

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria's Trade Deficit Re-echoes the Need for Trade Policies at the International Market...

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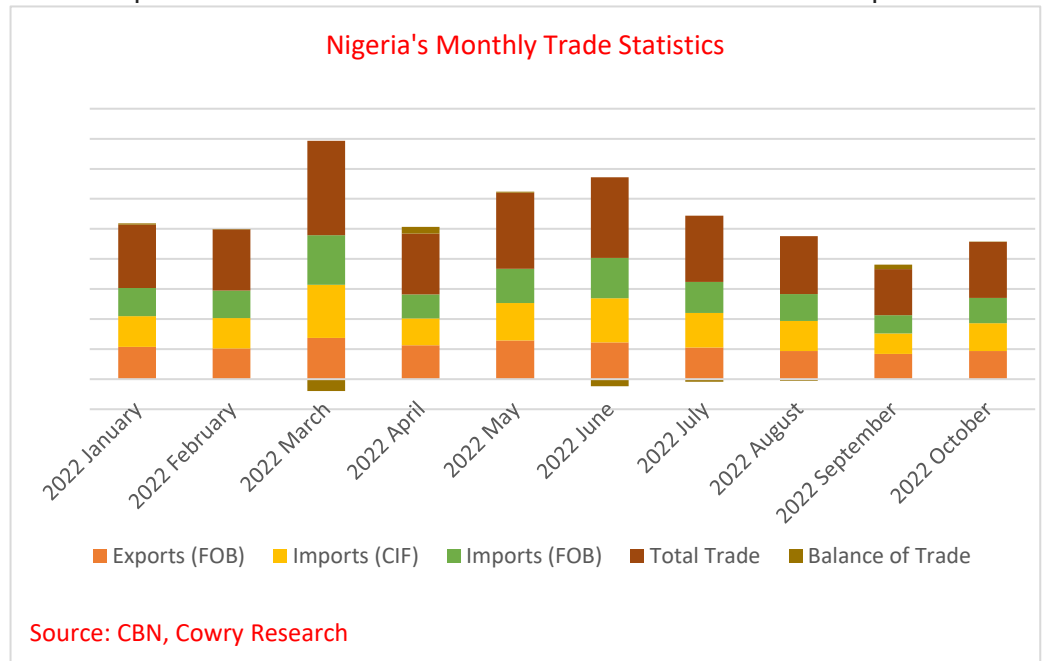
EQUITIES MARKET: Upbeat Momentum on the NGX Buoyed by Corporate Earnings...

Going into the new week a mixed trend is expected to continue even as the market outlook remains chancy due to the prevailing global trend, or pullbacks that may happen in the new month as a result of profit taking.

ECONOMY: Nigeria’s Trade Deficit Re-echoes the Need for Trade Policies at the International Market

This week, the Central Bank of Nigeria (CBN) in its monthly economic report (MER) said Nigeria reported a trade deficit amounting to \$20 million in November 2022, which was a result of lower export receipts from crude oil due to the decline in crude oil prices at the international market. This was a 60% dip month over month from \$50 million in October 2022.

The slow demand for crude oil in the international markets due to rising United States’ inventories, looming recession fears across the globe, and the resurgence of COVID-19 cases in China has impacted oil price oscillation, and the end result was lower receipts from crude oil exports. Notably, global oil demand growth for 2022 was revised downward twice to 2.6 mb/d (0.3 mb/d in July and 0.5 mb/d in September) to reflect growing concerns regarding global macroeconomic developments amid successive policy rate hikes by major central banks, the continuation of China's zero-covid policy, rising inflationary pressure, and logistic bottlenecks.



To bring to light as a refresher, the Central Bank Governor, Godwin Emefiele, lamented Nigeria’s low foreign exchange earnings from crude oil sales into Nigeria’s official reserves, which have steadily been on a decline to ground zero as of November 2022 from \$3 billion in 2014, and also cited that due to the struggle in the naira as well as the increase in the demand for forex, there has been a huge decline in foreign reserves.

According to the provisional data from the CBN, aggregate exports, primarily from oil receipts, declined by 7.7% to \$3.90 billion as of November 2022. A breakdown from the apex bank reveals that crude oil export receipts fell by 9% to \$3.30 billion, from \$3.65 billion in the preceding month. The decrease was driven by the fall in the price of Nigeria’s reference crude, the Bonny Light, by 3.3% to an average of \$93.36 per barrel, relative to \$96.57 per barrel in October. However, non-oil export earnings surged by 16.9% to \$400 million, resulting from sustained favourable commodity prices on the international market.

According to the CBN report, Nigeria recorded a 6.2% month-on-month decline in imports to \$4.35 billion in the same period. The decline is attributed to the decline in the import of petroleum products to \$0.89 billion from \$1.24 billion in October. Non-oil imports, on the other hand, increased by 1.7% to \$3.46 billion, up from \$3.41 billion in the previous month. Non-oil imports accounted for 79.5% of total imports, while oil constituted the remaining 20.5%.

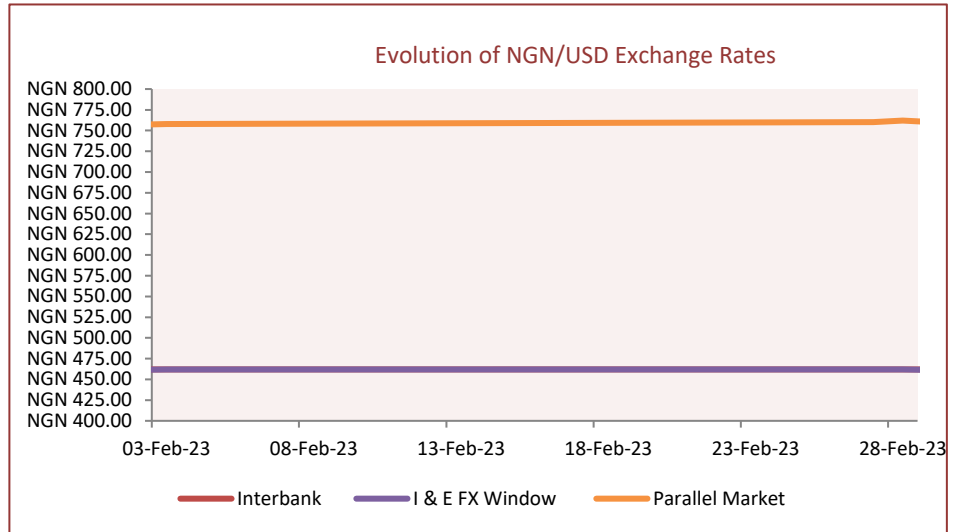
On the FX utilisation for merchandise import and export trade, the CBN's monthly economic report revealed that crude oil and gas accounted for 90.2%. Of the total crude oil and gas exports, oil constitutes 84.6%, while gas accounts for 15.4%. On the import side, industry had the largest share of 48.4 percent, followed by manufactured products (20.9%), food products (13.8%), oil (8.6%), minerals (3.3%), transportation (3%), and agriculture (2%).

Nigeria’s deficit from merchandise trade poses and re-echoes the need and a call for a solid structure and policy reforms to allow for the private sector as well as exporters to be seen and heard on the table of decision-making. This opens opportunities for charting a way forward on what best global practices can be adopted to ensure there is a solid structure that will see the continuous and free flow of forex earnings from crude oil sales into the economy in the bid to grow her forex reserves.

FOREX MARKET: Naira Appreciates Across FX Markets amid Supreme Court Ruling on Old Naira Notes legality....

Demand and supply pressures in the currency market persisted for another week but the value of the naira strengthened week across the board in the face of the lingering currency crunch in the economy following the outcome of the presidential and national assembly elections and the recent ruling of the Supreme Court on Friday, calling for the continued usage of the old banknotes until December 31. In the just concluded week at the open market, the local currency edged the United States dollar as it appreciated by N4.00 or 0.53% week on week to close at N758/USD from N762/USD in the previous week even dollar demand spook exchange rates across various FX segments. Also, at the investors' and exporters' FX window, the Naira depreciated by marginal 0.13% week on week to close at N461.75/USD from N461.17/USD despite the growing FX pressure on the naira.

A look at activities at the Interbank Foreign Exchange Forward Contracts market, the spot exchange rate remained unchanged closed at N462/USD. Also, in our analysis of the Naira/USD exchange rate in the weekly Naira FX Forward Contracts Markets, it was all green for the Nigerian naira index across all forward contracts with appreciations reported for the 1-Month, 2-Month, 3-Month, 6-Month and 12-Month tenor contracts against the greenback by +3.76%, +1.54%, +1.14%, +2.59% and +5.00% week on week to close at contract offer prices of N467.20/USD, N476.27/USD, N486.10/USD, N512.13/USD and N543.35/USD respectively.

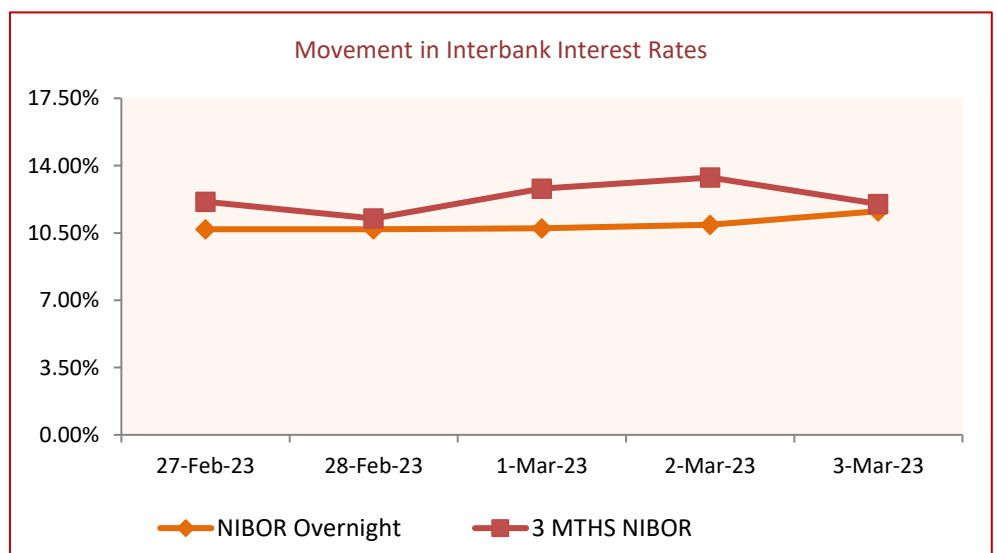


In the oil market this week, Oil price oscillation signaled positive close on Friday and was largely boosted by disruptions from the Ukraine-Russia war on crude tanker flows, sprouting higher profits for midsize crude tankers and the U.S crude exports on the bank of ban on seaborne imports from Russia. On the home front, we saw the Bonny light crude price reacted positively to factors playing in the oil market as it surged in a propelling manner by 4.4% or (USD3.70) week on week to close at USD87.79 per barrel to USD84.09 per barrel last week.

In our opinion, the Naira demand pressure is expected to stay unabating following the limited supply of the local currency market and the recent ruling from the Supreme court on Friday which renders the old banknotes a legal tender until the December 31, 2023. However, it is very unlikely for the apex to comment on the court judgement as it has resolved to phase out the old banknotes from system in the bid to monitor currency in circulation and money supply.

MONEY MARKET: NITTY Traded Bearish for All Tenor Buckets ahead of Next Week's Auction...

In the just-concluded week, the Treasury Bills primary market was quiet as there were no T-bills offered by the apex bank. Given the zero maturities, we saw NITTY rise for most maturities tracked ahead of the auction in the new week. Specifically, NITTY climbed for the overnight, 1-month, 3-month, and 6-month maturities to 2.80% (from 2.77%), 3.55% (from 3.46%), and 4.35% (from 4.19%), respectively. However, the 12-month NITTY moderated to 5.87% (from 5.88%).

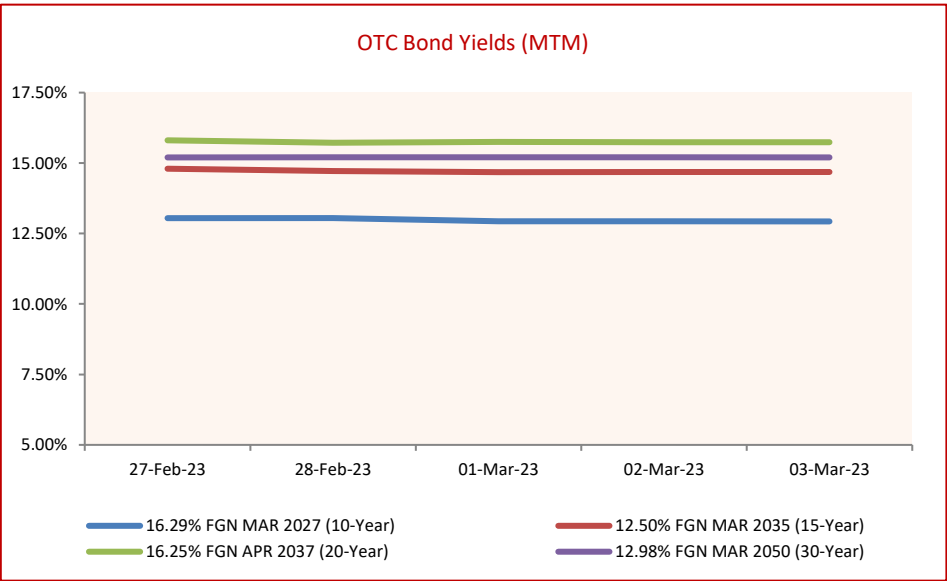


Meanwhile, activities in the OMO space were bearish as OMO bills worth N5 billion were repaid with no refinancing from the apex bank. Given the limited inflow, NIBOR for overnight, 1 month, 3 months, and 6 months rose to 11.63% (from 10.90%), 11.38% (from 10.95%), 12.00% (from 11.75%), and 13.38% (from 12.40%), respectively.

In the new week, we expect T-bills worth N274.50 billion to mature, viz: 91-day bills worth N1.03 billion, 182-day bills worth N10.55 billion, 364-day bills worth N212.92 billion, and OMO bills worth N50.00 billion. We expect the stop rates of the new issuances to rise despite the expected boost in financial system liquidity....

BOND MARKET FGN Bond Yields Rise for Most Maturities Tracked amid Sustained Bullish Trend...

In the just concluded week, sentiment remained bullish at the secondary market as the values of FGN bonds traded increased and yields contracted for most maturities tracked. The sustained demand for government-backed securities further pushed the yields downward. Specifically, the 10-year 16.29% FGN MAR 2027, the 15-year 12.50% FGN MAR 2035, and the 20-year 16.25% FGN APR 2037 debts rose by N0.36, N0.61, and N0.42, respectively; their corresponding yields contracted to 12.93% (from 13.05%), 14.68% (from 14.80%), and 15.73% (from 15.81%), respectively. However, the yield on the 30-year 12.98% FGN MAR 2050 stayed unchanged at 15.20%.



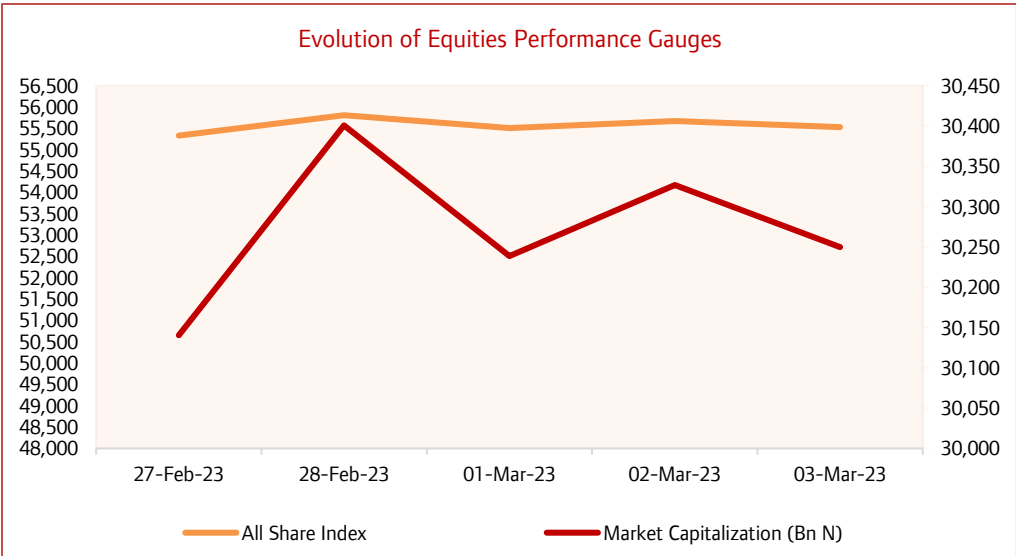
Elsewhere, the value of FGN Eurobonds traded on the international capital market depreciated for all maturities tracked due to renewed bearish activity. Specifically, the 10-year 6.38% JUL 12 2023, the 20-year 7.69% FEB 23 2038, and the 30-year 7.62% NOV 28 2047 lost USD 0.19, USD 0.71, and USD 0.46, while their corresponding yields expanded to 12.46% (from 11.55%), 12.27% (from 12.13%), and 11.89% (from 11.81%), respectively.

In the new week, we expect local OTC bond prices to moderate (and yields to increase) as prospective investors demand higher rates in tandem with rates in the primary market...

EQUITIES MARKET: Upbeat Momentum on the NGX Buoyed by Corporate Earnings...

Equity trading on the NGX-ASI resume the month of March with bullish momentum after the upbeat in buying interests and churn out of full-year scorecards by corporates in February that saw market gained by 4.82% to give investors N1.4 trillion in profit. The market sustained its positive momentum and recovery ahead of more dividend declarations, or announcement by listed companies coinciding with the outcome of the nation’s presidential elections and rates hikes by major central banks that have taken course to drive mixed yields in the international and domestic fixed income market.

The month of March began on a positive foot as the NGX-ASI posted uptrend in performance by 1.06% week on week to 55,529.21 points due to position-taking and higher traded volume as early filers continued to hit the market with impressive numbers and dividend news that translated to better yields. In the same manner, the market capitalization rose 1.06% week on week to N30.25 trillion to give investors N315.96 billion in profits while the year-to-date return inched further to 8.35% from 7.2% last week.



Across the sectors this week, performance was largely upbeat for most of the indices that saw support from an increased inflow of funds into the equity space and continued buying sentiments, except for the oil/gas index that closed the week in a quiet mode. Meanwhile, positive price movement was seen in the Consumer Goods (+5.65%), Banking (+1.40%), Industrial Goods (+1.16%) and Insurance (+0.92%) indexes through the week as investors posed their expectations for the early filers from these sectors that hit the market with their 2022 full-year scorecards.

At the close of the week, the level of market trading activities was bullish as we saw the total number of deals increased further by 43.07% week on week to 20,308 as stockbrokers recorded a massive 138.76% surge in trade volumes to 1.91 billion units valued at N18.44 billion, indicating an increase by 130.24% week on week. Meanwhile, the top-gaining securities for the week were GEREGU (+27%), CILEASING (+21%), and STANBIC (+19%), while the week’s losers were CHAMS (-11%), MULTIVERSE (-10%), and SEPLAT (-9%).

Looking ahead into the new week, a mixed trend is expected to continue even as the market outlook remains chancy due to the prevailing global trend, or pullbacks that may happen in the new month as a result of profit taking. However, the anticipated correction in the new month, or after, will strengthen recovery. However, we advise investors to trade companies with sound fundamentals and, as such, should take advantage of price corrections in line with domestic and global trends.

Weekly Gainers and Loser as at Friday, March 03, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	March 03 2023	February 24 2023	% Change	Symbol	March 03 2023	February 24 2023	% Change
GEREGU [BLS]	325.00	255.00	27%	CHAMS	0.25	0.28	-11%
CILEASING	3.98	3.30	21%	MULTIVERSE	3.96	4.40	-10%
MCNICHOLS	0.79	0.66	20%	SEPLAT	1,200.00	1,325.00	-9%
STANBIC	41.00	34.50	19%	ETI	12.00	13.00	-8%
OANDO	4.56	4.00	14%	WAPIC	0.41	0.44	-7%
MRS	34.50	30.55	13%	UACN	8.50	9.00	-6%
DANGSUGAR	19.20	17.20	12%	UCAP	14.60	15.45	-6%
NASCON	12.20	11.00	11%	LASACO	1.00	1.05	-5%
BUAFOODS	95.00	86.00	10%	AIRTELAFRI	1,548.70	1,620.00	-4%
CONOIL	46.85	42.60	10%	FCMB	4.30	4.46	-4%

Weekly Stock Recommendations as at Friday, March 03, 2023

Stock	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 Wks' High	52 Wks' Low	Current Price	Price Target	Short term Stop Loss	Short term Take Profit	Potential Upside	Recommendation
UBA	3.39	4.07	23.64	0.36	2.56	8.85	6.550	8.60	10.4	7.4	10.0	20.00	Buy
MRS	1.86	1.67	54.26	0.64	18.60	34.50	10.55	34.50	43.0	29.3	39.7	24.64	Buy
DANG SUGAR	4.51	4.06	14.10	1.37	4.29	19.35	15.00	19.20	23.28	16.45	22.25	26.81	Buy
LAFARGE	2.79	3.46	25.29	0.96	9.69	31.75	21.50	27.00	33.5	23.0	31.1	24.00	Buy
ZENITHBANK	5.55	7.11	41.68	0.45	4.75	27.40	18.90	26.60	33.8	22.4	30.4	28.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, March 03, 2023

			03-Mar-23	Weekly	03-Mar-23	Weekly
FGN Eurobonds	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.36	97.94	(0.19)	12.5%	0.91
7.625 21-NOV-2025	21-Nov-18	2.72	89.18	(1.02)	12.4%	0.53
6.50 NOV 28, 2027	28-Nov-17	4.74	89.18	(1.02)	12.4%	0.53
6.125 SEP 28, 2028	28-Sep-21	5.58	78.08	(0.83)	11.6%	0.26
8.375 MAR 24, 2029	24-Mar-22	6.06	83.19	(0.16)	12.4%	0.06
7.143 FEB 23, 2030	23-Feb-18	6.98	76.35	0.01	12.3%	0.01
8.747 JAN 21, 2031	21-Nov-18	7.89	81.47	(0.19)	12.5%	0.05
7.875 16-FEB-2032	16-Feb-17	8.96	75.72	(0.17)	12.5%	0.04
7.375 SEP 28, 2033	28-Sep-21	10.58	72.25	(0.23)	12.1%	0.06
7.696 FEB 23, 2038	23-Feb-18	14.99	68.99	(0.71)	12.3%	0.14
7.625 NOV 28, 2047	28-Nov-17	24.76	66.14	(0.46)	11.9%	0.08
9.248 JAN 21, 2049	21-Nov-18	25.91	75.85	(0.84)	12.4%	0.13
8.25 SEP 28, 2051	28-Sep-21	28.59	68.23	(1.03)	12.3%	0.19

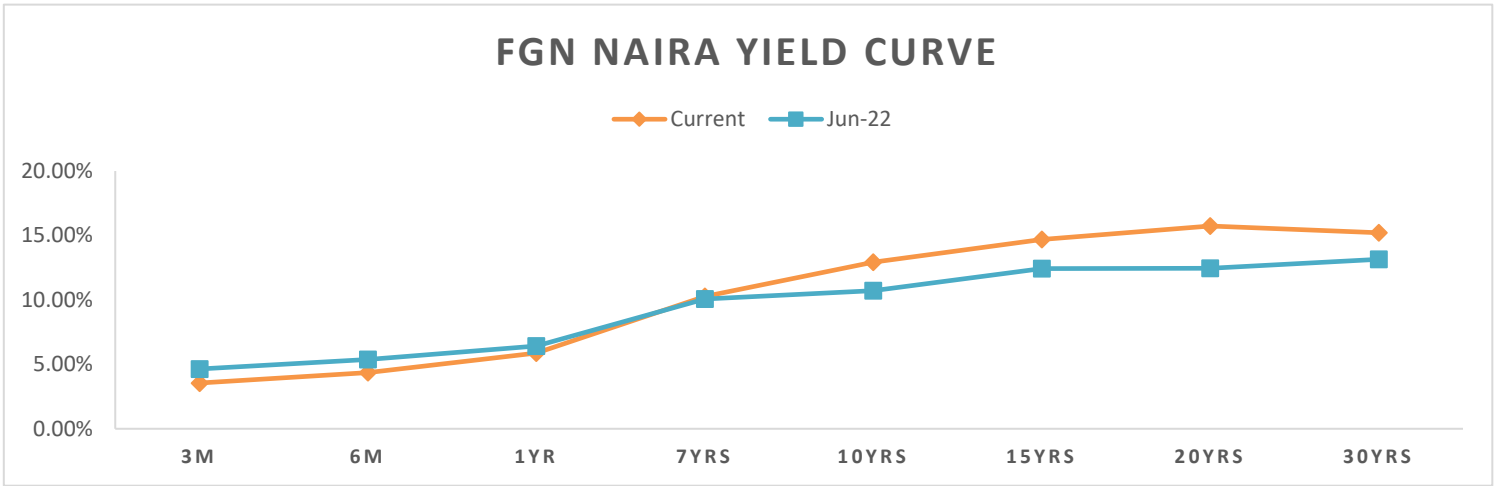
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, March 03, 2023

MAJOR	03-Mar-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0613	1.0596	0.16%	0.66%	-1.07%	-2.84%
GBPUSD	1.1995	1.1941	0.45%	0.44%	-0.16%	-9.28%
USDCHF	0.9383	0.9422	-0.42%	-0.28%	1.08%	2.37%
USDRUB	75.4205	74.5262	1.20%	-1.06%	5.18%	-37.87%
USDNGN	459.9700	459.9700	0.00%	0.01%	0.17%	10.73%
USDZAR	18.1404	18.1968	-0.31%	-1.45%	2.74%	17.86%
USDEGP	30.7705	30.7705	0.00%	0.62%	1.79%	96.74%
USDCAD	1.36	1.3594	0.30%	0.18%	1.39%	7.10%
USDMXN	18.06	18.1149	-0.33%	-1.86%	-5.80%	-13.79%
USDBRL	5.21	5.2004	0.23%	0.04%	1.16%	2.97%
AUDUSD	0.6749	0.6729	0.30%	0.37%	-1.91%	-8.42%
NZDUSD	0.6213	-0.0600	-0.06%	0.90%	-1.39%	-9.40%
USDJPY	136.0350	136.7598	-0.53%	-0.31%	2.55%	18.52%
USDCNY	6.9106	6.9203	-0.14%	-0.99%	1.63%	9.32%
USDINR	81.7390	82.3484	-0.74%	-1.39%	-1.20%	6.98%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, March 03, 2023

Commodity		03-Mar-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	76.4	78.2	-2.24%	0.13%	2.61%	-31.84%
BRENT	USD/Bbl	82.9	84.8	-2.19%	0.07%	2.68%	-27.52%
NATURAL GAS	USD/MMBtu	2.8	9.8	2.31%	11.03%	11.60%	-43.60%
GASOLINE	USD/Gal	2.7	2.7	-1.86%	2.63%	3.76%	-23.79%
COAL	USD/T	193.0	192.0	0.52%	-8.14%	-18.22%	-47.84%
GOLD	USD/t.oz	1,844.2	1,836.1	0.44%	1.88%	-1.21%	-6.28%
SILVER	USD/t.oz	21.0	20.9	0.50%	1.07%	-5.72%	-18.22%
WHEAT	USD/Bu	702.2	706.3	-0.58%	-0.86%	-6.41%	-40.25%
PALM-OIL	MYR/T	4,352.0	4,294.0	1.35%	3.57%	10.48%	-30.66%
COCOA	USD/T	2,746.0	2,760.1	-0.51%	1.37%	6.56%	6.35%

FGN Bonds Yield Curve, Friday March 03, 2023



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