



# How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation







## Global Economy

Earlier this week, the Office of National Statistics (ONS) released UK November 2023 Consumer Price Index (CPI) data. According to the ONS, The CPI rose by 3.9% YoY in November 2023, down from 4.6% YoY in October 2023. On a MoM basis, CPI fell by 0.2% in November 2023 (vs. +0.4% MoM in November 2022). The largest downward contributions to the monthly change in CPI annual rates came from transport, recreation and culture, and food and non-alcoholic beverages. Core CPI (excluding energy, food, alcohol, and tobacco) also rose by 5.1% YoY in November 2023, down from 5.7% in October 2023. Elsewhere, in the US, the US Bureau of Labor Statistics (BLS) released the third estimate of US real GDP Q3:2023 data. According to the US BLS, real GDP increased by 4.9% YoY in Q3:2023 (vs. 2.1% YoY in Q2:2023). The increase in real GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment. This was partially offset by an increase in Imports. Nominal GDP increased by 8.3% YoY, or USD547.1bn, in Q3:2023 to USD27.61trn, a downward revision of USD34.3bn from the previous estimate.

## Domestic Economy

During the week, the National Bureau of Statistics released the unemployment rate for Q2 2023, indicating a 1bp increase to reach 4.2%, (vs 4.1% in Q1 2023). The data also disclosed that the labor force participation rate remained elevated at 80.4% among the working-age population in Q2 2023, accompanied by an employment-to-population ratio of 77.1%. The collective rate of unemployment and time-related underemployment, as a proportion of the labor force population, stood at 15.5% in Q2 2023. Furthermore, the report emphasized that a significant portion of workers, specifically 88.0%, were involved in self-employment, while only 12% held Wage Employment during the same period. In addition, The Federation Account Allocation Committee (FAAC) allocated NGN1.1trn to the three government levels as Federation Allocation In October, sourced from a gross total of NI.62 trn. the combined revenue distributed among the federal, state, and local governments saw a 20.04% increase, reaching NGN1.08 trn. This marks a significant climb from the NGN906.96 bn disbursed in the previous month.



## Equities

The Nigerian Equities market extended its bullish run for the seventh (7th) consecutive week as the NGX All Share Index (ASI) added 226bp WoW to settle at 74,023.27 points, bring the market's year-to-date returns up to 44.43% YtD (vs. last week: 41.24% YtD). On a sectoral basis, all sectors under our coverage closed positive except the Consumer goods sector (-0.70% WoW). The top gainers for the week were INFINITY (+76.3% WoW to NGN4.53), DAARCOMM (+4.3% WoW to NGN0.69) and MULTIVERSE (+48.6% WoW to NGN13.97) while ABCTRANS (-16.5% WoW to NGN0.76), ETRANZACT (-13.6% WoW to NGN6.05) and ELLAHLAKES (-9.9% WoW to NGN2.90) topped the losers' chart. As the year draws to a close, we expect the Nigerian bourse to sustain its bullish returns on the back of investors' bargain-hunting activities.

## Fixed Income

The Treasury Bills market closed the week on a bullish note, with the average yield dropping by 17bs WoW to settle at 8.12%. This bullish sentiment extended to the secondary bond market, where the average yield fell by 2bps WoW to settle at 14.36%, driven by buy interest across the yield curve. Overall, the Naira fixed income market ended the week positively, with the average yield declining by 10bps WoW to 11.24%. In the coming week, we opine bullish sentiment due to the improved liquidity in the system.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	32.8	32.9	-0.21%	-10.35%	
<b>USD/NGN (₦/\$)</b>					
NAFEM	861.9	889.9	3.24%	63.66%	
Parallel	1187.2	1219.3	2.71%	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>Contributory pension assets rise to N17.66tn – Report.</b>
Oil	-0.85	-13.43	-13.38	-19.22	<b>Nigeria can earn N10tr yearly from public assets, says Oyedele</b>
Agriculture	1.30	1.50	2.05	1.88	<b>NGX Grants Notore Chemical Industries Free Float Extension</b>
Manufacturing	0.48	2.20	2.83	2.45	<b>China's economic conditions to improve in 2024 - officials.</b>
Information and Communication	6.69	8.60	10.35	9.76	<b>Tinubu charges NNPC board, firm projects 2mbpd oil production</b>
<b>Labor Data (%)</b>			<b>Q1 23</b>	<b>Q4 22</b>	<b>UBA secures \$175 million facility from AfDB</b>
Unemployment Rate			4.1	5.3	<b>Stock Market Up 0.02% on Buying Interest in Transcorp, Others</b>
Underemployment			12.2	13.7	<b>Can China get its economic miracle back on track in 2024?</b>
<b>Capital Importation (\$'mn)</b>	<b>Q2 23</b>	<b>Q1 23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>Domestic borrowing jumps by 134%, rises to N52tn</b>
Foreign Portfolio Investment – Equities	8.52	222.31	-96.2%	-87.21%	<b>Power generation to drop by 676MW over plant maintenance.</b>
Bonds	85.29	301.08	-71.67%	214.62%	<b>How we secured \$43.7b trade, investment deals at IATF, by Afreximbank VP</b>
Money Market	13.04	125.90	-89.6%	-75.68%	<b>Stock Market Extends Positive Momentum, Up 0.09%</b>
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	<b>Toshiba delisted after 74 years, faces future with new owners.</b>
<b>Monetary Policy Rates (%) (July 2023)</b>	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<b>Keep external reserves in Chinese yuan, Reps advise CBN.</b>
MPR	18.75	18.50		25.0%	<b>Oyetola asks Umahi to fix 15 ports access roads</b>
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	<b>NIMN Sets Agenda for Growth, Forges Strategic Alliances</b>
Liquidity Ratio	30.0	30.0		0.0%	<b>Oil prices fall as Angola exits OPEC.</b>
<b>Source: CBN, NBS, FMDQ, ARM Research</b>					<b>Again, NBS pegs unemployment rate at 4.2 per cent amid business closure.</b>

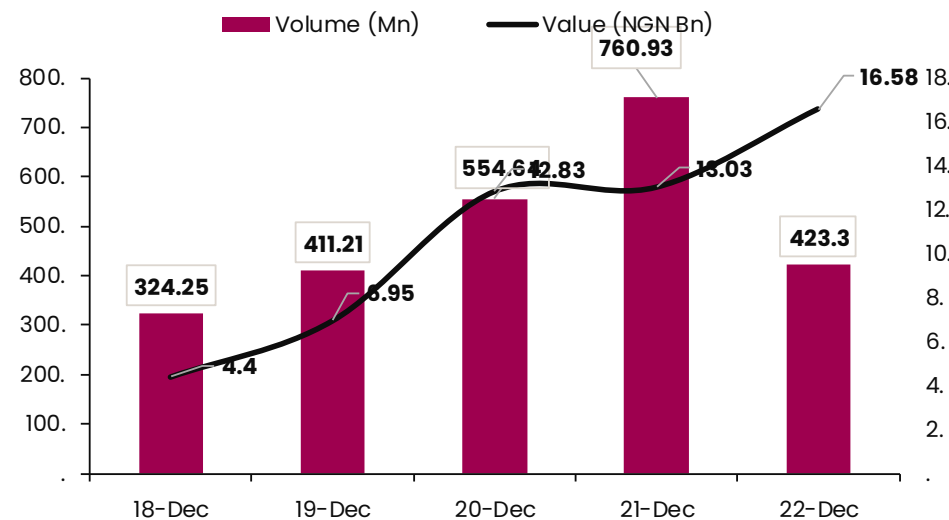


Weekly Equities Market Snapshot

Friday, December 22, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
INFINITY	4.53	76.3%	4.53	1.26	84.7%	ABCTRANS	0.76	-16.5%	1.35	0.27	204.0%
DAARCOMM	0.69	64.3%	0.69	0.20	-10.9%	ETRANZACT	6.05	-13.6%	10.58	3.45	72.9%
MULTIVERSE	13.97	48.6%	13.97	2.20	11.8%	ELLAHLAKES	2.90	-9.9%	4.75	2.90	-19.4%
TRANSCOHOT	63.80	36.0%	63.80	6.05	6.3%	PRESTIGE	0.47	-9.6%	0.64	0.36	11.9%
NNFM	45.50	29.1%	45.50	6.75	20.0%	GUINNESS	62.00	-8.7%	80.00	55.00	-10.5%
RTBRISCOE	0.67	21.8%	0.81	0.22	6.4%	ETI	20.90	-7.9%	22.80	10.10	97.2%
CADBURY	17.50	19.9%	18.80	10.20	14.6%	LASACO	1.90	-7.3%	2.70	0.77	118.4%
ABBEYBDS	1.84	19.5%	2.06	1.00	0.0%	GUINEAINS	0.27	-6.9%	0.42	0.20	35.0%
IMG	10.15	19.4%	10.15	7.00	0.0%	NASCON	51.40	-4.8%	66.80	10.50	363.1%
CAVERTON	1.82	15.9%	2.01	0.93	2.9%	ACADEMY	1.80	-4.8%	2.50	1.16	39.5%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	74,023.27	2.26%	3.72%	11.51%	44.43%
Market Cap	40.51trn	2.26%	3.73%	11.49%	45.11%
NGX Banking	887.60	3.35%	18.66%	33.23%	112.60%
NGX Industrial	1,137.87	0.33%	-2.53%	1.85%	12.85%
NGX Consumer	887.60	-0.70%	-0.36%	0.48%	93.21%
NGX Oil & Gas	1,039.25	0.09%	-0.71%	13.70%	124.71%
NGX Insurance	1,137.87	1.70%	-1.81%	5.06%	70.52%



# Weekly Commentary & Stock Recommendation

# Fixed Income

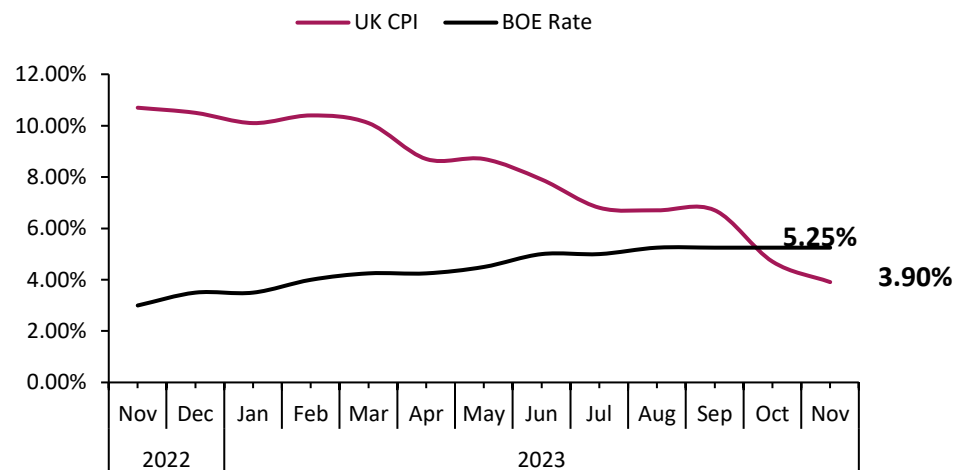


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day	
<b>Money Market</b>				<b>OMO</b>					<b>OMO</b>					
Overnight (O/N)	16.94%	23.25%	-6.31%	22-Dec-23	N/A	N/A	N/A	N/A	22-Dec-23	50	N/A	100	150	
Open Repo Rate (OPR)	14.86%	22.25%	-7.39%	20-Dec-23	N/A	12.00%	N/A	15.00%	20-Dec-23	25	N/A	25	50	
NIBOR - 1M	17.00%	17.95%	-0.95%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100	
NIBOR - 3M	17.43%	18.95%	-1.52%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150	
NIBOR - 6M	17.87%	19.50%	-1.63%	10-Aug-23	10.00%	12.98%	N/A	14.49%	10-Aug-23	30	40	N/A	80	
<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	3.20%	4.09%	-0.89%	13-Dec-23	6.25%		11.00%	13.50%	13-Dec-23	7.28	6.35		256.51	
3-month	5.60%	6.29%	-0.69%	6-Dec-23	9.00%		13.00%	15.75%	6-Dec-23	1.03	1.94		101.39	
6-month	7.95%	9.11%	-1.16%	22-Nov-23	8.00%		12.00%	16.75%	22-Nov-23	9.96	1.82		199.93	
9-month	10.99%	12.66%	-1.67%	8-Nov-23	7.00%		11.00%	16.75%	08-Nov-23	4.52	5.43		300.16	
12-month	13.88%	14.92%	-1.04%	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	5.56%	5.72%	-0.16%	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	12.90%	12.91%	-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	13.29%	13.28%	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%	13.07%	0.00%	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	14.91%	14.94%	-0.03%	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	15.55%	15.18%	0.37%	<b>Corporate Bonds</b>				<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>				
14.8% 26-APR-2049	25.34%	16.09%	9.25%											
<b>FGN Eurobonds</b>														
7.625 21-NOV-2025	8.43%	8.61%	-0.18%											
6.50% 28-Nov-2027	9.26%	9.50%	-0.24%	ACCESS 15.50% 23-JUL-2026	16.11%		16.11%		0.00%					
7.875% 16-FEB-2032	9.78%	10.05%	-0.27%	VIATHAN 16.00% 14-DEC-2027	14.21%		14.21%		0.00%					
7.625% 28-Nov-2047	9.96%	10.22%	-0.26%	UNION 16.20% 27-JUN-2029	19.86%		17.90%		1.96%					
<b>Source: DMO, CBN, FMDQ, ARM Research</b>				FIDELITY 8.50% 7-JAN-2031	15.60%		15.67%		-0.07%					
				MTN COM PLC 12.75    4-NOV-2031	15.60%		15.66%		-0.06%					



## UK Consumers See Respite as Inflation Cools to 2-Year Low

A glimmer of hope emerged for UK consumers this week as the Office for National Statistics (ONS) reported the lowest Consumer Price Index (CPI) reading in over two years. November 2023 saw headline CPI climb to 3.9% year-on-year (YoY), down from 4.7% in October. This marks a significant moderation from the recent peak of 11.1% recorded in October 2022. The downward trend extended to monthly comparisons as well, with November CPI dipping 0.2% month-on-month (MoM) compared to a 0.4% MoM increase the previous month. This welcome decline can be attributed to several sub-segments, including transport, recreation and culture, and food and non-alcoholic beverages. Core CPI, which excludes volatile components like energy, food, alcohol, and tobacco, also softened during the period, falling to 5.1% YoY from 5.7% YoY in October. Notably, at their last policy meeting, the BOE left rates unchanged for the third meeting consecutively at 5.25%. This was largely in line with market expectations and indicated that monetary policy is likely to remain restrictive for an extended period of time. However, the encouraging CPI data has fuelled investor optimism, leading to the full pricing in of a Bank of England (BOE) rate cut by May 2024. The prospect of inflation nearing the target rate of 2% appears more attainable than ever.



Source: UK ONS, 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>57.45</b>	<b>23.7</b>	<b>-58.75%</b>	<b>SELL</b>
<b>FLOUR MILLS NIG. PLC.</b>	<b>33.50</b>	<b>38.37</b>	<b>14.54%</b>	<b>OVERWEIGHT</b>
<b>GUINNESS NIG PLC</b>	<b>57.45</b>	<b>144.71</b>	<b>151.89%</b>	<b>STRONG BUY</b>
<b>NIGERIAN BREW. PLC.</b>	<b>36.00</b>	<b>39.22</b>	<b>8.94%</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>23.20</b>	<b>20.86</b>	<b>-10.09%</b>	<b>SELL</b>
<b>FBN HOLDINGS PLC</b>	<b>24.00</b>	<b>24.62</b>	<b>2.58%</b>	<b>NEUTRAL</b>
<b>GUARANTY TRUST HOLDING COMPANY PLC</b>	<b>40.05</b>	<b>43.11</b>	<b>7.64%</b>	<b>NEUTRAL</b>
<b>UNITED BANK FOR AFRICA PLC</b>	<b>25.60</b>	<b>17.67</b>	<b>-30.98%</b>	<b>SELL</b>
<b>ZENITH BANK PLC</b>	<b>37.90</b>	<b>39.58</b>	<b>4.43%</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>1887.60</b>	<b>1052.58</b>	<b>-44.24%</b>	<b>SELL</b>
<b>MTN NIGERIA COMMUNICATIONS PLC</b>	<b>250.00</b>	<b>326.50</b>	<b>30.60%</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>31.45</b>	<b>45.01</b>	<b>43.12%</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>2310.00</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





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