

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria's FX Reserves on a Free-fall to \$37.25 billion Despite Higher Oil Price

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FOREX MARKET: Naira Muscles the Greenback at Open Market as Calm Returns On FG's BDCs Wing-Clipping

In the coming week, we see the current pressure on the local currency continuing across board as speculative activities take center stage.

MONEY MARKET: Stop Rate for 364-day Bill Moderates to 13.99% amid 1.66x Over-Subscription...

In the new week, we expect activity in the money market to be bearish amid limited maturing Treasury and OMO bills.

BOND MARKET: FGN Bond Yields Move in Mixed Directions Across Maturities Tracked....

In the new week, the DMO will auction N225 billion worth of local bonds; viz: N75 billion a piece for the 14.55% FGN APR 2029, 12.50% FGN APR 2032, and 16.25% FGN APR 2037 re-openings. Hence, we expect the stop rates to moderate, as DMO might mirror the declining trend in the money market stop rate...

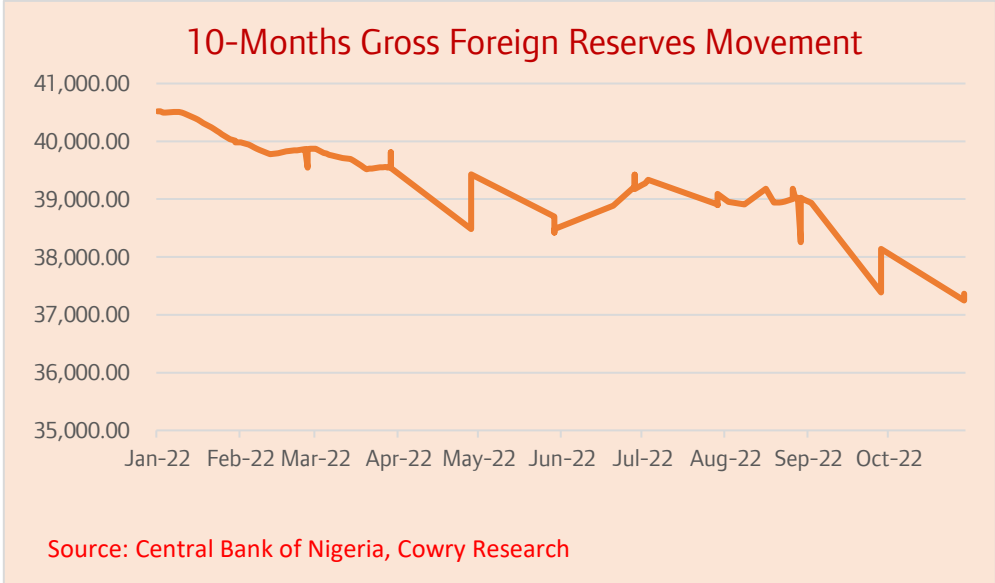
EQUITIES MARKET: The Bears Took Grip of the NGX by 68bps as Investors Seek Safer Haven in Fixed Income ...

Going into the new week, we expect the market to trade in a bullish region despite the absence of a major trigger that is likely to drive activities in the market for investors seeking alpha. However, we continue to advise investors to trade on companies' stocks with sound fundamentals and a positive outlook amid the macro-dynamics which remains a headwind....

ECONOMY: Nigeria’s FX Reserves on a Free-fall to \$37.25 billion Despite Higher Oil Price....

This week, we took a look at the latest data obtained from the Central Bank of Nigeria website showed that Nigeria’s gross external reserves lost 8.07 per cent or \$3.27 billion in over 10 months to settle at \$37.25 billion at the start of November from \$40.52 billion at the beginning of the year. The decline can be attributed to the non-inflow of petrodollars into Nigeria’s economy despite the rally in crude oil prices due to the upbeat in oil demand since the Russian invasion of Ukraine in February 2022.

Over the years, the Central Bank of Nigeria (CBN) has always maintained a culture of intervening in the various foreign exchange markets such as the investors and exporters (I&E), and the Secondary Market Intervention Sales (SMIS) windows respectively, following the difficulties experienced in those markets with forex supply. Consequently, this frequent



intervention in a bid to salvage the local currency has been the major trigger of this drop in foreign reserves.

Since the start of the year, the Naira has lost value against the greenback by (N23.43/USD) over 5 per cent till date to N446.10/USD as of November 10, 2022, from N422.67/USD at the start of the year at Investors and Exporters FX window. In the same vein, Nigeria’s gross official reserves declined by around \$866 million to \$37.37 billion in October. The level reported this time is the second highest since May of this year and follows a decrease of \$772 million in September 2022.

Brent crude trades at above \$96 per barrel at the time of writing in the face of the news that China has taken steps to ease its earlier imposed covid-19 restrictions. The oil price had before now risen to a high of \$123 per barrel in June this year and Nigeria has recorded little or no earnings from oil sales this year despite the rise. This is largely due to the oil sector’s low productivity resulting from large-scale crude oil theft and pipeline vandalism.

Recently, an OPEC report stated that Nigeria’s daily oil production and output rose marginally to 1.09 million barrels daily in September 2022 from the 1.06 million barrels daily reported in August this year. The data actually excludes the condensates and the current figure hangs below the potential output of 2 million barrels per day. Meanwhile, checks from the CBN data vault showed that the total reserves could cover 8.5 months of imports based on the balance of payments for the 12 months to June 2022, and 6.5 months when we add services.

Nigeria’s gross reserves have slid in spite of higher oil price which we do not see rising soon on the back of rising imports as well as the continued demand for foreign exchange to finance services such as school fees, medical tourism, etc. We see a combination of these factors to continue exerting pressure on external reserves and exchange rates as we drive closer to the 2023 general elections. Having said that, we can add that low inflows of foreign investments into the economy in the face of a challenging business environment will trigger further depreciation in the exchange rate due to pressure on the local currency and raises concerns for the apex bank.

FOREX MARKET: Naira Muscles the Greenback at Open Market as Calm Returns On FG's BDCs Wing-Clipping...

After reaching its historical low of N910 last weekend, a breathe of fresh calm return to the foreign exchange rate market following the announcement by Nigeria's federal government with no rescision on its decision to redesign the Naira as a strategy to curb hoarding, round-tripping and consequently clip the wings of currency speculators who are fuelling rising demand for the dollar across all market segments. Consequently, this prompted the Economic and Financial Crime Commission (EFCC) to beging clamping down on some currency traders (especially BDC Operators) and resultingly bringing losses to currency speculators who took no other options but to maintain bids between N720/USD and N800/USD during the week.

At the close of the week, the Naira edged the dollar by N135.25 (15.72%) week on week to N725/USD from N860.25/USD at the open parallel market and leaves the spread between the I&E and open markets at around N280 while the CBN still keeps blind eyes on the pressure experienced by the currency whose attendant effect is seen in the elevating commodity prices across board.

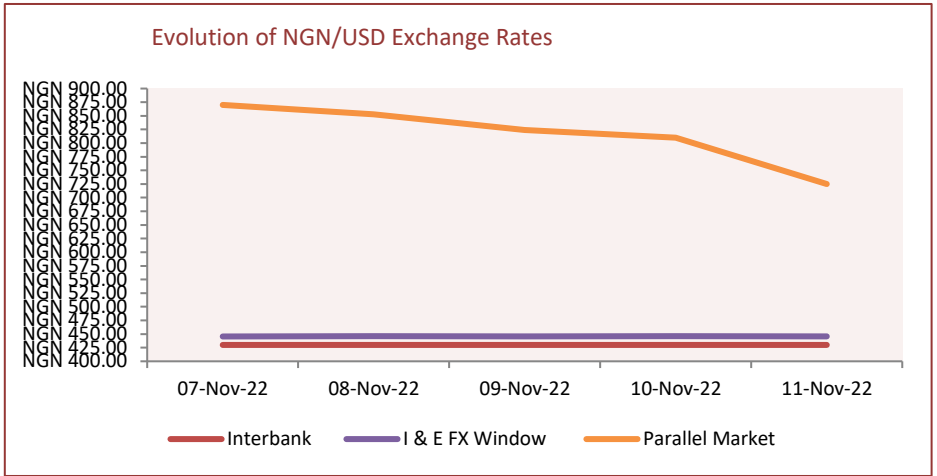
Furthermore, at the the Investors and Exporters' FX window the Naira lost N0.25 or 0.06% week on week to close the week at

N445.75/USD from N445.50/USD in the previous week's close as we begin to approach festivities coupled with the announcement from the CBN on redesigning the local currency. Thus, market participants maintained bids between N444/USD and N452/USD while at the open market, bids ranged between N710/USD and N734/USD.

At the Interbank Foreign Exchange Forward Contracts market, the spot exchange rate remained unchained from the previous week as it closed the week at N445/USD from last week. Further afield, our analysis of the Naira/USD exchange rate in the Naira FX Forward Contracts Markets closed with rates trending higher across all tenor contracts. Consequently, the contract prices closed the week at against the greenback at N451.06/USD, N453.64/USD, N460.71/USD, N476.91/USD and N503.46/USD across the the 1 month, 2 months, 3 months, 6 and 12 months in that order.

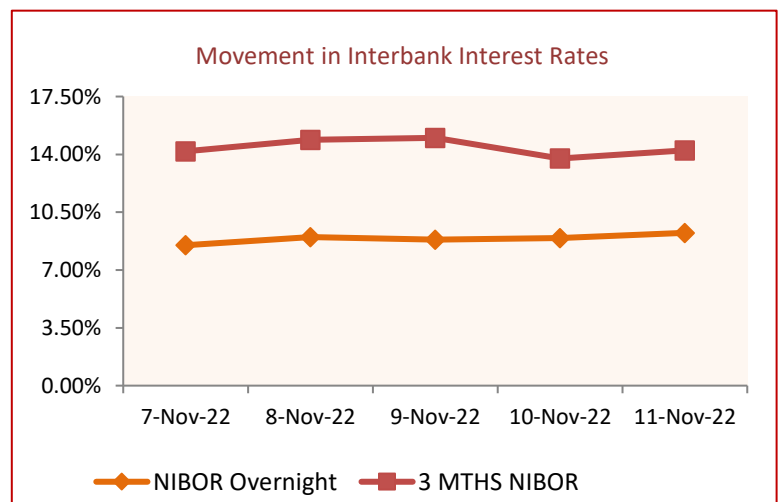
Elsewhere, the Bonny light crude price inched higher marginally by \$0.08 (0.08%) w/w to close the week at USD96.21 per barrel from \$96.13 per barrel in the previous week. This is despite the rise in the global oil price on the back of eased covid restrictions in China.

In the coming week, we anticipate the calm to continue across all segment of the FX market barring any distortion in the market and coupled with the fact that traders will look to offset their dollar holdings at a discout following the recent announcement by the United States over illegal dollars in circulation.



MONEY MARKET: Stop Rate for 364-day Bill Moderates to 13.99% amid 1.66x Over-Subscription...

In the just concluded week, CBN allotted T-bills worth N193.04 billion to refinance the N139.04 billion worth of matured Treasury bills. Notably, given the 1.66x over-subscription level, the stop rate for the 364-day bill fell further to 13.99% (from 14.50%) despite the huge sale of N499.42 billion. The stop rates for the 91-day bill and the 182-day bill were unchanged at 6.50% and 8.05%, respectively. Given the bullish mood in the primary market, NITTY moved southward for all maturities tracked. Hence, NITTY for 1 month, 3 months, 6 months, and 12 months maturities decreased to 8.26% (from 10.86%), 9.06% (from 10.79%), 11.31% (from 11.58%), and 15.72% (from 16.95%), respectively.

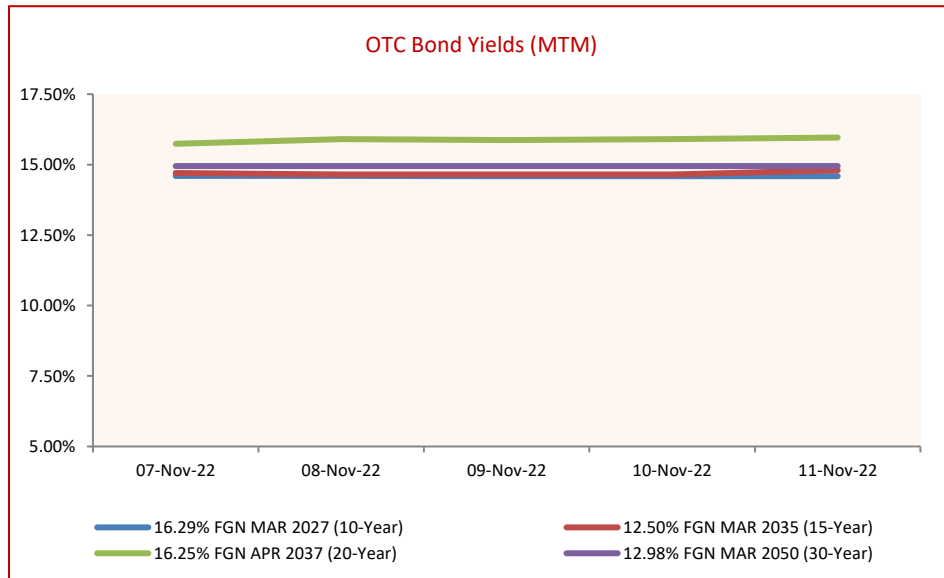


Meanwhile, given the boost in financial system liquidity amid an inflow of N105.00 billion, NIBOR for most tenor buckets closed southward. Specifically, NIBOR for 1 month, 3 months, and 6 months tenor buckets declined to 13.25% (from 14.50%), 14.25% (from 15.06%), and 15.00% (from 16.25%), respectively. However, the overnight rate rose to 9.25% (from 8.88%).

In the new week, we expect activity in the money market to be bearish amid limited maturing Treasury and OMO bills.

BOND MARKET: FGN Bond Yields Move in Mixed Directions Across Maturities Tracked...

In the just concluded week, the value of FGN bonds fluctuated in the secondary market as investors cherry-picked maturities with attractive yields. The 15-year 12.50% FGN MAR 2035 bond and the 20-year 16.25% FGN MAR 2037 bond lost N0.51 and N1.24, respectively, while their corresponding yields rose to 14.80% (from 14.70%) and 15.96% (from 15.74%). Meanwhile, the yields on the 10-year 16.29% FGN MAR 2027 bond paper and the 30-year 12.98% FGN MAR 2050 stayed constant, closing the week at 14.59% and 14.95%, respectively.



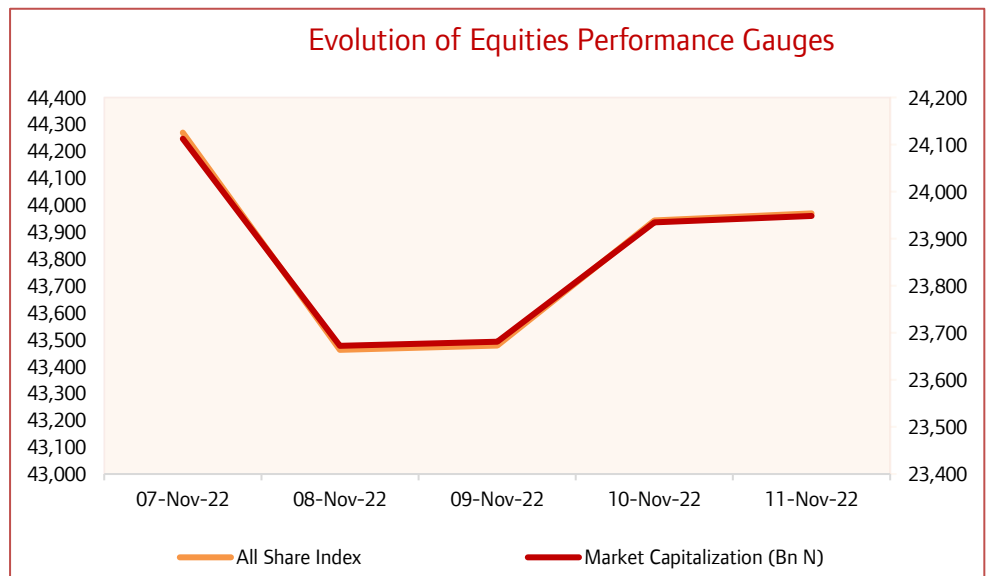
The value of FGN Eurobonds traded in the international capital market appreciated for all maturities tracked: the 10-year, 6.375% JUL 12, 2023, bonds; the 20-year, 7.69% paper FEB 23, 2038; and the 30-year, 7.62% NOV 28, 2047, gained USD 1.86, USD 11.26, and USD 10.81, respectively, while their corresponding yields fell to 7.83% (from 10.72%), 11.70% (from 14.03%), and 11.28% (from 13.34%).

In the new week, the DMO will auction N225 billion worth of local bonds; viz: N75 billion a piece for the 14.55% FGN APR 2029, 12.50% FGN APR 2032, and 16.25% FGN APR 2037 re-openings. Hence, we expect the stop rates to moderate, as DMO might mirror the declining trend in the money market stop rate...

EQUITIES MARKET: The Bears Took Grip of the NGX by 68bps as Investors Seek Safer Haven in Fixed Income....

The momentum in the local equities this week was bearish and buoyed by pressured sell-offs and price declines in some of the large and mid-cap companies within consumer goods, industrial goods and oil and gas sectors respectively. Despite the bullish close in 4 of the 5 sessions this week, bearish sentiments pervaded activities which drove the benchmark index southward by 0.68% week on week to 43,968.75 points as investors continue seeking for safer havens for their investments in the face of rising and attractive yields in the fixed income market.

Equally, the grip of the bears held the market capitalization by 0.68% week on week to N23.95 trillion which resulted in the loss of N163.64 billion which was wiped out from investors' pocket as the market year to date (YTD) return moderated to 2.93%.



On the back of waning investors' sentiments in the week, gains were recorded from the price appreciation witnessed in tickers such as GUINNESS (-10%), FLOURMILL (-10%), JBERGER (-10%), CADBURY (-10%) and MULTIVERSE (-9%) respectively, while the sectorial performance was downbeat with 4 out of 5 sectors tracked closing the week in the bearish region save for the NGX Banking Index (+0.17%) which emerged as the lone gainer for the week. On the contrary, the other 4 indexes

declined due to sell-offs in the tickers under the NGX Insurance which lead the laggards with a 2.25% decline week on week and trailed by NGX Consumer Goods (-1.95%), NGX Oil & gas (-0.74%) and NGX Industrial Goods (-0.29%) week on week. Elsewhere, the level of trading activities in the week was varied as the total traded volume dipped by 21.9% w/w to 1.10 billion units while the total weekly traded value inched northward by 7.30% week on week to N11.71 billion and then the total deals traded for the week took a free fall by 17.07% week on week to 15,697 deals from 18,928 deals in the previous week.

Going into the new week, we expect the market to trade in the bullish region despite the absence of a major trigger that is likely to drive activities in the market for investors seeking alpha. However, we continue to advise investors to trade on companies' stocks with sound fundamentals and a positive outlook amid the macro-dynamics which remains a headwind.

Weekly Gainers and Loser as at Friday, November 11, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	November 04 2022	November 04 2022	% Change	Symbol	November 04 2022	November 04 2022	% Change
UNITYBNK	0.57	0.42	36%	LEARNAFRCA	1.50	1.68	-11%
MRS	12.85	11.70	10%	GUINNESS	74.65	82.90	-10%
ETRANZACT	3.50	3.20	9%	FLOURMILL	27.30	30.30	-10%
GEREGU [BLS]	130.20	120.00	9%	JBERGER	21.15	23.45	-10%
FIDSON	8.99	8.31	8%	CADBURY	10.25	11.35	-10%
LINKASSURE	0.42	0.39	8%	CUSTODIAN	5.35	5.90	-9%
UCAP	12.10	11.35	7%	MULTIVERSE	3.85	4.24	-9%
CHAMS	0.24	0.23	4%	HONYFLOUR	2.00	2.20	-9%
AFRIPRUD	5.35	5.15	4%	RTBRISCOE	0.30	0.33	-9%
REGALINS	0.27	0.26	4%	FTNCOCOA	0.31	0.34	-9%

Weekly Stock Recommendations as at Friday, November 11, 2022

Stock	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 Weeks' High	52 Weeks' Low	Current Price	Price Target	Short term Stop Loss	Short term Take Profit	Potential Upside	Recommendation
UBA	3.39	4.07	27.27	0.26	1.95	8.85	6.55	7.20	9.90	6.12	8.28	37.50	Buy
FIDELITY	1.21	1.45	11.23	0.37	3.47	4.20	2.23	4.05	5.28	3.44	4.66	30.37	Buy
GUINNESS	1.25	4.52	42.43	2.30	59.50	110	29.05	74.65	98.00	63.45	86	31.28	Buy
MTN	13.22	15.86	11.96	15.11	14.83	270	167	192	246.06	163.20	221	28.16	Buy
FBNH	2.54	3.05	25	0.40	4.0	12.60	8.20	10.25	12.39	8.71	11.79	137.67	Buy



FGN Eurobonds Trading Above 8% Yield as at Friday, November 11, 2022

FGN Eurobonds	Issue Date	TTM (years)	11-Nov-22 Price (N)	Weekly USD Δ	11-Nov-22 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	3.03	91.98	5.25	10.8%	(2.24)
6.50 NOV 28, 2027	28-Nov-17	5.05	91.98	5.25	10.8%	(2.24)
6.125 SEP 28, 2028	28-Sep-21	5.88	74.40	7.69	12.4%	(2.39)
8.375 MAR 24, 2029	24-Mar-22	6.37	82.44	9.08	12.5%	(2.55)
7.143 FEB 23, 2030	23-Feb-18	7.29	76.75	9.74	12.0%	(2.63)
8.747 JAN 21, 2031	21-Nov-18	8.20	83.32	10.81	12.0%	(2.60)
7.875 16-FEB-2032	16-Feb-17	9.27	76.90	10.17	12.1%	(2.43)
7.375 SEP 28, 2033	28-Sep-21	10.89	73.91	11.48	11.7%	(2.60)
7.696 FEB 23, 2038	23-Feb-18	15.30	71.75	11.26	11.7%	(2.33)
7.625 NOV 28, 2047	28-Nov-17	25.06	69.64	10.81	11.3%	(2.06)
9.248 JAN 21, 2049	21-Nov-18	26.21	78.97	11.63	11.9%	(2.06)
8.25 SEP 28, 2051	28-Sep-21	28.90	71.84	11.76	11.7%	(2.26)

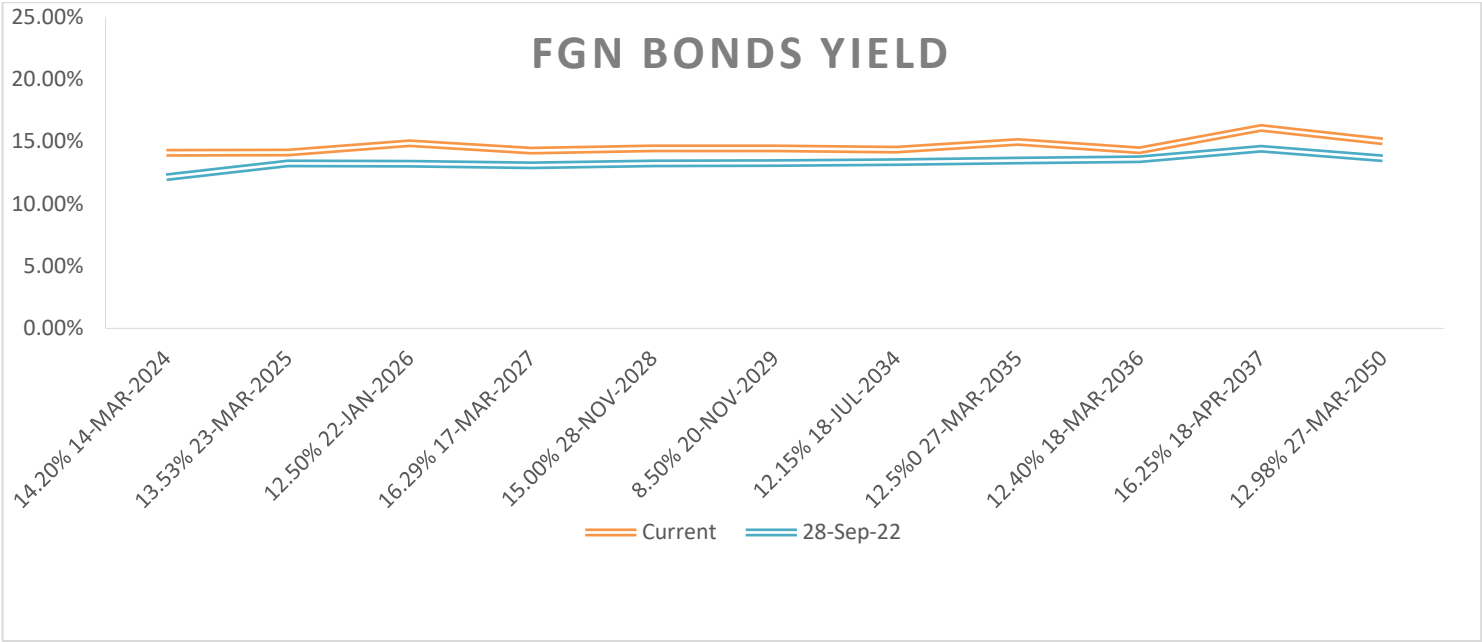
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 11, 2022

MAJOR	11-Nov-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0294	1.0192	1.00%	3.40%	6.07%	-10.02%
GBPUSD	1.1742	1.1697	0.38%	3.29%	5.82%	-12.43%
USDCHF	0.9517	0.9636	-1.23%	-4.28%	-4.62%	3.26%
USDRUB	60.1760	59.6274	0.92%	-1.35%	-5.53%	-17.28%
USDNGN	443.0000	440.1391	0.65%	0.94%	2.01%	7.95%
USDZAR	17.3134	17.3707	-0.33%	-3.24%	-5.36%	12.90%
USDEGP	24.3878	24.3391	0.20%	0.78%	24.05%	55.53%
USDCAD	1.33	1.3317	-0.21%	-1.42%	-3.82%	5.84%
USDMXN	19.52	19.3094	1.07%	0.09%	-2.30%	-4.86%
USDBRL	5.32	5.3450	-0.54%	5.14%	0.43%	-2.62%
AUDUSD	0.6670	0.6612	0.87%	3.15%	6.36%	-8.94%
NZDUSD	0.6064	-0.0600	0.68%	2.44%	8.19%	-13.83%
USDJPY	139.5640	141.6318	-1.46%	-4.90%	-4.95%	22.44%
USDCNY	7.0952	7.1510	-0.78%	-1.12%	-1.11%	11.23%
USDINR	80.5870	80.6273	-0.05%	-1.68%	-1.91%	8.40%

Global Commodity Prices as at 4:00 PM GMT+1, Friday, November 11, 2022

Commodity		11-Nov-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	89.4	86.5	3.36%	-3.35%	4.01%	12.32%
BRENT	USD/Bbl	96.2	93.7	2.74%	-2.27%	6.07%	17.24%
NATURAL GAS	USD/MMBtu	6.3	9.8	1.47%	-0.95%	-6.31%	32.31%
GASOLINE	USD/Gal	2.6	2.6	2.06%	-4.22%	5.99%	13.32%
COAL	USD/T	325.0	330.0	-1.52%	-8.19%	-16.91%	114.52%
GOLD	USD/t.oz	1,760.3	1,754.8	0.31%	4.83%	5.31%	-5.51%
SILVER	USD/t.oz	21.5	21.7	-0.90%	3.20%	12.82%	-14.96%
WHEAT	USD/Bu	803.2	803.5	-0.04%	-5.43%	-9.13%	-1.87%
PALM-OIL	MYR/T	4,287.0	4,178.0	2.61%	-1.83%	14.75%	-13.13%
COCOA	USD/T	2,544.0	2,558.1	-0.55%	4.48%	9.71%	2.96%

FGN Bonds Yield Curve, Friday, November 11, 2022



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