



# How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





# Weekly Commentary & Stock recommendation

4<sup>th</sup> September – 8<sup>th</sup> September 2023





### Global Economy

In Q2:2023, seasonally adjusted GDP increased by 0.10% QoQ in the Euro Area and was stable in the European Union (EU), according to Eurostat. In Q1:2023, GDP had increased by 0.10% QoQ in the euro area and by 0.20% QoQ in the EU. Furthermore, compared with Q2:2022, seasonally adjusted GDP increased by 0.50% YoY in the euro area and by 0.40% YoY in the EU in Q2:2023, after YoY increases of 1.10% in both zones in Q1:2023. Additionally, the number of employed persons increased by 0.20% in the Euro Area and by 0.10% in the EU in Q2:2023, compared with the previous quarter. In Q1:2023, employment had increased by 0.50% QOQ in the Euro Area and by 0.40% QOQ in the EU. Elsewhere, in Japan, according to official data, its economy grew by an annualised 4.80% in Q2:2023, revised downward from a preliminary estimate of 6.00% growth. The main factor behind the downgrade was a 1.00% drop in capital expenditure, compared with a preliminary flat reading. Private consumption, which makes up more than half of the economy, fell 0.60% QoQ in Q2:2023, compared with a preliminary 0.50% decline.

### Domestic Economy

Yesterday, Nigeria Bureau of Statistics released data pertaining to the Company Income Tax (CIT) for Q2 2023. It showed that CIT surged 226.40% QoQ to NGN1.53trn in Q2:2023 (vs. NGN469.01bn in Q1:2023). Furthermore, Local CIT payments accounted for NGN1.02trn, while Foreign CIT Payment contributed NGN505.91bn in Q2:2023. Similarly, the National Bureau of Statistics (NBS) released the Foreign Trade in Goods statistics for Q2:2023. On a (QoQ) basis, Total Trade increased by 5.77% to NGN12.74trn (vs. NGN12.05trn in Q1:2023). This is due to the growth in both Total Imports (+2.99% QoQ) and Total Exports (+8.15% QoQ) to NGN5.73trn and NGN7.02trn respectively. However, we observed that Total Trade declined by 7.60% year-on-year (YoY) in Q2:2023 (vs. NGN13.79trn in Q2:2022). Consequently, Total Imports and Total Exports fell by 10.37% YoY and 5.20% YoY respectively in Q2:2023. Notably, Balance of Trade maintained its surplus streak for the third (3rd) consecutive quarter as it climbed by 39.1% QoQ to NGN1.29trn in Q2:2023 (vs. NGN927.16bn in Q1:2023). Overall, Balance of Trade settled at NGN2.22trn in H1:2023 compared to NGN618.81bn in H1:2022



## Equities

The Nigerian Equities Market ended the week on a positive note this week, as the NGX All Share Index (ASI) gained 91bps to 68,143.34 points. This is following gains in three (3) out of five (5) days of the trading week. Consequently, the market's year-to-date returns settled at 32.96% (vs. 31.76% YtD last week). This week, Banking (+5.55%) and Consumer Goods (+2.24%) sectors closed bullish while Industrial (-0.49%), Oil and Gas (-0.12%) and Insurance (-2.94%) sectors witnessed bearish sentiments. The gains in the Banking sector is following the release of positive earnings reports by major players in the sector during the week. We opine that the positive momentum in the equities market this week is on the back of significant gains in BUAFOODS, ZENITHBANK and DANGSUGAR which offset losses recorded in DANGCEM, NESTLE and NB. Notably, OMATEK (+93.3% to NGN0.58), ABCTRANS (+66.2% to NGN1.13) and PRESTIGE (+58.6% to NGN0.46) were the top gainers for the week while LINKASSURE (-17.0% to NGN0.83), RTBRISCOE (-16.3% to NGN0.41) and JOHNHOLT (-14.4% to NGN1.31) topped the losers' chart. In the coming week, we expect investors to maintain their focus on tickers with attractive dividend payouts.

## Fixed Income

At the primary NTB auction held earlier this week, the average stop rate declined by 104bps to 8.02% (vs 9.05% at the previous auction). Similarly, the average bid-to-cover ratio fell by 101bps to settle at 4.08% (vs 5.09% at the previous auction), indicating decreased demand for the instruments. However, we observed improved demand for the 182-day bill, as its bid-to-cover ratio went up to 3.71x from 1.21x at the last auction. However, the Treasury Bills market closed the week on a bearish note as average yield edged up 37bps WoW to settle at 7.93%. Similarly, the secondary bond market ended the week bearish as average yield rose 11bps WoW to settle at 14.16%. This is following selloffs in the JUL-2034(+45bps), JUN-2033 (+24bps), APR-2049 (+23bps), JUL-2045 (+22bps), and JAN-2042 (+21bps) instruments. Overall, the Naira Fixed income market closed the week on a bearish note as average yield went up by 24bps WoW to settle at 11.05%.



	This Week	Prior Week	WoW (%)	YTD (%)	
					<b>Report released this week (Click Link below for Full report)</b>
External Reserve (\$'bn)	33.3	34.0	-2.06%	.	<b>GTco H12023 Earnings result Remarkable Performance Riding on FX Revaluation Gains</b>
<b>USD/NGN (₦/\$)</b>					<b>Q2 2023 Foreign Trade In Goods - Balance of Trade Maintains Positive Streak</b>
NAFEX	772.5	775.2	0.35%	0.33%	
Parallel	925.0	915.0	-1.08%	2.59%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2 month Avg.</b>	
<b>Inflation YoY (July 2023)</b>	<b>July</b>	<b>June</b>	<b>CHG (pps)</b>		
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	
<b>GDP (%) - YoY</b>	<b>Q2 23</b>	<b>Q1 23</b>	<b>Q4 22</b>	<b>2022FY</b>	<b>News Headline for the week (click news for link)</b>
Real GDP	2.51	2.31	3.52	3.1	<b>NGX sheds 0.29% as Nestle, NASCON suffer losses</b>
Oil	-13.43	-4.21	-13.38	-19.22	<b>CICAN tasks industry minister on pro-market policies</b>
Agriculture	1.50	-0.90	2.05	1.88	<b>Tinubu, Oye, Others Canvass Increased Trade Between Nigeria, India</b>
Manufacturing	2.20	1.63	2.83	2.45	<b>Stocks stagger as 'dollar juggernaut' on a roll.</b>
Information and Communication	8.60	10.32	10.35	9.76	<b>Sterling GMD, directors buy N514m additional shares.</b>
<b>Labor Data (%)</b>			<b>Q1 23</b>	<b>Q4 22</b>	<b>Debt-for-climate swaps may reduce Nigeria's debt by \$3.7b yearly.</b>
Unemployment Rate			4.1	5.3	<b>Dollar to stay bright this year before fading in 2024, analysts say: Reuters poll.</b>
Underemployment			12.2	13.7	<b>COP28 plans \$4.5bn funding for African clean energy. Overdrafts</b>
<b>Capital Importation (\$'mn)</b>	<b>Q4 22</b>	<b>Q3 22</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>Fidelity records N61.9b profit in H1, declares 25k interim dividend.</b>
Foreign Portfolio Investment - Equities	4.86	7.21	-32.6%	-87.21%	<b>Banking Index Up 54.80% YtD on FX Unification, Corporate Earnings</b>
Bonds	322.04	203.80	58.02%	214.62%	<b>Oil gains on supply woes after OPEC+ output cuts</b>
Money Market	135.96	231.08	-41.2%	-75.68%	<b>Elon Musk borrowed \$1bn from SpaceX in same month of Twitter deal - WSJ</b>
Foreign Direct Investment	84.23	81.72	3.07%	-76.49%	<b>Subsidy pains: Labour vows to ground economy, begins strike.</b>
<b>Monetary Policy Rates (%) (May 2023)</b>	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<b>Government rakes in N1.53tr from company income tax in three months</b>
MPR	18.5	18.0		50.0%	<b>China optimism dissipates after weak data.</b>
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	<b>GTco grows profit to N347bn, assets now N8.5tn</b>
Liquidity Ratio	30.0	30.0		0.0%	<b>NGX behind Ghana, ranks second best-performing in Africa.</b>
<b>Source: CBN, NBS, FMDQ, ARM Research</b>					<b>External Reserves Marginally Gained \$1.87m in August.</b>



Weekly Equities Market Snapshot						Friday, September 8, 2023					
Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YTD	Ticker	Price	Δ (%)	Yr High	Yr Low	YTD
OMATEK	0.58	93.3%	0.72	0.20	7.1%	LINKASSURE	0.83	-17.0%	1.00	0.36	107.5%
ABCTRANS	1.13	66.2%	1.35	0.23	48.0%	RTBRISCOE	0.41	-16.3%	0.81	0.22	57.7%
PRESTIGE	0.46	58.6%	0.64	0.36	27.6%	JOHNHOL	1.31	-14.4%	3.14	0.73	79.5%
GUINEAINS	0.36	44.0%	0.42	0.20	4.8%	CORNERST	1.24	-12.7%	1.42	0.40	106.7%
OANDO	7.70	42.6%	7.95	3.53	10.0%	MAYBAKER	5.00	-11.7%	6.03	3.42	16.3%
NAHCO	25.45	39.1%	26.95	5.12	0.0%	IKEJAHOTEL	3.05	-10.3%	3.60	0.70	190.5%
DANGSUGAR	64.15	35.1%	71.50	15.00	2.3%	CUTIX	2.55	-9.9%	2.95	2.00	26.9%
BETAGLAS	51.85	32.9%	51.85	35.00	15.8%	MAYBAKER	5.00	-9.1%	6.03	3.42	16.3%
NASCON	58.00	29.6%	66.80	9.50	7.3%	MAYBAKER	5.00	-9.1%	6.03	3.42	16.3%
CHIPLC	1.02	22.9%	1.41	0.51	0.0%	NESTLE	1075.00	-8.1%	1350.00	963.90	-2.3%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	68,143.34	0.91%	2.40%	11.77%	32.96%
Market Cap	37.3trn	0.91%	2.40%	12.34%	33.60%
NGX Banking	714.16	5.55%	10.50%	10.65%	71.06%
NGX Industrial	1,102.72	-0.49%	1.13%	16.12%	20.37%
NGX Consumer	714.16	2.24%	3.74%	23.24%	87.24%
NGX Oil & Gas	939.35	-0.12%	-0.06%	21.07%	103.11%
NGX Insurance	1,102.72	-2.94%	-1.31%	-4.27%	52.12%

Date	Volume (Mn)	Value (NGN Bn)
4-Sep	845.68	13.04
5-Sep	557.65	10.21
6-Sep	378.65	5.48
7-Sep	378.09	8.38
8-Sep	482.49	8.34

Source: NGX, ARM Research

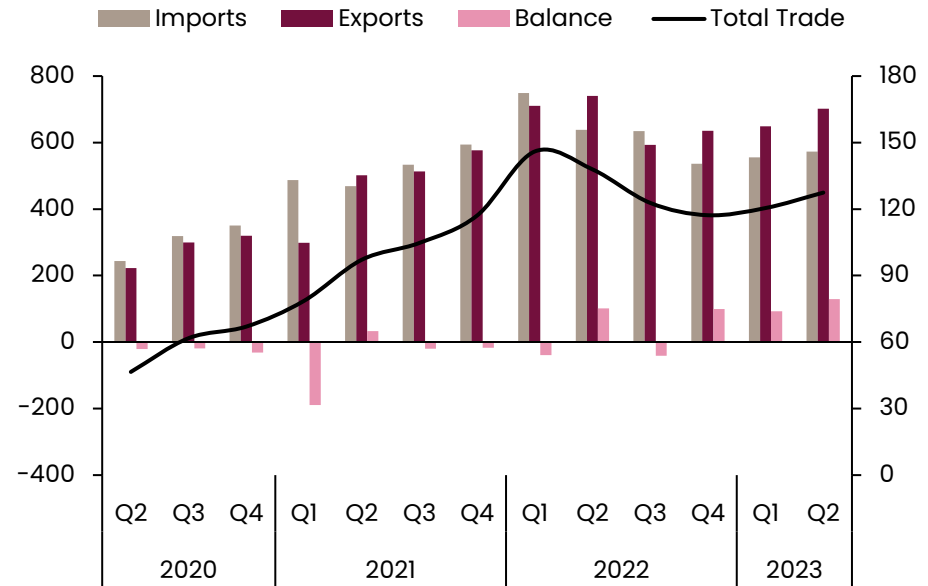
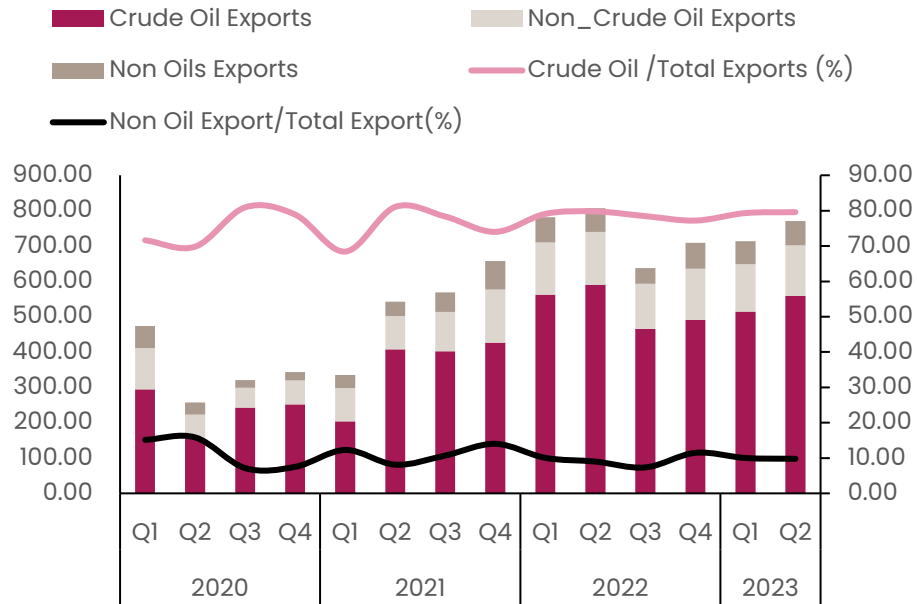


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year	
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>				
Overnight (O/N)	17.83%	1.67%	16.16%	10-Aug-23	10.00%	12.98%	14.49%		3	4	8	
Open Repo Rate (OPR)	18.75%	2.42%	16.33%									
NIBOR - 1M	11.13%	7.83%	3.30%									
NIBOR - 3M	11.88%	9.17%	2.71%									
NIBOR - 6M	12.38%	10.00%	2.38%									
<b>Treasury Bills</b>				<b>Treasury Bills</b>				<b>Treasury Bills</b>				
					<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>		<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>	
1-month	3.58%	3.08%	0.50%	6-Sep-23	4.50%	7.00%	12.55%	6-Sep-23	1.03	10.55	203.15	
3-month	5.24%	4.34%	0.90%	23-Aug-23	5.19%	8.00%	13.97%	23-Aug-23	9.96	10.21	283.04	
6-month	7.91%	7.21%	0.70%	9-Aug-23	5.00%	5.90%	9.80%	09-Aug-23	4.52	1.32	148.15	
9-month	10.12%	8.97%	1.15%	26-Jul-23	6.00%	8.00%	12.15%	26-Jul-23	2.85	6.44	255.04	
12-month	13.53%	11.54%	1.99%	12-Jul-23	2.86%	3.50%	5.94%	12-Jul-23	2.78	1.49	137.50	
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>				<b>FGN Bonds</b>				
					<b>Feb-28</b>	<b>Apr-29</b>	<b>Apr-32</b>	<b>Jun-33</b>	<b>Jun-38</b>	<b>Jan-42</b>	<b>Mar-50</b>	<b>Jun-53</b>
14.20% 14-MAR-2024	7.05%	7.58%	-0.53%	14-Aug-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%
13.53% 23-MAR-2025	11.30%	11.36%	-0.06%	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%	13.00%	0.00%	19-Jun-23	N/A	13.90%	N/A	14.70%	15.45%	N/A	N/A	15.70%
16.2884% 17-MAR-2027	13.03%	13.04%	-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	14.80%	14.35%	0.45%	17-Apr-23	14.00%	N/A	14.80%	N/A	N/A	15.40%	15.80%	N/A
16.2499% 18-APR-2037	15.30%	15.19%	0.11%	<b>Corporate Bonds</b>				<b>This Week</b>				
14.8% 26-APR-2049	15.49%	15.22%	0.27%	<b>Prior Week</b>				<b>WoW (%)</b>				
<b>FGN Eurobonds</b>				16.50 MIXTA IIA 12-OCT-2023				4.50%				
7.625 21-NOV-2025	9.88%	10.01%	-0.13%	FCMB117.25%18-DEC-2023				5.87%				
6.50% 28-Nov-2027	10.74%	10.65%	0.09%	ACCESS115.50%23-JUL-2026				15.37%				
7.875% 16-FEB-2032	11.37%	11.24%	0.13%	VIATHAN116.00%14-DEC-2027				14.00%				
7.625% 28-Nov-2047	11.39%	11.31%	0.08%	UNION116.20%27-JUN-2029				17.58%				
<b>Source: DMO, CBN, FMDQ, ARM Research</b>				FIDELITY18.50%7-JAN-2031				15.52%				
				MTN COM PLC112.75 II 4-NOV-2031				15.50%				



### Foreign trade sustains positive Balance

Q2:2023, Total Trade increased by 5.77% to NGN12.74trn due to growth in both Imports (+2.99% QoQ) and Exports (+8.15% QoQ). However, there was a 7.60% YoY decline in Total Trade. Despite this, Balance of Trade maintained a surplus streak, rising by 39.1% QoQ to NGN1.29trn. Overall, Balance of Trade settled at NGN2.22trn in H1:2023 compared to NGN618.81bn in H1:2022. On a sectoral basis, the In Q2:2023, crude oil exports grew by 8.50% to NGN5.59trn, making up 79.63% of total exports. Despite lower production and prices, the country earned more from oil exports. This is attributed to the Naira's devaluation against the dollar due to FX policy changes by the new administration. Non-oil exports within the same period rebounded, growing by 5.58% QoQ and 2.87% YoY to NGN688.68bn. This growth was attributed to economic recovery from previous challenges. Despite this, non-oil exports' contribution to Total Exports slightly decreased from 10.06% in Q1:2023 to 9.82% in Q2:2023..



Source: ONS, ARM Research.





<b>CONSUMER GOODS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
DANGOTE SUGAR REFINERY PLC	64.15	23.7	-63.06%	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.	38.10	39.22	2.94%	NEUTRAL
<b>FINANCIAL SERVICES</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
ACCESS HOLDINGS PLC	17.50	20.86	19.20%	OVERWEIGHT
FBN HOLDINGS PLC	18.50	24.62	33.08%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	38.85	43.11	10.97%	OVERWEIGHT
UNITED BANK FOR AFRICA PLC	15.25	17.67	15.87%	OVERWEIGHT
ZENITH BANK PLC	36.95	39.58	7.12%	NEUTRAL
<b>ICT</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
AIRTEL AFRICA PLC	1250.00	915.11	-26.79%	SELL
MTN NIGERIA COMMUNICATIONS PLC	274.20	352.96	28.72%	STRONG BUY
<b>INDUSTRIAL GOODS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
BUA CEMENT PLC	96.15	110.81	15.25%	OVERWEIGHT
DANGOTE CEMENT PLC	365.00	348.34	-4.56%	UNDERWEIGHT
LAFARGE AFRICA PLC (WAPCO)	30.50	45.01	47.57%	STRONG BUY
<b>OIL AND GAS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
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
BUA Cement	1-Sep-23				NGN2.80kb	2022FY		

Source: ARM Research



# Thank You





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