



Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N32.24tn/\$41.86bn
All Share Index : 59,206.63
YTD : +15.52

Overview

- Market activities for the week ended Friday, June 23 2023 closed bullish. The bulls opened the week on top and continued for three consecutive days before the bears made a cameo on Friday June 23, 2023. The bears one day show was too weak to trouble the positive sentiment in the market as the NGX ASI closed positive. As a result, the NGX ASI increased by 0.34% w/w to close at 59,206.63. The positive sentiment for the week was driven by the upturn in Oil & Gas Index (+60.44%), Consumer Goods Index (+50.25%), Insurance Index (+55.94), Banking Index (+43.44%) and Industrial Index (+3.02%).

Gainers & Losers preview

- On the individual stock level, SKYAVN (+44.53% w/w), FTNCOCOA (+40.74%, w/w), CHAMS (+35.71% w/w), JAPPAUL (+32.65%) and GOLDBREW (+31.13% w/w), sustained the market. On the flipside, JAIZBANK (-18.97%, w/w) led the field for the bears whilst NSLTECH (-17.39% w/w), CILEASING (-13.78%, w/w), STERLINGNG (-12.88% w/w), and IKEJA (-11.76%, w/w) dragged the market. Hence, to close the week, the year-to-date (YTD) return increased to +15.52%, whilst the market capitalization gained N1.11bn week on week to close at N32.24trn.

Market Event and Prospect for the week

Market Event for the week

Not Free Float but 'Managed Float' of Naira, New measures to boost FX supply

The deputy governor of CBN – Kingsley Obiora, last week clarified that the recent monetary policy decision implemented is a managed float, not a free float. He stated that there is no country in the world that has a completely free float. The deputy governor also suggested it may be too early to determine whether the exchange rate of the naira to dollar has reached its lowest point. He added that CBN has not intervened in Nigeria's FX market since the new policies were introduced.

The I&E window recorded \$788m turnover a week after currency unification in the midst of price volatility. Also, the official exchange rate also achieved parity with the black market rate for the first time since 2018 when it was around N363/\$1.

Some Industry experts have predicted a fair value exchange rate between N640 and N680/\$1 given that the government deals with the structural problems afflicting Nigeria.

Too many burden on Nigerians, all at once

Ever since the inauguration speech of President Bola Tinubu and the actions of his government thereafter, a new course was charted for the Nigerian Economy for better or worse.

Key Market Data

| INDEX | Week Ended 16/06/2023 | Week Ended 16/06/2023 | Week to date % | Year to date % |
|--------------------------|--------------------------|--------------------------|----------------|----------------|
| All Share Index | 59,000.96 | 59,206.63 | 0.35 | 15.52 |
| NGX Banking Index | 592.14 | 598.85 | 1.13 | 43.44 |
| NGX Consumer Goods Index | 882.90 | 884.85 | 0.22 | 50.25 |
| NGX Industrial Index | 2,413.91 | 2,475.82 | 2.56 | 3.02 |
| NGX Insurance Index | 263.41 | 271.90 | 3.22 | 55.94 |
| NGX Oil & Gas Index | 720.62 | 742.01 | 2.97 | 60.44 |

Source: Securities Africa Research, NGX

Top 10 Advancers

| STOCKS | Open | Close | % Change | STOCKS | Open | Close | % Change |
|---------------|-------|-------|----------|------------|-------|-------|----------|
| SKYAVN | 6.40 | 9.25 | 44.53 | JAIZBANK | 1.74 | 1.41 | -18.97 |
| FTN COCOA | 1.35 | 1.90 | 40.74 | NSLTECH | 0.46 | 0.38 | -17.39 |
| CHAMS | 0.42 | 0.57 | 35.71 | CILEASING | 4.50 | 3.88 | -13.78 |
| JAPPAUL | 0.49 | 0.65 | 32.65 | STERLINGNG | 2.95 | 2.57 | -12.88 |
| GOLDBREW | 1.06 | 1.39 | 31.13 | IKEJAHOTEL | 3.40 | 3.00 | -11.76 |
| THE INITIATES | 0.39 | 0.51 | 30.77 | PHARMADEKO | 2.26 | 2.00 | -11.50 |
| RT BRISCOE | 0.34 | 0.44 | 29.41 | ELLAHLAKES | 3.60 | 3.24 | -10.00 |
| WAPIC | 0.66 | 0.85 | 28.79 | PRESTIGE | 0.52 | 0.47 | -9.62 |
| CHIPLC | 0.55 | 0.69 | 25.45 | JOHNHOLT | 1.15 | 1.04 | -9.57 |
| TRANSCOHOT | 14.60 | 17.60 | 20.55 | ETI | 15.40 | 14.00 | -9.09 |

Source: NGX

| FX | | | | |
|-----------|--------------|-------|--------|----------------|
| DATE | CLOSING RATE | HIGH | LOW | TURNOVER (\$m) |
| 29-May-23 | 464.51 | 632 | 410 | 144.72 |
| 30-May-23 | 464.67 | 467 | 460 | 163.74 |
| 31-May-23 | 464.67 | 467 | 460 | 250.98 |
| 02-Jun-23 | 464.67 | 467 | 460 | 464.67 |
| 05-Jun-23 | 464.67 | 467 | 460 | 77.48 |
| 06-Jun-23 | 464.67 | 467 | 460 | 186.02 |
| 07-Jun-23 | 464.67 | 476 | 460 | 140.31 |
| 08-Jun-23 | 469.5 | 467.5 | 460 | 74.18 |
| 09-Jun-23 | 472.5 | 477 | 460 | 77.42 |
| 12-Jun-23 | N/A | N/A | N/A | N/A |
| 13-Jun-23 | 471.67 | 477 | 460 | 114.78 |
| 14-Jun-23 | 664.04 | 791 | 461 | 193.33 |
| 15-Jun-23 | 702.19 | 791 | 461 | 70.74 |
| 16-Jun-23 | 663.04 | 791 | 461 | 311.83 |
| 19-Jun-23 | 770.38 | 799 | 461 | 78.03 |
| 20-Jun-23 | 763.17 | 815 | 476 | 96.44 |
| 21-Jun-23 | 752.97 | N/A | N/A | N/A |
| 22-Jun-23 | 765.13 | 801 | 446.32 | 204.84 |
| 23-Jun-23 | 770.17 | 801 | 461.1 | 125.47 |

Source: Securities Africa Research, FMDQ

- The President's first act – removal of subsidy, created a chain reaction that has created a burden for Nigerians in the short term. Oil marketers responded to Mr President's speech immediately by driving up fuel prices to over N500 per litre from N185. The Nigeria National Petroleum Company Limited (NNPCL) subsequently adjusted their price to N488 per litre. As a result transport cost has almost tripled to the detriment of Nigerians.
- Unification of exchange rates causing the Naira to devalue from N471.67/\$ on June 13, 2023 to N770.17 on June 23, 2023.
- International airline tickets have skyrocketed to reflect the new dollar rates as the International Air Transport Association (IATA) sets the exchange rate at \$1 to N770.
- The states were not left out as the effect of the FX unification saw the debt valuation of the 36 states and FCT increase to N3.46trn from N2.01trn.
- 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.
- New Electricity tariff to commence on July 1, 2023. The Federal Government plans to increase electricity tariff by 40% was described as 'simply outrageous' by the Manufacturers Association of Nigeria (MAN). The planned hike is expected to create additional burden on Nigerians without even a guarantee by the federal government to improve on the meagre 4000 megawatts it is currently generating.
- Value Added Tax (VAT) on diesel. According to a Daily Post article on June 20, 2023, the VAT Modification Order 2021 issued by the last administration limited VAT exemption on petroleum products to aviation turbine kerosene, PMS, household kerosene, locally produced liquefied petroleum gas and crude petroleum oils. This effectively means that only Diesel is liable to VAT at 7.5%, which the authority now seems to be implement.

In the midst of all these policy implementation, no palliatives have been announced by the government to cushion the effects on Nigerians. The deputy CBN governor expects the GDP to grow by 6% by 2024 citing removal of subsidy and convergence of the exchange rate as drivers for the growth.

Implication for Equities Market

Market reaction to the devaluation and measures to boost forex supply has been positive. The banking Index gained **+43.44%** week ended June 23, 2023.

The Oil and Gas Index have been bullish since President Bola Tinubu announced the removal of subsidy. The Index returned **+60.44%** week ended June 23, 2023.

Currently there is pressure on retail investors given the current realities in the economy, so we expect a downturn in terms of volume in that market in the short term.

Overall, majority of stocks have been bullish with some trading higher than their 52 week high.

Prospect for the week

We expect bullish sentiment in the market this week as investors start positioning themselves ahead of half year earnings results declarations.

| BANKING STOCKS | | | |
|----------------|------------|------------|-------------|
| STOCKS | 01/06/2023 | 23/06/2023 | MTD% Change |
| GTCCO | 29.00 | 31.45 | 8.45 |
| ZENITHBANK | 29.50 | 32.00 | 8.47 |
| STANBIC | 40.00 | 51.80 | 29.50 |
| FBNH | 14.00 | 17.30 | 23.57 |
| ACCESSCORP | 12.20 | 14.95 | 22.54 |
| UBA | 9.80 | 11.45 | 16.84 |
| ETI | 12.55 | 14.00 | 11.55 |
| UNION BANK | 7.20 | 7.35 | 2.08 |
| FIDELITY BANK | 5.72 | 6.99 | 22.20 |
| STERLINGNG | 2.25 | 2.57 | 14.22 |
| FCMB | 4.50 | 5.00 | 11.11 |
| WEMA | 4.10 | 4.82 | 17.56 |
| JAIZBANK | 1.31 | 1.41 | 7.63 |

| OIL & GAS | | | |
|---------------|------------|------------|-------------|
| STOCKS | 01/06/2023 | 23/06/2023 | MTD% Change |
| CONOIL PLC | 63.70 | 80.25 | 25.98 |
| ETERNA PLC | 8.45 | 15.85 | 87.57 |
| MRS | 44.85 | 79.00 | 76.14 |
| TOTALENERGIES | 278.30 | 336.00 | 20.73 |
| OANDO | 5.75 | 5.54 | -3.65 |
| ARDOVA | 17.30 | 16.90 | -2.31 |

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 | 284.00 | 287.50 | 1.23 | 10.15 | 297.00 | 220.00 | 8.23 | 11.91 | 22.27 | HOLD |
| BUA CEMENT PLC | 86.00 | 90.00 | 4.65 | 7.93 | 117.00 | 49.50 | 2.64 | 25.50 | 2.98 | BUY |
| BETA GLASS PLC | 40.00 | 38.85 | -2.87 | -1.89 | 52.12 | 39.60 | 0.66 | 5.25 | 1.07 | |
| LAFARGE AFRICA PLC | 28.20 | 28.85 | 2.30 | 20.21 | 30.00 | 20.10 | 0.04 | 6.45 | 3.33 | HOLD |
| TELECOMMUNICATION SECTOR | | | | | | | | | | |
| MTN NIGERIA COMMUNICATIONS P | 274.00 | 265.50 | -3.10 | 23.49 | 274.00 | 185.00 | | 12.15 | 17.79 | BUY |
| AIRTEL AFRICA PLC | 1289.00 | 1266.80 | -1.72 | 22.52 | 2,040.00 | 1,198.00 | | | | BUY |
| CONSUMER GOODS SECTOR | | | | | | | | | | |
| NESTLE NIGERIA PLC | 1250.00 | 1250.00 | - | 13.64 | 1,401.40 | 963.90 | | 17.53 | 61.77 | HOLD |
| NIGERIAN BREWERIES PLC | 43.90 | 43.70 | -0.46 | 6.59 | 55.44 | 28.80 | 2.32 | 21.94 | 1.58 | BUY |
| DANGOTE SUGAR REFINERY PLC | 23.00 | 23.60 | 2.61 | 47.04 | 20.95 | 15.00 | 7.89 | 6.88 | 4.51 | BUY |
| INTERNATIONAL BREWERIES | 5.10 | 5.10 | - | 8.51 | 8.60 | 4.00 | - | - | 0.81 | |
| FLOUR MILLS NIGERIA PLC | 35.00 | 34.50 | -1.43 | 21.48 | 40.75 | 27.00 | | 4.75 | 6.26 | BUY |
| UNILEVER NIGERIA PLC | 15.70 | 15.50 | -1.27 | 33.62 | 15.50 | 9.80 | - | 93.31 | 21.47 | BUY |
| HONEYWELL FLOUR MILL PLC | 3.25 | 3.40 | 4.62 | 45.30 | 3.83 | 1.94 | 1.99 | 24.98 | 0.98 | |
| PZ CUSSONS NIGERIA PLC | 19.00 | 18.90 | -0.53 | 66.52 | 19.00 | 8.05 | 0.94 | 5.91 | 7.81 | BUY |
| CHAMPION BREWERIES PLC | 3.90 | 4.46 | 14.36 | 18.91 | 5.55 | 3.00 | - | 18.15 | 3.65 | |
| GUINNESS NIGERIA PLC | 77.70 | 80.00 | 2.96 | 15.44 | 92.70 | 54.45 | 30.57 | 11.33 | 0.78 | HOLD |
| NASCON ALLIED INDUSTRIES PLC | 18.00 | 18.70 | 3.89 | 68.47 | 18.70 | 9.50 | 6.99 | 9.51 | 0.19 | BUY |
| VITAFOAM NIGERIA PLC | 20.95 | 21.10 | 0.72 | 3.18 | 23.60 | 16.85 | | | 0.12 | HOLD |
| CADBURY NIGERIA PLC | 18.80 | 17.10 | -9.04 | 43.70 | 18.80 | 10.20 | 4.53 | 17.26 | 1.08 | BUY |
| BANKING SECTOR | | | | | | | | | | |
| GUARANTY TRUST HOLDING CO PL | 30.60 | 31.45 | 2.78 | 36.74 | 31.45 | 16.80 | 15.25 | 3.07 | 5.95 | ACCUMULATE |
| ZENITH BANK PLC | 31.00 | 32.00 | 3.23 | 33.33 | 32.00 | 18.90 | 15.91 | 2.46 | 7.14 | ACCUMULATE |
| STANBIC IBTC HOLDINGS PLC | 52.00 | 51.80 | -0.38 | 54.86 | 52.00 | 27.50 | 7.89 | 5.84 | 6.05 | HOLD |
| FBN HOLDINGS PLC | 15.80 | 17.30 | 9.49 | 58.72 | 17.30 | 8.20 | 4.15 | 2.31 | 4.17 | SELL |
| ACCESS HOLDINGS PLC | 14.25 | 14.95 | 4.91 | 75.88 | 11.70 | 7.50 | 16.51 | 1.65 | 4.54 | BUY |
| UNITED BANK FOR AFRICA PLC | 11.10 | 11.45 | 3.15 | 50.66 | 8.90 | 6.55 | 18.38 | 1.84 | 4.84 | BUY |
| ECOBANK TRANSNATIONAL INC | 15.40 | 14.00 | -9.09 | 32.08 | 13.00 | 9.50 | 6.68 | 2.15 | 0.01 | HOLD |
| UNION BANK NIGERIA PLC | 7.05 | 7.35 | 4.26 | 14.84 | 7.70 | 5.00 | 6.96 | 8.64 | 1.00 | SELL |
| FIDELITY BANK/NIGERIA | 6.94 | 6.99 | 0.72 | 60.69 | 6.99 | 2.87 | - | 2.13 | 7.15 | BUY |
| STERLINGNG | 2.95 | 2.57 | -12.88 | | 2.95 | 1.32 | 3.53 | 2.20 | 0.26 | |
| FCMB GROUP PLC | 5.00 | 5.00 | - | 29.87 | 5.00 | 2.92 | | 2.03 | 3.04 | BUY |
| WEMA BANK PLC | 4.82 | 4.82 | - | 23.59 | 4.82 | 3.85 | | 6.62 | 2.06 | HOLD |
| JAIZ BANK PLC | 1.74 | 1.41 | -18.97 | 53.26 | 1.74 | 0.68 | - | 3.75 | 1.50 | HOLD |
| OIL & GAS SECTOR | | | | | | | | | | |
| SEPLAT ENERGY PLC | 1320.00 | 1360.00 | 3.03 | 23.64 | 1,430.00 | 1,050.00 | 5.82 | 9.21 | 0.11 | ACCUMULATE |
| ARDOVA PLC (MRF) | 16.90 | 16.90 | - | 8.15 | 26.40 | 12.00 | | | 0.29 | |
| OANDO PLC | 5.64 | 5.54 | -1.77 | 41.33 | 6.35 | 3.53 | - | 1.62 | 48.40 | |
| TOTALENERGIES MARKETING NIGE | 336.70 | 336.00 | -0.21 | 74.09 | 336.00 | 197.00 | 11.05 | 3.92 | 1.63 | ACCUMULATE |
| MRS NIGERIA PLC | 68.75 | 79.00 | 14.91 | 460.28 | 79.00 | 10.55 | - | 364.19 | 3.29 | ACCUMULATE |
| ETERNA PLC | 13.80 | 15.85 | 14.86 | 136.92 | 15.85 | 5.40 | - | 4.17 | 1.36 | SELL |
| INSURANCE SECTOR | | | | | | | | | | |
| N.E.M. INSUR CO (NIG) PLC | 6.30 | 6.30 | - | 40.00 | 6.30 | 3.13 | | 3.20 | 0.20 | SELL |
| CUSTODIAN AND ALLIED INSURAN | 6.70 | 7.50 | 11.94 | 26.05 | 7.50 | 5.35 | | 3.31 | 1.61 | HOLD |
| AXA MANSARD INSURANCE PLC | 4.10 | 3.78 | -7.80 | 89.00 | 4.10 | 1.50 | | 5.06 | 0.20 | SELL |
| AIICO INSURANCE PLC | 0.74 | 0.68 | -8.11 | 15.25 | 0.79 | 0.52 | | 2.13 | 0.12 | HOLD |
| AGRICULTURE SECTOR | | | | | | | | | | |
| OKOMU OIL PALM PLC | 236.40 | 225.00 | -4.82 | 36.36 | 225.00 | 157.00 | | 10.17 | 17.02 | SELL |
| PRESCO PLC | 180.00 | 178.00 | -1.11 | 29.45 | 183.00 | 110.00 | 0.01 | 7.59 | 0.59 | HOLD |
| CONGLOMERATE SECTOR | | | | | | | | | | |
| TRANSNATIONAL CORP OF NIGERI | 3.50 | 3.21 | -8.29 | 184.07 | 3.50 | 0.90 | | 17.50 | 1.81 | SELL |
| UAC OF NIGERIA PLC | 10.00 | 10.00 | - | 2.44 | 14.40 | 7.90 | - | | 0.35 | HOLD |
| FINANCIAL SERVICES SECTOR | | | | | | | | | | |
| UNITED CAPITAL AFRICA LTD | 13.95 | 14.85 | 6.45 | 6.07 | 15.60 | 9.00 | 13.58 | 5.16 | 1.61 | ACCUMULATE |
| NIGERIAN EXCHANGE GROUP PLC | 29.00 | 28.95 | -0.17 | 15.57 | 30.25 | 17.00 | - | 62.20 | 4.94 | HOLD |
| CONSTRUCTION SECTOR | | | | | | | | | | |
| JULIUS BERGER NIGERIA PLC | 31.00 | 31.00 | - | 26.53 | 31.00 | 21.15 | | 7.30 | 0.65 | SELL |
| AVIATION SECTOR | | | | | | | | | | |
| SKYWAY AVIATION HANDLING CO | 6.40 | 9.25 | 44.53 | 85.00 | 9.25 | 5.00 | #N/A N/A | 12.56 | 0.27 | |
| NIGERIAN AVIATION HANDLING C | 14.00 | 15.00 | 7.14 | 134.38 | 15.00 | 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 23, 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 |
| SDCSCSPC | 18.1 | 15.7 | 15.29 |
| SDUBNPRCP | 0.95 | 0.92 | 3.26 |
| SDFCWAMCO | 70.96 | 70 | 1.37 |
| SDPURPLERE | 5.21 | 5.2 | 0.19 |
| WEEK DECLINERS | | | |
| SDAFRILAND | 2.63 | 2.62 | 0.38 |
| SDNDEP | 250.83 | 250.12 | 0.28 |

Source: Proshare NASD

FMDQ

| Foreign Exchange I&E FX Window | | | |
|----------------------------------|-------------|---------------|------------|
| Description | Spot (\$/N) | Change % | Date |
| Opening | 663.04 | -5.58 | 16/06/2023 |
| Close | 770.17 | -16.16 | 23/06/2023 |
| NAFEX | 729.98 | | 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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