

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Pension Assets on Healthy Growth to N15.5Trn in February; Penetration Levels Calls for Growth-focused Policies

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FOREX MARKET: Positive Outing For the Naira Across Market Segments As Dollar Weakens.....

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MONEY MARKET: : T-Bills Stop Rates Moderate amid Increased Investor Demand...

In the new week, Treasury bills worth N50 billion will mature via OMO; hence, we expect interbank rates to moderate amid an anticipated boost in financial system liquidity...

BOND MARKET: FGN Eurobond Yields Cleared Lower on Decreased Rates Hike Expectations...

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In the week to come, we expect to see mixed sentiment on profit taking and reaction to corporate earnings, as more Q1 earnings hits the market in the midst of price adjustments and dividend payments.

ECONOMY: Pension Assets on Healthy Growth to N15.5Trn in February; Penetration Levels Calls for Growth-focused Policies

The National Pension Commission (PenCom) recently released data indicating that the total assets under management in Nigeria's pension industry had reached N15.45 trillion as of February 2022, representing a 1.2% increase from the previous month and a 12.2% increase year-on-year. The figures demonstrate healthy growth and an increase in total industry assets of N1.7 trillion over the past 12 months.

While the post-Covid-19 era has seen significant growth in Nigeria's regulated pension industry, including mergers and new regulatory guidelines designed to increase the pension asset pool and social security, there is still significant room for growth.

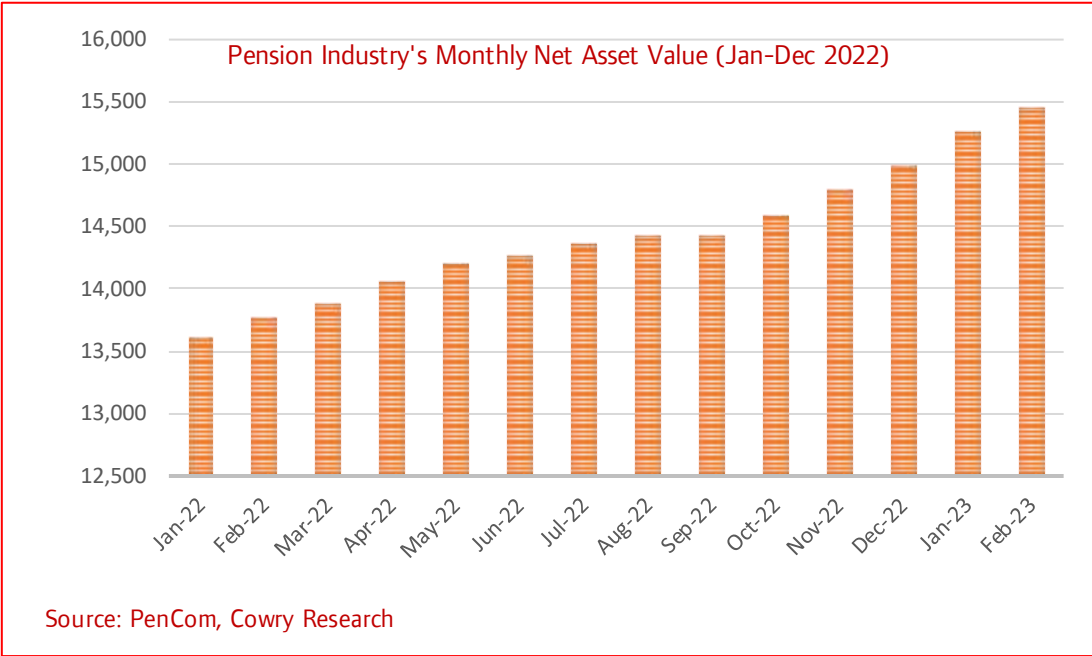
Nevertheless, the creditable increase in total assets, Nigeria's pension industry still stays underpenetrated with pension assets to GDP ratio of just 7.8% (with the year 2022 GDP). The underpenetrated state of the industry is also reflected in the low subscription rate of the population to retirement savings accounts (RSA) which amounted to 9.92 million as at February ending (9.59 million in February 2022), representing around 8% of the working-age population. Meanwhile, the ratio is slightly higher as a proportion of the labour force at around 14%.

Although Nigeria's pension sector has grown remarkably since the passage of the Pension Reform Act in 2004, there is still much ground to cover. This can be achieved through investor education, more robust investment options such as offshore assets and alternative investments, and efforts aimed at driving significant penetration into the market.

Over the years, PFAs have seen their investment options primarily focused on federal government paper, particularly the FGN Bonds valued at N9.5 billion (N8.5 billion in February 2022) according to the latest figure in February and then treasury bills primary market auctions have had fund managers hold a portion of the total amount on auction as well as in state government bonds. Also, despite the repricing of fixed income instruments due to interest rate movements, a total of N1.66 trillion and N1.69 trillion has been invested in the fixed income and money market.

Till now, myriad of challenges such as Nigeria's low level of pension coverage due to a high level of informal employment, low levels of awareness, and a high rate of unemployment estimated at 33.3% based on 2020 data from the National Bureau of Statistics, have befallen the industry and to an extent cause a marginally stunted growth over the years. Granting the introduction of the Micro Pension Scheme in Nigeria in 2019, the scheme is aimed at providing pension coverage to individuals in the informal sector of the economy, there is still a significant distance to travel in achieving this goal.

In our opinion, with think it pertinent to iterate on driving growth which can lead to a more robust economy with positive growth trajectory in double-digit or above the current level as catalyst for improved employment; but the insalubrious rate of inflation which will call for further tightening stance by the monetary authority fly as negative headwind as rising policy rates stands as onslaught to growth. This re-echoes on the need for policymakers and industry regulators to create awareness around unlimited benefits of pension schemes post-retirement.

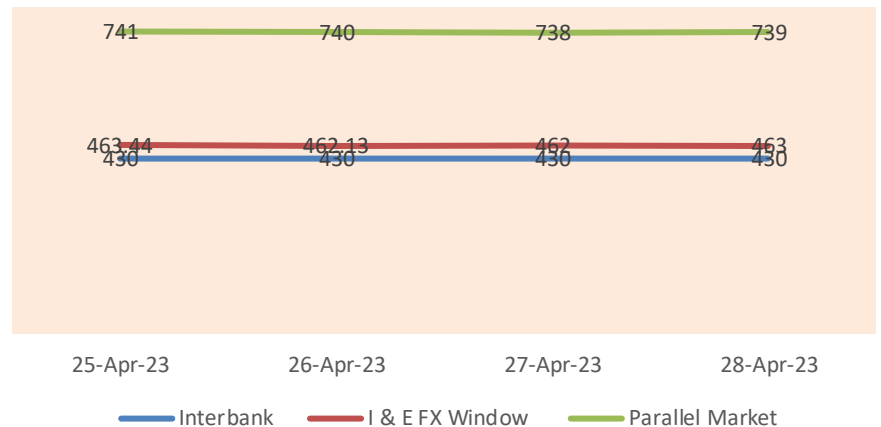


FOREX MARKET: Positive Outing For the Naira Across Market Segments As Dollar Weakens....

It was a positive outing for the naira at the parallel foreign exchange market in the just concluded week, as it appreciated by N1 or 0.27% week on week to close at N739/USD from N738/USD in the previous week. Also, at the investors' and exporters' FX window, the Naira edged out the United States' dollar by N0.67 or 0.14% week on week to close at N463/USD from N463.67/USD the previous week as traders in the market maintained bids between N463 and N467 on the back of a weakening dollar against peer currencies.

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 at the weekly Naira FX Forward Contracts Markets, it was the dollar reign across all forward contracts with depreciations reported for the Naira across various contract tenor gauges. Resultantly, the Naira lost strength by 0.23%, 1.16%, 1.30%, 1.92% and 0.79% week on week to close at contract offer prices of N469.74/USD, N484.66/USD, N496.22/USD, 526.22/USD and N565.24/USD.

Evolution of the Foreign Exchange Market



In the oil market this week Oil price movement rebounded during the week to trade at \$76.85 per barrel in the midst of increasing fear of recession and high booking of the Chinese ahead of May holiday. However, on the home front, data from the CBN data bank showed that the Bonny Light crude price plunged by 3.90% or (USD3.44) week on week, to close at USD84.71 per barrel (April 26) from USD88.15 per barrel in the previous week amidst the persistent worries on oil demand and the market volatility due to price fluctuations.

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

MONEY MARKET: T-Bills Stop Rates Moderate amid Increased Investor Demand...

In line with our expectations, CBN refinanced N131.46 billion worth of T-bills via the primary market at lower stop rates for most maturities amid increased investors' demand for short-term government securities, as implied by a bid-to-cover ratio of 6.23x compared to 1.87x at the prior auction.

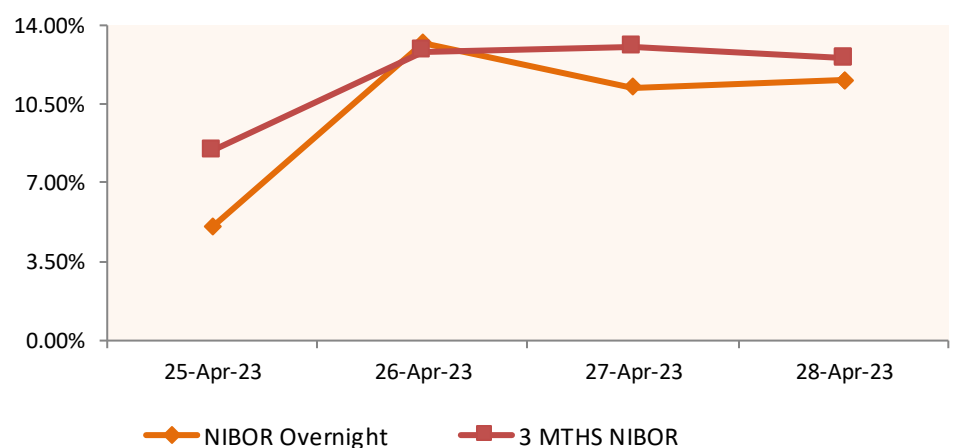
Specifically, stop rates for 91-day (bid to cover: 1.85x, last 1.36x), and 364-day bills (bid to cover: 6.63x, last 1.90x) moderated to 5.30% (from 6.00%), and 10.17% (from 14.70%), respectively. However, given the low demand levels, stop rates were unchanged at 8% for the 182-day bills.

Elsewhere, in response to the increase in stop rates for all-day bills, activity at the

secondary market was bullish as NITTY yields for 1 month, 3 months, 6 months, and 12 months maturities declined to 4.34% (from 5.82%), 5.76% (from 7.07%), 6.72% (from 9.06%), and 10.15% (from 13.79%), respectively.

Meanwhile, OMO activities were muted in the absence of maturing and auctioned bills. However, we observed that financial system liquidity improved, boosted by FAAC inflows (N350 billion) and FGN bond maturity and coupon repayments worth N935 billion. Hence, NIBOR declined for all tenor buckets: Overnight funds, 1 month, 3 months, and 6 months crashed to 4.34% (from 5.82%), 5.76% (from 7.07%), 6.72% (from 9.06%), and 10.15% (from 13.79%), respectively.

Movement in Interbank Interest Rates



In the new week, Treasury bills worth N50 billion will mature via OMO; hence, we expect interbank rates to moderate amid an anticipated boost in financial system liquidity...

BOND MARKET: FGN Eurobond Yields Cleared Lower on Decreased Rates Hike Expectations...

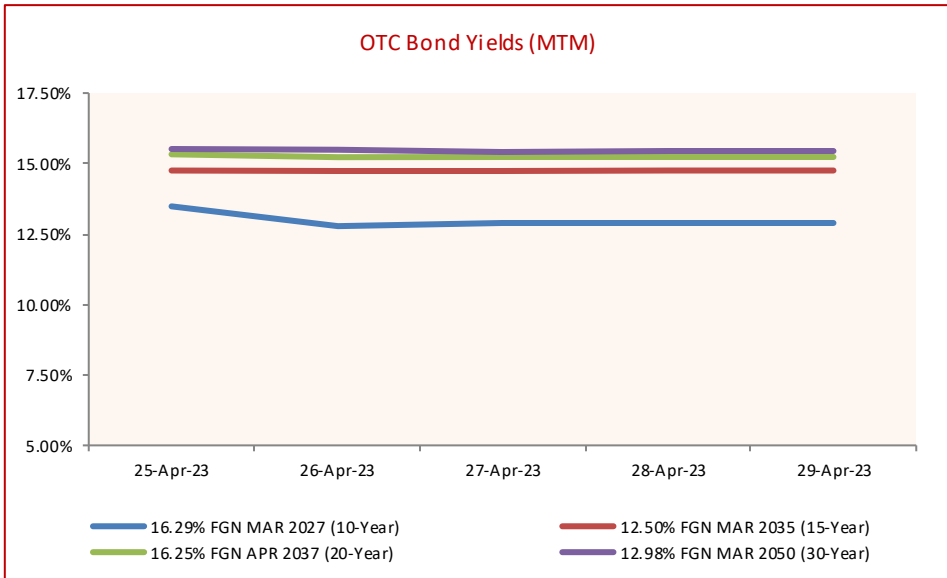
In the just concluded week, the values of FGN bonds tracked increased as traders offered lower yields for most of the maturities tracked in order to boost capital gains. This was amid a boost in financial system liquidity. In line with our expectations, yields on the secondary market fell further for most maturities tracked.

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 rose by N1.95, N0.55, and N1.19, respectively; their corresponding yields contracted to 12.86% (from 13.49%), 15.23% (from 15.33%), and 15.46% (from 15.69%). However, the 15-year 12.50% FGN MAR 2035 yield remained unchanged w-o-w at 14.75%.

Meanwhile, the value of FGN Eurobonds traded on the international capital market

appreciated for most maturities tracked as global monetary policy concerns relaxed amid recession fears, particularly in the US, due to signs of an economic slowdown from the released GDP and PCE inflation reports.

Notably, the 20-year 7.69% FEB 23 2038, and the 30-year 7.62% NOV 28 2047 repriced higher by USD 2.30 and USD 2.40, while their corresponding yields compressed to 12.91% (from 13.40%), and 12.58% (from 13.07%), respectively. On the flip side, the 10-year, 6.375% JUL 12 2023, lost USD 0.12, as its yield closed higher w-o-w at 14.98% (from 13.57%).

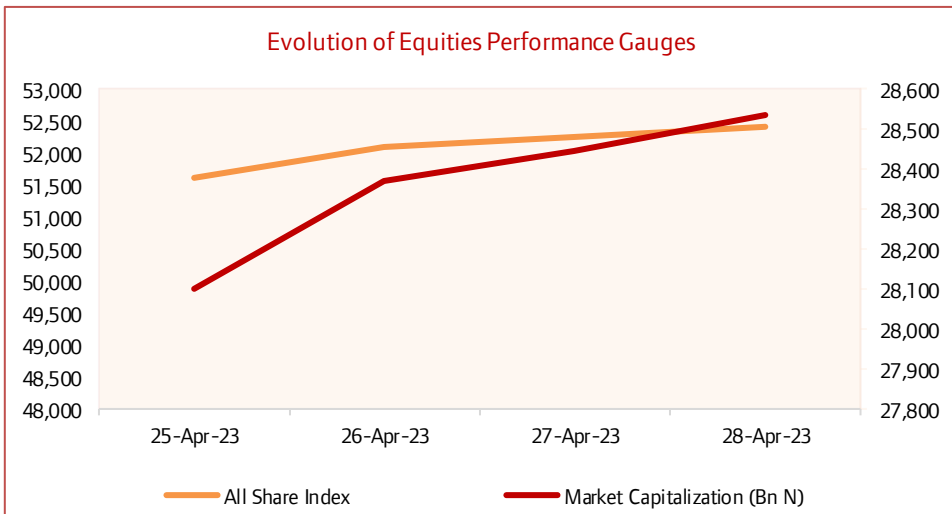


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EQUITIES MARKET: Strong Buy-Interest Spur Bullish Sentiments As Investors Pocket N570bn in Profit...

There was increased buying activity as the local bourse traded this week with positive momentum despite profit taking in some of the major counters that had rallied recently on enhanced liquidity, remarkable corporate earnings and actions in form of dividend announcement and payments. The increased buying activity in selected sectors and stocks pushed the benchmark NGX All Share Index to close higher, trading above the 52,000 psychological point mark, which extended the bull run into the last trading day of April.

Resultantly, the ASI inched higher by 2.04% week on week to close at 52,403.51 points while the market capitalisation advanced in the same manner by 2.04% week on week to close at N28.53 trillion while the market year-to-date return increased to 2.25% while market investors gained N570.52 billion in high trades from the four sessions this week.



Across the sectors this week, performance was largely on a bullish trend across the indices under our purview except for the Oil & Gas Index which lost by 0.14% week on week. On the other hand, upbeat in investor sentiments drove price appreciations

in the Consumer Goods (+5.18%), Insurance (+2.03%), Banking (+1.70%), and the Industrial Goods (0.24%) indices on the back of positive price movements across the sectors.

At the close of the week, the level of market trading activities was positive as we saw the total number of deals surged to 24,044 by 42.64% week on week as market players recorded higher traded volumes by 257.91% for the week to 14.03 billion units that was valued at N59.01 billion, which is an increase by 277.76% week on week on increased buying interest. Meanwhile, the top-gaining securities for the week were HONEYFLOUR (+35%), CADBURY (+32%), and CHAMS (+17%), while the laggards this week were NB (-11%), OKOMUOIL (-7%), and NESTLE (-3%).

In the week to come, we expect to see mixed sentiment on profit taking and reaction to corporate earnings, as more Q1 earnings hits the market in the midst of price adjustments and dividend payments. However, 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 28, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	April 28 2023	April 20 2023	% Change	Symbol	April 28 2023	April 20 2023	% Change
HONYFLOUR	3.13	2.32	35%	NB	32.00	36.15	-11%
CADBURY	13.50	10.20	32%	REDSTAREX	2.52	2.80	-10%
CHAMS	0.28	0.24	17%	OKOMUOIL	171.50	183.50	-7%
TRANSCORP	2.81	2.45	15%	REGALINS	0.29	0.31	-6%
DANGSUGAR	19.50	17.10	14%	ABCTrans	0.35	0.37	-5%
SOVRENINS	0.33	0.29	14%	NESTLE	1,043.80	1,080.30	-3%
BUAFOODS	114.00	102.00	12%	FBNH	10.85	11.20	-3%
MULTIVERSE	2.78	2.50	11%	FIDELITYBK	5.67	5.80	-2%
FTNCOCOA	0.30	0.27	11%	AIICO	0.54	0.55	-2%
FCMB	4.20	3.81	10%	CHAMPION	4.37	4.43	-1%

Weekly Stock Recommendations as at Friday, April 28, 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
MRS	3.84	4.56	54.26	0.52	7.3	34	10.55	27.95	43.0	23.8	32.1	53.85	Buy
NAHCO	1.37	1.63	4.34	2.75	8.7	12.00	2.78	11.95	14.2	10.2	13.7	18.75	Buy
OKOMUOIL	17.02	20.21	40.55	4.23	10.08	216.90	104	171.50	203.66	145.8	197.2	18.75	Buy
FCMB	1.57	1.87	13.56	0.31	2.67	4.7	2.71	4.20	5.0	3.6	4.8	18.75	Buy
PZ CUSONS	2.82	4.47	11.32	1.14	4.59	13.70	8.05	12.95	20.5	11.0	14.9	58.33	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, April 28, 2023

FGN Eurobonds	Issue Date	TTM (years)	28-Apr-23	Weekly	28-Apr-23	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.21	98.32	(0.12)	15.0%	1.41
7.625 21-NOV-2025	21-Nov-18	2.57	90.51	0.73	12.1%	(0.32)
6.50 NOV 28, 2027	28-Nov-17	4.59	90.51	0.73	12.1%	(0.32)
6.125 SEP 28, 2028	28-Sep-21	5.42	76.23	1.37	12.3%	(0.41)
8.375 MAR 24, 2029	24-Mar-22	5.91	81.25	1.67	13.0%	(0.47)
7.143 FEB 23, 2030	23-Feb-18	6.83	74.55	1.66	12.9%	(0.44)
8.747 JAN 21, 2031	21-Nov-18	7.74	79.22	1.71	13.1%	(0.41)
7.875 16-FEB-2032	16-Feb-17	8.81	74.34	2.04	12.8%	(0.48)
7.375 SEP 28, 2033	28-Sep-21	10.43	69.15	1.76	12.8%	(0.41)
7.696 FEB 23, 2038	23-Feb-18	14.84	65.94	2.30	12.9%	(0.49)
7.625 NOV 28, 2047	28-Nov-17	24.60	62.56	2.40	12.6%	(0.49)
9.248 JAN 21, 2049	21-Nov-18	25.75	72.48	3.08	13.0%	(0.58)
8.25 SEP 28, 2051	28-Sep-21	28.44	64.85	2.29	12.9%	(0.47)

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, April 28, 2023

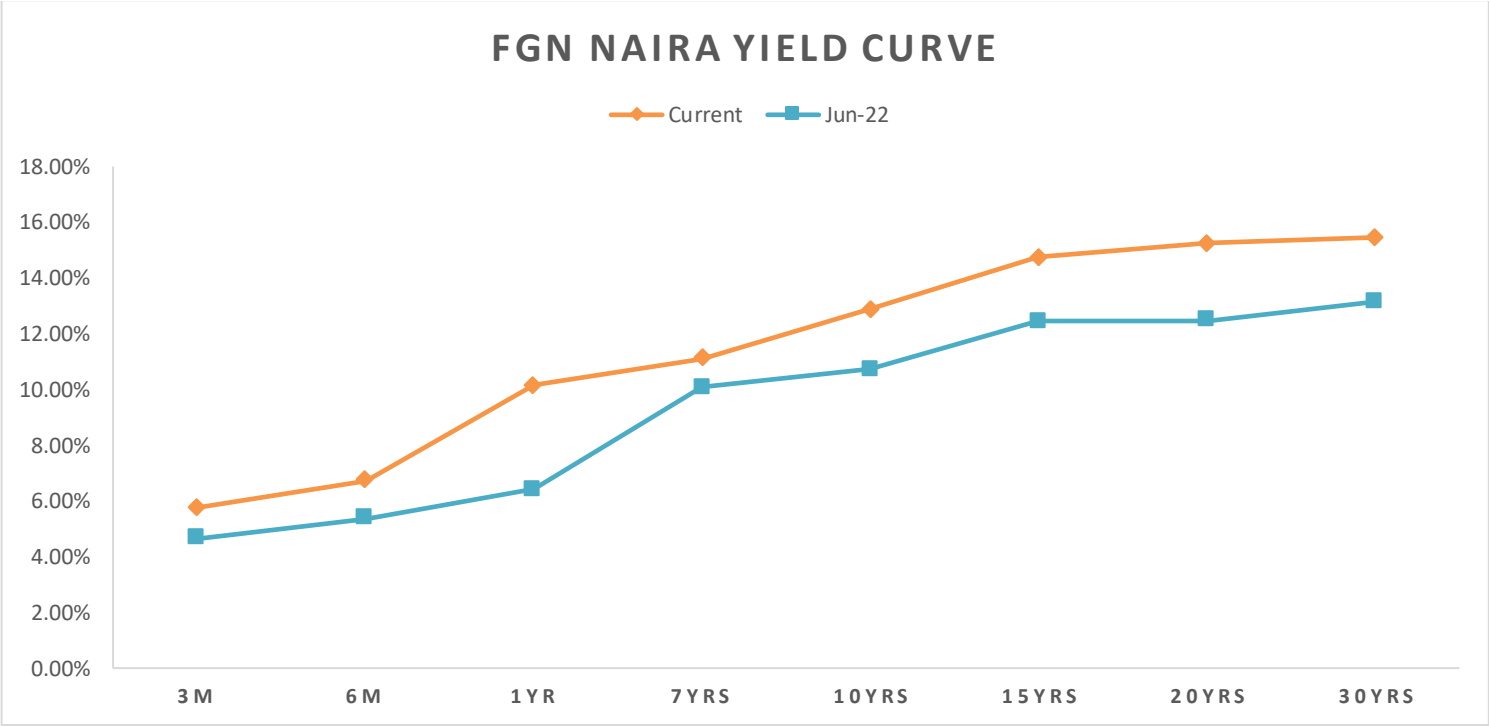
MAJOR	28-Apr-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1011	1.1027	-0.14%.	0.23%	1.56%	4.47%
GBPUSD	1.2534	1.2486	0.38%	0.83%	1.81%	-0.30%.
USDCHF	0.8925	0.8941	-0.18%.	-0.03%.	-2.84%.	-8.32%.
USDRUB	79.6955	81.5967	-2.33%.	-2.18%.	3.11%	12.11%
USDNGN	459.9700	459.9700	0.00%	-0.01%.	0.03%	10.90%
USDZAR	18.3523	18.2774	0.41%	1.40%	1.41%	16.11%
USDEGP	30.9014	30.8490	0.17%	0.17%	0.49%	67.09%
USDCAD	1.36	1.3591	0.02%	0.40%	0.28%	5.72%
USDMXN	17.98	18.0266	-0.28%.	0.02%	-0.62%.	-11.97%.
USDBRL	4.99	4.9772	0.24%	-1.16%.	-2.84%.	0.36%
AUDUSD	0.6594	0.6629	-0.52%.	-1.44%.	-1.34%.	-6.64%.
NZDUSD	0.6164	-0.0600	0.28%	0.50%	-0.95%.	-4.52%.
USDJPY	136.4420	133.9374	1.87%	1.72%	2.72%	5.11%
USDCNY	6.9245	6.9300	-0.08%.	0.37%	0.43%	4.29%
USDINR	81.7710	81.6975	0.09%	-0.32%.	-0.50%.	6.86%



Global Commodity Prices as at 3:30 PM GMT+1, Friday, April 28, 2023

Commodity		28-Apr-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	75.5	74.8	0.96%	-3.09%	3.20%	-26.69%
BRENT	USD/Bbl	78.9	78.2	0.90%	-3.44%	1.63%	-25.22%
NATURAL GAS	USD/MMBtu	2.4	9.8	1.83%	7.57%	9.98%	-66.84%
GASOLINE	USD/Gal	2.5	2.5	1.34%	-2.96%	-4.28%	-25.19%
COAL	USD/T	190.0	190.2	-0.11%	-0.94%	7.62%	-41.74%
GOLD	USD/t.oz	1,983.0	1,987.9	-0.25%	0.03%	0.99%	4.59%
SILVER	USD/t.oz	24.8	25.0	-0.51%	-0.75%	6.40%	9.26%
WHEAT	USD/Bu	616.2	614.8	0.23%	-6.92%	-12.60%	-41.66%
PALM-OIL	MYR/T	3,338.0	3,455.1	-3.39%	-8.17%	-9.95%	-53.01%
COCOA	USD/T	26.8	27.0	-0.85%	7.77%	25.93%	38.29%

FGN Bonds Yield Curve, Friday April 28, 2023



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