



## Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N32.13tn/\$48.45bn  
All Share Index : 59,000.96  
YTD : +15.12

### Overview

- Market activities for the week ended Friday, June 16 2023 closed bullish. The bulls started the short week like a house on fire as the reaction to the free float of Naira saw majority of the Banking stocks on full bid to close Tuesday June 13, 2023 trading session. The market carried the same momentum into the following day's trading session until the bears appeared to claim their capital gain for two consecutive days to close the week. The gains from the opening two days were enough to propel the market to an upward trajectory. As a result, the NGX ASI increased by 5.49% w/w to close at 59,000.96. The positive sentiment for the week was driven by the upturn in Banking Index (+12.59%), Oil & Gas Index (+11.95%), Insurance Index (+9.00%) and Consumer Goods Index (+4.14%). The Industrial Index (-1.63%) again was the lone fighter for the bears.

### Gainers & Losers preview

- On the individual stock level, FTNCOCOA (+45.16%, w/w), UNITYBANK (+41.67% w/w), WAPIC (+40.43% w/w), TRANSCOHOT (+37.35%) and JAIZBANK (+30.83% w/w), sustained the market. On the flipside, THE INITIATES (-25.00%, w/w) led the field for the bears whilst JOHNHOLT (-17.86% w/w), ABC (-12.82%, w/w), ELLAHLAKES (-10.00% w/w), and CWG (-10.00%, w/w) dragged the market. Hence, to close the week, the year-to-date (YTD) return increased to +15.12%, whilst the market capitalization gained N1.58trn week on week to close at N32.126trn.

### Market Event and Prospect for the week

#### Market Event for the week

##### Free Float of Naira

The floating of the Naira last week June 14, 2023 ushered a new era in the monetary policy space in Nigeria. In his inauguration speech, President Bola Tinubu stated that he was going to overhaul the Central Bank of Nigeria (CBN) and reshape Nigeria's monetary policy. He started with the suspension of the CBN Governor, Godwin Emiefele on Friday June 9, 2023 and has now continued with the free float of the Naira.

The International community and experts in the financial sector have long advocated for the unification of exchange rates to sanitize the Naira. It was their opinion that the Naira should be determined by demand and supply whilst the federal government focus resources on creating policies that will further strengthen the Naira and reducing arbitrage and promoting fairer trade.

The key points of the free float is summarized below:

- All segments of the forex market are now collapsed into the Investors and Exporters (I&E) window.
- Applications for medicals, school fees, BTA/PTA and SMEs will continue to be processed through deposit money banks.
- A re-introduction of the "Willing Buyer, Willing Seller" model at the I&E window. All eligible transactions are permitted to access foreign exchange at this window.

### Key Market Data

INDEX	Week Ended 9/06/2023	Week Ended 16/06/2023	Week to date %	Year to date %
All Share Index	55,930.97	59,000.96	5.49	15.12
NGX Banking Index	525.93	592.14	12.59	41.83
NGX Consumer Goods Index	847.84	882.90	4.14	49.92
NGX Industrial Index	2,453.92	2,413.91	-1.63	0.44
NGX Insurance Index	241.65	263.41	9.00	51.07
NGX Oil & Gas Index	643.71	720.62	11.95	55.82

Source: Securities Africa Research, NGX

### Top 10 Advancers

### Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
FTNCOCOA	0.93	1.35	45.16	THE INITIATES	0.52	0.39	-25.00
UNITYBANK	0.72	1.02	41.67	JOHNHOLT	1.40	1.15	-17.86
WAPIC	0.47	0.66	40.43	ABC	0.39	0.34	-12.82
TRANSCOHOT	10.63	14.60	37.35	ELLAH LAKES	4.00	3.60	-10.00
JAIZBANK	1.33	1.74	30.83	CWG	1.80	1.62	-10.00
STERLINGNG	2.28	2.95	29.39	MCNICHOLS	0.72	0.65	-9.72
IKEJAHOTEL	2.63	3.40	29.28	ABBEY	1.68	1.52	-9.52
NSLTECH	0.36	0.46	27.78	TANTALIZERS	0.22	0.20	-9.09
LASACO	1.80	2.30	27.78	CHAMS	0.46	0.42	-8.70
SOVRENINS	0.40	0.51	27.50	HONYFLOUR	3.50	3.25	-7.14

Source: NGX

Furthermore, the Naira closed at N664.04/\$ at the I & E window on June 14, 2023, whilst closing at N702.19/\$ for the week ended June 16, 2023.

It is worthy to note that the CBN still maintains the 43 items that are illegible for accessing Nigeria's forex. These items include: Rice, Cement, Margarine, Palm Kernel, Meat and Processed Meat Products, Vegetables, Poultry, Textiles, Clothes, Soap and Cosmetics, Tinned Fish, Roofing Sheets, Tomatoes, Milk, Maize to name a few.

### Inflation

The Inflation figures released by the National Bureau of Statistics (NBS) showed that headline inflation rose year on year by 0.19 percentage points to 22.41% in May 2023 from 22.22% in April. NBS indicated that food inflation rose to 24.82 percent in May from 24.61 percent in April due to increases in prices of oil and fat, yam and other tubers, bread and cereals, fish, potatoes, fruits, meat, vegetable, and spirit.

Inflation struggles still continue as Nigeria is still way off its target of 6%. According to media reports, Nigeria's inflation has risen not less than 67 times since June 2014 under the suspended Godwin Emefiele. In order words, inflation which was 8.2% in June 2014, was now 22.41% in May 2023 representing 14.41 percentage points increase despite all the policies implemented under the suspended Governor.

Inflation is still expected to rise as a result of several factors such as the subsidy removal, devaluation of the Naira and external shocks such as disruption in supply chain resulting from Russia and Ukraine war. Ukraine and Russia are major global suppliers of agricultural commodities, fertilisers and energy. According to the Daily Trust publication, Global market shares for some agricultural exports of Ukraine and Russia are significant. The global share of both countries for the supply of sunflower oil and seeds is 53 per cent. They also supply 27 per cent of wheat, 23 per cent of barley and 14 per cent of corn. The crisis will likely immediately impact grain exports from Ukraine and Russia.

### Implication for Equities Market

Market reaction to the free float of the Naira was positive indicating the investors' view of the potential gains to be derived from allowing market forces to determine the value of the Naira.

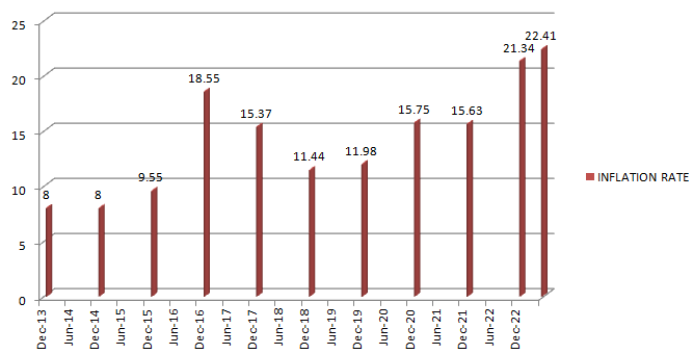
Political will and consistent application of the monetary policy is crucial if the government wants to regain the trust of the foreign investors. Experts have predicted Q3 2023 before we see potential influx of foreign investors.

Generally, inflation is not a good omen for the equities market as Investors usually alter their asset allocation and favour fixed income securities. However, All the major indices are currently out-performing inflation with the exception of NGX Industrial Index. Furthermore, some selected stocks (on the right of the text) are out-performing inflation.

### Prospect for the week

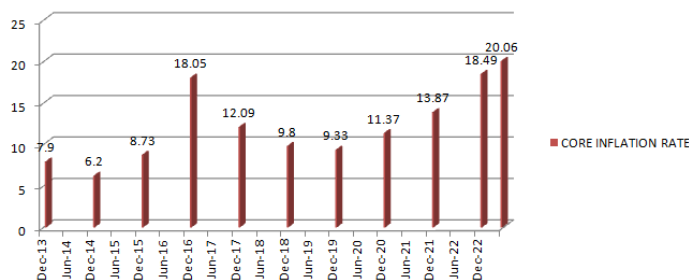
We expect mixed sentiment in the market this week as investors continue to take gains from the positive market reaction to the free float of the Naira.

### ALL ITEMS INFLATION 2014-2023



Source: Securities Africa Research, CBN

### CORE INFLATION 2014-2023



Source: Securities Africa Research, CBN

### INFLATION VS EQUITY MARKET

	Open	Close	May 2023 YTD
<b>Inflation</b>	22.22	22.41	<b>0.86</b>
<b>ASI</b>	52,403.51	55,769.28	<b>6.42</b>

Source: Securities Africa Research

### STOCKS OUT-PACING INFLATION

STOCKS	Apr-23	May-23	MTD% Change
<b>CONOIL PLC</b>	40.00	57.95	44.88
<b>FBNH</b>	10.85	14.40	32.72
<b>CADBURY</b>	13.50	17.80	31.85
<b>NB</b>	32.00	41.80	30.63
<b>PZ</b>	12.95	16.90	30.50
<b>UBA</b>	7.75	9.90	27.74
<b>TOTAL</b>	217.50	272.00	25.06
<b>ZENITH</b>	22.80	29.00	27.19

Source: Securities Africa Research, Nairametrics



## Recommendation

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

<b>BANKING SECTOR</b>											
GUARANTY TRUST HOLDING CO PL	28.00	30.60	9.29	33.04	27.05	16.80	15.25	3.07	5.95	ACCUMULATE	
ZENITH BANK PLC	28.00	31.00	10.71	29.17	27.00	18.90	15.91	2.46	7.14	ACCUMULATE	
STANBIC IBTC HOLDINGS PLC	45.00	52.00	15.56	55.46	41.70	27.50	7.89	5.84	6.05	HOLD	
FBN HOLDINGS PLC	14.10	15.80	12.06	44.95	12.40	8.20	4.15	2.31	4.17	SELL	
ACCESS HOLDINGS PLC	13.00	14.25	9.62	67.65	11.70	7.50	16.51	1.65	4.54	BUY	
UNITED BANK FOR AFRICA PLC	9.95	11.10	11.56	46.05	8.90	6.55	18.38	1.84	4.84	BUY	
ECOBANK TRANSNATIONAL INC	12.60	15.40	22.22	45.28	13.00	9.50	6.68	2.15	0.01	HOLD	
UNION BANK NIGERIA PLC	7.05	7.05	-	10.16	7.70	5.00	6.96	8.64	1.00	SELL	
FIDELITY BANK/NIGERIA	5.77	6.94	20.28	59.54	6.03	2.87	-	2.13	7.15	BUY	
STERLINGNG	2.28	2.95	29.39		1.84	1.32	3.53	2.20	0.26		
FCMB GROUP PLC	4.59	5.00	8.93	29.87	5.00	2.92		2.03	3.04	BUY	
WEMA BANK PLC	4.10	4.82	17.56	23.59	4.43	3.85		6.62	2.06	HOLD	
JAIZ BANK PLC	1.33	1.74	30.83	89.13	1.04	0.68	-	3.75	1.50	HOLD	
<b>OIL &amp; GAS SECTOR</b>											
SEPLAT ENERGY PLC	1200.00	1320.00	10.00	20.00	1,430.00	1,050.00	5.82	9.21	0.11	ACCUMULATE	
ARDOVA PLC (MRF)	17.80	16.90	- 5.06	- 8.15	26.40	12.00			0.29		
OANDO PLC	5.62	5.64	0.36	43.88	6.35	3.53	-	1.62	48.40		
TOTALENERGIES MARKETING NIGE	278.30	336.70	20.98	74.46	224.00	197.00	11.05	3.92	1.63	ACCUMULATE	
MRS NIGERIA PLC	59.60	68.75	15.35	387.59	40.80	10.55	-	364.19	3.29	ACCUMULATE	
ETERNA PLC	13.45	13.80	2.60	106.28	8.00	5.40	-	4.17	1.36	SELL	
<b>INSURANCE SECTOR</b>											
N.E.M. INSUR CO (NIG) PLC	6.05	6.30	4.13	40.00	5.65	3.13		3.20	0.20	SELL	
CUSTODIAN AND ALLIED INSURAN	6.15	6.70	8.94	12.61	7.50	5.35		3.31	1.61	HOLD	
AXA MANSARD INSURANCE PLC	4.00	4.10	2.50	105.00	2.77	1.50		5.06	0.20	SELL	
AIICO INSURANCE PLC	0.62	0.74	19.35	25.42	0.79	0.52		2.13	0.12	HOLD	
<b>AGRICULTURE SECTOR</b>											
OKOMU OIL PALM PLC	199.00	236.40	18.79	43.27	216.90	157.00		10.17	17.02	SELL	
PRESCO PLC	166.90	180.00	7.85	30.91	183.00	110.00	0.01	7.59	0.59	HOLD	
<b>CONGLOMERATE SECTOR</b>											
TRANSNATIONAL CORP OF NIGERI	3.15	3.50	11.11	209.73	3.24	0.90		17.50	1.81	SELL	
UAC OF NIGERIA PLC	9.15	10.00	9.29	- 2.44	14.40	7.90	-		0.35	HOLD	
<b>FINANCIAL SERVICES SECTOR</b>											
UNITED CAPITAL AFRICA LTD	13.85	13.95	0.72	- 0.36	15.60	9.00	13.58	5.16	1.61	ACCUMULATE	
NIGERIAN EXCHANGE GROUP PLC	29.00	29.00	-	15.77	30.25	17.00	-	62.20	4.94	HOLD	
<b>CONSTRUCTION SECTOR</b>											
JULIUS BERGER NIGERIA PLC	31.40	31.00	- 1.27	26.53	31.00	21.15		7.30	0.65	SELL	
<b>AVIATION SECTOR</b>											
SKYWAY AVIATION HANDLING CO	5.35	6.40	19.63	28.00	6.25	5.00	#N/A N/A	12.56	0.27		
NIGERIAN AVIATION HANDLING C	13.55	14.00	3.32	118.75	14.00	5.00	-	7.97	1.36	BUY	

## 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 June 16, 2023.

### NASD Market News

MARKET SNAPSHOT	Week 24	Week 23	% Change
NASD Securities Index	740.74	731.03	1.33
Market Capitalization (NTn)	1.024	1.014	0.99
Total Volume Traded	13,457,631.00	27,580,023.00	-51.21
Total Value Traded	80,183,750.96	223,119,324.96	-64.06
Number of Deals	114	161	-29.19
Number of Traded Stocks	13		

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDIGPLC	0.08	0.07	14.29
SD11PLC	144	131.34	9.64
SDCSCSPC	15.7	14.4	9.03
SDNDP	260	245	6.12
SDGEFLUID	3	2.77	8.30
WEEK DECLINERS			
SDNDP	250.83	260.00	-3.53

Source: Proshare NASD

### FMDQ

Foreign Exchange I&E FX Window				
Description	Spot (\$/N)	Change %	Date	
Opening	712.50	-8.20	16/06/2023	
Close	663.04	5.58	16/06/2023	
NAFEX	656.28		15/06/2023	
MPR	18.5%		24/05/2023	
INFLATION	22.41%		15/06/2023	
	31 May 2023	30 April 2023		
GROSS EXTERNAL RESERVES (USD'bn)	35.1	35.3	-0.57	

Source: Securities Africa Research, NGX

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