

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Headline Inflation to Nearly 2-Decades High at 20.52%, stoked by Currency Pressures, Supply Disruptions...

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Next week, we expect the Naira to trade relatively calm across all segments of the FX market in the face of growing dollar demand pressure for BTA and PTA respectively.

MONEY MARKET: Stop Rate for 364-Day T-Bill Moderates to 9.75% on Demand Pressure.....

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BOND MARKET: FGN Bonds Yields Close Flat for Most Maturities Tracked.....

In the new week, the DMO will auction N225 billion worth of bonds; viz: N75 billion (a piece) for the 13.53% FGN MAR 2025, 12.50% FGN APR 2032, and 13.00% FGN JAN 2042 Re-Openings. Hence, we expect the stop rates to moderate – mirroring the drop in the money market rate for 364-day bills.

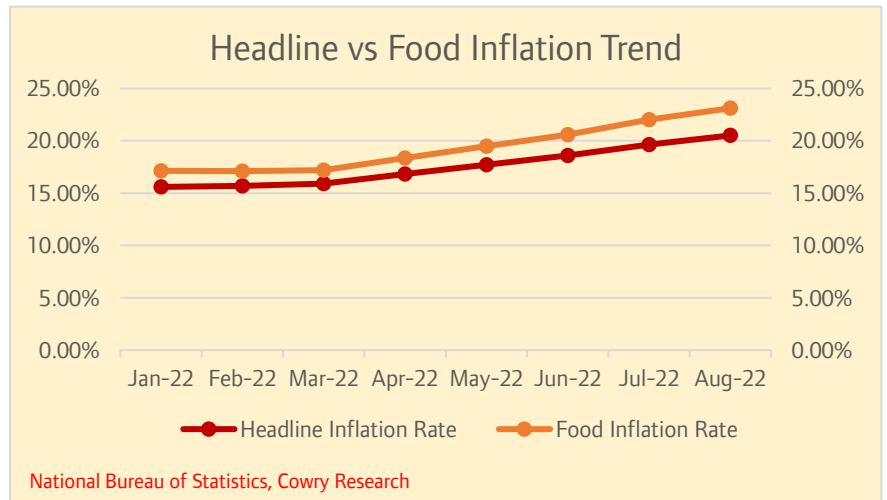
EQUITIES MARKET: Bears Grip Local Market With N188.94 Losses as Market Cap Dip 70bps to N26.80 Trillion ...

Going into the new week, we expect trading activities to end the week positively mild as portfolio rebalancing activities take the center stage resulting from the non-existence of a catalyst to drive activities as we head into the final month of the third quarter.

ECONOMY: Headline Inflation to Nearly 2-Decades High at 20.52%, stoked by Currency Pressures, Supply Disruptions....

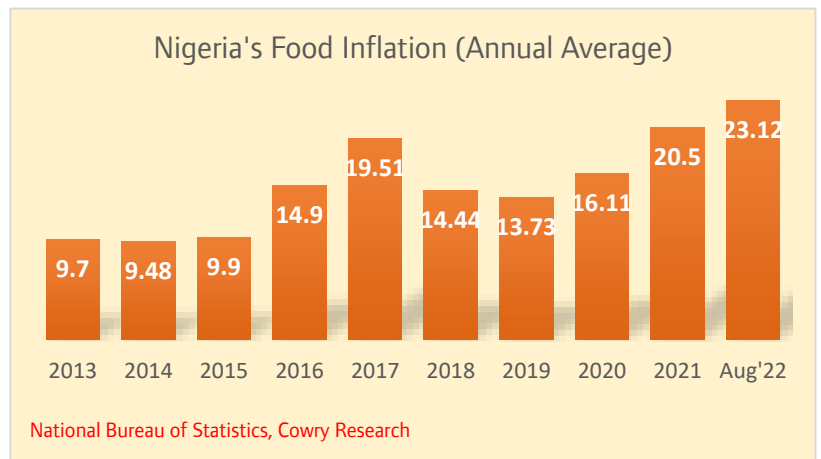
For the first time in 17 years (since October 2005), Nigeria’s headline inflation crossed 20% mark to 20.52% y/y in August 2022 as a result of growing pressures and other structural effects such as currency depreciation continues to stoke the cost of imports, food supply disruption, and the broad-based increases in the cost of production have all continued to play headline roles as major drivers of the uptrend. This is according to the latest report from the National Bureau of Statistics, Nigeria on the Consumer Price Index for August 2022.

The continued expansion of the headline index has always given rise to sustained price pressures from food and non-food items, ensuring the uptrend. This resulted from the fact that insecurity in the country’s food-producing regions continues to cap production level, while challenges with logistics and FX unavailability due to low or no earnings from crude oil price rallies remain major pain points.



The current rate of the headline index (beating our estimates of 20.47%) was 3.52% points higher when compared to the rate recorded in August 2021, which was 17.01% and shows that the headline inflation rate increased in the month of August 2022 when compared to the same month in the preceding year. On the contrary, the month-on-month analysis of the report puts it that this month’s rate printed 1.77%, moderating by 0.05% from 1.82% reported in July which signals a marginal but positive deceleration.

Underpinning this spiralling inflation numbers is the food inflation index which printed 23.12% y/y from 22.02% in the prior month and 2.82% from August 2021. These increases come from price upticks in bread and cereals, food product, potatoes, yam and other tubers, fish, meat, oil and fat, etc which reflects the shocks to the food prices brought on by well-known structural supply-side factors. However, the m/m decline in food inflation to 1.98% from 2.04% was attributed to price moderation recorded in some food items like Tubers, garri, local rice and Vegetables.



A look at the core inflation which printed 17.20% in August 2022 from 13.41% last year, steadied at 1.59% m/m, down 17bps from 1.75% in July. The reading posted that the highest increases in the core index were recorded in prices of gas, liquid fuel, solid fuel, passenger transport by road, passenger transport by Air, fuel and lubricants for personal transport equipment, cleaning, repair and hire of clothing.

Ahead of the next MPC meeting later this month, we see a marginal rates hike by 75bps in a bid to rein inflation. Meanwhile, the CBN, at its last meeting in July, the monetary policy committee (MPC) raised the policy rate by 100bps to 14%, taking the total rate raised by the MPC this year to 250bps. This is in tandem with the committee’s resolve to continue its tightening stance as inflation maintains an uptrend. Hence, we expect a slower momentum for headline inflation due to the seasonal boost to food supplies brought on by the post-harvest season, and as the MPC’s monetary tightening starts to take effect. Thus, we project headline inflation to hit 20.9% in September 2022.

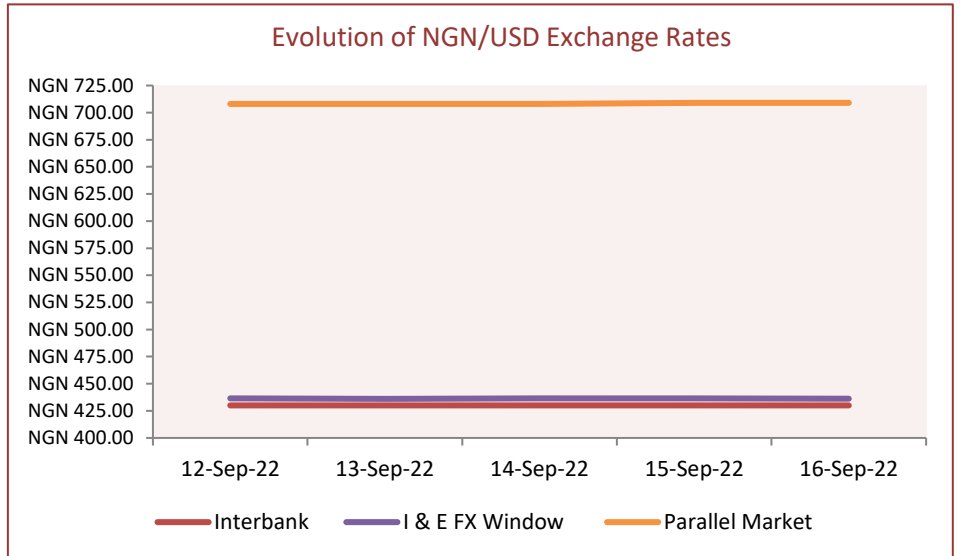
FOREX MARKET: Naira Gained N0.08 w/w Against The Dollar Amid Buy-Sentiment, Falling Oil Price...

The just concluded week saw the Naira appreciated by marginally N0.08 (+0.02%) week on week to N436.25/USD from N436.33/USD at the Investors and Exporters' FX segment. This strengthening against the greenback comes despite the continued declines in the price of crude oil for the third straight week while Nigeria repatriates little or no profits from the oil market. Meanwhile, with the lack FX liquidity and rising inflation, the local currency depreciated to all-time low of N436.72/USD stoked by unabating demand by Fx users. Thus, market participants maintained bids between N420/USD and N438.45/USD.

At the parallel market, the Naira further depreciated by N1 (-0.14%) week on week to close at N709/USD from N708/USD as continued demand pressure stay unabated for another week in the face of declining reserves and low earnings from crude oil exports.

Further afield, the Interbank Foreign Exchange market traded in the mixed bag as the NGN/USD closed flat at N430.00/USD from last week while the financial system got further bolstered by CBN's FX retail refund where the sum of N150 million got injected into the market.

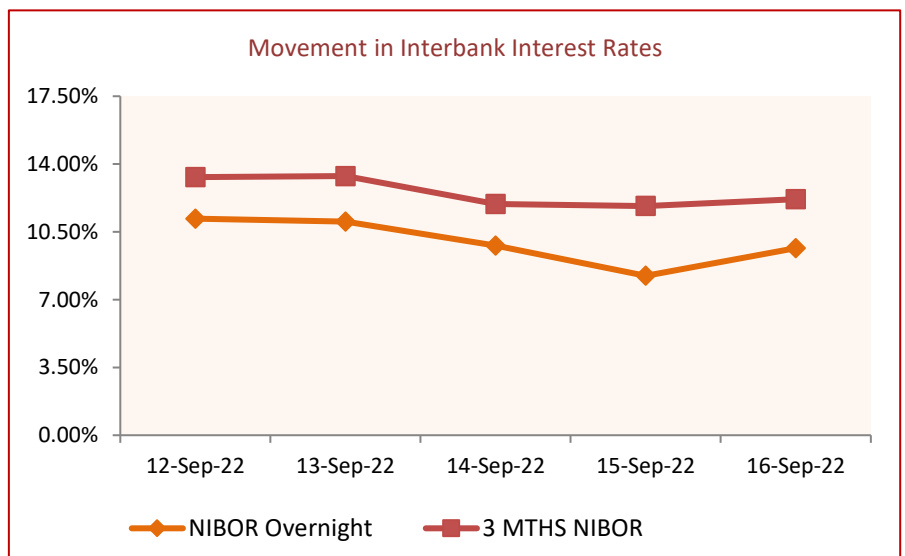
In the meantime, the Naira/USD exchange rate in the Naira FX Forward Contracts Markets appreciated at the short and long tenor contracts where we saw the 2 months, 3 months and 12 months contract closed the week in the positive region and appreciated by 0.01% and 0.05% and 0.13% week on week to close the week at N437.76/USD and N440.08/USD and N475.74/USD respectively. On the contrary, the 1 month and 6 months tenors depreciated marginally by a 5bps apiece to close the week's offering at N435.85/USD and N452.42/USD in that order. Elsewhere, the Bonny light crude price appreciated by \$0.57 (+0.62%) w/w to close the week (Sept.15) at USD92.35 per barrel from USD91.78 per barrel in the previous week on the back of low demand



Next week, we expect the Naira to trade relatively calm across all segments of the FX market in the face of growing dollar demand pressure for BTA and PTA respectively.

MONEY MARKET: Stop Rate for 364-Day T-Bill Moderates to 9.75% on Demand Pressure...

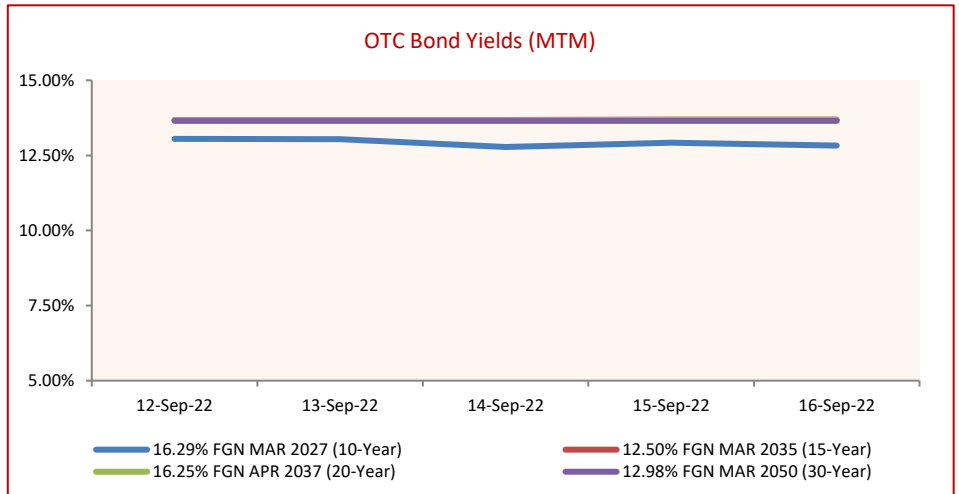
In the just concluded week, CBN offered T-bills worth N159.60 billion viz: 91 Days bills worth N11.44 billion, 182-Day bills worth N21.85 billion, and 364-Day bills worth N126.31 billion amidst the absence of maturing bills. Notably, the 364-Day bill was issued at a lower rate amid strong investor appetite. Hence, the stop rate for the 364-Day bills moderated further to 9.75% from (10.00%). Surprisingly, we saw a marginal increase in the stop rate for 182-Day bills to 6.00% from 5.85% while the stop rate for 91-Day bills was unchanged at 5.50%. Activities in the secondary market were largely bullish as traders moved in the direction of the 364-day bill rate. Hence, NITTY for 1 month, 3 months, 6 months and 12 months fell to 6.48% (from 6.99%), 7.61% (from 9.00%) and 8.69% (from 8.99%) respectively. Meanwhile, activities in the money market were largely quiet as CBN only sold N20 billion worth of OMO bills to mop up liquidity. Despite the zero maturities which led to a net outflow worth N20 billion from OMO space, NIBOR for most tenor buckets crashed: Overnight rate, 1 month, 3 months, and 6 months fell to 9.65% (from 12.34%), 10.36% (from 11.94%), 12.18% (from 13.46%) and 8.34% (from 13.32%) respectively - an indication of healthy liquidity in the banking institutions



In the new week, we anticipate bearish money market action as financial sector liquidity may come under increased strain due to the limited maturing treasury and OMO bills.

BOND MARKET: FGN Bonds Yields Close Flat for Most Maturities Tracked...

In the just concluded week, the value of FGN bonds traded closed flat for most maturities. Specifically, the yields of the 15-year 12.50% FGN MAR 2035 bond, 20-year 16.25% FGN MAR 2037, and the 30-year 12.98% FGN MAR 2050 instrument debt were flattish at 13.69%, 13.68%, and 13.65% respectively. However, the value of the 10-year 16.29% FGN MAR 2027 gained lost N0.76; its corresponding yield fell to 12.83% (from 13.05%). In line with our expectations, the value of FGN Eurobonds traded at the international capital market depreciated for

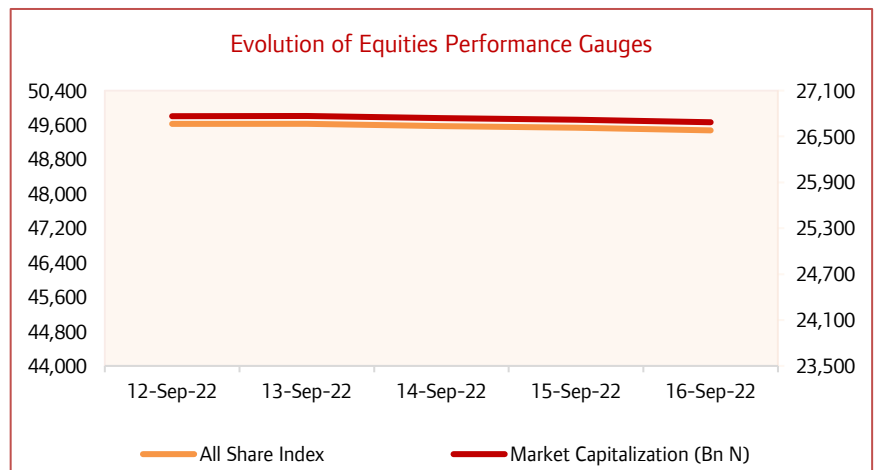


the majority the maturities tracked amid sell pressure. The 20-year, 7.69% FEB 23, 2038 paper and the 30-year, 7.62% NOV 28, 2047 debt lost USD 2.94 and USD 2.95 respectively; while their corresponding yields rose to 13.15% (from 12.54%) and 12.97% (from 12.38%) respectively. However, the 10-year, 6.375% JUL 12, 2023 bond gained USD 0.11 as its corresponding yield fell to 9.44% (from 9.51%)

In the new week, the DMO will auction N225 billion worth of bonds; viz: N75 billion (a piece) for the 13.53% FGN MAR 2025, 12.50% FGN APR 2032, and 13.00% FGN JAN 2042 Re-Openings. Hence, we expect the stop rates to moderate – mirroring the drop in the money market rate for 364-day bills.

EQUITIES MARKET: Broadbased Bearish Sentiments Overshadow Markets As Investors Lost N118.5bn...

Momentum in the domestic bourse was subdued as investors shed their holdings in some of the mid and large cap companies. This brought a 0.44% week on week decline in the benchmark index as pressured sell-off sentiments pervaded the performance of the market in the just concluded week. To this, the ASI closed the week at 49,475.42 points as well as the market cap of traded equities which took same direction as the ASI with 0.44% decline week on week to N26.69 trillion and resulting in a N118.5 billion loss in 4 out of 5 sessions while the market YTD return moderated to 15.82%.



Following the broad-base bearish performance which was buoyed by sustained sell sentiments witnessed in tickers such as REDSTAREX (-13%), FCMB (-8%), UACN (-7%), FIDELITYBK (-7%), and ACCESSCORP (-6%) respectively, the sectorial performance ended in a lackluster as all five indexes under our purview cleared lower. Thus, NGX Banking (-3.31%) and the Insurance Index (-2.58%) led the pecking order week on week. Also, the NGX Consumer Goods (-0.27%), Oil and Gas and Industrial Indexes depreciated by 0.16% week on week apiece.

Furthermore, the level of trading activities in the week was sustained from last week as the total traded volume tanked 24.3% w/w to 719.4 million units while the total weekly traded value went the same direction by 14.1% w/w to N8.02 billion and then the total deals traded for the week dipped 5.8% w/w to 17,447 deals from 18,525 deals last week.

Going into the new week, we expect the market to sustain its bearish trend in the absence of a major catalyst to trigger strong momentum as portfolio rebalancing activities take the center stage. Thus, we expect the bulls and bears to share the market leadership. 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, September 16, 2022

Top Ten Gainers				Bottom Ten Losers			
Symbol	September 16 2022	September 09 2022	% Change	Symbol	September 16 2022	September 09 2022	% Change
MULTIVERSE	2.80	2.36	19%	REDSTAREX	2.36	2.70	-13%
ABCTRANS	0.30	0.28	7%	BETAGLAS	46.10	51.20	-10%
HONYFLOUR	2.38	2.25	6%	LEARNAFRCA	2.06	2.25	-8%
CADBURY	13.75	13.00	6%	FCMB	3.23	3.50	-8%
REGALINS	0.25	0.24	4%	UACN	10.25	11.00	-7%
NPFMCRFBK	1.66	1.60	4%	FIDELITYBK	3.41	3.65	-7%
NAHCO	5.75	5.60	3%	CORNERST	0.60	0.64	-6%
COURTVILLE	0.49	0.48	2%	ACCESSCORP	8.30	8.85	-6%
STERLNBANK	1.50	1.47	2%	UBA	7.10	7.55	-6%
AFRIPRUD	5.55	5.50	1%	UPDC [BLS]	0.95	1.01	-6%

Weekly Stock Recommendations as at Friday, September 16, 2022

Stock	Adjusted Forecast FY PAT (N'm)	Current EPS	Forecast EPS	BV/S	P/B Ratio	PE Ratio	52 Weeks' High	52 Weeks' Low	Current Price	FY Price Target	Short term Stop Loss	Short term Take Profit	Recommendation
UBA	112,534	1.98	4.11	20.32	0.35	3.59	8.85	6.70	7.10	30.01	6.04	8.17	Buy
GTCO	124,091	2.70	7.98	5.31	3.71	7.30	29.60	18.90	19.70	58.24	16.75	22.66	Buy
STANBIC	49,070	2.26	4.73	26.38	1.12	13.05	41.00	28.00	29.50	34.54	25.08	33.93	Buy
FIDELITY	308,896	80.00	13.33	11.33	0.30	0.04	4.05	2.23	3.41	5.87	2.90	3.92	Buy
TOTAL	13,646	25.12	50.24	129.78	1.81	9.34	264.90	192.00	234.50	469.08	199.33	269.68	Buy
PRESCO	16,203	13.47	35.64	43.26	3.30	10.59	200.00	73.00	142.60	203.91	121.21	163.99	Buy
DANG CEM	275,366.4	10.10	20.20	45.53	5.52	24.26	300.00	241.00	245.00	258.27	208.25	281.75	Buy
LAFARGE	59,856.6	2.32	4.65	24.82	0.96	10.60	31.75	21.50	24.60	33.89	20.91	28.29	Buy
GUINNESS	14,113.3	7.15	8.05	38.17	2.30	12.29	110.00	29.05	87.90	123.54	74.72	101.09	Buy
MTN	290,606.4	8.92	17.85	13.24	15.11	22.42	270.00	167.00	200.00	246.06	170	230	Buy
TRANSCORP	19,218.8	14.40	0.59	3.87	0.42	0.07	1.52	0.90	1.05	4.31	0.89	1.21	Buy
ZENITH	178,260.8	3.55	7.10	4.86	0.45	5.56	27.40	18.90	19.75	26.26	16.79	22.71	Buy
ACCESS	141982.4	2.52	4.99	32.89198	0.25	3.29	10.6	8	8.3	15.01	7.055	9.545	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, September 16, 2022

FGN Eurobonds	Issue Date	TTM (years)	16-Sep-22 Price (N)	Weekly USD Δ	16-Sep-22 Yield	Weekly PPT Δ
6.375 JUL 12, 2023	12-Jul-13	0.82	97.64	0.11	9.4%	(0.07)
7.625 21-NOV-2025	21-Nov-18	3.18	89.62	(0.32)	11.6%	0.16
6.50 NOV 28, 2027	28-Nov-17	5.20	89.62	(0.32)	11.6%	0.16
6.125 SEP 28, 2028	28-Sep-21	6.04	73.44	0.01	12.5%	0.02
8.375 MAR 24, 2029	24-Mar-22	6.52	78.42	(1.87)	13.5%	0.52
7.143 FEB 23, 2030	23-Feb-18	7.44	72.57	(1.82)	13.0%	0.48
8.747 JAN 21, 2031	21-Nov-18	8.35	77.42	(1.52)	13.3%	0.36
7.875 16-FEB-2032	16-Feb-17	9.42	71.74	(1.77)	13.2%	0.42
7.375 SEP 28, 2033	28-Sep-21	11.04	67.55	(1.27)	13.0%	0.29
7.696 FEB 23, 2038	23-Feb-18	15.45	64.33	(2.94)	13.2%	0.61
7.625 NOV 28, 2047	28-Nov-17	25.22	60.50	(2.95)	13.0%	0.59
9.248 JAN 21, 2049	21-Nov-18	26.37	70.39	(2.56)	13.3%	0.47
8.25 SEP 28, 2051	28-Sep-21	29.05	62.54	(3.03)	13.4%	0.61

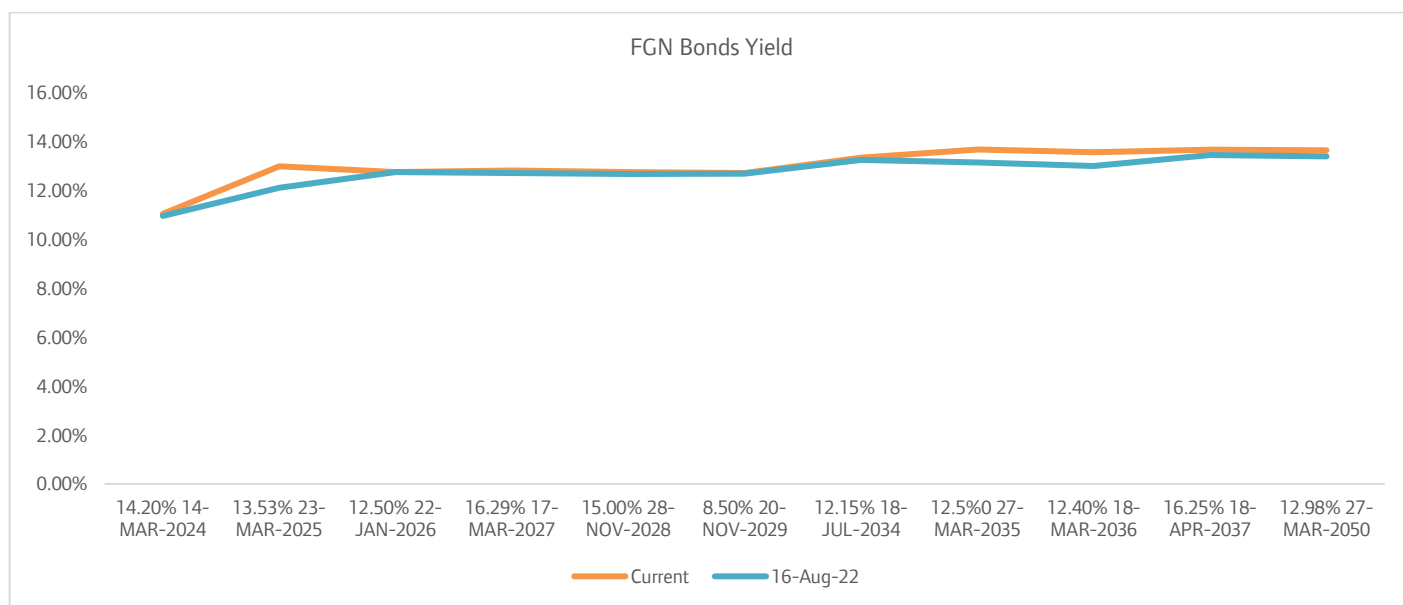
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, September 16, 2022

MAJOR	16-Sep-22	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0016	0.9987	0.29%	-0.25%	-1.57%	-14.54%
GBPUSD	1.1433	1.1452	-0.17%	-1.32%	-5.08%	-16.70%
USDCHF	0.9620	0.9615	0.05%	0.22%	1.09%	3.21%
USDRUB	60.4000	59.6013	1.34%	-0.20%	1.48%	-17.06%
USDNGN	428.1000	428.1000	0.00%	0.31%	1.94%	4.16%
USDZAR	17.6001	17.5457	0.31%	1.69%	5.70%	19.83%
USDEGP	19.4000	19.3208	0.41%	0.47%	1.46%	23.80%
USDCAD	1.33	1.3227	0.32%	1.87%	2.79%	4.11%
USDMXN	20.03	20.0596	-0.17%	0.74%	0.27%	0.06%
USDBRL	5.27	5.2471	0.50%	2.38%	2.03%	-0.37%
AUDUSD	0.6710	0.6692	0.27%	-1.96%	-3.22%	-7.65%
NZDUSD	0.5979	-0.0600	0.21%	-2.20%	-4.80%	-15.12%
USDJPY	142.9750	143.3765	-0.28%	0.30%	5.91%	30.02%
USDCNY	7.0100	7.0128	-0.04%	1.05%	3.21%	8.36%
USDINR	79.6010	79.8405	-0.30%	-0.04%	0.32%	8.09%

Global Commodity Prices as at 4:00 PM GMT+1, Friday, September 16,

Commodity		16-Sep-22	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	85.7580	85.1027	0.77%	-1.19%	-2.20%	19.16%
BRENT	USD/Bbl	91.4430	90.8434	0.66%	-1.51%	-1.70%	21.37%
NATURAL GAS	USD/MMBtu	7.9862	9.8151	-4.06%	-0.12%	-13.61%	56.44%
GASOLINE	USD/Gal	2.4122	2.4287	-0.68%	-0.86%	-11.04%	11.09%
COAL	USD/T	445.5000	444.2118	0.29%	1.25%	10.00%	153.13%
GOLD	USD/t.oz	1677.0000	1663.6905	0.80%	-2.28%	-4.77%	-4.40%
SILVER	USD/t.oz	19.4760	19.1599	1.65%	3.71%	-1.83%	-13.02%
WHEAT	USD/Bu	834.7000	845.0091	-1.22%	-4.00%	6.94%	17.77%
PALM-OIL	MYR/T	3724.0000	3855.8708	-3.42%	5.17%	-10.95%	-12.60%
COCOA	USD/T	17.9100	18.1809	-1.49%	-1.70%	-1.81%	-6.62%

FGN Bonds Yield Curve, Friday, September 16, 2022



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