



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

23rd October – 27th October 2023





Global Economy

According to the US Bureau of Economic Analysis (BEA), US Real Gross Domestic Product (GDP) increased at an annual rate of 4.9% in Q3:2023 (vs. 2.1% in Q2:2023), according to its "advance" estimate. Compared to the second quarter, the acceleration in real GDP in Q3:2023 reflected increases in consumer spending, private inventory investment, and federal government spending. It also recorded upturns in exports and residential fixed investment. These movements were partly offset by a downturn in nonresidential fixed investment, and a deceleration in state and local government spending. Imports also offset the favorable movements as it trended higher. Elsewhere, the European Central Bank (ECB) left interest rates unchanged as expected on Thursday, ending an unprecedented streak of 10 consecutive rate hikes. With its decision, the ECB's deposit rate stays at a record high 4% while the main rate stands at 4.5%.

Domestic Economy

Earlier this week, the 29th Nigerian Economic Summit was held, with the theme being "Pathways to Achieving Sustainable Economic Transformation and Inclusion." This summit brought together leaders from both national and global sectors to deliberate on strategies for promoting economic growth, securing finances for sustainable development, optimizing human resources, reforming public institutions, and cultivating a culture of innovation and creativity. Some of the notable key points from the event included: Nigeria is currently anticipating a substantial influx of USD10bn in foreign exchange inflows within the next few weeks, There are no immediate plans to approach the International Monetary Fund (IMF) for a loan, as the nature of the challenges will determine the choice of the lender, The Central Bank of Nigeria (CBN) is committed to maintaining price stability as a top priority. Furthermore, Yesterday, MSCI, a well-known provider of essential resources and services for international investors, made the announcement that they have reclassified the MSCI Nigeria indexes. These indexes, previously designated as Frontier Markets, have now been shifted to Standalone Markets status. This development follows closely on the heels of a recent downgrade in September 2023 by FTSE Russell, which saw Nigeria's classification change from Frontier Market to Unclassified Market.



Equities

This week the Nigerian Equities market ended on a positive note despite losing in three (3) out of the five (5) trading days of the week. Consequently, the NGX ASI gained 33bps WoW to 67,136.58 points. The market's year-to-date (YtD) returns printed at 31.00% (vs. 30.56% YtD last week). This week, only the Banking (+1.04% WoW) and Oil and Gas (+2.07% WoW) sectors noted gains, while the Industrial Goods (-0.15% WoW), Consumer Goods (-0.04% WoW) and Insurance (-1.12% WoW) posted losses. The top gainers for the week were CHAMS (+27.5% to NGN1.90), GEREGU (+20.6% WoW to NGN380) and EUNISELL (+19.9% WoW to NGN3.20). On the flipside, the top losers for the week were CHIPLC (-10.4% WoW to NGN1.03), JAPAUFGOLD (-10.0% WoW to NGN0.99) and NSLTECH (-10.0% WoW to NGN0.27). In the coming week we expect investors to continue in their profit-taking activities.

Fixed Income

At the primary NTB auction held this week, the average stop rate surged by 332bps to 9.33% (vs 6.01% at the previous auction). However, the average bid-to-cover rate declined by 288bps to 5.90x (vs 8.78x at the previous auction) indicating a decline in the demand for the instruments. Notably the 91-day bill witnessed an increase in demand as its average bid-to-cover ratio rose by 100bps to 3.03x compared to 2.04x at the last auction. The Nigerian treasury bills market closed the week bearish as the average yield went up by 23bps WoW to settle at 7.15%. Similarly, the FGN bond market closed the week negative as the average yield increased by 43bps to 14.88%. This on the back of selloffs on all ends of the curve. Overall, the Naira Fixed income market closed the week bearish as the average yield rose by 33bps to settle at 11.01%. We maintain our view of elevated yields largely due to weak demand across the yield.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	33.3	33.2	0.33%	-10.35%	
USD/NGN (₦/\$)					
NAFEX	806.0	782.9	-2.87%	63.66%	
Parallel	1300.0	1142.5	-12.12%	35.99%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (September 2023)	September	August	CHG (pps)		
Headline	26.72	25.8	0.92	26.26	
Core	21.84	21.15	0.69	21.50	
Food	30.64	29.34	1.30	29.99	
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	FG attracts \$2bn investments in renewable energy sector
Oil	-13.43	-4.21	-13.38	-19.22	Inflation projected to rise further amid renewed FX crisis
Agriculture	1.50	-0.90	2.05	1.88	Nigeria's Foreign Debt Service Up 18% Year-on-Year to \$2.56bn
Manufacturing	2.20	1.63	2.83	2.45	Oil drops over 2% as diplomatic moves in Gaza war ease supply concerns
Information and Communication	8.60	10.32	10.35	9.76	FG okays \$3.45bn W'Bank loan application for power, others
Labor Data (%)			Q1 23	Q4 22	Capitalisation dips by N22b amid losses in VFG Group, 20 stocks
Unemployment Rate			4.1	5.3	Mood swing: Global producers in US hunt for China alternatives
Underemployment			12.2	13.7	Naira slumps further, exchanges 1,190/\$
Capital Importation (\$'mn)	Q4 22	Q3 22	QoQ (%)	YoY (%)	Tribunal orders MTN to pay \$72.5m fine to FIRS
Foreign Portfolio Investment - Equities	4.86	7.21	-32.6%	-87.21%	FMDQ market turnover rises by 31.6%, hits N23.3tr in September
Bonds	322.04	203.80	58.02%	214.62%	NAICOM Sets Seven Point Agenda for Insurance Sector Transformation
Money Market	135.96	231.08	-41.2%	-75.68%	Stocks struggle as soft earnings compound interest rate headache
Foreign Direct Investment	84.23	81.72	3.07%	-76.49%	GTCO's Q3 profit hits N433bn
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	FG rallies capital market to bridge Nigeria's \$3tr infrastructure gap
MPR	18.75	18.50		25.0%	Oil falls more than \$2 on easing Middle East fears
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	'\$10bn spent annually on agric import'
Liquidity Ratio	30.0	30.0		0.0%	FG made N200b unapproved payment in 2019, ICAN reveals
Source: CBN, NBS, FMDQ, ARM Research					US economy delivers blockbuster performance in third quarter

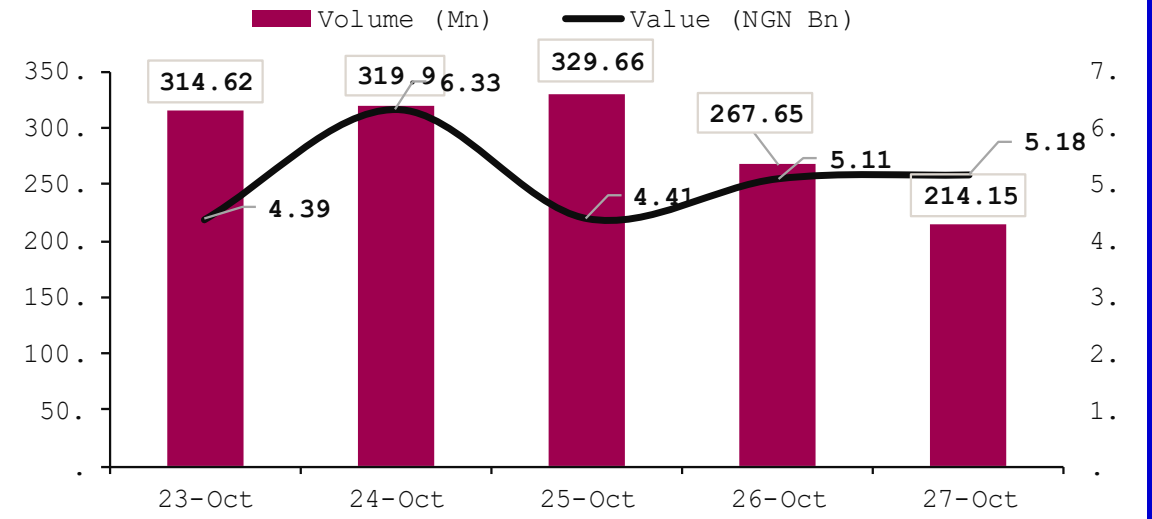


Weekly Equities Market Snapshot

Friday, October 27, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
CHAMS	1.90	27.5%	2.11	0.21	+12.7%	CHIPLC	1.03	-10.4%	1.41	0.52	53.7%
GEREGU	380.00	20.6%	380.00	100.00	0.0%	JAPAULGOLD	0.99	-10.0%	1.47	0.26	330.4%
EUNISELL	3.20	19.9%	3.20	3.20	20.0%	NSLTECH	0.27	-10.0%	0.50	0.20	22.7%
SOVRENINS	0.34	17.2%	0.70	0.23	-9.1%	DAARCOMM	0.21	-8.7%	0.39	0.20	5.0%
LEARNAFRCA	3.30	11.9%	4.23	1.50	0.0%	INTBREW	4.20	-8.7%	5.70	4.00	-10.6%
NEIMETH	1.72	11.0%	2.42	1.26	9.8%	ETRANZACT	7.70	-8.3%	10.58	3.20	120.0%
BERGER	13.20	10.0%	13.20	5.80	-6.5%	ABCTRANS	0.74	-7.5%	1.35	0.23	196.0%
IKEJAHOTEL	3.42	8.6%	3.60	0.70	17.9%	DEAPCAP	0.25	-7.4%	0.38	0.20	25.0%
INFINITY	1.22	7.0%	1.28	1.28	84.7%	FTNCOCOA	1.56	-7.1%	4.10	0.25	437.9%
JAPAULGOLD	0.99	6.5%	1.47	0.26	-2.0%	NB	36.05	-5.1%	48.85	28.80	-12.1%

Tickers	Pts/Δ	WoW	MtD	Qtd	Ytd
NGXASI	67,136.58	0.33%	1.14%	1.14%	31.00%
Market Cap	36.89trn	0.33%	1.52%	1.52%	32.13%
NGX Banking	701.33	1.04%	5.27%	5.27%	67.98%
NGX Industrial	1,144.34	-0.15%	3.35%	3.35%	14.52%
NGX Consumer	701.33	-0.04%	1.06%	1.06%	94.31%
NGX Oil & Gas	935.81	2.07%	2.38%	2.38%	102.35%
NGX Insurance	1,144.34	-1.12%	-4.24%	-4.24%	55.43%



Source: NGX, ARM Research

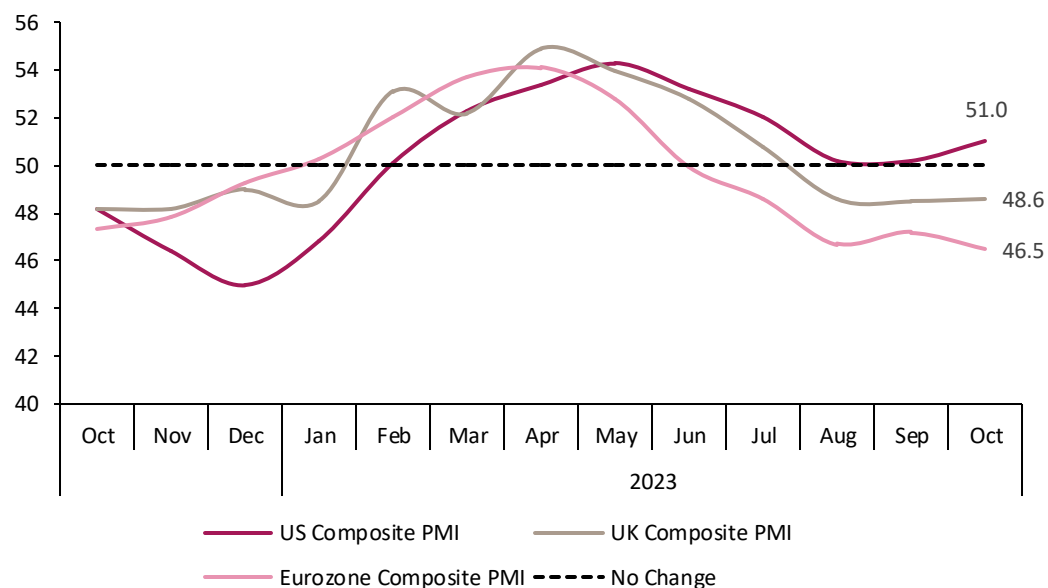


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	362 Day										
Money Market				OMO				OMO													
Overnight (O/N)	14.75%	2.20%	12.55%	10-Aug-23	10.00%	12.98%	14.49%	10-Aug-23	30	40	80										
Open Repo Rate (OPR)	14.40%	1.50%	12.90%																		
NIBOR - 1M	13.94%	6.00%	7.94%																		
NIBOR - 3M	13.69%	6.88%	6.82%																		
NIBOR - 6M	14.21%	7.75%	6.46%																		
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day										
1-month	3.46%	2.83%	0.63%	25-Oct-23	5.99%	9.00%	13.00%	25-Oct-23	2.85	7.96	97.33										
3-month	4.76%	4.15%	0.61%	11-Oct-23	4.99%	6.55%	11.37%	11-Oct-23	2.78	3.02	30.76										
6-month	8.24%	6.30%	1.94%	28-Sep-23	6.50%	7.00%	12.98%	28-Sep-23	1.75	1.56	173.81										
9-month	10.41%	8.83%	1.58%	11-Sep-23	4.50%	7.00%	12.55%	11-Sep-23	1.10	0.92	150.18										
12-month	12.74%	11.10%	1.64%	6-Sep-23	5.19%	8.00%	13.97%	06-Sep-23	1.03	10.55	203.15										
FGN Bonds (Local)				FGN Bonds	Feb-28	Apr-29	Apr-32	Jun-33	Jun-38	Jan-42	Mar-50	Jun-53	FGN Bonds	Feb-28	Apr-29	Apr-32	Jun-33	Jun-38	Jan-42	Mar-50	Jun-53
14.20% 14-MAR-2024	6.86%	5.55%	1.31%	16-Oct-23	N/A	14.90%	N/A	15.75%	15.80%	N/A	N/A	16.60%	16-Oct-23	N/A	20.53	N/A	22.26	54.86	N/A	N/A	237.09
13.53% 23-MAR-2025	12.35%	12.37%	-0.02%	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
12.50% 22-JAN-2026	13.38%	13.00%	0.38%	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
16.2884% 17-MAR-2027	14.00%	13.23%	0.77%	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
12.1493% 18-JUL-2034	15.54%	14.90%	0.64%	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
16.2499% 18-APR-2037	15.94%	15.65%	0.29%																		
14.8% 26-APR-2049	16.12%	15.70%	0.42%																		
Corporate Bonds					This Week	Prior Week	WoW (%)														
7.625 21-NOV-2025	9.84%	11.08%	-1.24%	FCMBI 17.25% 18-DEC-2023	5.63%	4.87%	0.76%														
6.50% 28-Nov-2027	11.66%	12.50%	-0.84%	ACCESS 15.50% 23-JUL-2026	16.01%	15.75%	0.26%														
7.875% 16-FEB-2032	12.24%	12.95%	-0.71%	VIATHAN 16.00% 14-DEC-2027	14.43%	14.00%	0.43%														
7.625% 28-Nov-2047	12.14%	12.83%	-0.69%	UNION 16.20% 27-JUN-2029	18.55%	18.18%	0.37%														
				FIDELITY 8.50% 7-JAN-2031	16.21%	15.98%	0.23%														
Source: DMO, CBN, FMDQ, ARM Research				MTN COM PLC 12.75% 4-NOV-2031	16.21%	15.97%	0.24%														



US Business Activity Rebounds Modestly in October, While UK PMI Remains Contractionary

This week, S&P Global released the flash Purchasing Managers' Index (PMI) figures for the US and UK. In the US, the headline S&P Global Flash US PMI Composite Output Index rose by 1.59% month-over-month (MoM) to 51.0 points in October 2023 (up from 50.2 points in September 2023), signaling a modest uptick in business activity, and the strongest performance since July 2023. This strong performance was driven by expansion in manufacturing (50.0 points - the quickest pace since April) and services (50.9 points - the fastest pace in three months). In the UK, the headline PMI rose marginally by 0.21% MoM to 48.6 points in October 2023 (up from 48.5 points in September 2023) but remained below the 50-point mark for the third month running. The services sector noted a marginal decline in business activity to 49.2 points in October, the most pronounced since January 2023. This is attributed to subdued consumer confidence, elevated borrowing costs, and weak client demand across the real estate sector. Manufacturing output also contracted for the eighth consecutive month, representing the longest period of decline since 2008.



Source: Bloomberg, S&P Global, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	63.00	23.7	-62.38%	SELL
FLOUR MILLS NIG. PLC.	29.00	38.37	32.31%	STRONG BUY
GUINNESS NIG PLC	65.00	144.71	122.63%	STRONG BUY
NIGERIAN BREW. PLC.	36.05	39.22	8.79%	NEUTRAL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	16.95	20.86	23.07%	STRONG BUY
FBN HOLDINGS PLC	16.10	24.62	52.92%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	35.35	43.11	21.95%	STRONG BUY
UNITED BANK FOR AFRICA PLC	19.00	17.67	-7.00%	SELL
ZENITH BANK PLC	33.30	39.58	18.86%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1400.10	1173.84	-16.16%	SELL
MTN NIGERIA COMMUNICATIONS PLC	246.50	340.46	38.12%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	105.80	110.81	4.74%	NEUTRAL
DANGOTE CEMENT PLC	310.10	348.34	12.33%	OVERWEIGHT
LAFARGE AFRICA PLC (WAPCO)	28.25	45.01	59.33%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	1905.00	1,483.90	-22.10%	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
Presco Plc	26-Oct-23				NGN2.00kb	Q3:2023		

Source: ARM Research



Thank You





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