, amid maturing OMO bills worth N30.00 billion and no auctions, we saw a net inflow of N30.00 billion in the course of the week. Hence, NIBOR fell for most of the tenor buckets tracked. 3 months and 6 months NIBOR moderated to 9.83% (from 11.82%) and 11.05% (from 11.11%) respectively while the 1 month tenor rose to 11.19% (from 10.81%) . The Overnight tenor bucket remained unchanged.



In the new week, we expect activity in the money market to be bearish amid limited maturing treasury and OMO bills. Investors who won the auctions are expected to dispose them amid anticpation of rising rates in a fortnight.

BOND MARKET: FGN Eurobond Traded Bullish on Renewed Postive Sentiments.....

In the just concluded week, the value of FGN bonds traded in the mixed bag for most of the maturities tracked. Specifically, the 10-year, 16.29% FGN MAR 2027 instrument was bullish, closing the week at N115.87 as the yield declined 0.17% from the previous week while the 20-year 16.25% FGN APR 2037 remained flat at N124.70 and its yield unchanged at 12.53% from last week’s close. However, the 15-year 12.50% FGN

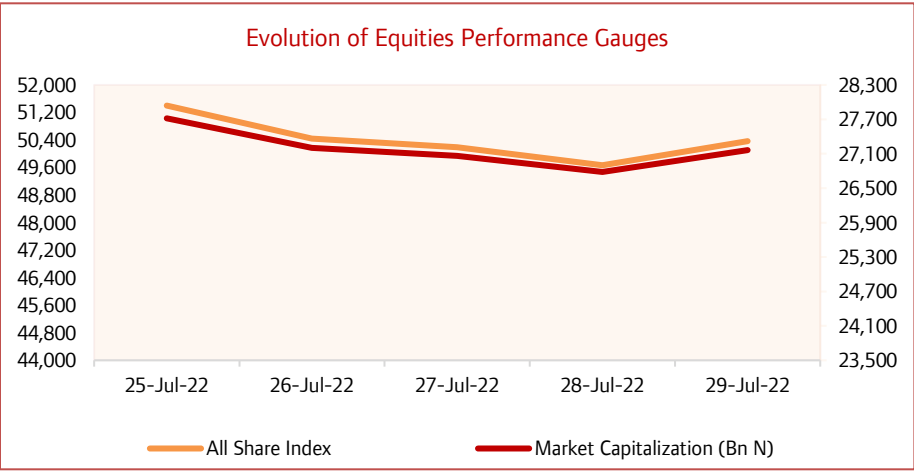


APR 2035 debt instrument declined N1.25 to close at N98.70 (from N99.95) and the yield closed at 12.70% (from 12.50%) and then the 30-year 12.98% FGN MAR 2050 bond tanked by N0.10 to N98.70 from N98.80, while it yields closed at 13.49% (from 13.14%). Further afield, the value of FGN Eurobonds traded during the week at the international debt capital market performed appreciatingly for all maturities tracked on renewed positive investors sentiment. Consequently, 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 paper close the week in the northern region as their yields declined to 8.55% (from 9.44%), 13.32% (from 13.50%) and 12.57% (from 12.75%) respectively.

In the new week, we expect the value of FGN Bonds, to increase further (and yields to fall) amid increased demand due to the forthcoming FGN Bonds Auction by the DMO....

EQUITIES MARKET: NGX-ASI Trended South By 3.1% w/w While Investors Cherry-Picking Activities Continue Amid Corporate Releases...

It was an underwhelming outing for the equities market in the just concluded week as the NGX sustained last week’s bearish close with a 3.10% week on week decline in the benchmark index and market capitalization despite the positive close on Friday as equities investors continues prowling for clues on the sustainability of corporate earnings being churned out.



Notably, we saw pressured sell-offs in UCAP (-20%), MTNN (-17%) JAPAU LGOLD (-22%), AIICO (-16%) and TRANSCORP (-14%) in that order as market investors lost N868.03 billion from the five sessions. Accordingly, there was recorded dip in the All-Share Index and Market Capitalization by 3.10% w/w from last week’s 0.45% to close at 50,370.25 points and N27.16 trillion respectively. For the meantime the year to date return moderated to 17.92% and still below the inflation rate. Also, the performance of the sectorial gauges tracked all traded in the south week on week as the NGX Insurance Index and NGX Consumer Goods indexes closed the week in the negative at 4.96% and 3.44% w/w. Trailing, were the NGX Oil/Gas Index, NGX Banking Index and NGX Industrial Index which recorded loses by 0.95%, 0.43% and 0.22% respectively on a w/w comparison. Elsewhere, the level of trading activity during the week was upbeat as the total traded volume and value increased by 68.51% and 10.03% w/w to 1.55 billion units valued at N16.29 billion. Meanwhile, deals for the week under review close at 23,867 from 19,513 in the prior week.

In the new week, we expect the market to trade in a mixed sentiment as the unimpressive macro story remains a headwind to market performance for the moment amid the continued earnings releases. Also, we continue to advise investors to trade on companies’ stocks with sound fundamentals and a positive outlook.

Top Ten Gainers				Bottom Ten Losers			
Symbol	July 29 2022	July 22 2022	% Change	Symbol	July 29 2022	July 22 2022	% Change
NAHCO	6.00	5.50	9%	JAPAU LGOLD	0.21	0.27	-22%
UPDCREIT	3.55	3.40	4%	UCAP	10.10	12.70	-20%
CORNERST	0.75	0.72	4%	UPDC [BLS]	0.95	1.19	-20%
NPFMC RFBK	1.75	1.68	4%	MTNN	190.00	229.00	-17%
CHAMS	0.26	0.25	4%	AIICO	0.54	0.64	-16%
FCMB	3.10	3.02	3%	CUTIX	2.01	2.38	-16%
NASCON	11.10	11.00	1%	JAIZBANK	0.72	0.85	-15%
ABCTrans	0.30	0.30	0%	TRANSCORP	1.02	1.19	-14%
AIRTELAFRI	1,905.40	1,905.40	0%	REGALINS	0.24	0.27	-11%



BETAGLAS	51.20	51.20	0%	SOVRENINS	0.24	0.27	-11%
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Weekly Stock Recommendations as at Friday, July 29, 2022

Stock	Last Qtr Result	Adjusted Forecast FY PAT	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 Weeks' High	52 Weeks ' Low	Current Price	FY Price Target	Short term Stop Loss	Short term Take Profit	Upside Potential (%)	Recommendation
ETI	Q1 2022	229,596.00	5.92	6.20	42.29	0.28	1.89	12.10	3.90	9.90	24.40	9.40	23.56	146.43	Buy
Presco	Q1 2022	5,716.85	21.74	7.15	52.12	3.04	7.29	200.00	70.00	158.40	164.94	112.97	152.84	4.13	Buy
UBA	Q1 2022	122,019.00	3.57	4.85	26.03	0.32	2.30	8.80	4.40	7.20	13.49	7.00	9.43	87.36	Buy
WAPCO	Q1 2022	87,174.72	3.91	15.64	72.15	0.44	8.12	31.79	21.87	23.40	57.33	19.64	42.00	145.00	Buy
Zenith Bank	Q1 2022	389,400.00	8.00	7.61	47.98	0.51	3.06	26.89	22.01	20.70	30.25	20.00	28.75	46.14	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, July 29, 2022

FGN Eurobonds	Issue Date	TTM (years)	29-Jul-22 Price (N)	Weekly USD Δ	29-Apr-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.95	98.06	0.82	8.6%	3.75
7.625 21-NOV-2025	21-Nov-18	3.32	88.55	1.31	11.9%	5.47
6.50 NOV 28, 2027	28-Nov-17	5.34	88.55	1.31	11.9%	4.18
6.125 SEP 28, 2028	28-Sep-21	6.17	71.25	0.80	13.1%	5.16
8.375 MAR 24, 2029	24-Mar-22	6.66	77.04	0.81	13.8%	5.38
7.143 FEB 23, 2030	23-Feb-18	7.58	71.85	1.13	13.1%	4.80
8.747 JAN 21, 2031	21-Nov-18	8.49	75.28	0.91	13.8%	5.03
7.875 16-FEB-2032	16-Feb-17	9.56	70.64	0.98	13.4%	4.63
7.375 SEP 28, 2033	28-Sep-21	11.18	65.71	0.32	13.4%	4.60
7.696 FEB 23, 2038	23-Feb-18	15.58	63.44	0.85	13.3%	3.93
7.625 NOV 28, 2047	28-Nov-17	25.35	62.44	0.93	12.6%	3.08
9.248 JAN 21, 2049	21-Nov-18	26.50	68.46	0.70	13.7%	3.83
8.25 SEP 28, 2051	28-Sep-21	29.19	63.16	0.71	13.2%	3.56

Disclaimer

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