



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

4th December– 8th December 2023





Global Economy

Eurostat published the EU's Q3 GDP for 2023 earlier this week. The data indicates that, in comparison to Q2:2023, seasonally adjusted GDP in the euro area fell by 0.1% QoQ in Q3:2023 and stayed steady in the EU. The GDP of the EU and the euro area grew by 0.1% QoQ in Q2:2023. The countries with the most GDP growth from Q2:2023 to Q3:2023 were Malta (+2.4% QoQ), Poland (+1.5% QoQ), and Cyprus (+1.1% QoQ). Ireland (-1.9% QoQ), Estonia (-1.3% QoQ), and Finland (-0.9% QoQ) saw the biggest declines. In contrast, the GDP of the United States grew by 1.3% QoQ in Q3:2023 as opposed to +0.5% QoQ in Q2:2023. Also, United States' GDP rose by 3.0% YoY in Q3:2023 (vs. +2.4% YoY in Q2:2023). On a separate note, in the US, Private sector employment increased by 103,000 jobs in November 2023 and annual pay was up 5.6% YoY, according to the November ADP National Employment Report. According to the report, Job-stayers saw a 5.6% pay increase in November 2023, the slowest pace of gains since September 2021. Job-changers, too, saw slowing pay growth, posting pay gains of 8.3%, the smallest YoY increase since June 2021.

Domestic Economy

Earlier this week, the National Bureau of Statistics (NBS) published its Q3:2023 Foreign Trade in Goods report, revealing a substantial 54.62% QoQ increase in Total Trade to NGN18.80trn, (vs. NGN12.16trn in Q2:2023). This upswing is attributed to corresponding rises in Total Imports (+47.70% QoQ to NGN8.46trn in Q3:2023 from NGN5.73trn in Q2:2023) and Total Exports (+60.78% QoQ to NGN10.35trn in Q3:2023 from NGN6.44trn in Q2:2023). On Year-on-Year (YoY) basis, Total Trade rebounded from its 11.81% decline in Q2:2023, experiencing a significant 53.16% YoY growth in Q3:2023 (vs. NGN12.28trn in Q3:2022). Notably, both Total Imports and Total Exports registered 33.33% YoY and 74.36% YoY increases in Q3:2023. Furthermore, Nigeria's Balance of Trade maintained a surplus for the fourth consecutive quarter, demonstrating an impressive 166.47% QoQ growth to NGN1.89trn in Q3:2023, (vs. NGN708.88bn in Q2:2023). In addition, Nigeria Inter-Bank Settlement System (NIBSS) has mandated banks to eliminate non-deposit payment service providers from instant payment (NIP) outward transfer channels. The directive is aimed at resolving regulatory concerns associated with non-deposit-taking financial institutions (NDTFIs) handling customer funds. The circular specifically directs banks to remove all institutions falling into these categories from their NIP outward transfer channels, clarifying that this limitation does not extend to inward transfers.



Equities

This week, the Nigerian Equities market closed bullish as the NGX All Share Index (ASI) added 17bps WoW to settle at 71,541.74 points. This represents the fifth (5th) consecutive week of positive returns in the Nigerian bourse. Consequently, the market's year-to-date (YtD) returns moved up to 39.59% from 39.35% last week. This week, only the Banking (+6.08% WoW) and Consumer Goods (+0.21% WoW) sectors closed the week on a bullish note while the Industrial Goods (-3.03% WoW), Insurance (-1.44% WoW) and Oil and Gas (-0.58% WoW) sectors lost gains. Overall, MULTIVERSE (+57.0% WoW to NGN9.39), ETI (+21.3% WoW to NGN20.75) and AIICO (+17.2% WoW to NGN0.75) topped the gainers' chart while OANDO (-12.3% WoW to NGN10.35), ABBEYBDS (-10.5% WoW to NGN1.54) and MRS (-10.00% WoW to NGN99.00) were the top losers for the week. In the coming week, we expect bullish sentiments to persist in the market as investors hunt for tickers with strong fundamentals.

Fixed Income

At the primary NTB auction held this week, the average stop rate went up by 33bps to 12.58% (vs 12.25% at the previous auction). Similarly, the average bid-to-cover ratio surged by 11.08% to settle at 16.90% (vs 5.82% at the previous auction), indicating an increase in demand. Notably, the 91 (+12.75% to 14.01x), 182 (+8.33% to 13.86x) and 364 (+10.94% to 16.99x) day bill instruments all registered high demand. The Nigerian Treasury Bills market closed the week bearish as average yield increased by 51bps WoW to settle at 11.01%. Conversely, the FGN bond market closed bullish as the average yield declined by 84bps WoW to 14.86%. This is alluded of buying interest across all end of the curve. Overall, the Naira Fixed income market closed bullish as the average yield dipped by 16bps WoW to settle at 12.93%. We expect bearish sentiment in the coming week, driven by tighter liquidity in the system.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	32.9	33.0	-0.36%	-10.35%	Q3 2023 Foreign Trade in Goods – Four Consecutive Quarters of Trade Surplus
USD/NGN (₦/\$)					Monthly Fixed Income Market Report – November 2023
NAFEM	843.1	927.2	9.98%	63.66%	Monthly Equities Market Update November 2023
Parallel	1166.1	1155.1	-0.94%	35.99%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (October 2023)	October	September	CHG (pps)		
Headline	27.33	26.72	0.61	27.03	
Core	22.58	21.84	0.74	22.21	
Food	31.52	30.64	0.88	31.08	
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	Import duty rises as FG hikes exchange rate
Oil	-0.85	-13.43	-13.38	-19.22	Only 40% of Anchor Borrowers' loan has been repaid, LCCI claims
Agriculture	1.30	1.50	2.05	1.88	Japan's Q3 GDP falls faster than first estimates as consumption sags
Manufacturing	0.48	2.20	2.83	2.45	FMDQ urges stakeholders on \$30tn sustainability fund
Information and Communication	6.69	8.60	10.35	9.76	2023 Exit List: P&G shuts manufacturing as forex crisis takes toll on production
Labor Data (%)			Q1 23	Q4 22	Theft: Creative Firms Asked to Deposit Works with NCC
Unemployment Rate			4.1	5.3	Oil drops to 6-month low on weak economic outlook, high U.S. supply
Underemployment			12.2	13.7	11tn commercial papers listed in 10 months on FMDQ
Capital Importation (\$'mn)	Q2 23	Q1 23	QoQ (%)	YoY (%)	Economist faults GDP reporting template, says growth is stagnating
Foreign Portfolio Investment – Equities	8.52	222.31	-96.2%	-87.21%	Foreign Reserves Decline by \$4.07bn in 11 Months as CBN Clears FX Backlog
Bonds	85.29	301.08	-71.67%	214.62%	China blue-chip stocks hit 5-year lows, yuan eases after Moody's move
Money Market	13.04	125.90	-89.6%	-75.68%	Oil revenue rises 83%, hits N8.5tn – NBS report
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	Nigeria's exports up by 74.36% in Q3, trade surplus hits N1.9 trillion
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	ExxonMobil Makes U-turn on Monitoring of Methane Emissions
MPR	18.75	18.50		25.0%	Stocks, US yields fall as investors gauge economic health
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	FX turnover fell to N3.66tn in October – Report
Liquidity Ratio	30.0	30.0		0.0%	Naira Depreciates by 80.81% YoY Amid CBN FX Unification
Source: CBN, NBS, FMDQ, ARM Research					Oil falls on doubts OPEC+ will make further cuts

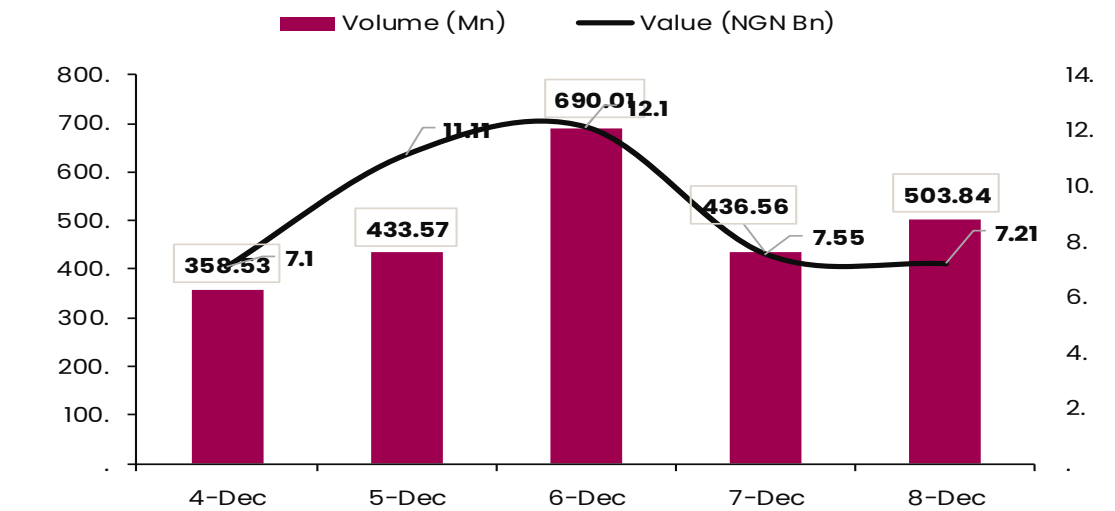


Weekly Equities Market Snapshot

Friday, December 8, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
MULTIVERSE	9.39	57.0%	9.39	2.20	11.8%	OANDO	10.35	-12.3%	16.00	3.70	164.0%
ETI	20.75	21.3%	20.75	10.10	7.3%	ABBEYBDS	1.54	-10.5%	2.06	1.00	-9.4%
AIICO	0.75	17.2%	0.79	0.53	6.8%	MRS	99.00	-10.0%	109.95	15.50	602.1%
DAARCOMM	0.36	16.1%	0.39	0.20	-10.9%	ETRANZACT	6.50	-8.5%	10.58	3.45	85.7%
CAVERTON	1.60	13.5%	1.76	0.87	2.9%	BUACEMENT	96.50	-7.2%	107.00	81.00	-1.0%
ACCESSCORP	20.25	12.2%	21.50	8.40	7.1%	FIDSON	15.95	-6.2%	17.20	8.50	77.2%
PZ	25.60	11.8%	25.60	10.00	16.1%	CHAMS	1.87	-5.6%	2.66	0.21	750.0%
GUINEAINS	0.30	11.1%	0.42	0.20	4.8%	CHAMS	1.87	-5.6%	2.66	0.21	750.0%
ABCTRANS	0.91	8.3%	1.35	0.25	48.0%	MANSARD	4.30	-5.5%	4.71	1.80	115.0%
FBNH	23.85	7.7%	31.00	10.30	33.3%	LIVESTOCK	1.76	-5.4%	2.32	0.93	61.5%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	71,541.74	0.17%	0.25%	7.77%	39.59%
Market Cap	39.15trn	0.17%	0.25%	7.75%	40.24%
NGX Banking	802.54	6.08%	7.28%	20.46%	92.23%
NGX Industrial	1,143.45	-3.03%	-3.08%	1.27%	12.21%
NGX Consumer	802.54	0.21%	0.13%	0.98%	94.16%
NGX Oil & Gas	1,041.14	-0.58%	-0.53%	13.91%	125.12%
NGX Insurance	1,143.45	-1.44%	-2.52%	4.29%	69.28%



Source: NGX, ARM Research



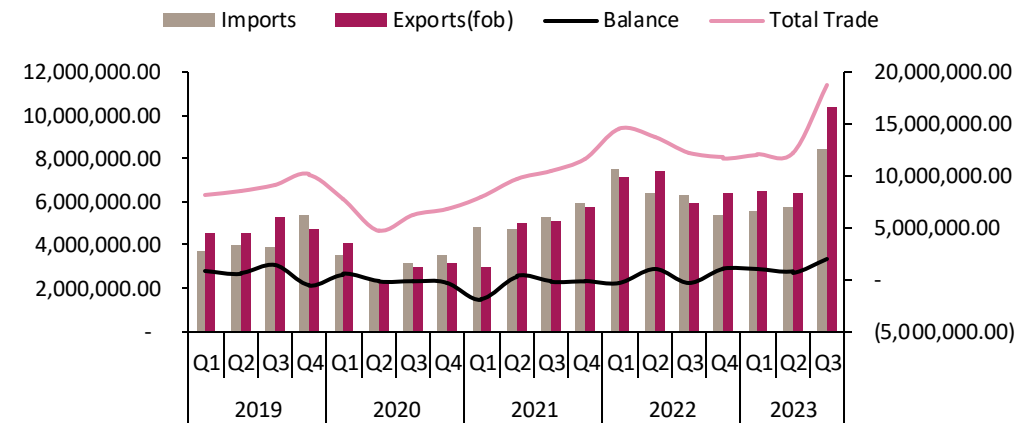
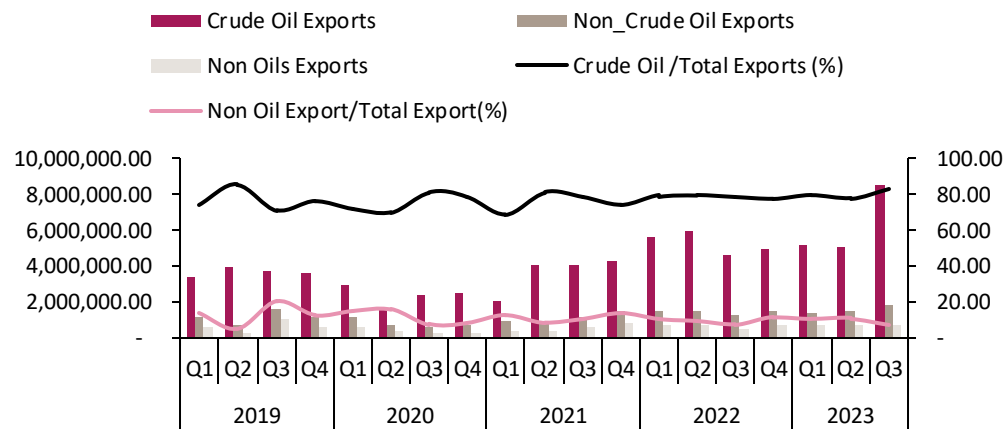
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day
Money Market				OMO					OMO				
Overnight (O/N)	19.58%	15.75%	3.83%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100
Open Repo Rate (OPR)	19.17%	16.32%	2.85%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150
NIBOR - 1M	148.75%	21.19%	127.56%	10-Aug-23	10.00%	12.98%	N/A	14.49%	10-Aug-23	30	40	N/A	80
NIBOR - 3M	154.75%	20.63%	134.12%										
NIBOR - 6M	164.63%	21.44%	143.19%										
Treasury Bills				Treasury Bills	91Day	182 Day	364 Day		Treasury Bills	91Day	182 Day	364 Day	
1-month	4.62%	6.51%	-1.89%	6-Dec-23	9.00%	13.00%	15.75%		6-Dec-23	1.03	1.94		101.39
3-month	6.97%	8.79%	-1.82%	22-Nov-23	8.00%	12.00%	16.75%		22-Nov-23	9.96	1.82		199.93
6-month	10.16%	11.80%	-1.64%	8-Nov-23	7.00%	11.00%	16.75%		8-Nov-23	4.52	5.43		300.16
9-month	12.94%	14.36%	-1.42%	25-Oct-23	5.99%	9.00%	13.00%		25-Oct-23	2.84	7.95		97.32
12-month	17.11%	18.10%	-0.99%	11-Oct-23	4.99%	6.55%	11.37%		11-Oct-23	2.78	3.02		30.76
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	7.43%	7.42%	0.01%	13-Nov-23	16.00%	17.00%	17.50%	18.00%	13-Nov-23	31.47	33.19	47.07	322.77
13.53% 23-MAR-2025	12.92%	14.30%	-1.38%	16-Oct-23	14.90%	15.75%	15.80%	16.60%	16-Oct-23	20.53	22.26	54.86	237.09
12.50% 22-JAN-2026	13.27%	3.40%	9.87%	11-Sep-23	14.50%	15.45%	15.55%	16.25%	11-Sep-23	43.65	10.45	25.69	171.71
16.2884% 17-MAR-2027	13.76%	14.31%	-0.55%	14-Aug-23	12.50%	13.60%	14.10%	14.30%	14-Aug-23	10.43	4.07	25.53	187.73
12.1493% 18-JUL-2034	15.32%	16.31%	-0.99%	17-Jul-23	12.50%	13.60%	14.10%	14.30%	17-Jul-23	52.62	39.86	146.49	417.77
16.2499% 18-APR-2037	16.20%	16.51%	-0.31%	Corporate Bonds									
14.8% 26-APR-2049	16.90%	17.42%	-0.52%		This Week	Prior Week	WoW (%)						
FGN Eurobonds													
7.625 21-NOV-2025	9.00%	9.14%	-0.14%	ACCESS 15.50% 23-JUL-2026	16.11%	16.61%		-0.50%					
6.50% 28-Nov-2027	10.02%	10.18%	-0.16%	VIATHAN 16.00% 14-DEC-2027	14.33%	4.63%		9.70%					
7.875% 16-FEB-2032	10.62%	10.81%	-0.19%	UNION 16.20% 27-JUN-2029	17.67%	19.27%		-1.60%					
7.625% 28-Nov-2047	10.77%	10.39%	0.38%	FIDELITY 8.50% 7-JAN-2031	15.55%	17.04%		-1.49%					
				MTN COM PLC 12.75 II 4-NOV-2031	15.53%	17.03%		-1.50%					

Source: DMO, CBN, FMDQ, ARM Research



Nigeria's Balance of Payment Surges: Oil Exports Fueling the Boom

In Q3:2023, total trade skyrocketed by 54.62% compared to Q2:2023, reaching a remarkable NGN18.80trn, up from NGN12.16trn. This impressive growth was fueled by similar surges in both imports (+47.70% QoQ to NGN8.46trn) and exports (+60.78% QoQ to NGN10.35trn). On a year-on-year (YoY) basis, total trade rebounded from its 11.81% YoY decline in Q2:2023, climbing by a significant 53.16% YoY in Q3:2023 (compared to NGN12.28trn in Q3:2022). The balance of trade maintained its surplus streak for the fourth consecutive quarter, achieving an impressive 166.47% QoQ growth to reach NGN1.89trn. On a sectoral basis Crude oil exports soared by an impressive 70.52% QoQ in Q3:2023, reaching a staggering NGN8.46trn and accounting for 82.50% of total exports. This surge can be attributed to increased oil production (1.45MMbpd in Q3:2023 from 1.22MMbpd in Q2:2023) and the naira's devaluation against the dollar, which continues to bolster foreign exchange gains. Non-oil exports within the period reversed course and contracted by 1.61% QoQ to NGN677.57bn. Consequently, non-oil's contribution to total exports declined for the second consecutive quarter. This decline was driven by slumps in manufactured goods exports (-5.64% QoQ) and agriculture goods exports (-21.68% QoQ). Total imports surged by 47.70% during the period to reach NGN8.46trn (compared to NGN5.73trn in Q2:2023). This growth was primarily due to increased imports in the manufacturing, other petroleum products, raw materials, and agricultural goods sectors. We believe this can be attributed to the rapid depreciation of the Naira at both the official and parallel markets



Source: NBS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	57.40	23.7	-58.71%	SELL
FLOUR MILLS NIG. PLC.	31.05	38.37	23.57%	STRONG BUY
GUINNESS NIG PLC	67.90	144.71	113.12%	STRONG BUY
NIGERIAN BREW. PLC.	37.05	39.22	5.86%	NEUTRAL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	20.25	20.86	3.01%	NEUTRAL
FBN HOLDINGS PLC	23.85	24.62	3.23%	NEUTRAL
GUARANTY TRUST HOLDING COMPANY PLC	39.10	43.11	10.26%	OVERWEIGHT
UNITED BANK FOR AFRICA PLC	22.50	17.67	-21.47%	SELL
ZENITH BANK PLC	35.00	39.58	13.09%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1800.00	1052.58	-41.52%	SELL
MTN NIGERIA COMMUNICATIONS PLC	238.60	326.50	36.84%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	96.50	110.81	14.83%	OVERWEIGHT
DANGOTE CEMENT PLC	320.00	348.34	8.86%	NEUTRAL
LAFARGE AFRICA PLC (WAPCO)	29.60	45.01	52.06%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	2310.10	1,483.90	-35.76%	SELL
TOTALENERGIES MARKETING NIGERIA PLC	385.00	437.35	13.60%	OVERWEIGHT

Source: Bloomberg, ARM Research



Thank You





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