

## Segment Outlook:

# Cowry Financial Markets Review, Outlook & Recommended Stocks

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### ECONOMY: Local Investors Rule Equities Market with Strong Bet in 2022 Amid Risk-off Sentiment...

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### BOND MARKET: FGN Eurobond Yields on the Decline as Bearish Sentiments Resurface...

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.

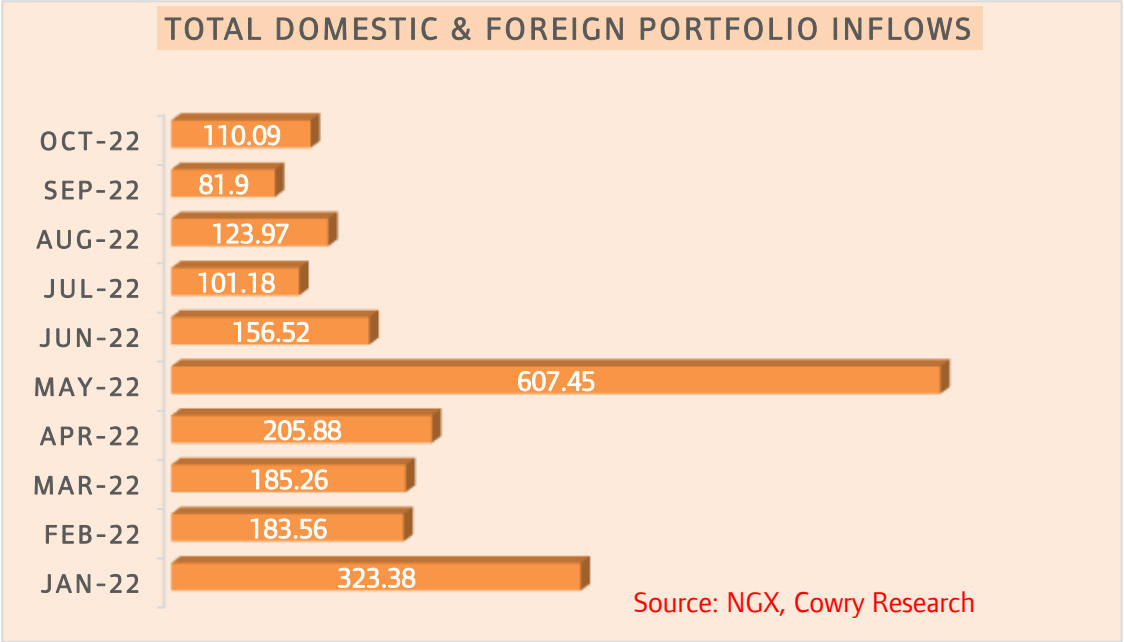
### EQUITIES MARKET: Strong Investors' Appetite in Industrial Goods, Insurance Stocks NGX Value to N26.62 Trillion

We expect the current trend of bullish momentum to persist as investors continue on profit booking and portfolio reshuffling ahead of the year-end seasonality amid election uncertainty.

ECONOMY: Local Investors Rule Equities Market with Strong Bet in 2022 Amid Risk-off Sentiment....

Amid the mixed trail of investor activities and rate of volatility witnessed in the local equities market in a wobbly year, strong appetite of domestic investors has continued to outperform the sentiments of foreign investors as obviously seen in their total transaction numbers. This was hinged on the fact that domestic investors since the start of 2022, began taking a bet on the domestic bourse. However, since the start of the second half of the year, the general market activity has been in a lull due to risk-off sentiment ahead of the 2023 general elections and a lackluster macroeconomic environment.

In the local bourse, total FPI transactions rose to N2.08 trillion in 10 month (Oct. '22) and up 34.6% year on year from N1.54 trillion in the same period of 2021 signaling an upbeat in



investor activities in portfolio investment through equities trading. Thus, analyses of the trading data polled from the NGX showed that year-to-date, domestic investors accounted for the bulk of transactions which printed N1.73 trillion with a share of 83%, while foreign investors’ participation remained low at 17% (N350 billion).

Since the capital flight triggered by the pandemic, foreign participation is yet to attain pre-pandemic levels; this is due in part to legacy issues of FX liquidity amid the fragile macroeconomic landscape. Thus, the performance highlights of transaction trend point that foreign portfolio investors activities have continued to dwindle since the N1.22 trillion reported in 2018 to N435 billion in 2021.

In the month of October, total FPI transaction value in October represents a year on year decline of around 48%. This can be attributed to the risk-off sentiment which pervaded the bourse since the close of June. A closer look reveals that foreign investors’ interests accounted for 26% while domestic investors were responsible for 74% of total transaction at the exchange which rose 34.42% from N81.90 billion in September 2022 to N110.09 billion in October 2022.

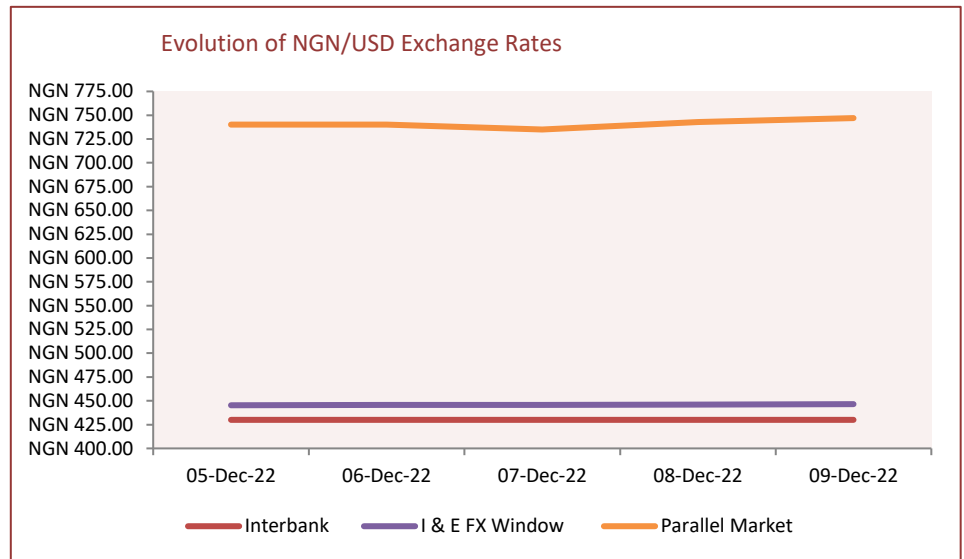
Furthermore, the report from the NGX highlighted that activities of institutional investors was higher than that of retail investors by a difference of 42% as institutional composition of the domestic market surged 105% to N57.5 billion in October from N28.05 billion in the prior month. Meanwhile, a sharp comparison between the current and previous months showed that domestic transaction in the current and prior month (September 2022) revealed that retail transactions decreased by 29.64% from N34.18billion in September to N24.05billion in October 2022.

Foreign participation in total equity transactions have steadily been on a decline over the years on the back of the lack of incentive to trigger sentiments as we also approach the election year. The fact that these foreign counterparts control a minimal 25% of the market may be a reason for the apathy on equities following the upward rate trajectory by the Nigerian apex bank chief. But we reckon that local institutional investors may have more incentive to remain in the market despite the rates hike while the risk averse investors will continue to exhibit apathy towards risk assets in the face of the rate hike.

## FOREX MARKET: Naira Skids to N446.50 on Demand Pressure, Dollar Stashing for Festive Spendings...

In the just concluded week, we saw the Naira experience another calm in demand in the foreign exchange market as Bureau De Change operators cut rates in a bid to attract users of the greenback just as we inch closer to the official date of the release of the redesigned Naira notes by the CBN. Consequently, at the investors and exporters' FX window the Naira skid by N1.17 or 0.3% week on week to close the week at N446.50/USD from N445.33/USD in the previous week's close as currency users renew their demand ahead of the festivities.

Conversely, the exchange rate between the Naira and dollar stayed flat from the previous week's close at the importers and exporters window to close the week at N747/USD as traders wait on the sidelines on the next move following CBN's policy on naira withdrawal limit during the week. Thus, market participants maintained bids between N444/USD and N450/USD at the I&E segment while at the open market, bids ranged between N740/USD and N753/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 bullish trend across tenors for the Naira Forward Contracts against the greenback as we saw appreciation of value in the Naira index across all tenors by 2bps, 13ps, 36bps, 40bps and 82bps week on week to close the week at offer prices of N460.02/USD, N465.58/USD, N469.86/USD, N489.33/USD and N521.44/USD in that order.

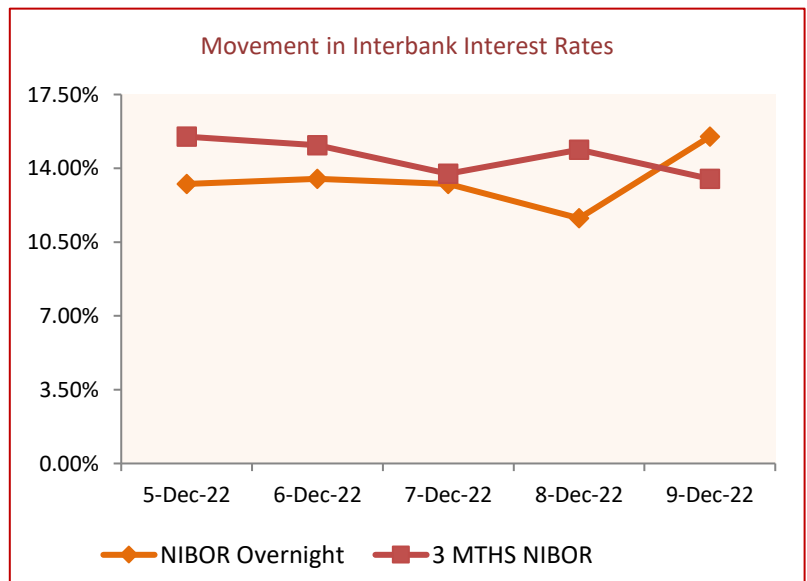
Elsewhere, the oil market was looking in the bears during the week as the Bonny light crude price dipped by 14.1% or (USD12.32) week on week to close the week at USD75.08 per barrel as at December 08,) from USD87.40 per barrel in the previous week on concerns that the demand for oil would get dampened by the impending global economic slowdown. Overall, oil traders are beginning to point fingers on this week's sell-offs which was partly on the rise in gasoline stockpiles in the U.S and the news that OPEC+ has resolved to keep output steady.

Just as was witnessed in the last week, we expect the naira to trade relatively calm across all FX segments as the date for new banknotes rollouts draws closer and barring any distortion in the market. However, the recent policy from the apex bank on the daily and weekly withdrawal limits may drive further demand for the greenback as hedge against further depreciation of the local currency. In our opinion, the jury is out to watch as we begin to see the multiplier effect of the policy across facets of the economy.

## MONEY MARKET: : Stop Rate for 364-day Bill Moderates to 13.05% amid Strong Investor Demand...

In the just concluded week, CBN sold T-bills worth N104.36 billion, to mop up the matured N82.36 billion in bills (OMO and T-Bills). Notably, the stop rate for the 364-day bills fell to 13.05% (from 14.84%) given the almost 2x subscription level compared to a sale amount of N104.36 billion. Similarly, the stop rates for 91-day and 182-day bills moderated to 6.49% (from 6.50%) and 8.00% (from 8.05%), respectively. In line with the direction of rates in the primary market, NITTY for 1 month, 3 months, 6 months, and 12 months maturities fell to 6.99% (from 9.01%), 7.81% (from 8.63%), 9.84% (from 10.55%), and 13.66% (from 14.86%), respectively.

Meanwhile, in the OMO market, we saw N15 billion worth of OMO bills mature without refinancing. Given the new inflow, NIBOR closed southward (bullish) for most tenor buckets tracked. Specifically, NIBOR for 1-month, 3-month,

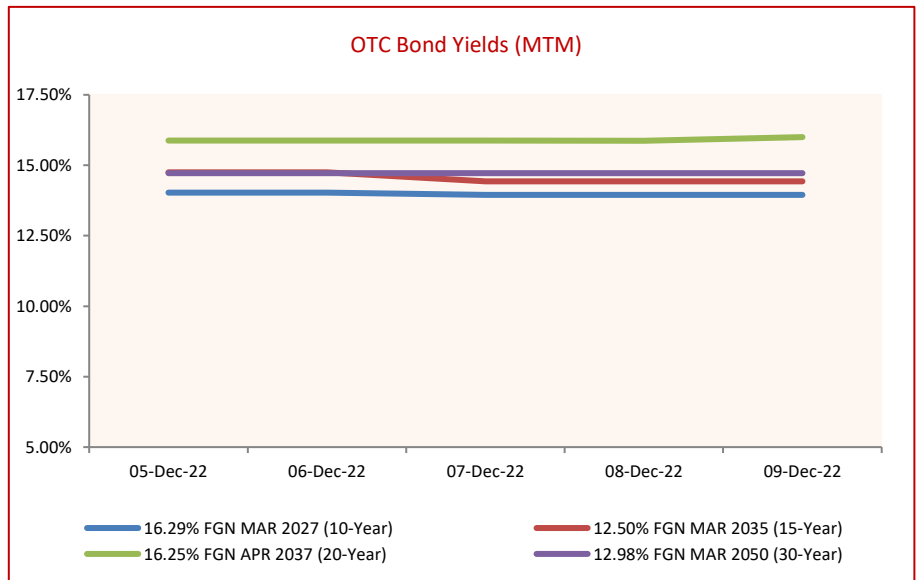


and 6-month tenor buckets declined, respectively, to 13.00% (from 13.50%), 13.50% (from 14.88%), and 14.25% (from 16.13%). Overnight funds, on the other hand, increased to 15.50% (from 11.63%).

In the new week, T-bills worth N16.25 billion are expected to mature. We expect activity in the money market to be slightly bearish amid the limited maturing T-bills...

### BOND MARKET: FGN Eurobond Yields on the Decline as Bearish Sentiments Resurface...

In the just concluded week, investors were mostly bullish on maturities tracked in the secondary market as the value of FGN bonds traded increased for most maturities tracked. Specifically, the 10-year, 16.29% FGN MAR 2027 instrument and the 15-year 12.50% FGN MAR 2035 rose, respectively, by N 0.24 to N 107.27 (from N 107.03), and N 1.67 to N 89.00 (from N 87.33). However, the 20-year 16.25% FGN APR 2037 debt instrument lost N0.65 as it fell to N101.35 (from N102.35), while the 30-year 12.98% FGN MAR 2050 remained relatively unchanged week on week as its corresponding yield stayed steady at 14.72%.



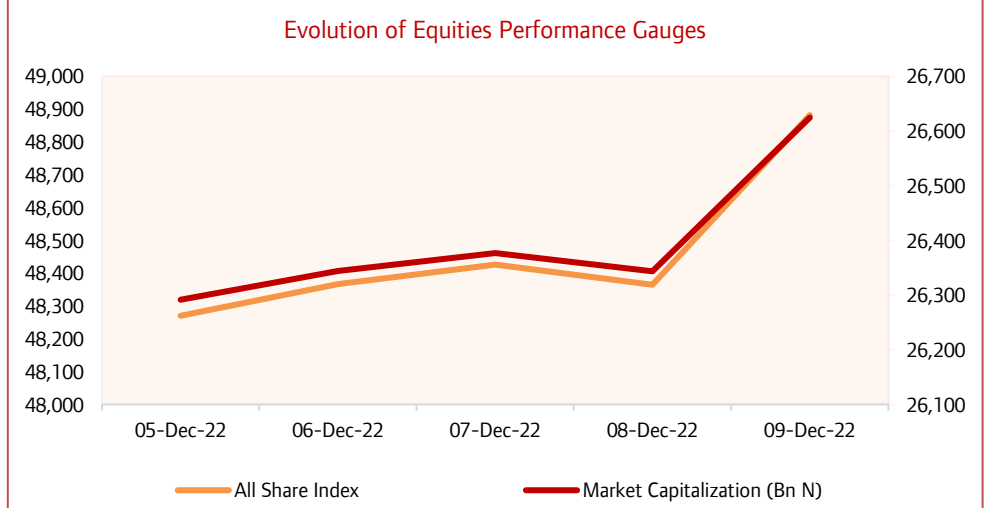
Elsewhere, the value of FGN Eurobonds traded on the international capital market fell for all maturities tracked due to renewed bearish sentiment. The 10-year, 6.375% JUL 12, 2023 bond, the 20-year, 7.69% FEB 23, 2038 paper, and the 30-year, 7.62% NOV 28, 2047 debt lost USD 0.05, USD 1.07, and USD 1.52, respectively, while their corresponding yields expanded to 9.25% (from 9.06%), 12.20% (from 12.00%), and 12.04% (from 11.76%) respectively.

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: Strong Investors' Appetite in Industrial Goods, Insurance Stocks NGX Value to N26.62 Trillion...

The domestic bourse maintained its bull transition driven by profit-taking in blue chip stocks and portfolio reshuffling by investors seeking alpha ahead of the year-end seasonalities and the price correction mode of the market as players continue to digest the mixed macroeconomic data ahead of the earning season. Resultantly, the benchmark index closed northward by 1.51% week on week to 48,881.93 points while the market capitalisation appreciated in value by 1.51% week on week to N26.62 trillion.

The upbeat market performance this week was buoyed by price appreciations and strong buying demands in some of the industrial goods and consumer goods stocks which saw investors take profit worth N396.13 billion from 4 of the 5 sessions as the market year-to-date gain uptrend further to 14.43% while the market cap returns printed 19.41%.



Consequently, the positive sentiment and the persistent market volatility presented

huge profit-taking activities to investors from some of the major sectors and as a result, we saw gains from price appreciation in tickers such as BUACEMENT (+19%), ETI (+11%), GUINNESS (+10%), ETERNA (+9%) and PRESCO (+7%) respectively.

Across the sectorial front, the performance was largely bullish in the week with 4 out of 5 sectors closing northward and was spearheaded by the Industrial Goods sector which emerged as the leading advancer (+8.53%) for the week and followed by NGX Consumer Goods Index, NGX Insurance and NGX Oil/Gas Index which closed positive by +1.65%, 1.31% and +0.29% in that order. On the flip side, the NGX Banking sectors closed the week as the lone decliner.

Meanwhile, the level of trading activities in the week varied as the total traded volume surged by 45.8% week on week to 1.23 billion units as well as the total traded value for the week which surged 106.76% week on week to N15.24 billion. However, the total deals traded for the week tanked by 5.36% week on week to 15,316 trades for the week.

Going into the new week, we expect the current trend of bullish momentum to persist as investors continue on profit booking and portfolio reshuffling ahead of the year-end seasonality amid election uncertainty. 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, December 09, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	December 09 2022	December 02 2022	% Change	Symbol	December 09 2022	December 02 2022	% Change
BUACEMENT	91.70	77.00	19%	NB	38.50	45.00	-14%
ETI	11.20	10.05	11%	UNITYBNK	0.49	0.57	-14%
GUINNESS	69.30	63.00	10%	CAPHOTEL [BLS]	2.76	3.06	-10%
ETERNA	6.44	5.92	9%	GEREGU [BLS]	111.00	122.80	-10%
LINKASSURE	0.43	0.40	8%	COURTVILLE	0.46	0.50	-8%
CHAMPION	3.75	3.50	7%	ABCTrans	0.25	0.27	-7%
PRESCO	120.50	113.00	7%	WEMABANK	3.26	3.43	-5%
MAYBAKER	4.00	3.76	6%	CADBURY	10.70	11.20	-4%
AFRIPRUD	5.60	5.30	6%	CHAMS	0.23	0.24	-4%
FCMB	3.47	3.30	5%	CORNERST	0.46	0.48	-4%

## Weekly Stock Recommendations as at Friday, December 09, 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	23.64	0.31	2.18	8.85	6.55	7.40	8.9	6.3	8.5	35.62	Buy
ETI	4.21	7.92	44.86	0.25	2.66	13.2	5.1	11.20	21.1	9.5	12.9	88.00	Buy
BUA CEM	2.19	2.74	11	8.09	42.0	74.5	47	91.70	114.9	77.9	105.5	25.33	Buy
MTN	13.22	16.92	11.96	15.72	16.27	270	167	215	275.2	182.8	247.3	28.00	Buy
ACCESS	3.85	4.88	29.11	0.29	2.22	10.60	8	8.55	10.8	7.3	9.8	26.67	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, December 09, 2022

FGN Eurobonds	Issue Date	TTM (years)	09-Dec-22 Price (N)	Weekly USD Δ	09-Dec-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.59	98.40	(0.06)	9.3%	0.29
7.625 21-NOV-2025	21-Nov-18	2.95	92.29	0.87	10.8%	(0.33)
6.50 NOV 28, 2027	28-Nov-17	4.97	92.29	0.87	10.8%	(0.33)
6.125 SEP 28, 2028	28-Sep-21	5.81	77.61	0.92	11.5%	(0.23)
8.375 MAR 24, 2029	24-Mar-22	6.29	83.43	0.38	12.2%	(0.09)
7.143 FEB 23, 2030	23-Feb-18	7.21	77.28	0.13	11.9%	(0.01)
8.747 JAN 21, 2031	21-Nov-18	8.12	83.04	(0.22)	12.1%	0.06
7.875 16-FEB-2032	16-Feb-17	9.19	76.59	(0.31)	12.2%	0.08
7.375 SEP 28, 2033	28-Sep-21	10.81	72.51	(0.65)	12.0%	0.15
7.696 FEB 23, 2038	23-Feb-18	15.22	69.14	(0.56)	12.2%	0.11
7.625 NOV 28, 2047	28-Nov-17	24.99	65.32	(1.32)	12.0%	0.24
9.248 JAN 21, 2049	21-Nov-18	26.14	75.76	(0.94)	12.4%	0.15
8.25 SEP 28, 2051	28-Sep-21	28.82	67.47	(1.45)	12.4%	0.26

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, December 09,2022

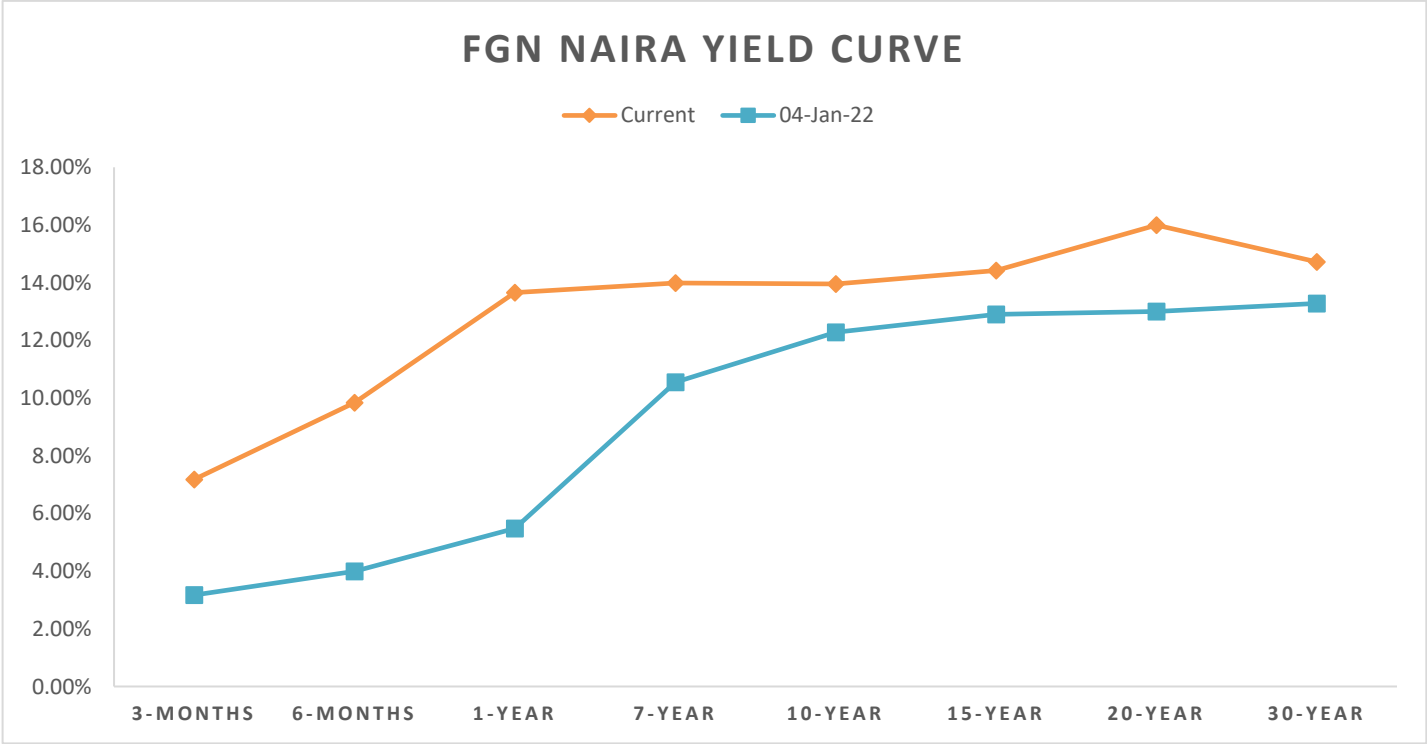
MAJOR	09-Dec-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0535	1.0557	-0.20%	-0.02%	3.40%	-6.88%
GBPUSD	1.2269	1.2234	0.29%	-0.15%	4.91%	-7.48%
USDCHF	0.9345	0.9364	-0.20%	-0.25%	-3.04%	1.50%
USDRUB	62.5000	62.4002	0.16%	1.63%	4.82%	-14.63%
USDNGN	444.4700	444.4700	0.00%	0.18%	0.99%	8.48%
USDZAR	17.3161	17.1719	0.84%	-1.15%	-0.33%	8.38%
USDEGP	24.5500	24.6412	-0.37%	0.08%	0.74%	56.77%
USDCAD	1.36	1.3595	0.36%	1.30%	2.45%	7.29%
USDMXN	19.75	19.6117	0.70%	1.94%	2.28%	-5.37%
USDBRL	5.26	5.2254	0.75%	0.86%	-1.52%	-6.22%
AUDUSD	0.6772	0.6776	-0.06%	-0.36%	2.43%	-5.58%
NZDUSD	0.6393	-0.0600	0.25%	-0.22%	6.16%	-5.86%
USDJPY	136.2000	136.5824	-0.28%	1.39%	-3.85%	20.12%
USDCNY	6.9610	6.9603	0.01%	-0.79%	-2.64%	9.19%
USDINR	82.3630	82.2807	0.10%	1.17%	2.15%	8.81%



Global Commodity Prices as at 4:00 PM GMT+1, Friday, December 02, 2022

Commodity		09-Dec-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	71.8	71.5	0.42%	-10.20%	-16.15%	0.85%
BRENT	USD/Bbl	76.5	76.1	0.43%	-10.49%	-16.83%	2.24%
NATURAL GAS	USD/MMBtu	6.3	9.8	5.27%	-0.06%	-5.07%	61.42%
GASOLINE	USD/Gal	2.0	2.0	0.00%	-10.05%	-18.23%	-3.56%
COAL	USD/T	400.0	395.5	1.14%	2.30%	23.08%	145.02%
GOLD	USD/t.oz	1,796.0	1,789.2	0.38%	-0.07%	2.38%	0.78%
SILVER	USD/t.oz	23.2	23.1	0.76%	0.58%	7.36%	4.96%
WHEAT	USD/Bu	726.5	724.2	0.31%	-2.26%	-9.59%	-7.49%
PALM-OIL	MYR/T	3,995.0	3,943.0	1.32%	1.09%	-4.38%	-16.77%
COCOA	USD/T	19.8	19.7	0.71%	1.80%	2.16%	0.61%

FGN Bonds Yield Curve, Friday, December 02, 2022



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