



Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N28.43tn/\$61.6bn
All Share Index : 52,214.62
YTD : +1.88

Overview

- Market activities for the week ended Friday, May 12 2023 closed bearish. The bulls took control in the early stages of the week before the bears regvanized themselves to close out the week in a downward trajectory. As a result, the NGX ASI decreased by 0.48% w/w to close at 52,214.62. The negative sentiment for the week was driven by the downturn in Industrial Index (-3.36%) and Banking Index (-0.99%) whilst Oil & Gas Index (+5.20%), Insurance Index (+1.20) and Consumer Index (+0.89%) were positive.

Gainers & Losers preview

- On the individual stock level, CWG PLC (+56.82% w/w) led the field for the bulls whilst ARDOVA (+37.50% w/w), TRANSCORP (+33.51% w/w), MULTIVERSE (+32.90% w/w) and MRS (+20.75%, w/w) played the supporting cast that sustained the market. On the flipside, CILEASING (-19.60% w/w), ACCESSCORP (-12.00% w/w), ROYALEX (-11.48% w/w), BUACEMENT (-8.02% w/w) and UNITYBANK (-7.41%, w/w) dragged the market. Hence, to close the week, the year-to-date (YTD) return decreased to +1.88%, whilst the market capitalization lost N139bn week on week to close at N28.431trn.

Market Event and Prospect for the week

- Market Event for the week

Inflation vs Equities market

The Consumer Price Index (CPI) which measures inflation rose to 22.22% year on year and 0.18% percentage point increase compared to March 2023 headline inflation rate. The CBN through the monetary policy has been on a hiking spree with the benchmark interest rate (18%) in order to arrest inflation. However, constraints such as forex scarcity, shortfall in oil production, insecurity in addition to external shocks such as Russia-Ukraine war et al have contributed to the upsurge in inflation.

Case for Equities Market

Whilst the NGX ASI YTD (+2.25%) may lag behind the inflation rate (-4.12%), the consumer goods sector posted a dominant +25% YTD as at April 28, 2023 (+26.14, May 12, 2023) performance to serve as an outlet for potential investors seeking to beat inflation.

Interest rate hike in US and UK vs Foreign Participation in Equities

The recent hike in Interest rates in the United States and the United Kingdom is expected to have a negative impact on the equities market in Nigeria. Experts predict that the high interest rates in developed countries may attract portfolio investors who seek security and stability for their investments. The Federal Reserve unanimously decided to raise the interest rates to 5.15% (10th increase in over a year), whilst the Bank of England also raised interest rates to 4.5% (for a record breaking 12th

Key Market Data

INDEX	Week Ended 05/05/2023	Week Ended 12/05/2023	Week to date	Year to date
All Share Index	52,465.31	52,214.62	- 0.48	2.37
NGX Banking	460.96	456.40	- 0.99	10.41
NGX Consumer Goods Index	736.31	742.89	0.89	25.03
NGX Industrial Index	2,449.39	2,367.13	- 3.36	1.92
NGX Insurance Index	190.06	192.35	1.20	9.00
NGX Oil & Gas	527.76	555.22	5.20	14.12
NGX Pension Index	1,945.89	1,966.41	1.05	8.55

Source: Securities Africa Research, NGX

Top 10 Advancers

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
CWG PLC	1.32	2.07	56.82	CILEASING	3.98	3.20	-19.60
ARDOVA	19.20	26.40	37.50	ACCESSCORP	11.25	9.90	-12.00
TRANSCORP	1.94	2.59	33.51	ROYALEX	0.61	0.54	-11.48
MULTIVERSE	3.10	4.12	32.90	SUNUASSUR	0.54	0.49	-9.26
SOVRENINS	0.33	0.42	27.27	BUACEMENT	97.85	90.00	-8.02
NCR	2.12	2.56	20.75	UNITY	0.54	0.50	-7.41
MRS	27.95	33.75	20.75	COURTVILLE	0.46	0.43	-6.52
REDSTAR	2.41	2.90	20.33	NPFMCRFBK	1.70	1.61	-5.29
ABC	0.34	0.40	17.65	WEMA	4.43	4.20	-5.19
MCNICHOLS	0.65	0.75	15.38	PRESTIGE	0.39	0.37	-5.13

Source: NGX

INFLATION VS EQUITY MARKET

	Open	Close	April 2023 YTD
Inflation	21.34	22.22	4.12
ASI	51,251.06	52,403.51	2.25

DOMESTIC AND FOREIGN INVESTMENT (EQUITIES)

Period	TOTAL	FOREIGN (N'bn)	%	LOCAL (N'bn)	%
Jan-23	195.10	24.90	12.76	170.20	87.24
Feb-23	188.91	19.62	10.39	169.29	89.61
Mar-23	146.22	9.19	6.29	137.03	93.71
2023 YTD	530.23	53.71	10.13	476.52	89.87
2022 YTD	692.20	128.91	18.62	563.29	81.38

consecutive time. Data from NGX already show a declining participation from foreign investors since the turn of the year in 2023. Figures in March shows that foreign investor's transactions only amounted to 6.29% of trades in equities dropping from 12.76% in Jan 2023.

Experts believe that with the right policy changes and a smooth transition of the new government, Nigeria will become more attractive to foreign investors.

■ Prospect for the week

We expect a mixed sentiment in the market this week as the battle for dividend qualification wanes, reactions to Q1 results take prominence and anticipation for the transition for the new government begins.

■ NGX eyes increased FGN Savings bond participation

With the outgoing government successfully discouraging investors from the treasury bills market, efforts to strengthen investor participation in Savings Bond issue is taking prominence.

The Savings Bond is issued by the Debt Management office on behalf of the Federal Government of Nigeria. The mandate is to help enhance the savings culture among Nigerians. FGN Savings Bond is safe and backed by the full faith and credit of the Federal Government of Nigeria, with quarterly coupon payments to bondholders.

The NGX is organising a webinar on May 25, 2023 aimed at deepening the savings culture among retail investors and reduce the barrier to contributing to National development for all Nigerians irrespective of income level.

Recommendation

Below you will find the stocks earmarked for the week. These recommendations serve as a guide to investors for this week.

STOCKS	Last Price	Current Price	WoW% Change	YTD% Change	Recommendation
NAHCO	12.80	13.30	3.91	107.81	BUY
GTCO	24.05	24.25	0.83	5.43	BUY
ACCESSCORP	10.10	9.90	-1.98	16.47	BUY
MTNN	228.90	229.00	0.04	6.51	BUY
FLOURMILLS	31.00	31.10	0.32	9.51	BUY
TRANSCORP	1.94	2.59	33.51	129.20	SELL
NGX	25.75	27.00	4.85	7.78	BUY
ZENITH	24.05	24.00	-0.21	0.00	BUY
FIDELITYBK	5.79	5.79	0.00	33.10	BUY
ARDOVA	19.20	26.40	37.50	43.48	SELL

Q1 RESULTS									
Metric	AIRTEL			BUAFOODS			WAPCO		
	MAR-23 N'bn	MAR-22 N'bn	Change %	MAR-23 N'bn	MAR-22 N'bn	Change %	MAR-23 N'm	MAR-22 N'm	Change %
Revenue	5,255.00	4,714.00	11.48	144.30	90.10	60.16	91.82	90.60	1.35
Operating Profit	1,757.00	1,535.00	14.46	48.10	26.50	81.51	22.24	22.06	0.82
PAT	750.00	755.00	-0.66	40.40	22.80	77.19	14.93	17.60	-15.17
EPS	17.70	16.80	5.36	2.25	1.27	77.17	5.95	6.14	-3.09
EBITDA	2,575.00	2,311.00	11.42			#DIV/0!	22.24	22.06	0.82
Operating Free Cash	1,827.00	1,653.00	10.39			#DIV/0!	-4,839.00	-5,113.00	-129.12

Q1 RESULTS									
Metric	FLOURMILLS			NESTLE			FIDELITY		
	MAR-23 N'bn	MAR-22 N'bn	Change %	MAR-23 N'bn	MAR-22 N'bn	Change %	MAR-23 N'm	MAR-22 N'm	Change %
Revenue	393.39	302.15	30.20	127.97	110.23	16.09	101.14	71.33	41.79
Operating Profit	21.58	16.38	31.75	28.65	26.40	8.52	66.99	40.16	66.81
PAT	6.56	9.77	-32.86	16.21	17.98	-9.84	15.60	9.50	64.21
EPS	0.90	1.57	-42.68	20.45	22.68	-9.83	0.54	0.33	63.64
EBITDA			#DIV/0!			#DIV/0!	68.57	41.85	63.85
Operating Free Cash flow			#DIV/0!	-24.87	-10.02	148.20	46.90	174.54	-73.13

NASD OVERVIEW FOR THE PAST WEEK

Below is a snap shot of what transpired in the National Association of Securities Dealers (NASD) market for the week ended May 12, 2023.

NASD Market News

MARKET SNAPSHOT	Week 19	Week 18	% Change
NASD Securities Index	724.26	726.02	-0.24
Market Capitalization (NTn)	1	1	0.00
Total Volume Traded	23,497,433.00	12,761,546.00	84.13
Total Value Traded	126,805,187.10	20,990,563.00	504.11
Number of Deals	50	40	25.00

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDUBNPROP	0.94	0.86	9.30
SDCSCSPLC	14.4	13.2	9.09
SDAFRILAND	2.4	2.3	4.35
SDGEFLUID	2.58	2.5	3.20
WEEK DECLINERS			
SDFWAMCO	69.92	73.97	-5.48
SD11PLC	127.49	131.50	-3.05

Source: Proshare NASD

YTD OVERVIEW	
TOTAL VOLUME	1,680,298,450.00
TOTAL VALUE	4,471,137,460.72
NUMBER OF DEALS	1,118.00

Source: Proshare

FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	463.50	0.14	12/05/2023
Close	462.33	-0.09	12/05/2023
NAFEX	463.34		12/05/2023
MPR	18%		
INFLATION	22.04%		31/03/2023
	30 April 2023	31 March 2023	
GROSS EXTERNAL RESERVES (USD'bn)	35.3	35.05	0.71

Source: Securities Africa Research , NGX

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