

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Nigeria Not Investors' Beautiful Bride as FDI Plunges to 6-year Low of \$5.33 Billion...

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BOND MARKET: FGN Bond Yields Rise as Traders Demand for Higher Rates...

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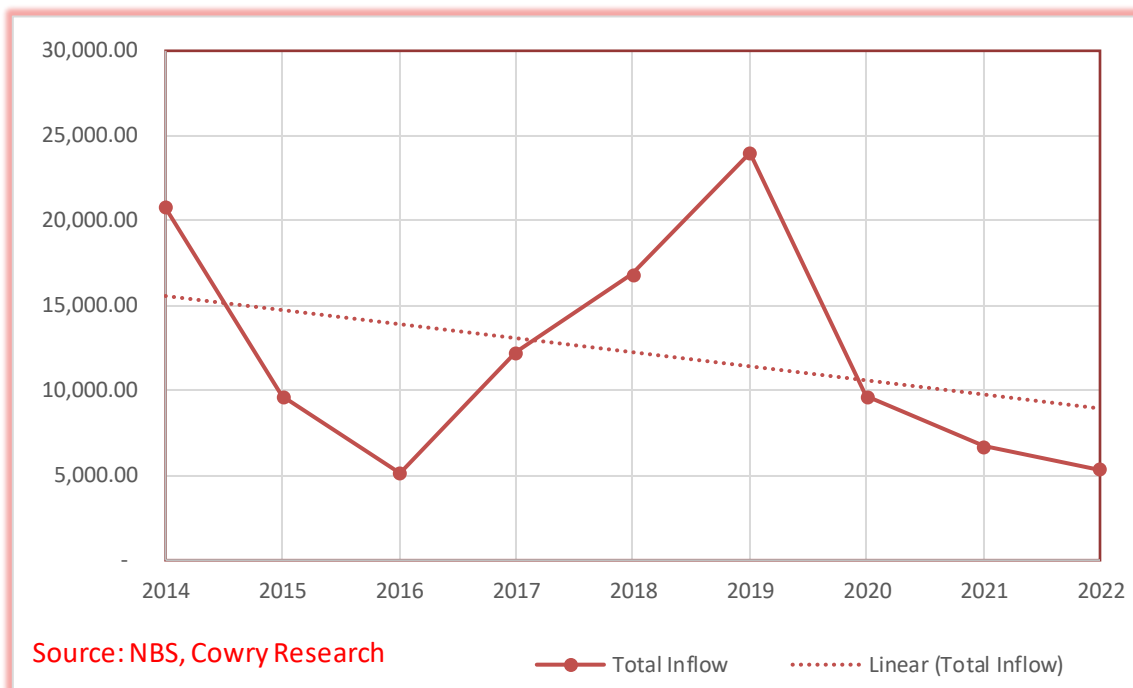
EQUITIES MARKET: Sustained Sell Pressure Lingers as NGX-ASI Lost 2.3% w/w...

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ECONOMY: Nigeria Not Investors' Beautiful Bride as FDI Plunges to 6-year Low of \$5.33 Billion

The recent capital importation report by the National Bureau of Statistics (NBS) has revealed that the total capital inflow into Nigeria declined by 20.5% year on year to \$5.33 billion in 2022 from \$6.70 billion in the prior year. We attribute this decrease to the continued tightening of the global financial condition as well as the capital control measures taken by several economies in a bid to attract further capital inflows into their economies despite the United States' banking stress fiasco.

The plunge in total capital inflow can further be attributed to the severe dollar shortage in the country, which has deterred foreign companies from expanding in the largest economy in Africa due to the rate of insecurity and violence, which is a phenomenon that has continued to be on the rise in recent years. Also, there are the continued talks around the Naira's devaluation, which is primarily centered on incoherent foreign exchange policies by the monetary authority in Nigeria as well as dwindling infrastructure, among other factors.



From our analysis of the data, the decline translates to the lowest amount received in terms of total capital inflow since 2016 (\$5.12 billion) and also the lowest since the pre-Covid era (\$23.99 billion: 2019), with the majority of the inflow coming from portfolio investment, which printed at \$2.44 billion, and the least inflow during the year emanating from foreign direct investments at \$468 million.

Over the years, Nigeria's largest source of capital importation has been through foreign portfolio investment. This source has always been driven by investments in money market instruments, which contribute around 58% (\$1.41 billion) of the total capital inflow through the FPI, which decreased by 46.3% year on year from \$2.61 billion in 2021. However, the largest source of investment inflow into Nigeria is through loans, which account for more than 95% (\$2.31 billion) of the total inflow through other investments. Meanwhile, investment inflow through loans declined by a paltry 2.8% year on year from \$2.38 billion last year; and then, total foreign direct investment (FDI) into Nigeria plunged to \$468 million in 2022, down over \$230 million from the 2021 figures. This is around 10% of the total FDI in 2008 (\$4.8 billion) and was precipitated by the severe shortage of the dollar currency in Nigeria.

Disaggregated by sector, the banking and production sectors received the highest capital inflow during the year at \$2.09 billion and \$948 million, respectively. This was followed by the financial and share sectors, which printed at \$791 million and \$469 million, respectively. On the contrary, the consulting and brewing sectors seem to maintain their positions as bleak hubs for investors to flee. Thus, a paltry \$12,00 and \$55,000 were received by the sectors in 2022 and were trailed by the transport (\$1.32 million), hotel (\$1.63 million), and drilling (\$1.76 million) sectors.

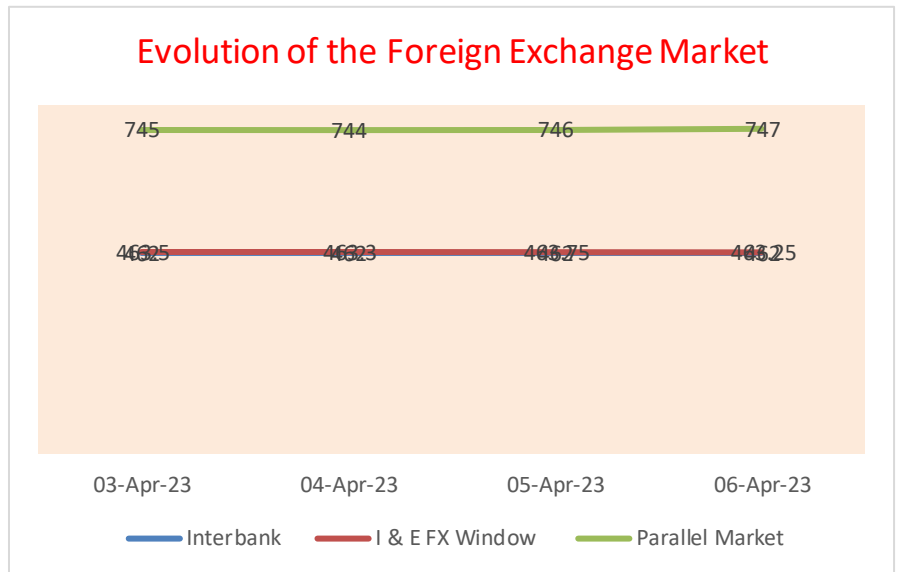
On the basis of quarterly analysis, total capital importation stood at \$1.06 billion in the fourth quarter of 2022, falling by 51.5% year on year from \$2.19 billion in the corresponding period of 2021. The figure also fell by 8.53% quarter over quarter from \$1.16 billion in Q3 of 2022. In the quarter, the largest inflow of capital importation was received from other investments, which accounted for 65.17% (\$691.23 million) of total capital imported in Q4 2022. This was followed by portfolio investment with 26.89% (\$285.26 million) and foreign direct investment (FDI) with 7.94% (\$84.23 million).

Overall, the decline in capital inflow in Nigeria is a major concern for the economy, particularly as it could have negative effects on the exchange rate and investment climate. The Nigerian government needs to implement measures to improve the business environment, address security concerns, and ensure coherence in foreign exchange policies to attract foreign investments and improve the country's economic outlook.

FOREX MARKET: Naira Trades In the Mix-Bag Across Markets Despite Cash Availability....

In the just concluded week at the parallel market, the local currency edged out the dollar as it gained N1 or by a paltry 0.13% week on week to close at N747/USD from N748/USD in the previous week as deposit money banks continue to make the naira available. On the other hand, at the investors' and exporters' FX window, the Naira lost N1.87 or 0.41% week on week to close at N463.25/USD from N461.38/USD in the face of the unabating FX pressure from FX users.

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 and the 6-Month Contracts by +0.1% and +0.11% respectively to close at offer prices of N467/USD and N511.41/USD week on week. On the other hand, the dollar gained at the 2-Month, 3-Month and 12-Month contracts against the Naira by +0.07%, +0.09% and +0.11% week on week to close at contract offer prices of N474.69/USD, N483.53/USD and N565.88/USD respectively.



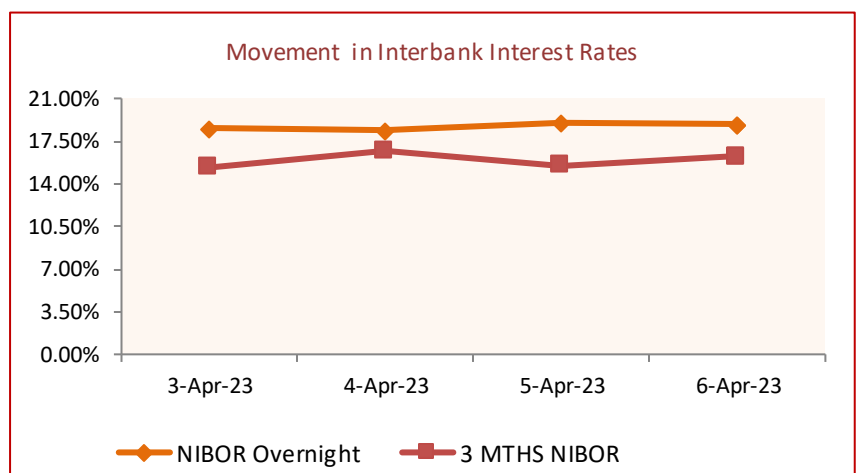
In the oil market this week Oil price movement saw a significant rebound of the commodity price to trade at \$84.76 per barrel despite the production cut from major oil producers in the midst of confidence returning to the global banks and recessions fears. However, on the home front, we saw the Bonny Light crude price react positively to factors playing in the oil market as it surged by 7.6% or (USD5.61) week on week, to close at USD86.80 per barrel (04/05) from USD79.57 per barrel in the previous 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: Sell Pressure Spikes Upward Rates Movement Ahead Next PMA...

In the just concluded week, we witnessed an upward repricing of yields across the curve amid investors' sell-off given the short-term liquidity constraint. NITTY for 1 month, 3 months, 6 months, and 12 months expanded to 4.30% (from 3.99%), 5.74% (from 5.46%), 7.78% (from 7.57%), and 12.97% (from 12.74%) respectively.

Activity in the OMO space was muted as there were no auctions, however, NIBOR fell for all tenor buckets amid financial system liquidity ease. Specifically, NIBOR for overnight funds, 1 month, 3 months, and 6 months moderated to 18.90% (from 19.00%), 15.85% (from 16.33%), 16.25% (from 17.38%), and 16.50% (from 17.58%) respectively.

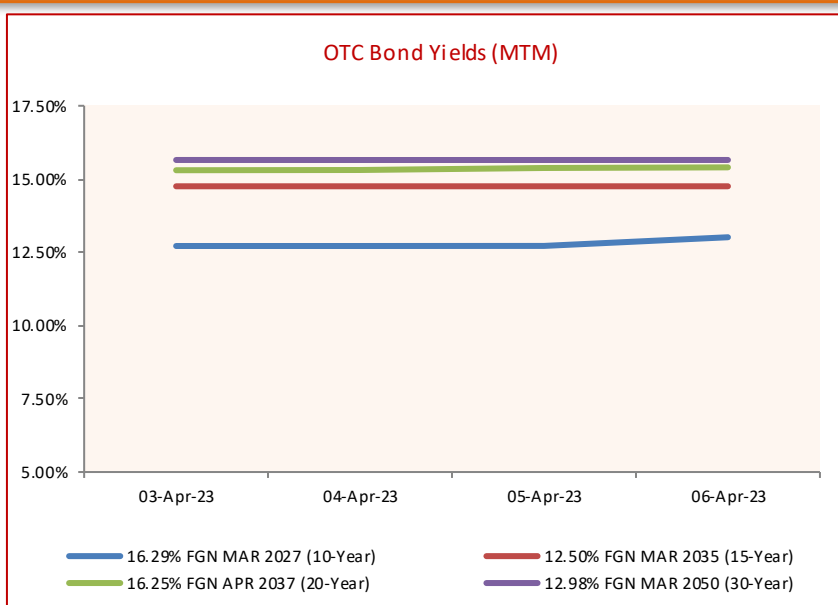


In the new week, CBN will refinance maturing Treasury bills worth N149.64 billion, viz: 91-day bills (N3.15 billion), 182-day bills (N2.52 billion), and 364-day bills (N143.97 billion). We note that traders' sentiment will be shaped by the T-bill auction result over the course of the new week. Cowry Research anticipates the 364-day T-bill rate to rise...

BOND MARKET: FGN Bond Yields Rise as Traders Demand for Higher Rates...

In the just-concluded week, the values of FGN bonds traded at the secondary market further moderated as yields increased for all maturities tracked as traders demanded higher rates.

Specifically, the 10-year 16.29% FGN MAR 2027, 20-year 16.25% FGN APR 2037, and 30-year 12.98% FGN MAR 2050 bonds lost by N0.96, N1.79, and N0.99, respectively; their corresponding yields expanded to 13.01% (from 12.73%), 15.40% (from 15.10%), and 15.65% (from 15.47%). However, the 15-year 12.50% FGN MAR 2035 yield remained unchanged at 15.40% from the previous week. Meanwhile, the value of FGN Eurobonds traded on the international capital market depreciated for all maturities tracked due to renewed bearish sentiment. Specifically, the 10-year 6.38% JUL 12



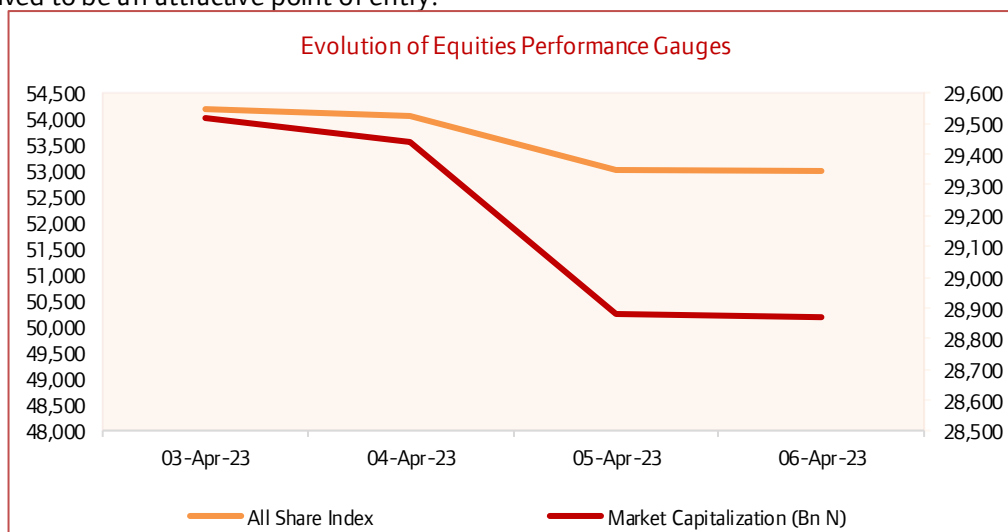
2023, the 20-year 7.69% FEB 23 2038, and the 30-year 7.62% NOV 28 2047 lost USD 0.19, USD 0.66, and USD 0.69, while their corresponding yields increased to 11.82% (from 10.73%), 12.90% (from 12.76%), and 12.57% (from 12.43%), respectively.

In the new week, we expect local OTC bond prices to depreciate (and yields to increase) as traders anticipate higher yields.....

EQUITIES MARKET: Sustained Sell Pressure Lingers as NGX-ASI Lost 2.3% w/w...

The local equities market suffered loss again this week in a mixed session of buy-sell interests across major sectors of the market in reaction to the recent publications of economic data and dividend announcements by companies. In the wake of the growing sell-off sentiments in the market, investors are beginning to reposition ahead of the first quarter earnings season based on the current price levels that have been perceived to be an attractive point of entry.

As a result of the lacklustre performance on the local bourse, the benchmark index posted another decline by 2.3% week on week to 52,994.13 points amid sell pressure in some of the mid and large cap stocks. In the same manner, the market capitalization shed 2.3% week on week to N28.87 trillion as it wiped N674.53 billion in losses from investors' pockets while the year-to-date return declined to 3.40% from 7.04% last week.



Across the sectors this week, performance was largely on a bear trend across the indices under our purview except for the Insurance sector which gained 2.09% week on week from buy interest. On the other hand, the Industrial index led the gainers with -3.65% loss week on week as the Banking, Consumer Goods and Oil & Gas sectors all traded southward to close the week by -1.05%, -0.62% and +0.11% from the previous week.

At the close of the week, the level of market trading activities was downbeat as we saw the total number of deals plunged by 9.83% week on week to 16,155 as stockbrokers recorded a 49.14% decline in traded volumes for the week to 1.05 billion units valued at N10.05 billion, indicating a decrease by 42.77% week on week. Meanwhile, the top-gaining securities for the week were NAHCO (+21%), MANSARD (+16%), and LINKASSURE (+12%), while the week's losers were ETERNA (-19%), MULTIVERSE (-19%), and AIRTELAFRI (-10%).

In the week to come, we expect the current trend of mixed sentiments to linger as the market seek for a major catalyst that could trigger positive sentiments. However, investors are expected to trade cautiously as insecurity and political activities continues to headline Nigeria's macros. Also, we continue to advise investors to trade on companies' stocks with sound fundamentals and a positive outlook.

Weekly Gainers and Loser as at Friday, April 6, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	April 6 2023	March 31 2023	% Change	Symbol	April 6 2023	March 31 2023	% Change
NAHCO	9.80	8.10	21%	ETERNA	5.50	6.80	-19%
MANSARD	2.20	1.90	16%	MULTIVERSE	2.63	3.24	-19%
LINKASSURE	0.48	0.43	12%	ABCTRANS	0.31	0.37	-16%
LASACO	1.20	1.10	9%	UACN	8.50	9.55	-11%
MBENEFIT	0.34	0.32	6%	AIRTELAFRI	1,331.10	1,479.00	-10%
CONOIL	40.00	38.00	5%	INTBREW	4.05	4.50	-10%
UCAP	11.70	11.20	4%	UPL	1.80	2.00	-10%
FTNCOCOA	0.27	0.26	4%	UPDC	0.97	1.07	-9%
AIICO	0.60	0.58	3%	CUSTODIAN	5.65	6.20	-9%
VITAFOAM	18.50	18.00	3%	CHAMPION	5.10	5.55	-8%

Weekly Stock Recommendations as at Friday, April 6, 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	4.21	5.33	25	0.45	2.6	12.4	8.20	11.10	14.1	9.4	12.8	26.67	Buy
ACCESS	4.56	5.78	29.11	0.31	1.96	10.60	7.50	8.95	11.3	11.3	7.6	30.3	Buy
GTCO	5.88	7.60	29.66	0.82	4.15	28.05	16.80	24.40	31.6	20.7	28.1	29.33	Buy
NESTLE	61.77	74.13	52	20.75	17.5	1556.5	963.9	1,080	1296	918.3	1242	20.00	Buy
FLOURMILL NIG	2.44	3.13	48.39	0.61	12.07	41.45	27	29.50	37.8	25.1	33.9	28.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, April 6, 2023

FGN Eurobonds	Issue Date	TTM (years)	06-Apr-23 Price (N)	Weekly USD Δ	06-Apr-23 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.27	98.81	0.00	11.8%	1.09
7.625 21-NOV-2025	21-Nov-18	2.64	90.14	0.00	11.8%	(0.35)
6.50 NOV 28, 2027	28-Nov-17	4.66	90.14	0.00	11.8%	(0.35)
6.125 SEP 28, 2028	28-Sep-21	5.49	77.51	0.00	12.1%	0.24
8.375 MAR 24, 2029	24-Mar-22	5.98	81.90	0.00	12.9%	0.13
7.143 FEB 23, 2030	23-Feb-18	6.90	75.76	0.00	12.7%	0.16
8.747 JAN 21, 2031	21-Nov-18	7.81	80.04	0.00	13.1%	0.18
7.875 16-FEB-2032	16-Feb-17	8.88	74.92	0.00	12.7%	0.08
7.375 SEP 28, 2033	28-Sep-21	10.50	70.38	0.00	12.6%	0.11
7.696 FEB 23, 2038	23-Feb-18	14.90	66.58	0.00	12.9%	0.14
7.625 NOV 28, 2047	28-Nov-17	24.67	63.28	0.00	12.6%	0.14
9.248 JAN 21, 2049	21-Nov-18	25.82	72.23	0.00	13.2%	0.24
8.25 SEP 28, 2051	28-Sep-21	28.51	65.75	0.00	13.0%	0.21

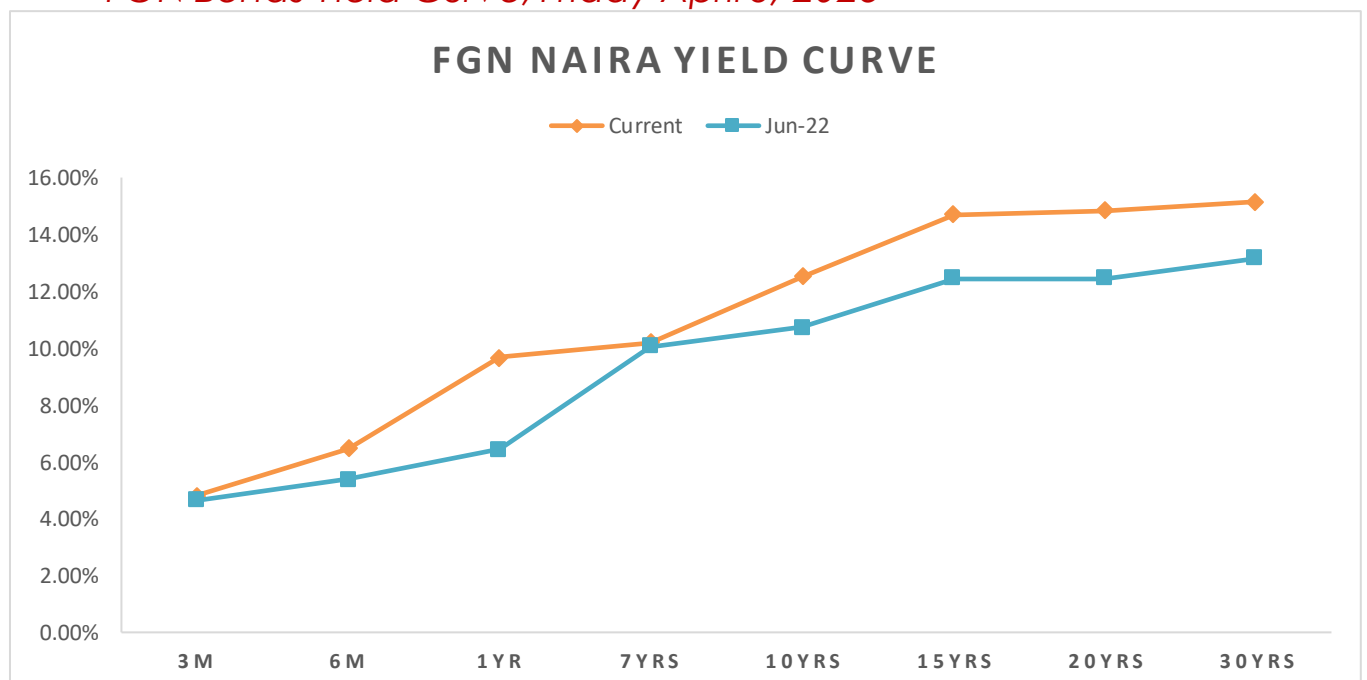
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, April 6, 2023

MAJOR	06-Apr-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0911	1.0903	0.07%	0.08%	3.44%	0.29%
GBPUSD	1.2424	1.2457	-0.26%	0.34%	5.06%	-4.96%
USDCHF	0.9055	0.9069	-0.15%	-0.83%	-3.82%	-3.05%
USDRUB	80.6130	80.1960	0.52%	4.33%	6.64%	5.03%
USDNGN	459.8300	459.8760	-0.01%	0.00%	-0.03%	10.76%
USDZAR	18.2835	18.0400	1.35%	2.62%	-1.26%	24.02%
USDEGP	30.9001	30.8507	0.16%	0.16%	0.72%	68.47%
USDCAD	1.35	1.3458	0.18%	-0.28%	-1.95%	7.13%
USDMXN	18.24	18.2858	-0.23%	0.93%	0.85%	-9.48%
USDBRL	5.07	5.0342	0.75%	-0.44%	-2.31%	6.71%
AUDUSD	0.6658	0.6718	-0.89%	-0.73%	1.16%	-10.97%
NZDUSD	0.6242	-0.0600	-1.18%	-0.31%	2.22%	-9.44%
USDJPY	131.8430	131.3047	0.41%	-0.61%	-3.87%	6.39%
USDCNY	6.8825	6.8832	-0.01%	0.13%	-1.59%	8.15%
USDINR	81.8700	81.9192	-0.06%	-0.26%	-0.16%	7.88%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, April 6, 2023

Commodity		06-Apr-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	80.2	80.6	-0.47%	7.79%	3.14%	-16.07%
BRENT	USD/Bbl	84.8	85.0	-0.24%	7.91%	2.43%	-15.23%
NATURAL GAS	USD/MMBtu	2.1	9.8	-2.91%	-0.42%	-26.23%	-67.45%
GASOLINE	USD/Gal	2.8	2.8	-0.56%	6.29%	4.23%	-7.18%
COAL	USD/T	198.0	192.6	2.78%	12.12%	8.79%	-30.89%
GOLD	USD/t.oz	2,006.7	2,020.3	-0.67%	1.36%	10.68%	3.88%
SILVER	USD/t.oz	24.7	25.0	-0.92%	3.65%	23.40%	0.71%
WHEAT	USD/Bu	675.1	682.0	-1.01%	-2.47%	-3.28%	-34.15%
PALM-OIL	MYR/T	3,823.0	3,867.9	-1.16%	0.92%	-9.08%	-34.39%
COCOA	USD/T	2,906.0	2,903.1	0.10%	-0.38%	6.60%	12.90%

FGN Bonds Yield Curve, Friday April 6, 2023





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