



# How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation







## Global Economy

Earlier this week, the Federal Reserve kept interest rates unchanged at the end of its policy meeting. The widely expected decision kept the target range for the federal-funds rate at 5.25-5.50%. The median forecast in Federal Open Market Committee members' latest Summary of Economic Projections has the federal-funds rate ending 2024 at 4.6%. Minute changes to the tone of the Fed's closely watched policy statement signaled a shift and the Fed Chair Jerome Powell stated officials "believe that our policy rate is likely at or near its peak for this tightening cycle." Elsewhere, in the EU, the European Central Bank decided to keep the three key ECB interest rates unchanged. According to its statement, the bank opined that while inflation has dropped in recent months, it is likely to pick up again temporarily in the near term. According to the latest Eurosystem staff projections for the euro area, inflation is expected to decline gradually over the course of next year, before approaching the Governing Council's 2% target in 2025. The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.50%, 4.75% and 4.00% respectively.

## Domestic Economy

The National Bureau of Statistics (NBS) published the Consumer Price Index (CPI) report for November 2023. Headline inflation saw a rise of 87bps, hitting 28.20% Year-on-Year (YoY), up from 27.33% YoY in October 2023. This surge was primarily due to an increase in food inflation (+132bps to 32.84% YoY), while core inflation experienced a slight dip (-19bps to 22.38% YoY). On a Month-on-Month (MoM) basis, headline inflation increased by 35bps, reaching 2.09% MoM (vs 1.73% MoM in October 2023). This expansion is attributed to a rise in both food inflation (+51bps to 2.42% MoM) and core inflation (+14bps to 1.53% MoM). Furthermore, the Central Bank of Nigeria has suspended the 2% and 3% processing fees on cash deposits exceeding NGN500,000 for individuals and NGN3mn for corporates, as outlined in the December 20, 2019 "Guide to Charges." This suspension is effective immediately and will last until April 30, 2024. Financial institutions under CBN regulation are instructed to accept cash deposits from the public without imposing any charges during this period.



## Equities

For the sixth (6th) week running, the Nigerian Equities market closed on a positive note after gaining in four (4) out five (5) trading days of the week. The NGX All Share Index (ASI) increased by 118bps WoW to settle at 72,389.23 points, pushing the market's year-to-date (YtD) to 41.24% (vs. last week: 39.59% YtD). This week, the Banking (+7.01% WoW), Industrial Goods (+0.24% WoW), Consumer Goods (+0.22% WoW) sectors closed bullish while the Oil and Gas (-0.27% WoW) and Insurance (-0.96% WoW) sectors posted negative returns. The top gainers for the week include INFINITY (+59.3% WoW to NGN2.82), SCOA (+28.9% WoW to NGN1.74) and DAARCOMM (+27.8% WoW to NGN0.46), while NSLTECH (-16.0% WoW to NGN0.63), ETERNA (-11.8% to NGN11.55) and NEM (-9.3% WoW to NGN5.35) topped the decliners' chart. In the coming week, we expect the market to prove resilient and post sustained positive returns as investors continue to hunt for tickers with strong fundamentals.

## Fixed Income

At the primary NTB auction held this week, the average stop declined by 233bps to 10.25% vs 12.58% at the previous auction. Notably, the stop rates of the 91-day bill (-275bps to 6.25%), 182-day bill (-200bps to 11.00%) and 364-day bill (-225bps to 13.50%) instruments all declined. This decrease was accompanied by a surge in the average bid-to-cover to 115.72x (vs 16.90x at the previous auction), which was driven by high demand for the instruments (91 day-bill: 39.58x, 182 day-bill: 39.23x and 364 day-bill: 131.98x). The Nigerian Treasury Bills market closed the week bullish as the average yield dipped by 272bps WoW to settle at 8.29%. Similarly, the FGN bond market fell by 48bps WoW to close at 14.38%. This is on the back of buying interest in the short and long ends of the curve. Overall, the Naira Fixed Income market ended the week on a bullish note as the average yield decreased by 160bps WoW to settle at 11.34%. In the coming week, we expect bearish sentiments as the CBN continues with its liquidity tightening agenda.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	32.9	32.9	-0.03%	-10.35%	
<b>USD/NGN (₦/\$)</b>					
NAFEM	889.9	843.1	-5.26%	63.66%	
Parallel	1219.3	1166.1	-4.37%	35.99%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2 month Avg.</b>	
<b>Inflation YoY (November 2023)</b>	<b>November</b>	<b>October</b>	<b>CHG (pps)</b>		
Headline	28.20	27.33	0.87	27.77	
Core	22.38	22.58	-0.20	22.48	
Food	32.54	31.52	1.02	32.03	
<b>GDP (%) - YoY</b>	<b>Q3 23</b>	<b>Q2 23</b>	<b>Q4 22</b>	<b>2022FY</b>	<b>News Headline for the week (click news for link)</b>
Real GDP	2.54	2.51	3.52	3.1	<b>Cardoso: Inflation, Exchange Rate to Decline in 2024</b>
Oil	-0.85	-13.43	-13.38	-19.22	<b>Nigeria, others spend \$441bn on debt servicing – World Bank</b>
Agriculture	1.30	1.50	2.05	1.88	<b>With rate hikes likely done, Fed turns to timing of cuts</b>
Manufacturing	0.48	2.20	2.83	2.45	<b>Population outgrows economy amid rising dependants, misery</b>
Information and Communication	6.69	8.60	10.35	9.76	<b>CBN interest rate too high, Senate tells AMCON</b>
<b>Labor Data (%)</b>			<b>Q1 23</b>	<b>Q4 22</b>	<b>Japan's business mood hits near 2-year high, keeps BOJ exit in focus</b>
Unemployment Rate			4.1	5.3	<b>FG Raises N5.85tn from Bonds Market as Interest on 30-year Paper Drops to 17.15%</b>
Underemployment			12.2	13.7	<b>Suspension of cash deposit charges will reduce burden on SMEs</b>
<b>Capital Importation (\$'mn)</b>	<b>Q2 23</b>	<b>Q1 23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>Nigeria gets 40,000MW power from generators, says FG</b>
Foreign Portfolio Investment - Equities	8.52	222.31	-96.2%	-87.21%	<b>UK firms pause China investment decisions as growth slows: survey</b>
Bonds	85.29	301.08	-71.67%	214.62%	<b>Receipts from Nigeria's Excess Crude Oil Export Falls \$24 Per Barrel in One Year</b>
Money Market	13.04	125.90	-89.6%	-75.68%	<b>Anticipated yuletide rally lifts capitalisation by N70 billion</b>
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	<b>CBN cancels large depositors' fines amid naira scarcity</b>
<b>Monetary Policy Rates (%) (July 2023)</b>	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<b>Naira trades 864/\$ at official market as dollar supply rises</b>
MPR	18.75	18.50		25.0%	<b>China's consumer prices fall fastest in 3 years, factory-gate deflation deepens</b>
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	<b>Amid Increased Demand, Players Trade N55.77tn FX in 10 Months</b>
Liquidity Ratio	30.0	30.0		0.0%	<b>Review of customs duty exchange rate will worsen inflation, CPPE warns</b>
<b>Source: CBN, NBS, FMDQ, ARM Research</b>					<b>Nigeria not generating enough revenue to support devt – IMF</b>

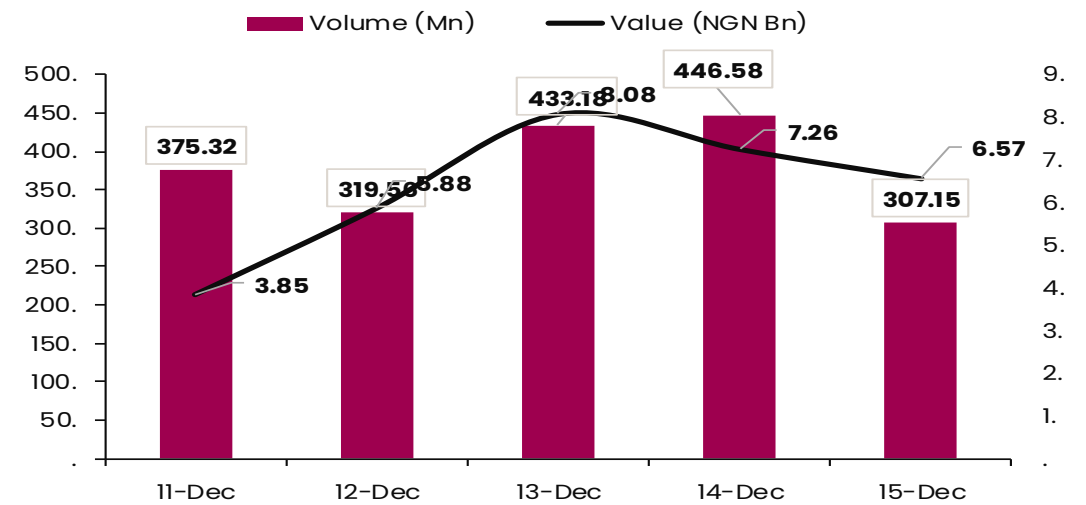


Weekly Equities Market Snapshot

Friday, December 15, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
INFINITY	2.82	59.3%	2.82	1.26	84.7%	NSLTECH	0.63	-16.0%	0.84	0.22	186.4%
SCOA	1.74	28.9%	1.95	0.77	7.9%	ETERNA	11.55	-11.8%	37.70	5.40	72.6%
DAARCOMM	0.46	27.8%	0.46	0.20	-10.9%	NEM	5.35	-9.3%	6.99	3.89	18.9%
JOHNHOLT	2.23	20.5%	3.14	0.80	44.4%	SUNUASSUR	1.16	-7.9%	1.49	0.29	300.0%
DEAPCAP	0.70	14.8%	0.80	0.20	5.9%	FTNCOCOA	1.46	-7.0%	4.10	0.25	403.4%
STERLINGNG	4.18	10.0%	4.58	1.34	5.0%	MBENEFIT	0.50	-5.7%	0.63	0.27	85.2%
CADBURY	16.05	9.9%	18.80	10.20	14.6%	CILEASING	5.10	-4.5%	6.01	3.11	59.4%
ACCESSCORP	22.20	9.6%	23.00	8.40	7.1%	GUINEAINS	0.29	-3.3%	0.42	0.20	45.0%
ETI	22.70	9.4%	22.80	10.10	7.3%	RTBRISCOE	0.60	-3.2%	0.81	0.22	130.8%
ROYALEX	0.65	8.3%	1.19	0.44	-4.4%	JAIZBANK	1.55	-3.1%	2.27	0.83	68.5%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	72,389.23	1.18%	1.43%	9.05%	41.24%
Market Cap	39.61trn	1.18%	1.44%	9.03%	41.90%
NGX Banking	858.79	7.01%	14.80%	28.90%	105.70%
NGX Industrial	1,145.93	0.24%	-2.85%	1.51%	12.47%
NGX Consumer	858.79	0.22%	0.35%	1.20%	94.58%
NGX Oil & Gas	1,038.32	-0.27%	-0.80%	13.60%	124.51%
NGX Insurance	1,145.93	-0.96%	-3.45%	3.30%	67.66%



Source: NGX, ARM Research



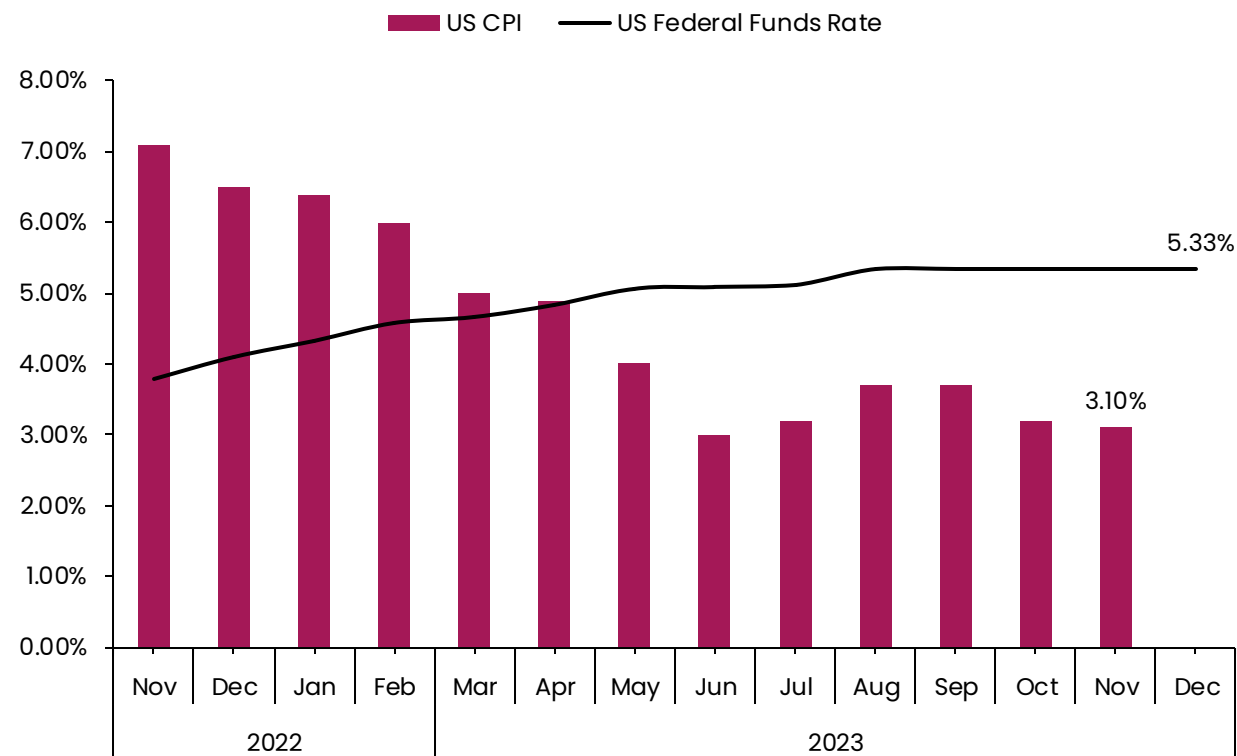
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day
<b>Money Market</b>				<b>OMO</b>					<b>OMO</b>				
Overnight (O/N)	23.25%	19.58%	3.67%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100
Open Repo Rate (OPR)	22.25%	19.17%	3.08%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150
NIBOR - 1M	17.95%	148.75%	-130.80%	10-Aug-23	10.00%	12.98%	N/A	14.49%	10-Aug-23	30	40	N/A	80
NIBOR - 3M	18.95%	154.75%	-135.80%										
NIBOR - 6M	19.50%	164.63%	-145.13%										
<b>Treasury Bills</b>				<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>		<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>	
1-month	4.09%	4.62%	-0.53%	13-Dec-23	6.25%	11.00%	13.50%		13-Dec-23	7.28	6.35	256.51	
3-month	6.29%	6.97%	-0.68%	6-Dec-23	9.00%	13.00%	15.75%		6-Dec-23	1.03	1.94	101.39	
6-month	9.11%	10.16%	-1.05%	22-Nov-23	8.00%	12.00%	16.75%		22-Nov-23	9.96	1.82	199.93	
9-month	12.66%	12.94%	-0.28%	8-Nov-23	7.00%	11.00%	16.75%		08-Nov-23	4.52	5.43	300.16	
12-month	14.92%	17.11%	-2.19%	25-Oct-23	5.99%	9.00%	13.00%		25-Oct-23	2.84	7.95	97.32	
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>	<b>Apr-29</b>	<b>Jun-33</b>	<b>Jun-38</b>	<b>Jun-53</b>	<b>FGN Bonds</b>	<b>Apr-29</b>	<b>Jun-33</b>	<b>Jun-38</b>	<b>Jun-53</b>
14.20% 14-MAR-2024	5.72%	7.43%	-1.71%	11-Dec-23	15.50%	16.00%	16.50%	17.15%	11-Dec-23	28.61	9.15	24.34	211.52
13.53% 23-MAR-2025	12.91%	12.92%	-0.01%	13-Nov-23	16.00%	17.00%	17.50%	18.00%	13-Nov-23	31.47	33.19	47.07	322.77
12.50% 22-JAN-2026	13.28%	13.27%	0.01%	16-Oct-23	14.90%	15.75%	15.80%	16.60%	16-Oct-23	20.53	22.26	54.86	237.09
16.2884% 17-MAR-2027	13.07%	13.76%	-0.69%	11-Sep-23	14.50%	15.45%	15.55%	16.25%	11-Sep-23	43.65	10.45	25.69	171.71
12.1493% 18-JUL-2034	14.94%	15.32%	-0.38%	14-Aug-23	12.50%	13.60%	14.10%	14.30%	14-Aug-23	10.43	4.07	25.53	187.73
16.2499% 18-APR-2037	15.18%	16.20%	-1.02%										
14.8% 26-APR-2049	16.09%	16.90%	-0.81%										
<b>FGN Eurobonds</b>													
7.625 21-NOV-2025	8.61%	9.14%	-0.53%										
6.50% 28-Nov-2027	9.50%	10.18%	-0.68%	ACCESS 15.50% 23-JUL-2026	16.11%	16.11%		0.00%					
7.875% 16-FEB-2032	10.05%	10.81%	-0.76%	VIATHAN 16.00% 14-DEC-2027	14.21%	14.33%		-0.12%					
7.625% 28-Nov-2047	10.22%	10.39%	-0.17%	UNION 16.20% 27-JUN-2029	17.90%	17.67%		0.23%					
				FIDELITY 8.50% 7-JAN-2031	15.67%	15.55%		0.12%					
				MTN COM PLC 12.75    4-NOV-2031	15.66%	15.53%		0.13%					

Source: DMO, CBN, FMDQ, ARM Research



## US Inflation Falls for Fourth Month, Signaling Hope for Fed Target Rate

The U.S. Bureau of Labor Statistics released its November 2023 Consumer Price Index (CPI) report, revealing mixed trends. Headline inflation rose up to 3.1% year-on-year (YoY) albeit at a slower pace compared to 3.2% in October. This marks the fourth consecutive month of inflation decline, offering a glimmer of hope for the Federal Reserve's (FED) target of 2%. However, core inflation rate, excluding volatile food and energy prices, remained stubbornly high at 4.0% YoY. Despite the positive trend in headline inflation, the report also highlighted underlying pressures. A rise in shelter costs offset declines in gasoline prices, indicating broader inflationary forces at play. On a monthly basis, headline CPI edged up 0.1%, while core inflation rose to 0.3%, further underlining the persistence of inflationary pressures. The Federal Reserve, taking note of these mixed signals, maintained rates at 5.25%-5.50% for the fourth consecutive meeting. While acknowledging the downward trajectory of inflation, they remain cautious, anticipating rate cuts only by the second quarter of 2024.



Source: BLS, ARM Research





<b>CONSUMER GOODS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>DANGOTE SUGAR REFINERY PLC</b>	<b>57.50</b>	<b>23.7</b>	<b>-58.78%</b>	<b>SELL</b>
<b>FLOUR MILLS NIG. PLC.</b>	<b>31.55</b>	<b>38.37</b>	<b>21.62%</b>	<b>STRONG BUY</b>
<b>GUINNESS NIG PLC</b>	<b>67.90</b>	<b>144.71</b>	<b>113.12%</b>	<b>STRONG BUY</b>
<b>NIGERIAN BREW. PLC.</b>	<b>37.90</b>	<b>39.22</b>	<b>3.48%</b>	<b>NEUTRAL</b>
<b>FINANCIAL SERVICES</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>ACCESS HOLDINGS PLC</b>	<b>22.20</b>	<b>20.86</b>	<b>-6.04%</b>	<b>SELL</b>
<b>FBN HOLDINGS PLC</b>	<b>23.20</b>	<b>24.62</b>	<b>6.12%</b>	<b>NEUTRAL</b>
<b>GUARANTY TRUST HOLDING COMPANY PLC</b>	<b>39.90</b>	<b>43.11</b>	<b>8.05%</b>	<b>NEUTRAL</b>
<b>UNITED BANK FOR AFRICA PLC</b>	<b>24.15</b>	<b>17.67</b>	<b>-26.83%</b>	<b>SELL</b>
<b>ZENITH BANK PLC</b>	<b>37.10</b>	<b>39.58</b>	<b>6.68%</b>	<b>NEUTRAL</b>
<b>ICT</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>AIRTEL AFRICA PLC</b>	<b>1800.00</b>	<b>1052.58</b>	<b>-41.52%</b>	<b>SELL</b>
<b>MTN NIGERIA COMMUNICATIONS PLC</b>	<b>245.00</b>	<b>326.50</b>	<b>33.27%</b>	<b>STRONG BUY</b>
<b>INDUSTRIAL GOODS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>BUA CEMENT PLC</b>	<b>97.00</b>	<b>110.81</b>	<b>14.24%</b>	<b>OVERWEIGHT</b>
<b>DANGOTE CEMENT PLC</b>	<b>320.00</b>	<b>348.34</b>	<b>8.86%</b>	<b>NEUTRAL</b>
<b>LAFARGE AFRICA PLC (WAPCO)</b>	<b>29.75</b>	<b>45.01</b>	<b>51.29%</b>	<b>STRONG BUY</b>
<b>OIL AND GAS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>SEPLAT ENERGY PLC</b>	<b>2310.10</b>	<b>1,483.90</b>	<b>-35.76%</b>	<b>SELL</b>
<b>TOTALENERGIES MARKETING NIGERIA PLC</b>	<b>385.00</b>	<b>437.35</b>	<b>13.60%</b>	<b>OVERWEIGHT</b>

Source: Bloomberg, ARM Research



# Thank You





## ARM Securities Contact

Research	234 (1) 270 1653	research@armsecurities.com.ng
Institutional Sales & Trading	234 (1) 448 8833	trading@armsecurities.com.ng
Customer Service	234 (1) 448 8282	customerservice@armsecurities.com.ng

Copyright © 2023 Asset & Resource Management Company Limited (“ARM”).

All rights reserved. Unauthorized use, reproduction, distribution, or disclosure of this document is strictly prohibited. This material has been issued by Asset & Resource Management Company Limited (“ARM”), a Company regulated by the Nigerian Securities and Exchange Commission. The analyst(s) primarily responsible for preparing this research report, in whole or in part, certifies that with respect to each security or issuer covered; all of the views expressed accurately reflect his/her personal views about the subject securities and issuers and no part of his/her compensation was, is, or will be, directly or indirectly, related to the inclusion of specific recommendations or views in the report.

This research report is based on information from sources that ARM, and its analysts believe to be reliable. Neither ARM nor any of its Research Analysts, nor any member of the ARM Group, gives any representation or warranty, express or implied, or undertaking of any kind or assumes responsibility or liability of any kind with respect to the accuracy or completeness of the information set out in this report or any third party’s use (or the results of such use) of such information. This report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, or endorsements of any kind whatsoever. The investments and strategies discussed here may not be suitable for all investors; counsel of investment advisor should be obtained with regard to such investments and or strategies. This research report is not a replacement for advice from an accountant, lawyer, personal finance advisor or other category of investment advisor. The investments discussed in this report may oscillate in price or value. Opinions and information provided are made as of the date of the report issue and are subject to change without notice. This research report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Reference herein to any specific security or financial instrument does not necessarily constitute or imply its endorsement or recommendation by ARM, its directors, officers, employees, or designated agents. Members of ARM may act as broker, advisor, or lender, or make a market in any investments or issuers referenced in this report. Further information on any of the securities discussed herein may be obtained upon request to ARM. By accepting this document, you agree to be bound by the foregoing limitations.



[www.arm.com.ng](http://www.arm.com.ng)

    @armengage

1 Mekunwen Road,  
Off Oyinkan Abayomi Drive,  
Ikoyi, Lagos, Nigeria

