

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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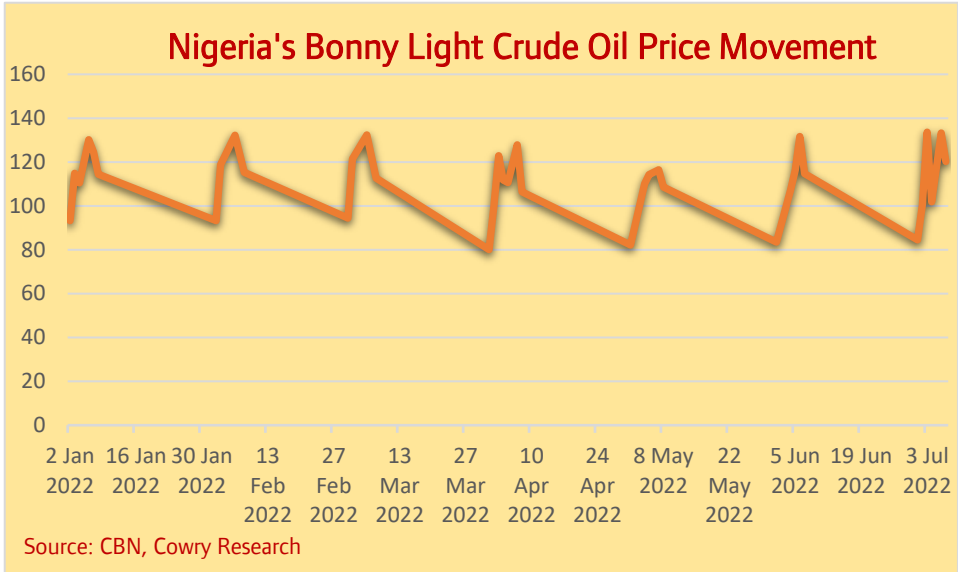
### EQUITIES MARKET: Pressured Sell-Offs Drive Bearish Momentum On The NGX AS Investors Lost N570.8bn...

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ECONOMY: OPEC Sees Weakened Global Oil Demand in H2'22 to 3.1mb/d On Recession Fears...

Amid looming fears that recession will crimp global oil demand, the Organization of Petroleum Exporting Countries (OPEC) has done a downward revision of its global oil demand growth in H2 2022 by 300,000 (0.3mb/d) daily barrels to 3.1mb/d stemming from expectations of a resurgence of COVID-19 restrictions and ongoing geopolitical uncertainties. This is according to OPEC’s latest Monthly Oil Market Report.

In July 2022, oil price value (using the OPEC Reference Basket) alongside their perspective crude oil benchmarks, declined sharply by \$9.17 per barrel to \$108.55 per barrel despite a robust



physical market fundamental that has continued to underpin the market. Consequently, the West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend, and Zafiro – declined by \$10.18 month on month in July, or 8.2% on average to \$114.36 per barrel.

In Nigeria, data obtained from the CBN put it that price of the Bonny Light Basket averaged \$123.03 per barrel in July owing to elevated volatility in the global market. Thus, the West African Benchmark closed the month of July at \$121.51 per barrel from \$124.55 per barrel at the start of the month. This decline may be attributed to the lower output levels leading to supply shortage amid the increase in output by 6 million daily barrels to 1,183 tb/d in July from 1,176 tb/d in June.

Though the fundamentals of the global oil market maintained a strong recovery to pre-COVID-19 levels for most of the first six months of 2022, there is the emergence of signs of slow global oil demand and slow economic growth at large. However, global oil supply has risen steadily this year, while ongoing low overall investment in the upstream and capital discipline are limiting non-OPEC oil supply growth potential.

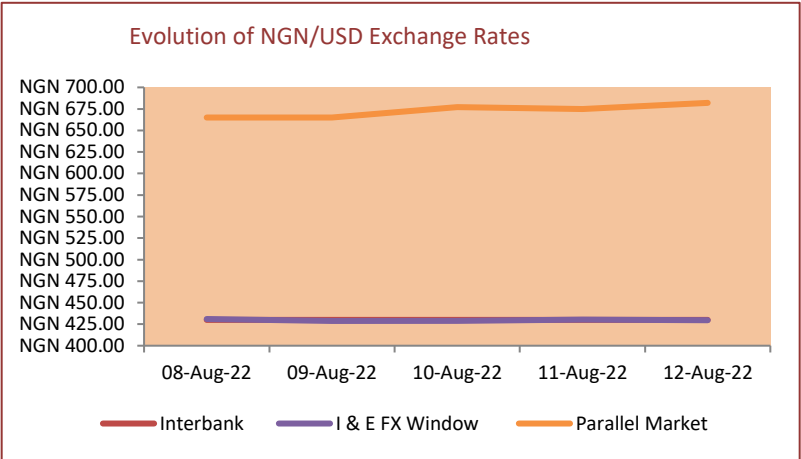
World oil demand in 2022 at 3.1 mb/d, according to OPEC looks healthy, including the recently observed trend of burning more crude in power generation but the total demand for oil is expected to stay around 100 mb/d on average in 2022. On the hand, the global supply is forecast to grow at 2.1 mb/d in 2022 just like was reported in the last assessment. This translates to unchanged expectations for the year. However, the drivers of this growth in 2022 are expected to be from the US, Canada, Brazil, China, and Guyana, while production is expected to decline mainly in Indonesia and Thailand.

Looking ahead, a still-solid economic performance in major oil-consuming countries, as well as improving geopolitical developments and improvement of COVID-19 in all regions, is expected to drive oil demand next year. However, uncertainty regarding the operational and financial aspects of US production, as well as the geopolitical situation in Eastern Europe remains high, according to the Oil Cartel.

Our view is that the down-at-heel supply potential and declining output levels of some major producers are hugely limited by the ongoing low overall investment in the upstream and capital discipline in some of these economies.

FOREX MARKET: Naira Shed N1.50 Against The Dollar At the I&E Segment As Demand Pressure Persist...

With the continued pressure from the unabating dollar FX demand by users within the manufacturing and trade (Import and Export) sectors coupled with rising demand for BTA and PTA, the Naira depreciated by N1.50 (-0.35%) w/w against the dollar from last week's close of N428.13/USD to N429.63/USD at the I&E FX segment. At the parallel market segment, the pressure continues on the local currency from last week after last week's ease as the Naira lost strength by 3.33% w/w or

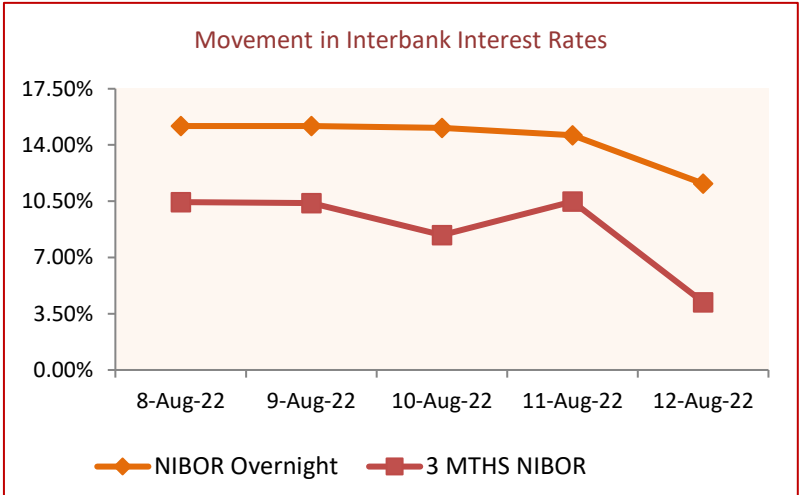


N22 to close at N682/USD from N660/USD last week. Elsewhere, at the Interbank Foreign Exchange market, NGN/USD closed flat at N430.00/USD amid CBN's weekly injections of USD210 million: USD100 million was allocated to Wholesale Secondary Market Intervention Sales (SMIS), USD55 million was allocated to Small and Medium Scale Enterprises and USD55 million was sold for Invisibles. In the meantime, the Naira/USD exchange rate traded mix as the 1M, 2M and 12M foreign exchange forward contracts cleared higher by 0.05%, 0.06%, and 0.64% respectively to close the week at N429.51/USD, N434.12/USD, and N482.24/USD in that order while the 3M and 6M Forward Contracts tapered by 8bps and 194bps to close the week's offering at N438.51/USD and N452.54/USD in that order. Elsewhere, the Bonny light crude price declined 3.33% w/w to close the week (Aug. 9) at USD112.25 per barrel from USD108.63 per barrel in the previous week.

Next week, we expect the Naira to trade in a relatively calm manner band across all segments barring any significant market distortions as the CBN continues its weekly FX market interventions.

MONEY MARKET: CBN Forced to Increase Stop Rate amid High Investors' Bids....

In the just concluded week, the CBN sold T-bills worth N150.62 billion to mop up all matured treasury bills, with stop rates rising for all tenor buckets. Specifically, stop rates for 91-Day, 182-Day and 365-Day bills rose to 3.50% (from 2.80%), 4.50% (from 4.10%) and 7.45% (from 7.00%) respectively as investors bid higher in tandem with the increase in rates, while the yields in the secondary market turned northwards for all maturities tracked. Also, NITTY for 1 month 3 months and 6 months maturities increased to 7.80% (from 6.32%), 8.25% (from 6.64%), 8.38% (from 7.31%) and 7.26% (from 7.20%) respectively. Elsewhere, OMO bills worth N5 billion were repaid with no refinancing from the apex bank. Given the net inflows worth N5 billion, NIBOR for overnight, 1 month, 3 months and 6 months fell to 11.60% (from 14.93%), 10.06% (from 12.94%), 4.22% (from 10.50%) and 10.76% (from 12.59%) respectively.



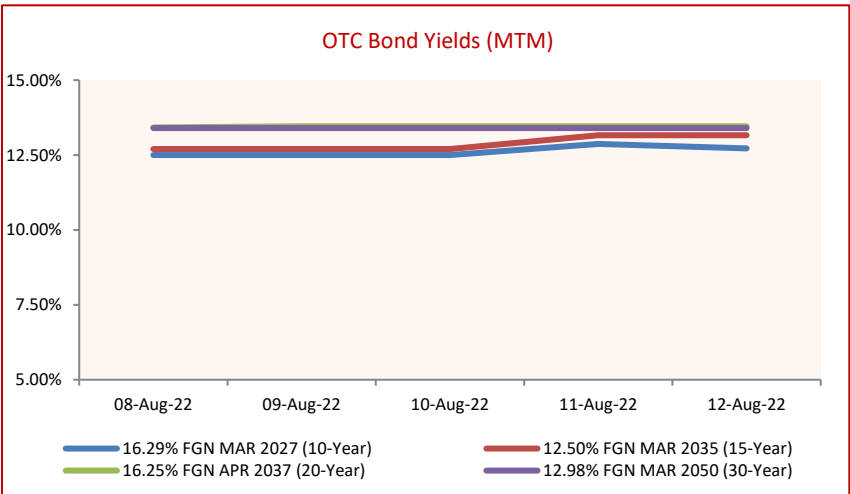
In the new week, we expect activity in the money market to be slightly bearish as the financial system liquidity may rather come in low given the limited maturing treasury and OMO bills....

BOND MARKET: Yields on FGN Bonds Rose Ahead DMO Auction Next Week; Eurobond on Appreciative Mode.....

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 closed the week at N112.10 as the yield cleared higher to 12.72% from the previous week. The same goes for the 15-year 12.50% FGN MAR 2035 instrument and the 20-year 16.25% FGN APR 2037 bond trading in the opposite direction as the prices closed the week at N95.97 and N117.61 with increases in the respective yields to 13.16% and 13.46% while the 30-year long-tenored 12.98 FGN MAR 2050 bond stayed flat from the previous week's close of 13.40%. This mirrors the expectation of the forthcoming FGN Bonds Auction next week.

Elsewhere, 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 7.35% (from 7.98%), 11.32% (from 12.69%) and 10.97% (from 12.03%) respectively.

In the new week, we expect the value of FGN Bonds to rise while the DMO carry out its monthly FGN Bonds Auction where it will sell instrument worth N225 billion....



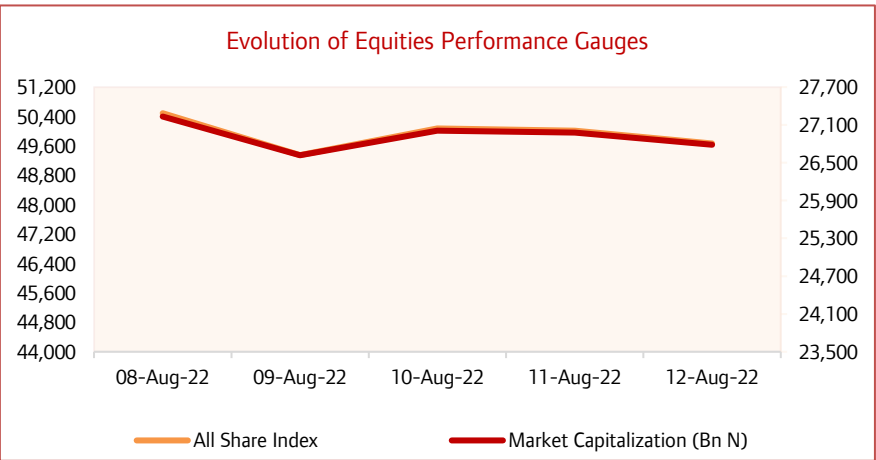
EQUITIES MARKET: Pressured Sell-Offs Drive Bearish Momentum On The NGX AS Investors Lost N570.8bn...

Dampened investors' sentiments drove bearish Momentum at the local bourse this week as the NGX benchmark Index and market capitalisation deteriorated by 2.09% w/w to close at 49,664.07 points and N26.79 trillion respectively resulting from pressured sell-offs in some selected counters while market investors begin repositioning for portfolio rebalancing. Consequently, the market YTD performance eased to 16.26% as investors lost N570.79 billion.

Mostly, there was increased sell-offs seen during the week in CUTIX (-15%), BUACEMENT (-10%), STANBIC (-10%), TRANSCORP (-7%), and MTNN (-5%). Further into the sectorial front, it was a mixed performance as the NGX Insurance (+6.00%) and NGX Consumer Goods (+3.00%) indexes closed the week positive. On the contrary, the NGX Banking (-0.89%), NGX Industrial Goods (-5.19%) and NGX Oil and Gas (-0.37%) Indexes all recorded declines on a w/w comparison.

Elsewhere, the level of trading activity during the week was in a varied region as the total traded volume advanced 114.12% w/w to 1.51 million units while the total weekly traded value decreased by 45.49% w/w to N6.12 billion and then the total deals for the week dipped (-5.03%) to 20,412 from 21,494 in the previous week.

Going into the new week, we expect the market to trade with mixed sentiment as investors position to rebalance their portfolios while they continue exhibiting minimal apathy towards risk assets like equities. However, we continue to advise investors to trade on companies' stocks with sound fundamentals and a positive outlook.



Top Ten Gainers				Bottom Ten Losers			
Symbol	August 12 2022	August 05 2022	% Change	Symbol	August 12 2022	August 05 2022	% Change
MULTIVERSE	2.44	1.88	30%	CUTIX	2.05	2.40	-15%
NEM	4.41	3.40	30%	CAVERTON	1.05	1.17	-10%
COURTVILLE	0.56	0.47	19%	BUACEMENT	52.95	58.80	-10%
CHAMS	0.28	0.25	12%	STANBIC	28.00	31.00	-10%
JAPAULGOLD	0.38	0.34	12%	SOVERINS	0.25	0.27	-7%
BUAFOODS	59.95	54.50	10%	UPDC (BLS)	1.05	1.13	-7%
LASACO	1.02	0.93	10%	TRANSCORP	1.07	1.15	-7%
MAYBAKER	3.90	3.61	8%	MTNN	200	214.90	-7%
FCMB	3.35	3.11	8%	CHAMPION (BLS)	3.80	4.00	-5%
WAPIC (MRF)	0.44	0.41	7%	RTBRISCOE	0.38	0.40	-5%

Weekly Stock Recommendations as at Friday, August 12, 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
UBA	Q1 2022	111,570.13	3.33	4.08	20.32	0.34	2.10	8.80	4.40	7.00	30.31	5.95	8.05	333.05	Buy
Zenith Bank	Q1 2022	171,300.27	7.34	6.82	35.56	0.60	2.91	26.89	22.01	21.25	50.70	18.06	24.44	138.58	Buy
ETI	Q2 2022	62,381.69	7.97	4.25	56.9	5.3	1.33	13.20	5.00	10.60	31.59	9.01	12.19	198.01	Buy
Dangote Cement	Q2 2022	275,366.40	21.39	20.20	45.5	5.82	12.39	300	237.6	258.8	335.13	219.98	297.62	29.49	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, August 12, 2022

FGN Eurobonds	Issue Date	TTM (years)	12-Aug-22 Price (N)	Weekly USD Δ	12-Aug-22 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	3.28	94.06	5.51	9.8%	(2.12)
6.50 NOV 28, 2027	28-Nov-17	5.30	94.06	5.51	9.8%	(2.12)
6.125 SEP 28, 2028	28-Sep-21	6.13	81.42	10.17	10.3%	(2.77)
8.375 MAR 24, 2029	24-Mar-22	6.62	88.70	11.66	10.8%	(2.94)
7.143 FEB 23, 2030	23-Feb-18	7.54	82.60	10.75	10.6%	(2.57)
8.747 JAN 21, 2031	21-Nov-18	8.45	88.04	12.76	11.0%	(2.83)
7.875 16-FEB-2032	16-Feb-17	9.52	82.61	11.97	10.9%	(2.57)
7.375 SEP 28, 2033	28-Sep-21	11.14	76.95	11.24	11.0%	(2.35)
7.696 FEB 23, 2038	23-Feb-18	15.55	73.76	10.32	11.3%	(2.00)
7.625 NOV 28, 2047	28-Nov-17	25.31	71.53	9.09	11.0%	(1.60)
9.248 JAN 21, 2049	21-Nov-18	26.46	80.11	11.65	11.7%	(2.01)
8.25 SEP 28, 2051	28-Sep-21	29.15	73.21	10.05	11.4%	(1.80)

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, August 12, 2022

MAJOR	12-Aug-22	Previous	Δ from Last	Δ YTD
EURUSD	1.0245	1.0318	-0.71%.	-13.70%.
GBPUSD	1.2119	1.2192	-0.60%.	-12.75%.
USDRUB	60.80	60.60	0.33%	-18.65%.
USDCHF	0.94	0.94	0.38%	4.33%
USDNGN	418.35	418.35	0.00%	1.79%
USDZAR	16.24	16.27	-0.20%.	12.27%
USDEGP	19.12	19.10	0.10%	22.17%
USDCAD	1.28	1.28	0.28%	2.30%
USDMXN	19.90	19.93	-0.15%.	0.11%
USDBRL	5.09	5.16	-1.25%.	-0.63%.
AUDUSD	0.7103	0.7102	0.01%	-3.50%.
NZDUSD	0.6434	-0.0600	-0.02%.	-7.89%.
USDJPY	133.68	133.10	0.44%	22.45%
USDCNY	6.74	6.74	-0.07%.	4.26%
USDINR	79.60	79.58	0.03%	7.07%



Global Commodity Prices as at 4:30 PM GMT+1, Friday, August 12, 2022

Commodity		12-Aug-22	Previous	Δ from Last	Δ YTD	2021-12-31
CRUDE OIL	USD/Bbl.	92.0950	94.3403	-2.38%.	38.24%	66.6189
BRENT	USD/Bbl.	97.5670	99.5785	-2.02%.	33.84%	72.8965
NATURAL GAS	USD/MMBtu	8.7718	8.8774	-1.19%.	124.75%	3.9030
GASOLINE	USD/Gal	3.0106	3.0724	-2.01%.	31.94%	2.2818
COAL	USD/T	401.0000	398.6480	0.59%	149.14%	160.9523
GOLD	USD/t.oz	1794.15	1789.32	0.27%	-0.90%.	1810.38
SILVER	USD/t.oz	20.50	20.29	1.01%	-19.10%.	25.34
WHEAT	USD/Bu	787.35	810.70	-2.88%.	8.68%	724.45
PALM-OIL	MYR/T	4407.00	4264.15	3.35%	6.96%	4120.15
COCOA	USD/T	2353.00	2408.89	-2.32%.	-0.64%.	2368.08

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