



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

9th September – 13th September 2024





Global Economy

Earlier this week, according to the Chinese National Bureau of Statistics, China's Consumer Price Index (CPI) rose by 0.6% YoY in August 2024 after reporting a 0.5% YoY growth in July 2024. Food prices climbed by 2.8% YoY in August, with Pork prices surging by 16.1% YoY, and vegetable prices climbing by 21.8% YoY. Core CPI, which strips out food and energy prices, climbed by 0.3% YoY in August 2024, a slower rise for a second-straight month (vs. 0.4% YoY in July 2024). Moreso, Chinese monthly CPI came in at 0.4% MoM in August versus July's 0.5% MoM acceleration. Elsewhere, in the US, the US Bureau of Labor Statistics released August 2024 CPI data, and the headline CPI increased by 0.2% MoM, the same increase as in July 2024. On a YoY basis, the headline index increased 2.5% YoY in August 2024 compared to 2.9% YoY recorded in July 2024. This is the smallest YoY increase since February 2021. Looking at the MoM breakdown, the index for shelter rose 0.5% MoM in August and was the main factor in the headline inflation increase. The food index increased 0.1% MoM in August 2024, after rising 0.2% MoM in July 2024. The index for food away from home rose 0.3% MoM in August 2024, while the index for food at home was unchanged. The energy index fell 0.8% MoM in August, after being unchanged the preceding month. The index for all items less food and energy rose 0.3% MoM in August, after rising 0.2% MoM the preceding month. Finally, in the EU, the ECB decided to lower the deposit facility rate – the rate through which it steers the monetary policy direction – by 25bps. This translates to its second rate cut in three months. The deposit facility rate will be decreased to 3.50%. The interest rates on the main refinancing operations and the marginal lending facility will also be decreased to 3.65% and 3.90%, respectively.

Domestic Economy

During the week, the National Bureau of Statistics (NBS) released Nigeria's Foreign Trade in Goods data for Q2:2024, which showed a 33.63% QoQ increase in the country's trade surplus to NGN6.95trn from NGN5.20trn in Q1:2024. This was driven by higher exports (+1.31% QoQ to NGN19.42trn) and lower imports (-10.71% QoQ to NGN12.47trn), as the weaker Naira and forex shortages made foreign goods more expensive. However, total trade value contracted by 3.76% QoQ to NGN31.89trn, reflecting ongoing macroeconomic challenges like inflation and weak consumer demand. We believe Nigeria's trade surplus will remain strong, supported by stable exports and reduced imports due to forex shortages and a weaker Naira. However, high inflation and currency volatility may cap overall trade growth. Tackling forex liquidity issues and diversifying exports will be essential for long-term stability.



Equities

Riding on gains from MTNN (+7.37% WoW to NGN192.20), FBNH (+31.52% WoW to NGN29.00) and OANDO (+9.40% WoW to NGN89.05), which offset losses in JBERGER (-17.89% WoW to NGN140.00), PZ (-17.63% WoW to NGN15.65) and STANBIC (-1.54% WoW to NGN57.50), the Nigerian Equities market closed on a bullish note. The NGX All Share Index (NGX ASI) gained 1.06% WoW to settle at 97,456.62 points, bringing the market's year-to-date (YtD) returns up to 30.34% (vs: last Friday: 28.97% YtD). All sectors under our coverage closed positive, with the Banking sector (+5.12% WoW) leading the gains, followed by the Oil and Gas (+2.00% WoW), Insurance (+1.59% WoW), Consumer Goods (+1.47% WoW) and Industrial Goods (+0.17% WoW) sectors. Gains in these sectors were driven by positive sentiment in ETI (+8.45% WoW to NGN23.75), CONOIL (+9.09% WoW to NGN168.00), CORNERSTONE (+5.93% WoW to NGN2.50), NESTLE (+9.88% WoW to NGN890.00) and LAFARGE (+3.17% WoW to NGN37.45) respectively. Top gainers this week were CAVERTON (+59.7% WoW to NGN2.54), RTBRISCOE (+42.0% WoW to NGN3.65) and FBNH (+31.5% WoW to NGN29.00). On the flipside, LEARNAFRICA (-22.22% WoW to NGN3.62), JBERGER (-17.9% WoW to NGN140.00) and PZ (-17.6% WoW to NGN15.65) led the losers' chart. In the coming week, we expect that investors would be cautious as they anticipate the rate decision from the September Monetary Policy Committee (MPC) meeting.

Fixed Income

This week, the Central Bank of Nigeria (CBN) held a Nigerian Treasury bills (NT-bills) auction, offering NGN161.88bn worth of treasury bills across the 91-day (NGN6.78bn), 182 (NGN4.92bn) and 364 (NGN150.18bn) tenors. The average bid-to-cover ratio printed at a significant 3.48x. This is following active investor's demand for the bills (91-day (2.63x), 182-day (1.25x) and 364-day (3.59x)). As a result, the average stop rate at the auction declined by 41bps to 17.41% compared to 17.81% at the previous auction. Notably, CBN sold all the T-bills offered with sales skewed to the 364-day tenor. At the secondary fixed income market, average yields reversed its bullish run, with the average yield in the NT-bills market surging by 131bps WoW to 20.28%, following repricing in the market. Similarly, the FGN bond market closed on a negative note as the average yield climbed by 64bps WoW to settle at 18.84%. This was driven by selloffs across the yield curve, particularly on the MAR-2025 (+147bps), 17-APR-2029 (+55bps) and FEB-2031 (53bps). Overall, the Naira fixed income market concluded bearish with the average yield increased by 99bps WoW to 19.56%. In the coming week, we may likely see yields rise due to the uncertainty around the upcoming MPC meeting.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	36.81	35.46	3.81%	11.85%	GTco H12024 Earnings Result
USD/NGN					
NAFEM	1558.75	1593.93	2.26%	-41.81%	
Parallel	1647.5	1607.5	-2.43%	-27.47%	
Economic Snapshot					
	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (July 2024)					
	July	June	CHG (pps)		
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	
GDP (%) - YoY					
	Q2 24	Q1 24	Q4 23	2023FY	News Headline for the week (click news for link)
Real GDP	3.19	2.98	3.46	2.74	Crude Oil Exports Dominates as Nigeria's Trade Reached N31.9tn in Q2
Oil	10.15	5.7	12.11	-2.22	Red Star Express Shareholders Commend N0.27kobo Dividend Payout Amid Challenges
Agriculture	1.41	2.90	2.10	1.13	FG eyes \$100bn revenue from creative economy
Manufacturing	1.28	1.49	1.38	1.4	NNPC, Chevron complete assets conversion, eye 165,000bpd oil production – Report
Information and Communication	4.44	5.43	6.33	7.91	GTCO Announces Profit Before Tax of N1.004tn in H1 2024
Labor Data (%)					
		Q3 23	Q2 23	Q1 23	Expert Insists on Renewable Energy for Transportation, Kicks against CNG Vehicles
Unemployment Rate		5	4.2	4.1	Marketers, refiners demand total subsidy removal
Underemployment		12.3	11.8	12.2	Crude oil contributed N14.56tn to Nigeria's exports in Q2 – Report
Capital Importation (\$'mn)					
	Q1 24	Q4 23	QoQ (%)	YoY (%)	FG Income Tax Collection Hits N2.47tn, Up 150% in Q2 2024
Foreign Portfolio Investment - Equities	49.37	10.83	355.7%	-77.79%	NAICOM Seeks NGF Collaboration in Deepening Insurance Penetration
Bonds	420.81	67.16	526.61%	39.77%	Financial sector grew by 30% – FG
Money Market	1605.41	231.78	592.7%	1175.19%	SEC approves Japaul's N20bn capital raise
Foreign Direct Investment	119.18	183.97	-35.22%	150.35%	Banks grow digital channels transactions to N600tn – Report
Monetary Policy Rates (%) (July 2024)					
	Latest	Prior		CHG (%)	CBN Raises N9.27tn via NTBs as Investors Seek Longer Maturities, Higher Returns
MPR	26.75%	26.25%		0.5%	BUA Boss: Despite Energy Costs, Cement Price Cheapest in Nigeria
Cash Reserve Ratio (CRR)	45%	45%		0.0%	FG, Chinese firms sign power, water supply MoU
Liquidity Ratio	30%	30%		0.0%	GTB emerges best bank in CSR
Source: CBN, NBS, FMDQ, ARM Research					
\$1bn Kogi steel project will revamp sector – FG					

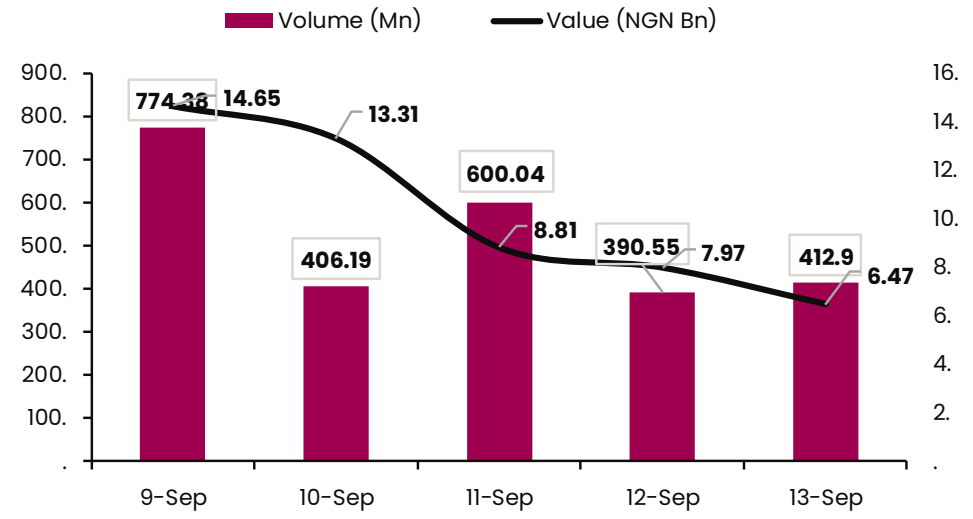


Weekly Equities Market Snapshot

Friday, September 13, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
CAVERTON	2.54	59.7%	2.54	1.25	41.9%	LEARNAFRCA	3.62	-22.2%	4.13	2.49	13.5%
RTBRISCOE	3.65	42.0%	4.33	0.38	498.4%	JBERGER	140.00	-17.9%	172.60	30.85	225.6%
FBNH	29.00	31.5%	43.95	15.90	23.1%	PZ	15.65	-17.6%	40.00	15.65	-41.4%
ETRANZACT	8.00	30.1%	9.45	4.50	32.2%	DAARCOMM	0.65	-12.2%	1.29	0.21	-27.8%
BERGER	23.95	27.7%	23.95	10.55	84.2%	SOVRENINS	0.64	-11.1%	0.79	0.31	128.6%
FLOURMILL	54.50	22.5%	54.50	28.15	64.9%	NNFM	43.50	-9.9%	53.65	13.50	-4.4%
ABCTRANS	0.90	15.4%	1.00	0.57	11.1%	ACADEMY	2.63	-9.9%	3.02	1.67	35.6%
FTNCOCOA	1.74	15.2%	2.42	1.07	17.6%	SKYAVN	24.00	-8.9%	27.15	20.40	380.0%
LIVESTOCK	2.60	15.0%	2.68	1.30	40.5%	OMATEK	0.69	-4.2%	1.15	0.36	-9.2%
CUSTODIAN	13.00	15.0%	14.75	6.95	44.4%	SUNUASSUR	1.24	-3.9%	2.25	0.78	327.6%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	97,456.62	1.06%	0.91%	-2.60%	30.34%
Market Cap	56.trn	1.10%	0.94%	-1.06%	36.87%
NGX Banking	900.07	5.12%	5.00%	8.42%	0.32%
NGX Industrial	1,579.33	0.17%	0.00%	-17.92%	42.12%
NGX Consumer	900.07	1.47%	0.28%	-0.14%	40.85%
NGX Oil & Gas	1,927.23	2.00%	3.55%	33.77%	84.77%
NGX Insurance	1,579.33	1.59%	-2.93%	5.42%	28.00%



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)	31.20%	31.70%	-0.50%	27-Aug-24	Nil	Nil	21.87%	27-Aug-24	Nil	Nil	758.00			
Open Repo Rate (OPR)	31.73%	31.25%	0.48%	28-Jun-24	Nil	Nil	22.48%	28-Jun-24	Nil	1.00	985.88			
NIBOR - 1M	31.88%	31.66%	0.22%	19-Jun-24	Nil	19.48%	22.30%	19-Jun-24	10.00	16.00	487.95			
NIBOR - 3M	31.87%	31.66%	0.21%	4-Jun-24	18.74%	19.59%	22.33%	04-Jun-24	10.00	5.65	1142.56			
NIBOR - 6M	31.88%	21.60%	10.28%	29-May-24	0.00%	19.64%	22.34%	29-May-24	20.50	1.00	239.15			
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day			
1-month	16.81%	17.46%	-0.65%	11-Sep-24	16.63%	17.00%	18.59%	11-Sep-24	10.84	2.52	539.21			
3-month	17.77%	17.99%	-0.22%	4-Sep-24	17.00%	17.50%	18.94%	4-Sep-24	7.86	1.99	223.46			
6-month	20.64%	19.60%	1.04%	22-Aug-24	18.20%	19.20%	20.90%	22-Aug-24	13.14	6.4	258.42			
9-month	21.37%	21.04%	0.33%	7-Aug-24	18.50%	19.50%	21.89%	7-Aug-24	28.47	9.16	169.64			
12-month	22.42%	21.76%	0.66%	24-Jul-24	18.50%	19.50%	22.10%	24-Jul-24	28.15	36.44	219.67			
FGN Bonds (Local)				FGN Bonds	Apr-29	Feb-31	May-33	Feb-34	FGN Bonds	Mar-27	Apr-29	Feb-31	May-33	Feb-34
13.53% 23-MAR-2025	21.52%	20.05%	1.47%	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	19.15%	19.07%	0.08%	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	19.13%	19.11%	0.02%	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%	18.77%	0.00%	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	17.71%	17.70%	0.01%	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%	Corporate Bonds										
					This Week	Prior Week	WoW (%)							
FGN Eurobonds				ACCESS 15.50% 23-JUL-2026	23.67%	22.90%	0.77%							
7.625 21-NOV-2025	7.83%	7.83%	0.00%	VIATHAN 16.00% 14-DEC-2027	20.06%	20.06%	0.00%							
6.50% 28-Nov-2027	9.21%	9.26%	-0.05%	UNION 16.20% 27-JUN-2029	22.96%	22.88%	0.08%							
7.875% 16-FEB-2032	10.32%	10.25%	0.07%	FIDELITY 8.50% 7-JAN-2031	20.87%	20.41%	0.46%							
7.625% 28-Nov-2047	10.64%	10.60%	0.04%	MTN COM PLC 12.75 II 4-NOV-2031	20.87%	20.43%	0.44%							

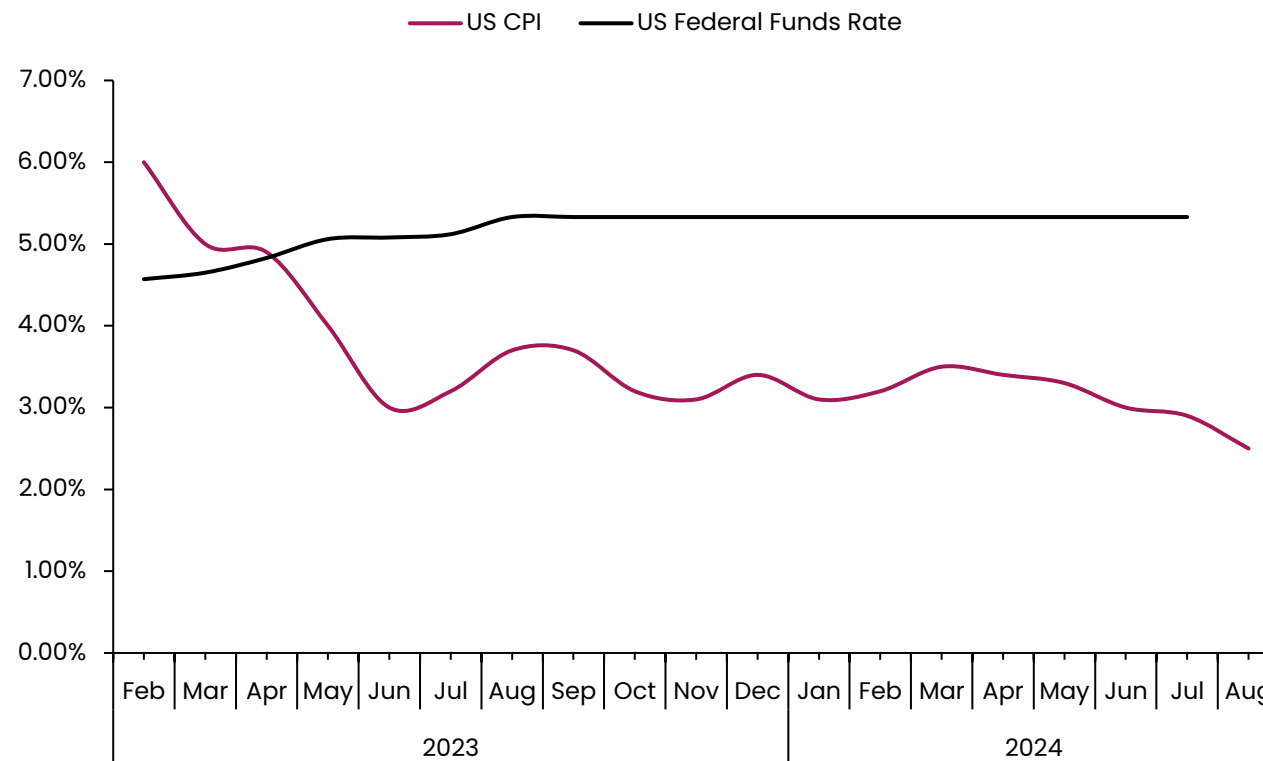
Source: DMO, CBN,FMDQ, ARM Research



US Inflation Eases, Fed Rate Cut Looms

The Bureau of Labor statistics (BLS) August 2024 consumer price index report indicates that inflationary pressures are abating. Headline inflation increased by 2.50% Year-on-Year (YoY) compared to 2.90% YoY in July 2024, underscoring its smallest increase since Feb 2021. Core inflation which excludes volatile food and energy prices, continues to be the main driver of inflation, rising by 3.2%YoY, unchanged from July 2024. This is largely due to a significant increase in shelter costs (up 5.2% YoY) accounting for over 70% of the overall rise. On a month-to-month basis (MoM), headline inflation edged up by 0.2% unchanged from July. This increase was primarily driven by rising shelter costs (+0.5% MoM). The US Fed have maintained its benchmark overnight interest rate in the current 5.25%-5.50% range for a year. However, with inflation cooling as well as labor market cooling and unemployment reaching a high of 4.2%, we anticipate that the US Fed will adopt a dovish monetary policy at its meeting this month. According to the CME Fed Watch tool, markets are currently anticipating a 57.0% probability of the first rate cut at the Fed September meeting.

Trend Analysis of US Inflation and Interest rates



Source: BLS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	35.00	30.90	-11.71%	SELL
FLOUR MILLS NIG. PLC.	54.50	36.00	-33.94%	SELL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	19.25	25.47	32.31%	STRONG BUY
FBN HOLDINGS PLC	29.00	29.95	3.28%	NEUTRAL
GUARANTY TRUST HOLDING COMPANY PLC	46.00	59.44	29.22%	STRONG BUY
UNITED BANK FOR AFRICA PLC	23.70	29.57	24.77%	STRONG BUY
ZENITH BANK PLC	38.00	46.60	22.63%	STRONG BUY
FIDELITY BANK PLC	10.95	14.29	30.50%	BUY
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	2200.00	2364.54	7.48%	NEUTRAL
MTN NIGERIA COMMUNICATIONS PLC	192.20	191.16	-0.54%	UNDERWEIGHT
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	113.90	94.86	-16.72%	SELL
DANGOTE CEMENT PLC	532.00	424.18	-20.27%	SELL
LAFARGE AFRICA PLC (WAPCO)	37.45	49.61	32.47%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	3730.10	4,064.00	8.95%	NEUTRAL
TOTALENERGIES MARKETING NIGERIA PLC	673.90	516.24	-23.40%	SELL

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
Redstar Express Plc	12-Sep-24				NGN0.27	2024FY			
Guaranty Trust Holding Company Plc	11-Sep-24				NGN1.00	H1:2024	7-Oct-24	17-Sep-24	25-Sep-24

Source: NGX, ARM Research



Thank You





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