

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Foreign Investors' Growing Apathy Dangles Total Domestic & FPIs to N101.18bn in July...

We reckon that sustained upward pressure on interest rates will continue to create apathy towards risk assets like equities for investors, especially the risk-averse investors.....

FOREX MARKET: Naira Lost Strength Against The Dollar At the Streets As Demand-Supply Mismatch Lingers...

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: NIBOR Rises for All Tenor Buckets on Lingering Financial System Liquidity Crunch...

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BOND MARKET: FGN Eurobond Yields Rises amid Sell Pressure...

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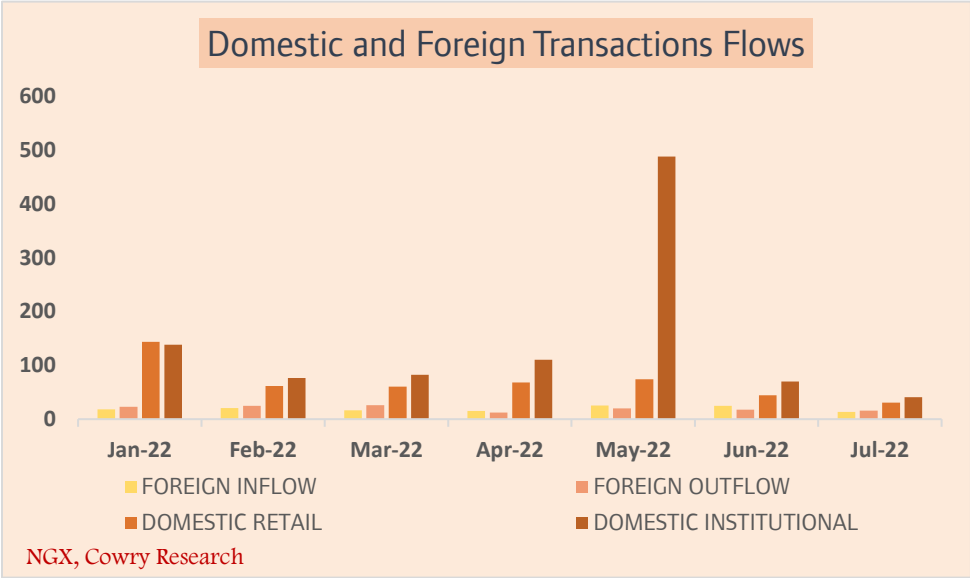
EQUITIES MARKET: The Bears Held Its Grip On the Stock Market As Pressured Sell-Offs Continue.....

Going into the new week, we anticipate mixed sentiments to drive trading as investors 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.

Foreign Investors Growing Apathy Dangles Total Domestic & FPIs to N101.18bn in July....

This week, we take a look at the monthly trading figure on domestic and foreign portfolio investments polled and recently published by the NGX from market operators. The report showed that the total inflow in equities market transactions by these investors further declined by 35.36% to N101.18 billion in July 2022 from N156.52 billion in June 2022. However, it reported that this was a 12.71% year-on-year increase from N89.77 billion transacted in July 2021.

Investors' participation in the Nigerian equities market is gradually waning despite Nigerian stocks being among the cheapest and relatively attractive stocks in the world. But a catch of hope lies in the continued outperformance by domestic (Retail and Institutional) investors over their international counterparts in equities trading by a 42% difference.



Away from the notion that foreign investors have always exhibited apartheid during this time in a pre-election season when they opt to aggressively exit Nigerian equities with the institutional investors threading the same path, the declining sentiment in the market has paved the way for some reconsiderations and portfolio rebalancing efforts by these investors.

Consequently, our analysis of the total transaction carried out between July and the preceding month (June) revealed a 37.46% significant decrease to N71.50 billion in July from N114.33 billion in June. In the same vein, we saw the total foreign transactions decrease by 29.65% from N42.19billion to N29.68 billion between June 2022 and July 2022. On the aggregate investment by domestic investors, the NGX report put it that institutional investors outperformed their retail counterparts by a large margin of 14% and this shows the increasing activities of fund managers and some banks in the equities space as they continue to cherry-pick on some of the fundamentally sound tickers during the month.

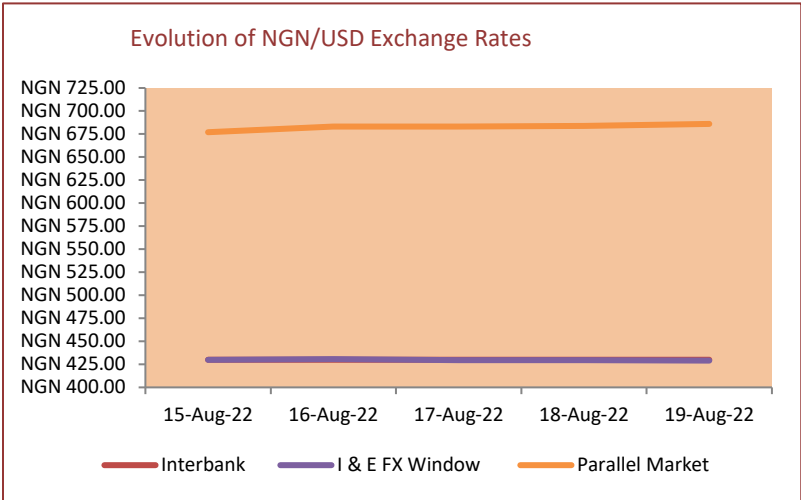
Furthermore, a monthly comparison of domestic transactions during the month showed that the retail transactions decreased by 30.51% from N44.11 billion in June to N30.65 billion in July 2022. Similarly, the institutional composition of the domestic market decreased by 41.83% from N70.22 billion in June 2022 to N40.85 billion in July 2022.

Year-to-date, total domestic and foreign portfolio investment printed N1.76 trillion, a 56.8% year-on-year increase from N1.12 trillion reported in the same period last year. This portends a positive uptrend back to an almost a 15-year high of N3.56 trillion in 2007 before the global financial crisis. Thus, the total domestic transactions are N1.49 trillion while the foreigners transacted a total of N273.16 billion in seven months.

In our opinion just like in the June edition where we averred that 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, and regardless of the expectations that listed corporates will continue to deliver strong profit growth, we reckon that sustained upward pressure on interest rates will continue to create apathy towards risk assets like equities for investors, especially the risk averted investors.

FOREX MARKET: Naira Lost Strength Against The Dollar At the Streets As Demand-Supply Mismatch Lingers...

In the just concluded week, the Naira plunged further by (-1.33%) N9 to N686/USD from N677/USD at the parallel market as the misery continues for the legal tender which grapples for strength against the greenback due to existing demand and supply mismatch. However, it was a positive outing at the I&E Window as there was an appreciation by (+0.14%) N0.58 w/w to close the week at N429.05/USD from N429.63/USD the previous week. Thus, most participants maintained bids between N417/USD and N444/USD.

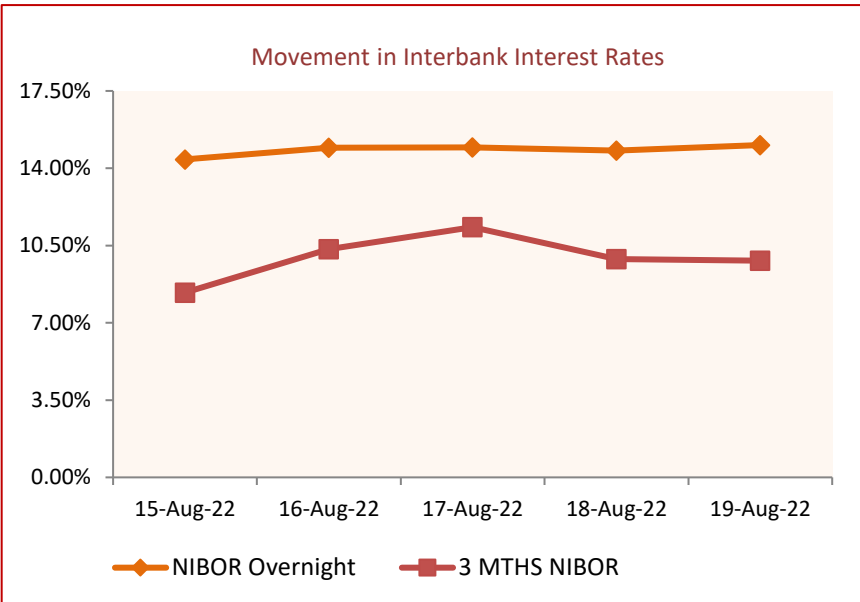


At the Interbank Foreign Exchange market, NGN/USD closed flat at N430.00/USD amid CBN’s weekly injections of USD210 million where USD100 million was allocated to Wholesale Secondary Market Intervention Sales (SMIS), USD55 million was allocated to Small and Medium Scale Enterprises and USD55 million was sold for Invisibles. In the meantime, the Naira/USD exchange rate traded in a mixed bag as the 1M and 6M FX Forward Contracts weakened further by a marginal 0.01% and 0.06% respectively to close the week at N429.54/USD and N452.82/USD. On the other hand, the 2M, 3M and 12M Forward Contracts increased in value by 3bps, 23bps and 22bps to close the week’s offering at N434.00/USD, N437.51/USD and N481.17/USD in that order. Elsewhere, the Bonny light crude price declined 2.59% w/w to close the week at USD111.44 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: NIBOR Rises for All Tenor Buckets on Lingering Financial System Liquidity Crunch...

In accordance with our expectations, given the lackluster activity in the primary market, we saw a negative run on a week-over-week basis in the money market, amid renewed sell pressure. In General, NIITTY for 3-months, 6 months and 12 months maturities climbed to 8.65% (from 8.25%), 9.04% (from 8.38%) and 7.50% (from 7.260%) respectively, while the 1-month declined to 7.34% (from 7.80%). There were no auctions or maturing bills, therefore activity in the OMO area was also subdued. Nonetheless, NIBOR rose across the board for all tenor buckets. NIBOR

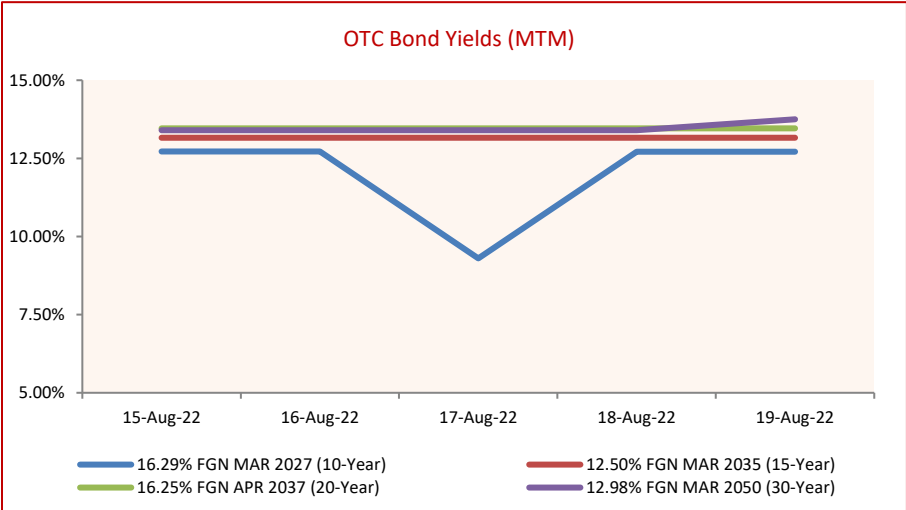


for Overnight, 3 months, 6 months, and 12 months increased to 15.05% (from 11.60%), 12.40% (from 10.06%), 9.82% (from 4.22%), and 13.15 % (from 10.76%), respectively.

In the new week, We anticipate bearish money market action as financial sector liquidity may come under increased strain due to the limited maturing treasury and OMO bills.

BOND MARKET: FGN Eurobond Yields Rises amid Sell Pressure...

It was an encouraging week in the debt market as the DMO allotted N225.00 billion in bonds in the concluded week, including N75.00 billion for the 13.53% FGN MAR 2025, and N75.00 billion for the 12.50% FGN APR 2032, and N75.00 billion for the 13.00% FGN JAN 2042. Stop rates for 25s, 32s and 42s were set at 13.53%, 12.50%, and 13.00%, respectively. Given the fixed stop rate, the secondary market lacked

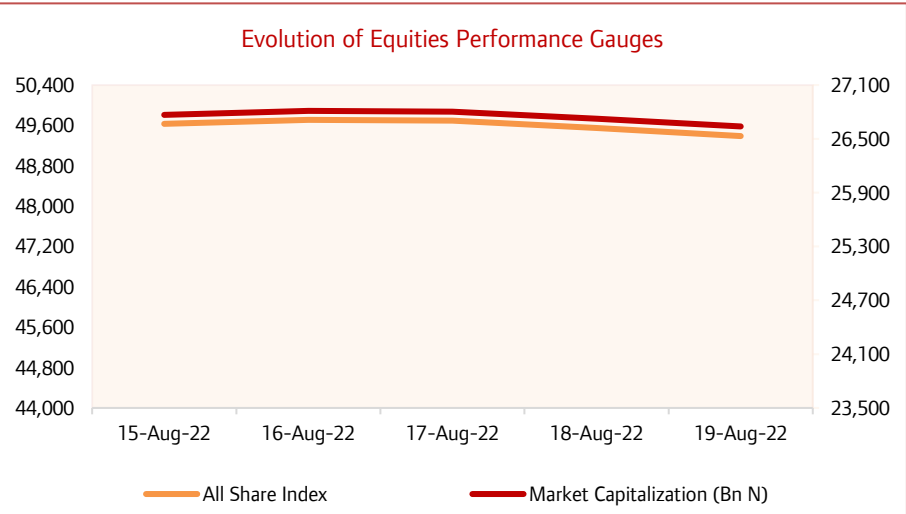


direction, resulting in a flattish movement in the value of FGN bonds traded over the majority of maturities tracked. The 10-year 16.29% FGN MAR 2027 paper, 15-year 12.50% FGN MAR 2035 bond, and 20-year 16.25% FGN MAR 2037 bond yields, in particular, traded around 12.71%, 13.13%, and 13.46%, respectively. The 30-year 12.98% FGN MAR 2050 instrument lost N2.41 with its corresponding yield rising to 13.75% (from 13.40%). Elsewhere, the value of FGN Eurobonds traded at the international capital market depreciated for all maturities tracked on 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 each lost USD 1.88, USD 7.64 and USD 8.75 respectively; their corresponding yields rose to 9.63% (from 7.35%), 12.77% (from 11.32%) and 12.50% (from 10.97%) respectively.

In the new week, we expect to see increased bearish activity in the local FGN bonds space as FGN Eurobonds yields appear to be relatively high...

EQUITIES MARKET: The Bears Held Its Grip On the Stock Market As Pressured Sell-Offs Continue...

Weak investors’ sentiments continue to dampen the performance of the stock market for the second straight week as the benchmark index dipped 0.56% w/w on the back of pressured sell-offs in major counters while investors continue their cherrypicking activities after Tuesday’s dead-cat bounce. Also, the NGX market capitalisation deteriorated by 0.56% w/w % w/w to N26.64 trillion from N26.79 trillion in the prior week



while the market YTD performance eased further to 15.62% as investors lost N148.99 billion from 4 out of 5 sessions. The lackluster performance was broad-based during the week as price declines in JAPAU LGOLD (-24), PZ (-17%), HONYFLOUR (-14%), NEM (-13%), and FLOURMILL (-10%) dragged the index into a deeper bear. Across the sectorial front, it was a varied performance as two out of five indexes under our purview gained while others lost. Resultantly, the NGX Insurance (-1.40%) and NGX Consumer Goods (-1.03%) and the NGX Industrial Goods (-0.87%) indexes closed the week negative while the NGX Banking (+0.65%) and NGX Oil and Gas (+0.28%) Indexes recorded weekly gains from price appreciation.

The level of trading activity during the week closed mixed as the total traded volume decreased 47.5% w/w to 792.94 million units while the total weekly traded value rose by 93.99% w/w to N11.9 billion and then the total deals for the week dipped (-17.40%) to 16,861 from 20,412 last week.

Going into the new week, we anticipate mixed sentiments to drive trading as investors 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 19 2022	August 12 2022	% Change		Symbol	August 19 2022	August 12 2022	% Change
NEIMETH	1.53	1.40	9%		JAPAULGOLD	0.29	0.38	-24%
SOVRENINS	0.27	0.25	8%		COURTVILLE	0.44	0.56	-21%
REDSTAREX	2.70	2.55	6%		UPL	1.72	2.12	-19%
UNITYBNK	0.45	0.43	5%		PZ	8.50	10.25	-17%
AIICO	0.57	0.55	4%		HONYFLOUR	2.42	2.83	-14%
UBN [BLS]	6.00	5.80	3%		MULTIVERSE	2.10	2.44	-14%
ZENITHBANK	21.95	21.25	3%		NEM	3.82	4.41	-13%
FTNCOCOA [RST]	0.33	0.32	3%		CADBURY	13.70	15.40	-11%
LEARNAFRCA	2.25	2.20	2%		CHAMS	0.25	0.28	-11%
NGXGROUP	20.55	20.15	2%		FLOURMILL	29.05	32.45	-10%

Weekly Stock Recommendations as at Friday, August 19, 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	7.10	30.3	6.04	8.17	326.95	Buy
Zenith Bank	Q1 2022	171,300.27	7.34	6.82	35.56	0.60	2.91	26.89	22.01	21.95	50.7	18.66	25.24	130.97	Buy
ETI	Q2 2022	62,381.69	7.97	4.25	56.9	5.3	1.33	13.20	5.00	10.60	31.6	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	335.1	219.9	297.6	29.49	Buy
MTN Nigeria	Q2 2022	290,606.40	14.67	17.85	13.24	14.8	13.36	270	167	196	246.1	166.6	225.4	25.54	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, August 19, 2022

FGN Eurobonds	Issue Date	TTM (years)	19-Aug-22 Price (N)	Weekly USD Δ	19-Aug-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.90	97.28	(1.88)	9.6%	2.28
7.625 21-NOV-2025	21-Nov-18	3.26	89.09	(4.97)	11.8%	1.97
6.50 NOV 28, 2027	28-Nov-17	5.28	89.09	(4.97)	11.8%	1.97
6.125 SEP 28, 2028	28-Sep-21	6.12	75.36	(6.06)	11.9%	1.63
8.375 MAR 24, 2029	24-Mar-22	6.60	82.15	(6.55)	12.4%	1.61
7.143 FEB 23, 2030	23-Feb-18	7.52	76.29	(6.31)	12.0%	1.48
8.747 JAN 21, 2031	21-Nov-18	8.43	80.48	(7.56)	12.6%	1.62
7.875 16-FEB-2032	16-Feb-17	9.50	74.99	(7.62)	12.4%	1.59
7.375 SEP 28, 2033	28-Sep-21	11.12	69.06	(7.89)	12.6%	1.61
7.696 FEB 23, 2038	23-Feb-18	15.53	66.12	(7.64)	12.8%	1.45
7.625 NOV 28, 2047	28-Nov-17	25.29	62.78	(8.75)	12.5%	1.53
9.248 JAN 21, 2049	21-Nov-18	26.44	72.07	(8.04)	13.0%	1.32
8.25 SEP 28, 2051	28-Sep-21	29.13	65.33	(7.88)	12.8%	1.37

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, August 19, 2022

MAJOR	19-Aug-22	Previous	Δ from Last	Δ YTD
EURUSD	1.0042	1.0089	-0.47%	-15.41%
GBPUSD	1.1807	1.1935	-1.07%	-15.00%
USDRUB	59.20	59.20	0.00%	-20.79%
USDCHF	0.96	0.96	0.22%	5.95%
USDNGN	419.83	419.83	0.00%	2.15%
USDZAR	17.01	16.85	0.95%	17.66%
USDEGP	19.12	19.12	0.00%	22.17%
USDCAD	1.20	1.20	0.43%	-4.92%
USDMXN	20.20	20.10	0.46%	1.61%
USDBRL	5.21	5.17	0.85%	-1.49%
AUDUSD	0.6868	0.6914	-0.67%	-6.69%
NZDUSD	0.6178	-0.0600	-1.31%	-11.55%
USDJPY	137.04	135.82	0.90%	25.53%
USDCNY	6.84	6.80	0.57%	5.82%
USDINR	79.89	79.75	0.18%	7.47%



Global Commodity Prices as at 4:30 PM GMT+1, Friday, August 19, 2022

Commodity		19-Aug-22	Previous	Δ from Last	Δ YTD
CRUDE OIL	USD/Bbl.	90.5330	90.4878	0.05%	35.90%
BRENT	USD/Bbl.	96.5340	96.5147	0.02%	32.43%
NATURAL GAS	USD/MMBtu	9.1627	9.1884	-0.28%	134.76%
GASOLINE	USD/Gal	2.9978	3.0269	-0.96%	31.38%
COAL	USD/T	413.9000	413.9000	0.00%	157.16%
GOLD	USD/t.oz	1749.34	1758.13	-0.50%	-3.37%
SILVER	USD/t.oz	19.12	19.52	-2.05%	-24.53%
WHEAT	USD/Bu	1483.25	1464.50	1.28%	104.74%
PALM-OIL	MYR/T	4093.00	4042.87	1.24%	-0.66%
COCOA	USD/T	2360.00	2402.04	-1.75%	-0.34%

Disclaimer

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