



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

30th October– 3rd November 2023





Global Economy

Earlier this week, the US Federal Reserve (Fed) kept interest rates constant at 5.25%–5.50%. The Fed has struggled to determine whether rates may be tight enough to control inflation, or whether a resilient US economy may need still more restraint. Current inflation remains far above the Fed target rate of 2%, and annual inflation, was higher by 3.4% YoY in September 2023 for the third month in a row. Excluding volatile food and energy costs, it was 3.7% YoY, little changed from August. Similarly, the Bank of England’s policy makers left their key interest rate unchanged at 5.25% for the second straight meeting, and stressed they do not expect to cut rates soon. The decision to hold the benchmark rate steady was backed by six members of the Monetary Policy Committee, while three voted for a rise in the key rate to 5.5%. Elsewhere, according to China's National Bureau of Statistics, the official manufacturing Purchasing Managers’ Index (PMI) dropped to 49.5 points in October 2023 from 50.2 points in September 2023. The non-manufacturing PMI, which covers the services and construction industries, fell to 50.6 this month, the lowest level since China lifted its Covid-19 restrictions in December 2022. The PMI reading above 50 indicates expansion, while anything below that level shows contraction.

Domestic Economy

During the week, the federal government held a meeting with domestic refinery operators to discuss crude oil availability for local refining. They emphasized the importance of meeting domestic crude obligations, especially for the 650,000 barrel per day Dangote refinery, to avoid national embarrassment. Gbenga Komolafe, CEO of the Nigerian Upstream Petroleum Regulatory Commission, mentioned the goal of turning the nation into a net exporter of refined products. The NUPRC has requested crude oil producers to provide information on committed and uncommitted crude volumes in their regions, although some producers have not yet responded. Notably, NNPC has pledged to give six million barrels of crude oil to Dangote Refinery in December 2023.



Equities

This week was a historic week at the Nigerian equities market, as the benchmark index crossed 70,000 points for the first time ever on Wednesday 1st November 2023, when it recorded 70,581.76 points. This contributed significantly to the bullish end of the week, as the NGX ASI gained by 4.56% WoW to close at 70,196.77 points. Consequently, the market's year-to-date (YtD) returns settled at 36.97%, a surge from last week's 31.00%. We believe that the positive sentiment this week was fueled by the release of positive Q3:2023 earnings reports by companies particularly in the Banking and Telecommunication sectors. All the sectors under our coverage closed positive except for the Oil and Gas sector, which closed flat. Specifically, the Insurance (+7.96% WoW), Banking (+2.67% WoW), Industrial Goods (+0.73% WoW) and Consumer Goods (+0.47% WoW) sectors recorded positive returns. The top gainers for the week were MBENEFIT (+29.3% WoW to NGN0.53), JAPAUFGOLD (+28.3% WoW to NGN1.27) and AIRTELAFRI (+27.8% WoW to NGN1790.00). On the other hand, RTBRISCOE (-14.0% WoW to NGN0.43), BETAGLAS (-10.15% WoW to NGN59.95) and MEYER (-9.9% WoW to NGN2.74) led the losers' chart. We expect investors to sustain their bargain-hunting activities as they look for tickers with attractive valuations following the release of Q3:2023 earnings results.

Fixed Income

The Treasury Bills market closed the week on a bearish note as average yield surged by 7.14% WoW to settle at 14.29%. Similarly, the secondary bond market ended the week negative as the average yield increased by 74bps WoW to settle at 15.61%. This is following selloffs across all ends of the curve. Overall, the Naira Fixed income market closed the week bearish as average yield jumped by 3.94% WoW to settle at 14.95%. In the coming week, we expect the bearish sentiment to persist majorly on the back of tight liquidity in the system



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	33.4	33.3	0.27%	-10.35%	Monthly Equities Market Update - October 2023
USD/NGN (₦/\$)					Monthly Fixed Income Market Report October 2023
NAFEX	837.7	806.0	-3.78%	63.66%	
Parallel	1160.0	1300.0	12.07%	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	UBA records 115% growth, as PBT rises by 263% to N502.1b
Oil	-13.43	-4.21	-13.38	-19.22	CBN begins settlement of forex forwards as Naira rebounds
Agriculture	1.50	-0.90	2.05	1.88	NNPCL to give Dangote refinery six million barrels of crude
Manufacturing	2.20	1.63	2.83	2.45	Index crosses 70,000 mark, highest level on record, amid gains in 37 stocks
Information and Communication	8.60	10.32	10.35	9.76	Not supplying Dangote Refinery crude shameful - FG
Labor Data (%)			Q1 23	Q4 22	JP Morgan projects N850/\$ by December
Unemployment Rate			4.1	5.3	Cement Manufacturers Report Record N970.2bn Cost of Sales on Inflation, FX Crisis
Underemployment			12.2	13.7	MAN seeks prioritisation of production sector for FG's \$10b forex inflow
Capital Importation (\$'mn)	Q2 23	Q1 23	QoQ (%)	YoY (%)	Stanbic IBTC bank re-registered as a private liability company
Foreign Portfolio Investment - Equities	8.52	222.31	-96.2%	-87.21%	No plans to redenominate naira, CBN says
Bonds	85.29	301.08	-71.67%	214.62%	MTN Nigeria Communications Declares N147.36bn Profit in Nine Months
Money	13.04	125.90	-89.6%	-75.68%	Price of rice increases by 60.59% in one year as transport fares rise by 117.29%
Market					Investments in oil sector uncertain despite PIA - Operators
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	Naira to regain true value before December 2023 - Oyedele
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	Dangote Cement, Access Holdings, 11 Others Declare 81% Increase in PBT to N1.67tn
MPR	18.75	18.50		25.0%	Experts rue potential reclassification of Nigerian capital market.
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	AFREXIM, Fidelity Bank, JohnVents seal \$40m cocoa export deal
Liquidity Ratio	30.0	30.0		0.0%	Nigerians spend \$340.84m forex on education in six months - CBN

Source: CBN, NBS, FMDQ, ARM Research

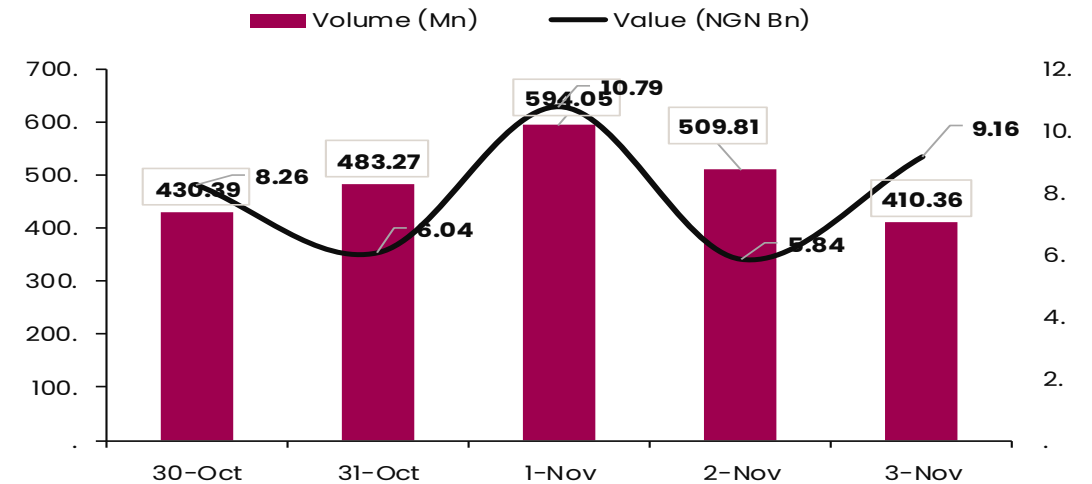


Weekly Equities Market Snapshot

Friday, November 3, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
MBENEFIT	0.53	29.3%	0.63	0.26	2.0%	RTBRISCOE	0.43	-14.0%	0.81	0.22	65.4%
JAPAULGOLD	1.27	28.3%	1.47	0.26	-2.0%	BETAGLAS	59.95	-10.5%	66.95	35.00	51.4%
AIRTELAFRI	1790.00	27.8%	1790.00	1175.00	1.5%	MEYER	2.74	-9.9%	3.04	2.19	20.7%
OMATEK	0.56	27.3%	0.72	0.20	7.1%	ABBEYBDS	1.86	-9.7%	2.06	1.00	9.4%
CADBURY	15.75	25.0%	18.80	10.20	14.6%	LEARNAFRCA	2.98	-9.7%	4.23	1.50	35.5%
IKEJAHOTEL	4.20	22.8%	4.20	0.70	17.9%	ELLAHLAKES	3.59	-7.5%	4.75	3.15	-0.3%
CAP	20.00	21.2%	22.00	16.20	-1.0%	JAIZBANK	1.57	-6.5%	2.27	0.82	70.7%
PRESTIGE	0.41	20.6%	0.64	0.36	27.6%	MTNN	234.00	-5.1%	290.00	187.40	8.8%
FTNCOCOA	1.84	17.9%	4.10	0.25	5.7%	SUNUASSUR	0.94	-5.1%	1.18	0.27	224.1%
FLOURMILL	32.50	12.1%	36.20	27.30	40.9%	BUACEMENT	100.50	-5.0%	107.00	64.80	3.1%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	70,196.77	4.56%	1.39%	5.75%	36.97%
Market Cap	38.56trn	4.53%	1.36%	6.13%	38.12%
NGX Banking	720.03	2.67%	0.50%	8.08%	72.46%
NGX Industrial	1,149.68	0.73%	-2.29%	4.11%	15.35%
NGX Consumer	720.03	0.47%	0.04%	1.53%	95.22%
NGX Oil & Gas	935.81	0.00%	0.00%	2.38%	102.35%
NGX Insurance	1,149.68	7.96%	5.08%	3.39%	67.80%



Source: NGX, ARM Research



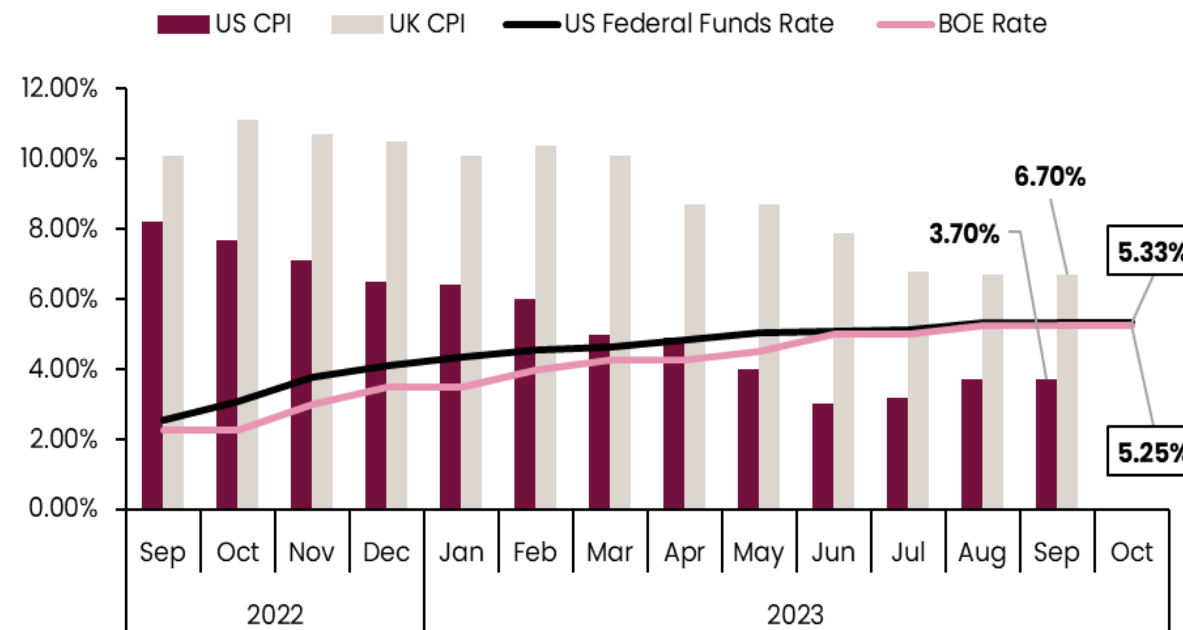
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day		
Money Market				OMO					OMO						
Overnight (O/N)	16.69%	14.75%	1.94%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100		
Open Repo Rate (OPR)	16.17%	14.40%	1.77%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150		
NIBOR - 1M	17.00%	13.94%	3.06%	10-Aug-23	10.00%	12.98%		14.49%	10-Aug-23	30	40	N/A	80		
NIBOR - 3M	18.50%	13.69%	4.81%												
NIBOR - 6M	19.75%	14.21%	5.54%												
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day		Treasury Bills	91 Day	182 Day	364 Day			
1-month	6.02%	3.46%	2.56%	25-Oct-23	5.99%	9.00%	13.00%		25-Oct-23	2.85	7.96	97.33			
3-month	7.31%	4.76%	2.55%	11-Oct-23	4.99%	6.55%	11.37%		11-Oct-23	2.78	3.02	30.76			
6-month	10.44%	8.24%	2.20%	28-Sep-23	6.50%	7.00%	12.98%		28-Sep-23	1.75	1.56	173.81			
9-month	13.55%	10.41%	3.14%	11-Sep-23	4.50%	7.00%	12.55%		11-Sep-23	1.10	0.92	150.18			
12-month	15.88%	12.74%	3.14%	6-Sep-23	5.19%	8.00%	13.97%		06-Sep-23	1.03	10.55	203.15			
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	13.81%	6.86%	6.95%	16-Oct-23	14.90%	15.75%	15.80%	16.60%	16-Oct-23	20.53	22.26	54.86	237.09		
13.53% 23-MAR-2025	14.40%	12.35%	2.05%	11-Sep-23	14.50%	15.45%	15.55%	16.25%	11-Sep-23	43.65	10.45	25.69	171.71		
12.50% 22-JAN-2026	14.64%	13.38%	1.26%	14-Aug-23	12.50%	13.60%	14.10%	14.30%	14-Aug-23	10.43	4.07	25.53	187.73		
16.2884% 17-MAR-2027	15.01%	14.00%	1.01%	17-Jul-23	12.50%	13.60%	14.10%	14.30%	17-Jul-23	52.62	39.86	146.49	417.77		
12.1493% 18-JUL-2034	15.50%	15.54%	-0.04%	19-Jun-23	13.90%	14.70%	15.45%	15.70%	19-Jun-23	86.38	18.57	100.64	221.56		
16.2499% 18-APR-2037	15.92%	15.94%	-0.02%	Corporate Bonds				This Week	Prior Week	WoW (%)					
14.8% 26-APR-2049	16.80%	16.12%	0.68%												
FGN Eurobonds															
7.625 21-NOV-2025	8.86%	9.84%	-0.98%	FCMB 17.25% 8-DEC-2023	8.77%	5.63%		3.14%							
6.50% 28-Nov-2027	10.44%	11.66%	-1.22%	ACCESS 15.50% 23-JUL-2026	17.51%	16.01%		1.50%							
7.875% 16-FEB-2032	11.23%	12.24%	-1.01%	VIATHAN 16.00% 14-DEC-2027	15.69%	14.43%		1.26%							
7.625% 28-Nov-2047	11.30%	12.14%	-0.84%	UNION 16.20% 27-JUN-2029	18.69%	18.55%		0.14%							
				FIDELITY 8.50% 7-JAN-2031	16.46%	16.21%		0.25%							
				MTN COM PLC 12.75 4-NOV-2031	16.45%	16.21%		0.24%							

Source: DMO, CBN, FMDQ, ARM Research



The US and UK MPC - Taming Inflation Without Tanking Growth.

Earlier this week, 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 at their October monetary policy meetings, marking the second consecutive month of no change. In the US, recent economic data has shown continued expansion at a strong pace (October's Composite PMI: 51.0 points), with job growth remaining solid and unemployment staying low at 3.8%. Aiming to achieve maximum employment and inflation at the 2% target rate, Fed Chair Jerome Powell noted that the central bank is prepared to raise interest rates again if inflation does not stop rising. However, he also expressed concern that a rise in market interest rates could slow the economy too much. In the UK, the Monetary Policy Committee voted to maintain interest rates at a 15-year high, ruling out cuts anytime soon. Despite acknowledging the negative impacts of the rate hike cycle, which has put the UK economy at risk of recession and stagnant growth in the coming years, the decision was made in light of persistently high inflation, which is at 6.7%, the highest in Europe. To conclude, the US and UK are cautiously monitoring the effects of their aggressive interest rate hikes, hoping that they will be enough to tame the worst inflation in decades.



Source: US BLS, BoE, FRED, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	62.20	23.7	-61.90%	SELL
FLOUR MILLS NIG. PLC.	32.50	38.37	18.06%	OVERWEIGHT
GUINNESS NIG PLC	65.00	144.71	122.63%	STRONG BUY
NIGERIAN BREW. PLC.	37.25	39.22	5.29%	NEUTRAL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	17.20	20.86	21.28%	STRONG BUY
FBN HOLDINGS PLC	17.80	24.62	38.31%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	35.15	43.11	22.65%	STRONG BUY
UNITED BANK FOR AFRICA PLC	20.45	17.67	-13.59%	SELL
ZENITH BANK PLC	34.00	39.58	16.41%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1790.00	1173.84	-34.42%	SELL
MTN NIGERIA COMMUNICATIONS PLC	234.00	340.46	45.50%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	100.50	110.81	10.26%	OVERWEIGHT
DANGOTE CEMENT PLC	328.00	348.34	6.20%	NEUTRAL
LAFARGE AFRICA PLC (WAPCO)	28.80	45.01	56.28%	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
Fidson Healthcare Plc	30-Oct-23			NGN1.26kb	NGN0.55kb			

Source: ARM Research



Thank You





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