

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Steady Growth in Nigeria's E-Payment Statistics as Businesses, Nigerians Embrace Channels.....

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EQUITIES MARKET: Equities Market Maintains its Seasaw Movement While The Bulls Uphold Performance....

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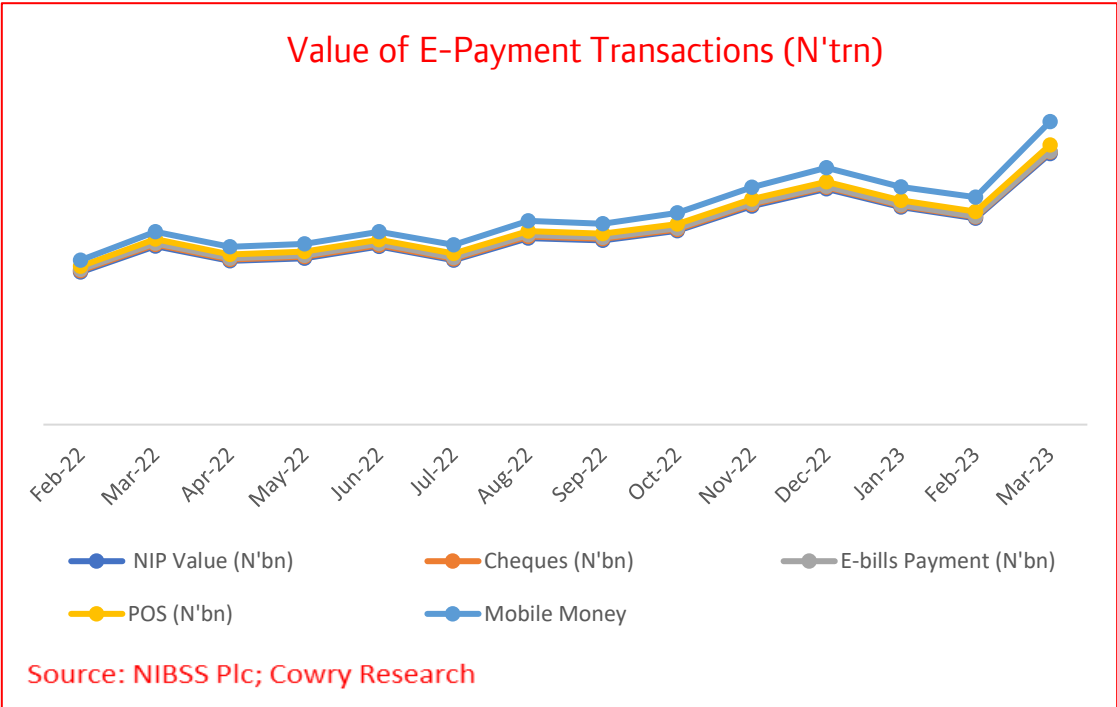
BOND MARKET: FGN Bond Yields Rise for Most Maturities on Sell Pressure...

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 moderate amid robust demand...

ECONOMY: Steady Growth in Nigeria’s E-Payment Statistics as Businesses, Nigerians Embrace Channels.....

Nigeria's E-payment landscape is experiencing a steadfast surge, as businesses and individuals enthusiastically embrace digital channels. The Nigerian Interbank Settlement System (NIBSS) latest data reveals a striking 44.7% YoY upswing in the total value of transactions processed through the NIBSS Instant Payment System (NIP). This figure soared to N123.9 trillion in Q1’23 from N85.63 trillion in the comparable period of 2022, further escalating by 7.3% Q-o-Q from N115.52 trillion in Q4’22. This remarkable growth can be attributed to the robust expansion of Nigeria's electronic transaction platforms, coupled with the burgeoning trend of online shopping adoption.

The electronic payment ecosystem within Nigeria has witnessed a remarkable expansion in recent years, propelled by several drivers, with the apex bank playing a pivotal role and evidenced by a substantial 52% surge in the total value and volume of payment transactions, which reached N48.33 trillion by the end of March 2023, marking a significant ascent from the N31.8 trillion in March 2022. This metric also exhibited a 15% surge from N42.03 trillion in December 2022.



Central to this narrative is the 2020 inception of the National e-Payments Strategy (NEPS) by the Central Bank of Nigeria (CBN), an ambitious endeavor aimed at transforming Nigeria into a cashless society by 2025. Key initiatives under NEPS include the introduction of a national instant payment (NIP) platform and the establishment of a mobile money ecosystem. This strategic impetus has yielded tangible benefits, including enhanced security and efficiency in cash payment processes, thus facilitating substantial cost savings for both enterprises and individuals.

Presently, the CBN has introduced several proactive measures to foster e-payment adoption. The Quick Response (QR) Code payment system enables seamless payment for goods and services through smartphone-based QR code scanning. Additionally, the National Switch, an innovative payment platform connecting banks and financial institutions, streamlines cross-bank transactions.

The surge in e-payment volume and value holds promising implications for Nigeria's economy, poised to foster reduced cash usage, improved financial inclusion, and augmented economic growth. Notably, point-of-sale (PoS) transactions demonstrated a noteworthy 60.3% YoY upswing, reaching N1.15 trillion by March 2023, compared to N718.6 billion during the same period last year. The total mobile channel transactions exhibited a substantial acceleration, particularly in 2023, surging to N4.14 trillion. This marks an impressive 209% YoY increase from N1.34 trillion in March the previous year and a 66% surge from N2.49 trillion in December 2022. The overall value of mobile transactions witnessed a remarkable 160% YoY leap to N9.1 trillion in Q1 ’23.

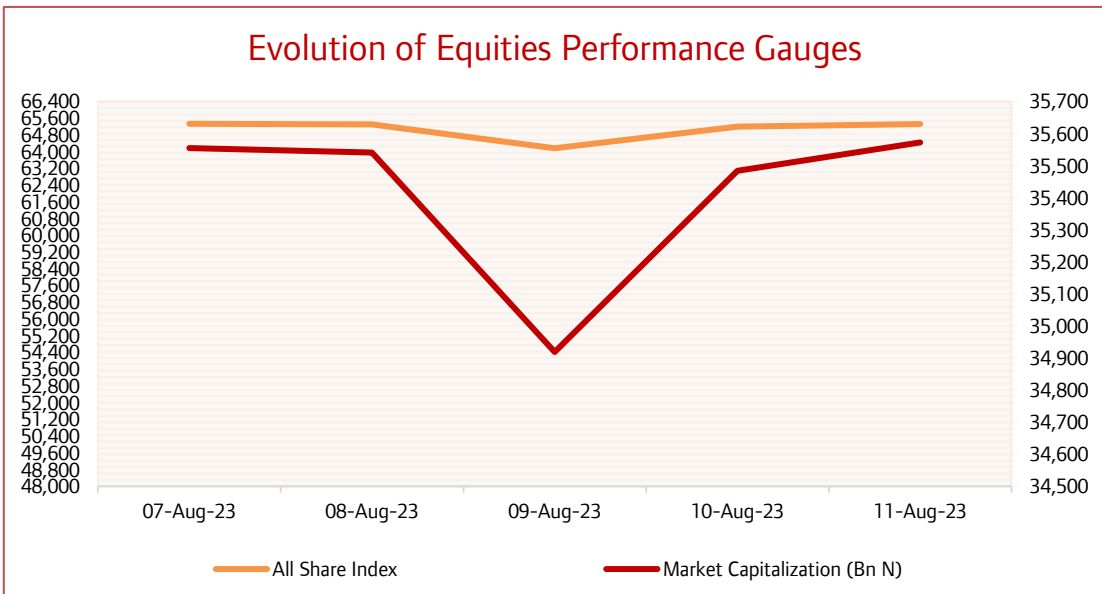
Although the e-bills pay platform, a facilitator of bill payments, experienced a 55% YoY decline in March 2023, amounting to N116.52 billion from N260.87 billion in the prior year, the YoY total value of transactions in this channel dwindled by -46% to N372.3 billion in Q1 ’2023. In contrast, payments through cheques registered a 19% MoM increase to N283.4 billion, yet declined by -3% YoY, signifying a discernible shift towards electronic payment alternatives.

In our view, the confluence of technological evolution, a thriving e-commerce sector, expanding population, escalating internet penetration, smartphone ubiquity, and the CBN's steadfast commitment to achieving 70% financial inclusivity among underserved individuals in Nigeria has paved the way for remarkable growth in electronic payment mechanisms. This trajectory, coupled with ongoing e-commerce expansion, positions Nigeria on the cusp of an era dominated by sophisticated digital payment methods.

EQUITIES MARKET: Equities Market Maintains its Seasaw Movement While The Bulls Uphold Performance....

Continuing its upward trajectory, the Nigerian Stock Exchange (NGX) sustained its weekly bullish momentum, with the benchmark index posting a 20 basis points increase, closing at 65,325.37 points. Market participants maintained a cautious "wait-and-see" approach, eagerly anticipating new catalysts to stimulate renewed buying interest, including the upcoming July inflation data release.

The market capitalization experienced a modest uptick of 0.26% week-on-week, reaching N35.57 trillion compared to N35.48 trillion the previous week. This shift translated into N93 billion in gains for investors. Impressively, the Year-to-date All-Share Index (ASI) performance demonstrated resilience, boasting an improved return of 27.46%, a testament to the Nigerian market's steadfastness amidst global uncertainties.



Market sentiment is poised for a shift as optimism surrounds the anticipation of favorable news that could potentially trigger another wave of buying interest. Noteworthy is the decline in rates within the Treasury Bills' primary market offers – a reduction to 5%, 5.9%, and 9.8% for the 91-day, 182-day, and 364-day instruments, respectively. This trend signifies ongoing portfolio rebalancing and sector rotation, bolstered by robust company earnings.

In terms of sectoral performance, the banking and insurance sectors emerged as the gainers, recording a 1.26% and 0.73% week-on-week increase respectively. This surge was underpinned by price appreciations in key stocks such as CORNERST, WEMA, FBNH, and GUINEAINS. Conversely, the consumer goods, industrial goods, and oil & gas sectors exhibited weakness, declining by 0.92%, 0.39%, and 0.32% respectively. This downward trend was influenced by cautious investor sentiment and sell-offs in select mid and high cap stocks. Investors are prudently assessing the intersection of prevailing market and economic conditions on these sectors.

Market activity continued to exhibit subdued patterns, characterized by low-traded volumes and bearish activities. The number of weekly deals experienced a decline of 18.72%, totaling 30,652 deals. Average traded volume registered a 32.4% week-on-week decrease to 1.74 billion units, while the weekly average value contracted by 11.7% to N19.34 billion, compared to the previous week's N21.90 billion.

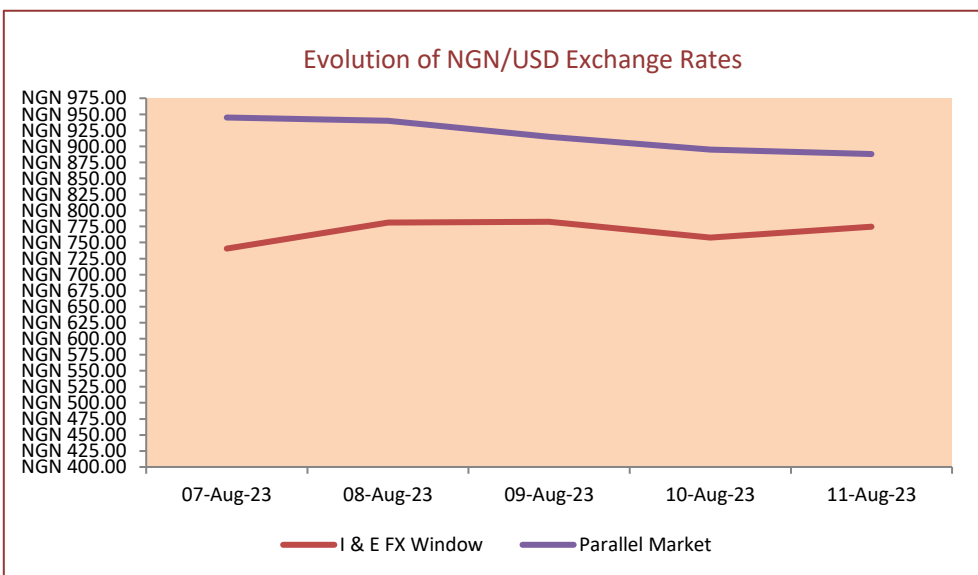
Despite a negative market breadth, certain stocks shone brightly, with CORNERST (+22%), GLAXOSMITH (+13%), and MAYBAKER (+12%) emerging as the top performers of the week, capturing the attention of astute investors. On the flip side, DANGSUGAR (-12%), RTBRISCOE (-10%), and NASCON (-10%) faced declines due to adverse price movements.

Looking ahead to the upcoming week, we anticipate a mix of sentiments fueled by bargain hunting, amidst the backdrop of anticipated positive developments. Investors will be closely monitoring corporate earnings, especially among first-tier banks, as they navigate the landscape in the context of the forthcoming July inflation data release. Meanwhile, we continue to advise investors on taking positions in stocks with sound fundamentals.

FOREX MARKET: Dollar Skids at I&E Window as Naira Maintains Gains for Fourth Straight Week....

The Central Bank of Nigeria (CBN) is embarking on a transformative endeavor to consolidate the I&E FX window into a unified Nigerian foreign exchange market. This strategic move seeks to curtail profiteering, arbitrage, and speculative activities involving the naira, especially within the informal FX market. Despite these efforts, the pressure on the local currency persists, reaching unprecedented levels of undervaluation.

In the recent week's foreign exchange market, the Nigerian naira underwent a notable depreciation against the US



dollar within the parallel market. It witnessed a decline of N64 or 7.26% week-on-week, plummeting to N945/\$1 from the previous N881/\$1. This downturn can be attributed to ongoing dollar scarcity and speculative practices. Notably, manufacturers and importers continued to seek alternative avenues beyond the official market, exacerbating the currency's downward trajectory.

In contrast, a different narrative unfolded within the investors' and exporters' FX window. Here, the naira exhibited remarkable resilience, strengthening against the US dollar for the fourth consecutive week. It gained N2.47 or 0.33% week-on-week, closing at N740.6/\$1 from the preceding N743.07/\$1. This trend underscores the naira's ability to withstand demand pressures in this particular segment.

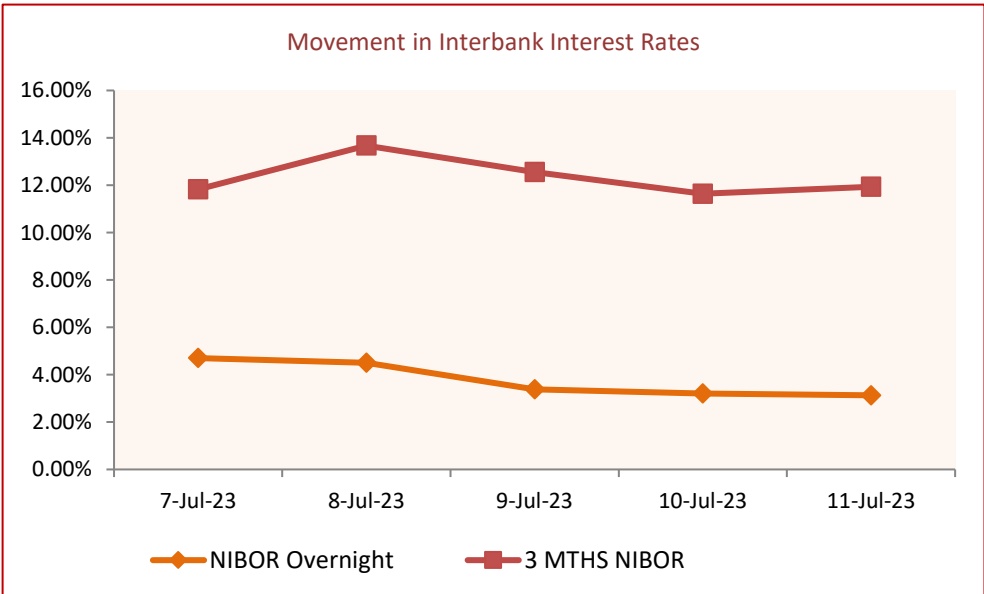
The FMDQ Securities Exchange (SE) FX Futures Contract Market portrayed mixed dynamics for the naira against the US dollar across contract tenors. Notably, forward rates appreciated by 0.17% and 0.19% respectively for the 1-month and 6-month contract tenors, reaching N794.67/\$1 and N838.28/\$1. Conversely, the dollar exhibited dominance over the local currency, appreciating by 0.08%, 0.21%, and 2.59% across the 2-month, 3-month, and 12-month contracts. Persistent demand pressures across various tenors fueled these fluctuations.

Shifting our gaze to the oil market, oil futures experienced an upward trajectory driven by supply constraints that outweighed concerns related to demand. This dynamic was underpinned by lackluster Chinese economic data and an uptick in US crude stock. Consequently, oil prices concluded the week on a robust note, reaching a high of \$86.75 per barrel. Likewise, the price of Bonny Light crude oil followed suit, ascending for yet another week. The United States crude inventory experienced a 1.13% week-on-week rise, propelling the price of Bonny Light crude to close at \$90.75 per barrel, a notable increase from the previous week's \$89.71 per barrel.

We see the Nigerian foreign exchange market continues to face challenges with the naira's depreciation against the greenback even as the oil market continues to show buoyancy with prices rising on global supply concerns. In the coming week, we anticipate the naira to trade in a relatively calm band at the I&E fx markets barring any market distortions that may disrupt supply by the CBN.

MONEY MARKET: NIBOR Rises Across Tenor Buckets Amid Liquidity Constriction...

In the preceding week, the Central Bank of Nigeria (CBN) rolled over maturing treasury bills amounting to N132.56 billion in the Primary Market Auction (PMA). Notably, robust demand was evident, with a bid-to-cover ratio of 5.43x (compared to 1.51x previously), resulting in a decreased borrowing cost for the central bank. Key auction metrics revealed moderated stop rates for the 91-day, 182-day, and 364-day T-bills, settling at 5.00% (down from 6.00%), 6.00% (down from 8.00%), and 12.15% (up from 9.80%), respectively.



In addition, the central bank reintroduced its weekly Open Market Operations (OMO) bills auction, with N150 billion worth of OMO bills sold at an average marginal rate of 12.49%. These led to a net outflow of N282.56 billion, which offset the inflows from matured T-bills worth N132.56 billion. Consequently, NIBOR rates for various tenor buckets increased on a week-over-week basis amid the net outflow. Specifically, rates for 1 month, 3 months, 6 months, and 12 months moved to 11.00% (from 10.17%), 11.93% (from 11.80%), and 12.55% (from 12.36%), respectively, reflecting tightening liquidity conditions in the banking system. Conversely, overnight borrowing rates declined to 3.13% (down from 4.85%).

Meanwhile, NITTY moved in mixed directions across different maturities. Shorter-dated maturities mirrored the 364-day T-bill stop rates, leading to moderated yields of 3.49% (down from 3.62%) for 1 month and 4.74% (down from 4.91%) for 3 months. In contrast, NITTY rates for 6-month and 12-month maturities rose to 6.89% (up from 6.47%) and 10.60% (up from 10.19%), respectively.

In the forthcoming week, a limited supply of maturing T-bills in the secondary markets is expected; hence, we expect interbank interest rates to rise in anticipation of a financial system liquidity squeeze...

BOND MARKET: FGN Bond Yields Rise for Most Maturities on Sell Pressure...

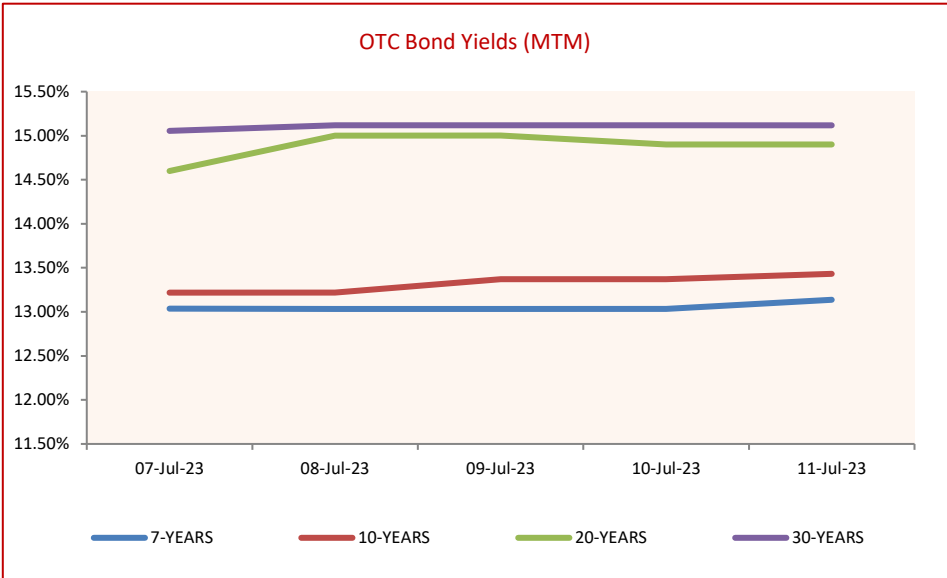
In the just concluded week, values of FGN bonds traded over-the-counter (OTC) underwent depreciation for the majority of tracked maturities, prompted by a modest sell-off observed across the back-end of the Naira curve.

Specifically, the 20-year, 16.25% FGN APR 2037 and the 30-year, 12.98% FGN MAR 2050 bonds incurred losses of N1.88 and N0.35, respectively, resulting in elevated yields of 14.90% (up from 14.60%) and 15.12% (up from 15.05%). Meanwhile, the

10-year, 16.29% FGN MAR 2027 bond and the 15-year, 12.50% FGN MAR 2035 paper remained stable at 12.52% and 14.00%, respectively.

Elsewhere, FGN Eurobonds encountered declines across all tracked maturities, reflecting prevailing bearish sentiment. 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 10.51, USD 1.37, and USD 1.39, respectively, leading to expanded yields of 10.56% (up from 9.21%), 11.07% (up from 10.84%), and 11.09% (up from 10.87%).

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 moderate amid robust demand...



Weekly Gainers and Loser as at Friday, August 11, 2023

Top Ten Gainers				Bottom Ten Losers			
Symbol	August 11 2023	August 04 2023	% Change	Symbol	August 11 2023	August 04 2023	% Change
CORNERST	1.18	0.97	22%	DANGSUGAR	33.00	37.50	-12%
GLAXOSMITH	10.10	8.90	13%	RTBRISCOE	0.43	0.48	-10%
MAYBAKER	5.50	4.90	12%	NASCON	36.90	41.00	-10%
UPL	2.49	2.26	10%	CAP	19.80	22.00	-10%
CAVERTON	1.42	1.29	10%	MULTIVERSE	3.15	3.50	-10%
GUINNESS	60.50	55.00	10%	NNFM	12.30	13.65	-10%
WEMABANK	4.64	4.30	8%	MBENEFIT	0.47	0.52	-10%
HONYFLOUR	3.40	3.18	7%	WAPIC	0.61	0.67	-9%
UPDC	1.12	1.05	7%	ETERNA	19.70	21.10	-7%
OANDO	5.50	5.18	6%	FTNCOCOA	2.25	2.40	-6%



Weekly Stock Recommendations as at Friday, August 11, 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
ETI	5.73	7.45	72.70	0.21	2.70	17.5	9.5	15.80	26.0	13.2	17.8	67.7	Buy
ZENITH	2.07	3.23	45.91	0.76	16.90	35.50	18.90	35.00	54.6	29.8	40.3	56	Buy
DANG CEM	10.48	14.67	77.02	4.54	33.38	355	220	349.90	489.9	297.4	402.4	40	Buy
PRESCO	15.08	24.51	49.24	4.47	14.59	235	110	220	357.5	187.0	253.0	62.5	Buy
TOTAL	25.88	33.65	1,529	0.25	14.88	37	197	385	498.0	327.3	442.8	49.4	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, August 11, 2023

FGN Eurobonds	Issue Date	TTM (years)	11-Aug-23	Weekly	11-Aug-23	Weekly
			Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	2.28	95.47	(2.11)	9.9%	1.09
6.50 NOV 28, 2027	28-Nov-17	4.30	86.26	(11.32)	10.6%	1.76
6.125 SEP 28, 2028	28-Sep-21	5.14	83.32	(1.49)	10.4%	0.44
8.375 MAR 24, 2029	24-Mar-22	5.62	90.56	(1.35)	10.7%	0.35
7.143 FEB 23, 2030	23-Feb-18	6.54	83.51	(1.68)	10.7%	0.41
8.747 JAN 21, 2031	21-Nov-18	7.45	89.96	(1.32)	10.7%	0.28
7.875 16-FEB-2032	16-Feb-17	8.52	83.88	(1.66)	10.8%	0.34
7.375 SEP 28, 2033	28-Sep-21	10.14	79.33	(1.40)	10.8%	0.27
7.696 FEB 23, 2038	23-Feb-18	14.55	75.88	(1.37)	11.1%	0.23
7.625 NOV 28, 2047	28-Nov-17	24.32	71.02	(1.39)	11.1%	0.22
9.248 JAN 21, 2049	21-Nov-18	25.47	82.90	(1.83)	11.3%	0.26
8.25 SEP 28, 2051	28-Sep-21	28.15	74.53	(1.40)	11.3%	0.21

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, August 11, 2023

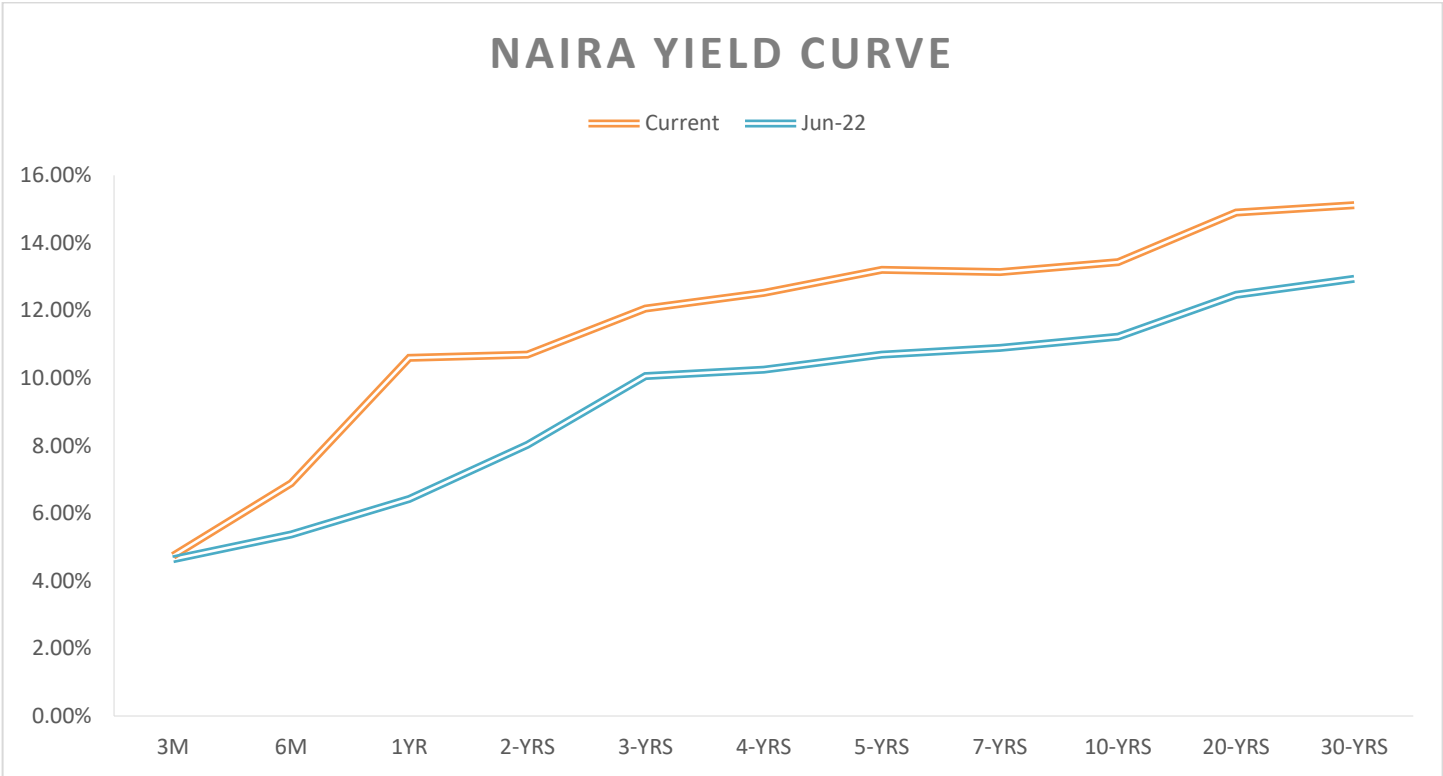
MAJOR	11-Aug-23	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0977	1.0978	-0.01%	-0.42%	-1.48%	6.88%
GBPUSD	1.2716	1.2675	0.32%	-0.37%	-2.19%	4.71%
USDCHF	0.8758	0.8766	-0.09%	0.48%	1.10%	-6.84%
USDRUB	99.2467	96.3280	3.03%	4.27%	9.31%	63.51%
USDNGN	767.7700	767.7700	0.00%	0.24%	-0.93%	83.36%
USDZAR	18.8707	18.8406	0.16%	2.44%	4.30%	16.44%
USDEGP	30.8959	30.8496	0.15%	-0.13%	-0.01%	61.32%
USDCAD	1.34	1.3444	-0.19%	0.49%	1.92%	5.21%
USDMXN	16.98	17.1296	-0.87%	-0.21%	0.78%	-14.19%
USDBRL	4.89	4.8925	-0.09%	0.50%	1.65%	-3.47%
AUDUSD	0.6520	0.6513	0.10%	-0.93%	-4.11%	-8.61%
NZDUSD	0.6006	-0.0600	-0.25%	-1.73%	-4.80%	-7.13%
USDJPY	144.7570	144.7281	0.02%	2.17%	4.56%	8.50%
USDCNY	7.2521	7.2420	0.14%	0.94%	1.24%	7.69%
USDINR	82.8070	82.6170	0.23%	0.17%	1.01%	3.98%



Global Commodity Prices as at 3:30 PM GMT+1, Friday, August 11, 2023

Commodity		11-Aug-23	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	83.3	82.8	0.58%	0.69%	10.40%	-8.23%.
BRENT	USD/Bbl	86.8	86.4	0.41%	0.60%	8.73%	-10.47%.
NATURAL GAS	USD/MMBtu	2.7	9.8	-1.79%.	5.61%	4.79%	-68.96%.
GASOLINE	USD/Gal	3.0	2.9	1.64%	6.21%	13.97%	6.26%
COAL	USD/T	143.0	142.5	0.35%	4.49%	9.16%	-64.34%.
GOLD	USD/t.oz	1,918.1	1,912.0	0.32%	-1.19%.	-1.97%.	6.48%
SILVER	USD/t.oz	22.8	22.7	0.39%	-3.50%.	-5.65%.	9.43%
WHEAT	USD/Bu	634.0	637.8	-0.59%.	0.16%	0.20%	-22.92%.
PALM-OIL	MYR/T	3,717.0	3,728.2	-0.30%.	-3.68%.	-5.32%.	-15.66%.
COCOA	USD/T	3,295.0	3,281.9	0.40%	-6.13%.	-0.12%.	40.09%

FGN Bonds Yield Curve, Friday August 11, 2023



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