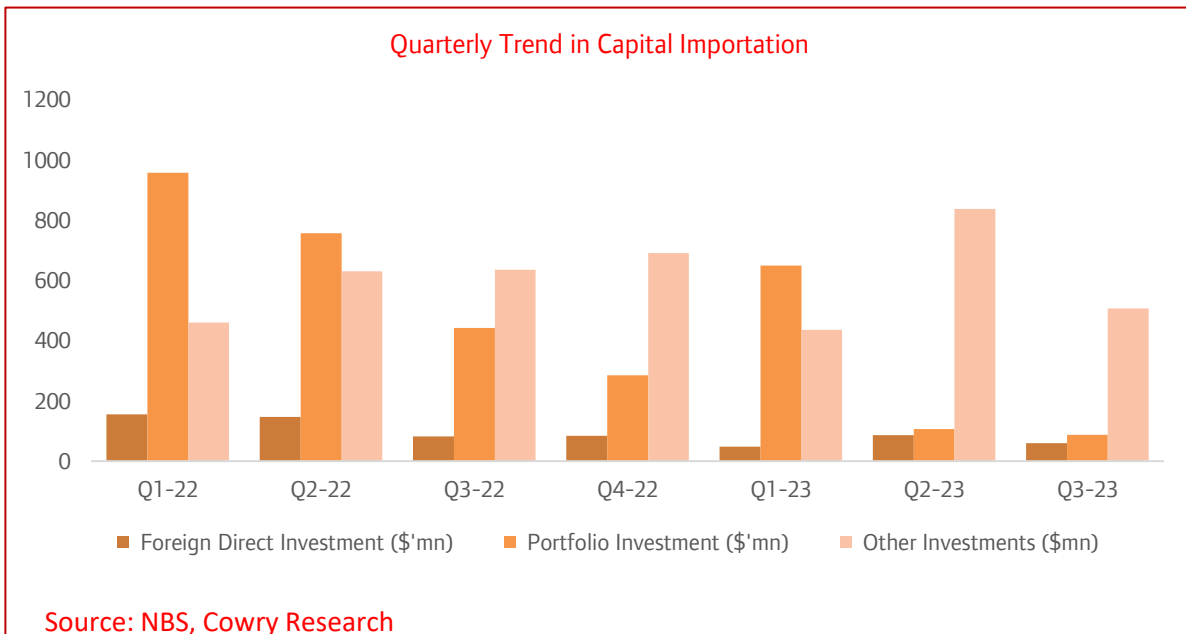


Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Foreign Inflow to Nigeria Falls to \$654.65mn; Still Below Pre-Pandemic Levels.....

The most recent update on capital importation published by the National Bureau of Statistics (NBS) shows that in the third quarter of 2023, Nigeria witnessed a substantial decline in capital importation, a noteworthy 36.45% decrease from the preceding quarter, amounting to \$654.65 million. This downward trend also marked a 43.55% reduction compared to the same period in the previous year when capital importation stood at \$1.16 billion.

Capital importation inflow into Nigeria’s economy has failed to rebound to the pre-pandemic quarterly average of N5 billion. Although, this decline signals significant fall across the three broad categories in the third quarter, it raises concerns and prompts a closer examination of the factors contributing to this significant downturn in foreign investment into the economy. Also, the concerns have continued to hover around policies on foreign exchange liquidity as well as other macroeconomic challenges that can continued to hamper on the sustainable inflow of investments.



Breaking down the categories of capital importation, the majority was attributed to Other Investment, constituting 77.56% or \$507.77 million of the total inflow during the quarter, followed by Portfolio Investment at 13.31% or \$87.11 million, and Foreign Direct Investment (FDI) at 9.13% which is equivalent to \$59.77 million. This breakdown suggests a prevailing inclination towards short-term investments and debt instruments, while FDI remains relatively subdued.

Analyzing the sectoral distribution of the capital inflows into Nigeria, provides us broad insights into the areas that foreign investors find most promising within the Nigerian economic landscape. for context, the production/manufacturing sector emerged as the most attractive, garnering 42.70% (\$279.51 million) of the total capital, signaling potential for economic diversification. Financing secured the second-largest share at 19.54% valued at \$127.93 million, followed by shares at 13.06% or \$85.49 million.

Geographically, we analyzed based on sources and saw that the Netherlands emerged as the primary source of foreign capital, contributing \$175.62 million or 26.83%, indicating its significant role in financing trade and investments in Nigeria. Singapore and the United States followed in the pecking order with capital inflows worth \$79.15 million and \$67.04 million or shares of 12.09% and 10.24%, respectively. These underscore the interconnectedness of the global economy and the sources from which Nigeria attracts foreign capital during the period.

Delving into the destination of these investments, Lagos maintained its position as a top destination of foreign investment, capturing \$308.83 million or 47.18% of the total capital inflow. Lagos's dominance as a destination highlights its pivotal role as a financial and economic hub within the economy of Nigeria. Abuja (FCT) and Abia followed with shares of 29.73% and 22.93% valued at \$194.66 million and \$150.09 million, respectively.

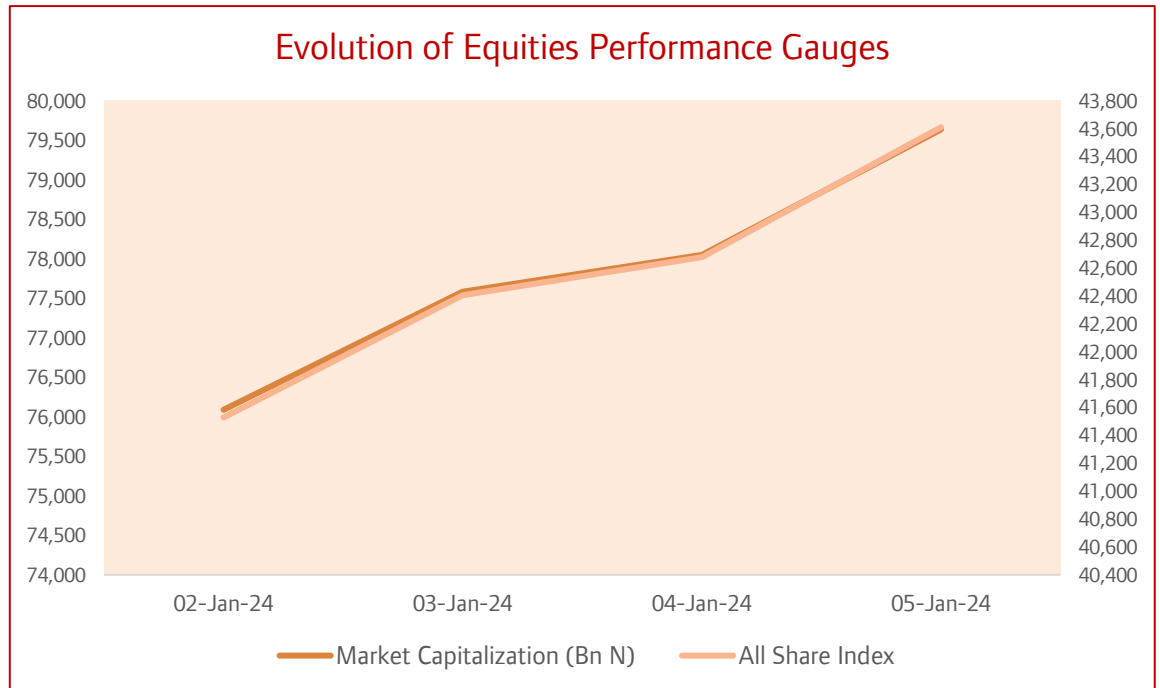
Meanwhile, looking the flow channels, Stanbic IBTC Bank Plc received the highest capital importation into Nigeria in Q3 2023 with \$222.84 million (34.04%), followed by Citibank Nigeria Limited with \$190.03 million (29.03%) and Zenith Bank Plc with \$83.04 (12.68%). This underscores the role of Nigeria’s banking institutions in attracting foreign investments and also driving economic growth.

The declining trend in capital importation as well as the failure to rebound to the pre-pandemic era paints a picture of concern. While the decline in capital importation is concerning, it is imperative to contextualize it within broader global economic trends and Nigeria's specific challenges, such as security concerns. The report also sheds light on positive aspects, including a focus on the production/manufacturing sector and the diversification of investment sources. Going forward, addressing security challenges, implementing economic reforms, and actively attracting long-term FDI will be paramount to rejuvenating capital inflows and fostering sustained economic growth in Nigeria.

EQUITIES MARKET: Nigerian Stocks Surge 6.54% in Opening Week, Approaching 80,000 Mark Amid January Market Effect....

In the inaugural trading week of the year, the domestic bourse, presumably the Nigerian Stock Exchange (NGX), demonstrated a robust commencement, marked by bullish sentiments and a formidable winning streak. Noteworthy was the substantial 6.54% week-on-week surge, propelling the index to an impressive 79,664.66 points, tantalizingly close to breaching the psychologically significant 80,000-point threshold. This resurgence, driven by positive market breadth, was further fueled by a fervent interest across stocks spanning diverse price ranges.

Emanating from what appears to be the January effect, this upward trajectory signifies a substantial demand for Nigerian stocks, setting the stage for the imminent reporting and dividend earning season. Consequently, the opening week not only witnessed remarkable market highs but also surpassed historical benchmarks, culminating in an unmistakably bullish trajectory as the financial year kicked off on a notably positive note.



In tandem with the upward movement of the index, market capitalization experienced a commendable 6.54% week-on-week escalation, reaching a substantial N43.59 trillion. Equity investors, seizing the prevailing optimism, amassed a staggering N2.68 trillion over a mere four trading sessions, thereby contributing to a commendable 6.54% return for the index.

Across various sectors, the bullish trend manifested prominently, with the financial services sector, in particular, witnessing significant advancements. The Banking and Insurance stocks led gainers, exhibiting increases of 10.29% and 14.08%, respectively. This surge in value was attributed to price appreciations in institutions such as UNITYBNK, GTCO, FIDELITYBNK, UBA, and noteworthy Insurance firms like AIICO, LINKASSURE, and SOVREIGNS.

The Consumer Goods, Industrial Goods, and Oil & Gas indexes also recorded appreciations of 4.40%, 3.58%, and 3.00%, respectively. This uptrend was propelled by a surge in buying interest in select counters such as TRANSCORP, IKEJAHOTEL, DAARCOM, INFINITY, and ETERNA.

Market activity during the week reflected a heightened level of participation compared to the preceding week. Total traded volume experienced an exceptional 179.92% surge, reaching a substantial 3.32 billion units. The number of trades marked a notable uptick of 96.06%, totaling 46,994 deals. Additionally, the weekly traded value witnessed a significant rise of 32.87% week-on-week, closing at a notable N41.75 billion.

Top-performing stocks at the close of the week included TRANSCORP (46%), IKEJAHOTEL (46%), AIICO (44%), DAARCOMM (43%), and STERLINGNG (34%). Conversely, CILEASING, CHAMPION, CADBURY, GUINNESS, and STANBIC faced declines in their share prices on a week-on-week basis, shedding 40%, 12%, 11%, 8%, and 6%, respectively.

Looking ahead into the new trading week, Cowry Research opines that the market is poised for mixed sentiment, potentially influenced by profit-taking activities within the local market. As the NGX-ASI approaches the psychological threshold of 80,000+, market participants are expected to position themselves strategically and taking considerable advantage of the price corrections. The looming monetary policy committee meeting in January and the impending earnings and reporting season are anticipated to be pivotal factors shaping market dynamics in the near term. Amidst all these, we maintain our advice to investors on taking positions in stocks with sound fundamentals and whose earnings yield and earnings per share support higher payout ratio, while taking advantage of the price corrections in the market.

Weekly Gainers and Loser as at Friday, January 5, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	Jan -5 – 24	Dec - 29 - 23	% Change	Symbol	Jan -5 - 23	Dec - 29 – 23	% Change
TRANSCORP	12.66	8.66	46%	CILEASING	3.38	5.60	-40%
IKEJAHOTEL	8.77	6.00	46%	SCOA	1.63	1.98	-18%
UNITYBNK	2.35	1.62	45%	CHAMPION	3.66	4.15	-12%
AIICO	1.15	0.80	44%	CADBURY	16.90	19.00	-11%
LINKASSURE	1.15	0.80	44%	MECURE	10.80	12.00	-10%
DAARCOMM	1.29	0.90	43%	MEYER	3.24	3.59	-10%
DEAPCAP	0.81	0.58	40%	TRIPPLEG	1.95	2.15	-9%
STERLINGNG	5.77	4.29	34%	JOHNHOLT	2.12	2.32	-9%
SOVRENINS	0.56	0.42	33%	GUINNESS	61.00	66.00	-8%
INFINITY	7.98	6.00	33%	STANBIC	65.50	69.65	-6%

Weekly Stock Recommendations as at Friday, January 5, 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
AIRTELAFRI	27.62	41.43	596	3.36	72.4	2040	1,175	2,000	3,000	1,700	2,300	50.00	Buy
ETERNAOIL	1.00	1.07	6.41	2.58	16.44	32.35	13.3	16.50	21.0	14.0	19.0	27.27	Buy
OKOMUOIL	4.95	5.28	45.61	5.70	52.52	265	157	260	310.0	221.0	299.0	19.23	Buy
TRANSCOHOT	0.16	0.17	6.53	11.82	491.0	77.19	6.05	84.85	100.00	65.6	94.76	17.89	Buy
MTNN	7.02	7.49	14.73	18.43	38.68	290	185	285	325.0	230.8	312.2	19.71	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, January 5, 2023

FGN Eurobonds	Issue Date	TTM (years)	05-Jan-24	Weekly	05-Jan-24	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	1.88	97.19	-1.41	9.3%	0.86
6.50 NOV 28, 2027	28-Nov-17	3.90	88.43	-2.67	10.2%	0.92
6.125 SEP 28, 2028	28-Sep-21	4.73	85.38	-3.08	10.1%	0.92
8.375 MAR 24, 2029	24-Mar-22	5.22	92.10	-3.41	10.4%	0.89
7.143 FEB 23, 2030	23-Feb-18	6.14	85.88	-3.80	10.3%	0.92
8.747 JAN 21, 2031	21-Nov-18	7.05	91.44	-3.35	10.5%	0.72
7.875 16-FEB-2032	16-Feb-17	8.12	85.21	-4.25	10.6%	0.86
7.375 SEP 28, 2033	28-Sep-21	9.74	80.80	-3.96	10.6%	0.74
7.696 FEB 23, 2038	23-Feb-18	14.15	77.25	-4.42	10.9%	0.72
7.625 NOV 28, 2047	28-Nov-17	23.91	74.06	-4.77	10.6%	0.68
9.248 JAN 21, 2049	21-Nov-18	25.06	85.04	-4.47	11.0%	0.59
8.25 SEP 28, 2051	28-Sep-21	27.75	77.27	-4.32	10.9%	0.59
					10.45%	

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, January 5, 2023

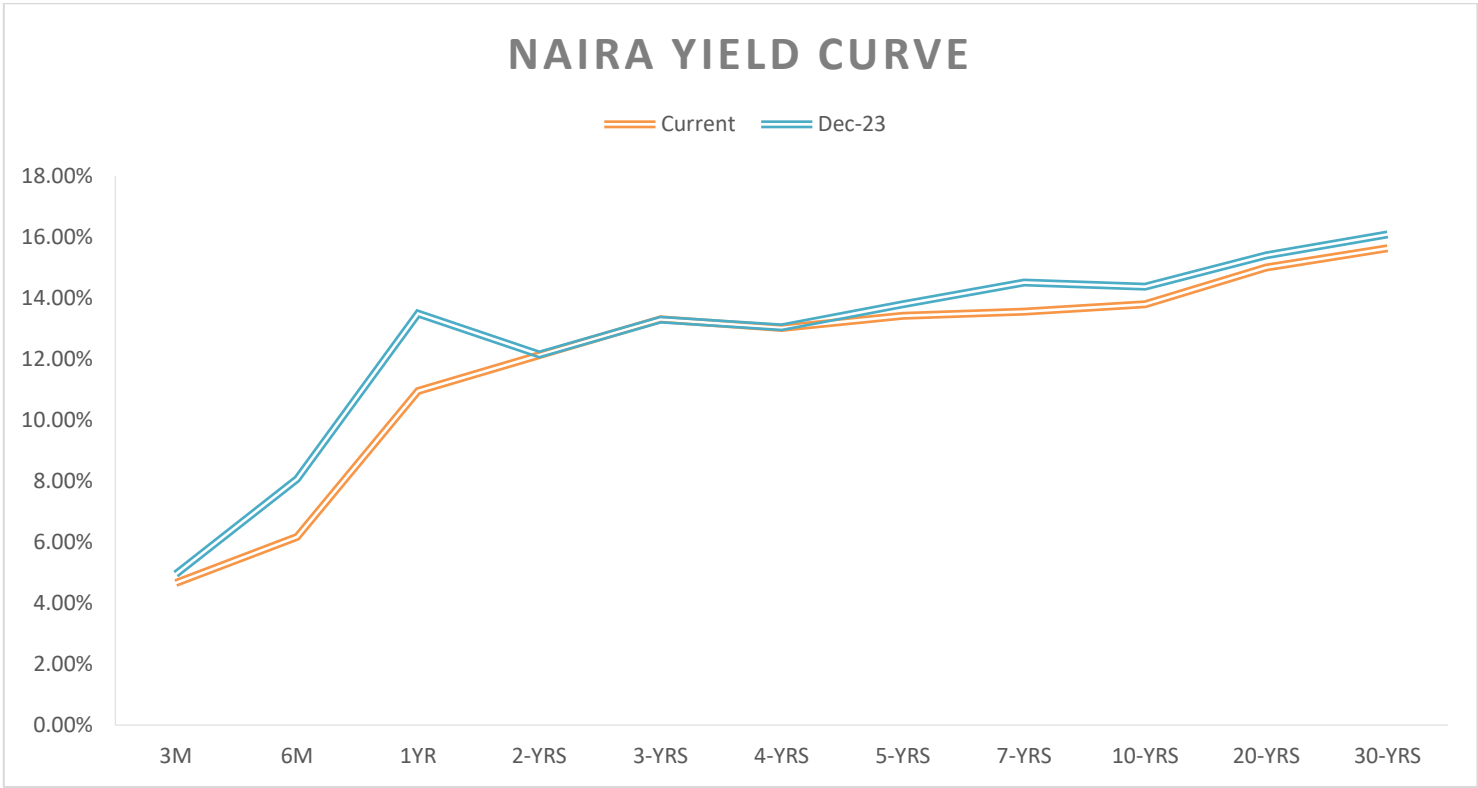
MAJOR	05-Jan-24	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0937	1.0943	-0.05%	-0.97%	1.56%	2.68%
GBPUSD	1.2678	1.2679	-0.01%	-0.50%	0.85%	4.74%
USDCHF	0.8509	0.8500	0.11%	1.28%	-2.53%	-8.09%
USDRUB	90.8090	91.3480	-0.59%	1.75%	-1.99%	25.26%
USDNGN	911.4400	911.4400	0.00%	3.45%	13.79%	102.75%
USDZAR	18.7770	18.6947	0.44%	2.85%	-0.83%	9.73%
USDEGP	30.8069	30.7485	0.19%	-0.30%	-0.46%	13.47%
USDCAD	1.34	1.3347	0.12%	0.92%	-1.64%	-0.55%
USDMXN	16.94	17.0079	-0.40%	0.00%	-1.76%	-11.35%
USDBRL	4.89	4.8966	-0.16%	0.86%	-0.17%	-6.35%
AUDUSD	0.6694	0.6705	-0.17%	-1.83%	2.08%	-2.76%
NZDUSD	0.6223	-0.0600	-0.18%	-1.70%	1.26%	-2.09%
USDJPY	145.2140	144.6211	0.41%	3.06%	-1.31%	10.08%
USDCNY	7.1641	7.1763	-0.17%	0.61%	-0.06%	4.96%
USDINR	83.1373	83.2455	-0.13%	-0.04%	-0.21%	1.08%



Global Commodity Prices as at 3:30 PM GMT+1, Friday, January 5, 2023

Commodity		05-Jan-24	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	73.6	72.2	1.97%	2.88%	5.83%	-0.45%
BRENT	USD/Bbl	78.9	77.6	1.65%	2.40%	5.96%	0.17%
NATURAL GAS	USD/MMBtu	2.7	9.8	-3.92%	7.86%	7.73%	-20.06%
GASOLINE	USD/Gal	2.1	2.1	0.74%	1.23%	4.82%	-5.30%
COAL	USD/T	130.9	128.5	1.87%	-10.00%	-2.42%	-67.07%
GOLD	USD/t.oz	2,043.5	2,043.3	0.01%	-0.90%	0.94%	9.56%
SILVER	USD/t.oz	23.0	23.0	0.13%	-2.88%	-3.34%	-3.10%
WHEAT	USD/Bu	613.2	613.5	-0.05%	-2.36%	-3.21%	-17.53%
PALM-OIL	MYR/T	3,682.0	3,657.1	0.68%	-1.05%	-0.99%	-9.13%
COCOA	USD/T	4,244.0	4,260.2	-0.38%	1.31%	0.50%	63.19%

FGN Bonds Yield Curve, Friday, January 5, 2023



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