



## Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N34.07tn/\$42.38bn  
All Share Index : 62,569.73  
YTD : +22.08

### Overview

- Market activities for the week ended Friday, July 14, 2023 closed bearish. There was heavy sell offs in the banking Index and the insurance index during the week as profit takers depressed the market resulting in a downward trajectory. As a result, the NGX ASI decreased by 0.75% w/w to close at 62,569.73. The negative sentiment for the week was driven by the downturn in Banking Index (-14.32%), Insurance Index (-11.53%) and Consumer Goods Index (-2.29%). The Industrial Index (+9.01%) and Oil & Gas Index (+1.43%) were the bright lights.

### Gainers & Losers preview

- On the individual stock level, CHAMPION (-31.52%, w/w), WEMABANK (-25.55% w/w), STERLINGNG (-25.42% w/w), FIDELITY (-24.97%, w/w) and ETI (-23.03% w/w), depressed the market. On the flipside, NASCON (+22.49%, w/w) led the field for the bulls whilst SKYAVN (+20.41% w/w), DANGCEM (+11.63%, w/w) and MRS (+10.00%, w/w) sustained the market. Hence, to close the week, the year-to-date (YTD) return decreased to +22.08%, whilst the market capitalization gained N0.26trn week on week to close at N34.07trn.

### Market Event and Prospect for the week

#### Market Event for the week

#### Inflation surges to 22.79%

AS expected the Inflation figure in Nigeria for June 2023 rose to 22.79% representing a 1.70% increase from May 2023 (22.41%). The headline inflation rate on a year to year basis was 4.19% higher than what was recorded in June 2022 (18.6%). The major drivers were food inflation which rose to 25.25% compared to 24.82% in May 2023. Core Inflation rose to 20.27% from 20.06% in May 2023. Food and non-alcoholic beverages led the way with 11.81% whilst housing water, electricity, gas and other fuel was next with 3.81% and communication (0.15%) was the least on the list.

The NGX ASI Index has been lagging behind inflation all year in 2023 until last week, however, normal service has resumed as the new inflation figure released shows inflation ahead by 0.71% point.

The consumer goods index, the index most affected by inflation is still trading at a positive **48.13%** year to date (YTD).

#### Declaration of state of emergency on food insecurity

President Bola Ahmed Tinubu last week declared a state of emergency on food insecurity in a bid to tackle the increase in food prices across the nation. Food prices have been the major driver of inflation in Nigeria increasing to 25.25% in June 2023. Supply chain disruptions from covid-19 to Russia-Ukraine war to the attacks on farmers in Nigeria have all contributed to the continuous increase in inflation.

The federal government proposed an intervention plan to tackle food insecurity. Some of the key points include:

- 1) Immediate release of fertilizers and grains to farmers and

### Key Market Data

INDEX	Week Ended 07/07/2023	Week Ended 14/07/2023	Week to date %	Year to date %
All Share Index	63,040.41	62,569.73	- 0.75	22.08
NGX Banking Index	708.77	607.29	- 14.32	45.46
NGX Consumer Goods Index	892.77	872.37	- 2.29	48.13
NGX Industrial Index	2,546.73	2,776.30	9.01	15.52
NGX Insurance Index	279.10	246.91	- 11.53	41.61
NGX Oil & Gas Index	831.59	843.48	1.43	82.38

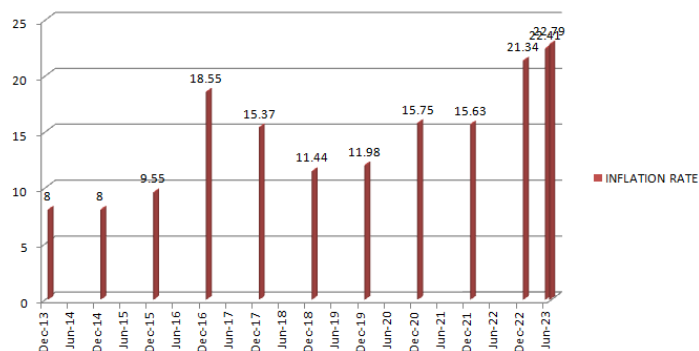
Source: Securities Africa Research, NGX

### Top 10 Advancers

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
NASCON	22.90	28.05	22.49	CHAMPION	4.60	3.15	-31.52
SKYAVN	12.25	14.75	20.41	WEMABANK	5.44	4.05	-25.55
DANGCEM	300.10	335.00	11.63	STERLINGNG	4.17	3.11	-25.42
MRS	99.50	109.45	10.00	FIDELITY	8.93	6.70	-24.97
CONOIL	102.30	112.50	9.97	ETI	16.50	12.70	-23.03
BUACEMENT	91.00	98.95	8.74	FBNH	20.30	15.80	-22.17
DANGSUGAR	27.50	29.00	5.45	UACN	11.50	9.00	-21.74
OKOMUOIL	245.00	250.30	2.16	ACCESSCORP	18.75	14.95	-20.27
				PZ	22.10	18.00	-18.55
				MANSARD	3.96	3.26	-17.68

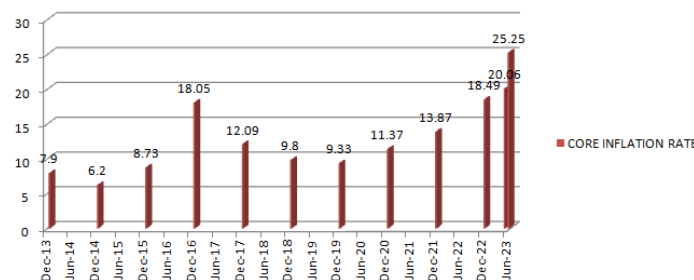
Source: NGX

### ALL ITEMS INFLATION 2014-2023



Source: Securities Africa Research, NGX

### CORE INFLATION 2014-2023



households

- 2) Increased security measures for farms and farmers
- 3) Enhancement of Central Bank's role in funding Agricultural value chain
- 4) Activation of 500,000 hectares of land for farming and river basins for continuous farming.

### President Bola Ahmed Tinubu's palliatives to Nigerians

After his promise to reduce the burden on Nigerians following the removal of fuel subsidy, the Senate on Friday July 14, 2023, approved the president's request to amend the 2022 Supplementary Act totalling N819 billion. The senate also gave the president the go-ahead to remove N500 billion from the N819 billion to provide palliatives for vulnerable Nigerians to cushion the effect of the subsidy removal.

The President in another request urged the Senate to approve a borrowing request of \$800 million to enable the federal government fund the 2023 supplementary budget. The President explained that the loan would be used to scale up the National Social Safety Net programme and the borrowing will be sourced from the world bank. For more details, click [here](#)

The federal government's move to fund palliatives by borrowing more is a concern as the debt profile of Nigeria keep increasing whilst cost of living is also on the up. Already, CBN loans to the previous dispensation under Buhari climbed to 2900% in seven years, monthly issue of FGN Savings bond leading to quarterly interest payments, likewise interest payments and redemption of FGN bond and Eurobond are some of the bottlenecks facing President Bola Tinubu's regime.

This will continue creating a crowding out effect for other borrowers and reduce government spending on productive sectors to achieve the stated GDP growth rate of 6%.

### NASCON to merge with DANGSUGAR

In a publication filed with NGX on July 13, 2023, the makers of Dangote Salt and Seasoning, NASCON Allied Industries Plc have announced a proposed merger with two other companies, Dangote Sugar Refinery Plc and Dangote Rice Limited. The proposal will be considered at a meeting of the Board of Directors to be held on July 25, 2023.

NASCON (+22.49%) top the list of advancers for last week on NGX whilst DANGSUGAR (+5.45%) were in the top.

For the financial year ended December 2022, NASCON recorded revenue growth of 76.6 per cent to N58.8bn from N33.3bn in 2021, supported by growth in salt (up 79.8 per cent) and seasonings (up 50.0 per cent) sales. Cost of sales rose by 60.6 per cent to N34.2bn as against N21.3bn declared in 2021, while gross profit jumped by 105.2 per cent from N12bn in 2021 to N24.5bn in the period under review, operating expenses rose 59.9 per cent to N15.2 bn compared to N9.5 bn in 2021. Profit after tax increased by 84.1 per cent to N5.5bn for the year, compared to N3.0bn achieved in 2021. Earnings per share also increased to N2.06 in 2021 compared to N1.12 in 2021.

Source: Punch

### ■ Prospect for the week

Market traded bearish last week as profit takers stormed the market. The banking stocks, which traded at a 52 week high just 2 weeks ago were negative for the week ended July 14, 2023. This represents an opportunity for bargain hunters to revisit these stocks and take position.

We expect bullish sentiment in the market this week.

BANKING STOCKS			
STOCKS	07/07/2023	14/07/2023	WTD% Change
GTCO	36.70	33.70	- 8.17
ZENITHBANK	34.80	32.50	- 6.61
STANBIC	63.65	61.20	- 3.85
FBNH	20.30	15.80	- 22.17
ACCESSCORP	18.75	14.95	- 20.27
UBA	14.20	12.85	- 9.51
ETI	16.50	12.70	- 23.03
UNION BANK	8.25	7.00	- 15.15
FIDELITY BANK	8.93	6.70	- 24.97
STERLINGNG	4.17	3.11	- 25.42
FCMB	6.65	5.50	- 17.29
WEMA	5.44	4.05	- 25.55
JAIZBANK	1.80	1.75	- 2.78

Source: Securities Africa Research, CSCS

### 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
<b>INDUSTRIAL SECTOR</b>										
DANGOTE CEMENT PLC	300.10	335.00	11.63	28.35	335.00	220.00	8.23	11.91	22.27	ACCUMULATE
BUA CEMENT PLC	91.00	98.95	8.74	1.23	117.00	49.50	2.64	25.50	2.98	ACCUMULATE
BETA GLASS PLC	38.85	35.00	-9.91	-11.62	52.12	39.60	0.66	5.25	1.07	
LAFARGE AFRICA PLC	30.15	28.00	-7.13	16.67	30.15	20.10	0.04	6.45	3.33	HOLD
<b>TELECOMMUNICATION SECTOR</b>										
MTN NIGERIA COMMUNICATIONS P	275.00	265.10	-3.60	23.30	275.00	185.00		12.15	17.79	HOLD
AIRTEL AFRICA PLC	1319.90	1319.90	-	19.27	2,040.00	1,198.00				HOLD
<b>CONSUMER GOODS SECTOR</b>										
NESTLE NIGERIA PLC	1200.00	1175.00	-2.08	6.82	1,401.40	963.90		17.53	61.77	HOLD
NIGERIAN BREWERIES PLC	43.70	39.00	-10.76	-4.88	55.44	28.80	2.32	21.94	1.58	BUY
DANGOTE SUGAR REFINERY PLC	27.50	29.00	5.45	80.69	27.50	15.00	7.89	6.88	4.51	BUY
INTERNATIONAL BREWERIES	5.20	4.60	-11.54	-2.13	8.60	4.00	-	-	0.81	
FLOUR MILLS NIGERIA PLC	33.80	30.60	-9.47	7.75	40.75	27.00		4.75	6.26	BUY
UNILEVER NIGERIA PLC	17.30	14.50	-16.18	25.00	17.30	9.80	-	93.31	21.47	BUY
HONEYWELL FLOUR MILL PLC	3.40	3.00	-11.76	28.21	3.83	1.94	1.99	24.98	0.98	
PZ CUSSONS NIGERIA PLC	22.10	18.00	-18.55	58.59	22.10	8.05	0.94	5.91	7.81	BUY
CHAMPION BREWERIES PLC	4.60	3.15	-31.52	-42.73	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	22.90	28.05	22.49	152.70	22.90	9.50	6.99	9.51	0.19	BUY
VITAFAM NIGERIA PLC	21.20	21.20	-	3.67	23.60	16.85			0.12	HOLD
CADBURY NIGERIA PLC	17.85	16.75	-6.16	40.76	18.80	10.20	4.53	17.26	1.08	BUY
<b>BANKING SECTOR</b>										
GUARANTY TRUST HOLDING CO PL	36.70	33.70	-8.17	46.52	36.70	16.80	15.25	3.07	5.95	ACCUMULATE
ZENITH BANK PLC	34.80	32.50	-6.61	35.42	34.80	18.90	15.91	2.46	7.14	ACCUMULATE
STANBIC IBTC HOLDINGS PLC	63.65	61.20	-3.85	82.96	63.65	27.50	7.89	5.84	6.05	BUY
FBN HOLDINGS PLC	20.30	15.80	-22.17	44.95	20.30	8.20	4.15	2.31	4.17	ACCUMULATE
ACCESS HOLDINGS PLC	18.75	14.95	-20.27	75.88	18.75	7.50	16.51	1.65	4.54	BUY
UNITED BANK FOR AFRICA PLC	14.20	12.85	-9.51	69.08	14.20	6.55	18.38	1.84	4.84	BUY
ECOBANK TRANSNATIONAL INC	16.50	12.70	-23.03	19.81	16.50	9.50	6.68	2.15	0.01	BUY
UNION BANK NIGERIA PLC	8.25	7.00	-15.15	9.38	8.25	5.00	6.96	8.64	1.00	HOLD
FIDELITY BANK/NIGERIA	8.93	6.70	-24.97	54.02	8.93	2.87	-	2.13	7.15	BUY
STERLINGNG	4.17	3.11	-25.42	122.14	4.17	1.32	3.53	2.20	0.26	BUY
FCMB GROUP PLC	6.65	5.50	-17.29	42.86	6.65	2.92		2.03	3.04	BUY
WEMA BANK PLC	5.44	4.05	-25.55	3.85	5.44	3.85		6.62	2.06	BUY
JAIZ BANK PLC	1.80	1.75	-2.78	90.22	1.80	0.68	-	3.75	1.50	BUY
<b>OIL &amp; GAS SECTOR</b>										
SEPLAT ENERGY PLC	1399.80	1399.80	-	27.25	1,430.00	1,050.00	5.82	9.21	0.11	ACCUMULATE
ARDOVA PLC (MRF) - SUSPENDED	16.50	16.50	-	10.33	26.40	12.00			0.29	
OANDO PLC	5.80	5.02	-13.45	28.06	6.35	3.53	-	1.62	48.40	
TOTALENERGIES MARKETING NIGE	370.00	370.00	-	91.71	370.00	197.00	11.05	3.92	1.63	ACCUMULATE
MRS NIGERIA PLC	99.50	109.45	10.00	676.24	99.50	10.55	-	364.19	3.29	ACCUMULATE
ETERNA PLC	28.40	26.30	-7.39	293.12	28.40	5.40	-	4.17	1.36	BUY
CONOIL PLC	102.30	112.50	9.97	324.53	102.30	23.90	-	4.97	8.97	BUY
<b>INSURANCE SECTOR</b>										
N.E.M. INSUR CO (NIG) PLC	6.10	5.40	-11.48	20.00	6.30	3.13		3.20	0.20	BUY
AXA MANSARD INSURANCE PLC	3.96	3.26	-17.68	63.00	4.10	1.50		5.06	0.20	BUY
AIICO INSURANCE PLC	0.72	0.64	-11.11	8.47	0.79	0.52		2.13	0.12	BUY
<b>AGRICULTURE SECTOR</b>										
OKOMU OIL PALM PLC	245.00	250.30	2.16	51.70	245.00	157.00		10.17	17.02	HOLD
PRESCO PLC - SUSPENDED	220.00	220.00	-	60.00	220.00	110.00	0.01	7.59	0.59	HOLD
<b>CONGLOMERATE SECTOR</b>										
TRANSNATIONAL CORP OF NIGERI	4.13	3.45	-16.46	205.31	4.13	0.90		17.50	1.81	SELL
UAC OF NIGERIA PLC	11.50	9.00	-21.74	12.20	14.40	7.90	-		0.35	HOLD
<b>FINANCIAL SERVICES SECTOR</b>										
UNITED CAPITAL AFRICA LTD	16.00	13.70	-14.38	-2.14	16.00	9.00	13.58	5.16	1.61	ACCUMULATE
NIGERIAN EXCHANGE GROUP PLC	27.60	25.00	-9.42	-0.20	30.25	17.00	-	62.20	4.94	HOLD
CUSTODIAN INVESTMENT PLC	7.50	7.00	-6.67	17.65	7.50	5.35		3.31	1.61	HOLD
<b>CONSTRUCTION SECTOR</b>										
JULIUS BERGER NIGERIA PLC	30.00	29.50	-1.67	20.41	31.00	21.15		7.30	0.65	SELL
<b>AVIATION SECTOR</b>										
SKYWAY AVIATION HANDLING CO	12.25	14.75	20.41	195.00	12.25	5.00	#N/A N/A	12.56	0.27	
NIGERIAN AVIATION HANDLING C	19.15	17.00	-11.23	165.63	19.15	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 July 14, 2023.

### NASD Market News

MARKET SNAPSHOT	Week 28	Week 27	% Change
NASD Securities Index	770.89	776.7	-0.75
Market Capitalization (NTn)	1.07	1.07	0.00
Total Volume Traded	329,106,613.00	8,108,550.00	3958.76
Total Value Traded	215,653,915.26	80,688,773.87	167.27
Number of Deals	107	113	-5.31
Number of Traded Stocks	16	16	0.00

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDAFRILAND	3.16	2.87	10.10
SDNDEP	336.6	306	10.00
SDARCON	0.17	0.16	6.25
SDCSCSPLC	18.5	17.86	3.58
SDUBNPROP	1.1	1.09	0.92
	0.08	0.08	0.00
WEEK DECLINERS			
SDFCWAMCO	71.50	79.71	-10.30
SDRSOURCE	0.41	0.45	-8.89

Source: Proshare NASD

### FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	776.90	0.99	07/07/2023
Close	803.90	-3.36	14/07/2023
NAFEX	779.4		13/07/2023
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	3,190,346,812.00
TOTAL VALUE	29,408,489,680.06
NUMBER OF DEALS	1,953.00

Source: Proshare NASD

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