



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

29th April – 3rd May 2024





Global Economy

Earlier this week, the Federal Reserve left its key monetary policy rate unchanged, a position held since July 2023, at a ten year plus high of 5.25%-5.50%. This was underpinned by sticky prices, as inflation remained higher than the Fed's 2% inflation target in March 2024, at 3.5% YoY. Elsewhere, in the EU, Eurostat released Q1:2024 GDP numbers for the region. In Q1:2024, 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 had remained stable QoQ in the EU. On a YoY basis, GDP increased by 0.4% in the euro area and by 0.5% in the EU in Q1:2024, after increasing by 0.1% YoY in the euro area and 0.2% YoY in the EU in the previous quarter. Finally, in China, the official manufacturing purchasing managers' index (PMI) declined to 49.2 points in April 2024 from 51.9 points in March 2024, according to data from the Chinese National Bureau of Statistics, below the 50-point mark that separates expansion and contraction in activity. The non-manufacturing PMI also fell to 56.4 points in April 2024 from 58.2 points in March 2024, and subsequently the composite PMI, which includes manufacturing and non-manufacturing activity, dropped to 54.4 points from 57.0 points during the same period.

Domestic Economy

During the week, the Nigeria Deposit Insurance Corporation (NDIC) announced substantial increases in the maximum deposit insurance coverage for various types of banks. For Deposit Money Banks (DMBs) the coverage was raised from N500,000 to N5,000,000, which now covers 98.98% of depositors. Additionally, the coverage for Microfinance Banks (MFBs) was increased from NGN200,000 to NGN2,000,000, aiming to protect 99.27% of depositors. Furthermore the coverage for Primary Mortgage Banks (PMBs) was elevated from NGN500,000 to NGN2,000,000, ensuring 99.34% coverage, which was similar to the increase in the coverage for Payment Service Banks (PSBs), covering nearly all depositors at 99.99%. Finally, for Mobile Money Operators (MMOs) pass-through deposit insurance for MMO subscribers increased to NGN5,000,000 per subscriber.



Equities

The Nigerian Equities market started off May 2024 on a positive note as the NGX All Share Index (ASI) gained 1.44% MoM to print at 99,587.25 points, bringing the market's year-to-date (YtD) returns up to 33.18% (vs. last week: 31.30% YtD). We observed gains in the Banking (+9.42% WoW) and Insurance (+0.98% WoW) sectors only, while the Oil and Gas (-0.68% WoW), Industrial Goods (-0.36% WoW) and Consumer Goods (-0.26% WoW) sectors recorded losses. This week, FBNH (+32.7% WoW to NGN27.00), STERLINGNG (+27.7% WoW to NGN4.88) and JBERGER (+23.8% WoW) led the gainers' chart while NASCON (-17.0% WoW to NGN43.60), NEIMETH (-14.1% WoW to NGN1.70) and BERGER (-9.9% WoW to NGN13.70) topped the losers' chart. We believe that the performance of the equities market in the coming week would be impacted by investors' reactions to the release of Q1:2024 earnings results, as well as the direction of yields in the fixed income market.

Fixed Income

The Nigerian secondary market witnessed a positive Week-on-Week (WoW) performance. The Nigerian Treasury bills (NT-bills) market average yield dipped by 3bps WoW to close at 22.26%, following buying interest across the tenors. Likewise, the FGN bond market ended on a bullish note as the average yield declined by 12bps WoW to settle at 18.81%. This was on the back of buying interest across all segments of the yield curve, evident in the 26-APR-2029 (-35bps), APR-2032 (-40bps) and APR-2037 (-27bps) instruments. The Overall Naira fixed income market average yield fell by 8bps to 20.53%. Looking ahead, market conditions are expected to change in the coming week due to anticipated low inflows.



	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	32.3	32.1	0.62%	-1.85%	Report released this week (Click Link below for Full report)
USD/NGN (₦/\$)					<u>Q1 2024 Earnings Result ACCESSCORP</u>
NAFEM	1402.67	1309.88	-6.62%	-35.33%	<u>2023FY Banking stock notes</u>
Parallel	1370.0	1430.0	4.38%	-12.77%	
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	
Oil	12.11	-0.85	-13.43	-2.22	
Agriculture	2.10	1.30	1.50	1.13	<u>MPC Member Warns Aggressive Monetary Tightening May Further Depress Economy</u>
Manufacturing	1.38	0.48	2.20	1.4	<u>Govt borrows N11tn via bonds, T-bills in four months</u>
Information and Communication	6.33	6.69	8.60	7.91	<u>Naira closes 1,402/\$ at official market as dollar demand persists</u>
Labor Data (%)		Q3 23	Q2 23	Q1 23	<u>Fed leaves rates unchanged, flags 'lack of further progress' on inflation</u>
Unemployment Rate		5	4.2	4.1	<u>Oil eases as US demand concerns outweigh Middle East fears</u>
Underemployment		12.3	11.8	12.2	<u>Stock Market Lost N3.6tn in April as Investors Switched to Treasury Bills</u>
Capital Importation (\$'mn)	Q4 23	Q3 23	QoQ (%)	YoY (%)	<u>Nigeria's Oil Output Slumps Again, Depresses OPEC's Crude Production in April</u>
Foreign Portfolio Investment - Equities	10.83	8.37	29.4%	122.77%	<u>Govt expenditure rose by 33% in February— MPC member</u>
Bonds	67.16	20.56	226.65%	-53.51%	<u>Reuters Survey: Inflation in Nigeria to Remain Stubborn Till 2025</u>
Money Market	231.78	58.19	298.3%	70.47%	<u>Despite Cut in Consumption, FG Spends \$2.16bn to Import Petrol in Two Months</u>
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	<u>NERC deregulates meters prices May 1</u>
Monetary Policy Rates (%) (March 2024)	Latest	Prior		CHG (%)	<u>Customers panic as CBN bans Opay, Palmpay, others' new accounts</u>
MPR	24.75%	22.75%		2.0%	<u>Yen surges on suspected intervention, Asia shares rise</u>
Cash Reserve Ratio (CRR)	45%	45%		0.0%	<u>Telecoms Operators Urge FG To Address Tariff Review, Regulatory Independence</u>
Liquidity Ratio	30%	30%		0.0%	<u>Tinubu Secures \$600m Danish Investment To Expand Nigeria's Existing Seaport Infrastructure</u>
Source: CBN, NBS, FMDQ, ARM Research					<u>Stockbrokers demand improved PFAs participation in equity market</u>



Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
FBNH	27.00	32.7%	43.95	10.90	14.6%	NASCON	43.60	-17.0%	78.30	14.00	-18.9%
STERLINGNG	4.88	27.7%	8.20	1.57	248.6%	NEIMETH	1.70	-14.1%	2.45	1.39	-12.4%
JBERGER	72.40	23.8%	72.60	26.90	68.4%	BERGER	13.70	-9.9%	17.35	8.10	5.4%
FLOURMILL	36.80	20.7%	48.50	28.15	11.3%	LINKASSURE	0.86	-9.5%	1.60	0.47	7.5%
SOVRENINS	0.42	16.7%	0.79	0.31	50.0%	DEAPCAP	0.54	-8.5%	1.16	0.20	-6.9%
JAIZBANK	2.35	16.3%	4.01	0.90	21.1%	OMATEK	0.72	-7.7%	1.15	0.20	-5.3%
LEARNAFRCA	3.30	10.0%	4.23	2.42	3.4%	ETI	24.05	-7.5%	28.80	11.00	15.1%
FIDSON	15.75	9.8%	19.20	9.05	-10.0%	FTNCOCOA	1.35	-6.9%	4.10	0.27	-8.8%
FCMB	7.50	9.5%	12.45	3.95	1.4%	GUINEAINS	0.30	-6.3%	0.68	0.20	3.4%
PRESCO	252.80	9.2%	259.00	147.00	31.0%	MEYER	5.30	-5.4%	6.91	2.19	47.6%

Tickers	Pts/N	WoW	MtD	QtD	YtD
NGXASI	99,587.25	1.44%	1.39%	-4.76%	33.18%
Market Cap	56.32trn	1.38%	1.39%	-4.73%	37.65%
NGX Banking	836.55	9.42%	8.03%	-18.75%	-6.76%
NGX Industrial	1,566.55	-0.36%	0.01%	-3.17%	72.83%
NGX Consumer	836.55	-0.26%	1.34%	-2.75%	39.71%
NGX Oil & Gas	1,263.88	-0.68%	-0.32%	-2.36%	21.17%
NGX Insurance	1,566.55	0.98%	1.54%	-5.05%	19.83%

Date	Volume (Mn)	Value (NGN Bn)
29-Apr	277.24	5.08
30-Apr	552.21	149.2
1-May	-	-
2-May	665.2	5.54
3-May	446.57	7.1

Source: NGX, ARM Research

Weekly Commentary

Fixed Income

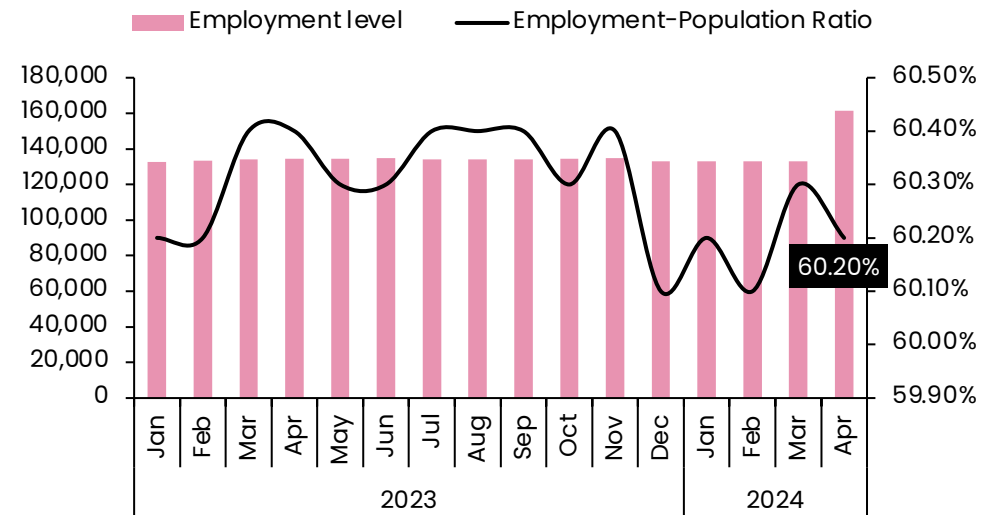
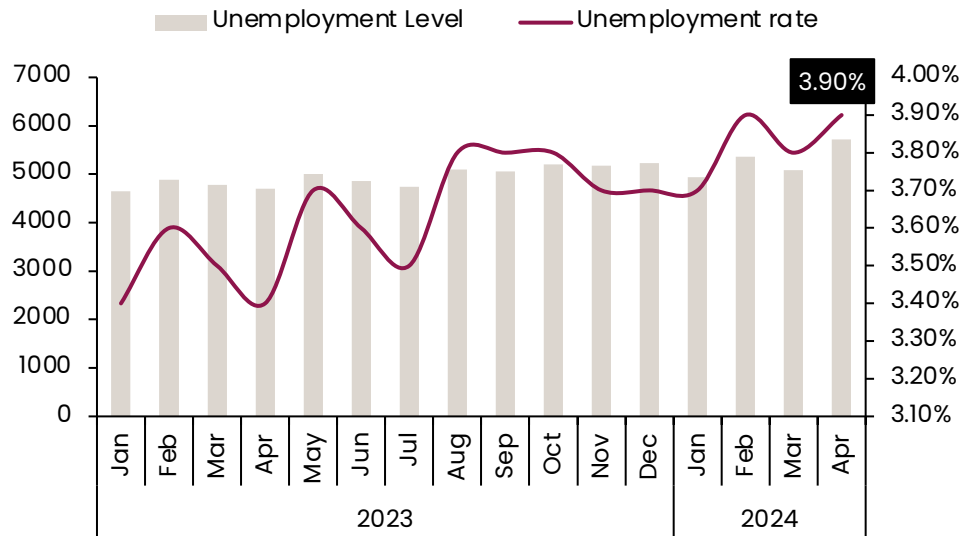


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	Short tenor	Mid tenor	Long Tenor		Issuance (N'billion)	Short tenor	Mid tenor	Long Tenor							
Money Market				OMO					OMO										
Overnight (O/N)	27.08			03-Apr-24	19.00%	19.50%	21.13%		03-Apr-24	17	7	652							
Open Repo Rate (OPR)	26.25	31.25%	-4.17%	01-Mar-24	19.00%	19.50%	21.50%		01-Mar-24	37	6	1013							
NIBOR - 1M	3.20%	22.68%	-19.48%	29-Jan-24	10.00%	13.50%	17.00%		29-Jan-24	15	15	270							
NIBOR - 3M	24.00	23.58%	0.42%	15-Jan-24	10.00%	13.50%	15.50%		15-Jan-24	22	35	300							
NIBOR - 6M	5.00%	24.50%	-19.50%	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	17.88%	19.65%	-1.77%	24-Apr-24	16.24%	17.00%	20.70%		24-Apr-24	16.48	11.99	333.98							
3-month	18.28%	19.36%	-1.08%	12-Apr-24	16.24%	17.00%	20.70%		12-Apr-24	27.11	22.67	902.04							
6-month	19.87%	21.23%	-1.36%	27-Mar-24	16.24%	17.00%	21.12%		27-Mar-24	29.83	25.58	1,134.30							
9-month	22.63	23.48%	-0.85%	13-Mar-24	16.24%	17.00%	21.12%		13-Mar-24	5.73	4.92	150.85							
12-month	25.00	25.31%	-0.31%	06-Mar-24	17.24%	18.00%	21.49%		06-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	19.00%	18.90%	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	17.90%	18.04%	-0.14%	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%	18.45%	0.00%	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%	19.07%	0.00%	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	18.65%	18.92%	-0.27%	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	21.17%		21.23%		-0.06%										
				VIATHAN 16.00% 14-DEC-2027	19.20%		19.17%		0.03%										
FGN Eurobonds				UNION 16.20% 27-JUN-2029	22.20%		22.53%		-0.33%										
7.625 21-NOV-2025	8.11%	8.27%	-0.16%	FIDELITY 8.50% 7-JAN-2031	20.42%		20.55%		-0.13%										
6.50% 28-Nov-2027	8.85%	9.03%	-0.18%	MTN COM PLC 12.75 II 4-NOV-2031	20.40%		20.54%		-0.14%										
7.875 16-FEB-2032	10.09%	10.26%	-0.17%																
7.625 28-Nov-2047	10.45%	10.66%	-0.21%																
Source: DMO, CBN, FMDQ, ARM Research																			



U.S. Employment Gains Moderate in April, Unemployment Rate Ticks Higher

The U.S. Bureau of Labor Statistics (BLS) released its April 2024 employment report earlier today. While the unemployment rate edged slightly higher to 3.9% year-on-year (YoY) from 3.8% YoY in March, the report painted a mixed picture. Nonfarm payroll gains slowed down, adding 175,000 jobs in April compared to 303,000 in March 2024. The number of unemployed individuals also rose slightly to 6.5% in April from 6.4% in March. The labor force participation rate remained steady at 62.7%, while the employment-to-population ratio dipped slightly to 60.2%. Healthcare (+56,000), social assistance (+31,000), and transportation and warehousing (+22,000) sectors led the job growth in April. Additionally, average hourly earnings for all private nonfarm payroll employees saw a small increase of 7 cents to USD34.75. However, concerns about inflation persist. Inflation rose to 3.5% in March 2024 compared to 3.2% in February 2024. In response, the Federal Reserve opted to hold interest rates steady at the 5.25%–5.50% range during its last policy meeting, prioritizing inflation control.



Source: BLS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	42.75	125.7	194.04%	STRONG BUY
FLOUR MILLS NIG. PLC.	33.55	36	7.30%	NEUTRAL
GUINNESS NIG PLC	54.00	100	85.19%	STRONG BUY
NIGERIAN BREW. PLC.	25.60	39.22	53.20%	STRONG BUY
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	17.50	25.88	47.89%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	35.00	42.29	20.83%	STRONG BUY
UNITED BANK FOR AFRICA PLC	25.00	29.54	18.16%	OVERWEIGHT
ZENITH BANK PLC	32.75	44.04	34.47%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	32.85	45.01	37.02%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	3291.40	3,790.00	15.15%	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
FCMB Group Plc	02-May-24				NGN0.50	2023FY	24-May-24	13-May-24
Nigerian Exchange Group Plc	30-Apr-24				NGN0.75	2023FY		
Seplat Energy Plc	29-Apr-24				NGN1.80	H1:2024	14-Jun-24	31-May-24

Source: NGX, ARM Research



Thank You





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