

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Pension Industry's Total AuM Now at N14.28trn But Penetration Still Low...

We believe the yields in the fixed income space will rise further in the next couple of weeks, spurring positive sentiments from investors – especially pension funds administrators, into more buying for a much longer period following the expectations of an elevated supply of government securities as part of FG's plan to fund its fiscal deficit.....

FOREX MARKET: : Naira Edged the Dollar Across all Segment As Demand Pressure by FX Users abate ...

Next week, we expect the Naira to trade in a similar band against the greenback barring any significant market distortions as the CBN continues its weekly FX market interventions.

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

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 anticipation of rising rates in a fortnight....

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

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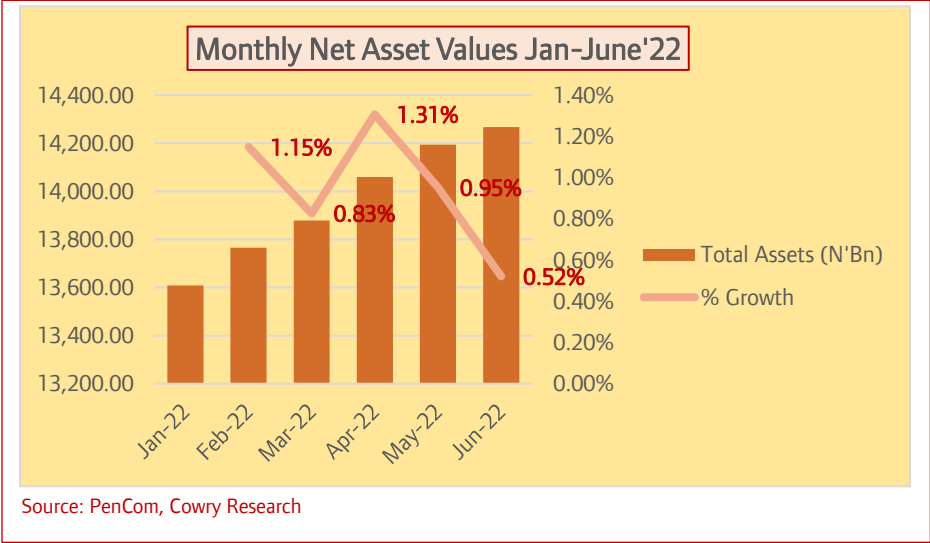
EQUITIES MARKET: Earnings expectations spur bullish sentiments on the NGX as Investors gained N195.36bn...

Going into the new week, we expect the bullish sentiment to pervade activities following the earnings expectations from some of the bellwethers. However, investors are expected to trade cautiously as insecurity and political activities continues to headline Nigeria's macros. Also, we continue to advise investors to trade on companies' stocks with sound fundamentals and a positive outlook.

ECONOMY: Pension Industry’s Total AuM Now At N14.28trn But Penetration Still Low...

Although Nigeria’s pension sector has grown remarkably since 2004 when the Pension Reform Act was passed, there is still some ground to cover and this can be achieved with continuing investor education and efforts aimed driving a significant penetration into the space.

The pension industry’s total assets under management (AuM) rose 0.52% m/m to N14.28 trillion in June 2022 from N14.19 trillion in the preceding month while it recorded a 12.7% y/y from N12.66 trillion in the same month last year. This reported increase was driven by the continued rising exposure of fund managers to securities of the federal government in the face of an interest rate hike by the central bank.



Also, the total number of pension accounts increased to almost 9.8 million from 9.6 million in the month of May. This is according to the latest unaudited report from the National Pension Commission (PenCom) the pension funds industry portfolio for June 2022.

Meanwhile, it is worthy to note that the Nigerian pension funds, on a historical trend, have always favored government debt as an asset class due to the scantiness of good quality investible securities available to them. Other associated whys and wherefores include the relative lack of depth of the equities market, which at the moment, is in the land of correction, and the need for portfolio safety considerations

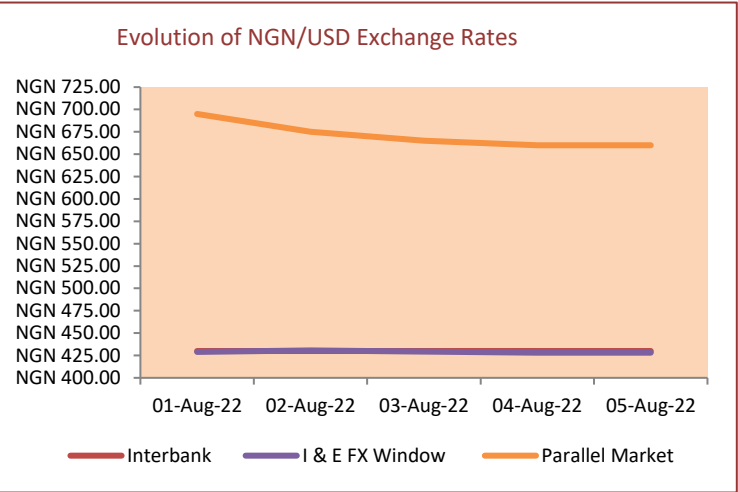
Our analysis of the report pointed out that FGN bonds were the primary driver of the month-on-month gain, though, their value decreased by almost 1.90% or N158 billion m/m to N8.31 trillion from N8.47 trillion in May, while their share of total AUM waned by 41.7%. But, if we include treasury bills, Sukuk bonds and other agency bonds, total FGN securities share increased by 344bps to around 63.14% of total AUM, up from 62.1% in May. However, their share of domestic equities fell from almost N1.1 trillion in May to N969 billion and accounts for 6.8% of the total AuM in June.

Elsewhere, the PFAs exposure to state government’s debt securities, as we saw from the report, accounted for 1.13% of the total net asset value which printed at N160.96 billion. Also, money market instruments and mutual funds’ share of the total industry assets were 15.07% and 0.39% while other asset classes accounted for 4.45% of the total value in June 2022. The report also revealed that there was an 18.6% y/y decrease in the total treasury bills holdings by fund managers to N475.64 billion as well as waning interests seen in the mutual funds’ space by -51.8% to N56.13 billion from last year’s N116.34 billion while their holdings of corporate debt securities increased 25.1% y/y to 1.19 trillion.

We believe the yields in the fixed income space will rise further in the next couple of weeks, spurring positive sentiments from investors – especially pension funds administrators, into more buying for a much longer period following the expectations of an elevated supply of government securities as part of FG’s plan to fund its fiscal deficit. Also, we see more opportunity for a significant level of penetration into the space to help drive Nigeria’s pension savings penetration rate above the current rate.

FOREX MARKET: Naira Edged the Dollar Across all Segment As Demand Pressure by FX Users abate...

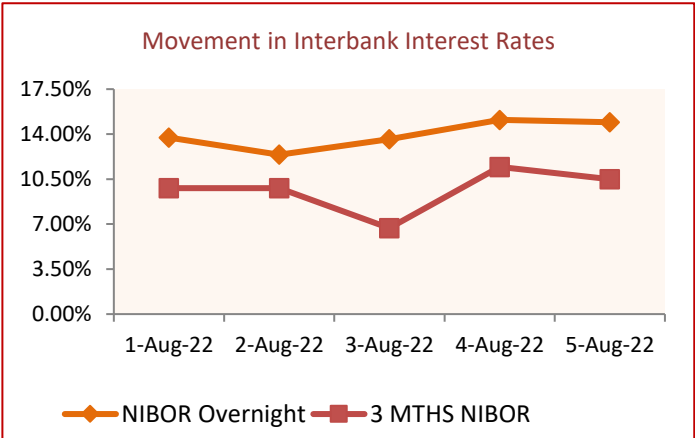
In the just concluded week, the Naira appreciated by N0.87 (+0.20%) w/w against the dollar from last week's close of N429/USD to N428.13/USD at the I&E FX segment. Also at the parallel market segment, the earliest pressure exerted on the local currency from last week eased as the Naira appreciated by 7.69% w/w or N55 to close at N660/USD from N715/USD last week. Elsewhere, 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 as the 1 month, 2 months, 3 months, 6 months and 12 months contracts all gained 0.30%, 0.36%, 0.71%, 2.81% and 1.30% week on week to close at N429.31/USD, N433.88/USD, N438.86/USD, N461.49/USD and N479.17/USD in that order. Elsewhere, the Bonny light crude price declined 7.32% w/w to close the week at USD112.61 per barrel from USD121.50 per barrel in the previous week.



Next week, we expect the Naira to trade in a similar band against the greenback barring any significant market distortions as the CBN continues its weekly FX market interventions.

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

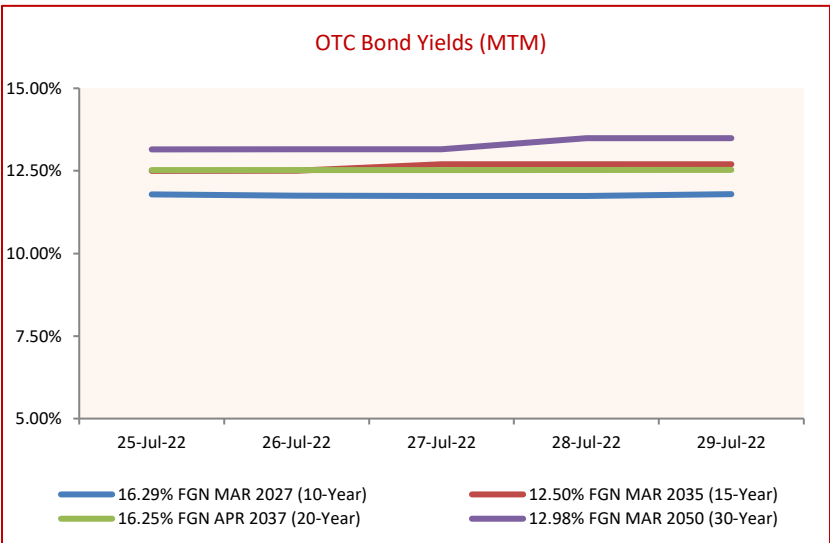
In the just concluded week, given the muted activity in the primary market, investors swooped down on the 12 months maturities in the secondary market. Hence, NITTY for 12 months' maturities decreased to 7.20% (from 8.18%) ahead of the auction in the new week. However, NITTY for 1 month, 3 months and 6 months maturities increased to 6.32% (from 4.36%), 6.64% (from 5.32%) and 7.31% (from 6.00%) respectively. Meanwhile, the OMO space was dry, as there was no maturity or refinancing of bills. Overnight funds, 1 month, 3 month and 6 Months tenor buckets rose to 14.93% (from 14.73%), 12.94% (from 11.19%), 10.50% (from 9.83%) and 12.59% (from 11.05%) respectively.



In the new week, TB worth N150.62 billion and OMO worth N5 billion are expected to mature. we expect activity in the money market to be slightly bullish as the market expects a liquidity boost from the maturing N155.62 billion worth of TB and OMO bills.

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

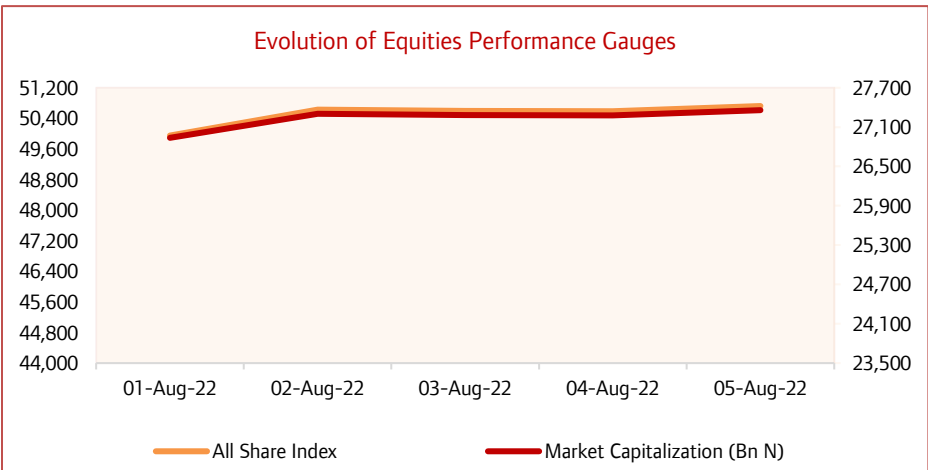


APR 2035 debt instrument declined N1.25 to close at N98.70 (from N99.95) and the yield closed at 12.70% (from 12.50%) and then the 30-year 12.98% FGN MAR 2050 bond tanked by N0.10 to N98.70 from N98.80, while it yields closed at 13.49% (from 13.14%). Further afield, the value of FGN Eurobonds traded 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: Earnings expectations spur bullish sentiments on the NGX as Investors gained N195.36bn...

In line with expectations, the continued churning out of earnings releases by mid-large cap corporates have triggered bullish sentiments in the local bourse as the NGX-A SI advanced 0.70% w/w to close at 50,722.33 points while the total market cap of listed equities moved northward 0.72% w/w with a gain of N195.36 billion for investors.



Consequently, the YTD performance increased to 18.74%.

Particularly, there were increased buy demands seen during the week in JAPAUFGOLD (+48%), HONYFLOUR (+36%), UCAP (+21%) ZENITHBANK (+16%) and MTNN (+13%). For the performance of the sectorial indexes tracked, it was a varied outing as the NGX Insurance (-0.37%) and NGX Industrial (-5.76%) indexes closed the week in the bearish region. On the flip side, the NGX Banking (+3.18%), NGX Consumer Goods (+3.00%) and NGX Oil and Gas (+0.60%) Indexes all recorded gains on a w/w comparison.

Elsewhere, the level of trading activity during the week was downbeat as the total traded volume and value decreased by 54.34% and 31.07% w/w to 705.64 million units valued at N11.23 billion. Meanwhile, total deals for the week dipped (-9.94%) to 21,494 from 23,867 in the prior week.

Going into the new week, we expect the bullish sentiment to pervade activities following the earnings expectations from some of the bellwethers. However, investors are expected to trade cautiously as insecurity and political activities continues

to headline Nigeria’s macros. Also, we continue to advise investors to trade on companies’ stocks with sound fundamentals and a positive outlook.

Weekly Gainers and Loser as at Friday, August 5, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	August 08 2022	July 29 2022	% Change	Symbol	August 08 2022	July 29 2022	% Change
JAPAULGOLD	0.34	0.23	48%	LEARNAFRCA	2.20	2.60	-15%
HONYFLOUR	2.79	2.05	36%	BUACEMENT	58.80	69.30	-15%
UCAP	12.25	10.10	21%	UPL	2.12	2.35	-10%
JAIZBANK	0.86	0.72	19%	NEIMETH	1.40	1.55	-10%
CUTIX	2.40	2.01	19%	GUINNESS	83.00	90.50	-8%
UPDC [BLS]	1.13	0.95	19%	LINKASSURE	0.50	0.54	-7%
UBN [BLS]	5.80	5.00	16%	NPFMCRFBK	1.65	1.75	-6%
ZENITHBANK	21.90	18.90	16%	CORNERST	0.71	0.75	-5%
MTNN	214.90	190.00	13%	UNILEVER	13.50	14.20	-5%
TRANSCORP	1.15	1.02	13%	CHAMS	0.25	0.26	-4%

Weekly Stock Recommendations as at Friday, August 5, 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	21.40	25.00	16.83	22.77	16.82	Buy
May & Baker	Q3 2021	1,176.57	0.56	0.68	3.93	1.12	7.87	5.18	1.79	4.34	6.09	3.74	5.06	40.32	Buy
UBA	Q1 2022	122,019.00	3.57	4.85	26.03	0.32	2.30	8.80	4.40	7.95	13.49	9.43	9.43	69.69	Buy
WAPCO	Q1 2022	87,174.72	3.91	15.64	72.15	0.44	8.12	31.79	21.87	28.95	57.33	19.64	42.00	103.66	Buy
Zenith Bank	Q1 2022	389,400.00	8.00	7.61	47.98	0.51	3.06	26.89	22.01	23.90	30.25	28.75	28.75	26.57	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, August 5, 2022

FGN Eurobonds	Issue Date	TTM (years)	05-Aug-22 Price (N)	Weekly USD Δ	05-Aug-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.93	98.59	0.53	8.0%	(0.57)
7.625 21-NOV-2025	21-Nov-18	3.30	90.70	2.15	11.1%	(0.84)
6.50 NOV 28, 2027	28-Nov-17	5.32	90.70	2.15	11.1%	(0.84)
6.125 SEP 28, 2028	28-Sep-21	6.15	73.74	2.49	12.4%	(0.71)
8.375 MAR 24, 2029	24-Mar-22	6.64	80.15	3.11	12.9%	(0.83)
7.143 FEB 23, 2030	23-Feb-18	7.56	74.82	2.97	12.4%	(0.75)
8.747 JAN 21, 2031	21-Nov-18	8.47	79.67	4.39	12.7%	(1.04)
7.875 16-FEB-2032	16-Feb-17	9.54	74.61	3.97	12.5%	(0.91)
7.375 SEP 28, 2033	28-Sep-21	11.16	69.35	3.64	12.6%	(0.81)
7.696 FEB 23, 2038	23-Feb-18	15.56	66.47	3.03	12.7%	(0.63)
7.625 NOV 28, 2047	28-Nov-17	25.33	65.24	2.80	12.0%	(0.54)
9.248 JAN 21, 2049	21-Nov-18	26.48	72.10	3.64	13.0%	(0.69)
8.25 SEP 28, 2051	28-Sep-21	29.17	66.10	2.94	12.7%	(0.58)

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, August 5, 2022

MAJOR	05-Aug-22	Previous	Δ from Last	Δ YTD
EURUSD	1.0182	1.0248	-0.65%	-14.23%
GBPUSD	1.2077	1.2157	-0.66%	-13.06%
USDRUB	60.50	59.50	1.68%	-19.06%
USDCHF	0.96	0.95	0.71%	6.26%
USDNGN	417.07	416.69	0.09%	1.47%
USDZAR	16.78	16.61	1.07%	16.05%
USDEGP	19.10	19.14	-0.21%	22.04%
USDCAD	1.29	1.29	0.46%	3.31%
USDMXN	20.39	20.33	0.34%	2.61%
USDBRL	5.18	5.22	-0.64%	1.11%
AUDUSD	0.6914	0.6962	-0.69%	-6.07%
NZDUSD	0.6246	0.6302	-0.88%	-10.57%
USDJPY	135.07	132.75	1.75%	23.72%
USDCNY	6.76	6.75	0.20%	4.64%
USDINR	79.36	79.16	0.25%	6.75%



Global Commodity Prices as at 4:30 PM GMT+1, Friday, August 5, 2022

Commodity		05-Aug-22	Previous	Δ from Last	Δ YTD
CRUDE OIL	USD/Bbl	89.4380	88.7106	0.82%	25.38%
BRENT	USD/Bbl	95.1330	94.2844	0.90%	30.50%
NATURAL GAS	USD/MMBtu	8.1082	-0.3300	-2.04%	107.74%
GASOLINE	USD/Gal	2.8733	2.7959	2.77%	25.92%
COAL	USD/T	390.0000	393.5022	-0.89%	160.44%
GOLD	USD/t.oz	1775.16	1791.10	-0.89%	-1.95%
SILVER	USD/t.oz	19.90	20.15	-1.24%	-21.45%
WHEAT	USD/Bu	776.27	782.29	-0.77%	7.15%
PALM-OIL	MYR/T	3878.00	3821.07	1.49%	-5.88%
COCOA	USD/T	2303.00	2349.04	-1.96%	-2.75%

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