



Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N33.19tn/\$43.16bn
All Share Index : 60,968.27
YTD : +18.96

Overview

- Market activities for the week ended Friday, June 30, 2023 closed bullish. The three day shortened trading days due to the Sallah break did not deter the bulls' momentum. The banking Index and the oil and gas index were the highlight of the week as they continued their bullish momentum to propel the market to an upward trajectory. As a result, the NGX ASI increased by 2.89% w/w to close at 60,968.27. The positive sentiment for the week was driven by the upturn in Banking Index (+7.78%), Oil & Gas Index (+4.56%), Insurance Index (+1.90%), Consumer Goods Index (+1.12%) and the Industrial Index (+0.63%).

Gainers & Losers preview

- On the individual stock level, IKEJAHOTEL (+33.00%, w/w), TRANSCOHOT (+32.95% w/w), ETERNA (+32.49% w/w), FTNCOCOA (+25.79%) and NAHCO (+21.67% w/w), sustained the market. On the flipside, NSLTECH (-13.16%, w/w) led the field for the bears whilst GUINEAINS (-12.50% w/w), CORNERSTONE (-9.84%, w/w) and BERGER (-4.31%, w/w) dragged the market. Hence, to close the week, the year-to-date (YTD) return increased to +18.96%, whilst the market capitalization gained N0.958trn week on week to close at N33.198trn.

Market Event and Prospect for the week

Market Event for the week

June 2023 recap

Fallout from the President's Inauguration speech and policies

- Removal of subsidy set a new pump price of N488/litre for NNPC and N505/litre for other marketers representing a 263% jump from previous subsidized price of N185/litre.
- President Bola Tinubu suspended the CBN Governor, Godwin Emiefele on Friday June 9, 2023 as part of his plan to reshape Nigeria's monetary policy space.
- The floating of the Naira on June 14, 2023 ushered a new era in the monetary policy space in Nigeria. All segments of the forex market are now collapsed into the Investors and Exporters (I&E) window. As a result, the naira depreciated by 39% in June to close at N769.25/\$. The official rate finally achieved parity with the parallel market for the first time.
- 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.
- NGX ASI Index breaches 60,000 Index points (60,968.27) for the first time since March 5, 2008 (66,381.20). The Index returned **+9.32%**, the highest in over two (2) years. The major indices were bullish as response to President Bola Tinubu's policies. The banking Index stood out as majority of the stocks traded well above their 52 week high prices. The Oil & Gas Index reawakened as the Index responded positively to subsidy removal.
- Furthermore, 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. New Electricity tariff to commence on July 1, 2023. The Federal Government plans to increase electricity tariff

Key Market Data

INDEX	Week Ended 23/06/2023	Week Ended 30/06/2023	Week to date %	Year to date %
All Share Index	59,206.63	60,968.27	2.98	18.96
NGX Banking Index	598.85	645.42	7.78	54.59
NGX Consumer Goods Index	884.85	894.76	1.12	51.93
NGX Industrial Index	2,475.82	2,491.31	0.63	3.66
NGX Insurance Index	271.90	277.07	1.90	58.91
NGX Oil & Gas Index	742.01	775.85	4.56	67.76

Source: Securities Africa Research, NGX

Top 10 Advancers

Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
IKEJAHOTEL	3.00	3.99	33.00	NSLTECH	0.38	0.33	-13.16
TRANSCOHOT	17.60	23.40	32.95	GUINEAINS	0.24	0.21	-12.50
ETERNA	15.85	21.00	32.49	UNIVERSAL	0.24	0.21	-12.50
STERLINGNG	2.57	3.36	30.74	SOVERENINS	0.55	0.49	-10.91
CHAMS	0.57	0.74	29.82	PHARMADEKO	2.00	1.80	-10.00
R.T BRISCOE	0.44	0.57	29.55	RED STAR	3.50	3.15	-10.00
OMATEK	0.28	0.36	28.57	CORNERSTONE	1.22	1.10	-9.84
FTNCOCOA	1.90	2.39	25.79	CILEASING	3.88	3.50	-9.79
NAHCO	15.00	18.25	21.67	IEI	1.57	1.45	-7.64
THOMASWYATT	1.30	1.57	20.77	BERGER	10.45	10.00	-4.31

Source: NGX

INFLATION VS EQUITY MARKET

	Open	Close	June 2023 YTD
Inflation (May 2023)	22.22	22.41	0.86
ASI (June 2023)	55,769.28	60,968.27	9.32

Source: Securities Africa Research, NGX

BANKING STOCKS

STOCKS	31/05/2023	30/06/2023	MTD% Change	YTD % Change
STERLINGNG	2.05	3.36	63.90	140.00
JAIZBANK	1.21	1.67	38.02	81.52
STANBIC	40.00	54.00	35.00	61.43
ACCESSCORP	12.30	16.60	34.96	95.29
WEMA	4.00	5.29	32.25	35.64
FIDELITY BANK	5.61	7.00	24.78	60.92
UBA	9.90	12.25	23.74	61.18
GTCO	28.70	35.00	21.95	52.17
ETI	12.50	15.20	21.60	43.40
FBNH	14.40	17.05	18.40	60.55
ZENITHBANK	29.00	34.25	18.10	42.71
FCMB	4.60	5.10	10.87	32.47
UNION BANK	7.20	7.35	2.08	14.84

Source: Securities Africa Research, CSCS

by 40% from July 1, 2023. Also, Customs to begin charging 7.5% value added tax on diesel.

- Finally, more cost pressure on Nigerians. Inflation already eroded household income and then you have additional burden of more hikes in electricity tariff and vat on diesel which puts a large chunk of Nigerians in survival mode. Automatically, this will reduce the appetite for investment product particularly in the retail space in the short term till the expected palliatives from the government arrive, if it will.

What to expect in July 2023

Bullish banking stocks

We expect that a potential revaluation of the forex in the books of most of the banks half year 2023 (HY 2023) will improve their bottom line. Therefore, the anticipated Q2 results will most likely provide further positive sentiment on banking stocks. Also, interim dividend paying companies are expected to attract majority of the traffic from investors.

Bullish oil & gas stocks

We expect the bullish sentiment in Oil and Gas stocks to still continue as companies declare positive Q2 results that will capture the windfall from the removal of subsidy. Also, licenses are being awarded to companies and individuals that wish to import oil products into Nigeria. ETERNA PLC is one of the beneficiaries of such license.

Increase in Diaspora remittances

Nigeria boasts one of the highest diaspora remittances in the world. Furthermore, with the liberalization of the forex market, diaspora remittances will see an increase in naira value per dollar inflow. Thus, with the ongoing reforms by the government of President Bola Tinubu, we expect the hunt for investment products to increase in this segment to take advantage of the current bullish sentiment in the equities market.

Inflation

Inflation struggles is expected to continue as June 2023 inflation figures will capture the ripple effect of the removal of subsidy. We expect inflation to hit between 25% - 27% in June with transport cost and food items the main drivers.

Silent wait for Foreign Investors

The ongoing monetary policy reforms have had a positive impact on the equities market so far. As the Naira strives to find a fair value, Investors need confidence in order to commit funds. Foreign Investors still have a backlog of funds to remit and as such, the test for the reforms will be to substantially increase the ease of remitting investment funds. Experts are predicting Q3 or Q4 2023 for re-entry of foreign flows.

Implication for Equities Market

We expect to see a movement in the political space as President Bola Tinubu prepares to name his cabinet. These are the individuals that will implement the Presidents vision for the country.

New floor prices are being set in the market due to bullish sentiment from last month with certain stocks trading well above their 52 week high prices. However, we expect the anticipated positive Q2 results to be the driver for bargain hunting and investors will be targeting interim dividend paying stocks (particularly banking stocks) to earn a reasonable return.

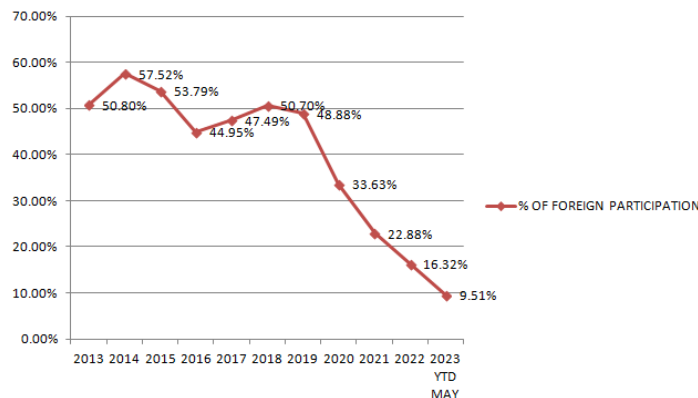
Prospect for the week

We expect bullish sentiment in the market this week.

OIL & GAS				
STOCKS	31/05/2023	30/06/2023	MTD% Change	YTD% Change
ETERNA PLC	7.70	21.00	172.73	213.21
CONOIL PLC	57.95	83.00	43.23	213.90
MRS	44.85	79.00	76.14	460.28
TOTALENERGIES	272.00	350.00	28.68	81.35
SEPLAT	1200.00	1399.80	16.65	27.25
OANDO	5.77	5.75	-0.35	41.33
ARDOVA	17.30	16.90	-2.31	-8.15

Source: Securities Africa Research, CSCS

% OF FOREIGN PARTICIPATION (EQUITIES 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	287.50	285.00	- 0.87	9.20	297.00	220.00	8.23	11.91	22.27	HOLD
BUA CEMENT PLC	90.00	92.25	2.50	5.63	117.00	49.50	2.64	25.50	2.98	BUY
BETA GLASS PLC	38.85	38.85	-	1.89	52.12	39.60	0.66	5.25	1.07	
LAFARGE AFRICA PLC	28.85	29.50	2.25	22.92	30.00	20.10	0.04	6.45	3.33	HOLD
TELECOMMUNICATION SECTOR										
MTN NIGERIA COMMUNICATIONS P	265.50	273.40	2.98	27.16	274.00	185.00		12.15	17.79	BUY
AIRTEL AFRICA PLC	1266.80	1319.90	4.19	19.27	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	43.70	45.00	2.97	9.76	55.44	28.80	2.32	21.94	1.58	BUY
DANGOTE SUGAR REFINERY PLC	23.60	25.00	5.93	55.76	25.00	15.00	7.89	6.88	4.51	BUY
INTERNATIONAL BREWERIES	5.10	5.20	1.96	10.64	8.60	4.00	-	-	0.81	
FLOUR MILLS NIGERIA PLC	34.50	34.10	- 1.16	20.07	40.75	27.00		4.75	6.26	BUY
UNILEVER NIGERIA PLC	15.50	16.30	5.16	40.52	16.30	9.80	-	93.31	21.47	BUY
HONEYWELL FLOUR MILL PLC	3.40	3.30	- 2.94	41.03	3.83	1.94	1.99	24.98	0.98	
PZ CUSSENS NIGERIA PLC	18.90	22.00	16.40	93.83	22.00	8.05	0.94	5.91	7.81	BUY
CHAMPION BREWERIES PLC	4.46	5.38	20.63	2.18	5.55	3.00	-	18.15	3.65	
GUINNESS NIGERIA PLC	80.00	80.00	-	15.44	92.70	54.45	30.57	11.33	0.78	HOLD
NASCON ALLIED INDUSTRIES PLC	18.70	18.70	-	68.47	18.70	9.50	6.99	9.51	0.19	BUY
VITAFI NIGERIA PLC	21.10	21.30	0.95	4.16	23.60	16.85			0.12	HOLD
CADBURY NIGERIA PLC	17.10	17.40	1.75	46.22	18.80	10.20	4.53	17.26	1.08	BUY
BANKING SECTOR										
GUARANTY TRUST HOLDING CO PL	31.45	35.00	11.29	52.17	35.00	16.80	15.25	3.07	5.95	ACCUMULATE
ZENITH BANK PLC	32.00	34.25	7.03	42.71	34.25	18.90	15.91	2.46	7.14	ACCUMULATE
STANBIC IBTC HOLDINGS PLC	51.80	54.00	4.25	61.43	54.00	27.50	7.89	5.84	6.05	BUY
FBN HOLDINGS PLC	17.30	17.50	1.16	60.55	17.50	8.20	4.15	2.31	4.17	BUY
ACCESS HOLDINGS PLC	14.95	16.60	11.04	95.29	16.60	7.50	16.51	1.65	4.54	BUY
UNITED BANK FOR AFRICA PLC	11.45	12.25	6.99	61.18	12.25	6.55	18.38	1.84	4.84	BUY
ECOBANK TRANSNATIONAL INC	14.00	15.20	8.57	43.40	15.20	9.50	6.68	2.15	0.01	BUY
UNION BANK NIGERIA PLC	7.35	7.35	-	14.84	7.70	5.00	6.96	8.64	1.00	HOLD
FIDELITY BANK/NIGERIA	6.99	7.00	0.14	60.92	7.00	2.87	-	2.13	7.15	BUY
STERLING NG	2.57	3.36	30.74	140.00	3.36	1.32	3.53	2.20	0.26	BUY
FCMB GROUP PLC	5.00	5.10	2.00	32.47	5.10	2.92		2.03	3.04	BUY
WEMA BANK PLC	4.82	5.29	9.75	35.64	5.29	3.85		6.62	2.06	BUY
JAIZ BANK PLC	1.41	1.67	18.44	81.52	1.74	0.68	-	3.75	1.50	BUY
OIL & GAS SECTOR										
SEPLAT ENERGY PLC	1360.00	1399.80	2.93	27.25	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	5.54	5.54	-	41.33	6.35	3.53	-	1.62	48.40	
TOTAL ENERGIES MARKETING NIGE	336.00	350.00	4.17	81.35	350.00	197.00	11.05	3.92	1.63	ACCUMULATE
MRS NIGERIA PLC	79.00	79.00	-	460.28	79.00	10.55	-	364.19	3.29	ACCUMULATE
ETERNA PLC	15.85	21.00	32.49	213.90	21.00	5.40	-	4.17	1.36	BUY
CONOIL PLC	80.25	83.00	3.43	213.21	83.00	23.90	-	4.97	8.97	BUY
INSURANCE SECTOR										
N.E.M. INSUR CO (NIG) PLC	6.30	6.40	1.59	42.22	6.30	3.13		3.20	0.20	BUY
AXA MANSARD INSURANCE PLC	3.78	3.95	4.50	97.50	4.10	1.50		5.06	0.20	BUY
AIICO INSURANCE PLC	0.68	0.71	4.41	20.34	0.79	0.52		2.13	0.12	BUY
AGRICULTURE SECTOR										
OKOMU OIL PALM PLC	225.00	235.00	4.44	42.42	235.00	157.00		10.17	17.02	HOLD
PRESCO PLC	178.00	178.00	-	29.45	183.00	110.00	0.01	7.59	0.59	HOLD
CONGLOMERATE SECTOR										
TRANSNATIONAL CORP OF NIGERI	3.21	3.51	9.35	210.62	3.50	0.90		17.50	1.81	SELL
UAC OF NIGERIA PLC	10.00	10.80	8.00	5.37	14.40	7.90	-		0.35	HOLD
FINANCIAL SERVICES SECTOR										
UNITED CAPITAL AFRICA LTD	14.85	15.75	6.06	12.50	15.60	9.00	13.58	5.16	1.61	ACCUMULATE
NIGERIAN EXCHANGE GROUP PLC	28.95	29.30	1.21	16.97	30.25	17.00	-	62.20	4.94	HOLD
CUSTODIAN AND ALLIED INSURAN	7.50	7.50	-	26.05	7.50	5.35		3.31	1.61	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	9.25	10.15	9.73	103.00	10.15	5.00	#N/A N/A	12.56	0.27	
NIGERIAN AVIATION HANDLING C	15.00	18.25	21.67	185.16	18.25	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 30, 2023.

NASD Market News

MARKET SNAPSHOT	Week 26	Week 25	% Change
NASD Securities Index	752.03	750.82	0.16
Market Capitalization (NTn)	1.04	1.024	1.56
Total Volume Traded	1,086,477,150.00	25,156,952.00	4218.79
Total Value Traded	21,725,309,830.58	1,550,559,171.61	1301.13
Number of Deals	75	96	-21.88
Number of Traded Stocks	14	11	27.27

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDNDEP	276.29	250.83	10.15
SDUBNPROP	1	0.95	5.26
SDPURPLERE	5.21	5.2	0.19
WEEK DECLINERS			
SDNASDPLC	13.95	15.50	-10.00
SDFCWAMCO	69.98	70.96	-1.38
SDCSCSPLC	18.00	18.10	-0.55

Source: Proshare NASD

FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	758.56	-0.26	30/06/2023
Close	769.25	0.82	30/06/2023
NAFEX	752.19		27/06/2023
MPR	18.5%		24/05/2023
INFLATION	22.41%		15/06/2023
	30 June 2023	31 May 2023	
GROSS EXTERNAL RESERVES (USD'bn)	34.1	35.1	-2.85

Source: Securities Africa Research , NGX

YTD OVERVIEW	
TOTAL VOLUME	2,853,131,649.00
TOTAL VALUE	29,112,146,990.93
NUMBER OF DEALS	1,733.00

Source: Proshare NASD

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