

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria's Trade Value hits N12.84trn but N1.97trn Crude Oil Receipts Buys Trade Surplus...

We note that Nigeria's rising trade surplus comes from its continued drive on non-oil exports as an effort to achieve the economic diversification plan and increase receipts from oil and non-oil exports.....

FOREX MARKET: Naira Lost Strength Against The Greenback Across FX Segments on Buy Pressure, Scarcity...

Next week, we expect the Naira to depreciate further across all segments of the FX market as a result of growing dollar demand pressures..

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: Bears Grip Local Market With N188.94 Losses as Market Cap Dip 70bps to N26.80 Trillion ...

Going into the new week, we expect trading activities to end the week positively mild as portfolio rebalancing activities take the center stage resulting from the non-existence of a catalyst to drive activities as we head into the final month of the third quarter.

ECONOMY: Nigeria’s Trade Value hits N12.84trn but N1.97trn Crude Oil Receipts Buoy Trade Surplus....

For this week’s economic report, we took an analysis of Nigeria’s trade statistics from the National Bureau of Statistics (NBS) which shows that Nigeria's total merchandise trade recorded a slight slide to N12.84 trillion in the second quarter of 2022, indicating a marginal decrease of 1.23% over the value (N13.00 trillion) recorded in the first quarter of 2022 and 32.22% higher when compared to the value (N9.71 trillion) recorded in the second quarter of 2021.

Breaking down the total trade numbers, Nigeria’s total exports during the period were N7.41 trillion of which re-exports stood at N9.63 billion, while total imports stood at N5.44 trillion. This signals that for the second consecutive quarter running, since Q2 of 2021, Nigeria recorded a trade surplus of around N1.97 trillion in Q2 2022 from N1.19 trillion during Q1 of 2022 which can be attributed to the massive increase in Nigeria’s receipts from crude oil exports and the imports of refined petroleum products.

Nigeria's Top 10 Q2 Exports by Value		
Products	Value (N'bn)	% of Exports
Petroleum oils	5,907.97	79.77
Natural gas	735.60	9.93
Urea	308.14	4.16
Other petroleum gases	73.64	0.99
Cashew nuts	41.27	0.56
Unwrought aluminum. Alloys	28.58	0.39
Sesamum seeds	25.04	0.34
Superior quality Cocoa beans	22.52	0.3
Electrical energy	21.70	0.29
Nonmonetary Gold in Powder form	17.68	0.24
Source: NBS, Cowry Research		

An analysis of the export segment pointed out that the drivers were the crude oil exports which shows impressive growth in Q2 2022 which printed at N5.91 trillion showing an increase of 5.11% compared to N5.62 trillion, the value recorded in Q1, 2022 while the oil products printed N823.5 billion, rising 7.75% from N764.27 billion last quarter and 53.19% year on year increase from N537.54 billion 12 months ago. However, re-exports during the quarter stood at N9.63 billion; declining by 85.05% when compared to the same quarter of 2021 (N64.39 billion) and also by 91.68% against the N115.8 billion in the first quarter of 2022 respectively.

For the import segment, Nigeria recorded moderately sluggish numbers in this category as we saw imported manufactured goods leading the line with a 7.28% quarter-on-quarter decline to N2.76 trillion from N2.97 trillion in Q1 2022 but increased invariably by 14.92% from N2.39 trillion 12 months ago. Also, the value of other oil products imports in the second quarter of 2022 stood at N1.48 trillion indicating a decrease of 22.34% from the value recorded in Q1, 2022 (N1.91 trillion) and rose by 8.60% compared to the value recorded in the corresponding quarter of 2021 (N1.36 trillion).

The report from the statistics office further revealed that Nigeria’s major imports during the quarter were mineral fuels valued at N1.49 trillion and was followed by imported machinery and transport equipment valued at N1.47 billion and then chemical and related products with a value of N940.56 billion. On the other hand, Nigeria exported mainly mineral products which amounted to N6.77 trillion followed by Products from the chemical and allied industries which were valued at N318.51billion and Vegetable products worth N100.12 billion.

Underpinning the exports were largely driven by exports in Petroleum oils and oils obtained from bituminous minerals, crude with N5.91 trillion followed by Natural gas, liquefied with a value of N735.60 billion and Urea, whether or not in aqueous solution with N308.14 billion. For the imports, the commodity groups with the largest values among the top imported products were ordinary motor spirit (N948.76 billion), Gas Oil (N357.37billion), and Durum wheat (Not in seeds) (N242.67 billion).

Nigeria's Top 10 Q2 Imports by Value		
Products	Value (N'bn)	% of Imports
Motor spirit, ordinary	948.76	17.46
Gas oil	357.37	6.58
Durum wheat (Not in seeds)	242.67	4.46
Machines for voice, images or data conversion	105.11	1.93
Kerosene type jet fuel	102.14	1.88
Used Vehicles (diesel or semidiesel engine capacity)	96.76	1.78
Cane sugar meant for sugar refinery	94.45	1.74
Other medicaments	93.63	1.72
Polypropylene	53.41	0.98
Diammonium hydrogen orthophosphate	51.34	0.94
Source: NBS, Cowry Research		

Elsewhere, the top five export destinations in the second quarter of 2022 were India with a share of 14.85%, followed by Spain with 13.98%, The Netherlands with 12.35%, the United States of America and Indonesia with 8.93% and 8.45% respectively. Altogether, the top five countries accounted for a share of 58.55% of the total value of exports (N7.41 trillion). In terms of Imports (CIF), China, Belgium, India, The Netherlands and the United States of America were the top five countries of origin of imports to Nigeria. Thus, the values of imports from the top five countries amounted to N3.14 trillion, representing 57.71% of the total value of imports. And the re-export destinations were Cote d’Ivoire, Democratic Republic of Congo, Ghana, Cameroun and Turkey.

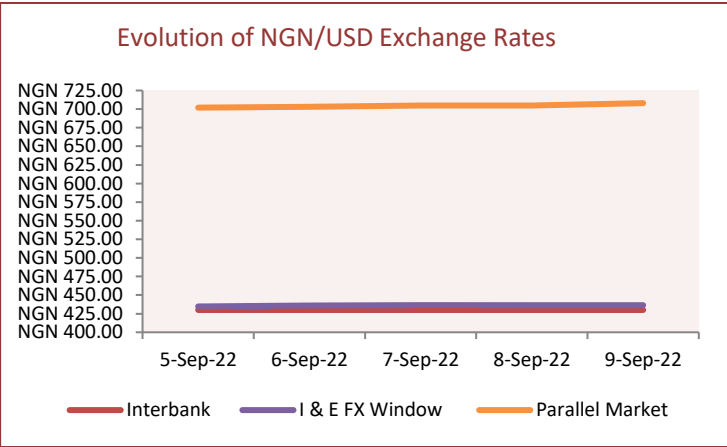
The most re-exported commodity groups were ‘Light vessels, fire-floats, floating cranes, and other vessels not specified valued at N2.99 billion followed by mechanically propelled vessels for the transport of goods, gross tonnage> 500 tonnes valued at N2.55 billion and mechanically propelled vessels for the transport of goods, gross tonnage not specified, amounting to N2.53 billion.

We note that Nigeria’s rising trade surplus comes from its continued drive on non-oil exports as an effort to achieve the economic diversification plan and increase receipts from oil and non-oil exports. Also, receipts from crude oil exports were substantial to the recorded surplus and were driven by the rally in crude oil prices caused by global supply shocks from the Russian-Ukraine war. For a better context, CBN’s data on the price of Bonny Light, Nigeria’s benchmark blend, averaged \$100 per barrel during Q2 2022.

FOREX MARKET: Naira Lost Strength Against The Greenback Across FX Segments on Buy Pressure, Scarcity...

The just concluded week saw the Naira depreciate 0.4% week on week to N436.33/USD from N434.75/USD at the Investors and Exporters’ FX segment stemming from pressures from low crude oil earnings for Nigeria despite the Brent Crude trading at a level above the 2022 budget benchmark. Similarly, panic buying in the market resulting from the news that some foreign airlines plan to sell flight tickets in foreign currencies, drove many FX users to begin a prowl for the greenback for personal and business travels while the apex bank’s interventions in the FX space has always seen the street traders being ignored with funding. Thus, market participants maintained bids between N424/USD and N437/USD.

At the parallel market, the Naira further depreciated by N6 (0.9%) week on week to close at N708/USD from N702/USD as continued demand pressure stay unabated for another week in the face of declining reserves and low earnings from oil exports.

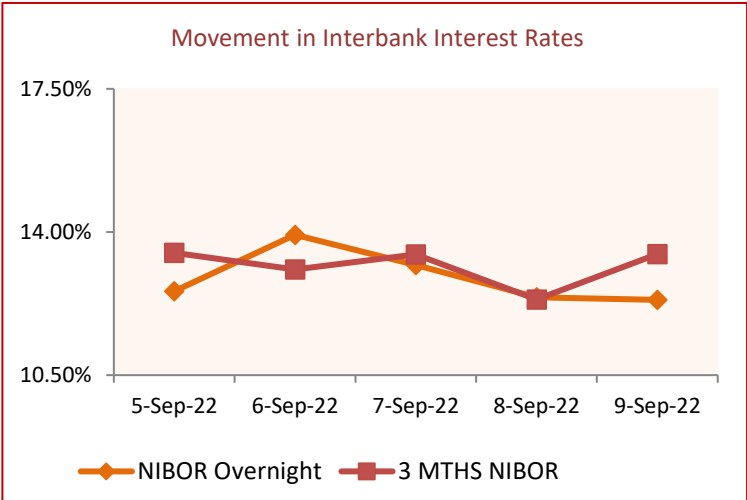


The Interbank Foreign Exchange market traded in the mixed bag as the NGN/USD closed flat at N430.00/USD amid CBN’s weekly injections of over USD250 million into the FX market to cushion the Naira from free fall. In the meantime, the Naira/USD exchange rate in the Naira FX Forward Contracts Markets inched higher across the long tenor contracts tenors as we saw the 6 months and 12 months contracts close the week in the positive region and appreciate 0.09% and 0.29% to N452.19/USD and N476.36/USD from N452.58/USD and N477.74/USD respectively. On the contrary, the 1M, 2M, and 3M tenors all depreciated by 32bps, 3bps, and 2bps respectively to close the week’s offering at N435.83/USD, N437.82/USD, and N440.30/USD in that order. Elsewhere, the Bonny light crude price depreciated by \$6.01 (-6.34%) w/w to close the week at USD91.78 per barrel from USD97.79 per barrel in the previous week on the low demand for the Nigerian benchmark crude oil.

Next week, we expect the Naira to depreciate further across all segments of the FX market as a result of growing dollar demand pressure

MONEY MARKET: Stop Rates Rises for Most Maturities Offered...

In the just-concluded week, CBN sold T-bills worth N214.74 billion to mop up the matured N219.74 billion bills. The hike in rates by CBN was in line with our expectations, hence the reason for the higher yield across all maturities tracked. The stop rate for 91-Days, 182-Days, 365-Days bills climbed to 5.50% (from 4.00%), 5.85% (from 5.00%), 10.00% (from 8.50%), respectively. NITTY for 1 month, 3 months, 6 months, and 12 months grew in lockstep with rates, climbing to 6.99% (from 6.46%), 7.66% (from 7.23%), 9.00% (from 8.42%), and 8.99% (from 8.23%), respectively.

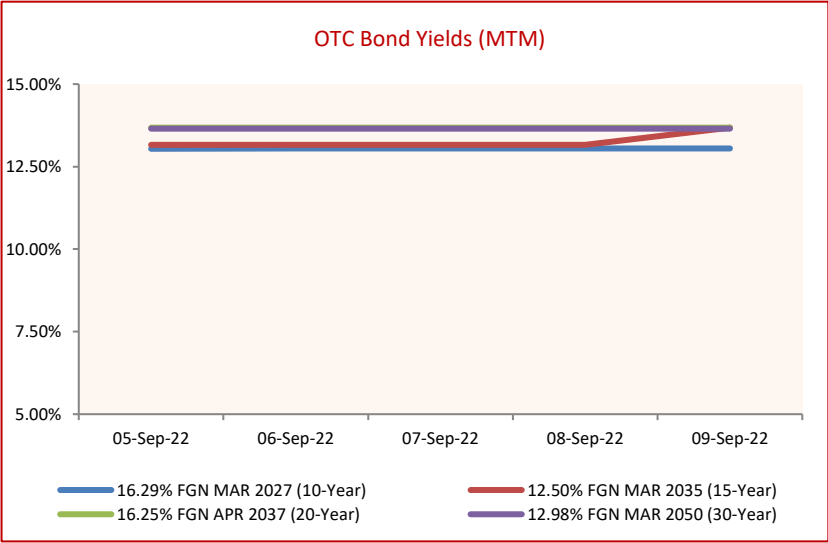


Elsewhere, given the strain on the financial system's liquidity and in spite of the matured OMO bills worth N5.00 billion. Hence, NIBOR rose for most tenor buckets: 1 month, 3 months, and 6 months jumped to 11.94% (from 10.45%), 13.46% (from 12.35%), and 13.32% (from 11.89%), respectively. The overnight rate, however, fell to 12.34% (from 12.40%).

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 Bonds Yields Rises for Most Maturities Tracked...

In the just concluded week, the value of FGN bonds moderated for all maturities tracked. Specifically, the 10-year 16.29% FGN MAR 2027, the 15-year 12.50% FGN MAR 2035 bond, and the 20-year 16.25% FGN MAR 2037 bond lost N0.03, N3.00, and N1.61 respectively; their corresponding yields rose to 13.048% (from 13.047%), 13.68% (from 13.16%), and 13.68% (from 13.46%) respectively amid renewed sell pressure. On the other hand, the 30-year 12.98% FGN MAR 2050 instrument stayed unchanged at N95.2

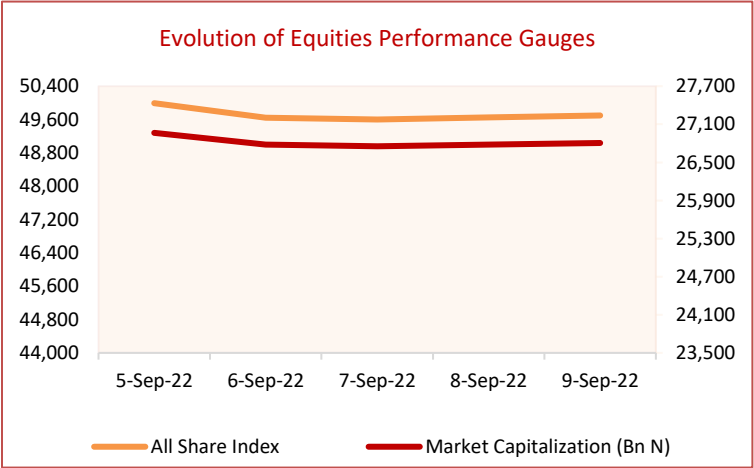


while its yield closed at 13.65%. On sustained demand pressure, the value of FGN Eurobonds traded in the international capital market increased for all maturities tracked; the 10-year 16.29% FGN MAR 2027, the 15-year 12.50% FGN MAR 2035 bond, and the 20-year 16.25% FGN MAR 2037 bond gained USD1.15, USD3.89, and USD2.88 respectively; their corresponding yields fell to 9.51% (from 10.94%), 12.54% (from 13.35%), and 12.38% (from 12.95%).

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: Bears Grip Local Market With N188.94 Losses as Market Cap Dip 70bps to N26.80 Trillion ...

Performance of the equities market in the just concluded week was downbeat as intense bargain hunting activities and bearish sentiments drove the benchmark index by 70bps week on week to close the week at 49,695.12 points. Similarly, the market cap of traded equities tanked 0.7% week on week to N26.80 trillion on the back of negative investors sentiments resulting in an N188.94 billion loss in 4 out of 5 sessions while the market YTD return moderated to 16.34%.



As the bears held grip of the market, the broad-base bearish performance in the just concluded week was buoyed by price declines witnessed in tickers such as JAPAUFGOLD (-12%), HONYFLOUR (-11%), VITAFOAM (-10%), STANBIC (-9%) and ZENITH (-7%). Across the sectorial front, it was a mixed performance as two of the five indexes under our purview advanced higher on the back of strong demand by investors. Thus, NGX Insurance and the Consumer Goods Index emerged as the week’s gainers with 1.04% and 0.72% gain week on week. On the flip side, it was a negative performance for the NGX Industrial Index (-0.01%), while the NGX Banking and Oil and Gas Indexes depreciated by 0.6% and 0.11% week on week respectively.

Furthermore, the level of trading activities in the week reversed from the northward close last week as the total traded volume tanked 20.54% w/w to 949.82 million units while the total weekly traded value went the same direction by 27.81% w/w to N9.33 billion and then the total deals traded for the week also dipped (4.04% w/w) to 18,525 deals from 19,305 deals last week.

Going into the new week, we expect trading activities to end the week positively mild as portfolio rebalancing activities take the center stage resulting from the non-existence of a catalyst to drive activities as we head into the final month of



the third quarter. Thus, we expect the bulls and bears to share the market leadership. 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 9, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	September 09 2022	September 02 2022	% Change	Symbol	September 09 2022	September 02 2022	% Change
CHAMS	0.31	0.26	19%	JAPAULGOLD	0.29	0.33	-12%
PZ	9.25	8.20	13%	HONYFLOUR	2.25	2.53	-11%
NEM	5.65	5.05	12%	VITAFOAM	21.25	23.60	-10%
ETRANZACT	2.91	2.65	10%	MULTIVERSE	2.36	2.62	-10%
UNILEVER	13.35	12.20	9%	NGXGROUP	19.90	22.00	-10%
ARDOVA	13.40	12.30	9%	STANBIC	30.00	33.00	-9%
FLOURMILL	30.30	28.05	8%	LEARNAFRCA	2.25	2.47	-9%
CAP	17.75	16.50	8%	LINKASSURE	0.48	0.52	-8%
FIDELITYBK	3.65	3.40	7%	REGALINS	0.24	0.26	-8%
UBN [BLS]	6.00	5.60	7%	ZENITHBANK	20.05	21.50	-7%

Weekly Stock Recommendations as at Friday, September 9, 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	Q2 2022	112,534.40	1.98	4.11	20.32	0.37	3.81	8.85	6.70	7.55	30.58	6.42	8.68	304.98	Buy
Zenith Bank	Q1 2022	171,300.27	7.34	6.82	35.56	0.60	2.91	26.89	22.01	20.05	52.76	17.04	23.06	163.13	Buy
ETI	Q2 2022	62,381.69	7.97	4.25	56.9	5.3	1.33	13.20	5.00	11.10	31.59	9.44	12.77	184.59	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	3.65	5.87	3	4	60.82	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, September 9, 2022

FGN Eurobonds	Issue Date	TTM (years)	09-Sep-22 Price (N)	Weekly USD Δ	09-Sep-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.84	97.53	1.15	9.5%	(1.43)
7.625 21-NOV-2025	21-Nov-18	3.20	89.94	1.56	11.5%	(0.63)
6.50 NOV 28, 2027	28-Nov-17	5.22	89.94	1.56	11.5%	(0.63)
6.125 SEP 28, 2028	28-Sep-21	6.06	73.43	1.90	12.5%	(0.55)
8.375 MAR 24, 2029	24-Mar-22	6.54	80.29	2.26	12.9%	(0.61)
7.143 FEB 23, 2030	23-Feb-18	7.46	74.39	1.84	12.5%	(0.47)
8.747 JAN 21, 2031	21-Nov-18	8.37	78.94	1.97	12.9%	(0.46)
7.875 16-FEB-2032	16-Feb-17	9.44	73.51	2.23	12.8%	(0.51)



7.375 SEP 28, 2033	28-Sep-21	11.06	68.82	2.64	12.7%	(0.60)
7.696 FEB 23, 2038	23-Feb-18	15.47	67.27	3.89	12.5%	(0.81)
7.625 NOV 28, 2047	28-Nov-17	25.24	63.45	2.88	12.4%	(0.57)
9.248 JAN 21, 2049	21-Nov-18	26.39	72.95	2.86	12.9%	(0.52)
8.25 SEP 28, 2051	28-Sep-21	29.07	65.57	2.92	12.8%	(0.59)

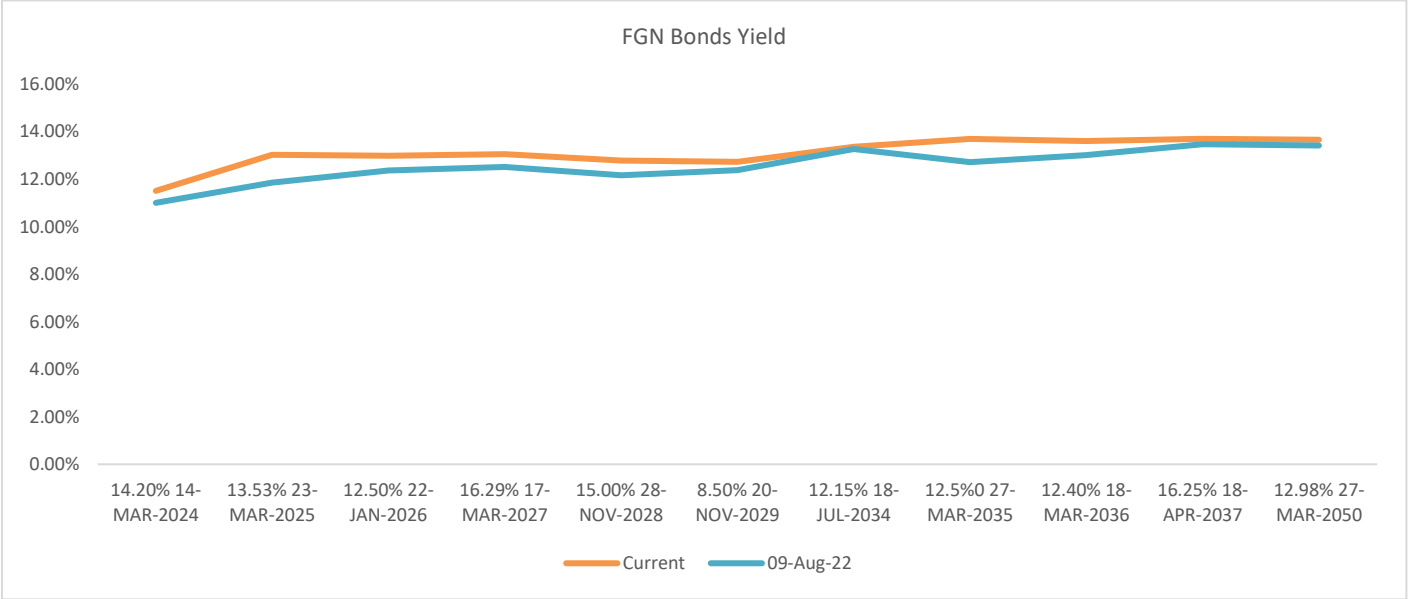
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 9, 2022

MAJOR	09-Sep-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0048	1.0009	0.38%	0.91%	-2.46%.	-14.95%.
GBPUSD	1.1590	1.1519	0.62%	0.62%	-5.23%.	-16.23%.
USDCHF	0.9611	0.9710	-1.02%.	-1.94%.	2.03%	4.72%
USDRUB	60.2650	60.5010	-0.39%.	0.02%	1.93%	-17.65%.
USDNGN	426.7600	426.4189	0.08%	0.91%	2.05%	3.85%
USDZAR	17.2784	17.5060	-1.30%.	-0.13%.	6.89%	21.70%
USDEGP	19.3100	19.2407	0.36%	0.57%	0.89%	23.31%
USDCAD	1.30	1.3091	-0.39%.	-0.69%.	2.10%	2.86%
USDMXN	19.88	19.9532	-0.36%.	-0.22%.	-0.65%.	-0.03%.
USDBRL	5.15	5.2143	-1.23%.	-0.33%.	1.15%	-1.80%.
AUDUSD	0.6843	0.6763	1.18%	0.51%	-3.33%.	-6.94%.
NZDUSD	0.6110	-0.0600	0.94%	0.18%	-4.55%.	-14.09%.
USDJPY	142.4830	143.8205	-0.93%.	1.65%	7.26%	29.68%
USDCNY	6.9349	6.9606	-0.37%.	0.25%	3.17%	7.65%
USDINR	79.5830	79.6706	-0.11%.	-0.17%.	0.62%	8.25%

Global Commodity Prices as at 4:30 PM GMT+1, Friday, September 9, 2022

Commodity		09-Sep-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	86.2930	83.5363	3.30%	-0.91%.	-5.61%.	23.46%
BRENT	USD/Bbl	91.9370	89.1467	3.13%	-1.40%.	-4.69%.	25.78%
NATURAL GAS	USD/MMBtu	7.9601	9.8151	0.57%	-9.50%.	-3.05%.	61.03%
GASOLINE	USD/Gal	2.4002	2.3460	2.31%	-2.77%.	-14.28%.	11.21%
COAL	USD/T	440.0000	438.9903	0.23%	2.96%	14.43%	147.89%
GOLD	USD/t.oz	1715.2600	1707.2360	0.47%	0.17%	-4.34%.	-4.09%.
SILVER	USD/t.oz	18.7480	18.5697	0.96%	3.91%	-8.95%.	-21.05%.
WHEAT	USD/Bu	844.3000	810.5021	4.17%	6.44%	5.54%	25.04%
PALM-OIL	MYR/T	3594.0000	3540.8867	1.50%	-8.20%.	-12.58%.	-15.99%.
COCOA	USD/T	2286.0000	2320.1056	-1.47%.	-4.03%.	-3.26%.	-15.74%.

FGN Bonds Yield Curve, Friday, September 09, 2022



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