



Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N28.84tn/\$79.79bn
All Share Index : 52,973.88
YTD : +3.36

Overview

- Market activities for the week ended Friday, May 26 2023 closed bullish. The bulls were on top last week with the bears unable to prevent the week ending in an upward trajectory. As a result, the NGX ASI increased by 1.51% w/w to close at 52,973.88. The positive sentiment for the week was driven by the upturn in Banking Index (+5.63%), Insurance Index (+3.59), Oil & Gas Index (+3.24%) and Consumer Index (+3.10%) whilst the Industrial Index (-0.70%) was bearish.

Gainers & Losers preview

- On the individual stock level, FTN COCOA (+54.55%, w/w), CHAMS (+36.67%, w/w), IKEJAHOTEL (+18.23% w/w), TRANSCORP (+16.29% w/w) and UACN (+15.48% w/w), sustained the market. On the flipside, SOVERENINS (-20.00%, w/w) led the field for the bears whilst ARDOVA (-13.90% w/w), OANDO (-5.08%, w/w), ETI (-2.44% w/w), BUACEMENT (-2.22%, w/w) and ETERNA (-2.10%, w/w) dragged the market. Hence, to close the week, the year-to-date (YTD) return increased to +3.36%, whilst the market capitalization gained N428bn week on week to close at N28.845trn.

Market Event and Prospect for the week

Market Event for the week

Key Notes from the Inauguration Of New President – Bola Ahmed Tinubu

Subsidy is Gone!!!

The President stated that there was no provision for subsidy in the national budget from June 2023 and therefore, subsidy stands removed. He stated that funds will be re-channelled into better investment in public infrastructure, education, health care and jobs that will improve millions of lives.

Nigeria, according to a report in February 2023, currently spends over N400 billion monthly on petroleum subsidy.

The Economy

GDP - The new President stated his government will target a 6% annual Gross Domestic Product growth rate. He stated that his government will achieve this through budget reforms, full range of domestic manufacturing and lessen import dependency.

The current GDP figures saw a growth of +2.31% (Y-o-Y) in Q1 2023, compared to +3.52% in Q4 2022 and +3.11% in the comparative year (2022).

Foreign Investment – The President said his government intends to review all investors' complaints about multiple taxation and various anti-investment inhibitions. He also stated that his government will ensure

Key Market Data

INDEX	Week Ended 19/05/2023	Week Ended 26/05/2023	Week to date	Year to date
All Share Index	52,187.93	52,973.88	1.51	3.36
NGX Banking	469.55	495.99	5.63	18.80
NGX Consumer Goods Index	756.74	780.21	3.10	32.48
NGX Industrial Index	2,366.39	2,349.92	-0.70	-2.22
NGX Insurance Index	202.36	209.62	3.59	16.06
NGX Oil & Gas	545.94	563.65	3.24	20.22

Source: Securities Africa Research, NGX

Top 10 Advancers

STOCKS	Open	Close	%	STOCKS	Open	Close	% Change
FTN COCOA	0.44	0.68	54.55	SOVERENINS	0.45	0.36	-20.00
RT BRISCOE	0.27	0.38	40.74	CHELLARAMS	1.81	1.47	-18.78
CHAMS	0.30	0.41	36.67	ARDOVA	20.15	17.35	-13.90
TRIPPLE G	2.95	3.90	32.20	ROYALEX	0.52	0.48	-7.69
UNIVERSITY PRESS	1.80	2.25	25.00	NEIMETH	1.59	1.39	-12.58
GLAXOSMITH	6.40	7.60	18.75	OANDO	5.90	5.60	-5.08
IKEJAHOTEL	2.03	2.40	18.23	UPDC REIT	3.35	3.20	-4.48
TRANSCORP	2.64	3.07	16.29	ETI	12.30	12.00	-2.44
UACN	8.40	9.70	15.48	BUACEMENT	90.00	88.00	-2.22
LASACO	1.28	1.47	14.84	ETERNA	7.15	7.00	-2.10

Source: NGX

Top Decliners

that investors and foreign businesses repatriate their hard earned dividends and profit home.

The figures from NGX showed a decrease in foreign participation from 12.76% in Jan 2023 to 9.19% in March 2023.

Monetary Policy

The President categorically stated that the monetary policy needs thorough housecleaning. He stated that the Central Bank of Nigeria (CBN) must work towards a unified exchange rate that will direct funds from arbitrage into meaningful investments.

Interest rates – On interest rates, the president stated that the rate needs to reduce to increase investments and consumer purchasing in ways that will sustain the economy at large.

The CBN had earlier stated that past hikes in the benchmark rate has been effective in containing inflation. For Instance, the CBN governor indicated that Inflation would have hit 30.48% in April 2023 if the interest rate had not been increased to 18%.

Implication for Equities Market

The points made by the new President Bola Tinubu are a summary of what afflicts the capital market and economy at large. However, historically, successive Nigerian governments have failed to act on their initial manifesto/intention/proposed policies overtime. The failure to act on these policies has hindered the growth of the capital market and economy at large.

As the new President takes his seat and sets up his cabinet, the capital market awaits the actualization of their vision, which if carried out successfully, is expected to strengthen and broaden the horizon of the market.

■ Prospect for the week

We expect a bullish sentiment in the market this week as investors react to the new government's favourable intentions for the growth of the market.

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	88.00	- 2.22	- 9.97	117.00	49.50	2.89	30.20	2.98	BUY
BETA GLASS PLC	39.60	39.60	-	-	52.12	39.60	5.56	3.62	-	1.07
LAFARGE AFRICA PLC	24.45	25.30	3.48	5.42	30.00	20.10	12.24	7.89	3.33	HOLD
TELECOMMUNICATION SECTOR										
MTN NIGERIA COMMUNICATIONS P	229.00	232.50	1.53	8.14	270.00	185.00	6.84	12.85	17.79	BUY
AIRTEL AFRICA PLC	1175.00	1175.00	-	- 28.13	2,040.00	1,198.00	1.87			BUY
CONSUMER GOODS SECTOR										
NESTLE NIGERIA PLC	1043.80	1148.00	9.98	4.36	1,401.40	963.90	6.21	17.53	61.77	HOLD
NIGERIAN BREWERIES PLC	38.00	38.50	1.32	- 6.10	55.44	28.80	4.13		1.58	BUY
DANGOTE SUGAR REFINERY PLC	18.70	20.00	6.95	24.61	20.95	15.00	7.89	3.91	4.51	HOLD
INTERNATIONAL BREWERIES	4.60	4.90	6.52	4.26	8.60	4.00	-	-	0.81	
FLOUR MILLS NIGERIA PLC	31.00	31.30	0.97	10.21	40.75	27.00		6.08	6.26	HOLD
UNILEVER NIGERIA PLC	13.15	13.15	-	13.36	15.50	9.80	-	13.79	21.47	BUY
HONEYWELL FLOUR MILL PLC	2.71	3.04	12.18	29.91	3.83	1.94	2.43		0.98	
PZ CUSSONS NIGERIA PLC	16.00	16.90	5.62	48.90	14.00	8.05	0.08	4.48	7.81	BUY
CHAMPION BREWERIES PLC	3.93	4.18	6.36	- 24.00	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
NASCON ALLIED INDUSTRIES PLC	14.00	15.40	10.00	38.74	14.60	9.50	6.99	5.75	0.19	HOLD
VITAFIAMS NIGERIA PLC	20.15	20.00	- 0.74	- 2.20	23.60	16.85			0.12	HOLD
CADBURY NIGERIA PLC	16.50	16.30	- 1.21	36.97	17.70	10.20	-	9.16	1.08	BUY
BANKING SECTOR										
GUARANTY TRUST HOLDING CO PL	26.60	27.50	3.38	19.57	27.05	16.80	11.49	4.01	5.95	HOLD
ZENITH BANK PLC	26.00	27.00	3.85	12.50	27.00	18.90	12.72	3.41	7.14	BUY
STANBIC IBTC HOLDINGS PLC	37.50	39.55	5.47	18.24	41.70	27.50	6.67	4.89	6.05	HOLD
FBN HOLDINGS PLC	12.50	13.85	10.80	27.06	12.40	8.20	3.70	2.18	4.17	SELL
ACCESS HOLDINGS PLC	10.20	11.40	11.76	34.12	11.70	7.50	10.25	2.04	4.54	BUY
UNITED BANK FOR AFRICA PLC	8.35	9.30	11.38	22.37	8.90	6.55	14.94	1.68	4.84	HOLD
ECOBANK TRANSNATIONAL INC	12.30	12.00	- 2.44	13.21	13.00	9.50	4.13	2.28	0.01	HOLD
UNION BANK NIGERIA PLC	7.00	7.40	5.71	15.63	7.70	5.00	6.96	5.89	1.00	SELL
FIDELITY BANK/NIGERIA	5.50	5.79	5.27	33.10	6.03	2.87	-	3.01	7.15	BUY
STERLING BANK	1.75	1.80	2.86		1.84	1.32			0.26	
FCMB GROUP PLC	4.15	4.20	1.20	9.09	5.00	2.92	6.25	2.32	3.04	BUY
WEMA BANK PLC	4.00	4.00	-	2.56	4.43	3.85		2.95	2.06	HOLD
JAIZ BANK PLC	0.97	1.00	3.09	8.70	1.04	0.68	-	4.55	1.50	HOLD
OIL & GAS SECTOR										
SEPLAT ENERGY PLC	1175.00	1200.00	2.13	9.09	1,430.00	1,050.00	5.21	14.33	0.11	HOLD
ARDOVA PLC (MRF)	20.15	17.35	- 13.90	- 5.71	26.40	12.00			0.29	
OANDO PLC	5.90	5.60	- 5.08	42.86	6.35	3.53	-	2.01	48.40	
TOTALENERGIES MARKETING NIGE	217.50	249.00	14.48	29.02	224.00	197.00	11.49	4.55	1.63	HOLD
INSURANCE SECTOR										
N.E.M. INSUR CO (NIG) PLC	4.48	4.75	6.03	5.56	5.65	3.13	6.59	3.20	0.20	SELL
CUSTODIAN AND ALLIED INSURAN	6.00	6.00	-	0.84	7.50	5.35	8.33	3.31	1.61	HOLD
AXA MANSARD INSURANCE PLC	2.94	3.09	5.10	54.50	2.77	1.50	12.30	5.06	0.20	SELL
AIICO INSURANCE PLC	0.58	0.62	6.90	5.08	0.79	0.52	5.36	2.13	-	0.12
AGRICULTURE SECTOR										
OKOMU OIL PALM PLC	171.50	171.50	-	3.94	216.90	157.00		10.17	17.02	
PRESKO PLC	147.00	147.00	-	6.91	183.00	110.00	1.36	7.59	-	0.59
CONGLOMERATE SECTOR										
TRANSNATIONAL CORP OF NIGERI	2.64	3.07	16.29	171.68	3.24	0.90		17.50	1.81	SELL
UAC OF NIGERIA PLC	8.40	9.70	15.48	- 5.37	14.40	7.90	-		0.35	HOLD
FINANCIAL SERVICES SECTOR										
UNITED CAPITAL AFRICA LTD	13.00	13.25	1.92	- 5.36	15.60	9.00	11.41	8.06	1.56	HOLD
NIGERIAN EXCHANGE GROUP PLC	26.25	27.35	4.19	9.18	30.25	17.00	-	62.20	4.94	BUY
CONSTRUCTION SECTOR										
JULIUS BERGER NIGERIA PLC	31.00	31.50	1.61	28.57	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 26, 2023.

NASD Market News

MARKET SNAPSHOT	Week 20	Week 20	% Change
NASD Securities Index	724.12	715.9	1.15
Market Capitalization (NTn)	1,002	0.99	1.21
Total Volume Traded	730,759.00	9,072,150.00	-91.95
Total Value Traded	25,919,209.66	553,565,226.14	-95.32
Number of Deals	72	70	2.86

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDGEFLUID	3.08	2.8	10.00
SDFCWAMCO	70	66	6.06
SDAFRILAND	2.63	2.5	5.20
SDCSCSPIC	14	13.56	3.24

Source: Proshare NASD

YTD OVERVIEW	
TOTAL VOLUME	1,690,101,359.00
TOTAL VALUE	5,050,621,886.42
NUMBER OF DEALS	1,260.00

Source: Proshare

FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	463.75	-0.02	26/05/2023
Close	464.51	0.18	26/05/2023
NAFEX	465.13		26/05/2023
MPR	18.5%		24/05/2023
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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