



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

22nd April – 26th April 2024





Global Economy

Earlier this week, S&P Global released flash Purchasing Manager Index (PMI) reports for both the UK and US. The headline S&P Global Flash US PMI Composite Output Index dropped to 50.9 points in April 2024 from 52.1 points in March 2024. The S&P Global Flash US Manufacturing PMI, which considers a wide range of economic data, posted 49.9 points in April 2024 to signal broadly unchanged business conditions over the course of the month. The index was down from 51.9 points in March 2024 and ended a three-month sequence of improving operating conditions. In the UK, the headline seasonally adjusted S&P Global Flash UK PMI Composite Output Index rose to 54.0 points in April 2024, up from 52.8 points in March 2024. The UK Manufacturing PMI fell to 48.7 points in April 2024, vs. 50.3 points in March 2024, a 2-month low. Also, according to the US Bureau of Economic Statistics, the US Real gross domestic product (GDP) increased by 1.6% YoY in Q1:2024, according to its "advance" estimate. In the fourth quarter of 2023, real GDP increased by 3.4% YoY. Finally, in Asia, the Bank of Japan (BoJ) board members decided to hold the key interest rate steady at 0%, following its April monetary policy review meeting this week. The BoJ also removed the reference to the amount of government bonds it has roughly committed to buying each month.

Domestic Economy

During the week, the Minister of Industry, Trade, and Investment in Nigeria announced an initiative to manage a USD10bn Nigeria Diaspora Fund, focusing on private sector-led investments. Eligible firms must meet criteria such as regulatory certifications and asset management expertise. Responsibilities include establishing legal frameworks, managing investments, fundraising, and reporting. We expect this move to drive economic growth, foster private sector development, and diversify the economy. Elsewhere, Netherlands announced USD250mn in new investments in Nigeria during a meeting with President Bola Tinubu, highlighting the strengthening economic ties between the nations. Dutch investors plan to distribute the funds across various sectors, notably allocating USD100mn to a waste-to-wealth industrial project in Lagos State. This investment reflects confidence in Nigeria's economic reforms and business environment, likely attracting more foreign capital and fostering long-term prosperity.



Equities

This week, the NGX All Share Index (ASI) fell by 1.31% WoW to 98,176.76 points, bringing the Nigerian Equities market to a bearish close. Consequently, the market's year-to-date (YtD) returns declined to 31.30% (vs. 33.12% YtD). Save for the Industrial Goods (+0.38% WoW) and Insurance (+0.02% WoW) sectors, all sectors under our coverage closed in the red zone. Specifically, the Banking (-3.10% WoW), Consumer Goods (-1.15% WoW) and Oil and Gas (-1.41% WoW) sectors ended the week negative. The top gainers for the week were SUNUASSUR (+25.0% WoW to NGN1.25), CAP (+20.2% WoW to NGN28.25) and LIVESTOCK (+14.5% WoW to NGN1.66). On the flipside, the top losers were OANDO (-19.6% WoW to NGN9.25), SOVERENINS (-18.2% WoW to NGN0.36) and FBNH (-16.3% WoW to NGN20.35). In the coming week, we expect bearish sentiment to persist in the market on the back of prevailing high yields in the fixed income market. However, this might be offset by the positioning of investors in tickers with strong fundamentals in anticipation of Q1:2024 earnings results.

Fixed Income

During the week, the Central Bank of Nigeria (CBN) held an auction, offering Nigerian Treasury bills (NT-bills) worth NGN142.57bn across the tenors (short-: NGN7.85bn, mid-: NGN12.95bn and long-term: NGN121.77bn). The average stop rate at the auction was 17.89%, unchanged from the last auction. The average bid-to-cover ratio declined by 688bps to 5.32x (vs. 12.19x at the previous auction) reflecting weak investor demand for the treasury bills. Despite the weak demand, CBN sold NGN362.45bn, exceeding the amount offered by 2.54x.

The bullish sentiment trickled down into the secondary market as the NT-bills market closed on a bullish note, with the average yield dipping by 289bps WoW to 22.29%. Similarly, the FGN bond market witnessed positive sentiment with the average yield down by 11bps WoW to close at 18.93%. This was driven by buying interest across the yield curve, specifically in the JAN-2026 (-67bps), MAR-2026 (-58bps), FEB-2034 (-33bps) and JUN-2038 (-76bps) instruments. Overall, the Naira fixed income concluded on a positive note as the average yield tapered by 150bps WoW to settle at 20.61%. Looking into the new week, we maintain our view of bearish sentiment on the back of tight liquidity in the coming week.



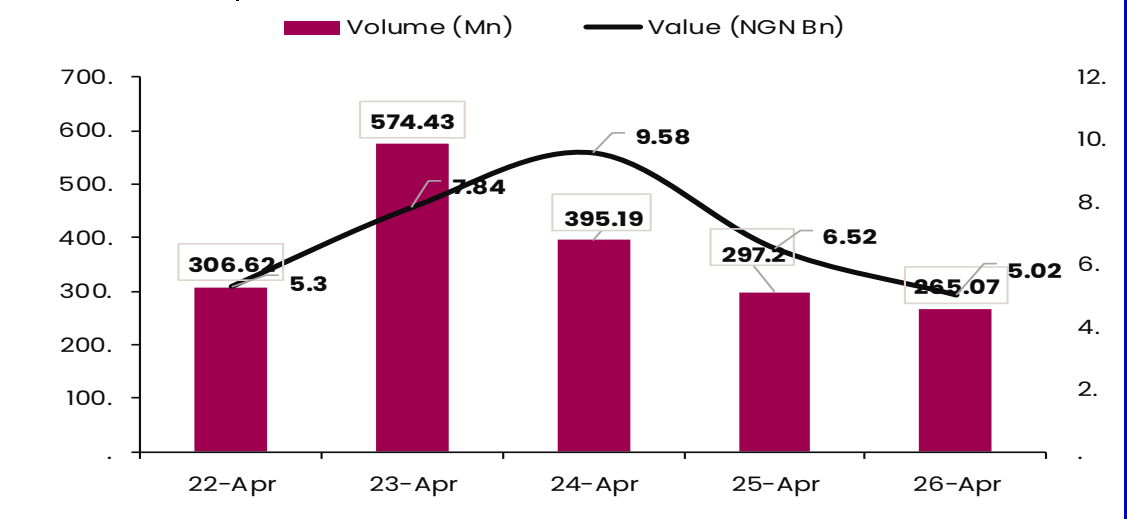
	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	32.1	32.1	0.09%	-2.37%	
USD/NGN (₦/\$)					
NAFEM	1309.88	1240.00	-5.33%	-30.75%	
Parallel	1430.0	1180.8	-17.42%	-16.43%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (March 2024)	March	February	CHG (pps)		
Headline	33.20	31.70	1.50	32.45	
Core	25.9	25.13	0.77	25.52	
Food	40.01	37.92	2.09	38.97	
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	NNPC, firm partner to raise P'Harcourt refinery's capacity
Oil	12.11	-0.85	-13.43	-2.22	Dangote: Forex shortage delays crude supplies
Agriculture	2.10	1.30	1.50	1.13	Naira Weakens Further to ₦1,309/\$ at Official Window, Plunges to ₦1,450/\$ at Parallel Market
Manufacturing	1.38	0.48	2.20	1.4	Asia stocks rise, yen plumbs 34-year low as BOJ stands pat on rates
Information and Communication	6.33	6.69	8.60	7.91	Report ranks Dangote over Europe's big refineries
Labor Data (%)		Q3 23	Q2 23	Q1 23	Stock Market Sustains Profit-taking Momentum, Drops by ₦673bn
Unemployment Rate		5	4.2	4.1	IBM: Identity Attack in Middle East, Africa Heightens, Straining Enterprises' Recovery Time
Underemployment		12.3	11.8	12.2	Oil eases as US demand concerns outweigh Middle East fears
Capital Importation (\$'mn)	Q4 23	Q3 23	QoQ (%)	YoY (%)	Dangote drops diesel to ₦940, stations sell ₦1,400
Foreign Portfolio Investment - Equities	10.83	8.37	29.4%	122.77%	Despite CBN Clarification, Nigeria's Reserves Continue to Slide, Now \$32.1bn
Bonds	67.16	20.56	226.65%	-53.51%	Dollar suffers PMI hangover, Aussie jumps on inflation surprise
Money Market	231.78	58.19	298.3%	70.47%	Wall Street closes higher as investors digest earnings, megacap outlook
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	Naira tumbles to ₦1,234/\$ at official market, speculators resume hoarding
Monetary Policy Rates (%) (March 2024)	Latest	Prior		CHG (%)	Marketers Lament as 45% Banks' CRR Hampers Buying Products in Cargoes from Dangote Refinery
MPR	24.75%	22.75%		2.0%	DMO: Nigeria Working on Details of Proposed Dollar-denominated Local Bond
Cash Reserve Ratio (CRR)	45%	45%		0.0%	Edun: Nigeria Secures \$2.25bn World Bank Credit
Liquidity Ratio	30%	30%		0.0%	SEC brings ₦2.36tn special funds into custody
Source: CBN, NBS, FMDQ, ARM Research					Oil prices retreat as Iran-Israel tensions ease



Weekly Equities Market Snapshot Friday, April 26, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
SUNUASSUR	1.25	25.0%	2.25	0.42	331.0%	OANDO	9.25	-19.6%	16.00	5.02	-11.9%
CAP	28.85	20.2%	28.85	18.00	38.4%	SOVRENINS	0.36	-18.2%	0.79	0.29	28.6%
LIVESTOCK	1.66	14.5%	2.32	1.01	-10.3%	FBNH	20.35	-16.3%	43.95	10.85	-13.6%
ACADEMY	1.91	14.4%	2.50	1.35	-1.5%	HONYFLOUR	3.19	-9.9%	6.43	2.65	-3.9%
JOHNHOLT	1.98	10.0%	3.29	1.04	-14.7%	MTNN	202.00	-9.8%	319.80	175.00	-23.5%
CHAMS	1.85	8.8%	3.65	0.23	-6.1%	REGALINS	0.37	-9.8%	0.68	0.29	-2.6%
CHAMPION	3.68	8.2%	5.77	2.85	-11.3%	FIDSON	14.35	-9.7%	19.20	8.50	-18.0%
LINKASSURE	0.95	8.0%	1.60	0.42	18.8%	STERLINGNG	3.82	-9.3%	8.20	1.55	172.9%
AFRIPRUD	6.70	7.2%	10.10	5.00	-9.5%	INTENEGINS	1.28	-9.2%	1.80	1.12	-7.9%
FTNCOCOA	1.45	5.8%	4.10	0.27	-2.0%	LEARNAFRCA	3.00	-9.1%	4.23	2.42	-6.0%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	98,176.76	-1.37%	-6.11%	-6.11%	31.30%
Market Cap	55.56trn	-1.31%	-6.03%	-6.03%	35.78%
NGX Banking	764.50	-3.10%	-25.75%	-25.75%	-14.79%
NGX Industrial	1,570.61	0.38%	-2.83%	-2.83%	73.45%
NGX Consumer	764.50	-1.15%	-2.50%	-2.50%	40.07%
NGX Oil & Gas	1,272.53	-1.41%	-1.69%	-1.69%	22.00%
NGX Insurance	1,570.61	0.02%	-5.97%	-5.97%	18.66%



Source: NGX, ARM Research



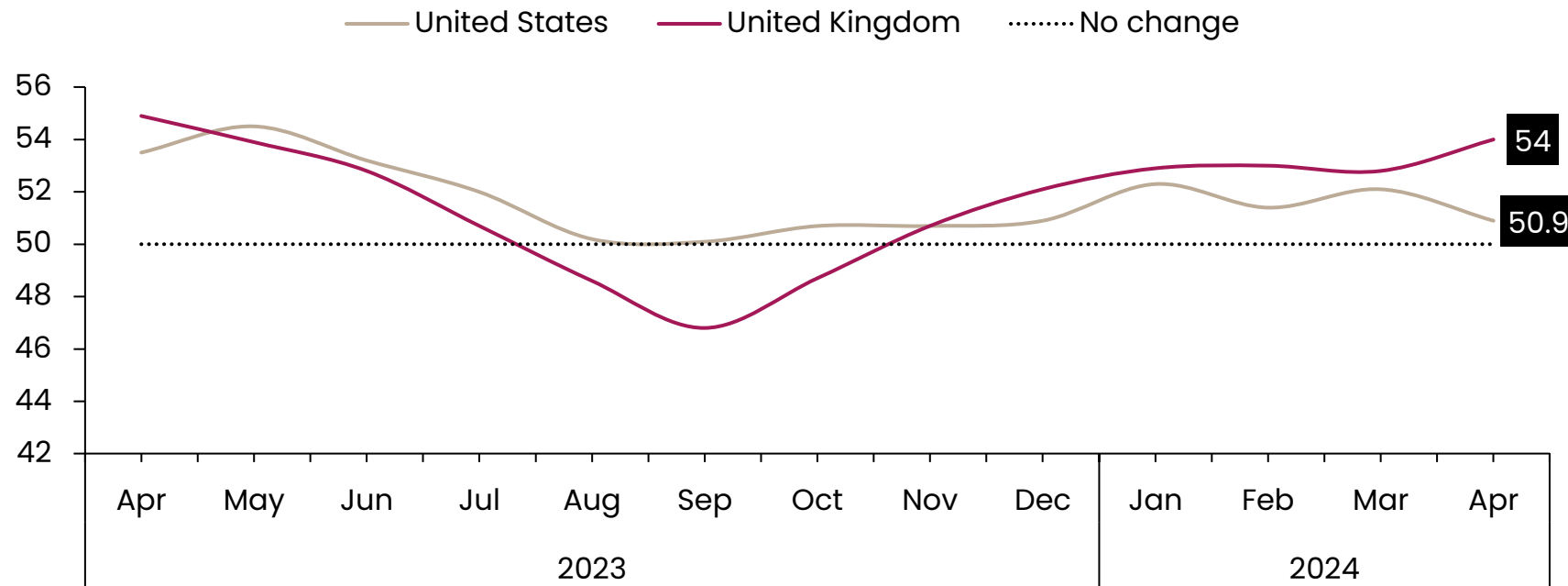
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	Short tenor	Mid tenor	Long Tenor	Issuance (N'billion)	Short tenor	Mid tenor	Long Tenor								
Money Market				OMO				OMO											
Overnight (O/N)	31.25%	29.39%	1.86%	03-Apr-24	19.00%	19.50%	21.13%	03-Apr-24	17	7	652								
Open Repo Rate (OPR)	30.25%	30.25%	0.00%	1-Mar-24	19.00%	19.50%	21.50%	01-Mar-24	37	6	1013								
NIBOR - 1M	22.68%	24.75%	-2.07%	29-Jan-24	10.00%	13.50%	17.00%	29-Jan-24	15	15	270								
NIBOR - 3M	23.58%	25.46%	-1.88%	15-Jan-24	10.00%	13.50%	15.50%	15-Jan-24	22	35	300								
NIBOR - 6M	24.50%	26.07%	-1.57%	10-Jan-24	10.50%	14.00%	17.75%	10-Jan-24	50	100	150								
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day								
1-month	19.65%	16.50%	3.15%	24-Apr-24	16.24%	17.00%	20.70%	24-Apr-24	16.48	11.99	333.98								
3-month	19.36%	17.71%	1.65%	12-Apr-24	16.24%	17.00%	20.70%	12-Apr-24	27.11	22.67	902.04								
6-month	21.23%	19.60%	1.63%	27-Mar-24	16.24%	17.00%	21.12%	27-Mar-24	29.83	25.58	1,134.30								
9-month	23.48%	21.97%	1.51%	13-Mar-24	16.24%	17.00%	21.12%	13-Mar-24	5.73	4.92	150.85								
12-month	25.31%	25.16%	0.15%	6-Mar-24	17.24%	18.00%	21.49%	6-Mar-24	14.42	10.55	1,292.71								
FGN Bonds (Local)				FGN Bonds	Mar-27	May-27	Apr-29	Feb-31	Jun-33	Feb-34	Jun-38	FGN Bonds	Mar-27	May-27	Apr-29	Feb-31	Jun-33	Feb-34	Jun-38
13.53% 23-MAR-2025	18.90%	18.80%	0.10%	15-Apr-23	N/A	N/A	19.30%	19.75%	N/A	20.00%	N/A	15-Apr-23	N/A	N/A	79.92	85.05	N/A	461.85	N/A
12.50% 22-JAN-2026	18.04%	18.70%	-0.66%	18-Mar-23	19.94%	N/A	N/A	20.00%	N/A	20.45%	N/A	18-Mar-23	151.93	N/A	N/A	47.84	N/A	275.85	N/A
16.2884% 17-MAR-2027	18.45%	18.56%	-0.11%	19-Feb-23	N/A	N/A	N/A	18.50%	N/A	19.00%	N/A	19-Feb-23	N/A	N/A	N/A	873.53	24.34	621.38	N/A
12.1493% 18-JUL-2034	19.07%	19.06%	0.01%	29-Jan-23	15.00%	N/A	15.50%	N/A	16.00%	N/A	16.50%	29-Jan-23	86.19	N/A	21.94	N/A	43.35	N/A	266.73
16.2499% 18-APR-2037	18.92%	18.93%	-0.01%	11-Dec-23	N/A	15.50%	16.00%	N/A	16.50%	N/A	17.15%	11-Dec-23	N/A	31.47	33.19	N/A	47.07	N/A	322.77
14.8% 26-APR-2049	18.61%	18.61%	0.00%	Corporate Bonds	This Week	Prior Week	WoW (%)												
				ACCESS 15.50% 23-JUL-2026	21.23%	21.67%	-0.44%												
				VIATHAN 16.00% 14-DEC-2027	19.17%	19.66%	-0.49%												
FGN Eurobonds				UNION 16.20% 27-JUN-2029	22.53%	22.57%	-0.04%												
7.625 21-NOV-2025	8.27%	8.33%	-0.06%	FIDELITY 18.50% 7-JAN-2031	20.55%	20.65%	-0.10%												
6.50% 28-Nov-2027	9.03%	8.95%	0.08%	MTN COM PLC 12.75 4-NOV-2031	20.54%	20.63%	-0.09%												
7.875% 16-FEB-2032	10.26%	10.21%	0.05%																
7.625% 28-Nov-2047	10.66%	10.60%	0.06%																

Source: DMO, CBN, FMDQ, ARM Research



April 2024 Composite PMI: US Contracts, UK Grows

In April 2024, business activity in the United States (US) fell to a four-month low, as the composite Purchasing Managers' Index (PMI) declined to 50.9 from 52.1 in March 2024. This decline is following weaker demand spurred by rising input prices amid a slowdown in producer selling prices. The decline in PMI is an offshoot of the slower growth rates recorded in the manufacturing and services sectors in Q1:2024. Elsewhere in the United Kingdom, business activity grew, as the composite PMI index jumped to an eleven-month high of 54.0 in April 2024 from 52.8 recorded in March 2024. This was supported by expansion in services as the services index rose to 54.9 points (vs. 53.1 in March 2024) despite the fall in the manufacturing index to 48.7 (vs. 50.3 in March 2024).



Source: S&P Global, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	48.00	125.7	161.88%	STRONG BUY
FLOUR MILLS NIG. PLC.	30.50	36	18.03%	OVERWEIGHT
GUINNESS NIG PLC	54.00	100	85.19%	STRONG BUY
NIGERIAN BREW. PLC.	26.80	39.22	46.34%	STRONG BUY
ICT	CP	TP	Upside/Downside	RECOMMENDATION
MTN NIGERIA COMMUNICATIONS PLC	202.00	256.86	27.16%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	36.00	45.01	25.03%	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	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
United Capital Plc	23-Apr-24				NGN1.80	2023FY		9-Apr-24
Fidelity Bank Plc	22-Apr-24				NGN0.60	2023FY	16-May-24	29-Apr-24
Access Holdings Plc	19-Apr-24				NGN1.80	2023FY		10-Apr-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

Copyright © 2024 Asset & Resource Management Company Limited (“ARM”).

All rights reserved. Unauthorized use, reproduction, distribution, or disclosure of this document is strictly prohibited. This material has been issued by Asset & Resource Management Company Limited (“ARM”), a Company regulated by the Nigerian Securities and Exchange Commission. The analyst(s) primarily responsible for preparing this research report, in whole or in part, certifies that with respect to each security or issuer covered; all of the views expressed accurately reflect his/her personal views about the subject securities and issuers and no part of his/her compensation was, is, or will be, directly or indirectly, related to the inclusion of specific recommendations or views in the report.

This research report is based on information from sources that ARM, and its analysts believe to be reliable. Neither ARM nor any of its Research Analysts, nor any member of the ARM Group, gives any representation or warranty, express or implied, or undertaking of any kind or assumes responsibility or liability of any kind with respect to the accuracy or completeness of the information set out in this report or any third party’s use (or the results of such use) of such information. This report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, or endorsements of any kind whatsoever. The investments and strategies discussed here may not be suitable for all investors; counsel of investment advisor should be obtained with regard to such investments and or strategies. This research report is not a replacement for advice from an accountant, lawyer, personal finance advisor or other category of investment advisor. The investments discussed in this report may oscillate in price or value. Opinions and information provided are made as of the date of the report issue and are subject to change without notice. This research report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Reference herein to any specific security or financial instrument does not necessarily constitute or imply its endorsement or recommendation by ARM, its directors, officers, employees, or designated agents. Members of ARM may act as broker, advisor, or lender, or make a market in any investments or issuers referenced in this report. Further information on any of the securities discussed herein may be obtained upon request to ARM. By accepting this document, you agree to be bound by the foregoing limitations.



www.arm.com.ng

    @armengage

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

