



Weekly Stock Recommendation

Email: researchng@securitiesafrica.com | Tel: +234 (909)4404638

Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N30.40tn/\$65.86bn
All Share Index : 55,820.50
YTD : +8.92

Overview

- Market activities for the week ended Friday, June 2 2023 closed bullish. The bulls were on top throughout last week as the bears were shut out completely to propel the market to an upward trajectory. As a result, the NGX ASI increased by 5.37% w/w to close at 55,820.50. The positive sentiment for the week was driven by the upturn in Oil & Gas Index (+10.46%), Consumer Goods Index (+8.52%), Industrial Index (+5.81%), Banking Index (+4.81%) and Insurance Index (+1.21).

Gainers & Losers preview

- On the individual stock level, CONOIL (+45.78%, w/w), ETERNA (+32.14%, w/w), JAIZBANK (+30.00% w/w), MRS (+20.83% w/w) and NEIMETH (+20.14% w/w), sustained the market. On the flipside, TANTALIZER (-16.00%, w/w) led the field for the bears whilst CHIPLC (-11.48% w/w), PRESTIGE (-8.89%, w/w), NPFMRF (-8.85% w/w), and CHAMPION (-7.42%, w/w) dragged the market. Hence, to close the week, the year-to-date (YTD) return increased to +8.92%, whilst the market capitalization gained N1.56trn week on week to close at N30.40trn.

Market Event and Prospect for the week

Market Event for the week

Post Inauguration Speech Effect on Equities Market

TINUBULL!!!

As soon as the new President – Bola Ahmed Tinubu, laid out his plan for the economy on May 29, 2023, the equities market responded positively on the following trade day (May 30, 2023). The NGX ASI gain on May 30, 2023 eclipsed the year to date gain of +3.54% by 55.65%. Furthermore, 25 stocks gained between 9% and the maximum 10%, then, a further 17 stocks gained between 7% and 8% in a single trade day. All the major Indices returned positive and the total value traded for the day was a mammoth N15.80bn. The positive sentiment continued throughout the week.

OIL & GAS APPRECIATION WEEK

The Oil and Gas Index benefited the most from Mr. President's 'Subsidy is gone' speech. CONOIL (+45.78%), ETERNA (+32.14%) and MRS (+20.83%) were biggest front runners after the speech. On a month to date basis (MTD), MRS (+60.47%), CONOIL (+45%), ETERNA (+32%) and TOTALENERGIES (+25%) were the biggest advancers.

POST SUBSIDY

Nigeria, according to a report in February 2023, currently spends over N400 billion monthly on petroleum subsidy. However, with the provision for subsidy in the budget set to elapse in June 2023 and the commencement of operations by Dangote Refinery, the Oil & Gas sector is experiencing a transformation.

Key Market Data

INDEX	Week Ended 26/05/2023	Week Ended 2/06/2023	Week to date	Year to date
All Share Index	52,973.88	55,820.50	5.37	8.92
NGX Banking Index	495.99	520.23	4.89	24.61
NGX Consumer Goods Index	780.21	846.68	8.52	43.77
NGX Industrial Index	2,349.92	2,486.46	5.81	3.46
NGX Insurance Index	209.62	212.15	1.21	16.06
NGX Oil & Gas Index	563.65	622.61	10.46	34.62

Source: Securities Africa Research, NGX

Top 10 Advancers

Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
CONOIL PLC	47.95	69.90	45.78	TANTALIZERS PLC	0.25	0.21	-16.00
ETERNA PLC	7.00	9.25	32.14	CHIPLC	0.61	0.54	-11.48
JAIZ BANK	1.00	1.30	30.00	PRESTIGE	0.45	0.41	-8.89
MRS	40.80	49.30	20.83	NPFMRF	1.92	1.75	-8.85
NEIMETH	1.39	1.67	20.14	CHAMPION	4.18	3.87	-7.42
TRANSCOHOT	7.50	8.93	19.07	IEI	1.29	1.20	-6.98
CWG	1.53	1.80	17.65	WAPIC	0.49	0.46	-6.12
OKOMUOIL	171.50	199.00	16.03	CUTIX	2.50	2.35	-6.00
ACADEMY PRESS	1.64	1.90	15.85	CAP	20.00	18.90	-5.50
STERLINGNG	1.80	2.08	15.56	MCNICHOLS	0.73	0.69	-5.48

Source: NGX

EQUITY MARKET TURNOVER

	VOLUME WEEK ENDED 26-5-2023	VOLUME WEEK ENDED 02-06-2023	W/W% Change
VOLUME	1,963,305,523	2,585,719,787	31.70
VALUE	33,899,246,115	46,642,653,138	37.59

Source: NGX

OIL & GAS			
STOCKS	Week Ended 26/05/2023	Week Ended 2/06/2023	WTD% Change
CONOIL PLC	47.95	69.90	45.78
ETERNA PLC	7.00	9.25	32.14
MRS	40.80	49.30	20.83
TOTALENERGIES	249.00	278.30	11.77
OANDO	5.60	5.90	5.36
ARDOVA	17.35	17.30	-0.29

Source: Securities Africa Research

In a recent announcement, the Group Chief Executive Officer of Nigeria National Petroleum Company Limited (NNPCL), Mele Kyari, stated that private firms in Nigeria will have the opportunity to import fuel starting from June 2023, as NNPCL plans to end crude oil swap contracts and switch to cash payments for fuel imports. He stated that by law, NNPCL cannot do more than 30% of the market going forward.

OIL & GAS			
STOCKS	Apr-23	May-23	MTD% Change
MRS	27.95	44.85	60.47
CONOIL PLC	40.00	57.95	44.88
ETERNA PLC	5.85	7.70	31.62
TOTALENERGIES	217.50	272.00	25.06
OANDO	5.56	5.77	3.78
ARDOVA	16.75	17.30	3.28

Source: Securities Africa Research

Implication for Equities Market – Fallout of subsidy removal

After the announcement by the President on subsidy removal, the petroleum marketers responded by hoarding the product which immediately caused a hike in fuel prices. A litre of fuel now averaged between N550 and N600 from the N195 per litre before the announcement. With no palliatives in place, households experienced 'double wahala' as transport fares doubled and consumer goods experienced an upturn in prices.

A downturn in the retail inflows into the market is expected, however, we expect the institutional investors to comb around for bargain and cash out on the general price appreciation from last week.

■ Prospect for the week

We expect a mixed sentiment in the market this week as investors normalize their appetite following the initial reactions to last week's inauguration speech.

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	290.00	7.41	11.11	297.00	220.00	8.23	11.91	22.27	HOLD
BUA CEMENT PLC	88.00	92.00	4.55	- 5.88	117.00	49.50	2.64	25.50	2.98	BUY
BETA GLASS PLC	39.60	39.60	-	-	52.12	39.60	0.66	5.25	1.07	
LAFARGE AFRICA PLC	25.30	25.80	1.98	7.50	30.00	20.10	0.04	6.45	3.33	HOLD
TELECOMMUNICATION SECTOR										
MTN NIGERIA COMMUNICATIONS P	232.50	249.90	7.48	16.23	270.00	185.00		12.15	17.79	BUY
AIRTEL AFRICA PLC	1175.00	1175.00	-	- 28.13	2,040.00	1,198.00				BUY
CONSUMER GOODS SECTOR										
NESTLE NIGERIA PLC	1148.00	1250.00	8.89	13.64	1,401.40	963.90		17.53	61.77	HOLD
NIGERIAN BREWERIES PLC	38.50	41.00	6.49	-	55.44	28.80	2.32	21.94	1.58	BUY
DANGOTE SUGAR REFINERY PLC	20.00	20.50	2.50	27.73	20.95	15.00	7.89	6.88	4.51	BUY
INTERNATIONAL BREWERIES	4.90	5.00	2.04	6.38	8.60	4.00	-	-	0.81	
FLOUR MILLS NIGERIA PLC	31.30	34.55	10.38	21.65	40.75	27.00		4.75	6.26	BUY
UNILEVER NIGERIA PLC	13.15	15.00	14.07	29.31	15.50	9.80	-	93.31	21.47	BUY
HONEYWELL FLOUR MILL PLC	3.04	3.00	- 1.32	28.21	3.83	1.94	1.99	24.98	0.98	
PZ CUSSONS NIGERIA PLC	16.90	18.50	9.47	63.00	14.00	8.05	0.94	5.91	7.81	BUY
CHAMPION BREWERIES PLC	4.18	3.87	- 7.42	- 29.64	5.55	3.00	-	18.15	3.65	
GUINNESS NIGERIA PLC	70.00	70.70	1.00	2.02	92.70	54.45	30.57	11.33	0.78	HOLD
NASCON ALLIED INDUSTRIES PLC	15.40	15.50	0.65	39.64	14.60	9.50	6.99	9.51	0.19	BUY
VITAFIPLA NIGERIA PLC	20.00	20.90	4.50	2.20	23.60	16.85			0.12	HOLD
CADBURY NIGERIA PLC	16.30	17.00	4.29	42.86	17.70	10.20	4.53	17.26	1.08	BUY
BANKING SECTOR										
GUARANTY TRUST HOLDING CO PL	27.50	28.35	3.09	23.26	27.05	16.80	15.25	3.07	5.95	HOLD
ZENITH BANK PLC	27.00	28.60	5.93	19.17	27.00	18.90	15.91	2.46	7.14	BUY
STANBIC IBTC HOLDINGS PLC	39.55	44.00	11.25	31.54	41.70	27.50	7.89	5.84	6.05	HOLD
FBN HOLDINGS PLC	13.85	14.25	2.89	30.73	12.40	8.20	4.15	2.31	4.17	SELL
ACCESS HOLDINGS PLC	11.40	12.40	8.77	45.88	11.70	7.50	16.51	1.65	4.54	BUY
UNITED BANK FOR AFRICA PLC	9.30	9.35	0.54	23.03	8.90	6.55	18.38	1.84	4.84	HOLD
ECOBANK TRANSNATIONAL INC	12.00	12.55	4.58	18.40	13.00	9.50	6.68	2.15	0.01	HOLD
UNION BANK NIGERIA PLC	7.40	7.20	- 2.70	12.50	7.70	5.00	6.96	8.64	1.00	SELL
FIDELITY BANK/NIGERIA	5.79	5.85	1.04	34.48	6.03	2.87	-	2.13	7.15	BUY
STERLINGNG	1.80	2.08	15.56		1.84	1.32	3.53	2.20	0.26	
FCMB GROUP PLC	4.20	4.60	9.52	19.48	5.00	2.92		2.03	3.04	BUY
WEMA BANK PLC	4.00	4.10	2.50	5.13	4.43	3.85		6.62	2.06	HOLD
JAIZ BANK PLC	1.00	1.30	30.00	41.30	1.04	0.68	-	3.75	1.50	HOLD
OIL & GAS SECTOR										
SEPLAT ENERGY PLC	1200.00	1200.00	-	9.09	1,430.00	1,050.00	5.82	9.21	0.11	HOLD
ARDOVA PLC (MRF)	17.35	17.30	- 0.29	- 5.98	26.40	12.00			0.29	
OANDO PLC	5.60	5.90	5.36	50.51	6.35	3.53	-	1.62	48.40	
TOTALENERGIES MARKETING NIGE	249.00	278.30	11.77	44.20	224.00	197.00	11.05	3.92	1.63	HOLD
MRS NIGERIA PLC	40.80	49.30	20.83	249.65	40.80	10.55	-	364.19	3.29	HOLD
INSURANCE SECTOR										
N.E.M. INSUR CO (NIG) PLC	4.75	5.00	5.26	11.11	5.65	3.13		3.20	0.20	SELL
CUSTODIAN AND ALLIED INSURAN	6.00	6.40	6.67	7.56	7.50	5.35		3.31	1.61	HOLD
AXA MANSARD INSURANCE PLC	3.09	3.19	3.24	59.50	2.77	1.50		5.06	0.20	SELL
AIICO INSURANCE PLC	0.62	0.62	-	5.08	0.79	0.52		2.13	0.12	HOLD
AGRICULTURE SECTOR										
OKOMU OIL PALM PLC	171.50	199.00	16.03	20.61	216.90	157.00		10.17	17.02	
PRESCO PLC	147.00	160.80	9.39	16.95	183.00	110.00	0.01	7.59	0.59	HOLD
CONGLOMERATE SECTOR										
TRANSNATIONAL CORP OF NIGERI	3.07	2.92	- 4.89	158.41	3.24	0.90		17.50	1.81	SELL
UAC OF NIGERIA PLC	9.70	9.60	- 1.03	- 6.34	14.40	7.90	-		0.35	HOLD
FINANCIAL SERVICES SECTOR										
UNITED CAPITAL AFRICA LTD	13.25	13.60	2.64	- 2.86	15.60	9.00	13.58	8.06	1.56	HOLD
NIGERIAN EXCHANGE GROUP PLC	27.35	29.00	6.03	15.77	30.25	17.00	-	62.20	4.94	SELL
CONSTRUCTION SECTOR										
JULIUS BERGER NIGERIA PLC	31.50	31.40	- 0.32	28.16	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 June 02, 2023.

NASD Market News

MARKET SNAPSHOT	Week 22	Week 21	% Change
NASD Securities Index	739.21	724.12	2.08
Market Capitalization (NTn)	1.022	1.002	2.00
Total Volume Traded	10,358,534.00	730,759.00	1317.50
Total Value Traded	482,353,026.40	25,919,209.66	1760.99
Number of Deals	67	72	-6.94
Number of Traded Stocks	11	9	22.22

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDNASDPLC	15.5	14.1	9.93
SDCSCSPLC	15.2	14	8.57
SDFCWAMCO	75	70	7.14
SDACCORN	0.15	0.14	7.14
SDNDEP	245	231	6.06
SD11PLC	119.4	115	3.83
SDNPCOPLC	72	70	2.86
WEEK DECLINERS			
SDUBNPROP	0.92	0.94	-2.13

Source: Proshare NASD

YTD OVERVIEW	
TOTAL VOLUME	1,700,459,893.00
TOTAL VALUE	5,532,974,912.82
NUMBER OF DEALS	1,327.00

Source: Proshare

FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	464.61	-0.01	02/06/2023
Close	464.67	0.00	02/06/2023
NAFEX	465.46		01/06/2023
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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SECURITIES AFRICA

South Africa

Securities Africa
24 Hurlingham Road
Illovo Boulevard
South Africa
Tel: +27 11 268 5833
Fax: +27 11 268 5708

Nigeria

Securities Africa Financial Limited
5th Floor Skye Bank Building
30 Marina
Lagos
Nigeria
Tel: +234 909 440 4638

Americas

Securities Africa Limited
Suite 102
St. James Court, Flatts FL04
Bermuda
Tel: +1 441 278 7620
Fax: +1 441 295 6735

Kenya

Securities Africa Kenya Limited
The Exchange
55 Westlands Road
Nairobi
Kenya
Tel: +254 20 760 5650