



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

Earlier this week, in the EU, Eurostat released preliminary GDP data for Q1:2024. In the first quarter of 2024, seasonally adjusted GDP increased by 0.3% QoQ in both the euro area and the EU, compared with the previous quarter. In Q4:2023, GDP had declined by 0.1% QoQ in the euro area and was flat in the EU. Compared with Q1:2023, seasonally adjusted GDP increased by 0.4% YoY both in the euro area and in the EU in Q1:2024 (vs. +0.1% YoY in the euro area and +0.2% YoY in the EU in Q4:2023). Conversely, in Japan, according to its Cabinet Office, preliminary gross domestic product (GDP) data indicated Japan's economy shrank by an annualized 2.0% QoQ in Q1:2024. This translates into a quarterly contraction of 0.5% QoQ in the period. This comes amidst plans by the Bank of Japan to lift its policy rate away from zero following the recent Yen volatility. Elsewhere, in the US, the Bureau of Labor Statistics (BLS) released the April 2024 Consumer Price Index (CPI) data. According to the BLS, the headline CPI rose by 3.4% YoY in April 2024, vs. the 3.5% YoY increase in March 2024. Core inflation, headline CPI less food and energy, rose 3.6% YoY during the same period. The energy CPI increased 2.6% YoY while the food CPI increased 2.2% YoY.

Domestic Economy

During the week, the National Bureau of Statistics (NBS) released the Consumer Price Index (CPI) for April 2024. Year-over-year (YoY) headline inflation rose by 49bps to 33.69%, up from 33.20% YoY in March 2024. This increase was driven by increases in both food inflation (+52bps to 40.53% YoY) and core inflation (+94bps to 26.84% YoY). However, on a month-on-month (MoM) basis, headline inflation decreased for the second month in a row, dropping 73bps to 2.29% MoM, compared to 3.02% MoM in March 2024. This decline was due to reductions in both food inflation (-111bps to 2.50% MoM) and core inflation (-34bps to 2.20% MoM). Nigeria's inflation stems from both supply and demand issues, which must be addressed. The Central Bank of Nigeria's upcoming Monetary Policy Committee meeting is expected to maintain monetary tightening measures, which may help moderate inflationary pressures in May 2024.



Equities

Extending its bearish run for the second consecutive week, the Nigerian Equities market lost 0.11% WoW as the NGX All Share Index (NGX ASI) printed at 98,125.73 points. Consequently, the market's year-to-date (YtD) returns declined to 31.23% (vs. 33.18% YtD last week). Save for the Industrial sector which gained a meagre 0.01% WoW, all other sectors under our coverage closed negative. Specifically, the Oil and Gas (-6.49% WoW), Banking (-5.31% WoW), Insurance (-3.98% WoW) and Consumer Goods (-1.29% WoW) sectors recorded losses. We believe the bearish sentiment in the market stems from the release of poor Q1:2024 earnings results of some tickers across sectors. Additionally, general bearish sentiment continues to persist across sectors. The top gainers this week were INTENEGINS (+11.5% WoW to NGN1.65), CUSTODIAN (+9.7% WoW to NGN10.20) and JBERGER (+9.5% WoW to NGN79.30), while top losers were PZ (-22.2% WoW to NGN21.60), NEM (-18.4% WoW to NGN8.45) and ETERNA (-18.3% WoW to NGN11.15). In the coming week, we believe that the direction of fixed income yields would impact the performance of the equities market, particularly as investors anticipate the decision of the Monetary Policy Committee (MPC) on interest rate. Overall, we expect the Committee to hike rates by an additional 50-100 basis points at its next meeting holding on the 20th and 21st of May 2024.

Fixed Income

The Debt Management Office (DMO) conducted a bond auction offering a total of NGN450bn worth of bonds across three instruments: reopening of existing APR-2029 and FEB-2031 and the new issuance of MAY-2033 bonds, NGN150bn each. The average stop rate at the auction stood at 19.64%. Stop rates for the reopened instruments saw a slight decline of 1bp each. Investor demand, however, dipped significantly to 1.23x compared to 2.04x at the previous auction, representing a decrease of 82bps. This was due to a lower subscription amount of NGN368.77bn compared to the prior auction. Notably, the total amount sold (NGN380.77bn) was also 0.85x less than the initial offer amount. The weak investor demand is likely due to expectations of future interest rate increases by the Monetary Policy Committee (MPC) meeting next week (May 20th-21st, 2024). The Nigerian Treasury bills secondary market concluded on a bullish note as the average yield declined by 29bps WoW to 22.17%. This reflects buying interest in short and mid-term treasury bills. However, the FGN bond market ended on a bearish note as the average yield rose by 7bps WoW to settle at 18.69%. This was driven by sell offs across the yield curve, notably in the MAR-2025 (+12bps), APR-2032 (+37bps) and JUN-2033 (+24bps) instruments. Overall, the Naira fixed income market closed positively as the average yield fell by 11bps WoW to 20.43%. Looking ahead, the upcoming MPC meeting and treasury bills auction are expected to influence investor sentiment, with a potential bearish bias due to anticipated rate hikes.



	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	32.6	32.4	0.67%	-0.91%	Report released this week (Click Link below for Full report)
					MTNN Q1 2024 Earnings Note - Foreign Exchange (FX) Losses Plague Bottom-line
USD/NGN (₦/\$)					April 2024 CPI Report - A Tale of Two Sides
NAFEM	1459.00	1459.73	0.05%	-37.83%	
Parallel	1537.5	1422.5	-7.48%	-22.28%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (March 2024)	April	March	CHG (pps)		
Headline	33.69	33.20	0.49	33.45	
Core	26.84	25.9	0.94	26.37	
Food	40.53	40.01	0.52	40.27	
GDP (%) - YoY	Q4 23	Q3 23	Q2 23	2023FY	News Headline for the week (click news for link)
Real GDP	3.46	2.54	2.51	2.74	Stop electricity subsidy, IMF tells FG.
Oil	12.11	-0.85	-13.43	-2.22	N'Assembly gets new tax regime September
Agriculture	2.10	1.30	1.50	1.13	Reserves Reaches Three Weeks High, Now \$32.39bn
Manufacturing	1.38	0.48	2.20	1.4	Presidency: Tinubu Suspends Cybersecurity Levy to Prevent Overburdening Nigerians
Information and Communication	6.33	6.69	8.60	7.91	Chinese e-commerce giants face delicate balance between discounts, profit
Labor Data (%)		Q3 23	Q2 23	Q1 23	Oil extends fall on signs of weak fuel demand, strong dollar
Unemployment Rate		5	4.2	4.1	FG may need supplementary budget to pay minimum wage - IMF
Underemployment		12.3	11.8	12.2	First Niger Oil Bound for China Blocked in West Africa Border Row
Capital Importation (\$'mn)	Q4 23	Q3 23	QoQ (%)	YoY (%)	Investors expect BHP to lift Anglo American offer again
Foreign Portfolio Investment - Equities	10.83	8.37	29.4%	122.77%	FG okays SPV for 90,000km fibre optic cable
Bonds	67.16	20.56	226.65%	-53.51%	NGX Lists N4.075bn AVA Infrastructure Fund
Money Market	231.78	58.19	298.3%	70.47%	U.S. warned Raiffeisen access to dollar system could be curbed over Russia
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	Imported food prices rise as inflation hits 33.69 - NBS
Monetary Policy Rates (%) (March 2024)	Latest	Prior		CHG (%)	At 29.38%, Maximum Lending Rate Hits Highest Peak Since 2020
MPR	24.75%	22.75%		2.0%	US consumer inflation resumes downward trend as domestic demand cools
Cash Reserve Ratio (CRR)	45%	45%		0.0%	Tinubu okays payment of N3.3tn power sector debts
Liquidity Ratio	30%	30%		0.0%	Wale Edun: No Attempt to Illegally Use Pension Funds
					Markets ponders rate path, shares listless

Source: CBN, NBS, FMDQ, ARM Research

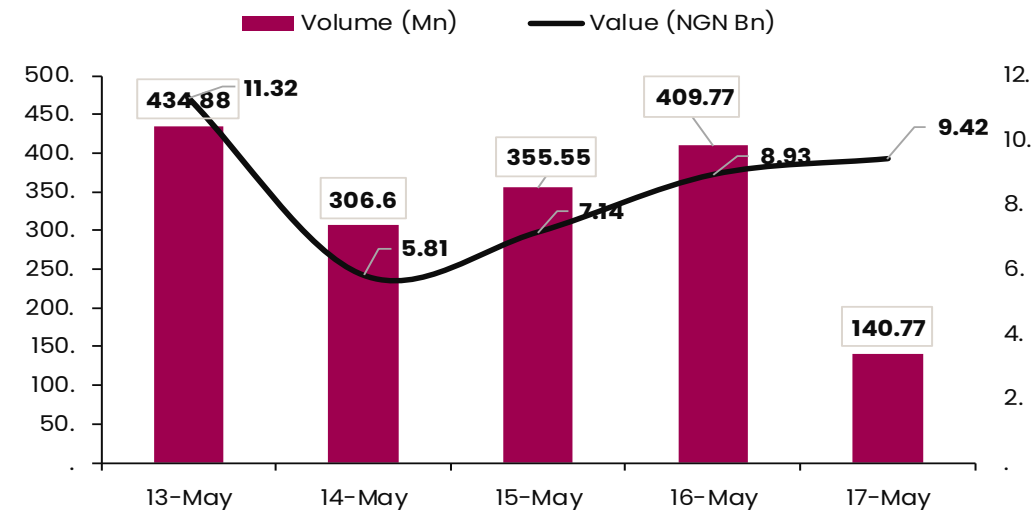


Weekly Equities Market Snapshot

Friday, May 17, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
INTENEGINS	1.65	11.5%	1.12	1.80	18.7%	PZ	21.60	-22.2%	14.00	40.00	-19.1%
CUSTODIAN	10.20	9.7%	6.00	10.95	13.3%	NEM	8.45	-18.4%	4.11	10.60	34.1%
JBERGER	79.30	9.5%	28.00	79.30	84.4%	ETERNA	11.15	-18.3%	6.50	37.70	-19.5%
AIRTELAFRI	2150.00	9.0%	1175.00	2200.00	13.9%	DAARCOMM	0.63	-14.9%	0.20	1.29	-30.0%
TANTALIZER	0.50	8.7%	0.20	0.65	150.0%	FCMB	7.00	-11.4%	4.10	12.45	-5.4%
CHAMPION	3.30	8.2%	2.49	5.05	-20.5%	DANGSUGAR	40.00	-11.1%	18.70	89.50	-29.8%
SOVRENINS	0.41	7.9%	0.31	0.79	46.4%	NGXGROUP	22.05	-10.9%	19.50	29.55	-6.2%
MBENEFIT	0.58	5.5%	0.33	1.00	9.4%	DEAPCAP	0.53	-10.2%	0.20	1.16	-8.6%
IKEJAHOTEL	7.45	5.4%	1.31	10.20	24.2%	SEPLAT	2962.20	-10.0%	1161.10	3370.00	169.3%
ACADEMY	2.03	4.1%	1.53	2.50	4.6%	NASCON	36.00	-10.0%	13.73	76.76	-33.0%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	98,125.73	-0.11%	-0.10%	-6.16%	31.23%
Market Cap	55.51trn	-0.10%	-0.08%	-6.11%	35.66%
NGX Banking	791.54	-5.31%	2.22%	-23.12%	-11.78%
NGX Industrial	1,528.13	0.01%	0.10%	-3.09%	72.98%
NGX Consumer	791.54	-1.29%	-1.14%	-5.13%	36.28%
NGX Oil & Gas	1,177.92	-6.49%	-7.10%	-9.00%	12.93%
NGX Insurance	1,528.13	-3.98%	-3.49%	-9.75%	13.90%



Source: NGX, ARM Research

Weekly Commentary

Fixed Income



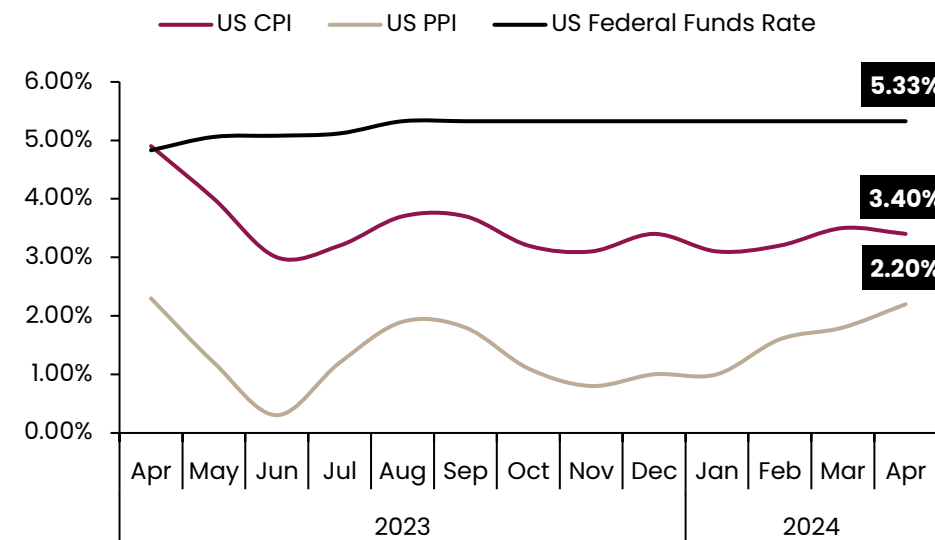
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	Short tenor	Mid tenor	Long Tenor		Issuance (N'billion)	Short tenor	Mid tenor	Long Tenor						
Money Market				OMO					OMO									
Overnight (O/N)	30.92%	28.63%	2.29%	06-May-24	18.99%	19.48%	21.50%		06-May-24	21	1	239						
Open Repo Rate (OPR)	29.96%	28.00%	1.96%	3-Apr-24	19.00%	19.50%	21.13%		03-Apr-24	17	7	652						
NIBOR - 1M	24.17%	24.42%	-0.25%	01-Mar-24	19.00%	19.50%	21.50%		01-Mar-24	37	6	1013						
NIBOR - 3M	24.66%	25.50%	-0.84%	29-Jan-24	10.00%	13.50%	17.00%		29-Jan-24	15	15	270						
NIBOR - 6M	25.83%	26.50%	-0.67%	15-Jan-24	10.00%	13.50%	15.50%		15-Jan-24	22	35	300						
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day		Treasury Bills	91 Day	182 Day	364 Day						
1-month	19.10%	18.89%	0.21%	8-May-24	16.24%	17.00%	20.70%		8-May-24	16.59	5.44	252.64						
3-month	18.47%	18.36%	0.11%	24-Apr-24	16.24%	17.00%	20.70%		24-Apr-24	16.48	11.99	333.98						
6-month	19.90%	20.25%	-0.35%	12-Apr-24	16.24%	17.00%	20.70%		12-Apr-24	27.11	22.67	902.04						
9-month	22.82%	23.12%	-0.30%	27-Mar-24	16.24%	17.00%	21.12%		27-Mar-24	29.83	25.58	1134.3						
12-month	25.03%	25.51%	-0.48%	13-Mar-24	16.24%	17.00%	21.12%		13-Mar-24	5.73	4.92	150.85						
FGN Bonds (Local)				FGN Bonds	Mar-27	Apr-29	Feb-31	May-33	Jun-33	Feb-34	Jun-38	FGN Bonds	Mar-27	Apr-29	May-33	Feb-31	Feb-34	Feb-34
13.53% 23-MAR-2025	19.22%	19.10%	0.12%	13-May-23	N/A	19.29%	19.75%	19.89%	N/A	N/A	N/A	13-May-23	N/A	N/A	79.92	85.05	N/A	461.85
12.50% 22-JAN-2026	18.01%	17.96%	0.05%	15-Apr-23	N/A	19.30%	19.75%	N/A	N/A	20.00%	N/A	15-Apr-23	151.93	N/A	N/A	47.84	N/A	275.85
16.2884% 17-MAR-2027	18.46%	18.46%	0.00%	18-Mar-23	19.94%	N/A	20.00%	N/A	N/A	20.45%	N/A	18-Mar-23	N/A	N/A	N/A	873.53	24.34	621.38
12.1493% 18-JUL-2034	19.24%	19.24%	0.00%	19-Feb-23	N/A	N/A	18.50%	N/A	N/A	19.00%	N/A	19-Feb-23	86.19	N/A	21.94	N/A	43.35	N/A
16.2499% 18-APR-2037	18.65%	18.65%	0.00%	29-Jan-23	15.00%	15.50%	N/A	N/A	16.00%	N/A	16.50%	29-Jan-23	N/A	31.47	33.19	N/A	47.07	N/A
14.8% 26-APR-2049	17.73%	17.56%	0.17%	Corporate Bonds	This Week	Prior Week	WoW (%)											
				ACCESS 15.50% 23-JUL-2026	21.31%	21.24%	0.07%											
				VIATHAN 16.00% 14-DEC-2027	21.02%	19.18%	1.84%											
FGN Eurobonds				UNION 16.20% 27-JUN-2029	22.23%	22.23%	0.00%											
7.625 21-NOV-2025	7.70%	7.94%	-0.24%	FIDELITY 8.50% 7-JAN-2031	20.53%	20.62%	-0.09%											
6.50% 28-Nov-2027	8.84%	8.76%	0.08%	MTN COM PLC 12.75 II 4-NOV-2031	20.51%	20.61%	-0.10%											
7.875% 16-FEB-2032	10.06%	10.00%	0.06%															
7.625% 28-Nov-2047	10.37%	10.31%	0.06%															

Source: DMO, CBN, FMDQ, ARM Research



Inflation Cools Slightly, But Producer Prices Signal Future Concerns

The Bureau of Labor Statistics (BLS) April 2024 Consumer Price Index (CPI) report indicates that inflationary pressures are persisting, but at a slightly slower pace. While headline inflation increased by 3.4% year-over-year (YoY) compared to 3.5% in March 2024, this marks the first deceleration following two consecutive months of rising inflation. Core inflation, excluding volatile food and energy prices, continues to be the main driver, rising to 3.6% YoY (down from 3.8% in March 2024). This is largely due to a significant increase in shelter costs (up 5.5% YoY), which accounted for over two-thirds of the overall rise. On a month-to-month basis (MoM), headline inflation edged up by 0.3% (compared to 0.4% in March). This increase was primarily driven by rising shelter costs (+0.4% MoM) and gasoline prices (+2.8% MoM), which together contributed to over 70% of the jump. Further fueling concerns, the Producer Price Index (PPI) report for April 2024 revealed a higher-than-expected increase in producer prices. Compared to 1.8% in March, prices climbed 2.2%, marking the steepest rise since April 2023. Notably, services saw the largest increase (0.6% MoM) since July 2023 (0.8%). This suggests that these higher producer costs could eventually translate into higher consumer prices, putting additional strain on household budgets. Despite these inflationary concerns, the Federal Reserve (Fed) decided to maintain interest rates at their current range of 5.25% to 5.50%, where they've been since July 2023. However, according to the CME Fed Watch tool, markets are currently anticipating a 51.1% probability of the first rate cut coming in September



Source: BLS, FRED, ARM Research

Weekly Commentary & Stock Recommendation

Stock Picks

CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
FLOUR MILLS NIG. PLC.	38.00	36	-5.26%	SELL
GUINNESS NIG PLC	53.00	100	88.68%	STRONG BUY
NIGERIAN BREW. PLC.	23.00	39.22	70.52%	STRONG BUY
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	16.90	25.88	53.14%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	39.90	42.29	5.99%	NEUTRAL
UNITED BANK FOR AFRICA PLC	21.85	29.57	35.33%	STRONG BUY
ZENITH BANK PLC	32.80	44.04	34.27%	STRONG BUY
ICT				
MTN NIGERIA COMMUNICATIONS PLC	224.00	270.16	20.61%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	33.50	45.01	34.36%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	2962.20	3,790.80	27.97%	STRONG BUY
TOTALENERGIES MARKETING NIGERIA PLC	321.50	299.70	-6.78%	SELL

Source: NGX, 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	16-May-24				NGN2.20	2023FY	17-May-24	19-Apr-24
Berger Paints Nigeria Plc	15-May-24				NGN0.80	2023FY		16-Apr-24

Source: NGX, ARM Research



Thank You





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