



Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N28.42tn/\$61.57bn
All Share Index : 52,187.93
YTD : +1.83

Overview

- Market activities for the week ended Friday, May 19 2023 closed bearish. The bulls were first out of the blocks last week before the bears resurfaced to close out the week in a downward trajectory. As a result, the NGX ASI decreased by 0.05% w/w to close at 52,187.93. The negative sentiment for the week was driven by the downturn in Oil & Gas Index (-1.67%) and Industrial Index (-0.03%), whilst the Insurance Index (+5.20), Banking Index (+2.88%) and Consumer Index (+1.86%) were positive.

Gainers & Losers preview

- On the individual stock level, CWG PLC (-25.60% w/w) led the field for the bears whilst ARDOVA (-23.67% w/w), HONYFLOUR (-9.67% w/w), FIDELITY (-6.46% w/w) and AIRTEL AFRICA (-6.00%, w/w) dragged the market. On the flipside, FTN COCOA (+37.50% w/w), IKEJAHOTEL (+30.13% w/w), PZ (+28.00% w/w), CADBURY (+21.32% w/w) and NB (+18.38%, w/w) sustained the market. Hence, to close the week, the year-to-date (YTD) return decreased to +1.83%, whilst the market capitalization lost N14bn week on week to close at N28.417trn.

Market Event and Prospect for the week

Market Event for the week

Monetary Policy Committee 2nd Quarter 2023 Meeting

The MPC meeting is scheduled to take place on May 23rd and 24th 2023 amid the upsurge in Inflation. Nigeria's inflation reached a new high of 22.22% in April 2023, the highest level since September 2005 (23.8%). The CBN's attempt to curb excess liquidity and attract foreign investors by hiking the benchmark rate four times since March 2022 (from 11.5% to 14%) has not been effective so far.

Experts are predicting a possible increment in the benchmark rate by another 25 or 50 basis point to maintain price stability.

Implication for Equities Market

An increase in the benchmark interest rate is not always good news for the equities market. The inverse relationship between Interest rates and Bond prices means that funds will likely migrate to the fixed income space in search of higher returns. However, the consumer goods sector in the equities market houses companies who stand to gain from inflation. The consumer goods sector posted a dominant **+28.49%** YTD as at May 19, 2023 in contrast to Inflation **(-4.12%, YTD)**, although the NGX ASI lags behind **(+1.83%)**. Stocks like PZ **(+40.97%)**, Cadbury **(+38.66)** NASCON **(+26.13)**, Dangsugar **(+16.51%)**, and Unilever **(+13.36)** are the pick of the bunch.

Key Market Data

INDEX	Week Ended 12/05/2023	Week Ended 19/05/2023	Week to date	Year to date
All Share Index	52,214.62	52,187.93	- 0.05	1.83
NGX Banking	456.40	469.55	2.88	12.47
NGX Consumer Goods Index	742.89	756.74	1.86	28.49
NGX Industrial Index	2,367.13	2,366.39	- 0.03	- 1.53
NGX Insurance Index	192.35	202.36	5.20	16.06
NGX Oil & Gas	555.22	545.94	- 1.67	18.05

Source: Securities Africa Research, NGX

Top 10 Advancers

Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
FTN COCOA	0.32	0.44	37.50	CWG	2.07	1.54	-25.60
IKEJA HOTEL	1.56	2.03	30.13	ARDOVA	26.40	20.15	-23.67
PZ	12.50	16.00	28.00	MAY & BAKER	4.45	4.00	-10.11
LIVESTOCK	1.02	1.30	27.45	HONEYFLOUR	3.00	2.71	-9.67
CORNERSTONE	0.65	0.80	23.08	MCNICHOLS	0.75	0.68	-9.33
CADBURY	13.60	16.50	21.32	CHIPLC	0.68	0.62	-8.82
MRS	33.75	40.80	20.89	ACADEMY	1.67	1.53	-8.38
NCR	2.56	3.09	20.70	FIDELITYBANK	5.88	5.50	-6.46
NB	32.10	38.00	18.38	CHAMPION	4.20	3.93	-6.43
MANSARD	2.51	2.94	17.13	AIRTELAFRICA	1250.00	1175.00	-6.00

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

CONSUMER GOODS

STOCKS	Price DEC 30, 2022	Price MAY 19, 2023	YTD% Change
PZ CUSSONS	11.35	16.00	40.97
CADBURY	11.90	16.50	38.66
NASCON	11.10	14.00	26.13
DANGSUGAR	16.05	18.70	16.51
UNILEVER	11.60	13.15	13.36

Commissioning of Dangote Refinery

President Muhammadu Buhari will today commission the 650,000 barrels per day Dangote refinery in Lagos. This inauguration is highly anticipated as Nigerians expect the refinery to solve the persistent issue of importation of refined crude oil and the lingering negative consequences it has been having over the years for the economy.

The government pins its hopes of ending fuel imports and fuel subsidy largely on the completion of the Dangote refinery. Subsidy payments increased from N351bn in 2005 to N4.39 trillion in 2022, while N3.6trn was earmarked to fund fuel subsidy for the first six months in 2023.

In the short to medium term, we expect the commencement of operations by Dangote refinery to free funds for the incoming government to focus on other productive areas of the economy that will boost overall economy and market activities.

■ Prospect for the week

We expect a bullish sentiment in the market this week as investors hunt for stocks that are currently trading below their mean whilst keeping an eye on the MPC meeting.

■ 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 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	52Week High	52Week Low	Dividend Yield	P/E RATIO	Earnings Per Share	Recommendation	
INDUSTRIAL SECTOR											
DANGOTE CEMENT PLC	270.00	270.00	-	3.45	297.00	220.00	7.41	11.94	22.27	BUY	
BUA CEMENT PLC	90.00	117.00	30.00	19.69	117.00	49.50	2.89	30.20	2.98	HOLD	
BETA GLASS PLC	39.60	39.60	-	-	52.12	39.60	5.56	3.62	1.07		
LAFARGE AFRICA PLC	24.65	24.45	-	0.81	1.88	30.00	12.24	7.89	3.33	HOLD	
TELECOMMUNICATION SECTOR											
MTN NIGERIA COMMUNICATIONS P	229.00	229.00	-	6.51	270.00	185.00	6.84	12.85	17.79	BUY	
AIRTEL AFRICA PLC	1250.00	1175.00	-	6.00	28.13	2,040.00	1.87			BUY	
CONSUMER GOODS SECTOR											
NESTLE NIGERIA PLC	1043.80	1043.80	-	5.11	1,401.40	963.90	6.21	17.53	61.77	HOLD	
NIGERIAN BREWERIES PLC	32.10	38.00	18.38	-	7.32	55.44	4.13		1.58	BUY	
DANGOTE SUGAR REFINERY PLC	18.90	18.70	-	1.06	16.51	20.95	15.00	7.89	3.91	4.51	HOLD
INTERNATIONAL BREWERIES	4.45	4.60	3.37	-	2.13	8.60	4.00	-	-	0.81	
FLOUR MILLS NIGERIA PLC	31.10	31.00	-	0.32	9.15	40.75	27.00		6.08	6.26	HOLD
UNILEVER NIGERIA PLC	13.10	13.15	0.38	13.36	15.50	9.80	-	13.79	21.47	BUY	
HONEYWELL FLOUR MILL PLC	3.00	2.71	-	9.67	15.81	3.83	1.94	2.43		0.98	
PZ CUSSONS NIGERIA PLC	12.50	16.00	28.00	40.97	14.00	8.05	0.08	4.48	7.81	BUY	
CHAMPION BREWERIES PLC	4.20	3.93	-	6.43	-	28.55	5.55	3.00	34.15	3.65	
GUINNESS NIGERIA PLC	70.00	70.00	-	1.01	92.70	54.45	65.71	24.62	0.78	HOLD	
NASCOF ALLIED INDUSTRIES PLC	14.60	14.00	-	4.11	26.13	14.60	9.50	6.99	5.75	0.19	HOLD
VITAFOAM NIGERIA PLC	18.40	20.15	9.51	-	1.47	23.60	16.85			0.12	HOLD
CADBURY NIGERIA PLC	13.60	16.50	21.32	38.66	17.70	10.20	-	9.16	1.08	BUY	
BANKING SECTOR											
GUARANTY TRUST HOLDING CO PL	24.25	26.60	9.69	15.65	27.05	16.80	11.49	4.01	5.95	BUY	
ZENITH BANK PLC	24.00	26.00	8.33	8.33	27.00	18.90	12.72	3.41	7.14	BUY	
STANBIC IBTC HOLDINGS PLC	37.60	37.50	-	0.27	12.11	41.70	27.50	6.67	4.89	6.05	HOLD
FBN HOLDINGS PLC	12.05	12.50	3.73	14.68	12.40	8.20	3.70	2.18	4.17	SELL	
ACCESS HOLDINGS PLC	9.90	10.20	3.03	20.00	11.70	7.50	10.25	2.04	4.54	BUY	
UNITED BANK FOR AFRICA PLC	8.25	8.35	1.21	9.87	8.90	6.55	14.94	1.68	4.84	HOLD	
ECOBANK TRANSNATIONAL INC	12.00	12.30	2.50	16.04	13.00	9.50	4.13	2.28	0.01	HOLD	
UNION BANK NIGERIA PLC	7.00	7.00	-	9.38	7.70	5.00	6.96	5.89	1.00	SELL	
FIDELITY BANK/NIGERIA	5.70	5.50	-	3.51	26.44	6.03	2.87	-	3.01	7.15	BUY
STERLING BANK	1.77	1.75	-	1.13		1.84	1.32			0.26	
FCMB GROUP PLC	4.07	4.15	1.97	7.79	5.00	2.92	6.25	2.32	3.04	BUY	
WEMA BANK PLC	4.20	4.00	-	4.76	2.56	4.43	3.85		2.95	2.06	HOLD
JAIZ BANK PLC	0.95	0.97	2.11	5.43	1.04	0.68	-	4.55	1.50	HOLD	
OIL & GAS SECTOR											
SEPLAT ENERGY PLC	1175.00	1175.00	-	6.82	1,430.00	1,050.00	5.21	14.33	0.11	HOLD	
ARDOVA PLC (MRF)	26.40	20.15	-	23.67	9.51	26.40	12.00			0.29	
OANDO PLC	6.10	5.90	-	3.28	50.51	6.35	3.53	-	2.01	48.40	
TOTALENERGIES MARKETING NIGE	217.50	217.50	-	12.69	224.00	197.00	11.49	4.55	1.63	HOLD	
INSURANCE SECTOR											
N.E.M. INSUR CO (NIG) PLC	4.55	4.48	-	1.54	0.44	5.65	3.13	6.59	3.20	0.20	SELL
CUSTODIAN AND ALLIED INSURAN	5.95	6.00	0.84	0.84	7.50	5.35	8.33	3.31	1.61	HOLD	
AXA MANSARD INSURANCE PLC	2.51	2.94	17.13	47.00	2.77	1.50	12.30	5.06	0.20	SELL	
AIICO INSURANCE PLC	0.59	0.58	-	1.69	1.69	0.79	0.52	5.36	2.13	0.12	HOLD
AGRICULTURE SECTOR											
OKOMU OIL PALM PLC	171.50	171.50	-	3.94	216.90	157.00		10.17	17.02		
PRESCO PLC	150.80	147.00	-	2.52	6.91	183.00	110.00	1.36	7.59	0.59	HOLD
CONGLOMERATE SECTOR											
TRANSNATIONAL CORP OF NIGERI	2.59	2.64	1.93	133.63	3.24	0.90		17.50	1.81	SELL	
UAC OF NIGERIA PLC	8.40	8.40	-	18.05	14.40	7.90	-		0.35	HOLD	
FINANCIAL SERVICES SECTOR											
UNITED CAPITAL AFRICA LTD	13.00	13.00	-	7.14	15.60	9.00	11.41	8.06	1.56	HOLD	
NIGERIAN EXCHANGE GROUP PLC	27.00	26.25	-	2.78	4.79	30.25	17.00	-	62.20	4.94	BUY
CONSTRUCTION SECTOR											
JULIUS BERGER NIGERIA PLC	28.50	31.00	8.77	26.53	31.00	21.15		7.30	0.65	SELL	

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 19, 2023.

NASD Market News

MARKET SNAPSHOT	Week 20	Week 19 % Change
NASD Securities Index	715.9	724.26 -1.15
Market Capitalization (NTn)	0.99	1 -1.00
Total Volume Traded	9,072,150.00	23,497,433.00 -61.39
Total Value Traded	553,565,226.14	126,805,187.10 336.55
Number of Deals	70	50 40.00

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDNDEP	231	210.56	9.71
SDGEFLUID	2.8	2.58	8.53
SDAFRILAND	2.5	2.4	4.17
WEEK DECLINERS			
SD11PLC	115.00	127.49	-9.80
SDCSCSPLC	13.56	14.44	-6.09
SDFCWAMCO	66.00	69.62	-5.20

Source: Proshare NASD

YTD OVERVIEW	
TOTAL VOLUME	1,689,370,600.00
TOTAL VALUE	5,024,702,676.86
NUMBER OF DEALS	1,188.00

Source: Proshare

FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	463.25	-0.09	19/05/2023
Close	463.00	0.00	19/05/2023
NAFEX	465.07		18/05/2023
MPR	18%		
INFLATION	22.22%		30/04/2023
	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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