



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

Earlier this week, data from the office of National statistics showed the UK Consumer Prices Index (CPI) rose by 3.4% YoY in February 2024, down from 4.0% YoY in January 2024. On a MoM basis, CPI rose by 0.6% in February 2024, compared with a rise of 1.1% MoM in February 2023. Core CPI (excluding energy, food, alcohol, and tobacco) rose by 4.5% YoY in February 2024, down from 5.1% YoY in January; the CPI goods annual rate slowed from 1.8% YoY to 1.1% YoY, while the CPI services annual rate eased from 6.5% YoY to 6.1% YoY. Also, in its second meeting of 2024, the Federal Open Market Committee announced it would continue its pause on interest-rate increases. The Committee noted that it is maintaining the federal funds rate within a range of 5.25% to 5.5%. Finally, the Bank of Japan (BoJ) ended its negative interest rate policy set in place to battle deflationary pressures. While the move was Japan's first interest rate hike in 17 years, it keeps rates stuck around zero as a fragile economic recovery forces the central bank to go slow on further rises in borrowing costs. Following the policy shift, the BoJ set the overnight call rate as its new policy rate and decided to guide it in a range of 0-0.1% partly by paying 0.1% interest on deposits at the central bank. The BoJ also abandoned yield curve control (YCC), a policy in place since 2016 that capped long-term interest rates around zero, and discontinued purchases of risky assets.

Domestic Economy

During the week, the Central Bank of Nigeria (CBN) announced the successful clearance of a USD7bn backlog of valid foreign exchange transactions, fulfilling the CBN Governor's commitment. This effort is part of CBN's strategy to stabilize the exchange rate and bolster foreign investor confidence in the Nigerian economy. Consequently, Nigeria's foreign reserves surged to USD34.11bn, the highest in eight (8) months and this was fueled majorly by increased remittances and foreign investment in local assets. In our view, the probable influx of FX supply due to increased foreign investors' participation will provide some respite to the falling Naira in the near-time.



Equities

This week, the Nigerian equities market slipped into negative territory, as the NGX All Share Index (ASI) lost 42bps to print at 104,647.37 points. This is following losses in three (3) out of the five (5) trading sessions in the week. Consequently, the market's year-to-date (YtD) returns declined to 39.95% from last week's 40.54%. All sectors under our coverage save for the Consumer Goods sector (-0.37% WoW) closed bullish with the Insurance sector (+8.92% WoW) taking the lead, followed by the Banking (+4.19% WoW), Industrial Goods (+0.57% WoW) and Oil and Gas (+0.30%) sectors. This week, NEM (+45.1% WoW to NGN9.65), JAIZBANK (+21.0% WoW to NGN2.42) and ETI (+18.2% WoW to NGN26.00) garnered the highest gains. However, SUNUASSUR (-17.7% WoW to NGN1.16), DEAPCAP (-16.0% WoW to NGN0.63) and DAARCOMM (-14.1% WoW to NGN0.67) led the decliners' chart. In the coming week, we expect higher yields in the fixed income market to continue to limit the performance of the equities market.

Fixed Income

At the FGN Bond auction for March 2024, the Debt Management Office (DMO) offered a total of NGN450 billion across three issuances: one (1) new instrument (MAR-2027) and the reopening of two (2) existing bonds (FEB-2031 and FEB-2034), each offered for NGN150 billion. The average stop rate across all the instruments was 20.13%. The average bid-to-cover ratio was a significant 1.37x, reflecting strong overall demand for the instruments from investors. The total amount sold (NGN475.62bn) was higher than the amount offered (NGN450bn). However, the demand for the FEB-2031 instrument was low, with an average bid-to-cover ratio of 0.35x and an allotment of only NGN47.84bn.

At the secondary market, the Nigerian Treasury bills market closed on a bullish note as the average yield declined by 91bps WoW to 17.70%. Conversely, the FGN bond market witnessed a selloff, with the average yield climbing 86bps WoW to close at 19.26%. This rise was driven by selloffs across all segments of the yield curve, notably in the MAR-2025 (+203bps), NOV-2028 (+193bps) and APR-2032 (+209bps) instruments. Overall, the Naira fixed income market closed slightly bullish as the average yield decreased by 3bps WoW to 18.48%. Looking ahead, we maintain our view of a potentially bearish sentiment in the coming week due to expectations of an increase in the Monetary Policy Rate (MPR) by the Monetary Policy Committee (MPC) next week.



parallel	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.3	34.4	-0.14%	4.29%	February 2024 CPI Report - Inflation Marches on
USD/NGN (₦/\$)					
NAFEM	1453.28	1608.98	10.71%	-37.58%	
Parallel	1510.0	1605.0	6.29%	-20.86%	
Economic Snapshot					
	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (November 2023)					
	February	January	CHG (pps)		
Headline	31.70	29.90	1.80	30.80	
Core	25.13	23.59	1.54	24.36	
Food	37.92	35.41	2.51	36.67	
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	Senate warns against supplementary budget, excess loans
Oil	12.11	-0.85	-13.43	-2.22	FG plans talks with Ghana, others to protect undersea cables
Agriculture	2.10	1.30	1.50	1.13	Okonjo-Iweala, Ayeni Harp on Export Trade to Boost Economy
Manufacturing	1.38	0.48	2.20	1.4	EIU Report: FG to Raise VAT to 15% By 2027 to Fund Fiscal Deficit
Information and Communication	6.33	6.69	8.60	7.91	Japanese bank trains staff for a novel scenario: positive interest rates
Labor Data (%)					
		Q3 23	Q2 23	Q1 23	Oil prices build on last week's gains as supply risks rise
Unemployment Rate		5	4.2	4.1	PH refinery: Marketers eye fuel price reduction, ready to load
Underemployment		12.3	11.8	12.2	Pension funds fall by \$6bn over naira depreciation
Capital Importation (\$'mn)					
	Q4 23	Q3 23	QoQ (%)	YoY (%)	Output Cuts in Bonny, Brass, Excravos, Others Curtail Nigeria's February Oil Production
Foreign Portfolio Investment - Equities	10.83	8.37	29.4%	122.77%	Bank of Japan ends negative rates, farewells era of radical policy
Bonds	67.16	20.56	226.65%	-53.51%	N30tn loans: Senate uncovers fresh infractions, summons Cardoso
Money Market	231.78	58.19	298.3%	70.47%	NNPC to Take FID on \$25bn Nigeria-Morocco Gas Pipeline in December 2024
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	China leaves benchmark lending rates unchanged, as expected
Monetary Policy Rates (%) (February 2024)					
	Latest	Prior		CHG (%)	Naira rebounds to N1,400/\$ as speculators offload forex
MPR	22.75	18.75		400.0%	CBN: We Have Settled All Valid Forex Backlogs
Cash Reserve Ratio (CRR)	45.0	32.5		1250.0%	Naira appreciates to N1,382/dollar, Presidency cautions speculators
Liquidity Ratio	30.0	30.0		0.0%	China yuan falls to four-month low, state banks step in
Source: CBN, NBS, FMDQ, ARM Research					
Japan braces for life with interest rates after historic change					



Weekly Equities Market Snapshot						Friday, March 22, 2024					
Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
NEM	9.65	45.1%	9.65	3.89	53.2%	SUNUASSUR	1.16	-17.7%	2.25	0.42	300.0%
JAIZBANK	2.42	21.0%	4.01	0.85	24.7%	DEAPCAP	0.63	-16.0%	1.16	0.20	8.6%
ETI	26.00	18.2%	28.80	10.10	24.4%	DAARCOMM	0.67	-14.1%	1.29	0.20	-25.6%
INTBREW	5.19	16.9%	6.86	4.00	8.1%	JBERGER	60.15	-10.4%	72.60	26.70	39.9%
LIVESTOCK	1.79	15.5%	2.32	0.93	-3.2%	IKEJAHOTEL	6.48	-10.0%	10.20	0.77	8.0%
FBNH	38.65	15.2%	43.95	10.30	64.1%	ABBEYBDS	2.20	-9.8%	3.23	1.00	-0.9%
FLOURMILL	38.00	13.3%	48.50	28.15	15.0%	BERGER	15.65	-9.8%	17.35	7.10	20.4%
FTNCOCOA	1.76	12.1%	4.10	0.25	18.9%	NSLTECH	0.55	-8.3%	0.85	0.25	-25.7%
GUINNESS	49.60	11.5%	80.00	42.05	-24.8%	FIDSON	14.70	-8.1%	19.20	8.50	-16.0%
MBENEFIT	0.60	11.1%	1.00	0.30	13.2%	CHAMS	2.10	-7.9%	3.65	0.23	6.6%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	104,647.37	-0.42%	4.67%	39.95%	39.95%
Market Cap	59.17trn	-0.42%	8.15%	44.60%	44.60%
NGX Banking	1,010.18	4.19%	18.92%	12.59%	12.59%
NGX Industrial	1,626.50	0.57%	-1.13%	78.11%	78.11%
NGX Consumer	1,010.18	-0.37%	0.19%	45.06%	45.06%
NGX Oil & Gas	1,294.38	0.30%	-0.66%	24.09%	24.09%
NGX Insurance	1,626.50	8.92%	7.03%	22.30%	22.30%

Date	Volume (Mn)	Value (NGN Bn)
18-Mar	287.45	10.8
19-Mar	307.05	7.59
20-Mar	298.65	6.84
21-Mar	336.82	9.29
22-Mar	505.19	14.24

Source: NGX, ARM Research

Weekly Commentary

Fixed Income

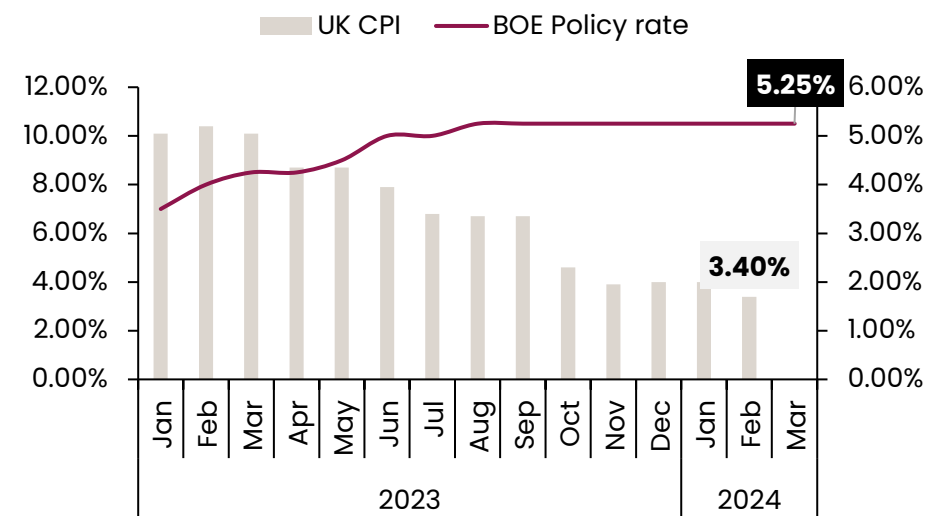
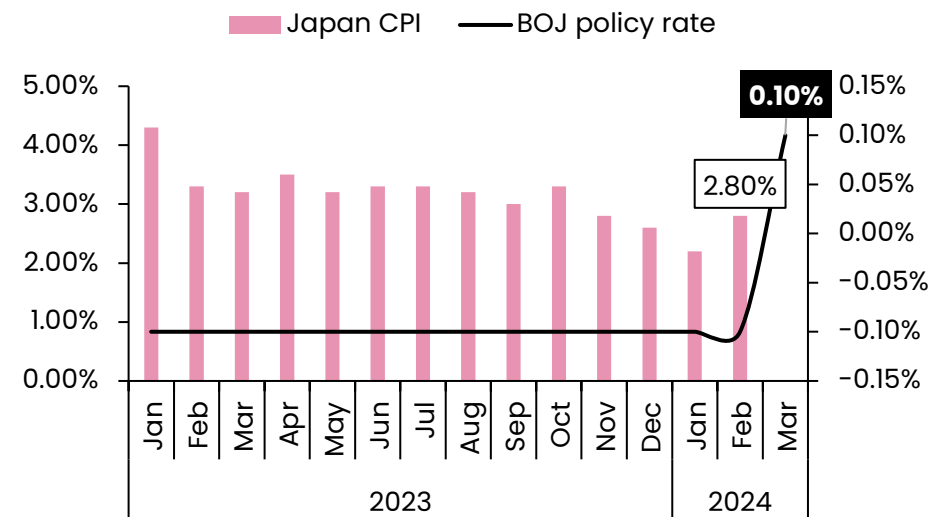


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	92 Day	176 Day	365 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day						
Money Market				OMO				OMO											
Overnight (O/N)	27.29%	31.08%	-3.79%	01-Mar-24	19.00%	19.50%	21.50%	N/A	01-Mar-24	37	6	N/A	1013						
Open Repo Rate (OPR)	26.22%	30.00%	-3.78%	29-Jan-24	10.00%	13.50%	17.00%	N/A	29-Jan-24	15	15	N/A	270						
NIBOR - 1M	18.95%	21.69%	-2.74%	15-Jan-24	10.00%	13.50%	15.50%	N/A	15-Jan-24	22	35	N/A	300						
NIBOR - 3M	20.40%	22.38%	-1.98%	10-Jan-24	10.50%	14.00%	17.75%	N/A	10-Jan-24	50	N/A	100	150						
NIBOR - 6M	21.45%	22.44%	-0.99%	22-Dec-23	N/A	N/A	N/A	N/A	22-Dec-23	25	N/A	25	50						
Treasury Bills				Treasury Bills				Treasury Bills											
1-month	12.96%	13.12%	-0.16%	13-Mar-24	16.24%	17.00%	21.12%		13-Mar-24	728.17		918.38	159.85						
3-month	16.19%	16.99%	-0.80%	6-Mar-24	17.24%	18.00%	21.49%		6-Mar-24	331.01		66.25	1192.09						
6-month	18.47%	19.76%	-1.29%	21-Feb-24	17.00%	17.50%	19.00%		7-Feb-24	200		200	600						
9-month	21.65%	22.29%	-0.64%	7-Feb-24	17.24%	18.00%	19.00%		7-Feb-24	7.85		6.44	217.53						
12-month	24.17%	26.38%	-2.21%	24-Jan-24	5.00%	7.15%	11.54%		24-Jan-24	2.78		1.49	52.29						
FGN Bonds (Local)				FGN Bonds				FGN Bonds											
13.53% 23-MAR-2025	19.62%	17.59%	2.03%	18-Mar-23	19.94%	N/A	N/A	20.00%	18-Mar-23	151.93	N/A	N/A	47.84	N/A	275.85	N/A			
12.50% 22-JAN-2026	18.50%	17.69%	0.81%	19-Feb-23	N/A	N/A	N/A	18.50%	19-Feb-23	N/A	N/A	N/A	873.53	24.34	621.38	N/A			
16.2884% 17-MAR-2027	19.82%	18.11%	1.71%	29-Jan-23	15.00%	N/A	15.50%	N/A	29-Jan-23	86.19	N/A	21.94	N/A	43.35	N/A	266.73			
12.1493% 18-JUL-2034	19.04%	19.04%	0.00%	11-Dec-23	N/A	15.50%	16.00%	N/A	11-Dec-23	N/A	31.47	33.19	N/A	47.07	N/A	322.77			
16.2499% 18-APR-2037	18.91%	18.91%	0.00%	13-Nov-23	N/A	16.00%	17.00%	N/A	13-Nov-23	N/A	20.53	22.26	N/A	54.86	N/A	237.09			
14.8% 26-APR-2049	18.60%	18.34%	0.26%	Corporate Bonds				This Week				Prior Week				WoW (%)			
				ACCESS 15.50% 23-JUL-2026				21.85%				20.60%				1.25%			
				VIATHAN 16.00% 14-DEC-2027				19.90%				18.81%				1.09%			
				UNION 16.20% 27-JUN-2029				22.76%				21.58%				1.18%			
				FIDELITY 8.50% 7-JAN-2031				21.43%				19.48%				1.95%			
				MTN COM PLC 12.75 14-NOV-2031				21.38%				19.47%				1.91%			
FGN Eurobonds																			
7.625 21-NOV-2025	7.90%	8.69%	-0.79%																
6.50% 28-Nov-2027	8.56%	9.46%	-0.90%																
7.875% 16-FEB-2032	9.70%	10.28%	-0.58%																
7.625% 28-Nov-2047	10.13%	10.51%	-0.38%																
Source: DMO, CBN,FMDQ, ARM Research																			



Shifting Gears: Japan shifts policy, UK Inflation Cools

Earlier this week, the Bank of Japan (BOJ) made a significant move by raising its lending rate for overnight borrowing by banks to a range of 0%–0.1%. This decision underscores a significant pivot from the BOJ's ultra-loose monetary policy stance of -0.1%. Notably, this increase represents the first policy rate hike by the BOJ in 17 years, signaling Japan's return to more conventional monetary policy measures and indicating confidence that the nation is finally overcoming years of deflation and economic stagnation. In addition to the rate hike, the BOJ has also abandoned its yield curve control program and ceased its purchase of Exchange Traded Funds (ETFs). However, the BOJ emphasized its commitment to continue the repurchase of long-term government bonds as necessary to maintain accommodative conditions in the short term. In the UK, according to Consumer Price Index (CPI) data released by the UK Office for National Statistics (ONS), consumer prices rose albeit at their weakest pace since September 2022, by 3.4% YoY in February 2024 (vs. 4.0% YoY in January). The major driver of the downtrend in inflation was food prices and prices at eateries, slightly offset by an uptrend in motor fuels. Core inflation, which excludes volatile food, energy, and tobacco prices, also slowed to 4.5% YoY in February 2024 (vs. 5.1% YoY in January). Despite the moderation in price pressures, Britain still has the highest rate of headline inflation among the Group of Seven (G7) advanced economies. At the BOE monetary policy committee meeting concluded on the 21st of March 2024, the committee voted 8-1 to hold its benchmark interest rate at its 16-year high of 5.25%. Investors are pricing a 70% chance of a rate cut in June.



Source: Bloomberg, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	59.00	125.7	113.05%	STRONG BUY
FLOUR MILLS NIG. PLC.	38.00	36	-5.26%	SELL
GUINNESS NIG PLC	49.60	100	101.61%	STRONG BUY
NIGERIAN BREW. PLC.	28.00	39.22	40.07%	STRONG BUY
ICT	CP	TP	Upside/Downside	RECOMMENDATION
MTN NIGERIA COMMUNICATIONS PLC	235.00	256.86	9.30%	NEUTRAL
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	36.15	45.01	24.51%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	3370.00	3,790.00	12.46%	OVERWEIGHT
TOTALENERGIES MARKETING NIGERIA PLC	346.50	299.70	-13.51%	SELL

Source: NGX, ARM Research



Company	Declaration Date	Total Dividend	Total Dividend/Share	Final Dividend	Final Dividend/Share	Financial Year	Payment Date	Register Date
The Initiates Plc	22-Mar-24				NGN0.06	2023FY	26-Jul-24	8-Jul-24

Source: NGX, ARM Research



Thank You





ARM Securities Contact

Research	234 (1) 270 1653	research@armsecurities.com.ng
Institutional Sales & Trading	234 (1) 448 8833	trading@armsecurities.com.ng
Customer Service	234 (1) 448 8282	customerservice@armsecurities.com.ng

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www.arm.com.ng

    @armengage

1 Mekunwen Road,
Off Oyinkan Abayomi Drive,
Ikoyi, Lagos, Nigeria

