

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Sustained Uptrend in Nigeria's Public Debt to N46.25 Trillion Amid FG's Low Revenue Sources

We believe that while the unrelenting increase of Nigeria's fiscal deficit, which depends ultimately on borrowing, needs to be checked as it comes with new debt obligations, the problem of revenue for the country looks well established. Nevertheless, we believe the upsurge in oil production in the first quarter of 2023, could raise FG's revenue from crude oil sales in the period.

FOREX MARKET: Naira Lost Strength Against Dollar Despite Relative Calm Across FX Markets

Next week, we expect the naira to trade in a relatively calm band across various market segment barring any market distortion in the face of the Naira scarcity and as the apex bank continues its weekly FX market intervention to defend the value of the naira.

MONEY MARKET: Stop Rates Rise for All Maturities on Sell Pressure...

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 Yields Moderate as Bullish Sentiment Dominates...

In the new week, we expect FGN bond prices to decrease (with a corresponding increase in yields) at the OTC market amid the expected strain in financial system liquidity...

EQUITIES MARKET: Downbeat Performance Drags NGX by 8bps Amid Window-Dressing, Portfolio Reshuffling...

In the week to come, we expect the current trend of positive sentiments and uptrend to continue as the market reposition for the new trading quarter and the gradual transit into the dividend earning season while players analyze recent earnings inflow.

ECONOMY: Sustained Uptrend in Nigeria's Public Debt to N46.25 Trillion Amid FG's Low Revenue Sources

The recent debt figures from the debt management office have shown that Nigeria's total public debt stock continued its usual uptrend in 2022, as it rose by 16.91% year on year to N46.25 trillion (\$103.11 billion) as of December 31, 2022, from N39.56 trillion (\$95.77 billion) at the close of 2021. However, Nigeria's total debt profile prints at N70.01 trillion when we include the CBN's N23.8 trillion in Ways & Means to the FG. Meanwhile, the numbers indicate a 0.73 percentage point increase in the total public debt to gross domestic product (GDP) ratio for the year under review.

Despite the ongoing efforts by Nigeria's federal government to drive revenues from both oil and non-oil revenue sources through several enterprises—the revenue mobilization initiative as well as the signing of the 2022 Finance Bill—which are expected to support the sustainability level of the debt, the voracious borrowing spree by the national and subnational governments has continued to expose the country's fiscal weakness in the face of low revenue sources.



Nigeria's debt profile sustained its upward movement for another year in the face of her dwindling revenue or limited sources of revenue: VAT (in a case of a shallow tax net in the country); crude oil exports (a scenario where Nigeria's crude oil production has fallen short of the OPEC quota resulting from oil theft, pipeline vandalism, and low investment in the sector); and other non-oil sources.

Just as we noted in our previous note on December 31, 2022, we vowed that Nigeria's total public debt profile will stay unabated when we consider the continued increase in loans from domestic and external sources to finance the 2022 and 2023 budget deficits. This is based on the position that if the current trend of borrowing sprees continues, Nigeria may get trapped in a debt cycle as it borrows to finance its recurrent expenditures without a corresponding increase in revenues. Meanwhile, the World Bank projected in a report that Nigeria is likely to expend over 100% of its revenues on debt servicing by 2026.

A look at the report from the debt management office puts it that Nigeria's total debt profile was composed of N27.55 trillion, which is \$61.42 billion on the domestic front, while the external debt stock printed at N18.70 trillion, or \$41.69 trillion. Aggregately, the total debt rose by 4.97% quarter on quarter from N44.06 trillion as of September 2022 due to the unabating borrowings of the federal and subnational governments during the period.

Consequently, Nigeria's actual external debt service payment as published by the DMO revealed that commercial loans will eat up a large chunk of the total debt service payment by 60%, while multilateral and bilateral loans constitute 26% and 14% of the total debt payments, respectively, for 2022. This, in our opinion, will further pressure Nigeria's revenue in the face of a high interest rate environment.

We believe that while the unrelenting increase of Nigeria's fiscal deficit, which depends ultimately on borrowing, needs to be checked as it comes with new debt obligations, the problem of revenue for the country looks well established. Nevertheless, we believe the upsurge in oil production in the first quarter of 2023, could raise FG's revenue from crude oil sales in the period.

FOREX MARKET: Naira Lost Strength Against Dollar Despite Relative Calm Across FX Markets....

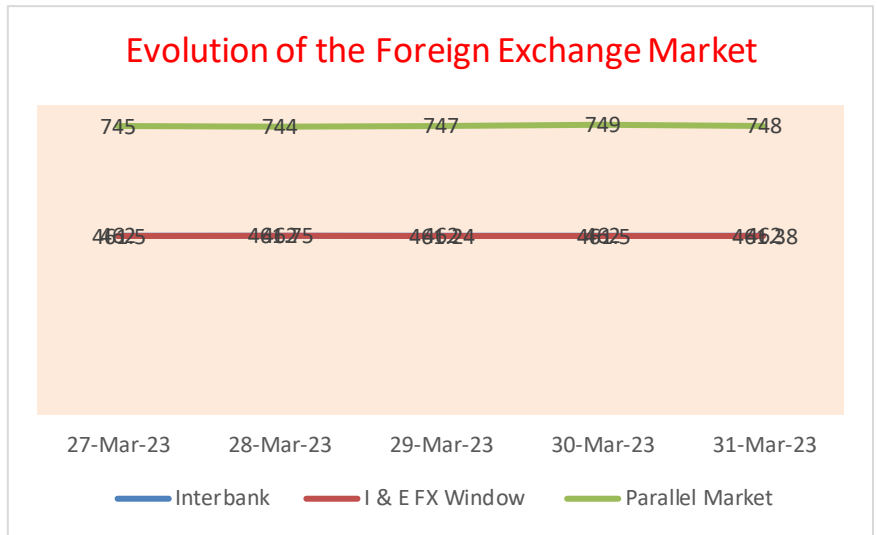
In the just concluded week at the open market, the local currency skid as it lost N0.02 or 0.3% week on week to close at N748/USD from N746/USD in the previous week in the face of currency crunch which continues to bite harder. Also, at the investors' and exporters' FX window, the Naira depreciated slightly by N0.05 or 0.01% week on week to close at N461.38/USD from N461.33/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 in the mixed bag across all forward contracts with appreciations reported for Naira at the 1-Month, 2-Month, 3-Month Contracts by +0.13%, +0.29% and +0.26% respectively to close at offer prices of N467.25/USD, N474.37/USD and N483.08/USD week on week. On the other hand, the dollar gained at the 6-Month and 12-Month contracts against the Naira by +0.14% and +0.62% week on week to close at contract offer prices of N511.96/USD and N565.28/USD respectively.

In the oil market this week Oil price movement saw a rebound of the commodity to trade at \$79.28 per barrel on OPEC not increasing production in the midst of confidence returning to the global banks and higher demand as China economic recovery expand. 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 7.6% or (USD5.61) week on week, to close at USD79.57 per barrel from USD73.96 barrel last week.

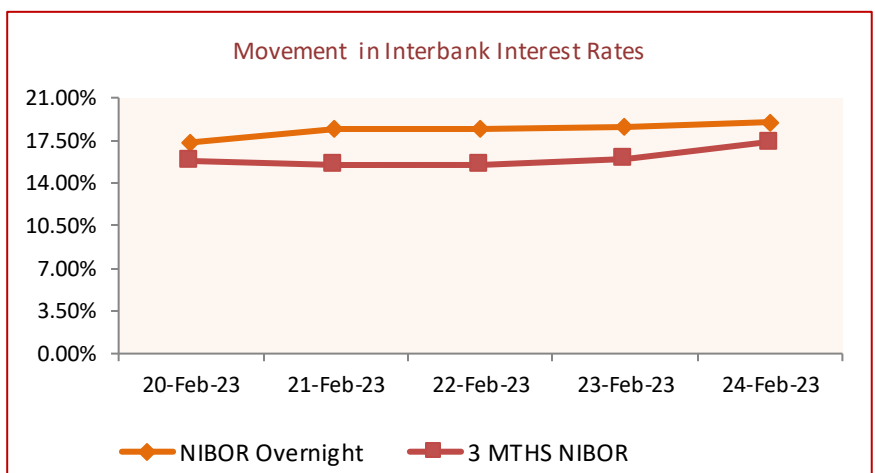
Next week, we expect the naira to trade in a relatively calm band across various market segment barring any market distortion in the face of the Naira scarcity and as the apex bank continues its weekly FX market intervention to defend the value of the naira.



MONEY MARKET: Stop Rates Rise for All Maturities on Sell Pressure...

In the just concluded week, CBN refinanced N145.46 billion of T-bills that matured via the primary market at higher stop rates for all maturities amid low demand. Specifically, stop rates for 91-day, 182-day, and 364-day bills rose to 6.00% (from 2.66%), 8.00% (from 5.00%), and 14.74% (from 9.49%), respectively.

In tandem with the increase in the 364-day bill rate, yields in the secondary market turned northward for all maturities tracked. NITTY for 1-month, 3-month, 6-month, and 12-month maturities increased to 3.99% (from 3.76%), 5.46% (from 4.82%), 7.57% (from 6.48%), and 12.74% (from 9.67%), respectively.



Meanwhile, given the small value of matured OMO bills worth N40 billion, NIBOR rose for most maturities tracked amid the financial liquidity squeeze. Specifically, NIBOR for overnight funding and 6 months rose to 19.00% (from 18.88%) and 17.58% (from 17.38%), respectively. However, NIBOR for 1 month fell to 16.33% (from 16.88%), while NIBOR for 3 months was unchanged at 17.38%.

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 Yields Moderate as Bullish Sentiment Dominates...

In the just-concluded week, the value of FGN bonds decreased as traders' bids were filled at higher yields for most of the maturities tracked. Also, the jump in rates for Treasury bills in the primary market contributed to the bearish momentum seen at the longer part of the yield curve.

Specifically, the 10-year 16.29% FGN MAR 2027, 15-year 12.50% FGN MAR 2035, 20-year 16.25% FGN APR 2037, and 30-year 12.98% FGN MAR 2050 bonds fell by N0.77, N0.32, N0.91, and N2.59, respectively; their corresponding yields expanded to 12.73% (from 12.50%), 14.75% (from 14.69%), 15.10% (from 14.95%), and 15.47% (from 15.00%).

Meanwhile, the value of FGN Eurobonds traded on the international capital market appreciated further for all maturities tracked due to sustained bullish sentiment. 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 gained USD 0.99, USD 3.48, and USD 2.79, while their corresponding yields increased to 10.73% (from 14.11%), 12.76% (from 13.51%), and 12.43% (from 13.00%), respectively.

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EQUITIES MARKET: Bargain Hunting, Dampened Sentiments Drags Wipes N18 Billion from Investors' Pocket ...

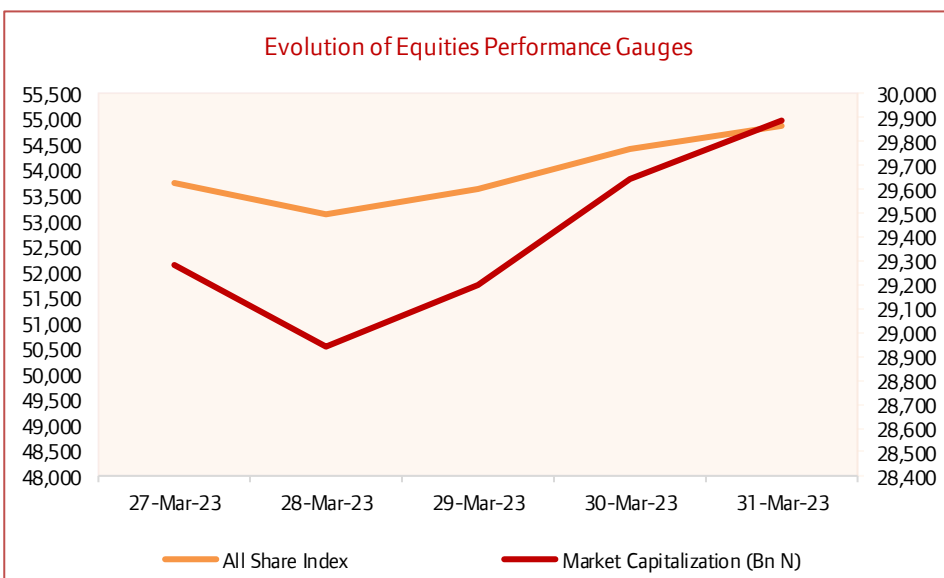
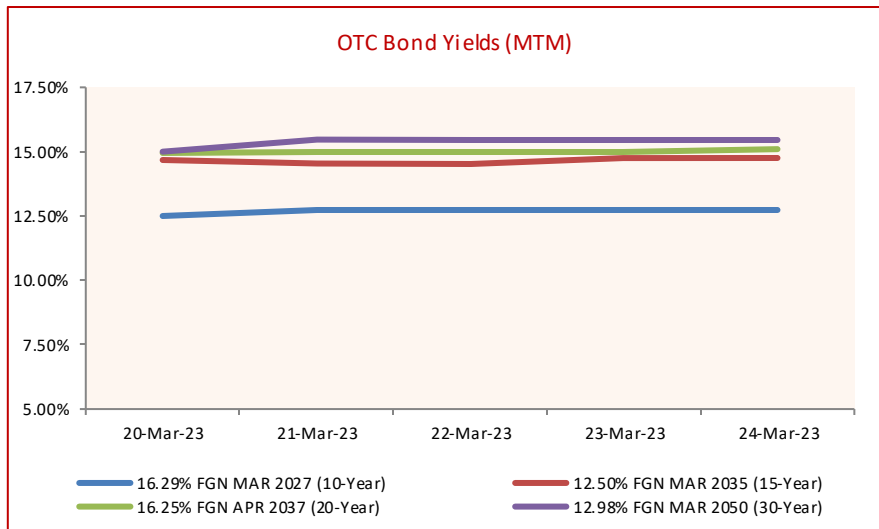
Bargain hunting activities took grip of the local bourse for another week amid reactions to earlier released numbers continued in the midst of more corporate earnings hitting the market ahead of the quarter-end window dressing by fund managers in quest to close the period higher and at the same time reposition for the new quarter.

The lacklustre performance on the local bourse continued as the benchmark index posted another decline by 0.06% week on week to 54,857.96 points despite buying interest in some mid and large cap stocks as a result of the release of full-year audited reports of corporates. In the same manner, the market capitalization shed 0.06% week on week to N29.89 trillion as it wiped N18.12 billion in losses from investors' pockets while the year-to-date return tanked to 7.04% from 7.11% last week.

Across the sectors this week, performance was largely on a bull trend across the indices under our purview except for the Oil & Gas sector which lost 2.02% week on week from sell pressure. On the other hand, the Banking index led the gainers with +3.67% gains week on week as the Insurance, Consumer Goods and Industrial Goods sectors trailed the banking index in the green zone to close the week by +1.61%, +0.94% and +0.36% from the previous week.

At the close of the week, the level of market trading activities was positive as we saw the total number of deals surge by 27.81% week on week to 17,917 as stockbrokers recorded a 22.63% rise in traded volumes for the week to 2.07 billion units valued at N17.56 billion, indicating an advancement of 58.70% week on week. Meanwhile, the top-gaining securities for the week were OANDO (+34%), CHAMPION (+13%), and UPDC (+11%), while the week's losers were DANGSUGAR (-7%), UCAP (-7%), and DANGCEM (-6%).

In the week to come, we expect the current trend of positive sentiments and uptrend to continue as the market reposition for the new trading quarter and the gradual transit into the dividend earning season while players analyze recent earnings inflow.



Weekly Gainers and Loser as at Friday, March 31, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	March 31 2023	March 24 2023	% Change	Symbol	March 31 2023	March 24 2023	% Change
OANDO	5.70	4.25	34%	DANGSUGAR	17.00	18.30	-7%
CHAMPION	5.55	4.90	13%	UCAP	11.20	12.00	-7%
UPDC	1.07	0.96	11%	DANGCEM	270.00	288.00	-6%
NNFM	11.95	11.00	9%	CAP	17.90	19.00	-6%
LINKASSURE	0.43	0.40	8%	AIRTELAFRI	1,479.00	1,548.70	-5%
NEM	4.25	4.00	6%	SEPLAT	1,150.00	1,200.00	-4%
NASCON	12.80	12.20	5%	CHAMS	0.24	0.25	-4%
LASACO	1.10	1.05	5%	RTBRISCOE	0.25	0.26	-4%
UBA	8.35	8.00	4%	UNITYBNK	0.51	0.53	-4%
AFRIPRUD	6.00	5.75	4%	FTNCOCOA	0.26	0.27	-4%

Weekly Stock Recommendations as at Friday, March 31, 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
FBNH	2.54	3.22	25	0.45	4.4	12.4	8.20	11.10	14.1	9.5	12.8	26.67	Buy
ETI	8.53	8.02	44.86	0.25	1.32	13.2	5.1	11.25	16.0	9.6	12.9	42.22	Buy
CONOIL	8.97	8.07	37.86	1.00	4.2	46.85	22.65	38	47	32.3	43.7	23.68	Buy
TRANSCORP	0.41	0.37	3.98	0.38	3.62	1.52	0.90	1.39	2.0	1.3	1.7	33.33	Buy
LAFARGE	2.79	3.46	25.29	1.02	9.27	31.75	21.50	26	32.1	22.0	29.7	24.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, March 31, 2023

FGN Eurobonds	Issue Date	TTM (years)	31-Mar-23 Price (N)	Weekly USD Δ	31-Mar-23 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.28	98.81	1.05	10.7%	(3.53)
7.625 21-NOV-2025	21-Nov-18	2.65	90.14	3.35	12.1%	(1.63)
6.50 NOV 28, 2027	28-Nov-17	4.67	90.14	3.35	12.1%	(1.63)
6.125 SEP 28, 2028	28-Sep-21	5.50	77.51	3.26	11.8%	(0.98)
8.375 MAR 24, 2029	24-Mar-22	5.99	81.90	3.99	12.8%	(1.13)
7.143 FEB 23, 2030	23-Feb-18	6.91	75.76	4.46	12.5%	(1.21)
8.747 JAN 21, 2031	21-Nov-18	7.82	80.04	4.52	12.9%	(1.12)
7.875 16-FEB-2032	16-Feb-17	8.89	74.92	4.17	12.7%	(0.99)
7.375 SEP 28, 2033	28-Sep-21	10.50	70.38	3.63	12.5%	(0.82)
7.696 FEB 23, 2038	23-Feb-18	14.91	66.58	4.06	12.8%	(0.88)
7.625 NOV 28, 2047	28-Nov-17	24.68	63.28	3.78	12.4%	(0.78)
9.248 JAN 21, 2049	21-Nov-18	25.83	72.23	3.51	13.0%	(0.66)
8.25 SEP 28, 2051	28-Sep-21	28.52	65.75	3.70	12.8%	(0.75)

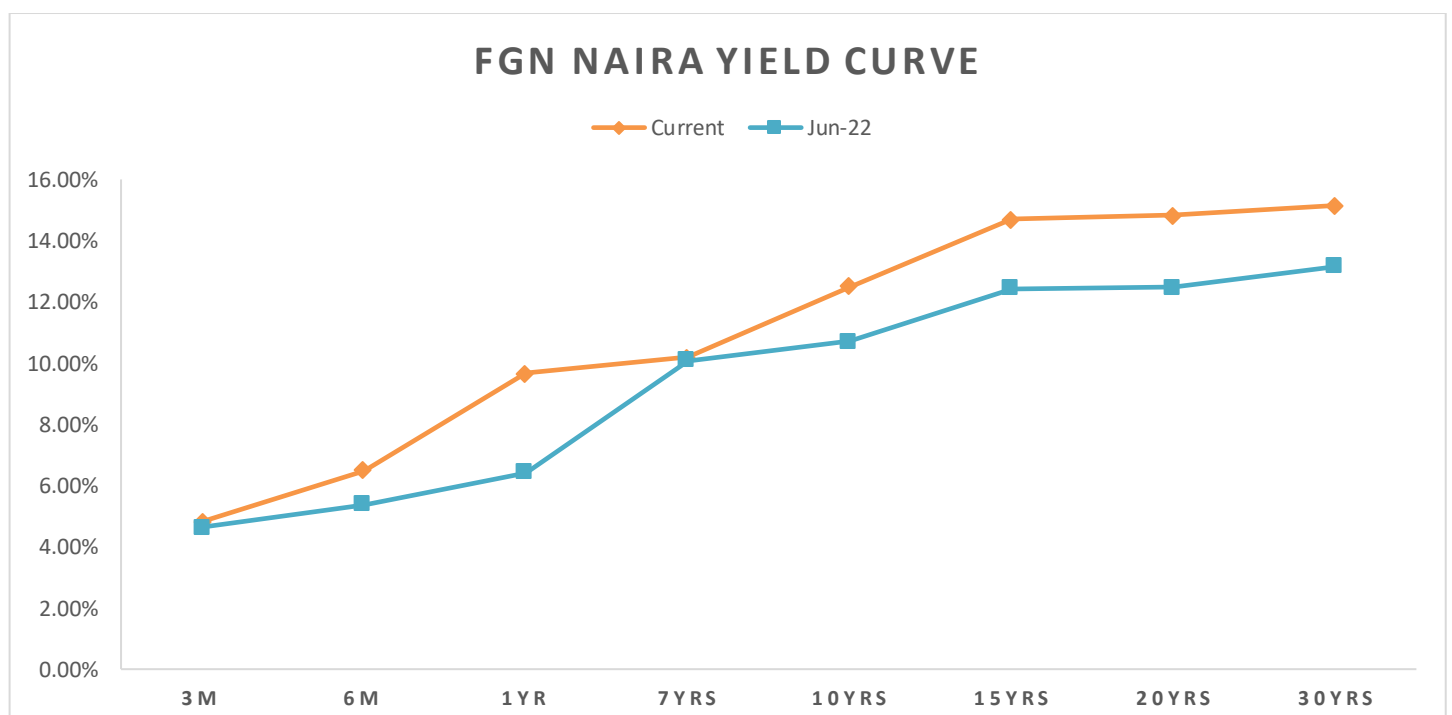
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, March 31, 2023

MAJOR	31-Mar-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0864	1.0901	-0.34%	0.99%	1.88%	-1.69%
GBPUSD	1.2346	1.2383	-0.30%	1.04%	2.71%	-5.76%
USDCHF	0.9135	0.9131	0.05%	-0.74%	-2.80%	-1.34%
USDRUB	77.5230	77.2680	0.33%	-0.30%	2.38%	-7.46%
USDNGN	459.8400	459.8400	0.00%	-0.03%	-0.03%	10.75%
USDZAR	17.7368	17.8152	-0.44%	-2.31%	-2.08%	21.01%
USDEGP	30.7989	30.8513	-0.17%	-0.17%	0.55%	68.48%
USDCAD	1.35	1.3520	0.16%	-1.48%	-0.39%	8.22%
USDMXN	18.04	18.0756	-0.22%	-2.10%	-0.36%	-9.23%
USDBRL	5.07	5.0938	-0.45%	-3.36%	-2.12%	8.85%
AUDUSD	0.6684	0.6707	-0.34%	0.56%	-1.16%	-10.89%
NZDUSD	0.6244	-0.0600	-0.27%	0.63%	-0.37%	-9.85%
USDJPY	133.2020	132.6449	0.42%	2.00%	-2.10%	8.83%
USDCNY	6.8754	6.8740	0.02%	0.10%	-0.04%	7.99%
USDINR	82.1700	82.0797	0.11%	-0.23%	-0.35%	8.12%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, March 31, 2023

Commodity		31-Mar-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	74.9	74.4	0.73%	8.20%	-3.71%	-23.45%
BRENT	USD/Bbl	78.8	78.6	0.26%	5.53%	-5.94%	-23.44%
NATURAL GAS	USD/MMBtu	2.2	9.8	3.80%	-7.25%	-25.59%	-62.21%
GASOLINE	USD/Gal	2.6	2.6	0.19%	3.36%	-0.89%	-15.06%
COAL	USD/T	176.8	176.6	0.08%	0.06%	-7.94%	-33.05%
GOLD	USD/t.oz	1,977.3	1,980.3	-0.15%	-0.06%	7.58%	2.69%
SILVER	USD/t.oz	24.0	23.9	0.54%	3.29%	14.25%	-2.53%
WHEAT	USD/Bu	693.9	692.2	0.24%	0.73%	-2.32%	-29.54%
PALM-OIL	MYR/T	3,761.0	3,787.9	-0.71%	7.09%	-10.07%	-32.43%
COCOA	USD/T	2,918.0	2,917.1	0.03%	1.32%	3.21%	12.43%

FGN Bonds Yield Curve, Friday March 31, 2023





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