



Global Economy

Earlier this week, the US Bureau of Labor Statistics (BLS) released its Employment Situation data. According to the US BLS, total nonfarm payroll employment rose by 275,000 in February 2024, and the unemployment rate increased by 20bps to 3.9%. Job increases took place in the sectors of health care, government, food and beverage services, social services, transportation, and warehousing. Elsewhere, in the EU, the European Central Bank (ECB) decided to hold its benchmark policy rates constant. The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility remained unchanged at 4.50%, 4.75% and 4.00% respectively. Furthermore, EU GDP data released by Eurostat showed seasonally adjusted GDP was flat in both the euro area and the EU in Q4:2023, compared with Q3:2023. In Q3:2023, GDP decreased by 0.1% in the euro area and was stable in the EU. Finally, in China, business confidence declined for the second consecutive month in February 2024 in China, and companies reduced staffing levels for the first time since November 2023. As a result, services activity expanded more slowly during the period. For the 14th straight month, the Caixin/S&P Global services purchasing managers' index (PMI) remained over the 50-point threshold that divides growth from contraction, despite a slight decline to 52.5 in February 2024 from 52.7 in January 2024.

Domestic Economy

During the week, President Bola Ahmed Tinubu signed an Executive Order to improve Nigeria's oil and gas sector's investment climate. Key measures include implementing fiscal incentives for non-associated gas, midstream, and deepwater projects, reducing contracting cycles to six months, and maintaining local content requirements without compromising competitiveness. In our view, the effectiveness of this initiative will depend on its execution and the resolution of security issues. Elsewhere, the Central Bank of Nigeria issued a circular expressing concern about Microfinance Banks (MFBs) consistently submitting late or incomplete monthly returns through the FinA application. According to the circular, all MFBs are obligated to comply with Section 24 of the Banks and Other Financial Institutions Act (BOFIA) 2020, ensuring the timely submission of regulatory returns by the 5th day after each month-end. However, if the 5th day falls on a weekend or on a holiday, submissions should be made on the preceding workday. We think the circular aligns with the CBN's role in ensuring transparency within the Nigerian financial sector.



Equities

After two consecutive weeks of bearish sentiment, the NGX All Share Index (AS) posted a WoW gain of 2.61%, bringing the Nigerian equities market's year-to-date returns up to 35.52% (vs. last week's 32.07% YtD). On a sectoral basis, the Insurance (-5.22% WoW), Banking (-1.40% WoW) and Consumer Goods (-1.21% WoW) sectors recorded losses while the Industrial Goods (+1.59% WoW) closed the week with gains. However, the Oil and Gas sector closed on a flat note. This week, PZ (+18.5% WoW to NGN40.00), FBNH (+15.3% WoW to NGN32.40) and DEAPCAP (+10.5% WoW to NGN0.63) topped the gainers' chart. On the flipside, GUINNESS (-17.5% WoW to NGN42.05), ETI (-17.0% WoW to NGN20.00) and NEM (-16.7% WoW to NGN5.50) led the decliners' chart. In the coming week, we expect mixed sentiment in the market stemming from investors looking toward higher yields in the fixed income space. However, this may be offset by bargain-hunting activities as investors seek to buy relatively underpriced stocks.

Fixed Income

At the primary NTB auction held this week, the average stop rate surged by 108bps to 18.91% compared to 17.83% at the previous auction. This upsurge was driven by an increase in the stop rates for all the instruments: 91-day bill (+24bps to 17.24%), 182-day bill (+50bps to 18.00%) and 364-day bill (+249bps to 21.49%). On the other hand, the average bid-to-cover ratio declined significantly by 351bps to 4.92x compared to 8.43x at the preceding auction, reflecting a fall in the demand for the instruments (91-day bill -85% to 4.62x, 182-day bill -478bps to 4.88x and 364-day bill -235bps to 4.93x). At the secondary market, yields continued their upward trend this week. The yields on the Nigerian Treasury Bills market climbed by 156bps week-over-week (WoW) to 18.80%, while the FGN Bond market yields rose by 76bps WoW to 18.01%. This was driven by sell-offs across the yield curve, particularly in the JUL-2034 (+194bps), MAR-2035 (+187bps) and MAR-2036 (+238bps). The overall Naira fixed income market yields edged higher by 116bps WoW to 18.40%. In the coming week, we expect this sentiment to persist due to elevated short term yields.



	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	34.0	33.7	0.89%	3.37%	Report released this week (Click Link below for Full report)
USD/NGN (₦/\$)					Monthly Equities Market Update February 2024 Stance Against Inflation
NAFEM	1602.17	1544.08	-3.63%	76.62%	Monthly Fixed Income Market Report – February 2024
Parallel	1617.5	1512.5	-6.49%	35.36%	Seplat 2023FY Strong Revenue Performance Drives Bottom Line Growth
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (November 2023)	January	December	CHG (pps)		
Headline	29.90	28.92	0.98	29.41	
Core	23.59	23.06	0.53	23.33	
Food	35.41	33.93	1.48	34.67	
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	Equity investors suffer N1.5tn loss amid surging bond yields
Oil	12.11	-0.85	-13.43	-2.22	FX crisis: Customs move to release detained vehicles
Agriculture	2.10	1.30	1.50	1.13	UK goods exports to Nigeria dip by £357m – Report
Manufacturing	1.38	0.48	2.20	1.4	US funding bill blocks China from buying oil from Strategic Petroleum Reserve
Information and Communication	6.33	6.69	8.60	7.91	BofA boosts S&P 500 year-end target to 5,400
Labor Data (%)		Q3 23	Q2 23	Q1 23	https://punchng.com/conflict-natural-disasters-threatening-countries-financial-stability-cardoso
Unemployment Rate		5	4.2	4.1	Banks involved in 70% of financial crimes – EFCC
Underemployment		12.3	11.8	12.2	NGX Group Declares N5.2bn Profit After Tax, N1.5 Billion Dividend
Capital Importation (\$'mn)	Q4 23	Q3 23	QoQ (%)	YoY (%)	China vows to 'transform' economy, sets ambitious growth target
Foreign Portfolio Investment - Equities	10.83	8.37	29.4%	122.77%	US stocks tumble as bitcoin, gold score record highs
Bonds	67.16	20.56	226.65%	-53.51%	Nigerian Exchange leads in Africa with 33.70% gain
Money Market	231.78	58.19	298.3%	70.47%	Binance halts naira services amid regulatory concerns
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	Access Bank to Empower over 700,000 MSMEs with 50bn Loan
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	Oil prices up 1% on small build in US crude stocks, Fed rate cut remarks
MPR	22.75	18.75		400.0%	CBN printing of N22tn under Buhari fueled inflation – Edun
Cash Reserve Ratio (CRR)	45.0	32.5		1250.0%	High tariff barrier to rural electrification – Schneider Electric
Liquidity Ratio	30.0	30.0		0.0%	Adedeji: Despite \$472.62bn GDP, Nigeria Yet to Record Commensurate Tax Inflows
Source: CBN, NBS, FMDQ, ARM Research					Japan court rejects bid to halt active Shikoku nuclear reactor, NHK reports

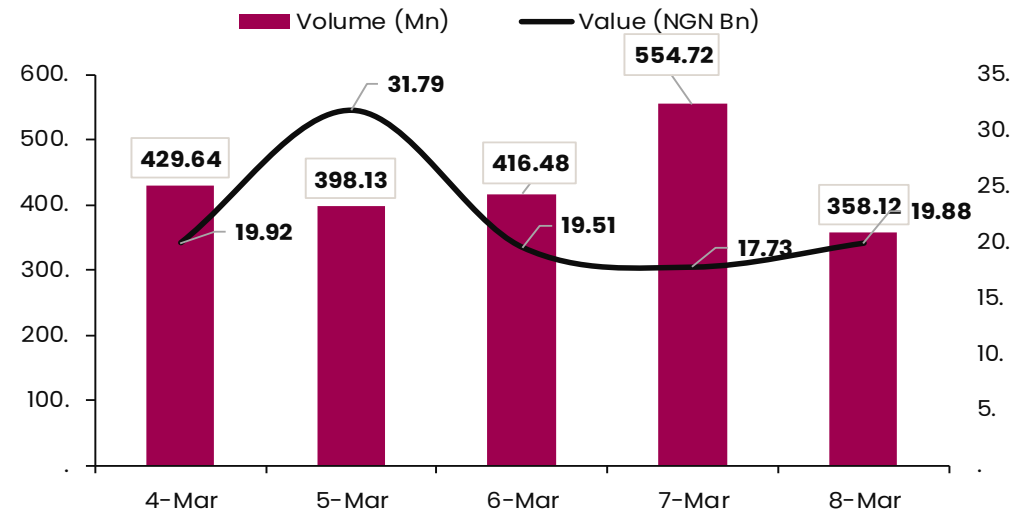


Weekly Equities Market Snapshot

Friday, March 8, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
PZ	40.00	18.5%	40.00	10.40	49.8%	GUINNESS	42.05	-17.5%	80.00	42.05	-36.3%
FBNH	32.40	15.3%	35.00	10.30	37.6%	ETI	20.00	-17.0%	28.80	10.10	-4.3%
DEAPCAP	0.63	10.5%	1.16	0.20	8.6%	NEM	5.50	-16.7%	8.50	3.89	-12.7%
MTNN	221.40	10.3%	319.80	175.00	-16.1%	CHAMS	2.00	-16.0%	3.65	0.23	1.5%
FLOURMILL	33.40	6.9%	48.50	28.15	1.1%	OMATEK	0.65	-14.5%	1.15	0.20	-14.5%
CUSTODIAN	9.00	5.9%	10.95	5.65	0.0%	JAPAUFGOLD	1.95	-13.3%	3.38	0.27	14.7%
CWG	6.35	5.8%	9.50	0.86	-23.5%	GUINEAINS	0.35	-12.5%	0.68	0.20	20.7%
OANDO	12.00	5.3%	16.00	4.00	14.3%	ABCTRANS	0.72	-11.1%	1.35	0.31	-11.1%
CUTIX	2.70	4.7%	3.32	2.02	14.9%	CILEASING	3.48	-11.0%	4.70	1.87	-37.9%
TRANSCOHOT	101.00	3.2%	101.00	6.21	1516.0%	NB	29.00	-10.8%	46.50	29.00	-19.4%

Tickers	Pts/₦	WoW	MtD	Qtd	YtD
NGXASI	101,330.85	2.61%	1.35%	35.52%	35.52%
Market Cap	57.29trn	6.03%	4.73%	40.02%	40.02%
NGX Banking	859.27	-1.40%	1.15%	-4.23%	-4.23%
NGX Industrial	1,609.76	1.59%	-1.90%	76.73%	76.73%
NGX Consumer	859.27	-1.21%	-0.84%	43.56%	43.56%
NGX Oil & Gas	1,291.86	0.00%	-0.85%	23.85%	23.85%
NGX Insurance	1,609.76	-5.22%	-4.16%	9.52%	9.52%



Source: NGX, ARM Research



Weekly Commentary

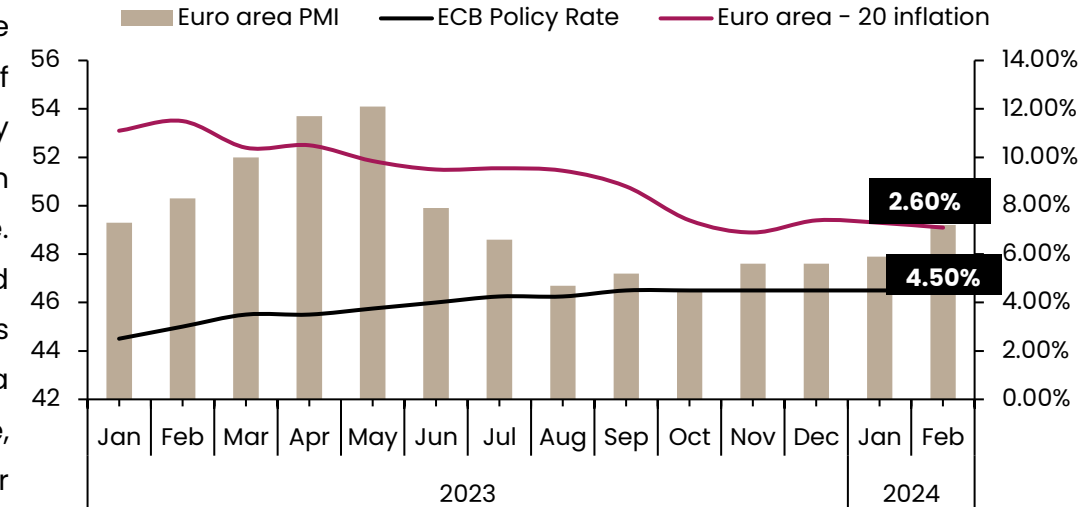
Fixed Income

	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)	28.81%	28.19%	0.62%	01-Mar-24	19.00%	19.50%	21.50%	N/A	01-Mar-24	37	6	N/A	1013						
Open Repo Rate (OPR)	27.16%	27.16%	0.00%	29-Jan-24	10.00%	13.50%	17.00%	N/A	29-Jan-24	15	15	N/A	270						
NIBOR - 1M	22.25%	19.50%	2.75%	15-Jan-24	10.00%	13.50%	15.50%	N/A	15-Jan-24	22	35	N/A	300						
NIBOR - 3M	23.62%	20.81%	2.81%	10-Jan-24	10.50%	14.00%	17.75%	N/A	10-Jan-24	50	N/A	100	150						
NIBOR - 6M	24.06% 21.38%	2.69%		22-Dec-23	N/A	N/A	N/A	N/A	22-Dec-23	25	N/A	25	50						
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day		Treasury Bills	91 Day	182 Day	364 Day							
1-month	12.27%	11.43%	0.84%	6-Mar-24	17.24%	18.00%	21.49%		6-Mar-24	331.01	66.25	1192.09							
3-month	15.45%	14.93%	0.52%	21-Feb-24	17.00%	17.50%	19.00%		7-Feb-24	200	200	600							
6-month	17.18%	17.90%	-0.72%	7-Feb-24	17.24%	18.00%	19.00%		7-Feb-24	7.85	6.44	217.53							
9-month	21.32%	21.06%	0.26%	24-Jan-24	5.00%	7.15%	11.54%		24-Jan-24	2.78	1.49	52.29							
12-month	24.14%	24.14%	0.00%	10-Jan-24	2.44%	4.22%	8.40%		10-Jan-24	1.75	17.16	48.11							
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
14.20% 14-MAR-2024	11.54%	10.86%	0.68%	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
13.53% 23-MAR-2025	17.51%	16.54%	0.97%	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
12.50% 22-JAN-2026	17.64%	16.78%	0.86%	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
16.2884% 17-MAR-2027	17.81%	17.79%	0.02%	13-Nov-23	N/A	16.00%	17.00%	N/A	17.50%	N/A	18.00%	13-Nov-23	N/A	20.53	22.26	N/A	54.86	N/A	237.09
12.1493% 18-JUL-2034	17.86%	17.07%	0.79%	16-Oct-23	N/A	14.90%	15.75%	N/A	15.80%	N/A	16.60%	16-Oct-23	N/A	43.65	10.45	N/A	25.69	N/A	171.71
16.2499% 18-APR-2037	18.89%	17.23%	1.66%	Corporate Bonds				This Week	Prior Week	WoW (%)									
14.8% 26-APR-2049	18.38%	17.96%	0.42%	ACCESS 15.50% 23-JUL-2026	20.54%	19.66%	0.88%												
				VIATHAN 16.00% 14-DEC-2027	18.69%	18.08%	0.61%												
FGN Eurobonds				UNION 16.20% 27-JUN-2029	21.75%	20.82%	0.93%												
7.625 21-NOV-2025	8.68%	8.73%	-0.05%	FIDELITY 8.50% 7-JAN-2031	19.49%	18.62%	0.87%												
6.50% 28-Nov-2027	9.24%	9.43%	-0.19%	MTN COM PLC 12.75 11 4-NOV-2031	19.47%	18.61%	0.86%												
7.875% 16-FEB-2032	9.85%	10.06%	-0.21%																
7.625% 28-Nov-2047	10.09%	10.17%	-0.08%																
Source: DMO, CBN, FMDQ, ARM Research																			



ECB Holds Rates Steady, Hints at Dovish Shift as Inflation Cools

In its latest policy meeting, the European Central Bank (ECB) chose to keep its three key interest rates unchanged, maintaining them at 4.50%, 4.75%, and 4.00% for the main refinancing operations, the marginal lending facility, and the deposit facility, respectively. However, there was a hint of dovishness in their decision. This move reflects the recent downward trajectory of inflation, which hit its lowest point since peaking at 10.6% YoY in October 2022. Preliminary estimates released by the Euro stats show that inflation declined to 2.6% YoY in February, down from 2.8% YoY in January 2023, affirming the effectiveness of the ECB's cautious policy stance. Consequently, the ECB has revised down its inflation forecasts for 2024 and 2025 to 2.3% YoY and 2.00% YoY, respectively. Nevertheless, there's a note of caution as domestic price pressures persistently hover above desired levels, partly fueled by robust wage growth. This presents a potential risk to the ECB's outlook, underscoring the need for a cautious approach. Meanwhile, economic growth in the region has remained subdued, bolstering the argument for rate cuts. For context, the eurozone composite PMI output Index for February rose to 49.2 points, marking its fastest pace in 8 months, albeit still below the 50-point threshold indicating expansion. Additionally, GDP data for Q4:2023 showed flat growth on a quarter-on-quarter basis (vs. -0.1% QoQ in Q3:2023), narrowly avoiding the shallow recession forecasted by Reuters. Projections for economic growth in 2024 have been downgraded to 0.6%, reflecting a sluggish eurozone economy in the short term. However, the ECB anticipates a gradual recovery, with growth expected to reach 1.5% in 2025 and 1.6% in 2026, driven initially by consumption and later by investment. Looking ahead, investors foresee the possibility of a rate cut by June 2024, ranging from 50 to 75 basis points.



Source: Eurostats, Bloomberg, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	55.65	125.7	125.88%	STRONG BUY
FLOUR MILLS NIG. PLC.	33.40	36	7.78%	NEUTRAL
GUINNESS NIG PLC	42.05	100	137.81%	STRONG BUY
NIGERIAN BREW. PLC.	29.00	39.22	35.24%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	34.00	45.01	32.38%	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
Vitafoam Nigeria Plc	7-Mar-24			NGN1.95bn	NGN1.56	2023FY		

Source: NGX, ARM Research



Thank You





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