

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

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FOREX MARKET: Stronger Naira at N722.39/\$1 as CBN Sets for Robust FX Market in Backlog Clearance...

In the coming week, Cowry Research anticipate the naira to trade in the positive band to show further appreciation at the various fx markets barring any distortions while the apex bank maintains its interventions to shore up the naira value.

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Looking ahead to the new week, the Apex bank will rollover maturing T-bills worth N152.20 billion via the primary market, viz: 91-day bills worth N1.10 billion, 182-day bills worth N0.92 billion, and 364-day bills worth N152.20 billion. Hence, we expect the stop rates of the issuances to rise amid tightening liquidity conditions...

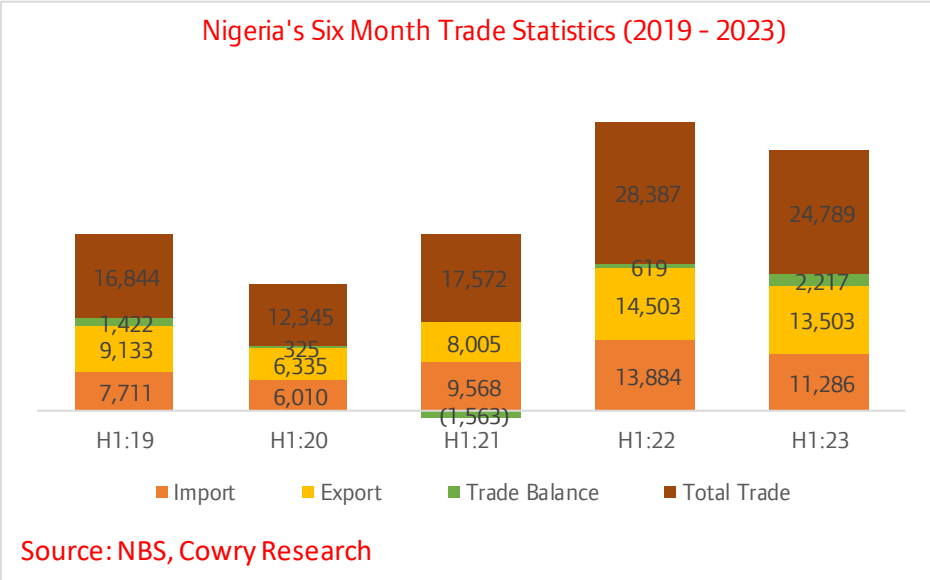
BOND MARKET: Investors Cherry-Pick FGN Bonds as Yields Move in Mixed Directions

In the upcoming week, the Debt Management Office is poised to issue bonds worth N360.00 billion, encompassing various maturities. These include the 10-year, 14.55% FGN APR 2029 (10-Yr Re-Opening) valued at N90 billion, the 10-year, 14.70% FGN JUN 2033 (10-Yr Re-Opening) worth N90 billion, the 20-year, 15.45% FGN JUN 2038 (20-Year Re-Opening) worth N90 billion, and the 30-year, 15.70% FGN APR 2053 (30-Yr Re-Opening) worth N90 billion, respectively. We expect the bond's stop rates to slightly rise...

ECONOMY: Improved Policies Spark Uptrend in Nigeria’s Trade Value to N24.8trn in Six-Months....

This week, the National Bureau of Statistics published Nigeria’s latest trade figures which showed that Nigeria reported an uptick in her total trade value by N24.79 trillion under six months in 2023 as total exports outpaced the total imports during the period to give a positive trade balance of N2.22 trillion on the back of the implementation of less restrictive trade policies. Nigeria’s foreign trade in goods during H1’23 showed an improvement during the period with both exports and imports increasing. This was due to a number of factors, including the rise in global oil prices and the increasing demand for Nigerian exports. However, the trade surplus crossed N2 trillion for the first time since 2019 (N2.23 trillion), but portends that Nigeria still has a long way to go to achieve a sustainable trade balance above the pre-covid era.

On quarterly performance, Nigeria’s total trade value surged 5.7% q/q to N12.74 trillion during the Q2’23 from N12.05 trillion in the prior quarter as total export exceeds total import during the quarter. Comparable to Q2’22, it was a 7.6% deceleration when compared to the corresponding period in 2022 which resulted from the effect of the Russia Ukraine war which caused trade disruption.



The disaggregation of total trade into exports and imports shows that total exports stood at N7.02 trillion showing an increase of 8.15% over the value recorded in the preceding quarter and a decrease of 5.20% over the corresponding period in the preceding year. To add, the NBS data showed that the share of exports in total trade stood at 55.06% in Q2, 2023 and was dominated by crude oil exports which was valued at N5.59 trillion, and accounted for 79.63% of total exports while non-crude oil exports value stood at N1.43 trillion or 20.37% of total exports of which non-oil products contributed N688.68 billion representing 9.82% of total exports.

Exports by section revealed that Nigeria exported mainly ‘mineral products’ which amounted to N6.38 trillion, or 90.90% of the total export value; followed by ‘Vegetable products’, which were valued at N217.13 billion (or 3.09% of the value of total exports) and ‘Base metals and articles of base metals’ worth N128.32 billion (1.83% of the value of total exports).

On exports trade by region in Q2, Nigeria exported most products to Europe at a value of N3.16 trillion or 45.05% of total exports, followed by exports to Asia valued at N1.73 trillion (24.64% of total exports), exports to America was valued at N1.37 trillion, (19.56% of total exports) while export to other African countries stood at N747.84 billion or 10.66% of total exports of which N425.74 billion worth of goods were exported to ECOWAS countries. The export destination during the quarter under review shows that The Netherlands recorded the highest value at N788.85 billion representing 11.24% of total exports. This was followed by the United States of America with N718.63 billion or 10.24%, Indonesia with N550.18 billion or 7.84%, France with N540.73 billion or 7.71%, and Spain with N504.45 billion or 7.19%. These five countries collectively accounted for 44.23% of the value of total exports in Q2, 2023.

On the flip side, the import value printed at N5.73 trillion in Q2’23, indicating an increase of 2.99% over the value recorded in the preceding quarter. The value of imports in the quarter under review fell by 10.37% compared to the value recorded in the corresponding period of 2022. Imports trade share of total trade in the second quarter of 2023 accounted for 44.94% of total trade, bringing the trade balance to N1.29 trillion in the period under review.

Using the Standard International Trade Classification, the top-ranked group import was “machinery and transport equipment” with N1.99 trillion (34.67% of total imports), this was followed by “mineral fuels” with N1.65 trillion (28.84% of total imports) and “food and live animals” with N662.38 billion (11.57% of total imports). Nigeria imported goods mainly from Asia, valued at N2.31 trillion or 40.40% of total imports. This was followed by Europe with N1.97 trillion or 34.33%, America with N1.19 trillion or 20.85%, Africa with N237.33 billion or 4.14% and Oceania with N16 billion or 0.28% in the second quarter of 2023. Imports from ECOWAS countries accounted for N52.01 billion or 0.91% of the value of total imports.

By country of origin, imported goods originated mainly from China with a value of N1.27 trillion, representing 22.17% of total imports. Trailing were the United States with N921.45 billion (16.09% of total imports), Belgium with N460.43 billion (8.04% of total imports), India with goods imported valued at N417.77 billion or 7.30% of total imports, and the Netherlands with N369.69 billion (6.46% of total imports).

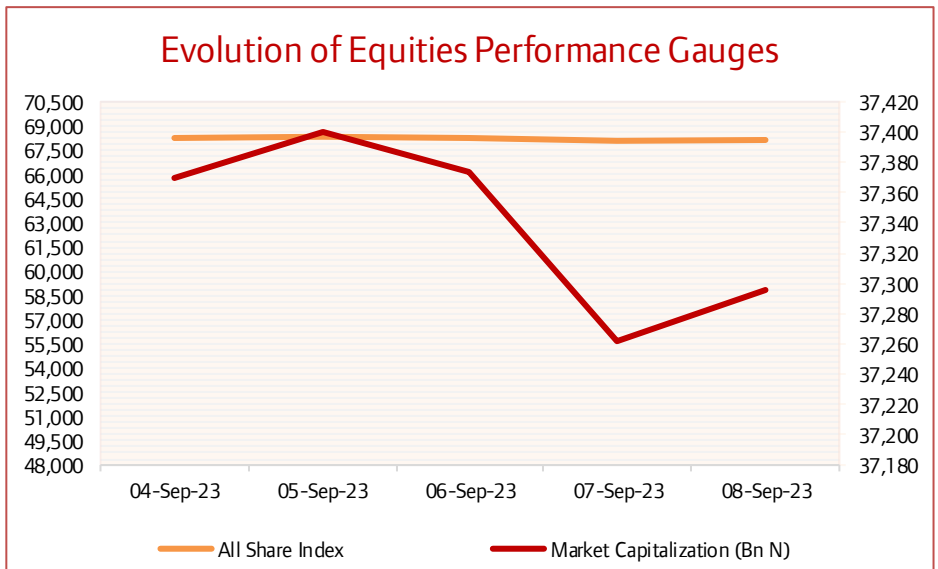
The recent positive trends in Nigeria’s merchandise trade value proves the level of attractiveness of Nigeria’s exports which brings about a rising trade value and positive trade balance which we view as positive indicators for the economy. However, it's essential to note that these indicators can be influenced by a variety of factors, including exchange rate fluctuations, changes in global demand, trade policies, and geopolitical events.

We note that Nigeria’s rising trade surplus comes from the continued drive in non-oil exports as part of effort to achieve the economic diversification plan plus increased oil and non-oil exports receipts. This we attribute to efforts at implementing the import substitution strategy aimed at discouraging imports and encouraging exports. Also, receipts from crude oil exports were substantial to the recorded surplus and were driven by the rally in crude oil prices caused by global supply cuts by OPEC+ members.

EQUITIES MARKET: NGX-ASI Showcases Positive Trajectory with 0.91% w/w Amidst Profit-taking Activities..

The benchmark index has sustained its upward momentum, recording a gain of 0.91% week-on-week, culminating at an impressive 68,143.34 points. This bullish trend was underpinned by several key factors, including a favourable market breadth, notwithstanding profit-taking activities in select blue-chip stocks. Additionally, the recent ruling from the presidential election tribunal and the decline in money market rates subsequent to the last treasury bills auction played pivotal roles in propelling the All-Share Index (ASI) to reach a new all-time high, surpassing the psychologically significant 68,000 points threshold.

Concomitantly, the total market capitalization of listed equities experienced a concurrent uptick of 0.91% week-on-week, ascending to a noteworthy N37.30 trillion compared to the previous week's figure of N36.96 trillion. This ascent equates to a substantial profit increment of N337.23 billion for discerning investors. Of noteworthy mention is the commendable year-to-date return of the All-Share Index (ASI), which has inched further upward to an impressive 32.96%. This figure underscores the commendable resilience demonstrated by the Nigerian market amidst the prevailing global uncertainties.



Turning our attention to sectoral performance, the week unveiled a mixed bag. The Insurance sector bore the bearish sentiment, registering a decline of 2.94%. This descent was primarily attributed to price depreciations in CORNERST and LINKASSURE. Following suit, the Industrials and Oil & Gas sectors also exhibited signs of decline, albeit to a lesser extent, with losses of 0.49% and 0.12% respectively. Conversely, the Banking index emerged as the gainers' champion, surging by an impressive 5.55%, closely followed by the Consumer Goods index, which recorded a gain of 2.23%. The impetus for these gains stemmed from robust buying interest in stocks such as PZ, FCMB, CADBURY, and FIDELITYBNK.

Trading activity throughout the week remained characterized by buoyant sentiments, as evidenced by robust trade volumes and values, despite the market experiencing gains in only 3 out of 5 trading sessions. The weekly tally of deals exhibited a 5.93% week-on-week increase, totaling 43,152 deals. Moreover, the average traded volume witnessed a modest weekly increase of 2.34%, settling at 2.57 billion units. Notably, the weekly average value displayed a more substantial uptick, with a 34.12% increase, reaching a value of N44.01 billion compared to the preceding week's figure of N32.82 billion.

As the trading week concluded, several stocks showcased remarkable positive rallies, which significantly bolstered overall market sentiment. Leading the charge was OANDO, with an astounding surge of 39%, closely trailed by BETAGLASS at 33%, and MCHNICHOLS at 25%. These exceptional performances undoubtedly caught the attention of value investors. In contrast, CORNERST faced a downturn of 11%, while VITAFOAM and MORISON experienced respective declines of 9% and 10% due to adverse price movements.

In the upcoming week, market sentiment is likely to be diverse as investors engage in bargain hunting ahead of the highly anticipated half-year earnings reports. Our attention will be keenly directed towards major players, especially tier-1 banks, with expectations of robust earnings. However, the guidance provided by these firms might temper optimism, given ongoing portfolio reshuffling for quarter-end and sector rotation dynamics. On the economic front, we'll closely monitor inflation data from the NBS, which is projected to remain elevated, potentially prompting further interest rate adjustments by the CBN at its upcoming MPC meeting later this month. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

FOREX MARKET: Stronger Naira at N722.39/\$1 as CBN Sets for Robust FX Market in Backlog Clearance...

In the Nigerian foreign exchange market this week, the naira showed resilience at the official market against the US dollar, benefiting from reduced demand pressure. The Central Bank of Nigeria (CBN) made a significant announcement of its plan to clear nearly \$2.5 billion in forex backlogs within the next two weeks. This move indicates an impending increase in the supply of foreign exchange into the market, which, in turn, is expected to strengthen the local currency.

By the close of the trading week, the naira appreciated by an impressive 2.43% week-on-week at the official market, closing at N722.39/\$1. However, the story was different in the parallel market, where the naira depreciated by 1.31% week-on-week to N930/\$1. This depreciation was driven by the continued search for the dollar by forex users in alternative forex markets, given the limited supply from the apex bank.

Meanwhile, at the FMDQ Securities Exchange (SE) FX Futures Contract Market, the naira exhibited strength against the US dollar across various contract tenors. Notably, forward rates appreciated by 1.40%, 1.48%, 1.56%, 1.78%, and 2.19% for the 1-month, 2-month, 3-month, 6-month, and 12-month contract tenors, respectively. This upward movement in forward rates was a result of decreased demand for the dollar across these various tenors.

Shifting our focus to the oil market, OPEC+ announced an extension of production cuts through the end of 2023 on September 5. This decision is anticipated to tighten the global oil market and provide support for oil prices. Furthermore, the US Energy Information Administration (EIA) reported a significant decline of 6.3 million barrels in US crude oil inventories last week, surpassing market expectations. This development also contributed to the support of oil prices.

Nevertheless, concerns linger about weakening demand from China, the world's largest oil importer, due to a slowing economy and potential government measures to cool it down. As a response, crude oil prices have experienced a slight increase, with WTI crude trading at \$88.55 per barrel and Brent crude at \$90.69 per barrel. Additionally, the price of Nigerian Bonny Light crude oil closed positively at \$94.20 per barrel, up from the previous week's \$91.80 per barrel, following the announcement of deeper production cuts by Saudi Arabia and Russia.

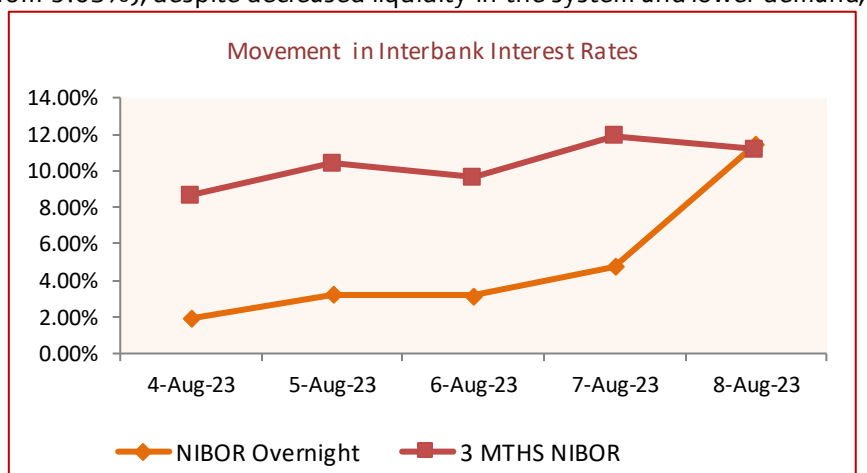
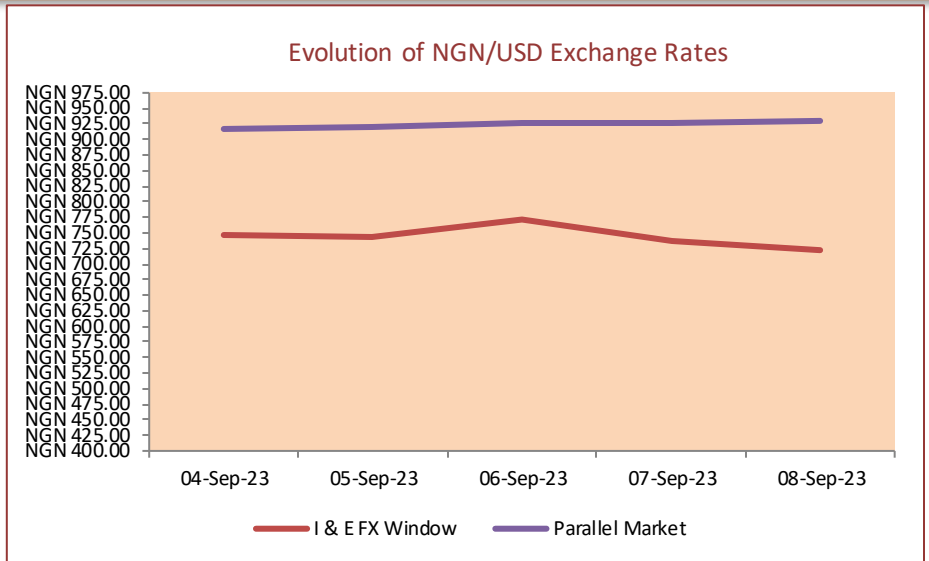
In the coming week, Cowry Research anticipate the naira to trade in the positive band to show further appreciation at the various fx markets barring any distortions while the apex bank maintains its interventions to shore up the naira value. Meanwhile, the CBN's interventions in the foreign exchange market have played a crucial role in maintaining the stability of the Nigerian naira, even in the face of fluctuating oil prices. These measures were pivotal in the management of the supply and demand for foreign exchange and provide a level of confidence in the currency's value.

MONEY MARKET: Stop Rates of Auctioned T-Bills Moderate for All Maturities...

In line with our expectations, CBN refinanced N214.74 billion worth of T-bills via the primary market at lower stop rates. Notably, the mean marginal rates settled at 8.02% (from 9.05%), despite decreased liquidity in the system and lower demand, as evidenced by 4.08x bid-to-cover ratios (from 5.09x). Specifically, stop rates for 91-day, 182-day, and 364-day bills moderated to 4.50% (from 5.19%), 7.00% (from 8.00%), and 12.55% (from 13.97%), respectively.

However, activity in the secondary market was bearish, as NITTY for 1 month, 3 months, 6 months, and 12 months rose to 3.38% (from 3.08%), 4.65% (from 4.34%), 7.43% (from 7.21%), and 13.91% (from 11.54%), respectively, as traders bid high at those maturities. Meanwhile, NIBOR for overnight, 1 month, 3 months, and 6 months tenor buckets climbed to 11.45% (from 3.25%), 9.77% (from 7.83%), 11.15% (from 9.17%), and 11.75% (from 10.00%), respectively.

Looking ahead to the new week, the Apex bank will rollover maturing T-bills worth N152.20 billion via the primary market, viz: 91-day bills worth N1.10 billion, 182-day bills worth N0.92 billion, and 364-day bills worth N152.20 billion as well as N10 billion in OMO maturities to keep system liquidity afloat. Hence, we expect the stop rates of the issuances to rise amid tightening liquidity conditions...



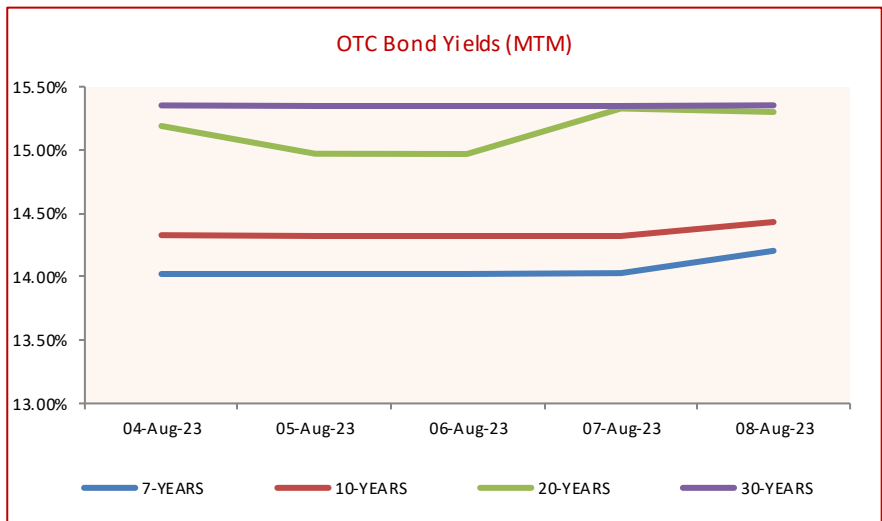
BOND MARKET: Investors Cherry-Pick FGN Bonds as Yields Move in Mixed Directions....

In the just completed week, the value of FGN bonds moved in varied directions in the secondary market, prompting investors to selectively choose maturities with attractive yields. The borrowing costs for the 10-year, 16.29% FGN MAR 2027, and the 30-year, 12.98% FGN MAR 2050 bonds remained unchanged at 13.03% and 15.35%, respectively, as traders adopted a cautious stance.

Conversely, the 15-year 12.50% FGN MAR 2035 and the 20-year 16.25% FGN APR 2037 debts lost N0.59 and N0.67, respectively, while their corresponding yields expanded to 14.84% (from 14.72%) and 15.30% (from 15.19%), respectively.

Meanwhile, the value of FGN Eurobonds traded on the international capital market depreciated for all maturities tracked. Notably, 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 bonds experienced losses of USD 0.20, USD 0.73, and USD 0.52, respectively, leading to expanded yields of 10.74% (up from 10.65%), 11.64% (up from 11.50%), and 11.39% (up from 11.31%).

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Weekly Gainers and Loser as at Friday, September 8, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	September 08 2023	September 01 2023	% Change	Symbol	September 08 2023	September 01 2023	% Change
OANDO	7.70	5.55	39%	CORNERST	1.24	1.40	-11%
BETAGLAS	51.85	39.00	33%	MORISON	2.55	2.83	-10%
MCNICHOLS	0.71	0.57	25%	VITAFOAM	22.50	24.80	-9%
ABCTRANS	1.13	0.95	19%	FTNCOCOA	2.00	2.20	-9%
PZ	20.00	17.50	14%	RTBRISCOE	0.41	0.45	-9%
FCMB	6.80	6.00	13%	UPDCREIT	3.35	3.65	-8%
CADBURY	15.60	13.80	13%	LINKASSURE	0.83	0.90	-8%
FIDELITYBK	8.75	7.75	13%	COURTVILLE	0.60	0.65	-8%
MULTIVERSE	3.02	2.70	12%	REDSTAREX	2.87	3.10	-7%
CUTIX	2.55	2.30	11%	NGXGROUP	24.50	26.40	-7%

Weekly Stock Recommendations as at Friday, September 8, 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	1.57	2.51	28.45	0.54	9.76	15.40	11.30	15.25	19.0	13.0	17.6	25.71	Buy
TOTAL	25.88	36.23	1,529	0.25	14.88	387	197	385	498.0	327.3	442.8	39.00	Buy
BUA FOODS	5.29	6.88	18	10.21	35.0	188	133	185	240.5	157.3	212.8	30.00	Buy
ZENITH	2.07	3.23	45.91	0.80	17.84	38	18.90	36.95	51.7	31.4	42.5	40.00	Buy
LAFARGE	2.20	2.86	26.03	1.12	13.21	30.90	20.10	30.50	37.8	24.7	33.5	30.00	Buy

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

FGN Eurobonds	Issue Date	TTM (years)	08-Sep-23	Weekly	08-Sep-23	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	2.21	95.64	0.29	9.9%	(0.13)
6.50 NOV 28, 2027	28-Nov-17	4.22	85.93	(0.20)	10.7%	0.09
6.125 SEP 28, 2028	28-Sep-21	5.06	82.60	(0.38)	10.7%	0.12
8.375 MAR 24, 2029	24-Mar-22	5.55	88.33	(0.28)	11.3%	0.08
7.143 FEB 23, 2030	23-Feb-18	6.47	81.49	(0.46)	11.3%	0.13
8.747 JAN 21, 2031	21-Nov-18	7.38	87.16	(0.50)	11.4%	0.11
7.875 16-FEB-2032	16-Feb-17	8.45	81.37	(0.57)	11.4%	0.13
7.375 SEP 28, 2033	28-Sep-21	10.06	76.43	(0.65)	11.4%	0.14
7.696 FEB 23, 2038	23-Feb-18	14.47	72.72	(0.73)	11.6%	0.14
7.625 NOV 28, 2047	28-Nov-17	24.24	69.15	(0.52)	11.4%	0.08
9.248 JAN 21, 2049	21-Nov-18	25.39	80.24	(0.60)	11.7%	0.09
8.25 SEP 28, 2051	28-Sep-21	28.07	71.37	(0.51)	11.8%	0.09

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 8, 2023

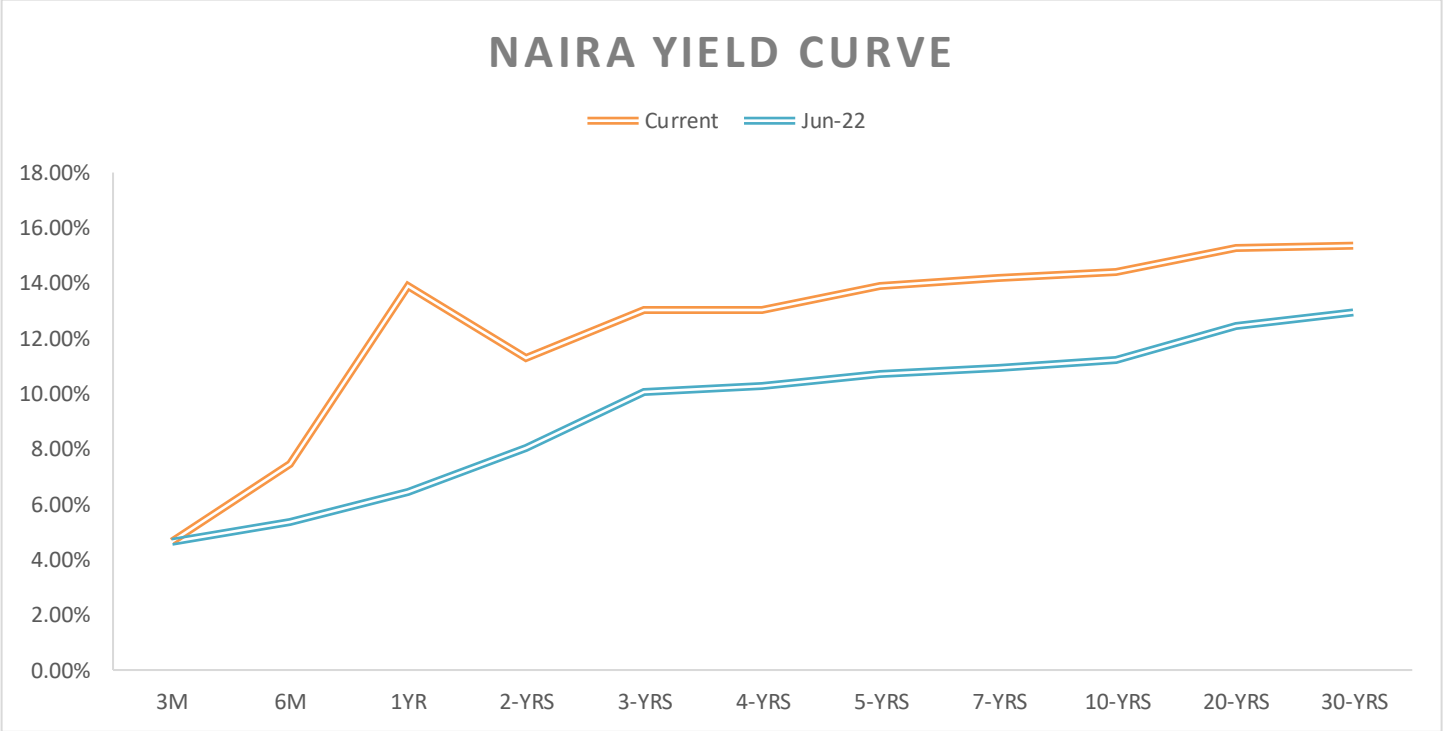
MAJOR	08-Sep-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0725	1.0699	0.24%	-0.47%	-2.28%	6.81%
GBPUSD	1.2496	1.2473	0.18%	-0.75%	-1.77%	7.82%
USDCHF	0.8916	0.8927	-0.13%	0.70%	1.68%	-7.09%
USDRUB	97.9530	97.5045	0.46%	1.61%	1.12%	61.91%
USDNGN	789.0000	784.5282	0.57%	4.29%	2.77%	84.88%
USDZAR	19.0800	19.1740	-0.49%	1.29%	0.57%	10.26%
USDEGP	30.8932	30.8500	0.14%	0.14%	0.14%	59.89%
USDCAD	1.36	1.3681	-0.39%	0.28%	1.59%	4.65%
USDMXN	17.49	17.5746	-0.48%	2.45%	2.58%	-11.99%
USDBRL	4.99	4.9765	0.27%	0.91%	1.82%	-3.01%
AUDUSD	0.6396	0.6376	0.32%	-0.87%	-2.03%	-6.54%
NZDUSD	0.5911	-0.0600	0.62%	-0.59%	-2.34%	-3.33%
USDJPY	147.4480	147.2860	0.11%	0.86%	2.62%	3.49%
USDCNY	7.3586	7.3410	0.24%	1.30%	1.87%	6.13%
USDINR	83.0080	83.1494	-0.17%	0.39%	0.20%	4.24%



Global Commodity Prices as at 3:30 PM GMT+1, Friday, September 8, 2023

Commodity		08-Sep-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	87.2	86.9	0.35%	1.99%	4.25%	1.75%
BRENT	USD/Bbl	90.1	89.9	0.20%	1.83%	3.74%	-1.67%
NATURAL GAS	USD/MMBtu	2.6	9.8	0.97%	-5.83%	-14.71%	-67.63%
GASOLINE	USD/Gal	2.6	2.6	0.87%	2.24%	-1.39%	10.67%
COAL	USD/T	157.7	160.0	-1.47%	1.06%	10.63%	-64.17%
GOLD	USD/t.oz	1,929.2	1,919.2	0.52%	-0.56%	0.69%	12.34%
SILVER	USD/t.oz	23.1	22.9	0.63%	-4.46%	1.83%	22.93%
WHEAT	USD/Bu	564.9	569.5	-0.81%	-0.50%	-11.14%	-35.10%
PALM-OIL	MYR/T	3,830.0	3,831.9	-0.05%	-5.20%	1.56%	6.57%
COCOA	USD/T	3,573.0	3,576.9	-0.11%	-1.65%	7.20%	56.30%

FGN Bonds Yield Curve, Friday September 8, 2023



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