



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

The US Labor Department made data on initial unemployment claims available over the week. The week before Christmas saw an increase in first unemployment claims, according to the agency, as the once-hot labor market continued to drop. For the week ending December 2023, the number of first applications for unemployment benefits increased by 12,000 to 218,000. The four-week average of claims, which helps reduce volatility, decreased by 250 to 212,000, even though the claims data represents the second consecutive increase in unemployment claims. In other news, Japan's Ministry of Health, Labor, and Welfare reports that the country's employment availability ratio for November 2023 dropped by 0.02 points from the previous month to 1.28, a level not seen since July of last year. This decline was attributed to the recruitment efforts in some service industries being hindered by continuously high pricing. According to the most recent job-to-applicant ratio, there were 128 positions available for every 100 job searchers. The figure noted its first decrease in four months, the agency reported.

Domestic Economy

During the week, the Central Bank of Nigeria (CBN) released a statement to reassure the public that Nigerian banks are safe and sound despite reports suggesting the Federal Government may take over some CBN-supervised financial institutions. The CBN emphasizes its capability to maintain a stable financial system and assured the safety of funds in Nigerian financial institutions. Bank customers were advised to continue their transactions as usual with no cause for concern. Furthermore, The Corporate Affairs Commission (CAC) has declared an extension of the deadline for companies to submit their annual returns. The revised timeline now spans from January 1, 2024, to April 1, 2024. This extension is attributed to technical issues on the company's registration portal and of consideration to the Micro, Small, and Medium Scale Enterprises sector.



Equities

In the final week of 2023, the Nigerian Equities market gained 101bps WoW to settle at 74,773.77 points, bringing the market's year-to-date (YtD) returns up to 45.90% from last week's 44.43% YtD. This week, all sectors under our coverage closed on a positive note except the Consumer Goods sector, which extended its bearish run by losing 1.46% WoW. The top gainers this week were MULTIVERSE (+32.9% WoW to NGN18.57), IMG (+32.5% WoW to NGN13.45) and IKEJAHOTEL (+32.55 WoW to NGN6.00). On the flipside, DEAPCAP (-15.9% WoW to NGN0.58), RTBRISCOE (-9.0% WoW to NGN0.61) and NAHCO (-5.4% WoW to NGN25.40) ended the year as the top losers of the week. The year 2023 proved to be a test for the Nigerian Equities market and fortunately, the market surpassed expectations and investors gained significantly from the market's bullish run. Going into 2024, we expect the market to keep up the positive trend as investors position themselves for dividends ahead of the release of 2023FY earnings results.

Fixed Income

At the primary NTB auction held this week, the average stop declined by 50bps to 9.75% compared to 10.25% at the previous auction. The average bid-to-cover ratio dipped by 86.62% to 15.48x (vs 115.72x at the last auction), driven by a decrease in demand for the 91-day (NGN43.58bn to NGN18.81bn) and 365-day (NGN1, 478.02trn to NGN968.20bn) bills. The Nigerian Treasury Bills market closed the week bullish as the average yield dipped by 183bps WoW to 6.29%. Similarly, the FGN Bond market concluded on a positive note as the average yield declined by 23bps WoW to close at 14.13%. Overall, the Naira Fixed Income market closed the week bullish as the average yield decreased by 103bps to settle at 10.21%. In 2024, we expect the market to be bearish due to the view of higher rates on the short end of the curve underpinned by the CBN's agenda to continue tightening system liquidity.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	32.9	32.9	0.00%	-10.35%	
USD/NGN (₦/\$)					
NAFEM	907.1	889.9	-1.90%	63.66%	
Parallel	1195.0	1219.3	2.04%	35.99%	
Economic Snapshot					
	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (November 2023)					
	November	October	CHG (pps)		
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	
GDP (%) - YoY					
	Q3 23	Q2 23	Q4 22	2022FY	News Headline for the week (click news for link)
Real GDP	2.54	2.51	3.52	3.1	COP28: Development Bank wins \$400,000 award
Oil	-0.85	-13.43	-13.38	-19.22	Railway debt servicing exceeds revenue by 1,200% – Report
Agriculture	1.30	1.50	2.05	1.88	PenCom approves N7.89b for contributors' residential mortgages
Manufacturing	0.48	2.20	2.83	2.45	CBN assures of deposits' safety amid cash squeeze
Information and Communication	6.69	8.60	10.35	9.76	Nigeria's Diaspora remittances will exceed \$20bn in 2023 – W'Bank
Labor Data (%)					
			Q2 23	Q1 23	Customs agents explore alternative revenue sources as imports crash
Unemployment Rate			4.2	4.1	Nigeria-UK total trade increases by 18.5%
Underemployment			11.8	12.2	Africa's trade in intermediate goods up by 15%
Capital Importation (\$'mn)					
	Q2 23	Q1 23	QoQ (%)	YoY (%)	Experts: Nigeria's Debt Level to Remain Elevated in the Short to Mid-term
Foreign Portfolio Investment - Equities	8.52	222.31	-96.2%	-87.21%	US buys 3 million barrels of oil for strategic reserve
Bonds	85.29	301.08	-71.67%	214.62%	Oil steady as market monitors Red Sea developments
Money Market	13.04	125.90	-89.6%	-75.68%	E-Naira jumps by 284%, notes decline to N2.7tn – CBN
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	FG can generate N10tn from non-oil assets – Tax panel chair
Monetary Policy Rates (%) (July 2023)					
	Latest	Prior		CHG (%)	Local investors' transactions in equities hit N2.9 trillion in one year
MPR	18.75	18.50		25.0%	FG seeks more investment in gas as NMDPRA awards licence
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	Amidst Climate Change, FX Crisis, Nigeria's Agric Sector Growth Dipped 4.06% in Three Quarters of 2023
Liquidity Ratio	30.0	30.0		0.0%	Mortgage rates slide to lowest since May – Freddie Mac
Source: CBN, NBS, FMDQ, ARM Research					
					Oil prices to end year 10% down, traders expect a better 2024

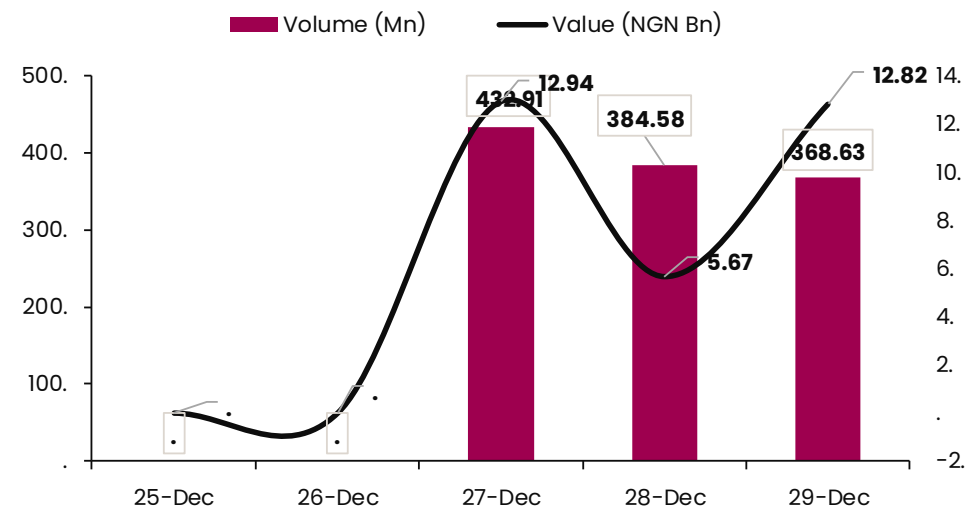


Weekly Equities Market Snapshot

Friday, December 29, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
MULTIVERSE	18.57	32.9%	18.57	2.20	11.8%	DEAPCAP	0.58	-15.9%	0.80	0.20	190.0%
IMG	13.45	32.5%	13.45	7.00	0.0%	RTBRISCOE	0.61	-9.0%	0.81	0.22	134.6%
IKEJAHOTEL	6.00	32.5%	6.00	0.74	17.9%	NAHCO	25.40	-5.4%	26.95	6.20	296.9%
DAARCOMM	0.90	30.4%	0.90	0.20	-10.9%	STERLINGNG	4.29	-4.7%	4.65	1.36	206.4%
IKEJAHOTEL	6.00	22.4%	6.00	0.74	17.9%	FTNCOCOA	1.48	-4.5%	4.10	0.25	410.3%
ACADEMY	1.94	21.3%	2.50	1.16	-7.8%	TANTALIZER	0.47	-4.1%	0.60	0.20	135.0%
ABBEYBDS	2.22	20.7%	2.22	1.00	0.0%	JAPAUFGOLD	1.70	-2.9%	2.01	0.27	639.1%
SOVRENINS	0.42	20.0%	0.70	0.26	-9.1%	OANDO	10.50	-2.8%	16.00	3.70	167.9%
JBERGER	43.00	18.8%	43.00	24.50	12.8%	BUAFOODS	193.40	-2.8%	202.80	64.90	197.5%
CHAMPION	4.15	16.9%	5.77	2.85	0.0%	NESTLE	1100.00	-2.7%	1250.00	1000.00	0.0%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	74,773.77	1.01%	4.78%	12.64%	45.90%
Market Cap	40.92trn	1.01%	4.78%	12.62%	46.58%
NGX Banking	897.20	1.08%	19.94%	34.67%	114.90%
NGX Industrial	1,121.29	0.01%	-2.52%	1.86%	12.86%
NGX Consumer	897.20	-1.46%	-1.81%	-0.98%	90.39%
NGX Oil & Gas	1,043.06	0.37%	-0.34%	14.12%	125.54%
NGX Insurance	1,121.29	8.19%	6.24%	13.66%	84.48%



Source: NGX, ARM Research

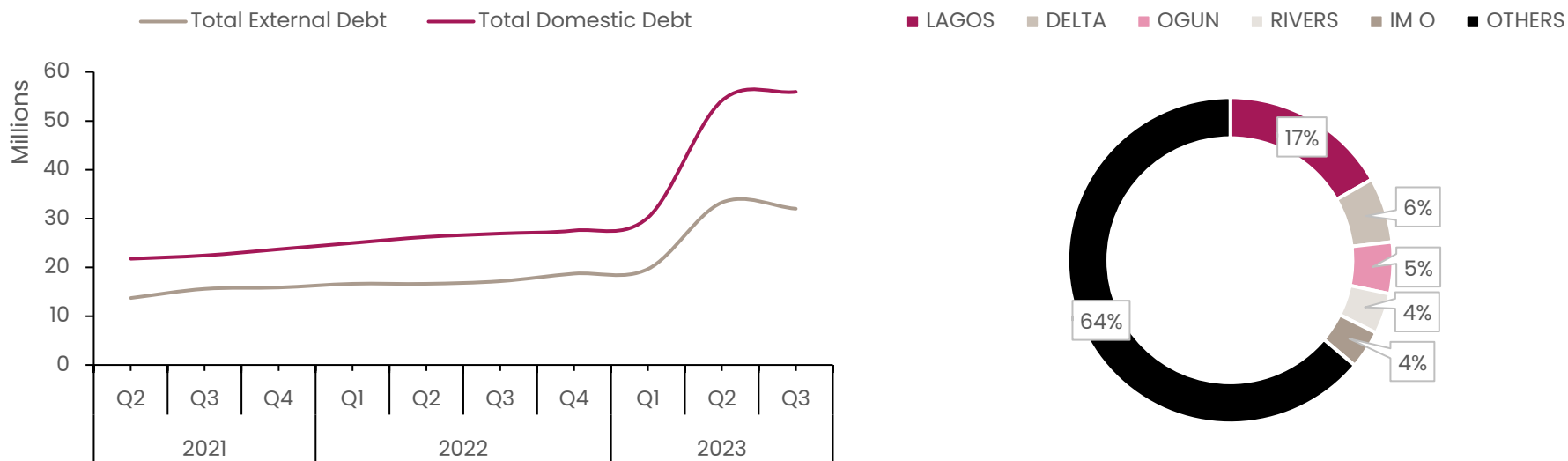


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day
Money Market				OMO					OMO				
Overnight (O/N)	15.06%	16.94%	-1.88%	22-Dec-23	N/A	N/A	N/A	N/A	22-Dec-23	50	N/A	100	150
Open Repo Rate (OPR)	15.47%	14.86%	0.61%	20-Dec-23	N/A	12.00%	N/A	15.00%	20-Dec-23	25	N/A	25	50
NIBOR - 1M	16.30%	17.00%	-0.70%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100
NIBOR - 3M	17.00%	17.43%	-0.43%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150
NIBOR - 6M	17.75%	17.87%	-0.12%	10-Aug-23	10.00%	12.98%	N/A	14.49%	10-Aug-23	30	40	N/A	80
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day		Treasury Bills	91 Day	182 Day	364 Day	
1-month	3.33%	3.20%	0.13%	27-Dec-23	9.00%	13.00%	15.75%		27-Dec-23	14.42	26.82	563.12	
3-month	6.00%	5.60%	0.40%	13-Dec-23	6.25%	11.00%	13.50%		13-Dec-23	0.73	6.35	256.51	
6-month	7.79%	7.95%	-0.16%	6-Dec-23	9.00%	13.00%	15.75%		6-Dec-23	1.03	1.94	101.39	
9-month	11.05%	10.99%	0.06%	22-Nov-23	8.00%	12.00%	16.75%		22-Nov-23	9.96	1.82	199.93	
12-month	13.84%	13.88%	-0.04%	8-Nov-23	7.00%	11.00%	16.75%		08-Nov-23	4.52	5.43	300.16	
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	3.17%	5.56%	-2.39%	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	12.15%	12.90%	-0.75%	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	13.30%	13.29%	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	13.04%	13.07%	-0.03%	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	14.86%	14.91%	-0.05%	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	15.40%	15.55%	-0.15%	Corporate Bonds				This Week	Prior Week	WoW (%)			
14.8% 26-APR-2049	15.75%	25.34%	-9.59%	ACCESS 15.50% 23-JUL-2026				15.90%	16.11%	-0.21%			
FGN Eurobonds				VIATHAN 16.00% 14-DEC-2027				14.20%	14.21%	-0.01%			
				UNION 16.20% 27-JUN-2029				17.83%	19.86%	-2.03%			
7.625 21-NOV-2025	8.43%	8.43%	0.00%	FIDELITY 8.50% 7-JAN-2031				15.33%	15.60%	-0.27%			
6.50% 28-Nov-2027	9.24%	9.26%	-0.02%	MTN COM PLC 12.75 4-NOV-2031				15.34%	15.60%	-0.26%			
7.875% 16-FEB-2032	9.72%	9.78%	-0.06%										
7.625% 28-Nov-2047	9.90%	9.96%	-0.06%										
Source: DMO, CBN, FMDQ, ARM Research													



Domestic Debt on Steroids: Can Nigeria Handle It?

This week, The National bureau of Statistics released Nigeria’s Domestic and Foreign Debt Stock report. According to this report, the Nigerian debt stock which includes external and domestic debt grew by 61bps to settle at NGN87.91trn in Q3:2023. The composition of Nigeria's debt paints a fascinating picture. While external debt, pegged at N31.98trn, might be significant, it represents only 36.38% of the total debt. Domestic debt however, accounts for a staggering 63.62% at NGN55.93trn. The domestic debt stock likely includes the securitized NGN22.7trn Ways and Means ratified earlier in 2023 by the previous administration. This lopsidedness towards domestic borrowing raises concerns about interest payment burdens and potential currency fluctuations. Further nuance emerges when we examine the geographical distribution of this domestic debt. Lagos, the country's economic engine, unsurprisingly takes the lead with a debt pile of NGN960.50bn, reflecting its concentrated economic activity. Delta state follows at a distance with NGN371.49bn. On the other end of the spectrum, Jigawa and Kebbi states carry the lightest burdens, clocking in at NGN42.89bn and NGN60.88bn respectively. These disparities highlight the regional imbalances within the Nigerian economy.



Source: NBS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	57.00	23.7	-58.42%	SELL
FLOUR MILLS NIG. PLC.	33.05	38.37	16.10%	OVERWEIGHT
GUINNESS NIG PLC	66.00	144.71	119.26%	STRONG BUY
NIGERIAN BREW. PLC.	36.00	39.22	8.94%	NEUTRAL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	23.15	20.86	-9.89%	SELL
FBN HOLDINGS PLC	23.55	24.62	4.54%	NEUTRAL
GUARANTY TRUST HOLDING COMPANY PLC	40.50	43.11	6.44%	NEUTRAL
UNITED BANK FOR AFRICA PLC	25.65	17.67	-31.11%	SELL
ZENITH BANK PLC	38.65	39.58	2.41%	NEUTRAL
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1887.00	1052.58	-44.22%	SELL
MTN NIGERIA COMMUNICATIONS PLC	264.00	326.50	23.67%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	97.00	110.81	14.24%	OVERWEIGHT
DANGOTE CEMENT PLC	319.90	348.34	8.89%	NEUTRAL
LAFARGE AFRICA PLC (WAPCO)	31.50	45.01	42.89%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	2310.00	1,483.90	-35.76%	SELL
TOTALENERGIES MARKETING NIGERIA PLC	385.00	437.35	13.60%	OVERWEIGHT

Source: NGX, ARM Research



Thank You





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