



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

Earlier this week, China released their Purchasing Manager Index (PMI) data, which surveys large as well as state-owned companies, closed in a contraction for the fifth straight month. The official manufacturing PMI closed at 49.7 in August, up from July's 49.3 according to the Chinese National Bureau of Statistics. The non-manufacturing PMI, which measures business activity in services and construction, stood at 51 this month, down from 51.5 in July, according to the NBS. Elsewhere in Japan, Japan's jobless rate rose to 2.7%, according to Statistics Bureau of Japan. The number of workers fell by 100,000 from the previous month, while those without jobs rose by 110,000. The jobless rate for women increased in all age groups, while it fell for men between the ages of 45 and 54 and between 15 and 24.

Domestic Economy

In line with the Nigerian Exchange (NGX) Domestic and Foreign Portfolio Report, total transactions on the local stock exchange increased by a significant 72.8% month-on-month in July, reaching NGN702.99 billion compared to June's NGN406.76 billion. The surge in activity during this period was predominantly driven by domestic investors, who accounted for 94.2% of all market transactions. Domestic transactions saw an impressive 83.5% month-on-month increase, reaching NGN662.45 billion, up from June's NGN361.02 billion.

In contrast, foreign transactions, which constituted 5.8% of the overall transactions, experienced a 11.4% month-on-month decline, dropping to NGN40.54 billion in July compared to June's NGN45.74 billion. This is on the backdrop of the wearing-off of the effect of government's reforms on foreign investors' sentiment.

Looking ahead, we anticipate that domestic investors will continue to dominate the local equities market in the short to medium term. However, the potential for higher fixed-income yields may place constraints on their buying activities. Concurrently, foreign investors are expected to maintain a cautious "wait-and-see" approach in the near term, but we anticipate an improvement in foreign participation over the medium term. This medium-term outlook is contingent on the expectation of positive policy announcements and reforms by the current administration.



Equities

This week, the Nigerian Equities Market witnessed a bullish sentiment as the market gained in four (4) out of the five (5) trading days in the week. Consequently, the NGX All Share Index (ASI) gained by 300bps WoW to 67,527.19 points. Consequently, the year-to-date returns surged to 31.76% vs 27.92% last week. Notably, on a sectoral basis, all sectors witnessed bullish sentiments; the Banking (+5.11% WoW), Industrial (+1.98% WoW), Consumer Goods (+3.75% WoW), Oil and Gas (+5.36% WoW) and Insurance (+0.80% WoW). Top gainers for the week include OMATEK (+53.3% to NGN0.46), NAHCO (+41.8% to NGN25.95) and ABCTRANS (+39.7% to NGN0.95). Whereas CWG (-19.8% to NGN4.01), JOHNHOLT (-14.4% to NGN1.31) and PRESTIGE (-12.5% to NGN0.42) led the losers' chart. In the coming week, we expect investors to focus on tickers with attractive dividends.

Fixed Income

The Nigerian Treasury Bills market ended the week bullish as average yield declined by 63bps WoW to settle at 7.56%. Similarly, the secondary bond market ended the week bullish as average yield decreased by 4bps WoW to settle at 14.06%. This is following buying interest in the MAR-2024 (-100bps) and JUL-2034 (-34bps) instruments. Overall, the Naira Fixed income market closed bullish as average yield dipped by 33bps to settle at 10.81%.



	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	34.0	33.7	0.74%	-5.10%	Report released this week (Click Link below for Full report)
USD/NGN (₦/\$)					Q2 2023 GDP Report Dismal Oil Sector Suppressed Economic Growth
NAFEX	775.2	771.7	-0.45%	0.33%	Monthly Equities Market Update August 2023
Parallel	915.0	902.5	-1.37%	2.59%	Monthly Fixed Income Market Report – August 2023
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (July 2023)	July	June	CHG (pps)		
Headline	24.08	22.79	1.29	23.44	
Core	20.47	20.06	0.41	20.27	
Food	26.98	25.25	1.73	26.12	
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	CBN, banks investigate suspected \$1b currency counterfeiting
Oil	-13.43	-4.21	-13.38	-19.22	MTN Nigeria's Commercial Paper Records 146% Subscription
Agriculture	1.50	-0.90	2.05	1.88	Exclusive: Chinese exporters using currency swaps to retain dollars as yuan sags
Manufacturing	2.20	1.63	2.83	2.45	NGX Group to pay shareholders N495m interim dividend
Information and Communication	8.60	10.32	10.35	9.76	Invest in infrastructure to increase FX liquidity, experts urge govt
Labor Data (%)			Q1 23	Q4 22	Rising Skills Gap Will Endanger Nigeria's \$75.6bn Telecoms Sector
Unemployment Rate			4.1	5.3	UBS targets \$10 billion in costs, to cut 3,000 jobs after Credit Suisse takeover
Underemployment			12.2	13.7	AFEX, GCX partner to foster cross-border commodities trading
Capital Importation (\$'mn)	Q4 22	Q3 22	QoQ (%)	YoY (%)	Registrars indicted over unclaimed dividends as figure rises by 94% in 24 years
Foreign Portfolio Investment – Equities	4.86	7.21	-32.6%	-87.21%	Fossil Fuel Subsidies Hit \$1.3tn Despite Government Pledges to Halt Payments
Bonds	322.04	203.80	58.02%	214.62%	Japan at 'inflection point' in 25-year battle with deflation, government says
Money Market	135.96	231.08	-41.2%	-75.68%	88.2% labour class lack salary-paying jobs – Report
Foreign Direct Investment	84.23	81.72	3.07%	-76.49%	External reserves fall by \$915m after naira float
Monetary Policy Rates (%) (May 2023)	Latest	Prior		CHG (%)	FMDQ FX market records \$417.9 million turnover in one week
MPR	18.5	18.0		50.0%	Financial Institution GDP Growth Down 2.76% to N846.77bn on Fuel Subsidy, FX Reforms
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	Chinese carmaker BYD to buy US firm Jabil's mobility business for \$2.2 bln
Liquidity Ratio	30.0	30.0		0.0%	Oil rises as China moves to support economy, tropical storm in focus
Source: CBN, NBS, FMDQ, ARM Research					Domestic investors lead stock activities by 88% in July

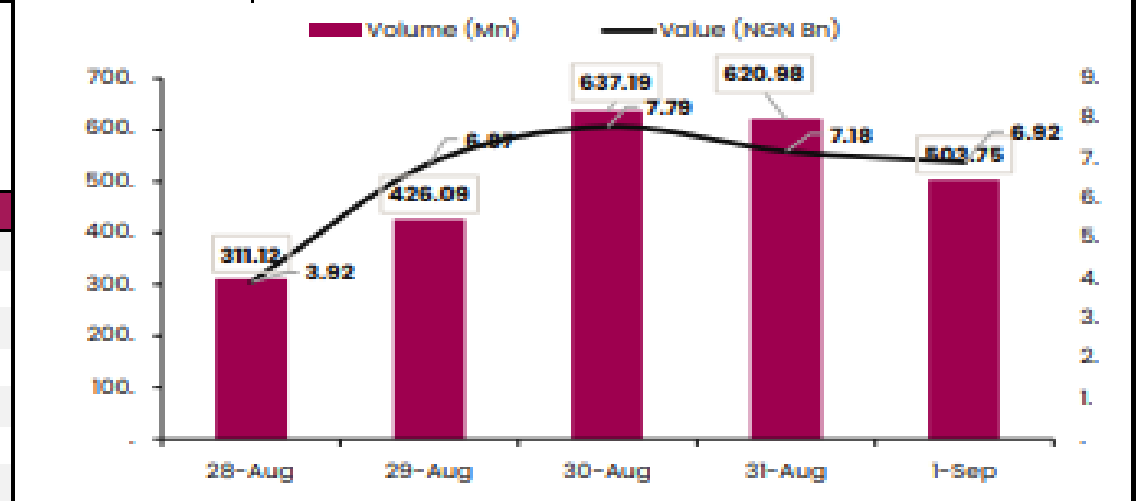


Weekly Equities Market Snapshot

Friday, September 1, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YTD	Ticker	Price	Δ (%)	Yr High	Yr Low	YTD
DMATEK	0.46	53.3%	0.72	0.20	7.0%	CWVG	4.01	-19.8%	5.00	0.73	297.0%
NAHCO	25.95	41.8%	25.95	5.12	0.0%	JOHNHOLT	1.31	-14.4%	3.14	0.73	79.5%
ABCTRANS	0.95	39.7%	0.95	0.23	48.0%	PRESTIGE	0.42	-12.5%	0.64	0.36	0.0%
CHIPLC	1.15	38.6%	1.41	0.51	0.0%	MAYBAKER	4.85	-11.8%	6.03	3.42	12.8%
DANGSUGAR	60.50	27.4%	63.15	15.00	2.3%	IKEJAHOTEL	3.00	-11.8%	3.60	0.70	185.7%
NASCON	55.60	24.2%	59.50	9.50	7.3%	LINKASSURE	0.90	-10.0%	1.00	0.36	125.0%
GLAXOSMITH	13.00	22.6%	13.95	5.40	0.0%	NSLTECH	0.30	-9.1%	0.50	0.20	36.4%
MBENERT	0.48	17.1%	0.63	0.26	2.0%	RTBRISCOE	0.45	-8.2%	0.81	0.22	73.1%
GUINEAINS	0.29	16.0%	0.42	0.20	4.8%	ELLAHLAKES	3.50	-7.4%	4.75	3.19	-2.8%
NGXGROUP	26.40	15.0%	30.25	17.00	-5.3%	JAPAUIGOLD	0.88	-5.4%	1.47	0.25	282.6%

Tickers	Pts/Δ	WoW	MtD	Qtd	YTD
NGXASI	67,527.19	3.00%	1.47%	10.76%	31.76%
Market Cap	36.96trn	3.00%	1.47%	11.33%	32.39%
NGX Banking	676.62	5.11%	4.69%	4.83%	62.06%
NGX Industrial	1,078.51	1.98%	1.63%	16.69%	20.97%
NGX Consumer	676.62	7.58%	1.46%	20.54%	83.13%
NGX Oil & Gas	940.49	5.36%	0.07%	21.22%	103.36%
NGX Insurance	1,078.51	0.80%	1.68%	-1.37%	56.73%



Source: NGX, ARM Research



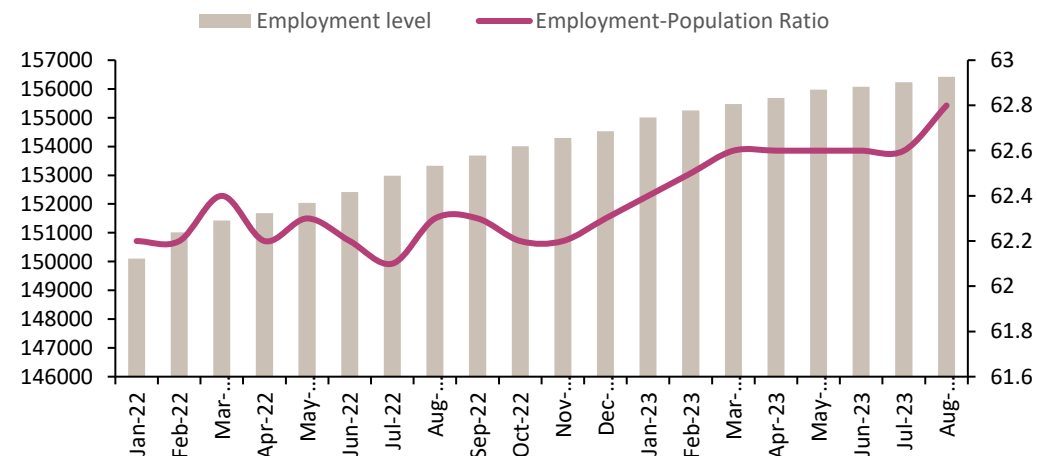
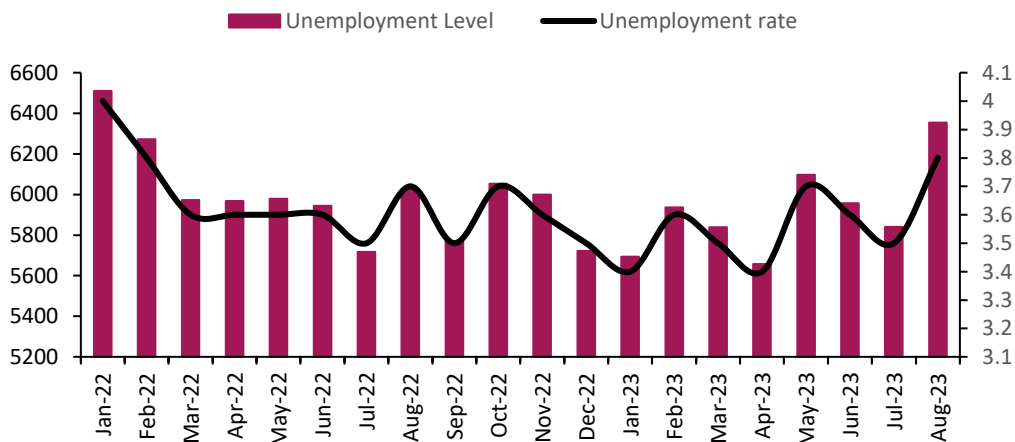
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year	
Money Market				OMO				OMO	3	4	8	
Overnight (O/N)	1.67%	25.20%	-23.53%	10-Aug-23	10.00%	12.98%	14.49%					
Open Repo Rate (OPR)	2.42%	24.25%	-21.83%									
NIBOR - 1M	7.83%	12.69%	-4.86%									
NIBOR - 3M	9.17%	13.55%	-4.38%									
NIBOR - 6M	10.00%	14.00%	-4.00%									
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day	
1-month	3.08%	4.04%	-0.96%	23-Aug-23	5.19%	8.00%	13.97%	23-Aug-23	9.96	10.21	283.04	
3-month	4.34%	5.73%	-1.39%	9-Aug-23	5.00%	5.90%	9.80%	09-Aug-23	4.52	1.32	148.15	
6-month	7.21%	8.01%	-0.80%	26-Jul-23	6.00%	8.00%	12.15%	26-Jul-23	2.85	6.44	255.04	
9-month	8.97%	9.92%	-0.95%	12-Jul-23	2.86%	3.50%	5.94%	12-Jul-23	2.78	1.49	137.50	
12-month	11.54%	12.18%	-0.64%	30-Jun-23	2.87%	4.37%	6.23%	30-Jun-23	1.75	17.16	168.21	
FGN Bonds (Local)				FGN Bonds	Feb-28	Apr-29	Apr-32	Jun-33	Jun-38	Jan-42	Mar-50	Jun-53
14.20% 14-MAR-2024	7.58%	8.59%	-1.01%	14-Aug-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%
13.53% 23-MAR-2025	11.36%	10.64%	0.72%	17-Jul-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%
12.50% 22-JAN-2026	13.00%	12.85%	0.15%	19-Jun-23	N/A	13.90%	N/A	14.70%	15.45%	N/A	N/A	15.70%
16.2884% 17-MAR-2027	13.04%	13.05%	-0.01%	15-May-23	14.10%	N/A	14.90%	N/A	N/A	15.69%	15.80%	N/A
12.1493% 18-JUL-2034	14.35%	14.69%	-0.34%	17-Apr-23	14.00%	N/A	14.80%	N/A	N/A	15.40%	15.80%	N/A
16.2499% 18-APR-2037	15.19%	15.19%	0.00%	Corporate Bonds			This Week	Prior Week	WoW (%)			
14.8% 26-APR-2049	15.22%	15.22%	0.00%									
FGN Eurobonds				16.50 MIXTA IIA 12-OCT-2023	4.24%		7.61%				-3.37%	
7.625 21-NOV-2025	10.01%	10.11%	-0.10%	FCMB 17.25% 8-DEC-2023	6.17%		8.66%				-2.49%	
6.50% 28-Nov-2027	10.65%	10.46%	0.19%	ACCESS 15.50% 23-JUL-2026	15.39%		15.05%				0.34%	
7.875% 16-FEB-2032	11.24%	11.10%	0.14%	VIATHAN 16.00% 14-DEC-2027	14.00%		13.87%				0.13%	
7.625% 28-Nov-2047	11.31%	11.21%	0.10%	UNION 16.20% 27-JUN-2029	17.41%		17.51%				-0.10%	
				FIDELITY 8.50% 7-JAN-2031	15.44%		15.41%				0.03%	
				MTN COM PLC 12.75 II 4-NOV-2031	15.41%		15.40%				0.01%	

Source: DMO, CBN, FMDQ, ARM Research



US Unemployment Spikes Amid Slower Inflation Growth

On Friday, the Us Bureau of Labor Statistics released its employment situation report for August 2023. According to this report, unemployment rose by 3bps to 3.8% YoY compared to 3.5% in July. Marking the highest figure recorded since February 2022. Meanwhile, nonfarm payroll roll increased by 187,000 in august compared to 157,000 in July 2023, while the total number of unemployed people increased by 514,000 to 6.7million. The labor force participation rate rose by 2bps MoM to 62.8% from a flat curve since March 2023. However, the employment- Population ratio remained unchanged at 60.4. Notably, health care (+70,000), leisure and hospitality (+40,000), employment in social assistance (+26,000), and construction employment (+22,000) recorded the highest employment gains during the period. Average hourly earnings for all employees on private nonfarm payrolls rose 2bps MoM to USD33.82, Inflation however seem to be slowing down with a 0.2% MoM growth recorded in July 2023.



Source: BLS, ARM Research.



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	60.50	23.7	-60.83%	SELL
FLOUR MILLS NIG. PLC.	32.00	38.37	19.91%	OVERWEIGHT
GUINNESS NIG PLC	62.20	144.71	132.65%	STRONG BUY
NIGERIAN BREW. PLC.	39.00	39.22	0.56%	NEUTRAL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	17.20	20.86	21.28%	STRONG BUY
FBN HOLDINGS PLC	18.40	24.62	33.80%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	38.00	38.13	0.34%	NEUTRAL
UNITED BANK FOR AFRICA PLC	14.90	17.67	18.59%	OVERWEIGHT
ZENITH BANK PLC	34.40	39.58	15.06%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1250.00	915.11	-26.79%	SELL
MTN NIGERIA COMMUNICATIONS PLC	274.40	352.96	28.63%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	96.15	110.81	15.25%	NEUTRAL
DANGOTE CEMENT PLC	369.80	348.34	-5.80%	SELL
LAFARGE AFRICA PLC (WAPCO)	29.75	45.01	51.29%	BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	1837.00	1,483.90	-19.22%	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
Stanbic IBTC Holdings Plc	29-Aug-23			NGN19.44bn	NGN1.50kb	H1:2023	27-Sep-23	13-Aug-23

Source: ARM Research



Thank You





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