

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Q1'23 Capital Importation Tanks 6.8% y/y to \$1.13bn from Investors Cautious Threading....

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EQUITIES MARKET: Bearish Sentiment in Banking Index Buoy Profit-booking, Downbeat Activities.....

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FOREX MARKET: Naira Hit New Low in 2023 Across FX Markets As Demand Pressure Bites Harder.....

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MONEY MARKET: Stop Rate for 364-Day T-Bill Moderates to 5.94% on Demand Pressure...

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ECONOMY: Q1'23 Capital Importation Tanks 6.8% y/y to \$1.13bn from Investors Cautious Threading....

According to data released by the National Bureau of Statistics (NBS), Nigeria witnessed a modest increase in total capital importation during the first quarter of 2023. The figures indicate that the country attracted a total of \$1.13 billion in capital inflows, reflecting a 6.78% growth from the previous quarter (Q4 2022). However, it is important to note that this amount represents a significant decline of 28% when compared to the capital importation recorded in Q1 2022, which stood at \$1.57 billion.

The decline in capital importation can be attributed to a variety of factors, including the prevailing global economic uncertainty as well as the persistent political instability within Nigeria. These factors have likely contributed to a cautious approach among foreign investors, leading to a decline in capital inflows.

Within the various categories of capital importation, portfolio investment emerged as the largest source of inflows during Q1 2023, accounting for \$649.28 million or 57.32% of the total capital imported. This surge in foreign portfolio investment can be attributed to the implementation of market-focused and progressive policies advocated by presidential aspirants during the pre-election period. These policies have successfully piqued the interest of foreign portfolio investors, encouraging them to explore investment opportunities in Nigeria's equities market as they test the waters during a period of political transition.

In terms of the breakdown by investment type, portfolio investment claimed the largest share of capital importation, amounting to \$649.28 million or 57.32% of the total. It was followed by other investment at \$435.76 million or 38.31%, and foreign direct investment (FDI) at \$47.60 million or 4.20%. Analyzing the capital flows through portfolio investments, investments in fixed income instruments (specifically bonds) witnessed a significant quarter-on-quarter increase of 108.4%, rising from \$144.4 million in Q4 2022 to \$301.08 million. However, when compared to the same period in 2022, there was a slight decline of 2.9% from \$310.06 million. Interestingly, this decline occurred despite a 3.6% quarter-on-quarter increase in fixed income yields, reaching 14.31% in December 2022, indicating that other factors may have influenced investor decisions.

On the other hand, the equities market experienced a bullish run during Q1 2023, with a notable 5.82% increase. This bullish sentiment, coupled with steady funds inflow into the market, attracted a higher level of capital inflow through equities, which surged by over 4000% to reach \$222.31 million in Q1 2023. This impressive figure also represents a substantial improvement of almost 600% when compared to the corresponding period in 2022, which recorded \$31.78 million.

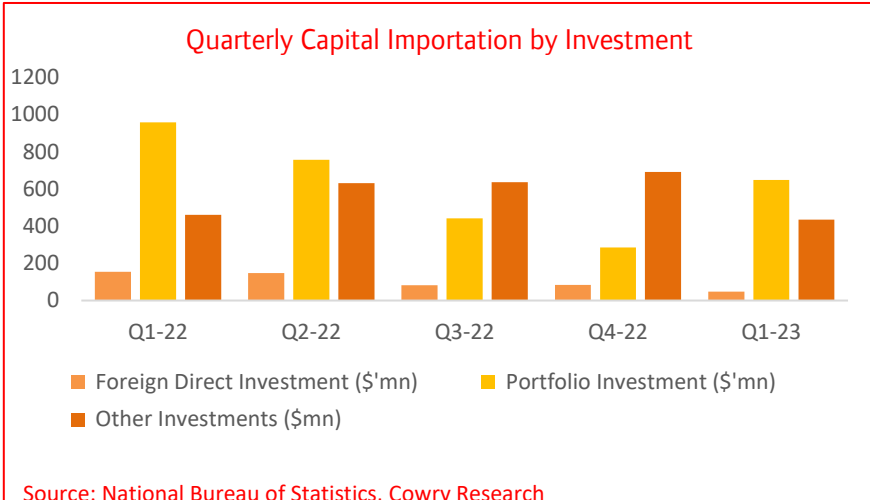
Sectoral analysis reveals that the banking sector attracted the highest capital importation during Q1 2023, receiving \$304.56 million or 26.89% of the total capital imported. Following closely behind were the production sector, which received \$256.12 million or 22.61%, and IT services with \$216.06 million or 19.08%. Conversely, sectors such as consultancy, brewery, oil & gas, and agriculture witnessed relatively low levels of capital importation, indicating an underweight of investments in these areas. Notably, sectors such as construction, drilling, fishing, hotels, servicing, tanning, and weaving have also struggled to attract significant investment.

When examining the sources of capital importation, the United Kingdom emerged as the top contributor, accounting for \$410.27 million or 36.22% of the total inflows. The United States of America followed closely behind with \$198.94 million or 17.49%, while China stood at \$122.80 million or 10.88%. These figures indicate the prominence of these countries as key sources of foreign investment into Nigeria.

In terms of destinations, Lagos State claimed the top spot as the most attractive location for capital importation in Q1 2023, receiving \$704.87 million or 62.23% of the total. Abuja, the capital city, followed with \$410.27 million or 36.22%. These capital inflows into specific destinations highlight the level of investment attractiveness exhibited by Nigerian cities and their ability to allure potential investors.

In our opinion, we think the year on year decline in capital importation from Q1 2022 suggests that there are still challenges that need to be addressed in order to attract more foreign investment into the country. This is majorly the call on the federal government to speedily address the perennial issues or challenges that have continued to clog the pipeline of investment into the country. These challenges include the high cost of doing business in Nigeria, the unstable political and security environment, and the lack of transparency in government regulations.

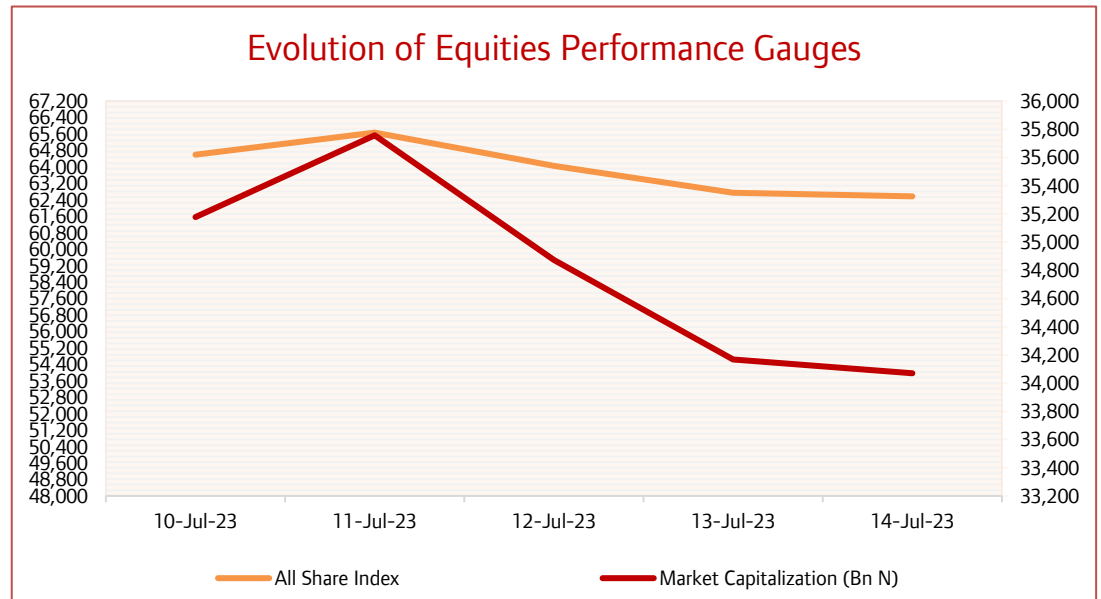
However, the increase in capital importation in Q1 2023 from the previous quarter is a positive sign for the Nigerian economy. We think that despite the highlighted challenges in the economy, Nigeria remains a promising destination for foreign investment as it has a large and growing population, a young and educated workforce, and a wealth of natural resources. With the right policies and reforms in place, Nigeria can attract the investment it needs to achieve its economic potential.



EQUITIES MARKET: Bearish Sentiment in Banking Index Buoy Profit-booking, Downbeat Activities

After seven consecutive weeks of bullish run, the NGX benchmark index reversed its gains to bearish region with a 0.75% w/w loss to 62,568.73 points as profit taking activities resurfaced with sell-offs that hit all kinds of equities across low, medium and high-priced stocks across all market sectors. This comes despite the gradual return of portfolio investors into the equities market and declining rates from money market as seen from the last treasury bills auction.

As a result, the year-to-date gain printed at 22.09%, motivating investors and portfolio managers to engage in sectoral portfolio rebalancing ahead of the upcoming reporting and earning seasons. Also, the market capitalization mirrored the index's southward trajectory, tanking by 0.75% week-on-week to reach N34.07 trillion as the market lost over N256.29 billion in 3 out of 5 sessions.



The performance across sectors has predominantly been mixed, with the industrial and oil & gas sectors emerging as the top gainers of the week by 9.01% and 1.43% week on week. On the other hand, the banking sector exhibited a lackluster weekly performance, declining by 14.32% due to sell-offs witnessed in ACCESSCORP (-20%), FBNH (-22%), ETI (-23%) and FIDELITYBNK (-25%). Also, the insurance sector followed closely with a notable 11.53% decrease and then the consumer goods index closed by 2.29% week on week due to negative price movements.

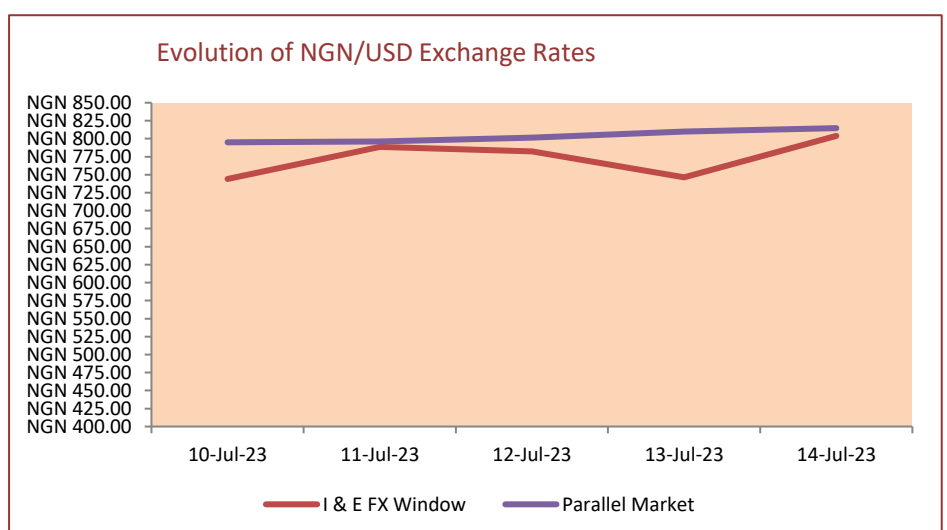
Market activity displayed a robust and bullish momentum, evident in average traded volumes and value for the week. The number of weekly deals saw a negative movement by 4.82% week on week to reach 54,478 deals, indicating a downswing in sentiment within the trading environment. Moreover, the average traded volume experienced a substantial advancement of 87.40% week-on-week, totaling 9.83 billion units. Additionally, the weekly average value expanded by 166.37% to N145.41 billion units, compared to N54.59 billion in the previous week.

Looking at the performance of specific stocks, several individual stocks stood out in terms of their performance during the week. COURTVILLE (+33%), MORISON (+31%), and NASCON (+22%) were the leading gainers, showcasing remarkable growth rates. Conversely, CHAMPION (-32%), WEMABANK (-26%), and STERLINGNG (-25%) were among the stocks that experienced declines, leading the laggards' chart.

Next week, we expect the bearish sentiment to continue as market heads for a correction in the short term, creating an attractive entry point for discerning equity investors seeking alpha to continue targeting the fundamentally sound defensive stocks to protect their portfolios as we enter the new reporting and earning seasons. Also, the profit taking activities are expected to persist in the absence of major catalyst to trigger positive sentiments. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

FOREX MARKET: Naira Hit New Low in 2023 Across FX Markets As Demand Pressure Bites Harder.

This week in the foreign exchange market, the Naira hit a new low in 2023 in the face of pressure demand for the greenback across various fx segments. Thus, the naira depreciated by N22.50 or 2.84% w/w to N814.7/\$1 from N792.20/\$1 at the parallel market as fx demand and supply mismatch continue to play as an underlying driver with more backlog of unmet fx demand by the CBN. Also, at the investors' and exporters' FX window, the Naira lost strength against the United States' dollar despite continued funds inflow into the financial system and coupled with the directives to banks to source fx



themselves, by N27 or 7.72% w/w to close at N803.90/\$1 from N776.90/\$1 in the last week. This comes as traders continue to position themselves in a bid to ascertain the fair value of the naira.

Analysis of the activities of the Naira at the Forward Contracts Market this week, the local currency edged the United States' dollar across all forward contracts by +2.07%, +2.41%, +1.64%, +3.37% and +4.78% w/w to close at N784.65/\$1, N791.15/\$1, N806.80/\$1, N820.49/\$1 and N866.75/\$1 at the 1-month, 2-months, 3-months, 6-months and 12-months tenor contracts respectively.

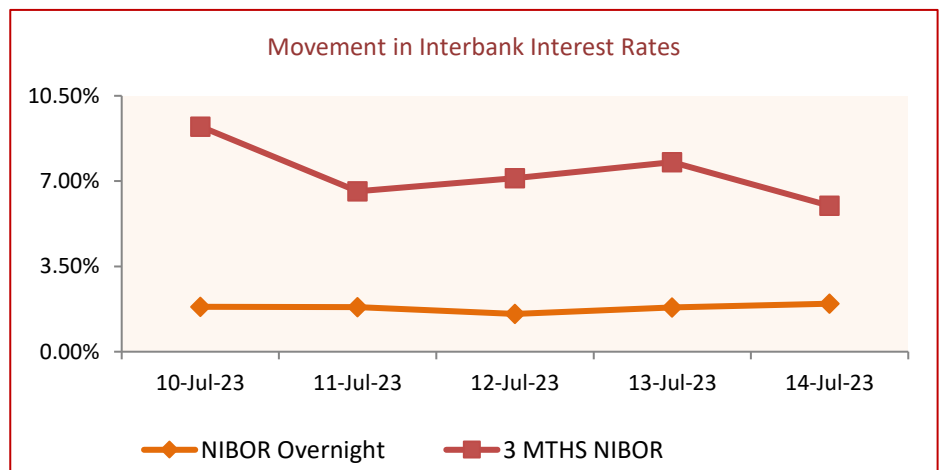
Elsewhere, bullish sentiment was sustained in the oil market amid economic downturn, Arabia's production cut, signs of lower Russian oil export and the lowering of oil demand forecast by the IEA. Thus, oil price closed on a weekly high on Friday at \$80.11 per barrel. Also, the Bonny Light crude price exhibited an upward trend by 3.96% or (\$3.12) w/w, to close at \$81.88 per barrel from \$78.76 per barrel in the previous week.

As the foreign exchange market remain volatile, we anticipate the naira to depreciate further on demand concerns in the coming week and barring any market distortions while market adjusts itself in line with the prevailing forces of demand and supply.

MONEY MARKET: Stop Rate for 364-Day T-Bill Moderates to 5.94% on Demand Pressure...

In the just concluded week, CBN sold T-bills worth N141.77 billion to completely mop up matured Treasury bills. In line with our expectations, the 364-day bill was issued at a lower rate amid strong investor appetite. Hence, the stop rate for 364-day bills moderated further to 5.94% (from 6.23%).

Likewise, stop rates for 91-Day and 182-Day bills were lower at 2.86% (from 2.87%) and 3.50% (from 4.37%), respectively. In the secondary market, investor sentiment was positive as yields went southwards for all maturities tracked. NITTY for 1 month, 3 months, 6 months, and 12 months maturities moderated to 2.14% (from 2.54%), 2.87% (from 3.37%), 3.86% (from 4.66%), and 6.27% (from 6.59%), respectively.

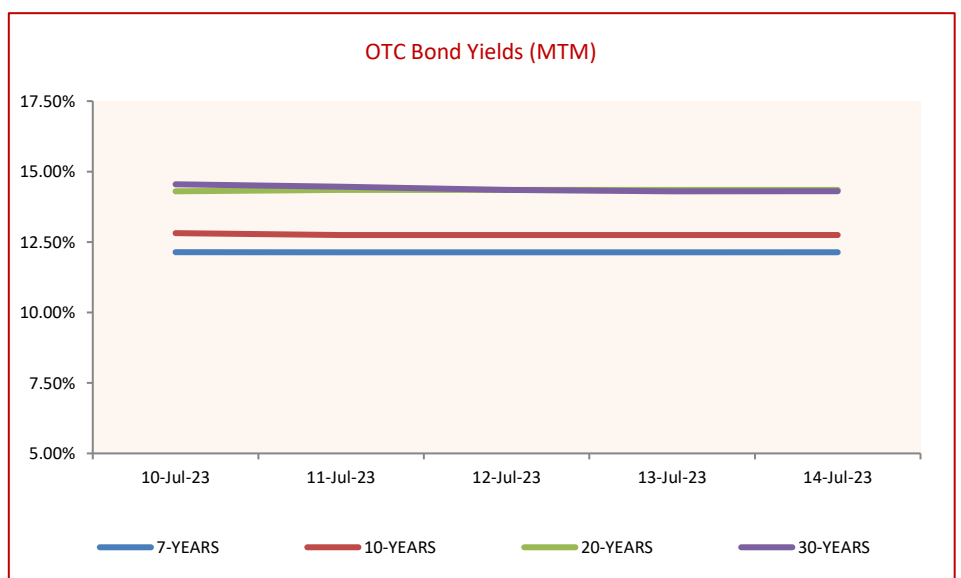


Meanwhile, given the absence of any maturing and refinanced OMO bill by the apex bank, NIBOR fell for most tenor buckets tracked amid financial system liquidity ease. NIBOR for the 1 month, 3 month, and 6 months tenor buckets moderated to 4.86% (from 7.24%), 5.99% (from 8.65%), and 7.49% (from 9.41%), respectively. However, the Overnight rate rose to 1.97% (from 1.62%).

In the new week, we expect activity in the money market to be slightly bearish amid the limited maturing Treasury and OMO bills...

BOND MARKET: FGN Bond Yields Move Northwards for Most Maturities Tracked...

In the Fixed Income market, the value of FGN bonds traded on the secondary market fell for most maturities tracked. Specifically, the 10-year 16.29% FGN MAR 2027, the 15-year, 12.50% FGN MAR 2035, and the 30-year, 12.98% FGN MAR 2050 debts gained N0.64, N3.72, and N1.54, respectively; their corresponding yields moderated to 11.84% (from 12.06%), 13.70% (from 14.40%), and 14.30% (from 14.55%), respectively. However, the 20-



year, 16.25% FGN APR 2037 depreciated by N0.33; its corresponding yield rose to 14.35% (from 14.3s0%).

Elsewhere, FGN Eurobonds traded on the international market appreciated across all maturities amid renewed bullish sentiment. Specifically, the 10-year, 6.50% NOV 28, 2027, the 20-year, 7.69% FEB 23 2038, and the 30-year, 7.62% NOV 28 2047, recorded gains of USD 2.65, USD 4.88, and USD 4.91, respectively, while their corresponding yields contracted to 8.79% (from 10.09%), 10.90% (from 11.76%), and 10.81% (from 11.60%), respectively.

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

Weekly Gainers and Loser as at Friday, July 14, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	July 14 2023	July 07 2023	% Change	Symbol	July 14 2023	July 07 2023	% Change
COURTVILLE	0.89	0.67	33%	CHAMPION	3.15	4.60	-32%
MORISON	2.83	2.16	31%	WEMABANK	4.05	5.44	-26%
NASCON	28.05	22.90	22%	STERLINGNG	3.11	4.17	-25%
MEYER	2.95	2.64	12%	FIDELITYBK	6.70	8.93	-25%
DANGCEM	335.00	300.10	12%	ETI	12.70	16.50	-23%
GEREGU	330.00	300.00	10%	CILEASING	3.50	4.50	-22%
MRS	109.45	99.50	10%	FBNH	15.80	20.30	-22%
CONOIL	112.50	102.30	10%	UACN	9.00	11.50	-22%
MULTIVERSE	3.71	3.38	10%	ACCESSCORP	14.95	18.75	-20%
TRANSCOHOT	35.55	32.65	9%	LIVESTOCK	1.58	1.97	-20%

Weekly Stock Recommendations as at Friday, July 14, 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
NASCON	0.62	0.87	7.81	3.27	41.12	26.90	9.50	28.05	35.7	21.7	29.3	40.00	Buy
TRANSCOHOT	0.05	0.07	6.18	5.76	788.8	35.60	6.05	35.55	53.3	30.2	40.9	50.00	Buy
DANG SUGAR	1.05	1.26	15.15	1.97	28.32	29.90	15	29.00	35.8	25.4	34.3	31.99	Buy
STANBIC	2.23	2.67	33.76	1.81	27.48	64	27.50	61.20	73.4	52.0	70.4	25.45	Buy
OKOMUOIL	10.67	12.80	59.80	4.19	23.46	267	157	250	300.4	212.8	287.8	25.00	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, July 14, 2023

FGN Eurobonds	Issue Date	TTM (years)	14-Jul-23	Weekly	14-Jul-23	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	2.40	97.56	2.65	8.8%	(1.30)
6.50 NOV 28, 2027	28-Nov-17	4.42	97.56	2.65	8.8%	(1.30)
6.125 SEP 28, 2028	28-Sep-21	5.25	84.88	3.54	9.9%	(0.99)
8.375 MAR 24, 2029	24-Mar-22	5.74	91.71	3.84	10.3%	(0.98)
7.143 FEB 23, 2030	23-Feb-18	6.66	85.44	4.12	10.2%	(0.98)
8.747 JAN 21, 2031	21-Nov-18	7.57	91.29	4.47	10.5%	(0.95)
7.875 16-FEB-2032	16-Feb-17	8.64	85.53	4.26	10.5%	(0.87)
7.375 SEP 28, 2033	28-Sep-21	10.25	80.53	4.54	10.5%	(0.88)
7.696 FEB 23, 2038	23-Feb-18	14.66	76.82	4.88	10.9%	(0.86)
7.625 NOV 28, 2047	28-Nov-17	24.43	72.79	4.91	10.8%	(0.79)
9.248 JAN 21, 2049	21-Nov-18	25.58	84.65	5.26	11.1%	(0.76)
8.25 SEP 28, 2051	28-Sep-21	28.27	76.28	4.97	11.0%	(0.77)

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, July 14, 2023

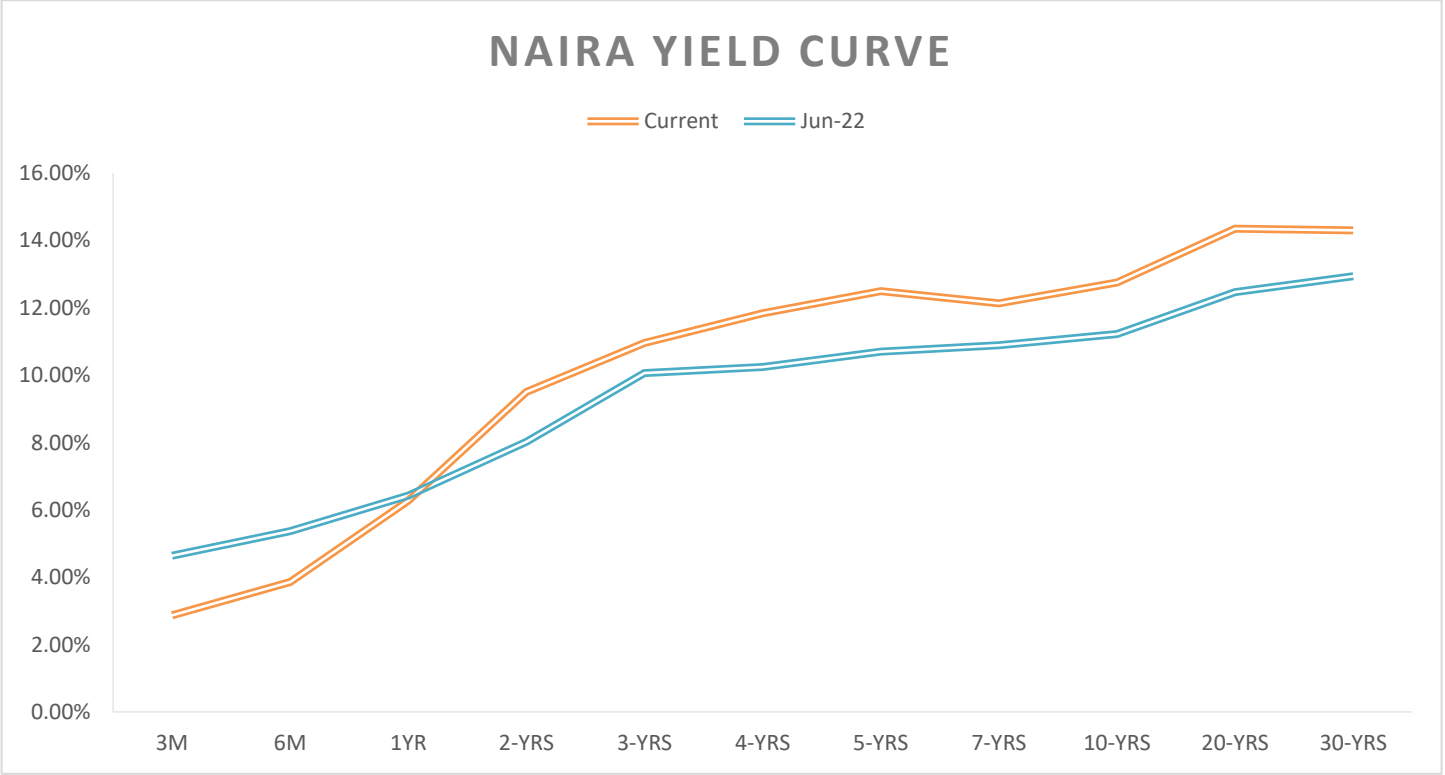
MAJOR	14-Jul-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1231	1.1224	0.06%	2.37%	2.57%	11.30%
GBPUSD	1.3107	1.3133	-0.20%	2.10%	2.54%	10.58%
USDCHF	0.8616	0.8586	0.34%	-2.93%	-3.32%	-11.67%
USDRUB	90.1930	90.1209	0.08%	-1.31%	7.89%	65.24%
USDNGN	776.0000	776.0000	0.00%	1.04%	27.11%	87.03%
USDZAR	18.1272	17.9158	1.18%	-3.57%	-0.45%	6.29%
USDEGP	30.8937	30.8505	0.14%	0.14%	0.14%	63.64%
USDCAD	1.32	1.3109	0.50%	-0.72%	-0.35%	1.12%
USDMXN	16.85	16.8379	0.08%	-1.65%	-1.48%	-17.88%
USDBRL	4.80	4.7973	0.14%	-1.42%	-0.16%	-11.20%
AUDUSD	0.6851	0.6887	-0.52%	2.42%	-0.51%	0.86%
NZDUSD	0.6375	-0.0600	-0.24%	2.63%	2.28%	3.46%
USDJPY	138.6100	138.0303	0.42%	-2.35%	-1.09%	0.15%
USDCNY	7.1513	7.1498	0.02%	-1.12%	0.44%	5.88%
USDINR	82.1440	82.0374	0.13%	-0.57%	0.30%	2.99%



Global Commodity Prices as at 3:30 PM GMT+1, Friday, July 14, 2023

Commodity		14-Jul-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	75.4	76.9	-1.94%	2.05%	6.45%	-17.84%
BRENT	USD/Bbl	80.1	81.4	-1.53%	2.01%	5.80%	-17.60%
NATURAL GAS	USD/MMBtu	2.5	9.8	-1.00%	-2.53%	-3.54%	-63.66%
GASOLINE	USD/Gal	2.6	2.7	-1.16%	2.18%	4.26%	-13.37%
COAL	USD/T	128.0	129.0	-0.81%	-8.34%	-3.03%	-69.16%
GOLD	USD/t.oz	1,956.3	1,960.2	-0.20%	1.61%	-0.12%	14.56%
SILVER	USD/t.oz	25.0	24.9	0.40%	8.19%	4.57%	33.46%
WHEAT	USD/Bu	652.1	639.8	1.92%	0.41%	-3.06%	-16.04%
PALM-OIL	MYR/T	3,881.0	3,865.2	0.41%	1.23%	10.22%	8.17%
COCOA	USD/T	3,232.0	3,299.0	-2.03%	-1.37%	1.35%	47.04%

FGN Bonds Yield Curve, Friday July 14, 2023



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