



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

6th May – 10th May 2024





Global Economy

Earlier this week, we observed China's Caixin/S&P Global services purchasing managers' index (PMI) eased to 52.5 points in April 2024 from 52.7 points in March 2024, remaining in expansionary territory for the 16th straight month. The 50-mark separates expansion from contraction. The Caixin/S&P's composite PMI, which tracks both the services and manufacturing sectors, rose to 52.8 points last month from 52.7 points in March 2024, marking the fastest pace since May 2023. Elsewhere, in the UK, the Bank of England's Monetary Policy Committee (MPC) voted to leave its monetary policy rate unchanged at 5.25%. UK's Consumer Price Index CPI inflation fell to 3.2% YoY in March 2024 from 3.4% YoY in February 2024. The MPC expects CPI inflation to return to close to the 2.0% target in the near term, but to increase slightly in the H2:2024, to around 2.5%, owing to the unwinding of energy-related base effects.

Domestic Economy

Earlier this week, the Central Bank of Nigeria (CBN) issued a circular titled RE: "CyberCrime (Prohibition, Prevention, ETC) (Amendment) Act 2024-Implementation Guidance On The Collection And Remittance Of The National Cyber Security Levy," instructing banks to implement a cyber security levy managed by the National Security Adviser's office. This levy, stemming from the enactment of the 2024 cyber crime amendment Act, involves a 0.5% deduction from electronic transactions to support the National Cyber Security Fund. Defaulting on this levy incurs penalties as per the amended Cyber Crime Act, including fines of at least 2% of turnover. We anticipate that this levy will pose challenges for both consumers and businesses, potentially raising digital service costs for users and necessitating adjustments to financial strategies by companies to comply while managing operational expenses.



Equities

The Nigerian Equities market ended the week on a negative note, with the NGX All Share Index (NGX ASI) losing 1.36% WoW to 98,234.24 points. This is following losses in three (3) out of five trading days of the week. As a result, the market's year-to-date (YtD) returns fell to 31.38% from last week's 33.18% YtD. We observed a mixed performance across sectors under our coverage as the Consumer Goods (-1.18% WoW), Insurance (-1.01% WoW), Oil and Gas (-0.33% WoW) and Banking (-0.07% WoW) sectors closed in the red, while only the Industrial Goods sector (+0.07% WoW) recorded marginal gains. We attribute the bearish performance of the equities market to the response of investors to the release of poor Q1:2024 earnings results particularly in the Consumer Goods space, where significant FX losses incurred dampened bottom-line profit. Furthermore, the rising yields in the fixed income market played a major role in the performance of the equities market this week. The top gainers for the week were TANTALIZER (+27.8% WoW to NGN0.46), FTNCOCOA (+20.0% WoW to NGN1.62) and PRESCO (+15.3% WoW to NGN291.50), while the top losers were PZ (-27.0% WoW to NGN27.75), NSLTECH (-16.9% WoW to NGN0.49) and INTBREW (-15.3% WoW to NGN4.05). We believe that the release of outstanding Q1:2024 earnings results and direction of fixed income yields would continue to influence the performance of the equities space next week.

Fixed Income

The Central Bank of Nigeria (CBN) held an NT-bill auction during the week, offering NGN179.36bn worth of treasury bills across the tenors. The average stop rate remained unchanged at 17.98% for the third (3rd) consecutive auction, due to stop rates left constant across the tenors (short-tenor: 16.24%, mid-tenor: 17.00% and long-tenor: 20.70%). Investor demand remained strong, exceeding the previous auction by 20.61%. Total subscriptions reached NGN914.15bn, compared to NGN757.85bn previously. This indicates continued appetite for NT-bills despite a slight dip in the average bid-to-cover ratio from 5.32x to 5.10x. The NT-bills market experienced some sell pressure, pushing the average yield higher by 20bps WoW to 22.46%. This increase was primarily driven by sell-offs in the mid-tenor bills. Conversely, the FGN bond market saw positive sentiment, with the average yield down by 19bps WoW to 18.62%. This bullish trend reflects buying interest across the yield curve, particularly in long-term bonds (JAN-2042: -110bps, JUL-2045: -107bps, APR-2049: -105bps, MAR-2050: -68bps and JUN-2053: -103bps). Overall, the Nigerian fixed income market remained relatively unchanged for the week, with an average yield of 20.54% WoW. Looking ahead, the upcoming FGN bond auction next week is expected to be a key factor influencing market direction, along with available liquidity.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	32.4	32.3	0.28%	-1.58%	Seplat Q12024 Earnings Note
USD/NGN (₦/\$)					Q1 2024 Earnings Result UBA
NAFEM	1459.73	1402.67	-3.91%	-37.86%	Q1 2024 Earnings Result GTCo
Parallel	1422.5	1370.0	-3.69%	-15.99%	Q1 2024 Earnings Result ZENITH BANK PLC
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	Monthly Fixed Income Market Update – April 2024–Bearish Streak Sustained
Inflation YoY (March 2024)	March	February	CHG (pps)		Monthly Equities Market Update April 2024
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	Currency in circulation rises to N3.87tn – CBN
Oil	12.11	-0.85	-13.43	-2.22	Zenith Bank grows assets by N3.9tn in three months
Agriculture	2.10	1.30	1.50	1.13	Transcorp plans share capital reduction
Manufacturing	1.38	0.48	2.20	1.4	Access Pensions' AUM Hits N1.2tn, Achieves 70% Revenue Growth
Information and Communication	6.33	6.69	8.60	7.91	ECB rate cut case getting stronger, says chief economist Lane
Labor Data (%)		Q3 23	Q2 23	Q1 23	Seplat to deliver 13 new oil wells in 2024
Unemployment Rate		5	4.2	4.1	Onne terminal receives 6,600 containers vessel
Underemployment		12.3	11.8	12.2	CBN asks banks to charge 0.5% cybersecurity levy
Capital Importation (\$'mn)	Q4 23	Q3 23	QoQ (%)	YoY (%)	LPG Penetration Gets Boost as \$25m Triansel Gas Terminal Reaches 90% Completion
Foreign Portfolio Investment – Equities	10.83	8.37	29.4%	122.77%	Oil climbs after Israel strikes Gaza, truce talks continue
Bonds	67.16	20.56	226.65%	-53.51%	FG faults proposed telecoms tariff hike
Money Market	231.78	58.19	298.3%	70.47%	FG woos global investors for 17 oil blocks
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	Shell paid over \$1bn tax to FG in 2023
Monetary Policy Rates (%) (March 2024)	Latest	Prior		CHG (%)	At 29.38%, Maximum Lending Rate Hits Highest Peak Since 2020
MPR	24.75%	22.75%		2.0%	Morgan Stanley pushes Fed rate cut expectation to September from July
Cash Reserve Ratio (CRR)	45%	45%		0.0%	Tinubu tax panel proposes VAT removal on food, education, healthcare
Liquidity Ratio	30%	30%		0.0%	Zenith Bank Delivers on Promise of Shareholders Value With Record Dividend Payout of N125.59 Billion
Source: CBN, NBS, FMDQ, ARM Research					Okomu Oil Palm strengthens security collaboration after hoodlum attack

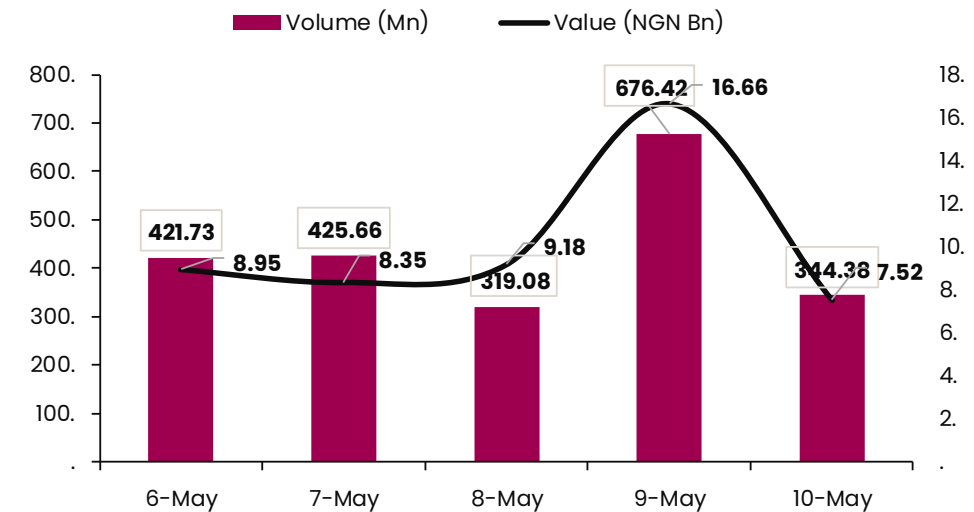


Weekly Equities Market Snapshot

Friday, May 10, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
TANTALIZER	0.46	27.8%	0.65	0.20	130.0%	PZ	27.75	-27.0%	40.00	12.50	3.9%
FTNCOCOA	1.62	20.0%	4.10	0.29	9.5%	NSLTECH	0.49	-16.9%	0.85	0.25	-33.8%
PRESCO	291.50	15.3%	291.50	147.00	51.0%	INTBREW	4.05	-15.3%	6.86	3.92	-15.6%
MAYBAKER	6.90	15.0%	8.50	3.90	31.4%	MANSARD	5.13	-12.9%	6.80	2.44	-6.7%
GUINEAINS	0.34	13.3%	0.68	0.20	17.2%	AIRTELAFRI	1973.00	-10.3%	2200.00	1175.00	4.6%
OANDO	10.15	12.2%	16.00	5.02	-3.3%	BERGER	12.35	-9.9%	17.35	8.40	-5.0%
JAPAULGOLD	2.13	12.1%	3.38	0.30	25.3%	IMG	12.40	-9.8%	14.75	8.00	-7.8%
CORNERST	1.98	10.0%	2.67	0.65	41.4%	SOVRENINS	0.38	-9.5%	0.79	0.31	35.7%
OKOMUOIL	255.70	10.0%	270.00	188.00	-1.7%	AFRIPRUD	6.40	-9.2%	10.10	5.35	-13.5%
DEAPCAP	0.59	9.3%	1.16	0.20	1.7%	STERLINGNG	4.46	-8.6%	8.20	1.62	218.6%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	98,234.24	-1.36%	0.01%	-6.05%	31.38%
Market Cap	55.56trn	-1.35%	0.02%	-6.02%	35.79%
NGX Banking	835.93	-0.07%	7.95%	-18.81%	-6.83%
NGX Industrial	1,548.09	0.07%	0.09%	-3.10%	72.95%
NGX Consumer	835.93	-1.18%	0.15%	-3.89%	38.06%
NGX Oil & Gas	1,259.69	-0.33%	-0.65%	-2.68%	20.77%
NGX Insurance	1,548.09	-1.01%	0.51%	-6.01%	18.62%



Source: NGX, ARM Research



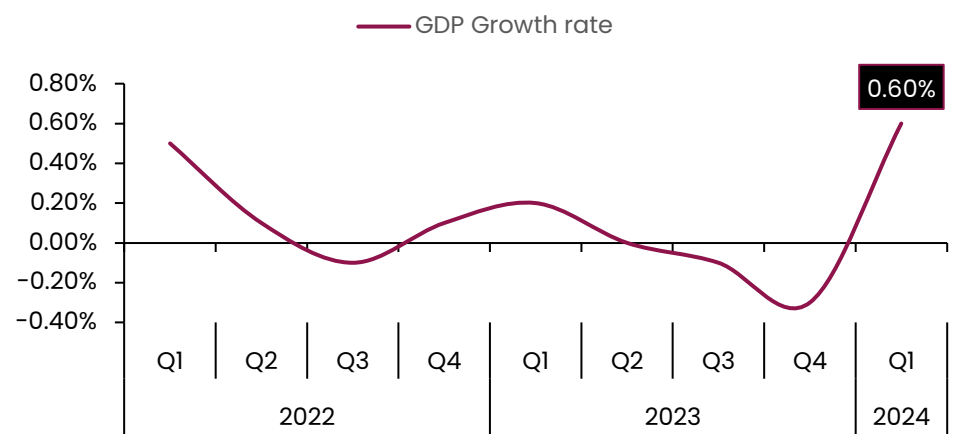
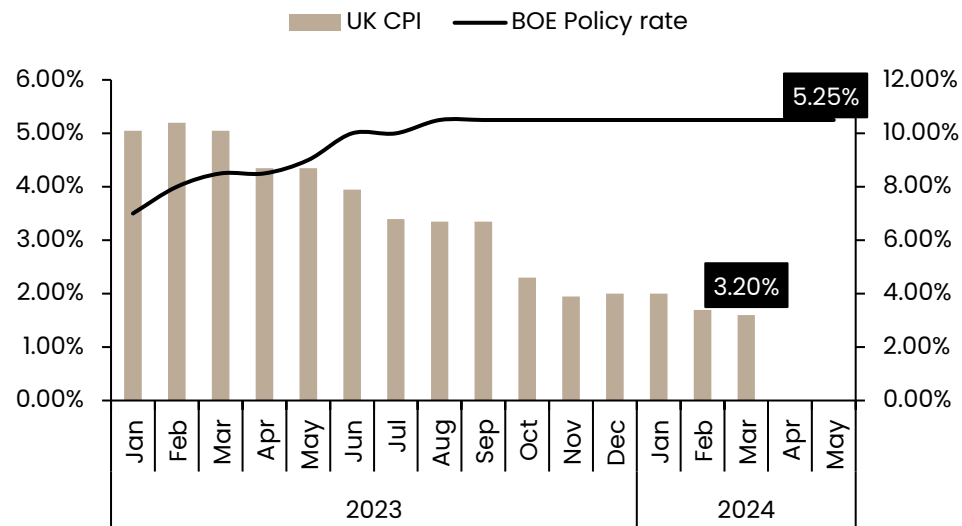
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	Short tenor	Mid tenor	Long Tenor	Issuance (N'billion)	Short tenor	Mid tenor	Long Tenor								
Money Market				OMO				OMO											
Overnight (O/N)	28.63%	27.08%	1.55%	06-May-24	18.99%	19.48%	21.50%	06-May-24	21	1	239								
Open Repo Rate (OPR)	28.00%	26.25%	1.75%	3-Apr-24	19.00%	19.50%	21.13%	03-Apr-24	17	7	652								
NIBOR - 1M	24.42%	3.20%	21.22%	01-Mar-24	19.00%	19.50%	21.50%	01-Mar-24	37	6	1013								
NIBOR - 3M	25.50%	24.00%	1.50%	29-Jan-24	10.00%	13.50%	17.00%	29-Jan-24	15	15	270								
NIBOR - 6M	26.50%	5.00%	21.50%	15-Jan-24	10.00%	13.50%	15.50%	15-Jan-24	22	35	300								
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day								
1-month	18.89%	17.88%	1.01%	8-May-24	16.24%	17.00%	20.70%	8-May-24	16.59	5.44	252.64								
3-month	18.36%	18.28%	0.08%	24-Apr-24	16.24%	17.00%	20.70%	24-Apr-24	16.48	11.99	333.98								
6-month	20.25%	19.87%	0.38%	12-Apr-24	16.24%	17.00%	20.70%	12-Apr-24	27.11	22.67	902.04								
9-month	23.12%	22.63%	0.49%	27-Mar-24	16.24%	17.00%	21.12%	27-Mar-24	29.83	25.58	1134.3								
12-month	25.51%	25.00%	0.51%	13-Mar-24	16.24%	17.00%	21.12%	13-Mar-24	5.73	4.92	150.85								
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	19.10%	19.00%	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	17.96%	17.90%	0.06%	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	18.46%	18.45%	0.01%	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	19.24%	19.07%	0.17%	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%	18.65%	0.00%	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	17.56%	18.61%	-1.05%																
				Corporate Bonds	This Week	Prior Week	WoW (%)												
				ACCESS 15.50% 23-JUL-2026	21.24%	21.17%	0.07%												
				VIATHAN 16.00% 14-DEC-2027	19.18%	19.20%	-0.02%												
FGN Eurobonds				UNION 16.20% 27-JUN-2029	22.23%	22.20%	0.03%												
7.625 21-NOV-2025	7.94%	8.11%	-0.17%	FIDELITY 8.50% 7-JAN-2031	20.62%	20.42%	0.20%												
6.50% 28-Nov-2027	8.76%	8.85%	-0.09%	MTN COM PLC 12.75 II 4-NOV-2031	20.61%	20.40%	0.21%												
7.875% 16-FEB-2032	10.00%	10.09%	-0.09%																
7.625% 28-Nov-2047	10.31%	10.45%	-0.14%																

Source: DMO, CBN, FMDQ, ARM Research



UK Economy Shows Tentative Signs of Recovery

The UK Office for National Statistics (ONS) released positive news today with its Q1 2024 GDP report. The report indicates the UK economy may be emerging from its recent technical recession. Real GDP grew by 0.6% Quarter on Quarter (QoQ) in Q1:2024, reversing the 0.3% decline experienced in Q4:2023. Year on Year (YoY), real GDP managed a modest 0.2% increase. This growth is primarily driven by a resurgence in the services sector, which saw output rise by 0.7% QoQ following three consecutive quarters of contraction. Notably, 11 out of 14 subsectors within services reported expansion, with transport and storage (+3.7% QoQ) leading the way. The production sector also contributed positively, expanding by 0.8% in Q1. However, the construction industry continued to struggle, contracting by 0.9% QoQ, underpinning the uneven nature of the recovery. While the resurgence from recession is a welcome development, the bigger picture reveals an economy grappling with stagnation. Low productivity and high economic inactivity continue to limit the UK's growth potential. This report coincides with the Bank of England's Monetary Policy Committee (MPC) decision to hold interest rates at 5.25%. This decision reflects ongoing concerns about persistent inflation. By holding rates, the BOE prioritizes price stability over immediate economic growth, subsequently hampering output prospects.



Source: UK ONS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
FLOUR MILLS NIG. PLC.	37.10	36	-2.96%	UNDERWEIGHT
GUINNESS NIG PLC	53.00	100	88.68%	STRONG BUY
NIGERIAN BREW. PLC.	23.50	39.22	66.89%	STRONG BUY
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	17.40	25.88	48.74%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	41.45	42.29	2.03%	NEUTRAL
UNITED BANK FOR AFRICA PLC	26.40	29.57	12.01%	OVERWEIGHT
ZENITH BANK PLC	34.00	44.04	29.53%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	33.40	45.01	34.76%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	3291.40	3,790.80	15.17%	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
Unilever Nigeria Plc	10-May-24			NGN4.31bn	NGN0.75	2023FY	10-May-24	26-Apr-24
Zenith Bank Plc	9-May-24	NGN125.59	NGN4.00	NGN109.89	NGN3.50	2023FY		24-Apr-24
Abbey Mortgage Bank Plc	7-May-24				NGN0.04	2023FY	31-May-24	10-May-24
Lafarge Africa Plc	29-Apr-24			NGN30.60	NGN1.90	2023FY		
Presco Plc	4-May-24				NGN24.30	2023FY	14-May-24	14-May-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

