

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

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BOND MARKET: FGN Bond Yields Close Flat for All Tracked Maturities...

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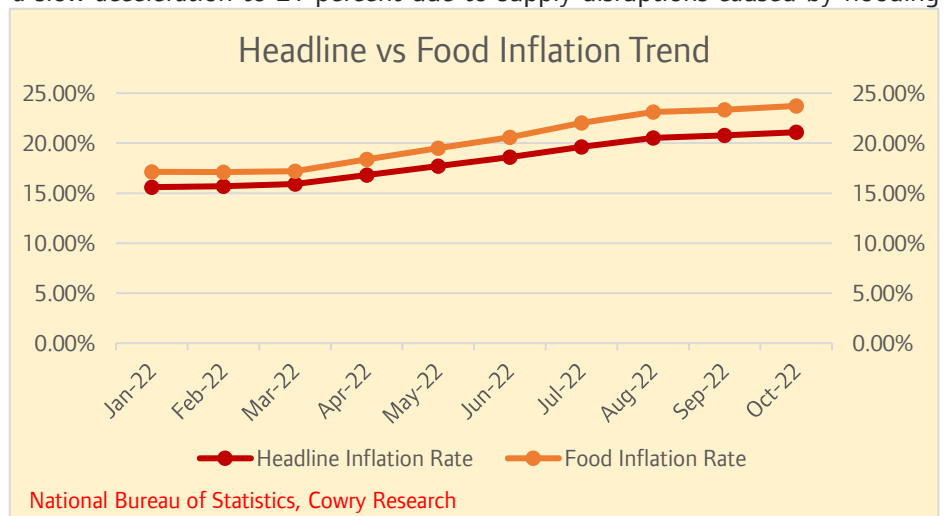
ECONOMY: Headline Inflation Hits 21.09% Since September 2005; Gives MPC Little Room for Rates Tweak....

The CBN Monetary Policy Committee will meet on November 21-22, 2022 (the final meeting this year) to assess its existing guiding principles in line with recent developments in the international space and then decide on major economic parameters in the face of recent domestic macroeconomic developments in Nigeria. However, a major indicator serving the policy committee a little room for a possible dovish stance still remains the elevating inflation numbers.

Nigeria's headline inflation accelerated for the ninth consecutive months to 21.09 percent year-on-year in October from 20.77 percent in September. The rise was 5.09 percentage points higher when compared to the rate recorded in October 2021, which was 15.99 percent and shows that the general price level increased in October 2022. This was the highest inflation reading since September of 2005.

Also, it stays 9bps above our expectation for a slow acceleration to 21 percent due to supply disruptions caused by flooding in some food-producing regions. However, we considered the fact that as we approach the year-end festive period, prices may begin to take another surge due to the continued weakening of the Nigerian naira.

According to the National Bureau of Statistics, in its recently published Consumer price Index (CPI) which measures the rate of change in the prices on consumer commodities and services, the rise in the



headline figures comes on the back of continued weakening of the Naira which grapples with the United States' greenback and at its historic low; the bane of insecurity across the country, rising cost of importation as well as the expectations for a price surge ahead of the festive celebrations in the face of an awaited seasonal boost to food supplies from the post-harvest season and the anticipation of higher spending as the election campaign season kicks-off in full gear in October.

Analyzing the NBS report, we pointed out that on a month-on-month basis, the headline inflation rate for October 2022 was 1.24 percent, 0.11 percent lower than the rate recorded in September 2022 (1.36%). This means that in October 2022 the general price level for the headline inflation rate (month-on-month basis) declined by 0.11 percent. Meanwhile, the percentage change in the average CPI for the twelve months ending October 2022 over the average of the CPI for the previous twelve months period was 17.86 percent, showing a 0.91 percent increase compared to the 16.96 percent recorded in October 2021.

Further analysis into the major drivers of the surge in inflation during the reported month, according to the Abuja-based statistics office, was food inflation which climbed for the eighth straight month to 23.72 percent. This climb poses to be the highest since October of 2005, amidst supply disruptions triggered by widespread flooding as witnessed across more than 30 states in the country. Consequently, prices of imported food climbed 18.1 percent in October from a year earlier. Meanwhile, increases in the prices of bread and cereals, food products, potatoes, yams and other tubers, oil and fat drove the food index higher.

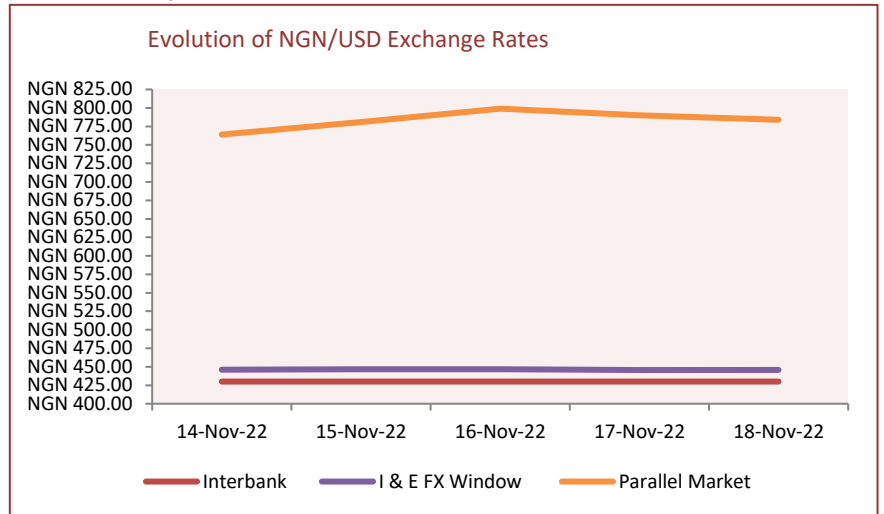
In a related development, the official statistics authority noted in its report that there was an upward pressure which came from non-food products, such as housing & utilities which rose 16.8 percent as against 16.4% at the last reading; transport which rose 3 percent points to 19 percent; furniture & household equipment (16.9%); education (17.3%); health (17.4%); while miscellaneous goods & services (17.7%); and restaurant & hotels (16.5%) also contributed to the accelerated inflation pressure.

For Cowry Research, our headline inflation outlook remains elevated when we take into account the recent flooding which affected many food-producing states; the rise in energy costs which is reflective of the increases in fuel prices (diesel and kerosene) coupled with the depreciating Naira and rising airfare prices. For the Monetary Policy Committee (MPC), there is little room for another rate tweak at its next meeting on Monday and Tuesday after an already 400bps rate hike this year in the bid to tame inflationary pressure, following this acceleration. Thus, we expect a moderate rate hike at the next MPC meeting by around 25 basis points. That being said, we project headline inflation to hit 21.5% in November.

FOREX MARKET: Naira Gained N0.08 against the Dollar at the I&E Window Despite Fx Rationing by Banks...

At the close of the week, we saw the local currency experience a slight calm in demand in the foreign exchange market following announcements by deposit money banks on the amount of permissible dollar purchases from banks and its availability for BTA and PTA purposes. Consequently, the Naira edged the dollar by N0.08 (0.02%) week on week at the importers and exporters window to N445.67/USD from N445.75/USD it closed the previous week as FX users continue prowling for FX at the open market whose rates are determined by the forces of demand.

Furthermore, at the the open parallel market FX window the Naira lost N59 or 8.14% week on week to close the week at N784/USD from N725/USD in the previous week's close as we begin to approach festivities coupled with the reason by users to hedge against the weakening naira whose purchasing power has also been eroded by the spiralling inflationary levels. Thus, market participants maintained bids between N444/USD and N452/USD at the I&E segment while at the open market, bids ranged between N760/USD and N788/USD.



At the Interbank Foreign Exchange Forward Contracts market, the spot exchange rate remained unchanged 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, there was a mixed trend across tenors as we saw the 1 month, 2 month and 3 month contracts all gaining by 0.4%, 0.21% and 0.75% week on week to close the week at a stronger offer contact price of N449.28/USD, N452.67/USD and N457.27/USD in that order. On the flip side, the 6 month and 12 month forward contracts saw the naira edged out by the dollar strength by 2bps and 18bps from which they were priced at N477.02/USD and N504.37/USD respectively.

Elsewhere, the Bonny light crude price inched higher marginally by \$0.08 (0.08%) w/w to close the week at USD90.39 per barrel (as at November 17) from USD96.21 per barrel in the previous week. This is emanating from the fact that a weakening demand outlook looks to have overshadowed the supply side of the equation. Nevertheless, energy investors have continued to stay cautious about a highly indeterminate supply outlook heading into wintertime while OPEC is expected to keep oil markets tight.

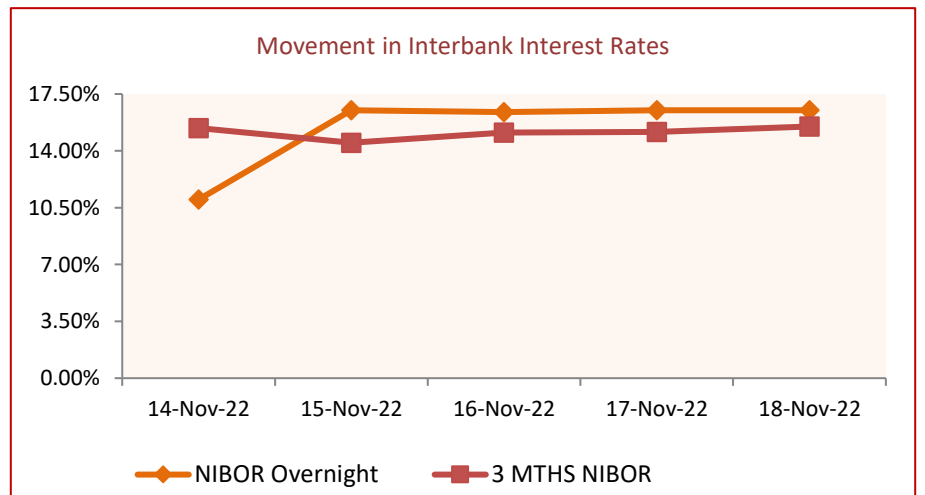
In the coming week, we anticipate the cool calm to continue across all segments of the FX market barring any distortion in the market and as the apex bank continues its weekly market intervention in the secondary market to shore up the naira. However, the news around banks rationing FX for BTA and PTA purposes may likely bring about pressure on the local currency as users will flood the open market, sourcing for the greenback.

MONEY MARKET: NITTY Moves Rises for Most Maturities despite Muted Primary Market Sales...

In the just concluded week, activity in the primary market was muted as CBN did not offer Treasury bills. Investors swooped down on the 6 months maturities in the secondary market. Hence, NITTY for 6 months' maturities decreased to 11.10% (from 11.31%). However, NITTY for 1 month, 3 months, and 12 months maturities increased to 8.72% (from 8.26%), 10.18% (from 9.06%), and 16.48% (from 15.72%), respectively.

Meanwhile, the OMO space was dry as well, given the zero OMO repayment and auction. Hence, NIBOR for all tenor buckets rose:

Overnight Funds, 1 month, 3 months, and 6 months increased to 16.50% (from 9.25%), 15.13% (from 13.25%), 15.50% (from 14.25%), and 16.13% (from 15.00%), respectively.



We anticipate bullish money market activity in the coming week as the financial system's liquidity is boosted by the maturing N40 billion worth of OMO bills and N2,096.43 billion worth of T-Bills; thus, we anticipate a fall in NIBOR for most tenor buckets...

BOND MARKET: FGN Bond Yields Close Flat for All Tracked Maturities...

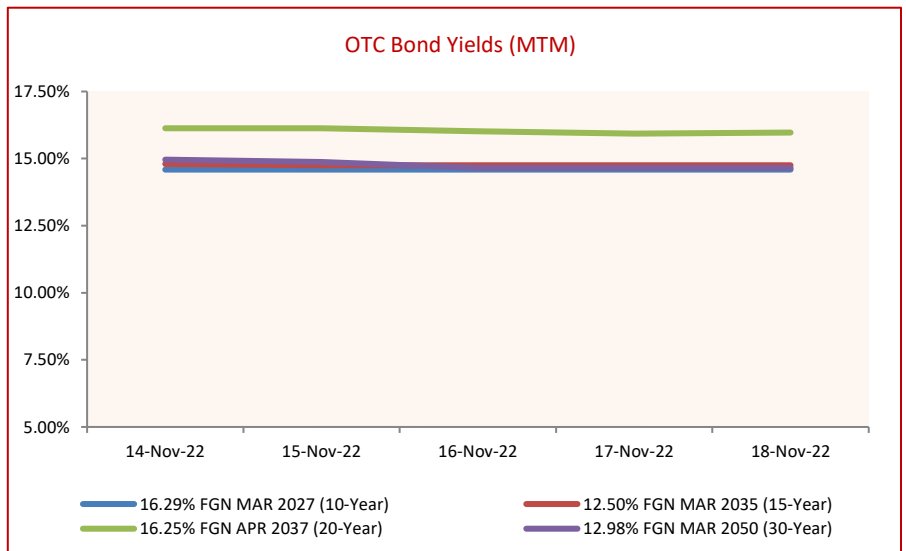
In the just concluded week, DMO successfully sold FGN bonds worth N225 billion at the primary market auction, N75 billion a piece for the 14.55% FGN APR 2029, 12.50% FGN APR 2032, and 16.25% FGN APR 2037 re-openings. Stop rates for the 29s, 32s and 37s rose to 14.75%, 15.20%, and 16.20%, respectively, from 14.50%, 15.00%, and 16.00%.

However, the values of FGN bonds traded at the secondary market traded quietly as investors took a stand-off approach to observe maturities

with attractive yields. Hence, the 10-year 16.29% FGN MAR 2027 bond, the 15-year 12.50% FGN MAR 2035 bond, the 20-year 16.25% FGN MAR 2037 bond, and the 30-year 12.98% FGN MAR 2050 bond, with their current yields of 14.59%, 14.80%, 15.96%, and 14.95%, respectively, all traded flat.

Elsewhere, the value of FGN Eurobonds traded in the international capital market depreciated 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, lost USD 0.62, USD 3.74, and USD 5.85, respectively, while their corresponding yields rose to 8.90% (from 7.83%), 12.42% (from 11.70%), and 12.32% (from 11.28%).

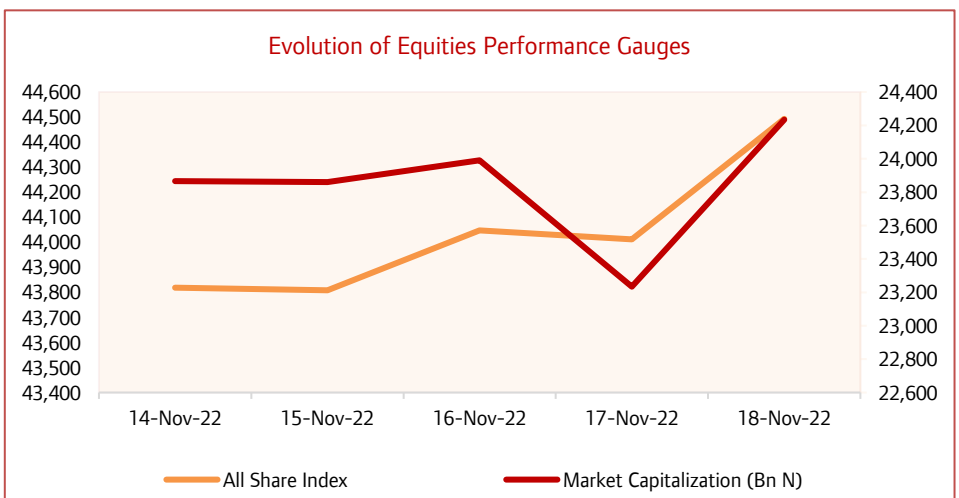
In the new week, we expect the value of FGN Bonds to rise (and yields to fall) amid a financial system liquidity boost.



EQUITIES MARKET: Mixed Sentiments Ahead as Investors Take a Bet on MPC Outcome....

Trading activities this week ended in the green for the key performance index which inched up 1.19% week on week to 44,492.73 points due to renewed investors' sentiment and positive buying interest in some value stocks that had suffered losses in recent time. Also, the upbeat momentum pushed the market capitalization by over N285.4 billion to N24.23 trillion as we saw strength returned to some of the blue chip and growth stocks on the exchange through the week.

After a mixed week for the exchange with two bullish sessions out of the five sessions, we saw gains from price appreciation in Insurance, banking and consumer goods tickers such as MANSARD (+16%), UBN (+13%), GTCO (+11%), NB (+10%) and UNILEVER (+10%) respectively. Across the sectorial gauges under our coverage, the sectorial performance was largely mixed in the week with 3 out of 5 sectors closing



the week in the bullish region. Thus, for the NGX Banking Index (+0.4.22%), it emerged top of the gainers' list for the week and trailed by NGX Insurance (+0.93%) and Consumer goods index (+0.91%) week on week. On the other hand, sell -offs in the NGX Oil & gas (-1.34%) and NGX Industrial Goods (-0.37%) week on week dragged the performance of the sectors southward.

Elsewhere, the level of trading activities in the week was weak as the total traded volume deteriorated further by 36.9% w/w to 694.4 million units. Also, the total weekly traded value lost by 33.3% week on week to N7.82 billion and then the total deals traded for the week took a free fall by 1.78% week on week to 15,418 deals from a total of 15,697 deals last week.

Going into the new week, we expect the market to trade with mixed sentiments as the digestion of the current inflation numbers put investors in position for next move in the market as they await judgment from the MPC meeting next week. Though, we expect a 25bps rate hike in a bid to quell elevating inflationary pressure. 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 18, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	November 18 2022	November 11 2022	% Change	Symbol	November 18 2022	November 11 2022	% Change
MANSARD	1.77	1.53	16%	GUINNESS	60.50	74.65	-19%
UBN	6.50	5.75	13%	REGALINS	0.23	0.27	-15%
GTCO	19.45	17.55	11%	UNITYBNK	0.50	0.57	-12%
NB	41.25	37.40	10%	UPDCREIT	2.50	2.80	-11%
UNILEVER	11.00	10.00	10%	ETERNA	5.67	6.30	-10%
CAVERTON	0.88	0.80	10%	FIDSON	8.15	8.99	-9%
LEARNAFRCA	1.65	1.50	10%	WAPIC	0.33	0.36	-8%
MRS	14.10	12.85	10%	NEIMETH	1.38	1.50	-8%
STANBIC	30.00	27.50	9%	COURTVILLE	0.46	0.50	-8%
UPL	1.83	1.68	9%	ABCTrans	0.25	0.27	-7%

Weekly Stock Recommendations as at Friday, November 18, 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	7.15	9.90	6.08	8.22	38.46	Buy
ZENITH	5.55	6.66	41.68	0.45	3.85	27.40	18.90	21.35	26.7	18.15	24.55	25.06	Buy
GTCO	4.43	5.31	29.66	0.66	4.39	28.05	16.80	19.45	23.00	16.53	22.37	18.25	Buy
MTN	13.22	15.86	11.96	15.11	14.83	270	167	197	246.00	167.45	227	24.87	Buy
FBNH	2.54	3.05	25	0.40	4.0	12.60	8.20	11	14.8	9.35	12.65	34.55	Buy



FGN Eurobonds Trading Above 8% Yield as at Friday, November 18, 2022

FGN Eurobonds	Issue Date	TTM (years)	18-Nov-22 Price (N)	Weekly USD Δ	18-Nov-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.65	98.45	1.24	8.9%	(1.82)
7.625 21-NOV-2025	21-Nov-18	3.01	91.17	4.44	11.2%	(1.88)
6.50 NOV 28, 2027	28-Nov-17	5.03	91.17	4.44	11.2%	(1.88)
6.125 SEP 28, 2028	28-Sep-21	5.87	75.58	8.87	12.1%	(2.72)
8.375 MAR 24, 2029	24-Mar-22	6.35	82.14	8.78	12.5%	(2.47)
7.143 FEB 23, 2030	23-Feb-18	7.27	75.64	8.63	12.3%	(2.34)
8.747 JAN 21, 2031	21-Nov-18	8.18	81.71	9.20	12.4%	(2.24)
7.875 16-FEB-2032	16-Feb-17	9.25	75.90	9.17	12.3%	(2.20)
7.375 SEP 28, 2033	28-Sep-21	10.87	71.72	9.29	12.1%	(2.14)
7.696 FEB 23, 2038	23-Feb-18	15.28	68.01	7.52	12.4%	(1.61)
7.625 NOV 28, 2047	28-Nov-17	25.04	63.79	4.96	12.3%	(1.02)
9.248 JAN 21, 2049	21-Nov-18	26.19	74.00	6.66	12.7%	(1.25)
8.25 SEP 28, 2051	28-Sep-21	28.88	66.55	6.47	12.6%	(1.34)

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 18, 2022

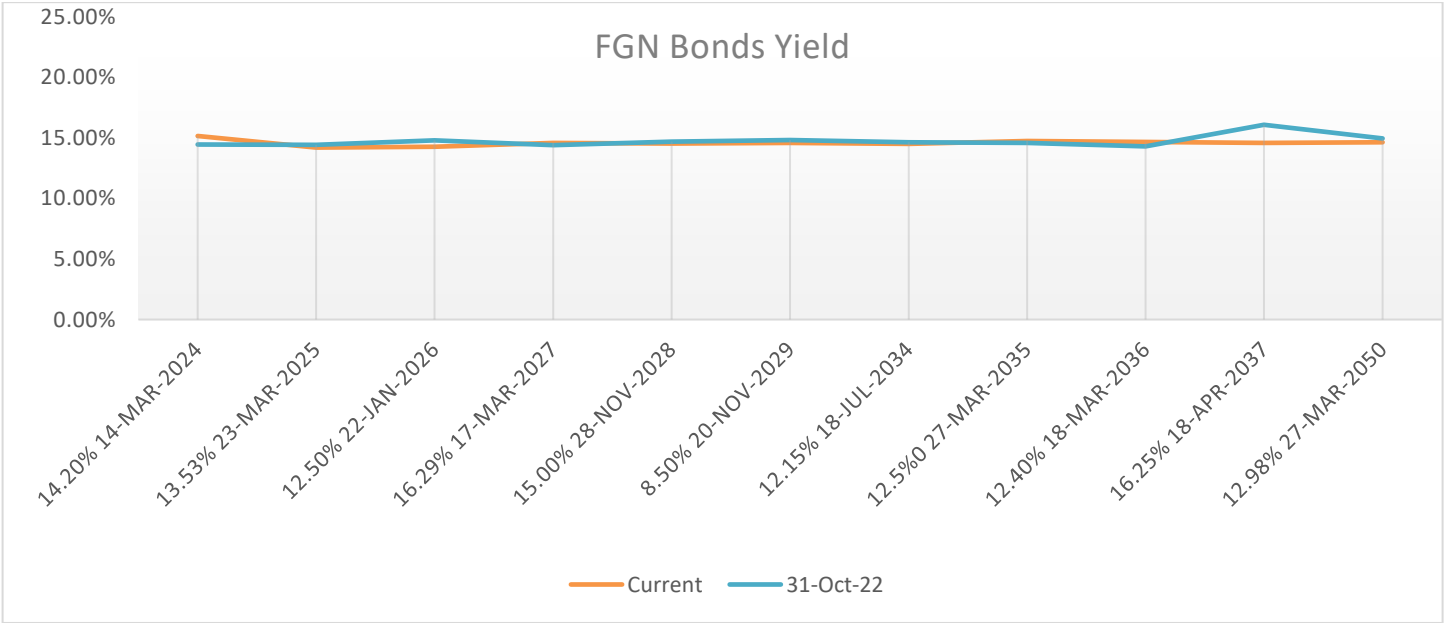
MAJOR	18-Nov-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0350	1.0362	-0.12%	-0.06%	6.01%	-8.26%
GBPUSD	1.1903	1.1861	0.36%	0.60%	6.22%	-11.47%
USDCHF	0.9530	0.9515	0.15%	1.21%	-5.08%	2.62%
USDRUB	60.7490	59.4762	2.14%	2.01%	1.25%	-17.03%
USDNGN	442.1600	441.8507	0.07%	0.39%	1.42%	7.69%
USDZAR	17.2431	17.3839	-0.81%	0.09%	-5.65%	9.72%
USDEGP	24.5085	24.5110	-0.01%	0.69%	24.73%	56.60%
USDCAD	1.34	1.3326	0.48%	1.03%	-2.71%	5.92%
USDMXN	19.52	19.4074	0.58%	0.02%	-2.99%	-6.33%
USDBRL	5.35	5.4230	-1.26%	0.53%	1.58%	-4.64%
AUDUSD	0.6676	0.6689	-0.20%	-0.45%	6.63%	-7.70%
NZDUSD	0.6150	-0.0600	0.39%	0.86%	8.53%	-11.99%
USDJPY	139.8860	140.3492	-0.33%	0.79%	-6.64%	22.68%
USDCNY	7.1250	7.1464	-0.30%	0.50%	-1.98%	11.49%
USDINR	81.6170	81.5110	0.13%	1.42%	-1.68%	9.80%



Global Commodity Prices as at 4:00 PM GMT+1, Friday, November 18, 2022

Commodity		18-Nov-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	78.4	81.6	-4.01%.	-11.79%.	-7.16%.	4.30%
BRENT	USD/Bbl	86.4	89.8	-3.78%.	-9.92%.	-4.52%.	11.76%
NATURAL GAS	USD/MMBtu	6.3	9.8	-1.53%.	6.77%	5.88%	24.24%
GASOLINE	USD/Gal	2.4	2.5	-3.38%.	-9.10%.	-4.37%.	10.83%
COAL	USD/T	334.6	332.5	0.62%	2.95%	-13.73%.	119.41%
GOLD	USD/t.oz	1,755.7	1,761.0	-0.30%.	-0.89%.	7.77%	-4.86%.
SILVER	USD/t.oz	21.0	20.9	0.41%	-3.05%.	13.99%	-14.51%.
WHEAT	USD/Bu	809.2	806.8	0.30%	-0.63%.	-3.87%.	-1.74%.
PALM-OIL	MYR/T	3,850.0	4,022.1	-4.28%.	-7.85%.	-4.01%.	-22.97%.
COCOA	USD/T	2,419.0	2,428.0	-0.37%.	-4.05%.	4.77%	-3.01%.

FGN Bonds Yield Curve, Friday, November 18, 2022



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