



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

Earlier this week, the US Bureau of Labor Statistics (BLS) released the October 2023 Consumer Price Index for All Urban Consumers (CPI-U) data. According to the data, inflation was unchanged in October 2023 on a seasonally adjusted basis, after increasing 0.4% MoM in September 2023. YoY, the headline CPI index increased by 3.2%. The index for all items less food and energy or core inflation rose by 0.2% MoM in October 2023, relative to 0.3% MoM in September 2023. The food index rose 0.3% MoM in October 2023, after rising 0.2% MoM in each of the last 3 months. Similarly, the UK Office of National Statistics released October 2023 Consumer Prices Index (CPI) data during the week. The CPI rose by 4.6% YoY in October 2023, down from 6.7% YoY in September 2023. The annual rate observed in October 2023 was the lowest since October 2021. However, on a monthly basis, CPI did not change in October 2023, compared with the 2.0% MoM increase in October 2022. Core CPI (excluding energy, food, alcohol and tobacco) rose by 5.7% YoY in October 2023, down from 6.1% YoY in September 2023.

Domestic Economy

During the week, the National Bureau of Statistics (NBS) released the inflation figures for October 2023. The Headline inflation rate increased by 61bps, reaching 27.33% YoY (vs. 26.72% YoY in September 2023). This uptick can be attributed to increases in its main components: Food inflation (+88bps to 31.52% YoY) and Core inflation (+73bps to 22.58% YoY). However, on a month-on-month (MoM) basis, the headline inflation continued to decrease, dropping by 36bps to settle at 1.73% MoM (vs. 2.10% MoM in September 2023). This is following declines in food inflation and core inflation to 1.91% MoM and 1.39% MoM respectively. Furthermore, the Central Bank of Nigeria (CBN) has decided to indefinitely extend the legal tender status of the old design Naira banknotes (N200, N500, and N1,000 denominations), originally set to cease on December 31, 2023. This decision aligns with international best practices, aims to avoid previous cash constraints, and is in accordance with the CBN Act 2007. All CBN branches will continue to accept and issue both old and redesigned banknotes, and the public is encouraged to use alternative payment methods for daily transactions.



Equities

The NGX All Share Index (ASI) added 37bps WoW to close the week at 71,112.99 points, following four (4) consecutive days of positive returns. Consequently, the Nigerian equities market recorded 38.75% YtD returns (vs. 38.25% YtD last week). On a sectoral basis, only the Banking (-4bps WoW) and Industrial Goods (-1.18% WoW) sectors closed in the red, while the Oil and Gas (+2.61% WoW), Insurance (+0.91% WoW) and Consumer Goods (+0.20% WoW) sectors recorded gains this week. The top gainers for this week were DEAPCAP (+54.8% WoW to NGN0.48), CILEASING (+49.5% WoW to NGN4.98) and OMATEK (+35.9% WoW to NGN0.87). However, JAPAUFGOLD (-14.1% WoW to NGN1.70), BETAGLAS (-9.9% WoW to NGN54.00) and REDSTAREX (-8.5% WoW to NGN3.00) topped the decliners' chart. In the coming week, we expect bargain-hunting to be the major objective in the market as investors search for tickers with strong fundamentals.

Fixed Income

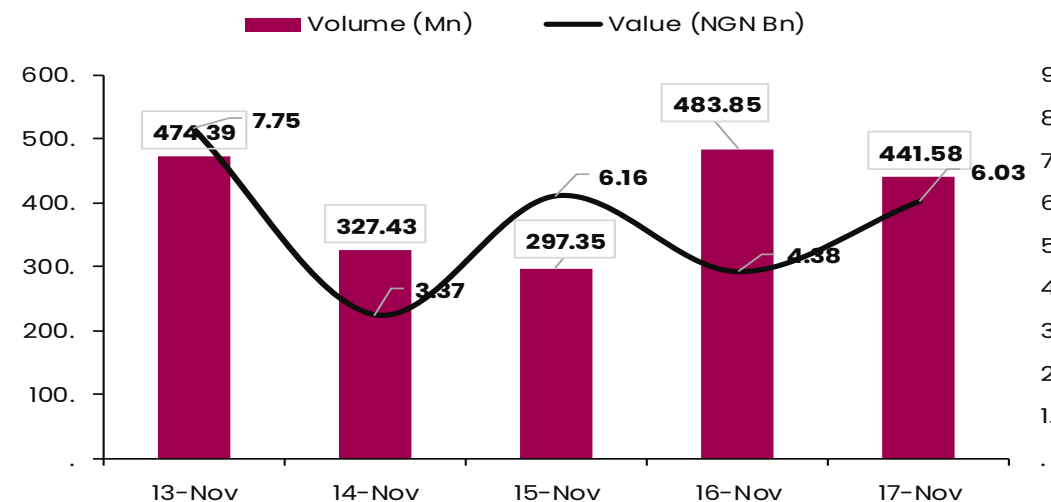
The Nigerian Treasury Bills market closed the week bullish as average yield declined by 61bps WoW to settle at 12.75%. At the November primary bond auction, the DMO sold NGN434.5bn worth of bonds across the re-opening of four (4) instruments (APR-2029: NGN31.47bn, JUN-2033: NGN33.19bn, JUN-2038: NGN47.07bn, and JUN-2053: NGN322.77bn). The average bid-to-cover ratio rose by 17bps to 1.24x (vs. 1.06x at the last auction). Similarly, the average stop rate surged by 136bps to 17.13% compared to 15.76% at the last auction. The four (4) instruments (APR-2029, JUN-2033, JUN-2038 and JUN-2053) stop rates increased tremendously by 110bps, 125bps, 170bps and 140bps each to 16.00%, 17.00%, 17.50% and 18.00% respectively. The secondary bond market closed the week bearish as the average yield rose by 10bps WoW to close at 15.73%. This is following selloffs in the FEB-2028 (+79bps), MAR-2050 (+70bps) and JUN-2053 (+90bps) instruments. Overall, the Naira Fixed income market closed the week on a bullish note as the average yield fell by 25bps WoW to settle at 14.24%. We maintain our view of bearish sentiment in the coming week, given the current dearth in financial system liquidity as well as the CBN's restrictive monetary policy position.

	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	33.3	33.4	-0.24%	-10.35%	Report released this week (Click Link below for Full report)
USD/NGN (₦/\$)					MTNN Q3 2023 Earnings Note - Resilient Performance amid Macro Headwinds
NAFEM	841.1	996.8	18.50%	63.66%	October 2023 CPI Report - Rising Prices Remain Unabated
Parallel	1129.0	1099.0	-2.66%	35.99%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (October 2023)	October	September	CHG (pps)		
Headline	27.33	26.72	0.61	27.03	
Core	22.58	21.84	0.74	22.21	
Food	31.52	30.64	0.88	31.08	
GDP (%) - YoY	Q2 23	Q1 23	Q4 22	2022FY	News Headline for the week (click news for link)
Real GDP	2.51	2.31	3.52	3.1	Wale Edun: Nigeria Needs to Generate Adequate Revenues, Not Borrowing to Fund 2024 Budget
Oil	-13.43	-4.21	-13.38	-19.22	Spike in inflation hampering manufacturing, says LCCI
Agriculture	1.50	-0.90	2.05	1.88	Banks' USSD debt to telcos hits N200bn
Manufacturing	2.20	1.63	2.83	2.45	Impact of Fuel Subsidy Removal, Higher Food Prices Push Inflation to 27.33%
Information and Communication	8.60	10.32	10.35	9.76	NNPCL flags currency crisis as barrier to investment
Labor Data (%)			Q1 23	Q4 22	World Bank disburses \$300m palliative loans
Unemployment Rate			4.1	5.3	Economist Intelligence Unit Predicts 2.6% Real GDP Growth for Nigeria in 2024
Underemployment			12.2	13.7	Anxiety as MTN Nigeria considers stake in 9mobile
Capital Importation (\$'mn)	Q2 23	Q1 23	QoQ (%)	YoY (%)	CBN extends validity of old naira indefinitely
Foreign Portfolio Investment - Equities	8.52	222.31	-96.2%	-87.21%	Nigeria Raises Oil Output by 1.47m Barrels, Still 25% Short of Meeting OPEC Quota
Bonds	85.29	301.08	-71.67%	214.62%	NDIC pays N45.45b liquidation dividends to depositors of closed banks
Money Market	13.04	125.90	-89.6%	-75.68%	Manufacturers kick against CBN Price Verification Portal
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	Naira slump persists despite 46% rise in dollar turnover
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	Amid Products Price Hike, NGX Oil & Gas Emerges Best Performing Index
MPR	18.75	18.50		25.0%	NGX considers dual listing with Saudi Stock Exchange
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	Naira dips by 22.1% as equities market records N45.3b turnover
Liquidity Ratio	30.0	30.0		0.0%	Eight firms record N918.1bn loss on currency revaluation
Source: CBN, NBS, FMDQ, ARM Research					Dangote refinery secures licence to refine 300,000bpd crude



Weekly Equities Market Snapshot						Friday, November 17, 2023					
Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
DEAPCAP	0.48	54.8%	0.48	0.20	5.9%	JAPAUFGOLD	1.70	-14.1%	2.01	0.26	639.1%
CILEASING	4.98	49.5%	4.98	3.11	1.5%	BETAGLAS	54.00	-9.9%	66.95	35.00	36.4%
OMATEK	0.87	35.9%	0.92	0.20	7.1%	REDSTAREX	3.00	-8.5%	4.35	2.06	32.7%
NNFM	23.90	32.8%	23.90	6.75	20.0%	CORNERST	1.40	-6.7%	1.81	0.40	133.3%
NSLTECH	0.36	28.6%	0.50	0.20	9.8%	FTNCOCOA	1.71	-6.6%	4.10	0.25	489.7%
MULTIVERSE	3.63	25.2%	4.45	2.20	11.8%	LEARNAFRCA	2.80	-6.0%	4.23	1.81	27.3%
PRESTIGE	0.55	22.2%	0.64	0.36	27.6%	CUSTODIAN	7.10	-6.0%	8.30	5.35	19.3%
OANDO	11.70	21.9%	16.00	3.53	10.0%	CADBURY	13.80	-4.2%	18.80	10.20	16.0%
MEYER	3.27	20.7%	3.27	2.19	-10.0%	CWG	7.95	-4.1%	9.50	0.77	687.1%
TANTALIZER	0.42	10.5%	0.48	0.20	4.2%	FIDELITYBK	8.80	-3.8%	9.82	4.00	97.8%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	71,112.99	0.37%	2.71%	7.13%	38.75%
Market Cap	39.11trn	0.46%	2.81%	7.64%	40.10%
NGX Banking	728.16	-0.04%	1.64%	9.30%	74.41%
NGX Industrial	1,152.57	-1.18%	-0.81%	5.68%	17.10%
NGX Consumer	728.16	0.20%	0.30%	1.78%	95.71%
NGX Oil & Gas	988.17	2.61%	5.60%	8.11%	113.67%
NGX Insurance	1,152.57	0.91%	5.48%	3.78%	68.44%



Source: NGX, ARM Research



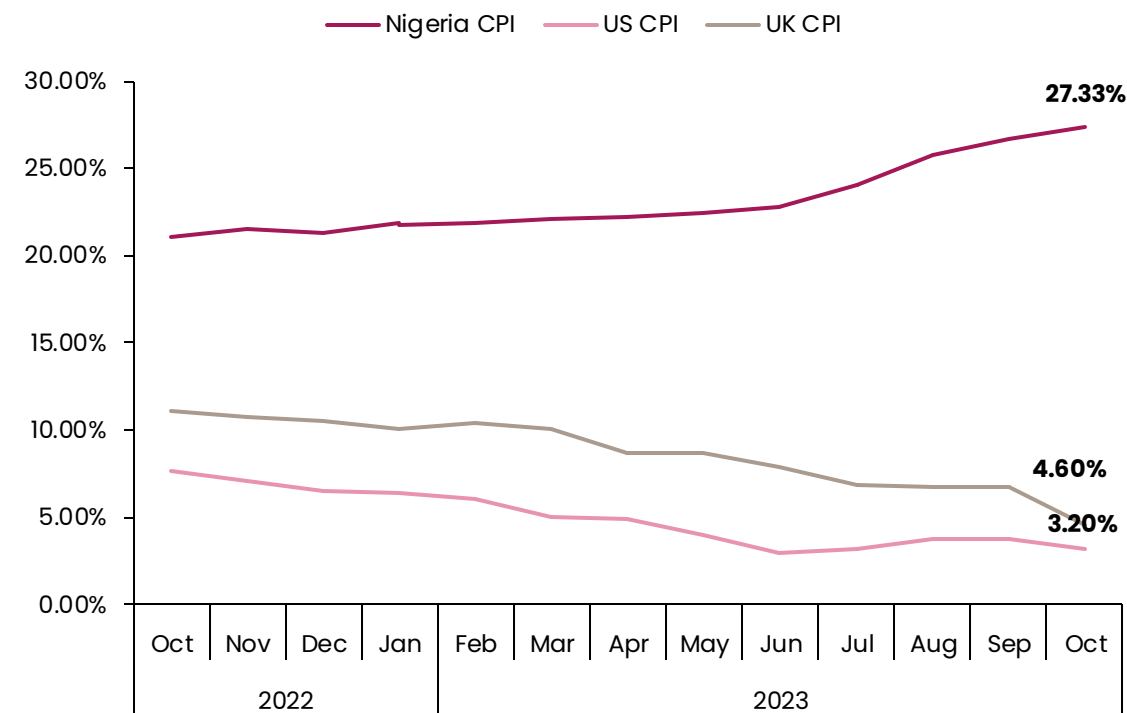
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day
Money Market				OMO					OMO				
Overnight (O/N)	22.20%	16.58%	5.62%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100
Open Repo Rate (OPR)	20.83%	17.58%	3.25%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150
NIBOR - 1M	14.75%	17.00%	-2.25%	10-Aug-23	10.00%	12.98%	N/A	14.49%	10-Aug-23	30	40	N/A	80
NIBOR - 3M	15.75%	17.50%	-1.75%										
NIBOR - 6M	17.06%	18.25%	-1.19%										
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day		Treasury Bills	91 Day	182 Day	364 Day	
1-month	6.16%	7.34%	-1.18%	8-Nov-23	7.00%	11.00%	16.75%		8-Nov-23	4.52	5.43	300.16	
3-month	8.42%	10.05%	-1.63%	25-Oct-23	5.99%	9.00%	13.00%		25-Oct-23	2.84	7.95	97.32	
6-month	12.50%	13.18%	-0.68%	11-Oct-23	4.99%	6.55%	11.37%		11-Oct-23	2.78	3.02	30.76	
9-month	15.24%	15.90%	-0.66%	28-Sep-23	6.50%	7.00%	12.98%		28-Sep-23	1.75	1.56	173.81	
12-month	19.91%	19.90%	0.01%	11-Sep-23	4.50%	7.00%	12.55%		11-Sep-23	1.10	0.92	150.18	
FGN Bonds (Local)				FGN Bonds	Apr-29	Jun-33	Jun-38	Jun-53	FGN Bonds	Apr-29	Jun-33	Jun-38	Jun-53
14.20% 14-MAR-2024	10.33%	11.80%	-1.47%	13-Nov-23	16.00%	17.00%	17.50%	18.00%	13-Nov-23	31.47	33.19	47.07	322.77
13.53% 23-MAR-2025	15.10%	15.17%	-0.07%	16-Oct-23	14.90%	15.75%	15.80%	16.60%	16-Oct-23	20.53	22.26	54.86	237.09
12.50% 22-JAN-2026	15.33%	15.25%	0.08%	11-Sep-23	14.50%	15.45%	15.55%	16.25%	11-Sep-23	43.65	10.45	25.69	171.71
16.2884% 17-MAR-2027	15.45%	15.04%	0.41%	14-Aug-23	12.50%	13.60%	14.10%	14.30%	14-Aug-23	10.43	4.07	25.53	187.73
12.1493% 18-JUL-2034	15.80%	15.40%	0.40%	17-Jul-23	12.50%	13.60%	14.10%	14.30%	17-Jul-23	52.62	39.86	146.49	417.77
16.2499% 18-APR-2037	16.25%	16.26%	-0.01%	Corporate Bonds	This Week	Prior Week	WoW (%)						
14.8% 26-APR-2049	16.89%	16.89%	0.00%										
FGN Eurobonds													
7.625 21-NOV-2025	9.35%	9.73%	-0.38%	FCMB 17.25% 8-DEC-2023	8.52%	8.78%	-0.26%						
6.50% 28-Nov-2027	10.51%	11.09%	-0.58%	ACCESS 15.50% 23-JUL-2026	18.21%	17.51%	0.70%						
7.875% 16-FEB-2032	11.15%	11.65%	-0.50%	VIATHAN 16.00% 14-DEC-2027	16.34%	16.21%	0.13%						
7.625% 28-Nov-2047	11.20%	11.76%	-0.56%	UNION 16.20% 27-JUN-2029	18.70%	18.70%	0.00%						
				FIDELITY 8.50% 7-JAN-2031	16.49%	16.49%	0.00%						
				MTN COM PLC 12.75 14-NOV-2031	16.48%	16.48%	0.00%						

Source: DMO, CBN, FMDQ, ARM Research



Nigeria's Inflation Rises While Developed Economies Observe Downtrends

This week, the Nigerian Bureau of Statistics (NBS) released the October 2023 Consumer Price Index (CPI) report. The report revealed that headline CPI rose by 61bps to 27.33% year-on-year (YoY) (compared to 26.72% YoY in September 2023). Interest rates in Nigeria remain elevated as inflation pressures persist. At the last policy meeting in July, the Monetary Policy Committee (MPC) voted to raise interest rates by 25 basis points to 18.75% (from 18.50%). Given that inflation shows no signs of abating, we anticipate that the MPC will maintain its hawkish stance at its upcoming November policy meeting. In other economies, the US Bureau of Labor Statistics (BLS) and UK Office for National Statistics (ONS) also released their monthly CPI reports. In October, headline inflation in the US and UK rose to 3.2% YoY (versus 3.7% in September 2023) and 4.6% YoY (versus 6.7% in September 2023), respectively. On a month-on-month basis, inflation in the US remained unchanged from the previous month (4.0% MoM in September), while UK inflation also remained flat in October (2.0% MoM in September). The decline in inflation in these developed economies underscores the effectiveness of hawkish monetary policies. However, both the US Federal Reserve (Fed) and the Bank of England (BOE) have indicated that they are not in a rush to adopt a dovish policy stance. Additionally, the possibility of further rate hikes this year have not been ruled out, as inflation remains significantly above their respective 2% target rates.



Source: Bloomberg, NBS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	61.60	23.7	-61.53%	SELL
FLOUR MILLS NIG. PLC.	32.00	38.37	19.91%	OVERWEIGHT
GUINNESS NIG PLC	65.00	144.71	122.63%	STRONG BUY
NIGERIAN BREW. PLC.	40.00	39.22	-1.95%	UNDERWEIGHT
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	17.35	20.86	20.23%	STRONG BUY
FBN HOLDINGS PLC	20.00	24.62	23.10%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	37.00	43.11	16.51%	OVERWEIGHT
UNITED BANK FOR AFRICA PLC	20.75	17.67	-14.84%	SELL
ZENITH BANK PLC	33.40	39.58	18.50%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1790.00	1173.84	-34.42%	SELL
MTN NIGERIA COMMUNICATIONS PLC	239.50	326.50	36.33%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	104.00	110.81	6.55%	NEUTRAL
DANGOTE CEMENT PLC	328.00	348.34	6.20%	NEUTRAL
LAFARGE AFRICA PLC (WAPCO)	29.50	45.01	52.58%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	2100.00	1,483.90	-29.34%	SELL
TOTALENERGIES MARKETING NIGERIA PLC	385.00	437.35	13.60%	OVERWEIGHT

Source: Bloomberg, ARM Research



Company	Declaration Date	Total Dividend	Total Dividend/Share	Final Dividend	Final Dividend/Share	Financial Year	Payment Date	Register Date
Airtel Africa Plc	1-Nov-23				USD0.0238cents	H1:2024	15-Dec-23	10-Nov-23

Source: ARM Research



Thank You





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