

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Encouraging y/y Growth in Capital Importation To \$1.54bn Amid Wabby Investors' Appetite...

We believe the reported decline for the second consecutive quarters since the last quarter of 2021 (\$1.9 billion) resulted from the growing guardedness of investors around mounting insecurity concerns, rising global inflation trend and rates hikes.....

FOREX MARKET: Naira Lost Strength Against The Greenback At I&E FX Segment On Panic Buys.....

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: NITTY Traded Bearish for All Tenor Buckets As NIBOR Crashes In The Face Of Liquidity Flow...

In the new week, We anticipate mildly bullish 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 Cleared higher on Rising Rates...

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: Positive Sentiments Drove N196.7bn Gains For Investors As NGX-ASI crosses 50,000 mark...

Going into the new week, earnings releases expectations from some of the major banks is expected to buoy trading activities as investors begin to rebalance their portfolios as we head into the final month of the third quarter. Thus, we expect the bullish camp to rule the market. However, we continue to advise investors to trade on companies' stocks with sound fundamentals and a positive outlook.

Encouraging y/y Growth in Capital Importation To \$1.54bn Amid Wobbly Investors' Appetite....

This week, we took a close look into how foreign investors' appetite for investment in Nigeria at the moment looks wobbly in the face of monetary policy normalization triggered by the spiraling inflation trend across the globe and leading to capital repatriation from frontier economies such as Nigeria whose currency is weakening against the greenback as a result of unabating panic buys in the FX market.

To better explain the above, the recent capital importation data published by the National Bureau of Statistics showed that during the second quarter of 2022, the total value of capital imported into Nigeria soared 75.3% year on year and printed at \$1.54 billion from \$875.62 million in the same period last year. This translates to encouraging growth, but a look at the numbers from the first quarter of 2022 showed a decrease of 2.40% (\$37.8 million) from \$1.57 billion.

Consequently, the inflow during the period was highest through portfolio investment which accounted for more than 49% or \$757.3 million of the total and was supported by investors' interest in money market instruments (\$422.6 million) and Bonds (\$322.04 million) during the quarter. Trailing this category was Other investment with \$630.9 million where loans (\$595.9 million) and other claims (\$35 million) drove the performance while foreign direct investment (FDI) was just \$147.2 million resulting from investment into the equities space.

Notwithstanding the dwindling in the total inflow during the quarter, Nigeria still remains a bride for investors as capital inflow from various origins places the United Kingdom as the top-ranked source with more than 50% of the total and a value of \$781.05 million. Trailing were the likes of Singapore and South Africa with capital inflow valued at \$138.58 million and \$122.26 million respectively. The UAE and United States were not left as Nigeria still stays highly attractive to these nations, importing \$103.9 million and \$80.20 million in that order.

By Destination of investment, Lagos state remained the top destination, as it has always done over the years as a commercial hub of Nigeria with U\$1.05 billion, and accounted for 68.66% of total capital investment into Nigeria during the quarter. This was followed by investment into Abuja (FCT), valued at \$453.95 million, Anambra (\$24.71 million), Kogi (\$2 million) and Ekiti (\$500,000) States. Sectorial analysis shows that capital importation into banking had the highest inflow of \$646.36 million amounting to 42.10% of total capital imported in the second quarter of 2022. This was followed by capital imported into the production sector, valued at \$233.99 million (15.24%), and the financing sector with \$197.31 million (12.85%).

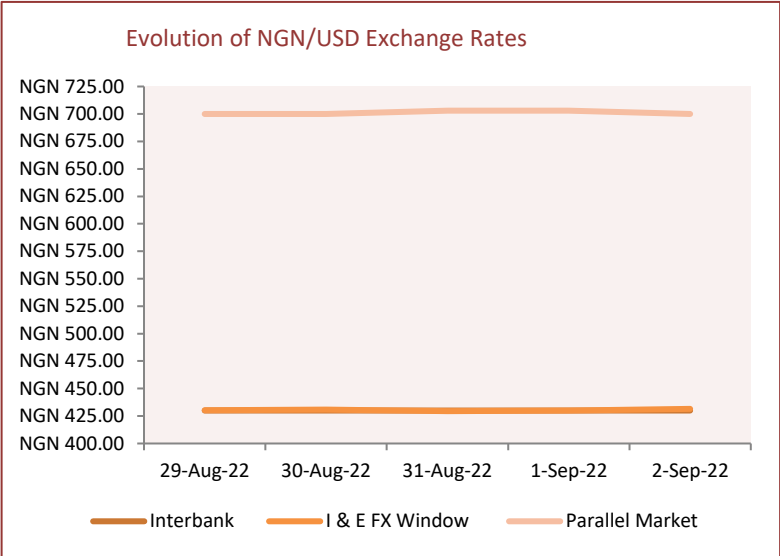
Also, investment inflow by some selected banks reveals that Citibank Nigeria ranked highest in Q2 2022 with \$450.94 million (29.37%) of the total investment. This was followed by Standard Chartered Bank Nigeria Limited with \$323.24 million (21.05%) and Stanbic IBTC Bank Plc with \$163.92 (10.68%). Meanwhile, Nigeria's banking heavyweights were not left out from the mix as Zenith Bank brought in \$128.38 million alongside Access Bank (\$101.14 million) Ecobank (\$82.94 million), FCMB (\$15.75 million) and the UBA and Fidelity recorded \$9.70 million and \$6.21 million respectively.

We believe the reported decline for the second consecutive quarter since the last quarter of 2021 (\$1.9 billion) resulted from the growing guardedness of investors around mounting insecurity concerns, rising global inflation trends and rates hikes. This is not, without, mentioning the unabating pressure on the local currency in the foreign exchange market consequential to further weakening of the naira and the dynamics in play on the road to electioneering activities across the country.

FOREX MARKET: Naira Lost Strength Against The Greenback At I&E FX Segment On Panic Buys...

In the just concluded week, the Naira traded in a relatively calm manner at the parallel market segment to close the week flat at N700/USD as panic buying continues. It was a marginally negative close for the local currency at the Investors and Exporters window of the market as panic buying continues to take center stage despite the USD265 million FX inflow from the CBN’s vault majorly to airline operators in order to repatriate trapped revenues in Nigeria.

Thus, the naira depreciated by (0.27%) N1.17 week on week to N431.50/USD from N430.33/USD in the prior week as FX users and traders continue to experience shortages within the market and forcing traders to reserve their greenback holdings for a future date as the CBN continues ignoring traders while it maintains its intervention in the market. Thus, most market participants maintained their bids between N417/USD and N437/USD.

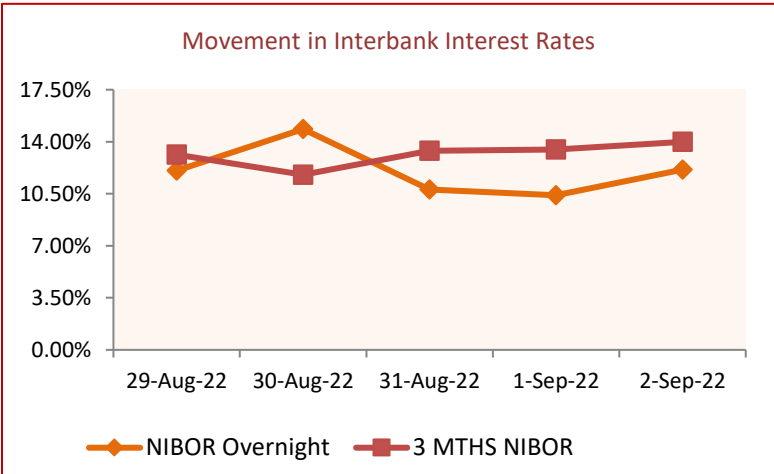


At the Interbank Foreign Exchange market, NGN/USD closed flat at N430.00/USD amid CBN’s weekly injections of over USD200 million where USD100 million was allocated to Wholesale Secondary Market Intervention Sales (SMIS), USD50 million was allocated to Small and Medium Scale Enterprises and USD55 million was sold for Invisibles. In the meantime, the Naira/USD exchange rate in the Naira FX Forward Contracts Markets inched higher across all tenors, save for the 12 months contract which closed the week in the opposite direction at N477.74/USD from N478.51/USD. However, the 1M, 2M, 3M and 6M tenors all rose by 1.26%, 1.19%, 0.93%, and 0.27% respectively to close the week’s offering at N434.44/USD, N437.68/USD, N440.19/USD, and N452.58.. Elsewhere, the Bonny light crude price depreciated by \$7.95 (-7.6%) w/w to close the week at USD97.0 per barrel from USD104.95 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: NITTY Traded Bearish for All Tenor Buckets As NIBOR Crashes In The Face Of Liquidity Flow...

In the just concluded week, NITTY cleared lower for 1 month, 3 months, 6 months, and 12 months tenor buckets week on week to 5.89% (from 8.23%), 6.90% (from 9.73%), 7.67% (from 10.62%), and 8.13% (from 8.81%), respectively in tandem with the direction at the primary market while investors stayed geared up for Nigerian Treasury Bills Maturity worth N214.74 billion in the coming week at the CBN’s Primary Market Auction (PMA). On the other hand, NIBOR moved in different directions across all tracked tenor buckets amid a net inflow of N468 billion in FAAC distribution to Federal, States and Local Governments respectively from the revenue generated in July. Thus, the Overnight rates decreased -2.61ppts week on week due to



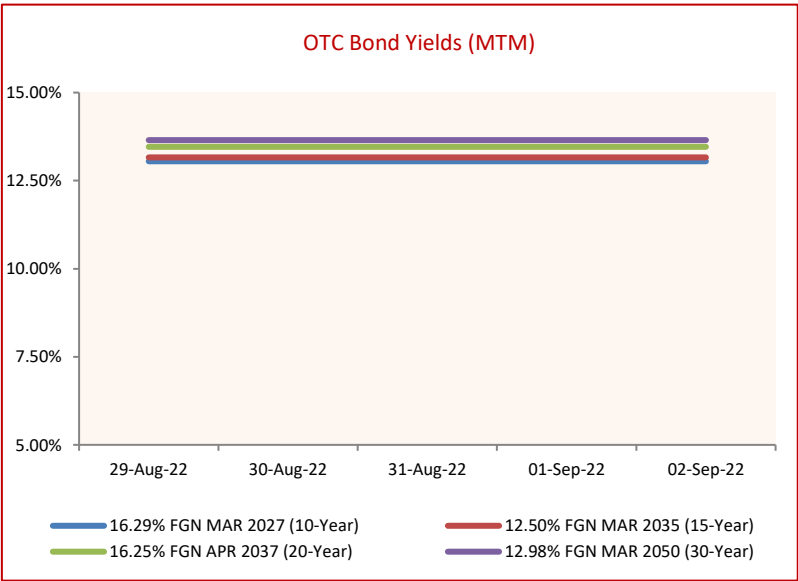
improved liquidity in the system. However, activities in the OMO space were muted in the absence of matured bills. Meanwhile, the expectation of maturity worth N50 billion in the commings is expected to bolster activities. However,

we observed that deposit money banks carried out transactions within the REPO framework to shore up financial liquidity. Given the liquidity from borrowings and REPO, NIBOR overnight packed up to 12.13% from 14.74: Thus, the NIBOR for 6-month tenor buckets inched higher to 12.96% (from 11.64%), while the 1-month and 3-month tenor buckets followed suit to 12.87% (from 12.41%) and 13.99% (from 13.95%), respectively.

In the new week, We anticipate mildly bullish 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 Cleared higher on Rising Rates...

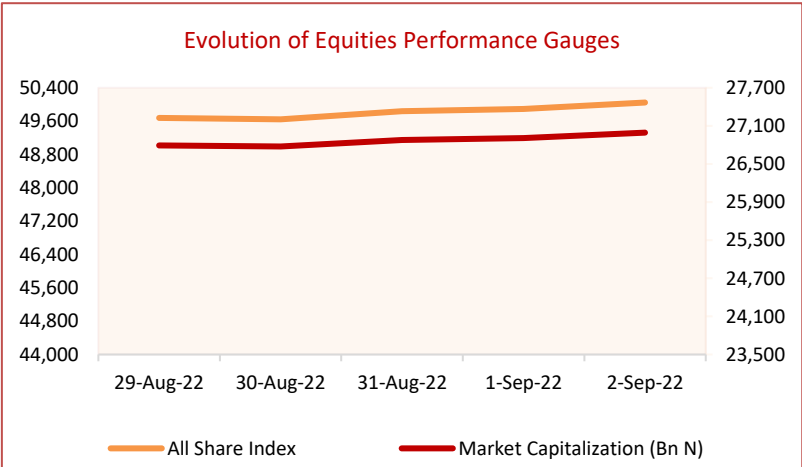
In the just concluded week, the value of FGN bonds traded quietly in the secondary market as investors take a stand off approach to observe maturities with attractive yields. Just like was witnessed in the prior week, the 10-year 16.29% FGN MAR 2027 bond paper with yields of 13.05% (from 12.71%); the 30-year 12.98% FGN MAR 2050 instrument with the yield at 13.65% (from 13.75%); the 15-year 12.50% FGN MAR 2035 bond and the 20-year 16.25% FGN MAR 2037 bond with current yields at 13.16% and 13.46%, respectively all traded flat respectively. Elsewhere, for all maturities tracked in the FGN Eurobond space in the international debt market, the value of FGN Eurobonds traded decreased; 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 instruments each lost USD1.38, USD4.16, and USD4.47 week on week respectively with their corresponding yields rising to 10.94% (from 9.10%), 13.35% (from 12.48%), and 12.95% (from 12.07%).



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: Positive Sentiments Drove N196.7bn Gains For Investors As NGX-ASI crosses 50,000 mark ...

Performance of the equities market was upbeat for the second consecutive week of sustained and strong buying interests in some of the fundamentally sound tickers. Resultantly, the benchmark Index inched upward by a marginal 0.73% w/w to cross the 50,000 psychological mark to 50,045.83 points since August 11, 2022; and was driven by encouraging sentiments of investors as they digest the positive year-on-year growth of Nigeria’s output (GDP). As a result, the NGX market capitalization cleared higher by 0.73% w/w to N26.9 trillion from N26.8 trillion in the prior week to give investors N196.65 billion in profits 3 out of 5 sessions while the market YTD return rose to 17.16%.



The positive performance in the just concluded week was buoyed by price appreciations witnessed in tickers such as E-TRANZACT (+16%), VITAFOAM (+16%), FIDELITY (+11%), GUINNESS (+10%), and FCMB (+9%). Across the sectorial front, it was a bullish performance as all five indexes under our purview advanced higher on the back of strong demand by investors. Thus, the Consumer Goods Index led the gainers’ chart with a 2.01% gain week on week and was followed by the NGX Industrial Index (+1.36%), the NGX Banking and Insurance Indexes appreciated by 1.21% and 0.05% respectively while the Oil and Gas index inched 0.65% week on week.

Meanwhile, the level of trading activities in the week headed northward as the total traded volume advanced 30.72% w/w to 1.2 billion units while the total weekly traded value rose by 6.99% w/w to N12.92 billion and then the total deals traded for the week also rose (7.13% w/w) to 19,305 from 18,021 last week.

Going into the new week, earnings releases expectations from some of the major banks is expected to buoy trading activities as investors begin to rebalance their portfolios as we head into the final month of the third quarter. Thus, we expect the bullish camp to rule the market. However, we continue to advise investors to trade on companies’ stocks with sound fundamentals and a positive outlook.

Weekly Gainers and Loser as at Friday, September 2, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	September 2 2022	August 26 2022	% Change	Symbol	September 2 2022	August 26 2022	% Change
ETRANZACT	2.65	2.28	16%	UNILVER	12.20	13.50	-10%
VITAFOAM	23.60	20.30	16%	RTBRISCOE	0.32	0.35	-9%
FIDELITYBK	3.40	3.06	11%	HONYFLOUR	2.53	2.72	-7%
GUINNESS	87.90	80.00	10%	UPL	1.79	1.89	-5%
MULTIVERSE	2.62	2.39	10%	CADBURY	13.00	13.40	-3%
NGXGROUP	22.00	20.05	10%	CAVERTON	1.12	1.15	-3%
FCMB	3.49	3.20	9%	CORNERST	0.68	0.70	-3%
STANBIC	33.00	30.50	8%	JAPPAULGOLD	0.33	0.34	-3%
NPFMCRRFBK	1.62	1.50	8%	MANSARD	1.80	1.85	-3%
ACCESSCORP	8.70	8.20	6%	STERLNBANK	1.49	1.53	-3%

Weekly Stock Recommendations as at Friday, September 2, 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	7.25	30.31	6.16	8.34	318.12	Buy
Zenith Bank	Q1 2022	171,300.27	7.34	6.82	35.56	0.60	2.91	26.89	22.01	21.50	52.76	18.28	24.73	145.38	Buy
ETI	Q2 2022	62,381.69	7.97	4.25	56.9	5.3	1.33	13.20	5.00	11.00	31.59	9.35	12.65	187.18	Buy
Dangote Cement	Q2 2022	275,366.40	21.39	20.20	45.5	5.82	12.39	300	237.6	245	335.13	208.25	281.75	36.79	Buy
MTN Nigeria	Q2 2022	290,606.40	14.67	17.85	13.24	14.8	13.36	270	167	200	246.06	170	230	23.03	Buy
Fidelity Bank	Q2 2022	308,896.00	80	13.33	25.27	0.14	0.04	4.05	2.23	3.4	5.87	3	4	72.65	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, September 2, 2022

FGN Eurobonds	Issue Date	TTM (years)	02-Sep-22 Price (N)	Weekly USD Δ	02-Sep-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.86	96.38	-0.90	10.9%	1.31
7.625 21-NOV-2025	21-Nov-18	3.22	88.38	-0.71	12.1%	0.34
6.50 NOV 28, 2027	28-Nov-17	5.24	88.38	-0.71	12.1%	0.34
6.125 SEP 28, 2028	28-Sep-21	6.08	71.53	-3.83	13.1%	1.15
8.375 MAR 24, 2029	24-Mar-22	6.56	78.03	-4.12	13.5%	1.12
7.143 FEB 23, 2030	23-Feb-18	7.48	72.55	-3.74	13.0%	0.97
8.747 JAN 21, 2031	21-Nov-18	8.39	76.97	-3.51	13.4%	0.83
7.875 16-FEB-2032	16-Feb-17	9.46	71.28	-3.71	13.3%	0.86
7.375 SEP 28, 2033	28-Sep-21	11.08	66.18	-2.88	13.3%	0.67
7.696 FEB 23, 2038	23-Feb-18	15.49	63.38	-2.74	13.4%	0.58
7.625 NOV 28, 2047	28-Nov-17	25.25	60.57	-2.21	13.0%	0.45
9.248 JAN 21, 2049	21-Nov-18	26.41	70.09	-1.98	13.4%	0.37
8.25 SEP 28, 2051	28-Sep-21	29.09	62.65	-2.68	13.4%	0.55

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 2, 2022

MAJOR	02-Sep-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0029	0.9949	0.80%	0.67%	-1.34%	-15.58%
GBPUSD	1.1582	1.1546	0.31%	-1.43%	-4.64%	-16.44%
USDCHE	0.9798	0.9820	-0.22%	1.40%	2.01%	7.22%
USDRUB	60.2500	59.2487	1.69%	1.60%	2.55%	-17.18%
USDNGN	422.9200	422.4553	0.11%	0.29%	1.62%	2.90%
USDZAR	17.2162	17.2697	-0.31%	2.04%	2.64%	20.30%
USDEGP	19.2000	19.2096	-0.05%	0.16%	1.00%	22.53%
USDCAD	1.31	1.3152	-0.47%	0.43%	1.95%	4.51%
USDMXN	19.93	20.1679	-1.17%	-0.38%	-2.53%	0.06%
USDBRL	5.18	5.2417	-1.12%	2.52%	-1.78%	-0.06%
AUDUSD	0.6846	0.6792	0.79%	-0.69%	-1.45%	-8.16%
NZDUSD	0.6129	-0.0600	0.81%	-0.04%	-2.23%	-14.36%
USDJPY	140.0180	140.0600	-0.03%	1.85%	4.64%	27.70%
USDCNY	6.9027	6.9152	-0.18%	0.14%	2.12%	7.23%
USDINR	79.6590	79.6749	-0.02%	-0.38%	0.69%	9.14%



Global Commodity Prices as at 4:30 PM GMT+1, Friday, September 2, 2022

Commodity		02-Sep-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	88.0820	86.5756	1.74%	-5.18%.	-1.67%.	27.35%
BRENT	USD/Bbl	94.2330	92.4125	1.97%	-4.63%.	-0.81%.	30.05%
NATURAL GAS	USD/MMBtu	8.7278	9.8151	-5.69%.	-5.56%.	6.21%	86.31%
GASOLINE	USD/Gal	2.4717	2.3951	3.20%	-7.51%.	-7.06%.	14.97%
COAL	USD/T	427.3500	425.0124	0.55%	2.36%	5.91%	140.76%
GOLD	USD/t.oz	1716.3300	1696.1459	1.19%	-1.16%.	-2.73%.	-6.00%.
SILVER	USD/t.oz	18.2350	17.8495	2.16%	-3.37%.	-8.96%.	-26.11%.
WHEAT	USD/Bu	792.3400	775.5114	2.17%	0.94%	3.71%	10.86%
PALM-OIL	MYR/T	3915.0000	3994.0828	-1.98%.	-6.16%.	1.32%	-9.16%.
COCOA	USD/T	2404.0000	2382.0848	0.92%	-0.41%.	5.39%	-10.10%.

Disclaimer

This report is produced by the **Research Desk** of Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.