

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

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EQUITIES MARKET: Investor Sentiment Stayed Positive Despite Portfolio Reshuffling Activities.....

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ECONOMY: Soaring Trade Surplus Improves Nigeria’s Annual Trade Numbers to Near Pre-Covid Levels

According to data released by the NBS, Nigeria recorded a goods trade surplus of N1.2 trillion in 2022 as export bills (N26.8 trillion) outweighed import earnings (N25.6 trillion) for the first time since the pre-covid year (N2.23 trillion in 2019). Nevertheless, the surplus in 2022 represents an improvement of over 162% compared to the 2021 goods trade deficit of N1.94 trillion.

The positive trade balance was recorded during the period despite the weaker Naira (9.09% y/y to N461.50 in 2022), weaker demand for export commodities, the effects of Russia’s invasion of Ukraine in 2022, which translated to weaker trade flows among nations, and the continued high costs

of imports as companies became hard hit. These outcomes resulted in a rapid decline in demand for consumer, intermediate, and investment goods sectors across the board.

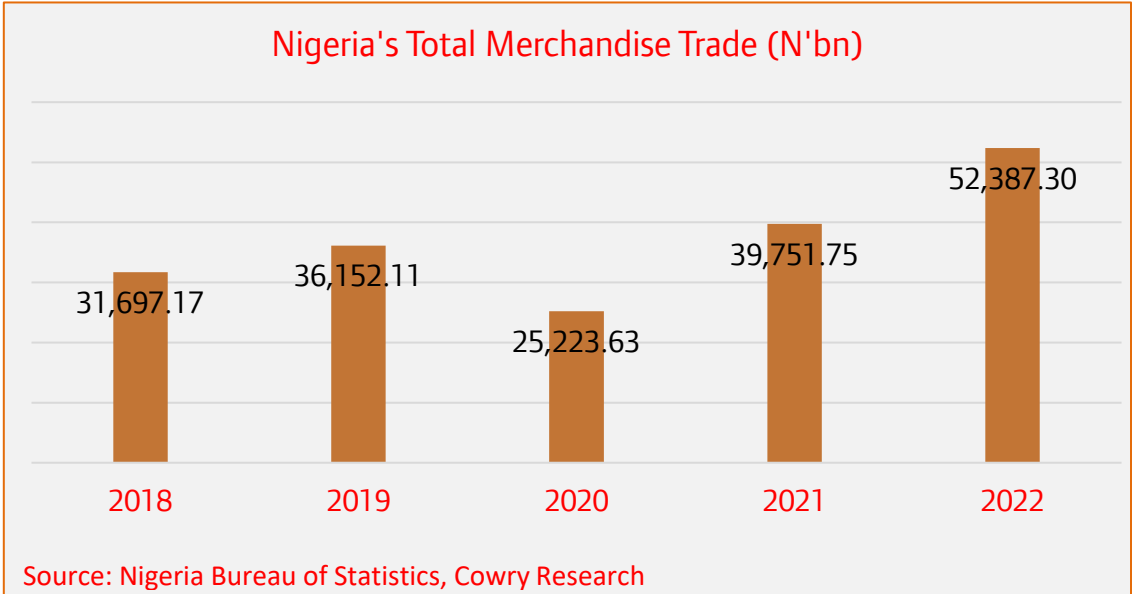
From the NBS report, Nigeria’s total merchandise trade in 2022 accelerated to N52.4 trillion in 2022 from N39.75 trillion in 2021 as Nigeria’s total export value surged 42% to 26.8 trillion from N18.91 trillion in 2021. The increase in total exports was higher than the total import value, which stood at N25.59 trillion (23% up from N20.84 trillion in 2021). However, total trade declined by 4.52% in the fourth quarter to N11.72 trillion relative to N12.27 trillion as reported in the third quarter of 2022, as the value of total exports exceeded the value of imports in the quarter.

An analysis of the data filed shows that Nigeria exported mainly ‘mineral products’ which amounted to N5.7 trillion, or 89.11% of total export value; this was followed by "vehicles, aircraft, and parts thereof; vessels, etc.," which were valued at N199.29 billion, or 3.13% of the value of total exports, and "products of the chemical and allied industries," worth N169.27 billion, or 2.66% of the value of total exports. Meanwhile, export value during the quarter was dominated by crude oil exports (N4.9 trillion), which accounted for 77% of total exports. Non-crude oil exports stood at N1.5 trillion, or 22.76% of total exports, of which non-oil products contributed N732.24 billion, representing 11.51% of total exports.

For the import values, which declined 15.5% in Q4 to N5.4 trillion, there were mineral fuels (N1.9 trillion), imported machinery and transport equipment (N1.3 trillion), and chemicals and related products" (N694.68 billion). The value of imported manufactured goods in the quarter under review stood at N2.5 trillion, a decrease of 14.11% as compared to the value recorded in Q3, 2022 (N2.9 trillion). This value also declined by -18.43% when compared to the value recorded in Q4 of 2021 (N3 trillion).

Meanwhile, the value of other oil product imports in the fourth quarter of 2022 stood at N1.9 trillion, indicating a decline of 18.18% from the value recorded in Q3, 2022 (N2.3 trillion), but an increase of 10.40% compared to the value recorded in the corresponding quarter of 2021 (N1.7 trillion). Nigeria’s major trading partners in the review were China and Belgium, while exports went to Spain and the Netherlands. The two major agricultural products traded were superior-quality cocoa beans and sesame seeds.

We note that Nigeria’s trade balance can be further improved through policies aimed at export promotion, especially for non-oil exports. This can be achieved if FG creates an enabling business environment to improve trade and exports, just as seen in the recent rise in the trade balance. Meanwhile, the pressure on the Naira as a result of the devaluation, rising inflationary levels, and the headwinds faced by global trade in 2022 as a result of slowing economies and supply chain congestion globally have brought about the shrinkage recorded in the total trade balance for Nigeria.



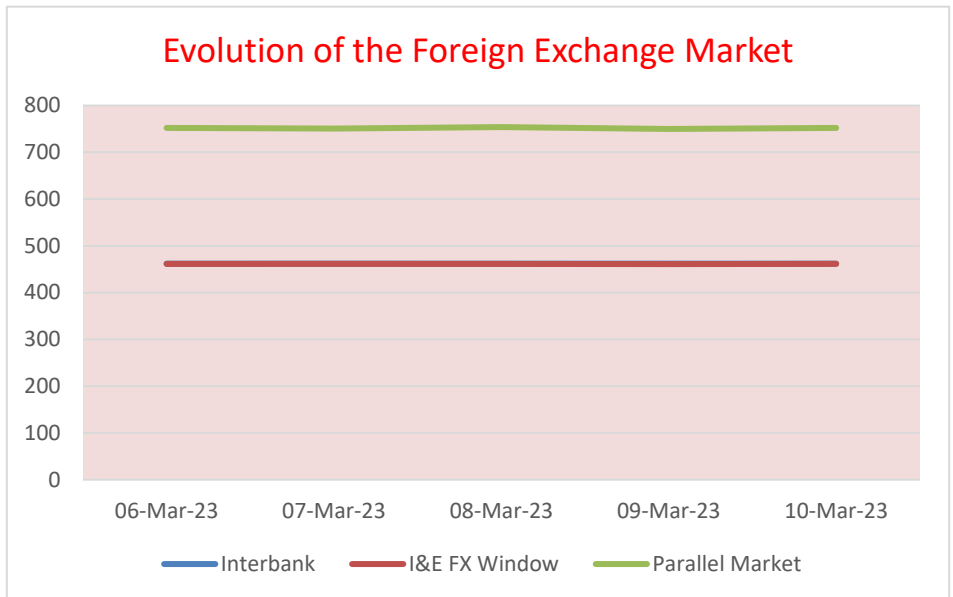
FOREX MARKET: Naira Appreciates Across FX Markets Despite Currency Scarcity, Election Jitters....

In the just concluded week at the open market, the local currency edged the United States dollar as it appreciated by N6.00 or 0.79% week on week to close at N752/USD from N758/USD in the previous week even as dollar demand took a calm in the face of scarcity crunch. Also, at the investors' and exporters' FX window, the Naira appreciated slightly 0.05% week on week to close at N461.50/USD from N461.75/USD despite the growing FX demand 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 +0.11%, +0.48%, +0.82%, +0.63% and +0.10% week on week to close at contract offer prices of N466.68/USD, N473.97/USD, N482.13/USD, N508.90/USD and N542.79/USD respectively.

In the oil market this week, oil price oscillation signaled positive trade at USD81.24 per barrel on the back of US oil drawdowns and the slow economic recovery in China. However, on the home front, we saw the Bonny Light crude price react positively to factors playing in the oil market as it plummeted by 5% or (USD4.39) week on week, to close at USD83.40 per barrel (09/03) from USD87.79 per barrel last week.

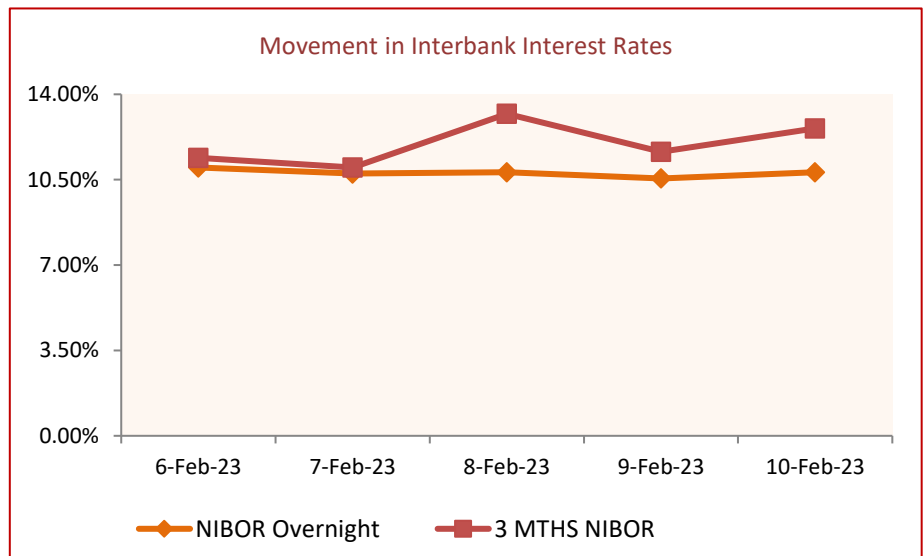
Next week, we expect the naira to trade in a relatively calm band across various market segment in the face of the Naira scarcity and as currency traders and financial institutions await next action point from the Central Bank of Nigeria.



MONEY MARKET: NITTY Moves Upward in Tandem with Stop Rates for 364-Day Maturity...

In the just concluded week, CBN refinanced maturing T-bills worth N224.50 billion in the primary market as stop rates moved northward for most maturities. The 91-day saw the highest demand, as implied by a 4.23x bid-to-cover ratio, which led to a fall in its stop rates to 1.40% (from 3.00%). However, the stop rates for 182-day and 365-day bills increased to 6.00% (from 3.24%) and 10.00% (from 9.90%), respectively.

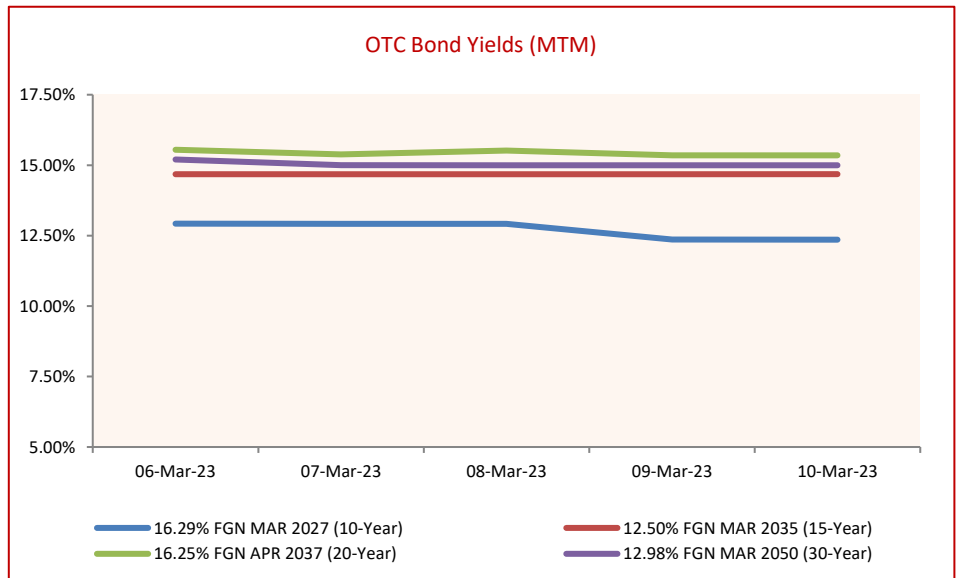
Overall, demand improved from the last auction as the average bid-to-cover ratio rose to 2.79x (from 1.13x) and total sales and subscriptions stood at N324.50 billion and N906.21 billion, respectively. In the secondary market, NITTY rose for all maturities tracked in tandem with the rising stop rates. Yields for 1-month, 3-month, 6-month, and 12-month tenor buckets rose to 3.58% (from 3.13%), 4.16% (from 3.68%), 4.96% (from 4.60%), and 6.66% (from 6.19%), respectively. Meanwhile, activities in the OMO space were bearish as OMO bills worth N50 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 10.80% (from 10.50%), 11.80% (from 10.80%), 12.60% (from 11.65%), and 13.40% (from 12.50%), respectively.



In the new week, T-bills worth N161.87 billion will be auctioned by CBN via the primary market; viz: 91-day bills worth N1.10 billion, 182-day bills worth N0.92 billion, and 364-day bills worth N159.85 billion. Cowry Research expects the stop rates of the 364-day to rise slightly....

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

In the just concluded week, values of FGN bonds traded at the over-the-counter (OTC) segment appreciated for all maturities tracked amid demand pressure. Specifically, the 10-year 16.29% FGN MAR 2027, the 20-year 16.25% FGN APR 2037, and the 30-year 12.98% FGN MAR 2050 debts rose by N1.86, N2.26, and N1.14, respectively; their corresponding yields contracted to 12.36% (from 12.93%), 15.35% (from 15.73%), and 15.00% (from 15.20%), respectively. However, the yield on the 15-year 12.50% FGN MAR 2035 stayed unchanged at 14.68%.



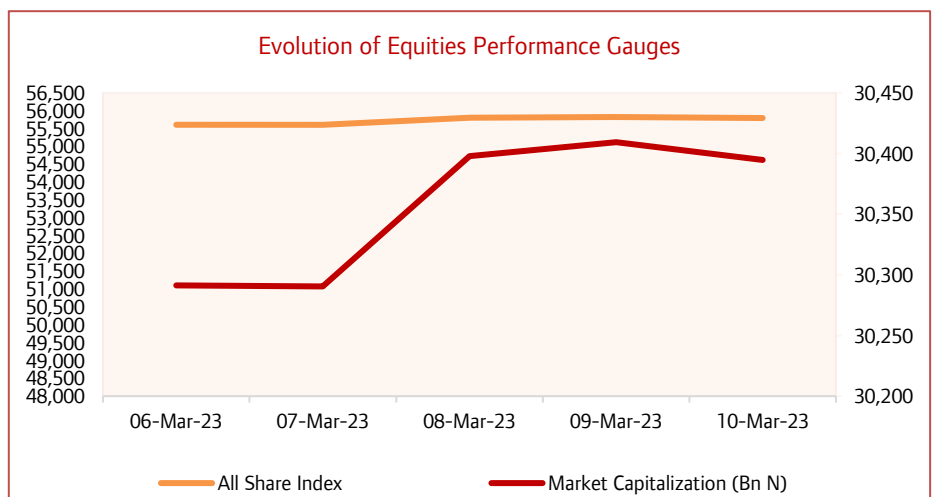
Elsewhere, the value of FGN Eurobonds traded on the international capital market depreciated for all maturities tracked due to sustained bearish activity. Specifically, the 10-year 6.38% JUL 12 2023, the 20-year 7.69% FEB 23 2038, and the 30-year 7.62% NOV 28 2047 lost USD 0.16, USD 1.20, and USD 1.18, while their corresponding yields expanded to 13.31% (from 12.46%), 12.51% (from 12.27%), and 12.11% (from 11.89%), respectively.

We note that traders' sentiment will be shaped by the T-bill auction result over the course of the new week. Cowry Research anticipates the 364-day T-bill rate to rise, hence we expect local OTC bond prices to decrease (and yields to increase) in the coming week...

EQUITIES MARKET: Investor Sentiment Stayed Positive Despite Portfolio Reshuffling Activities

This week, the market sustained its positive momentum despite the seesaw movement that resurfaced through the week as a result of the portfolio reshuffling exercise by equity investors ahead of more dividend announcements by listed companies. While the benchmark index moves further towards the 56,000 psychological mark based on its strong momentum, the audited financials and corporate actions are expected to give clear direction to the market notwithstanding the uncertainties associated with the general elections.

The NGX-ASI posted an uptrend in performance by 0.5% week on week to 55,794.51 points due to position-taking in some defensive stocks with strong fundamentals. In the same manner, the market capitalization rose 0.5% week on week to N30.40 trillion to give investors N145 billion in profits while the year-to-date return inched further to 8.87% from 8.35% last week.



Across the sectors this week, performance was largely on a mixed trend across the indices under our purview. Thus, there were declines in the Banking, Consumer Goods, and Oil & Gas indices of 1.82%, 0.26%, and 3.82% from the previous week, while positive price movement was seen in the Industrial Goods (+1.71%) and Insurance (+0.70%) indexes through the week as investors posed their expectations for the dividend season.

At the close of the week, the level of market trading activities was in a varying position as we saw the total number of deals decrease by 8.16% week on week to 18,650 as stockbrokers recorded a 46.42% decline in traded volumes for the week to 1.02 billion units valued at N20.22 billion, indicating an increase of 9.7% week on week. Meanwhile, the top-gaining securities for the week were JBERGER (+10%), UACN (+8%), and TRANSCORP (+8%), while the week's losers were MRS (-19%), CONOIL (-19%), and FTNCOCOA (-13%).

In the new week, we expect a mixed trend to continue in the market as investors react to the dividend and position for the anticipated financials from primarily tier-1 banks. While market players place their bull's eye on dividend-paying companies and defensive stocks to protect their portfolios ahead of the governorship election and post dividend adjustment, 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 10, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	March 10 2023	March 03 2023	% Change	Symbol	March 10 2023	March 03 2023	% Change
JBERGER	26.95	24.50	10%	MRS	27.95	34.50	-19%
UACN	9.20	8.50	8%	CONOIL	38.00	46.85	-19%
TRANSCORP	1.38	1.28	8%	FTNCOCOA	0.26	0.30	-13%
NGXGROUP	28.80	27.10	6%	MULTIVERSE	3.57	3.96	-10%
MANSARD	2.10	2.00	5%	UPL	1.82	2.00	-9%
DANGCEM	288.00	278.00	4%	ARDOVA	17.05	18.55	-8%
AIICO	0.61	0.59	3%	ABCTRANS	0.35	0.38	-8%
NNFM	11.00	10.70	3%	HONYFLOUR	2.20	2.34	-6%
WAPIC	0.42	0.41	2%	AFRIPRUD	5.90	6.25	-6%
UBN	6.75	6.60	2%	FBNH	11.00	11.65	-6%

Weekly Stock Recommendations as at Friday, March 10, 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	2.48	8.85	6.550	8.70	10.1	7.1	9.7	20.00	Buy
MTNN	17.63	16.93	0.02	15.72	14.08	270	167	248.30	274.0	221.1	269.5	19.35	Buy
DANGCEM	22.44	12.01	63.32	4.55	12.84	300	220	288	328.0	244.8	321.2	17.36	Buy
TRANSCORP	0.47	0.56	3.98	0.42	2.95	1.52	0.90	1.38	1.6	1.2	1.6	25.22	Buy
ZENITHBANK	5.55	7.11	41.68	0.45	4.68	27.40	18.90	26.00	33.8	22.4	30.4	28.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, March 10, 2023

FGN Eurobonds	Issue Date	TTM (years)	10-Mar-23 Price (N)	Weekly USD Δ	10-Mar-23 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.34	97.78	(0.16)	13.3%	0.85
7.625 21-NOV-2025	21-Nov-18	2.70	88.60	(0.58)	12.8%	0.31
6.50 NOV 28, 2027	28-Nov-17	4.72	88.60	(0.58)	12.8%	0.31
6.125 SEP 28, 2028	28-Sep-21	5.56	77.87	(0.21)	11.7%	0.08
8.375 MAR 24, 2029	24-Mar-22	6.04	82.14	(1.05)	12.7%	0.29
7.143 FEB 23, 2030	23-Feb-18	6.96	75.81	(0.54)	12.5%	0.15
8.747 JAN 21, 2031	21-Nov-18	7.87	80.41	(1.06)	12.8%	0.25
7.875 16-FEB-2032	16-Feb-17	8.95	75.38	(0.34)	12.5%	0.08
7.375 SEP 28, 2033	28-Sep-21	10.56	71.37	(0.88)	12.3%	0.19
7.696 FEB 23, 2038	23-Feb-18	14.97	67.79	(1.20)	12.5%	0.24
7.625 NOV 28, 2047	28-Nov-17	24.74	64.96	(1.18)	12.1%	0.22
9.248 JAN 21, 2049	21-Nov-18	25.89	74.78	(1.07)	12.6%	0.18
8.25 SEP 28, 2051	28-Sep-21	28.57	67.69	(0.54)	12.4%	0.09

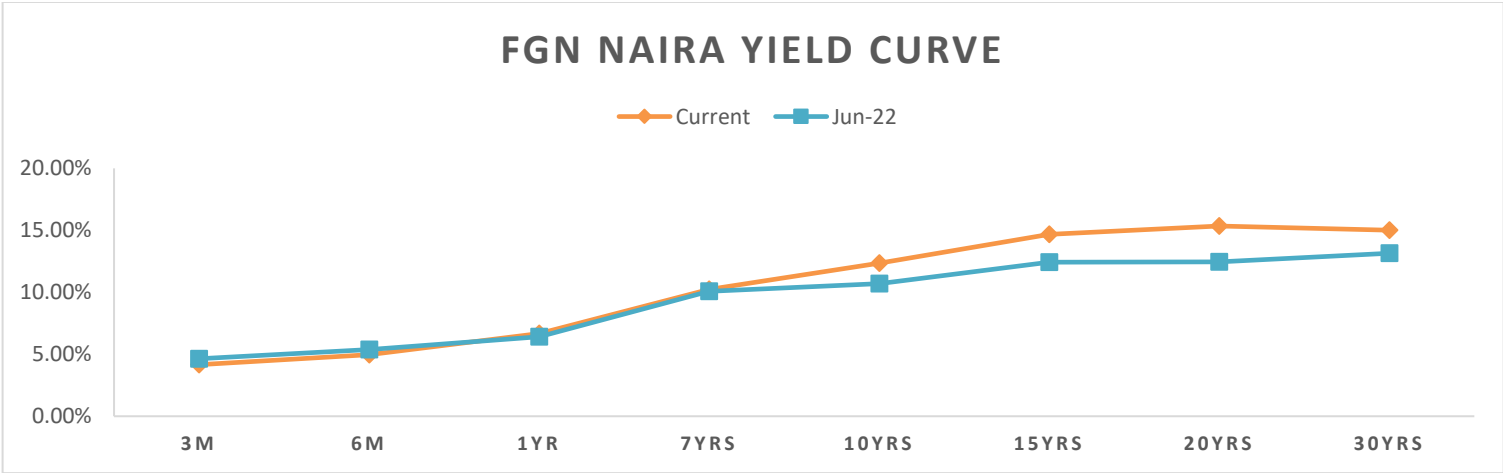
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, March 10, 2023

MAJOR	10-Mar-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0633	1.0580	0.50%	0.04%	-0.78%.	-2.50%.
GBPUSD	1.2031	1.1925	0.89%	-0.03%.	-0.81%.	-7.67%.
USDCHF	0.9237	0.9326	-0.96%.	-1.29%.	0.49%	-1.17%.
USDRUB	75.4190	75.8437	-0.56%.	1.37%	3.04%	-40.38%.
USDNGN	460.0500	460.0040	0.01%	0.02%	0.01%	10.76%
USDZAR	18.3289	18.5628	-1.26%.	0.94%	2.58%	21.60%
USDEGP	30.8994	30.8500	0.16%	0.42%	1.48%	96.89%
USDCAD	1.38	1.3826	-0.26%.	1.40%	3.40%	8.16%
USDMXN	18.47	18.3445	0.71%	2.96%	-0.43%.	-11.60%.
USDBRL	5.19	5.1644	0.51%	-0.20%.	0.33%	2.23%
AUDUSD	0.6611	0.6590	0.32%	-2.23%.	-5.00%.	-9.23%.
NZDUSD	0.6139	-0.0600	0.65%	-1.27%.	-3.24%.	-9.75%.
USDJPY	136.0220	136.1445	-0.09%.	0.18%	2.80%	16.06%
USDCNY	6.9441	6.9762	-0.46%.	0.67%	1.75%	9.23%
USDINR	81.9330	82.0232	-0.11%.	-0.05%.	-0.96%.	6.97%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, March 10, 2023

Commodity		10-Mar-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	75.8	75.7	0.05%	-5.08%.	-5.85%.	-26.72%.
BRENT	USD/Bbl	81.8	81.6	0.20%	-4.95%.	-5.40%.	-25.23%.
NATURAL GAS	USD/MMBtu	2.5	9.8	-0.81%.	-16.16%.	0.95%	-46.61%.
GASOLINE	USD/Gal	2.6	2.6	0.00%	-5.37%.	-4.58%.	-20.65%.
COAL	USD/T	180.0	182.0	-1.10%.	-6.74%.	-17.43%.	-52.63%.
GOLD	USD/t.oz	1,845.6	1,830.9	0.80%	-0.54%.	-0.46%.	-7.07%.
SILVER	USD/t.oz	20.5	20.1	2.16%	-3.63%.	-6.83%.	-20.66%.
WHEAT	USD/Bu	656.5	653.5	0.46%	-5.78%.	-17.11%.	-39.06%.
PALM-OIL	MYR/T	4,093.0	4,204.8	-2.66%.	-5.95%.	4.33%	-38.97%.
COCOA	USD/T	2,700.0	2,704.9	-0.18%.	-2.17%.	5.30%	2.70%

FGN Bonds Yield Curve, Friday March 10, 2023



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