

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Real GDP at 6-quarters Low of 2.25% in Q3; Hampered by Low Oil Output, Recession Effect...

We believe that the need for economic diversification coupled with investment inflows into the oil and non-oil sectors respectively could be the right step to achieving more inclusive growth and getting closer to its growth potential.

### FOREX MARKET: Naira Gained N9 Versus the Dollar at the Open Market After Redesigned Banknotes Gets Unveiled

We feel the CBN currency redesign strategy is smart and we are seeing results, this may not be the right time given the size hoarded (85% of currency in circulation), election spending and inflation already at a record-high of 21.09% in October.

### MONEY MARKET: NIBOR Moves Southwards amid Net Inflows Worth N2.94 billion....

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 Prices Move in Mixed Directions...

In the new week, we expect the value of FGN Bonds to fall (and yields to rise) as investors scramble for short-term fixed-income securities. Nevertheless, we expect investors to demand Nigerian Eurobonds as yields appear attractive.

### EQUITIES MARKET: Price Appreciation in Bluechip stocks Gave Investors N1.67trn Profit Amidst Rate Hike; Weak Growth...

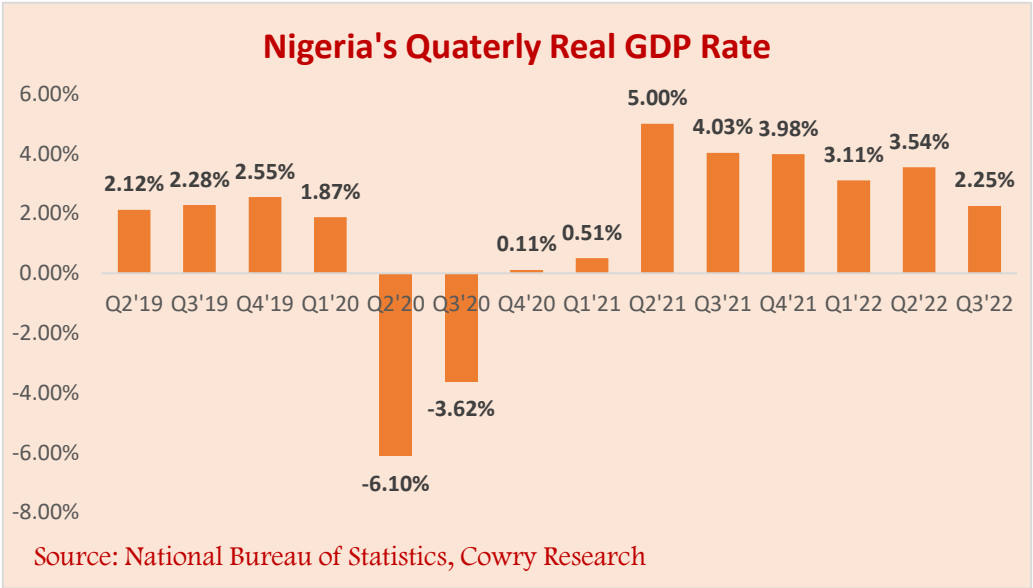
we expect the market to trade with mixed sentiments as the digestion of the current MPC rate hike and weak economic growth data put investors in a reactive position on the next move in the market.

**ECONOMY: Real GDP at 6-quarters Low of 2.25% in Q3; Hampered by Low Oil Output, Recession Effect...**

Marking the slowest growth in the last six quarters, the latest national output report from the NBS showed that Nigeria’s gross domestic product (GDP) grew by 2.25% in real terms year on year to N18.96 trillion in the third quarter of 2022 but decelerated 1.29 percent points from the 3.54% expansion reported in the second quarter of 2022 and hits below analysts’ expectations for the reported period. However, the total real output surged by 9.68% quarter on quarter in the current period and was underpinned by the nations’ involvement in more economic activities than the prior quarter. This is according to the latest GDP data released by the National Bureau of Statistics (NBS).

A peep into the report from the NBS showed that this advancement by 2.25% marks the eight-consecutive quarter of growth but at the slowest pace since Q1’21. This deceleration was prompted by the base effects of the 2020 recession as well as the slow pace of economic activities that was hampered by challenging economic conditions. Consequently, the Q3 growth deteriorated 1.78 percent points from the 4.03% reported in the corresponding quarter of 2021.

On the sectoral performance, the non-oil sector which has been the engine of growth since late 2020 saw a 4.27% growth in real terms during the quarter. This performance was lower by 1.18% points when compared to



the rate recorded in the same quarter of 2021 and 0.50% points lower than the second quarter of 2022. On aggregate, there was a 94.34% contribution from the non-oil sector and this was majorly driven by Information and Communication; Trade; Transportation (Road Transport); Financial and Insurance; Agriculture (Crop Production) and Real Estate sectors all accounting for positive GDP growth. This growth was higher than the share recorded in the third quarter of 2021 which was 92.51% and higher than the second quarter of 2022 recorded as 93.67%.

Also, during the reported period, the primary sector (agriculture) and tertiary sector (services) grew by 1.34% and 7.01% respectively, while the secondary sector (industries) declined by -8% and marks its seventh straight quarter of contraction. However, the NBS reported that the agriculture sector continued to be driven by crop production, which in Q3 '22 accounted for 92.5% of the sector's real share of GDP. But the mining segment shrank 21.31% in Q3 and lower than the -11.09% reported in the prior quarter and in line with recent trends in the sector out of which 96% share from the space was accounted for by crude petroleum underperformance.

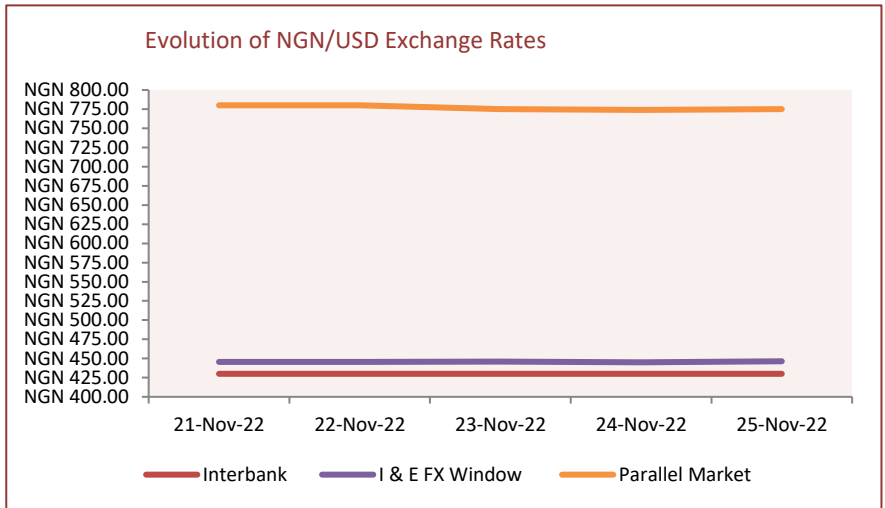
Meanwhile, the oil sector continued its trend of retarded growth as it shrank 22.67%, after an 11.77% slump in the previous quarter, and reflects lower oil output as the average daily crude oil production stood at 1.20 million barrels per day, down from 1.43 million daily barrels in Q2 and 1.57 million barrels daily a year ago. This decline in daily oil production can be said to have been precipitated by unprecedented oil theft through pipelines and fields in the oil-producing Niger Delta region; bringing Nigeria’s daily oil production to a historic low.

Uncertainties cloud Nigeria’s growth prospect in the face of aggressive rate hikes by central banks across the globe amidst soaring inflation and commodities prices which leaves Nigeria’s economy limping. Recently, the IMF revised Nigeria’s growth forecast to 3.2% for 2022 with the CBN and FGN also projecting 3.3% and 4.2% respectively and these forecasts and fundamentals may be dampened by the ominous clouds of worrying indices such as looming global recession, pending subsidy payments by the Nigerian government, and tumbling daily oil production volumes, among other factors. However, we believe that the need for economic diversification coupled with investment inflows into the oil and non-oil sectors respectively could be the right step to achieving more inclusive growth and getting closer to its growth potential.

## FOREX MARKET: Naira Gained N9 Versus the Dollar at the Open Market After Redesigned Banknotes Gets Unveiled...

For another straight the week, we saw the local currency experience a slight calm in demand in the foreign exchange market following another 100 basis points rate hike by the apex bank after the close of the monetary policy committee meeting on Tuesday plus the unveiling of the newly redesigned Naira. The unveiling of the banknotes was done this Wednesday by Nigeria's President Muhammadu Buhari and aimed at mitigating currency counterfeiting of the high-denominated notes, control total currency in circulation and also bring to a bear the overall cost of currency management.

Consequently, at the the open parallel market FX window the Naira strengthened by N9 or 1.15% week on week to close the week at N775/USD from N784/USD in the previous week's close as BDC operators continue to dump their Naira holdings in search for the newly redesigned banknotes. However, the Naira lost the battle against the dollar by N0.66 (-0.15%) week on week at the importers and exporters window to close the week at N446.33/USD from N445.67/USD the previous week as demand for the greenback resume on a pressured momentum. 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 N780/USD.



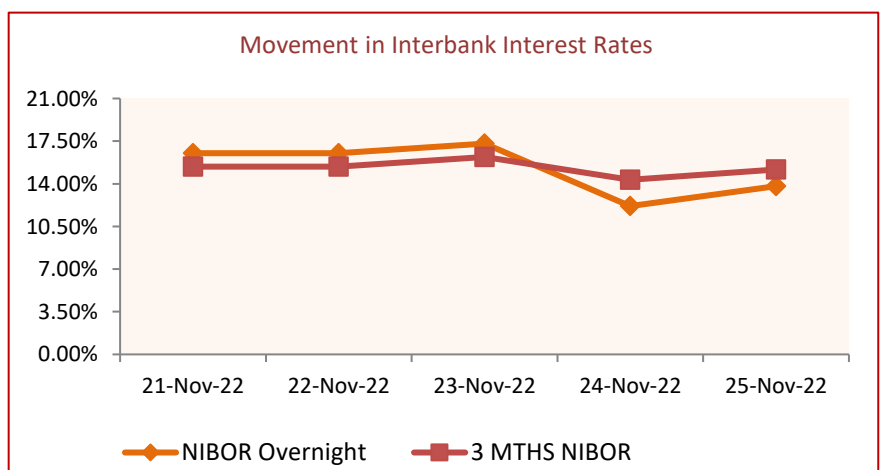
A look at activities at the Interbank Foreign Exchange Forward Contracts market, the spot exchange rate remained unchained from the previous week as it closed the week at N445/USD from last week. Also, our analysis of the Naira/USD exchange rate in the Naira FX Forward Contracts Markets, there was a mixed trend across tenors as we saw the 1 month, 2 month and 3 month contracts depreciating by 0.49%, 0.51% and 0.31% week on week to close the week at offer prices of N451.47/USD, N455/USD and N458.71/USD in that order. On the flip side, the 6 month and 12 month forward contracts saw the naira rising in strength against the dollar strength by 16bps and 20bps from which they were priced at N476.24/USD and N503.37/USD respectively.

Elsewhere, the Bonny light crude price dipped by \$2.97 (-3.29%) w/w to close the week at USD87.42 per barrel (as at November 24,) from USD90.39 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, for the redesigned notes, while the CBN redesign strategy is smart and we are seeing results, this may not be the right time given the size hoarded (85% of currency in circulation), election spending and inflation already at a record-high of 21.09% in October.

## MONEY MARKET: NIBOR Moves Southwards amid Net Inflows Worth N2.94 billion...

In the just concluded week, CBN offered T-bills worth N213.43 billion, viz., 91-day bills worth N32.28 billion, 182-day bills worth N41.25 billion, and 364-day bills worth N139.90 billion, to refinance the matured Treasury bills worth N2,096.43 billion. Despite huge investor subscription levels, the 364-day bill was issued at a higher rate as CBN continued its path to dull inflation through interest-rate increases. However, stop rates for 91-day and 182-day bills were unchanged at 6.5% and 8.05%, respectively. Notably, the hike in rate by CBN was in-line with market expectations, hence the reason for the higher yield across all maturities tracked. NITTY for 1 month, 3 months, 6 months, and 12 months climbed to 10.10% (from 8.72%), 10.19% (from 10.18%), 11.57% (from 11.10%), and 17.08% (from 16.48%), respectively.

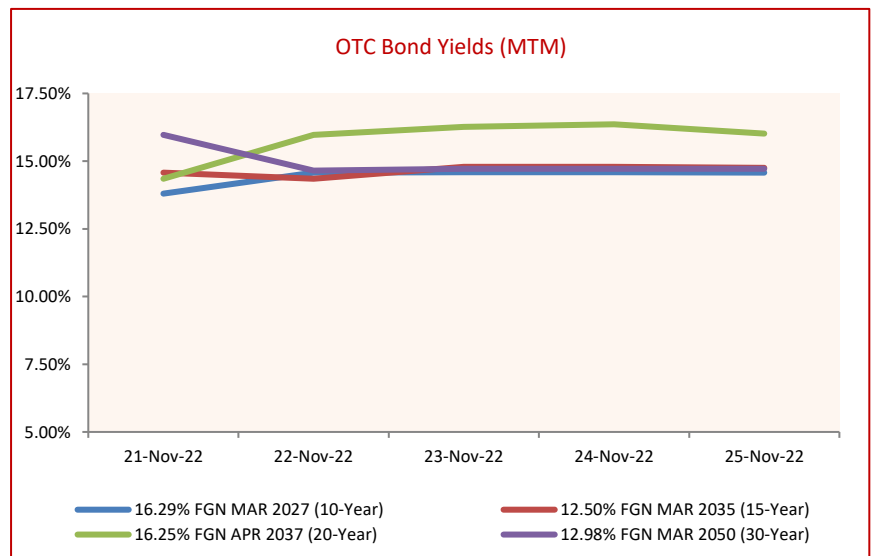


Meanwhile, CBN issued a total of N21 billion at the OMO auction to partly drain system liquidity arising from matured OMO bills worth N40 billion. Given the net inflows worth N19 billion plus liquidity boost from FAAC allocation (N736.78 billion), NIBOR nosedived for all tenor buckets. Specifically, NIBOR for overnight funds, 1 month, 3 months, and 6 months tenor buckets fell to 13.80% (from 16.50%), 14.60% (from 15.13%), 15.16% (from 15.50%), and 15.86% (from 16.13%), respectively.

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 Prices Move in Mixed Directions...

In the just concluded week, the value of FGN bonds traded at the over-the-counter (OTC) segment moved in mixed directions across the maturities tracked. Specifically, the 10-year, 16.29% FGN MAR 2027 paper and the 20-year, 16.25% FGN APR 2025 bond lost N0.02 and N0.38, respectively; their corresponding yields moved to 14.58% (from 14.59%) and 16.02% (from 15.96%). However, the 15-year, 12.50% FGN MAR 2035 debt, and the 30-year, 12.98% FGN MAR 2050 instrument lost N0.02 and N0.38, respectively; yields fell to 14.75% (from 14.80%) and 14.72% (from 14.95%).

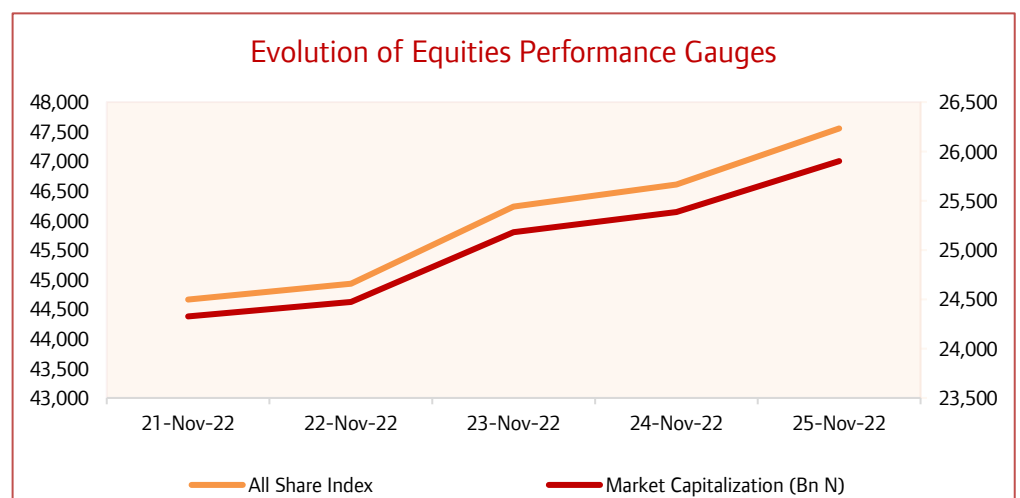


Elsewhere, the value of FGN Eurobonds traded in the international capital market appreciated for all maturities tracked: the 10-year, 6.375% JUL 12, 2023, bonds; the 20-year, 7.69% paper FEB 23, 2038; and the 30-year, 7.62% NOV 28, 2047, gained USD 0.02, USD 1.69, and USD 2.85, respectively, while their corresponding yields fell to 8.96% (from 8.90%), 12.09% (from 12.42%), and 11.80% (from 12.32%).

In the new week, we expect the value of FGN Bonds to fall (and yields to rise) as investors scramble for short-term fixed-income securities. Nevertheless, we expect investors to demand Nigerian Eurobonds as yields appear attractive.

### EQUITIES MARKET: Price Appreciation in Bluechip stocks Gave Investors N1.67trn Profit Amidst Rate Hike; Weak Growth....

As market players digest the latest weak economic growth data released by the Nigerian statistics bureau, which checks the impact of the aggressive rate hike by the CBN, the local bourse for another consecutive week of bullish performance saw strong momentum and strength, practically ignoring the latest 100 basis points rate hike by the Central Bank of Nigeria, which raised the Monetary Policy Rate to 16.5%, representing 500bps increase MPR so far this year. Thus, the NGX benchmark index surged 6.9% week on week to 47,554.34 points while the market capitalisation inched higher by 6.9% week on week to N25.90 trillion and crossing the N25 trillion mark for the first time since mid-October 2022. The upbeat in market performance was buoyed by price appreciations as well as strong investor demand in most of the bellwether stocks through the week. Thus, investors gained N1.67 trillion in profits from all 5 sessions.



With the bullish outing recorded across board in the market, investors sustained their portfolio repositioning strategy on the strength of the recent corporate earnings reported by companies and mirrors that investors are hedging against the hounds of inflation in some stocks with high dividend yields and strong earnings to support higher payout as the financial year end of many

companies draw closer. Consequently, we saw gains from price appreciation in Insurance, banking and industrial goods tickers such as NB (+19%), CORNERST (+16%), DANGCEM (+10%), MULTIVERSE (+10%) and SOVRENINS (+17%) respectively. Further afield, the sectorial performance was largely bullish in the week with 3 out of 5 sectors closing northward. Thus, for the NGX Industrial Sector emerged the leading advancer (+9.16%) and trailed by NGX Insurance and NGX Banking Index which also closed positive by +3.91% and +2.54% from the prior week. On the flip side, sell -offs in NESTLE (-21%), SEPLAT(-4%) dragged the performance of the NGX Oil & gas (-1.29%) and NGX Consumer Goods (-0.17%) sectors southward. Meanwhile, the level of trading activities in the week was bubbly as the total traded volume surged by 2.48% w/w to 711.62 million units. Also, the total weekly traded value shoot upward by 25.53% week on week to N9.81 billion and then the total deals traded for the week upsurged by 8.07% week on week to 16,662 trades from 15,418 deals last week.

Going into the new week, we expect the market to trade with mixed sentiments as the digestion of the current MPC rate hike and weak economic growth data put investors in a reactive position on the next move in the market. 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 25, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	November 25 2022	November 18 2022	% Change	Symbol	November 25 2022	November 18 2022	% Change
NB	48.95	41.25	19%	NESTLE	963.90	1,215.00	-21%
SOVRENINS	0.28	0.24	17%	PRESCO	110.00	120.50	-9%
CORNERST	0.51	0.44	16%	CHAMS	0.22	0.23	-4%
AIRTEAFRI	1,450.00	1,270.00	14%	CUTIX	2.03	2.12	-4%
BUAFOODS	63.40	57.00	11%	REDSTAREX	2.27	2.37	-4%
HONYFLOUR	2.28	2.05	11%	SEPLAT	1,050.00	1,088.90	-4%
PZ	9.50	8.60	10%	AIICO	0.54	0.56	-4%
MULTIVERSE	4.25	3.85	10%	FTNCOCOA	0.29	0.30	-3%
UPDCREIT	2.75	2.50	10%	RTBRISCOE	0.29	0.30	-3%
DANGCEM	262.30	238.50	10%	JAIZBANK	0.88	0.90	-2%

### Weekly Stock Recommendations as at Friday, November 25, 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	7.30	9.90	6.21	8.40	35.62	Buy
DANGCEM	12.51	15.01	49.19	5.52	20.97	300	220	262.30	300	222.96	301.65	14.37	Buy
GUINNESS	1.25	4.52	42.43	2.30	50.22	110	29.05	63	98	53.55	72	55.56	Buy
MTN	13.22	15.86	11.96	15.11	14.83	270	167	210	246	178.50	242	17.14	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 25, 2022

FGN Eurobonds	Issue Date	TTM (years)	25-Nov-22	Weekly	25-Nov-22	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.63	98.46	0.02	9.0%	0.05
7.625 21-NOV-2025	21-Nov-18	2.99	91.42	0.26	11.1%	(0.09)
6.50 NOV 28, 2027	28-Nov-17	5.01	91.42	0.26	11.1%	(0.09)
6.125 SEP 28, 2028	28-Sep-21	5.85	76.69	1.11	11.8%	(0.30)
8.375 MAR 24, 2029	24-Mar-22	6.33	83.05	0.91	12.3%	(0.23)
7.143 FEB 23, 2030	23-Feb-18	7.25	77.15	1.52	11.9%	(0.37)
8.747 JAN 21, 2031	21-Nov-18	8.16	83.26	1.56	12.0%	(0.34)
7.875 16-FEB-2032	16-Feb-17	9.23	76.90	1.00	12.1%	(0.21)
7.375 SEP 28, 2033	28-Sep-21	10.85	73.16	1.44	11.8%	(0.30)
7.696 FEB 23, 2038	23-Feb-18	15.26	69.70	1.69	12.1%	(0.32)
7.625 NOV 28, 2047	28-Nov-17	25.02	66.64	2.85	11.8%	(0.52)
9.248 JAN 21, 2049	21-Nov-18	26.18	76.70	2.70	12.2%	(0.45)
8.25 SEP 28, 2051	28-Sep-21	28.86	68.92	2.37	12.2%	(0.43)
			25-Nov-22	Weekly	25-Nov-22	Weekly

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, November 25,2022

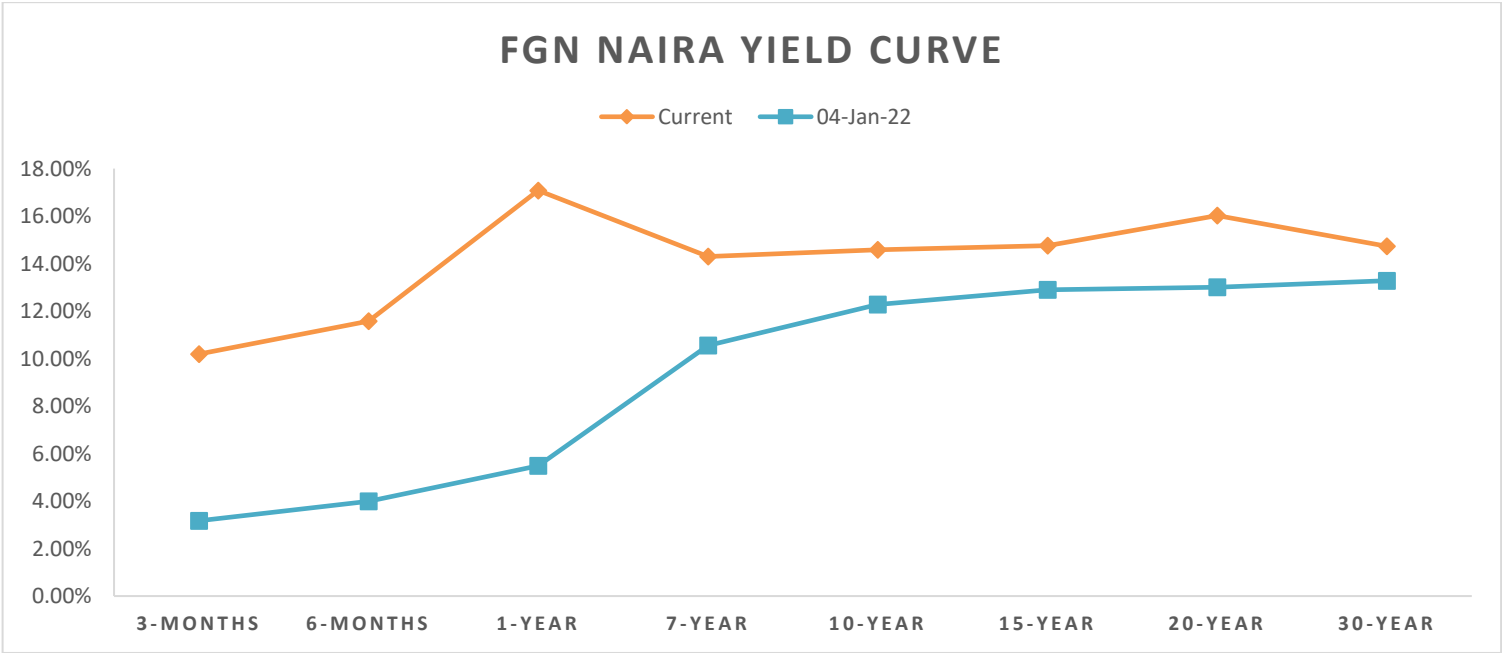
MAJOR	25-Nov-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0358	1.0408	-0.48%	0.33%	2.66%	-8.40%
GBPUSD	1.2069	1.2116	-0.39%	1.52%	3.71%	-9.52%
USDCHF	0.9498	0.9431	0.71%	-0.50%	-3.72%	2.97%
USDRUB	59.7500	60.3474	-0.99%	-0.17%	-2.45%	-20.62%
USDNGN	442.9500	442.9500	0.00%	0.18%	1.47%	8.13%
USDZAR	17.1791	17.0056	1.02%	-0.36%	-4.22%	5.37%
USDEGP	24.5700	24.5308	0.16%	0.24%	24.85%	56.70%
USDCAD	1.34	1.3337	0.43%	0.08%	-1.15%	4.75%
USDMXN	19.38	19.3661	0.06%	-0.29%	-2.75%	-11.44%
USDBRL	5.35	5.3210	0.63%	-0.54%	-0.49%	-4.55%
AUDUSD	0.6724	0.6765	-0.61%	0.77%	3.61%	-5.51%
NZDUSD	0.6222	-0.0600	-0.67%	1.17%	6.68%	-8.70%
USDJPY	139.5070	138.5510	0.69%	-0.60%	-4.56%	23.23%
USDCNY	7.2023	7.1686	0.47%	1.10%	0.22%	12.60%
USDINR	81.6750	81.6097	0.08%	0.07%	-0.32%	8.84%



Global Commodity Prices as at 4:00 PM GMT+1, Friday, November 25, 2022

Commodity		25-Nov-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	78.3	78.1	0.23%	-2.38%	-9.78%	15.28%
BRENT	USD/Bbl	85.3	85.3	-0.06%	-2.82%	-9.21%	19.58%
NATURAL GAS	USD/MMBtu	7.2	9.8	-0.18%	13.67%	17.09%	33.57%
GASOLINE	USD/Gal	2.4	2.4	-0.39%	0.66%	-5.47%	23.68%
COAL	USD/T	347.8	346.4	0.38%	3.93%	-10.41%	120.09%
GOLD	USD/t.oz	1,748.5	1,755.0	-0.37%	-0.12%	4.99%	-2.47%
SILVER	USD/t.oz	21.2	21.5	-1.33%	1.39%	8.08%	-8.32%
WHEAT	USD/Bu	789.5	793.0	-0.44%	-1.71%	-6.06%	-4.36%
PALM-OIL	MYR/T	4,140.0	4,039.8	2.48%	7.39%	0.46%	-14.62%
COCOA	USD/T	2,397.0	2,381.0	0.67%	-4.23%	2.57%	-2.40%

FGN Bonds Yield Curve, Friday, November 25, 2022



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