



# How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





# Weekly Commentary & Stock recommendation

18<sup>th</sup> September – 22<sup>nd</sup> September 2023





### Global Economy

The Bank of England left interest rates unchanged on Thursday for the first time in nearly (2) two years during a long-running battle against persistently high inflation. Consequently, policymakers at the central bank kept interest rates constant at 5.25%, the highest since early 2008, pausing after 14 consecutive rate increases. However, it was a tight decision; just five of the bank's nine rate-setters voted to hold rates. Looking at the inflation trend, Consumer prices rose 6.70% in August YoY, down slightly from 6.80% recorded the previous month. The annual rate of core inflation, which strips out energy and food costs that tend to be more volatile and influenced by international markets, fell to 6.20% YoY in August 2023, from 6.90% the previous month. Elsewhere, the US Federal Reserve held rates constant at 5.25% to 5.5% (a 22 year high) on Wednesday but forecast it will raise interest rates one more time this year, according to the central bank's projections released Wednesday. Projections released by the Fed showed the central bank would hike rates to a median 5.6% (i.e., one more 25bps hike) by the end of 2023, up from the current range between 5.25% and 5.5%. Twelve Fed officials at the meeting supported the additional hike, while seven opposed it.

### Domestic Economy

During the week, the Central Bank of Nigeria (CBN) introduced a new online platform called the CBN Licensing, Approval and Other Requests Portal (CBN LARP) for the submission of microfinance bank (MFB) license applications. This online system is designed to replace the traditional manual application process, where prospective MFB applicants physically submit their applications to the CBN. The transition to this digital platform aims to bring several benefits, including simplifying the application process, saving time, improving communication, and enhancing security measures. Starting from September 25, 2023, MFB license applicants are required to submit both hardcopy and online applications simultaneously as part of a parallel run. The hardcopy application must reference the online submission to be considered. This parallel run will continue until December 31, 2023. After this date, the CBN will no longer accept manual submissions for MFB license applications. Furthermore, Dr. Olayemi Michael Cardoso has officially assumed the role of Acting Governor of the Central Bank of Nigeria (CBN) as of September 22, 2023. His appointment came following his nomination by President Bola Ahmed Tinubu and will be in an acting capacity until confirmed by the Senate. This transition follows the resignation of Mr. Godwin Emefiele as the previous Governor of the CBN. Similarly, the Deputy-Governors-Designate have also taken up their duties in acting capacities. This comes after the formal resignation of Mr. Folashodun Shonubi, Mrs. Aishah Ahmad, Mr. Edward Lametek Adamu, and Dr. Kingsley Obiora, who previously held the positions of Deputy Governors at the CBN.



### Equities

The Nigerian Equities market ended the week on a bearish note as the NGX All Share Index (ASI) shed 11bps WoW to close at 67,324.59 points, leading to a fall in the market's year-to-date (YtD) returns (from 31.50% YtD last week to 31.36% YtD this week). This is coming after only gaining in two (2) consecutive days at the beginning of the week, following the nomination of a new Central Bank Governor, Dr. Olayemi Michael Cardoso and new Deputy Governors. On a sectoral basis, we observed bearish sentiments in the Industrial Goods sector (-4.80% WoW), while the Insurance (+3.34% WoW), Consumer Goods (+2.98% WoW), Banking (+0.61% WoW) and Oil and Gas (+0.56% WoW) sectors witnessed a bullish run. The top gainers for the week include CHIPLC (+32.9% WoW to NGN1.05), ELLAHLAKES (+28.8% WoW to NGN4.25) and ETRANZACT (+28.6% WoW to NGN9.45), while TANTALIZER (-21.1% WoW to NGN0.30), GUINEANS (-20.7% WoW to NGN0.23) and NSLTECH (-10.3% WoW to NGN0.26) topped the losers' chart. We anticipate mixed sentiments in the coming week as investors continue to engage in profit-taking activities, taking into cognizance the volatilities affecting the market.

### Fixed Income

The Nigerian Treasury Bills market closed the week on a negative note as average yield surged by 59bps WoW to settle at 8.46%. Similarly, the secondary bond market ended the week bearish as average yield rose by 5bps WoW to settle at 14.47%. This is following sell offs in the MAR-2024 (+72bps) FEB-2028 (+12bps) and APR-2032 (+12bps) instruments. Overall, the Naira Fixed income market closed negative as average yield increased by 32bps WoW to settle at 11.47%.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	33.3	33.3	0.00%	.	
<b>USD/NGN (₦/\$)</b>					
NAFEX	738.0	780.0	5.69%	0.33%	
Parallel	961.0	950.0	-1.14%	2.59%	
<b>Economic Snapshot</b>					
	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2 month Avg.</b>	
<b>Inflation YoY (July 2023)</b>					
	<b>July</b>	<b>July</b>	<b>CHG (pps)</b>		
Headline	25.80	24.08	1.72	24.94	
Core	21.15	20.47	0.68	20.81	
Food	29.34	26.98	2.36	28.16	
<b>GDP (%) - YoY</b>					
	<b>Q2 23</b>	<b>Q1 23</b>	<b>Q4 22</b>	<b>2022FY</b>	<b>News Headline for the week (click news for link)</b>
Real GDP	2.51	2.31	3.52	3.1	<b>BOJ keeps ultra-loose policy, dovish guidance on outlook</b>
Oil	-13.43	-4.21	-13.38	-19.22	<b>Forex derivatives' market turnover dips by 57.76% in August</b>
Agriculture	1.50	-0.90	2.05	1.88	<b>Currency in circulation rises to N2.7tn- CBN report</b>
Manufacturing	2.20	1.63	2.83	2.45	<b>CBN postpones MPC meeting, keeps mum on new date</b>
Information and Communication	8.60	10.32	10.35	9.76	<b>Oil falls as rate hike expectations offset US stock draw</b>
<b>Labor Data (%)</b>					
			<b>Q1 23</b>	<b>Q4 22</b>	<b>Crypto transactions rise to \$56.7bn as naira depreciates</b>
Unemployment Rate			4.1	5.3	<b>Stocks retreat, US yields advance, dollar strengthens on hawkish Fed</b>
Underemployment			12.2	13.7	<b>China keeps benchmark rates unchanged as economy finds footing</b>
<b>Capital Importation (\$'mn)</b>					
	<b>Q4 22</b>	<b>Q3 22</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>FIRS revenue collection hits N8.5tr, hopeful of meeting N12tr 2023 target</b>
Foreign Portfolio Investment - Equities	4.86	7.21	-32.6%	-87.21%	<b>Govt to invest \$20bn in power, targets 20,000MW by 2026</b>
Bonds	322.04	203.80	58.02%	214.62%	<b>Dangote refinery imports crude as NNPC swaps oil for loans</b>
Money Market	135.96	231.08	-41.2%	-75.68%	<b>5G subscriptions rise to 500,000 - NCC</b>
Foreign Direct Investment	84.23	81.72	3.07%	-76.49%	<b>U.S. business optimism about China outlook falls to record low - survey</b>
<b>Monetary Policy Rates (%) (May 2023)</b>					
	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<b>96% of revenue spent servicing debts, says FIRS Chairman</b>
MPR	18.5	18.0		50.0%	<b>Six banks earn N3.9tn in six months - Reports</b>
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	<b>Decade of gas policy is propelling Nigeria as regional hub, says NGA</b>
Liquidity Ratio	30.0	30.0		0.0%	<b>Telecoms investments in Nigeria grow to \$77bn from \$38bn - NCC boss, Danbatta</b>
<b>Oil earnings rise by N188.71bn as output appreciates</b>					

Source: CBN, NBS, FMDQ, ARM Research



Weekly Equities Market Snapshot						Friday, September 22, 2023					
Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
CHIPLC	1.05	32.9%	1.41	0.51	0.0%	TANTALIZER	0.30	-21.1%	0.48	0.20	50.0%
ELLAHLAKES	4.25	28.8%	4.75	3.19	7.3%	GUINEAINS	0.23	-20.7%	0.42	0.20	15.0%
ETRANZACT	9.45	28.6%	10.58	3.20	14.3%	NSLTECH	0.26	-10.3%	0.50	0.20	18.2%
CHAMS	1.31	19.1%	1.54	0.21	-12.7%	SKYAVN	25.35	-9.9%	28.15	5.50	407.0%
ABBEYBDS	2.00	17.6%	2.00	1.00	0.0%	MULTIVERSE	2.72	-9.9%	4.62	2.20	-31.7%
ABBEYBDS	2.00	17.6%	2.00	1.00	0.0%	BETAGLAS	46.70	-9.9%	51.85	35.00	17.9%
MBENEFIT	0.47	17.5%	0.63	0.26	2.0%	GLAXOSMITH	11.00	-9.8%	13.95	5.40	78.9%
BERGER	12.75	15.9%	12.75	5.70	-6.5%	IKEJAHOTEL	2.50	-9.1%	3.60	0.70	138.1%
JOHNHOLT	1.65	15.4%	3.14	0.73	44.4%	ROYALEX	0.53	-8.6%	1.19	0.44	-98.4%
STANBIC	78.00	13.2%	83.05	27.50	0.0%	DANGCEM	334.00	-8.5%	380.00	220.00	28.0%

Tickers	Pts/₦	WoW	MtD	Qtd	YTD
NGXASI	67,324.59	-1.20%	1.17%	10.43%	31.36%
Market Cap	36.85trn	-1.20%	1.17%	10.99%	32.00%
NGX Banking	695.24	-2.65%	7.57%	7.72%	66.52%
NGX Industrial	1,114.71	-5.06%	-3.99%	10.24%	14.28%
NGX Consumer	695.24	1.09%	4.86%	24.58%	89.28%
NGX Oil & Gas	925.52	-1.47%	-1.53%	19.29%	100.12%
NGX Insurance	1,114.71	3.82%	2.46%	-0.61%	57.93%

Date	Volume (Mn)	Value (NGN Bn)
18-Sep	515.28	8.93
19-Sep	676.74	5.89
20-Sep	566.67	5.39
21-Sep	1123.85	5.82
22-Sep	1028.44	4.35

Source: NGX, ARM Research

# Weekly Commentary & Stock Recommendation

# Fixed Income

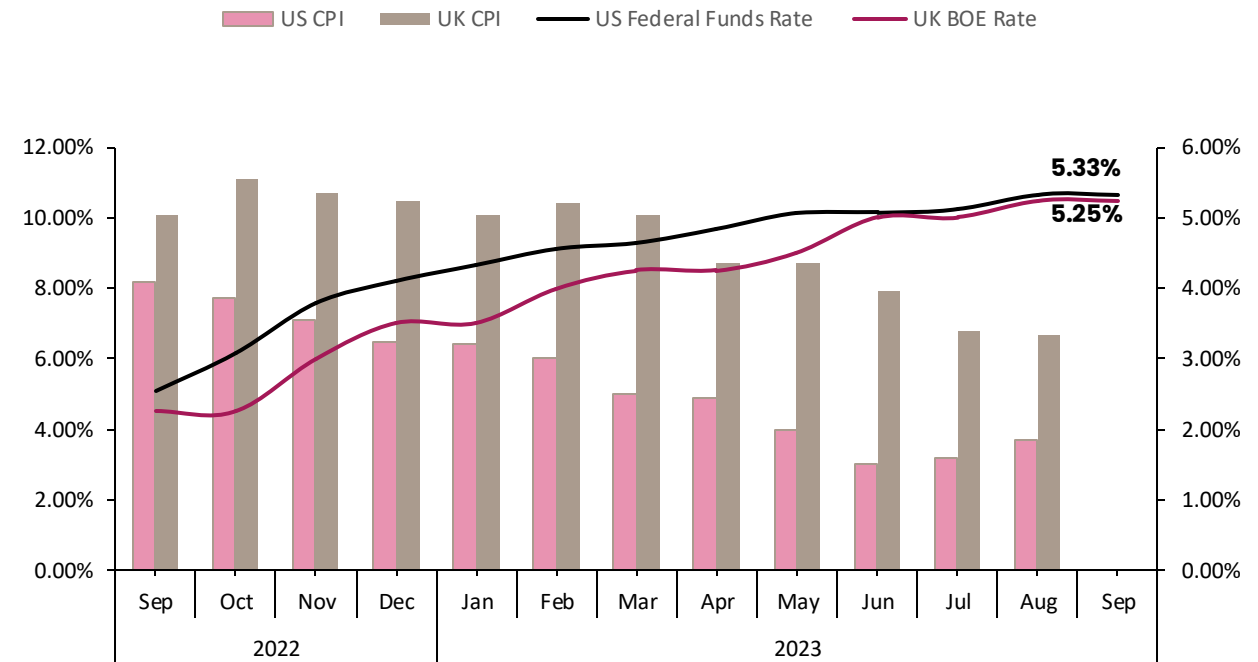


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)				Issuance (N'billion)													
				96 Day	187 Day	362 Day	96 Day	187 Day	362 Day												
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>													
Overnight (O/N)	3.13%	24.42%	-21.29%	10-Aug-23	10.00%	12.98%	14.49%	10-Aug-23	30	40	80										
Open Repo Rate (OPR)	2.58%	23.64%	-21.06%																		
NIBOR - 1M	9.00%	10.50%	-1.50%																		
NIBOR - 3M	9.75%	11.17%	-1.42%																		
NIBOR - 6M	11.08%	11.90%	-0.82%																		
<b>Treasury Bills</b>				<b>Treasury Bills</b>				<b>Treasury Bills</b>													
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day										
1-month	3.64%	3.87%	-0.23%	11-Sep-23	6.50%	7.00%	12.98%	11-Sep-23	1.10	0.92	150.18										
3-month	5.05%	5.20%	-0.15%	06-Sep-23	4.50%	7.00%	12.55%	6-Sep-23	1.03	10.55	203.15										
6-month	7.67%	7.59%	0.08%	23-Aug-23	5.19%	8.00%	13.97%	23-Aug-23	9.96	10.21	283.04										
9-month	10.14%	10.01%	0.13%	09-Aug-23	5.00%	5.90%	9.80%	09-Aug-23	4.52	1.32	148.15										
12-month	14.33%	14.19%	0.14%	26-Jul-23	6.00%	8.00%	12.15%	26-Jul-23	2.85	6.44	255.04										
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>				<b>FGN Bonds</b>													
					Feb-28	Apr-29	Apr-32	Jun-33	Jun-38	Jan-42	Mar-50	Jun-53		Feb-28	Apr-29	Apr-32	Jun-33	Jun-38	Jan-42	Mar-50	Jun-53
14.20% 14-MAR-2024	7.98%	6.42%	1.56%	11-Sep-23	N/A	14.50%	N/A	15.45%	15.55%	N/A	N/A	16.25%	11-Sep-23	N/A	43.65	N/A	10.45	25.69	N/A	N/A	171.71
13.53% 23-MAR-2025	12.82%	12.82%	0.00%	14-Aug-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%	14-Aug-23	N/A	10.43	N/A	4.07	25.53	N/A	N/A	187.73
12.50% 22-JAN-2026	13.17%	13.43%	-0.26%	17-Jul-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%	17-Jul-23	N/A	52.62	N/A	39.86	146.49	N/A	N/A	417.77
16.2884% 17-MAR-2027	13.61%	13.62%	-0.01%	19-Jun-23	N/A	13.90%	N/A	14.70%	15.45%	N/A	N/A	15.70%	19-Jun-23	N/A	86.38	N/A	18.57	100.64	N/A	N/A	221.56
12.1493% 18-JUL-2034	14.80%	14.80%	0.00%	15-May-23	14.10%	N/A	14.90%	N/A	N/A	15.69%	15.80%	N/A	15-May-23	61.91	N/A	9.39	N/A	N/A	53.16	243.69	N/A
16.2499% 18-APR-2037	15.45%	15.42%	0.03%	<b>Corporate Bonds</b>				<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>											
14.8% 26-APR-2049	15.70%	15.70%	0.00%																		
<b>FGN Eurobonds</b>				16.50 MIXTA IIA 12-OCT-2023				4.18%	4.50%	-0.32%											
7.625 21-NOV-2025				9.92%	9.65%	0.27%	FCMB 17.25% 8-DEC-2023				6.35%	5.88%	0.47%								
6.50% 28-Nov-2027				11.24%	10.85%	0.39%	ACCESS 15.50% 23-JUL-2026				16.00%	16.17%	-0.17%								
7.875% 16-FEB-2032				11.57%	11.37%	0.20%	VIATHAN 16.00% 14-DEC-2027				14.22%	14.46%	-0.24%								
7.625% 28-Nov-2047				11.56%	11.41%	0.15%	UNION 16.20% 27-JUN-2029				17.79%	17.79%	0.00%								
				FIDELITY 8.50% 7-JAN-2031				15.69%	15.64%	0.05%											
<b>Source: DMO, CBN, FMDQ, ARM Research</b>				MTN COM PLC 12.75  14-NOV-2031				15.67%	15.62%	0.05%											



## The hawks are at rest – US,UK take a Hawkish Pause

Earlier this week at their September Monetary policy meeting, the US Federal Reserve (Fed) and the UK Bank of England (BoE) held their interest rates steady at 5.25-5.50% and 5.25%, respectively, amid declining inflation in August 2023 (3.7% in the US and 6.7% in the UK). In the US, recent indicators suggest that economic activity has been expanding at a solid pace (August PMI 50.5 points). Job gains have slowed in recent months but remain strong, and the unemployment rate has remained low at 3.8%. This has led to an upward revision of economic growth to 2.1%. However, inflation remains elevated above the Fed's 2% target rate. The Fed indicated that it is likely to raise interest rates once more before the end of the year and cut rates fewer times than previously indicated in 2024. The committee noted that this decision will be subject to review as economic information and events continue to unfold. In the UK, the committee noted that inflation is still high, but there are signs that tighter monetary policy is starting to have an impact on the economy. UK GDP is estimated to have declined by 0.5% in Q2:2023, and the S&P Global/CIPS composite output fell to 48.6 points in August (from 50.8 points in July). The committee's decision to hold bank rate was finely balanced between the risk of underlying inflationary pressures remaining persistent and the impact of previous tightening on economic activity. However, the committee voted to hold the policy rate as it continues to monitor inflation, wage growth, and services price inflation.



Source: US BLS, FRED, BOE, 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>56.25</b>	<b>23.7</b>	<b>-57.87%</b>	<b>SELL</b>
<b>FLOUR MILLS NIG. PLC.</b>	<b>31.60</b>	<b>38.37</b>	<b>21.42%</b>	<b>STRONG BUY</b>
<b>GUINNESS NIG PLC</b>	<b>65.00</b>	<b>144.71</b>	<b>122.63%</b>	<b>STRONG BUY</b>
<b>NIGERIAN BREW. PLC.</b>	<b>39.50</b>	<b>39.22</b>	<b>-0.71%</b>	<b>UNDERWEIGHT</b>
<b>FINANCIAL SERVICES</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>ACCESS HOLDINGS PLC</b>	<b>17.25</b>	<b>20.86</b>	<b>20.93%</b>	<b>STRONG BUY</b>
<b>FBN HOLDINGS PLC</b>	<b>16.90</b>	<b>24.62</b>	<b>45.68%</b>	<b>STRONG BUY</b>
<b>GUARANTY TRUST HOLDING COMPANY PLC</b>	<b>35.95</b>	<b>43.11</b>	<b>19.92%</b>	<b>OVERWEIGHT</b>
<b>UNITED BANK FOR AFRICA PLC</b>	<b>17.45</b>	<b>17.67</b>	<b>1.26%</b>	<b>NEUTRAL</b>
<b>ZENITH BANK PLC</b>	<b>33.00</b>	<b>39.58</b>	<b>19.94%</b>	<b>OVERWEIGHT</b>
<b>ICT</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>AIRTEL AFRICA PLC</b>	<b>1290.00</b>	<b>915.11</b>	<b>-29.06%</b>	<b>SELL</b>
<b>MTN NIGERIA COMMUNICATIONS PLC</b>	<b>269.00</b>	<b>352.96</b>	<b>31.21%</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>96.15</b>	<b>110.81</b>	<b>15.25%</b>	<b>OVERWEIGHT</b>
<b>DANGOTE CEMENT PLC</b>	<b>334.00</b>	<b>348.34</b>	<b>4.29%</b>	<b>NEUTRAL</b>
<b>LAFARGE AFRICA PLC (WAPCO)</b>	<b>28.60</b>	<b>45.01</b>	<b>57.38%</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>1837.00</b>	<b>1,483.90</b>	<b>-19.22%</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



Company	Declaration Date	Total Dividend	Total Dividend/Share	Final Dividend	Final Dividend/Share	Financial Year	Payment Date	Register Date
University Press Plc	21-Sep-23				NGN0.10kb	2023FY		

Source: ARM Research



# Thank You





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