



# How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





# Weekly Commentary & Stock recommendation

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**2<sup>nd</sup> September – 6<sup>th</sup> September 2024**





## Global Economy

Earlier this week, according to a private sector survey, the Caixin/S&P Global manufacturing Purchasing Manager Index (PMI) rose to 50.4 points in August 2024 from 49.8 points the previous month, more positive than the recent official PMI survey showing manufacturing activity extended declines in August 2024. According to the survey, which mostly covers smaller, export-oriented firms, new orders increased after falling in July 2024, driving up production gains for a 10th successive month. Firms in the consumer and intermediate goods sectors led the output growth. However, the deterioration in external demand led to new export orders falling for the first time in eight months and at the fastest pace since November 2023. Elsewhere, in the Eurozone, the seasonally adjusted GDP increased by 0.2% QoQ in Q2:2024 in both the euro area and the EU, compared with the previous quarter, according to Eurostat (vs. 0.3% QoQ in EU and Euro Area). Compared with Q2:2023, seasonally adjusted GDP increased by 0.6% YoY in the euro area and by 0.8% YoY in the EU in Q2:2024, compared to +0.5% YoY in the euro area and +0.7% YoY in the EU in Q1:2024.

## Domestic Economy

Earlier this week, Dangote Group announced that its 650,000 barrels-per-day refinery has completed testing and is now ready to roll out its first shipment of Premium Motor Spirit (PMS). This is a significant step for Nigeria, which has faced persistent fuel shortages and heavy reliance on imports. The refinery's operations will kick start local gasoline production, improve tracking of petrol consumption, and reduce the demand for foreign exchange. With a focus on delivering high-quality fuel that meets international standards, this development is expected to address supply challenges and strengthen Nigeria's energy independence. Additionally, Nigeria will allow the Dangote Refinery to set its own gasoline prices starting in October 2024. This marks a shift from government-controlled pricing, enabling the refinery to sell at market rates to petroleum marketers. The move is expected to reduce the country's reliance on imported fuel and alleviate foreign exchange pressure. Elsewhere, the Central Bank of Nigeria (CBN) and Stanbic IBTC both released PMI reports for August 2024, highlighting different aspects of Nigeria's economic conditions. The CBN's report indicated a positive shift with the PMI rising to 50.2 points, suggesting a return to economic expansion after 13 months of contraction. This reflects cautious optimism in various sectors. In contrast, the Stanbic IBTC report showed a more modest increase from 49.2 in July 2024 to 49.9 points. It noted that while business conditions remained relatively stable, the growth in new orders was minimal, and overall business activity experienced only slight improvements due to ongoing inflationary pressures.



## Equities

This week, the Nigerian Equities market relapsed from its bullish close last week, as the NGX All Share Index and market capitalization lost 0.15% WoW to print at 96,433.53 points and NGN55.39trn respectively. Consequently, the market's year-to-date (YtD) returns fell to 28.97%, from last Friday's close of 29.16% YtD. Notably, only the Oil and Gas sector (+1.52% WoW) recorded positive returns this week, on the back of buying interest in CONOIL (+6.94% WoW to NGN154.00) and ETERNA (+8.70% WoW to NGN30.00). On the other hand, the Insurance (-4.45% WoW), Consumer Goods (-1.17% WoW), Industrial Goods (-0.17% WoW) and Banking (-0.12% WoW) sectors closed in the negative zone. This follows losses in CORNERSTONE (-12.59% WoW to NGN2.36), DANGSUGAR (-5.54% WoW to NGN35.80), LAFARGE (-3.46% WoW to NGN36.30) and ZENITHBANK (-1.96% WoW to NGN37.50) respectively. Top gainers this week were CAP (+32.6% WoW to NGN35.00), BERGER (+31.1% WoW to NGN18.75) and ETRANZACT (+20.6% WoW to NGN6.15), while RTBRISCOE (-27.6% WoW), FTNCOCOA (-18.4% WoW to NGN1.51) and OMATEK (-18.2% WoW to NGN0.72) led the laggards for the week. In the coming week, we expect profit-taking activities to be sustained in the market, as investors anticipate the outcome of the September 2024 Monetary Policy Committee (MPC) meeting being held on the 23rd and 24th of this month.

## Fixed Income

Earlier this week, the Central Bank of Nigeria (CBN) conducted a Nigerian Treasury bills (NT-bills) auction, offering NGN233.31bn across the 91-day (NGN19.61bn), 182-day (NGN10.55bn) and 364-day (NGN203.15bn) bills. The average bid-to-cover ratio surged by 234bps to 4.84x (vs. 2.51x at the previous auction). This was primarily driven by improved demand for the 364-day bill (+205bps to 5.27x) which increased to NGN1.07trn from NGN909.45bn at the last auction. Consequently, the average stop rate declined by 162bps to 17.81% compared to 19.43% at the previous auction. This is following a decline in stop rates across the tenors (91-day: -120cps to 17.00%, 182-day: -170bps to 17.50% and 364-day: -196bps to 18.94%). Despite the high demand (NGN1.13trn), the CBN sold the total amount offered, with more allotment notably on the longer tenor, reflecting investors preference for longer-term treasury bills. At the secondary market, the Nigerian fixed income market extended its positive trend for the fourth consecutive week. The NT-bills market witnessed bullish sentiment as the average yield declined by 154bps WoW to settle at 19.66%. This is following repricing across the tenors. Similarly, the FGN bond market closed positive with the average yield down by 26bps WoW to 18.69%. This was on the back of buying interest across the yield curve, particularly on the MAR-2025 (-168bps), 17-APR-2029 (-79bps) and APR-2037 (-95bps) instruments. As a result, the overall Naira fixed income market concluded the week on a bullish note, as the average yield fell by 90bps WoW to settle at 19.18%. In the coming week, we expect this positive trajectory to persist as investors take advantage of the secondary market to fulfill their unrealized bids at the primary market.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	36.30	35.46	2.37%	10.30%	<a href="#">Monthly Equities Market Update August 2024</a>
<b>USD/NGN (₦/\$)</b>					<a href="#">Monthly Fixed Income Market Update August 2024</a>
NAFEM	1593.93	1593.93	0.00%	-43.09%	<a href="#">H1 2024 Earnings Result Zenith Bank Plc</a>
Parallel	1642.5	1607.5	-2.13%	-27.25%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2 month Avg.</b>	
<b>Inflation YoY (July 2024)</b>	<b>July</b>	<b>June</b>	<b>CHG (pps)</b>		
Headline	33.40	34.19	-0.79	33.80	
Core	27.47	27.4	0.07	27.435	
Food	39.53	40.87	-1.34	40.20	
<b>GDP (%) - YoY</b>	<b>Q2 24</b>	<b>Q1 24</b>	<b>Q4 23</b>	<b>2023FY</b>	<a href="#">News Headline for the week (click news for link)</a>
Real GDP	3.19	2.98	3.46	2.74	<a href="#">Bidders for Warri, Kaduna refineries must be debt-free – NNPC</a>
Oil	10.15	5.7	12.11	-2.22	<a href="#">Zenith Bank posts N2.1tn half-year gross earnings</a>
Agriculture	1.41	2.90	2.10	1.13	<a href="#">Oando Stock Price Hits All-time High, Market Value Now N827.9bn</a>
Manufacturing	1.28	1.49	1.38	1.4	<a href="#">Banks' deposits with CBN hit N3.42tn – Report</a>
Information and Communication	4.44	5.43	6.33	7.91	<a href="#">Analysts fear bank recapitalisation may worsen SMEs' funding</a>
<b>Labor Data (%)</b>		<b>Q3 23 (%)</b>	<b>Q2 23 (%)</b>	<b>Q1 23 (%)</b>	<a href="#">Platform Petroleum's Subsidiary, PNG Gas Gets Three ISO Certifications</a>
Unemployment Rate		5	4.2	4.1	<a href="#">Globus Bank Relocates Head Office as Augusto &amp; Co., GCR Reaffirms National Credit Rating of A-, Stable Outlook</a>
Underemployment		12.3	11.8	12.2	<a href="#">Banks extend N75.48tn credit to private sector – CBN</a>
<b>Capital Importation (\$'mn)</b>	<b>Q1 24</b>	<b>Q4 23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<a href="#">NCC grants Airtel Nigeria licences to boost connectivity</a>
Foreign Portfolio Investment – Equities	49.37	10.83	355.7%	-77.79%	<a href="#">NGX Oil &amp; Gas Index Outpaced Others with 22.39% Growth in August</a>
Bonds	420.81	67.16	526.61%	39.77%	<a href="#">Amid Posers over Spending, FG Rakes In \$21.5bn from NLNG's \$44bn Dividend Payment in 25 Years</a>
Money Market	1605.41	231.78	592.7%	1175.19%	<a href="#">Dangote refinery will end fuel scarcity – Abiodun</a>
Foreign Direct Investment	119.18	183.97	-35.22%	150.35%	<a href="#">Economic activities expand first time in 13 months – CBN PMI</a>
<b>Monetary Policy Rates (%) (July 2024)</b>	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<a href="#">Quarterly: Direct Selling Model Will Enhance Nigeria's Economy</a>
MPR	26.75%	26.25%		0.5%	<a href="#">NNPCL: We are Working to Resolve Supply Shortfalls, Blames Scarcity on FX Illiquidity</a>
Cash Reserve Ratio (CRR)	45%	45%		0.0%	<a href="#">BoI raises record €1.43bn in global loan syndication drive</a>
Liquidity Ratio	30%	30%		0.0%	<a href="#">Petrol price hike will worsen manufacturers' woes – MAN</a>
<b>Source: CBN, NBS, FMDQ, ARM Research</b>					<a href="#">Dangote urged to be considerate in petrol pricing</a>

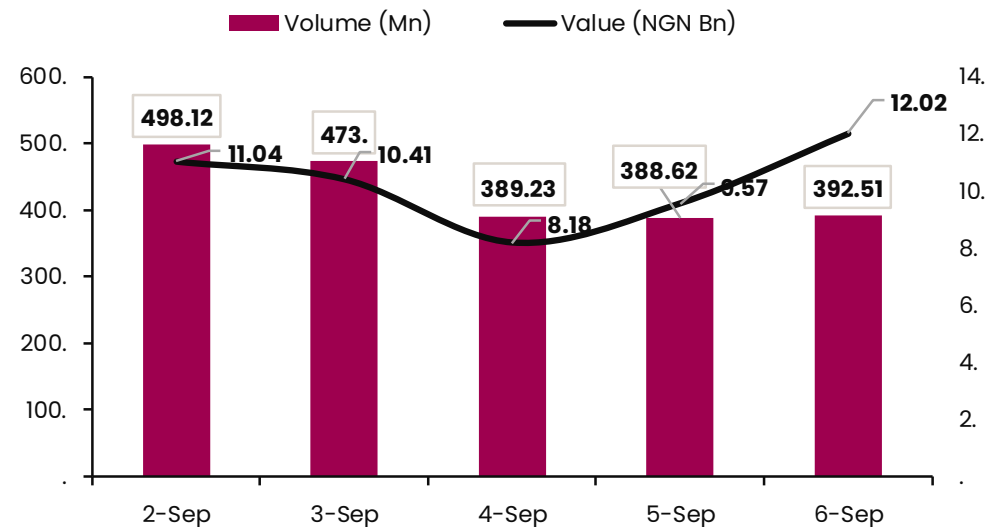


## Weekly Equities Market Snapshot

Friday, September 6, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
CAP	35.00	32.6%	36.00	19.85	67.9%	RTBRISCOE	2.57	-27.6%	4.33	0.38	888.5%
BERGER	18.75	31.1%	18.75	10.55	44.2%	FTNCOCOA	1.51	-18.4%	2.42	1.07	2.0%
ETRANZACT	6.15	20.6%	9.45	4.50	1.7%	OMATEK	0.72	-18.2%	1.15	0.36	-5.3%
CILEASING	4.15	18.6%	4.70	1.87	-25.9%	CORNERST	2.36	-12.6%	2.90	1.00	68.6%
CAVERTON	1.59	13.6%	2.30	1.23	-11.2%	NSLTECH	0.59	-10.6%	0.85	0.25	-20.3%
GUINEAINS	0.52	13.0%	0.68	0.21	79.3%	ABBEYBDS	2.53	-10.0%	3.23	1.40	14.0%
MEYER	5.83	10.0%	6.91	2.47	62.4%	LIVESTOCK	2.26	-9.6%	2.61	1.30	22.2%
LEARNAFRCA	4.65	9.7%	4.65	2.80	45.8%	PZ	19.00	-9.5%	40.00	17.85	-28.8%
TANTALIZER	0.70	9.4%	0.89	0.29	250.0%	CHAMPION	2.96	-9.2%	4.00	2.71	-28.7%
ETERNA	30.00	8.7%	35.40	11.15	116.6%	REDSTAREX	3.57	-9.2%	4.54	2.65	12.3%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	96,433.53	-0.15%	-0.15%	-3.62%	28.97%
Market Cap	55.39trn	-0.15%	-0.15%	-2.13%	35.38%
NGX Banking	856.20	-0.12%	-0.12%	3.13%	-4.57%
NGX Industrial	1,556.48	-0.17%	-0.17%	-18.06%	41.87%
NGX Consumer	856.20	-1.17%	-1.17%	-1.59%	38.81%
NGX Oil & Gas	1,889.46	1.52%	1.52%	31.15%	81.15%
NGX Insurance	1,556.48	-4.45%	-4.45%	3.77%	26.00%



# 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			
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>						
Overnight (O/N)	31.70%	20.06%	11.64%	27-Aug-24	Nil	Nil	21.87%	27-Aug-24	Nil	Nil	758.00			
Open Repo Rate (OPR)	31.25%	18.11%	13.14%	28-Jun-24	Nil	Nil	22.48%	28-Jun-24	Nil	1.00	985.88			
NIBOR - 1M	27.96%	24.46%	3.50%	19-Jun-24	Nil	19.48%	22.30%	19-Jun-24	10.00	16.00	487.95			
NIBOR - 3M	28.57%	25.83%	2.74%	4-Jun-24	18.74%	19.59%	22.33%	04-Jun-24	10.00	5.65	1142.56			
NIBOR - 6M	29.21%	26.91%	2.30%	29-May-24	0.00%	19.64%	22.34%	29-May-24	20.50	1.00	239.15			
<b>Treasury Bills</b>				<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>	<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>			
1-month	17.46%	17.93%	-0.47%	4-Sep-24	17.00%	17.50%	18.94%	4-Sep-24	7.86	1.99	223.46			
3-month	17.99%	18.86%	-0.87%	22-Aug-24	18.20%	19.20%	20.90%	22-Aug-24	20.75	32.62	162.72			
6-month	19.60%	21.38%	-1.78%	7-Aug-24	18.50%	19.50%	21.89%	7-Aug-24	13.14	6.4	258.42			
9-month	21.04%	23.15%	-2.11%	24-Jul-24	18.50%	19.50%	22.10%	24-Jul-24	28.47	9.16	169.64			
12-month	21.76%	23.51%	-1.75%	10-Jul-24	16.30%	17.44%	21.24%	10-Jul-24	28.15	36.44	219.67			
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>	<b>Apr-29</b>	<b>Feb-31</b>	<b>May-33</b>	<b>Feb-34</b>	<b>FGN Bonds</b>	<b>Mar-27</b>	<b>Apr-29</b>	<b>Feb-31</b>	<b>May-33</b>	<b>Feb-34</b>
13.53% 23-MAR-2025	20.05%	21.73%	-1.68%	19-Aug-24	20.30%	20.90%	21.50%	N/A	19-Aug-24	N/A	18.35	42.19	314.21	N/A
12.50% 22-JAN-2026	19.07%	19.35%	-0.28%	22-Jul-24	19.89%	21.00%	21.98%	N/A	24-Jun-24	N/A	18.98	6.18	200.65	N/A
16.2884% 17-MAR-2027	19.11%	19.41%	-0.30%	24-Jun-24	19.64%	20.19%	21.50%	N/A	13-May-24	N/A	22.13	45.38	229.50	N/A
12.1493% 18-JUL-2034	18.77%	18.76%	0.01%	13-May-24	19.29%	19.74%	19.89%	N/A	15-Apr-24	N/A	32.67	62.98	285.12	N/A
16.2499% 18-APR-2037	17.70%	18.66%	-0.96%	15-Apr-24	19.30%	19.75%	N/A	20.00%	18-Mar-24	N/A	79.92	85.05	N/A	461.85
14.8% 26-APR-2049	17.50%	17.50%	0.00%											
<b>FGN Eurobonds</b>				<b>Corporate Bonds</b>	<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>							
				ACCESS 15.50% 23-JUL-2026	22.90%	24.09%	-1.19%							
				VIATHAN 16.00% 14-DEC-2027	20.06%	20.38%	-0.32%							
				UNION 16.20% 27-JUN-2029	22.88%	22.90%	-0.02%							
				FIDELITY 8.50% 7-JAN-2031	20.41%	20.57%	-0.16%							
				MTN COM PLC 12.75    4-NOV-2031	20.43%	20.58%	-0.15%							

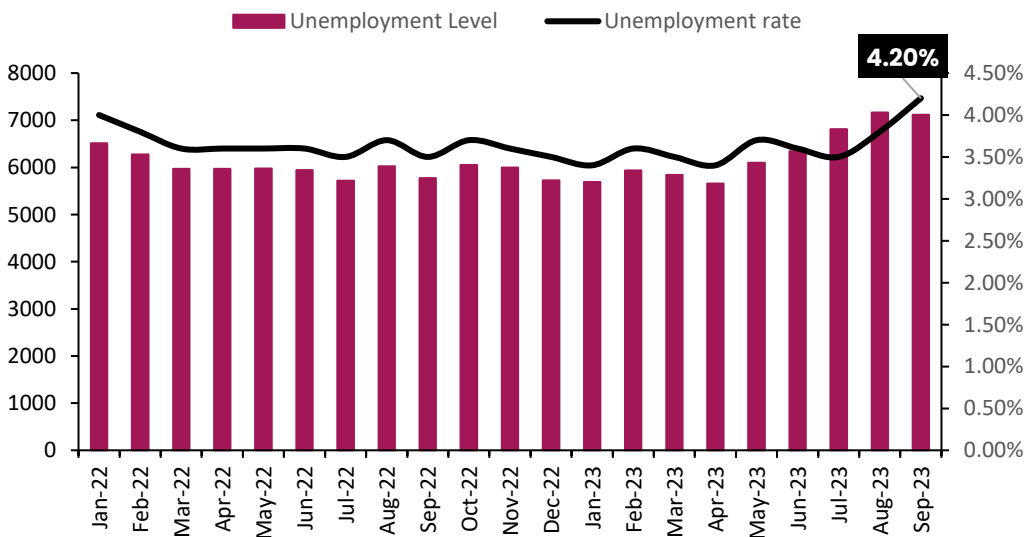
Source: DMO, CBN, FMDQ, ARM Research



### Unemployment Rises to 4.2% in August as Job Growth Slows

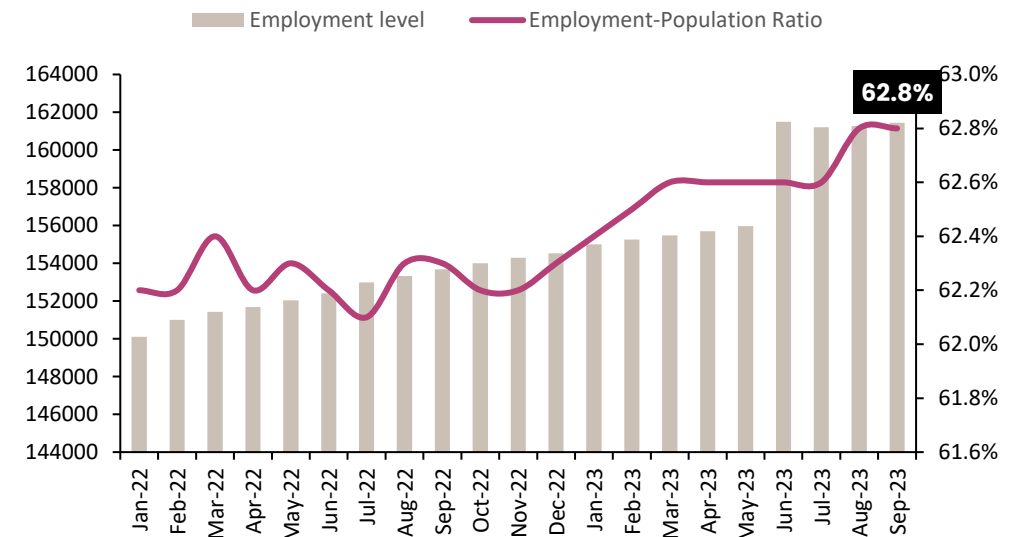
The U.S. labor market experienced a setback in August, as the unemployment rate climbed to 4.2% from 3.8% in July. This marks the second consecutive monthly increase and the highest level since September 2021. While the total number of nonfarm payroll jobs rose by 142,000 in August, it was a significant decrease from the 187,000 jobs added in July. The number of unemployed people increased to 7.1 million from 6.7 million. Despite these developments, the labor force participation rate and the employment-population ratio remained unchanged at 62.7% and 60.0%, respectively. Key sectors contributing to the overall job growth included construction (+34,000) and healthcare (+31,000). Average hourly earnings for private nonfarm payroll employees rose by 0.4% to \$35.21. Overall, the rise in unemployment and the slower growth in jobs might compel the federal reserves to cut interest rates at its September meeting to brace the cooling labor markets and stimulate economic activity.

Trend In US Unemployment rate and Unemployment



Source: BLS, ARM Research

Trend In US Employment level and Employment Population



Source: BLS, ARM Research





<b>CONSUMER GOODS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>DANGOTE SUGAR REFINERY PLC</b>	<b>35.80</b>	<b>30.90</b>	<b>-13.69%</b>	<b>SELL</b>
<b>FLOUR MILLS NIG. PLC.</b>	<b>44.50</b>	<b>36.00</b>	<b>-19.10%</b>	<b>SELL</b>
<b>FINANCIAL SERVICES</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>ACCESS HOLDINGS PLC</b>	<b>18.80</b>	<b>25.47</b>	<b>35.48%</b>	<b>STRONG BUY</b>
<b>FBN HOLDINGS PLC</b>	<b>22.05</b>	<b>29.95</b>	<b>35.83%</b>	<b>STRONG BUY</b>
<b>GUARANTY TRUST HOLDING COMPANY PLC</b>	<b>45.40</b>	<b>46.75</b>	<b>2.97%</b>	<b>NEUTRAL</b>
<b>UNITED BANK FOR AFRICA PLC</b>	<b>23.50</b>	<b>29.57</b>	<b>25.83%</b>	<b>STRONG BUY</b>
<b>ZENITH BANK PLC</b>	<b>37.50</b>	<b>46.60</b>	<b>24.27%</b>	<b>STRONG BUY</b>
<b>FIDELITY BANK PLC</b>	<b>10.70</b>	<b>14.29</b>	<b>33.55%</b>	<b>BUY</b>
<b>ICT</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>AIRTEL AFRICA PLC</b>	<b>2200.00</b>	<b>2364.54</b>	<b>7.48%</b>	<b>NEUTRAL</b>
<b>MTN NIGERIA COMMUNICATIONS PLC</b>	<b>179.00</b>	<b>191.16</b>	<b>6.79%</b>	<b>NEUTRAL</b>
<b>INDUSTRIAL GOODS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>BUA CEMENT PLC</b>	<b>148.50</b>	<b>94.86</b>	<b>-36.12%</b>	<b>SELL</b>
<b>DANGOTE CEMENT PLC</b>	<b>538.80</b>	<b>424.18</b>	<b>-21.27%</b>	<b>SELL</b>
<b>LAFARGE AFRICA PLC (WAPCO)</b>	<b>36.30</b>	<b>49.61</b>	<b>36.67%</b>	<b>STRONG BUY</b>
<b>OIL AND GAS</b>	<b>CP</b>	<b>TP</b>	<b>Upside/Downside</b>	<b>RECOMMENDATION</b>
<b>SEPLAT ENERGY PLC</b>	<b>3730.10</b>	<b>4,064.00</b>	<b>8.95%</b>	<b>NEUTRAL</b>
<b>TOTALENERGIES MARKETING NIGERIA PLC</b>	<b>673.90</b>	<b>516.24</b>	<b>-23.40%</b>	<b>SELL</b>

Source: NGX, ARM Research



Company	Declaration Date	Total Dividend	Total Dividend/Share	Final Dividend	Final Dividend/Share	Financial Year	Payment Date	Register Date	Qualification Date
Stanbic IBTC Holdings Plc	3-Sep-24				NGN2.00	H1:2024	30-Sep-24	19-Sep-24	18-Sep-24
Zenith Bank Plc	30-Aug-24				NGN1.00	H1:2024	20-Sep-24	16-Sep-24	13-Sep-24

Source: NGX, ARM Research



# Thank You





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