



## Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N35.40tn/\$45.6bn  
All Share Index : 65,056.39  
YTD : +26.94%

### Overview

- Market activities for the week ended Friday, July 28, 2023 closed bullish. Bulls began the week on top but soon after lost momentum to the bears who took profits from midweek to close of the week. As a result, the NGX ASI increased by 0.08% w/w to close at 65,056.39. The positive sentiment for the week was driven by the upturn solely in Oil & Gas Index (+9.28%). The Consumer Goods Index (-2.36%), Banking Index (-2.21%), Insurance Index (-1.60%) and Industrial Index (-0.31%) traded downwards.

### Gainers & Losers preview

- On the individual stock level, SKYAVN (+43.83%, w/w), NASCON (+24.14% w/w), FTNCOCA (+23.17% w/w), SEPLAT (+20.99%, w/w) and STANBIC (+10.85% w/w), sustained the market. On the flipside, FTNCOCOA (-29.08%, w/w) led the field for the bears whilst CADBURY (-26.76% w/w), NB (-16.38%, w/w), INTBREW (-12.37%, w/w) and UNILEVER (-11.17%, w/w) sustained the market. Hence, to close the week, the year-to-date (YTD) return increased to +26.94%, whilst the market capitalization gained N8bn week on week to close at N35.403trn.

### Market Event and Prospect for the week

#### Market Event for the week

#### Submission of Ministerial list by President Bola Tinubu

The Ministerial list has been sent to the Senate of the Federal Republic of Nigeria last week by the President. The screening of the nominees will commence this week. The list has, amongst others, Seven (7) women, four (4) former State Governors and two (2) Ministers who served under the Goodluck Jonathan administration.

Ministerial nominees on the list include Abubakar Momoh (Edo), Amb. Yusuf Maitama Tuggar (Bauchi), Arch. Ahmad Dangiwa (Katsina), Hannatu Musawa (Katsina), Chief Uche Nnaji (Enugu), Dr Betta Edu (Cross River), Ms. Doris Uzoka (Imo), H.E David Umahi (Ebonyi), H.E Ezenwo Nyesom Wike (Rivers), and H.E Muhammed Badaru Abubakar (Jigawa). For more, click [here](#).

These Ministers are going to be charged with the responsibility of implementing the President's vision for the economy of the country. The capital market will be interested in who emerges as the Minister of Finance.

#### Heavy Forex losses hampering Consumer Goods Sector and Others

The series of results declared by listed companies on the Nigerian Exchange Group showed that foreign exchange loss was a common factor that hit the Fast Moving Consumer Goods sector as well as other sectors.

Looking at some of the results:

Nigerian Breweries (NB) foreign exchange losses surged by 680%, amounting to N14.641 billion in Q1, following a substantial increase of 274% in 2022. This led NB's profit to grow marginally by 4.06%. In Q2

### Key Market Data

INDEX	Week Ended 21/07/2023	Week Ended 28/07/2023	Week to date	Year to date %
All Share Index	65,003.39	65,056.39	0.08	26.94
NGX Banking Index	703.32	687.78	-2.21	64.74
NGX Consumer Goods Index	886.96	866.07	-2.36	47.06
NGX Industrial Index	2,854.10	2,845.23	-0.31	18.39
NGX Insurance Index	260.86	256.68	-1.60	47.21
NGX Oil & Gas Index	848.88	927.67	9.28	100.59

Source: Securities Africa Research, NGX

### Top 10 Advancers

### Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
SKYAVN	16.20	23.30	43.83	CADBURY	17.00	12.45	-26.76
LASACO	1.60	2.03	26.88	JOHN HOLT	2.86	2.20	-23.08
NASCON	29.00	36.00	24.14	MULTIVERSE	3.71	2.98	-19.68
FTNCOCOA	2.00	2.47	23.50	THOMASWYATT	1.57	1.30	-17.20
JAPAU	0.84	1.02	21.43	NB	43.65	36.50	-16.38
SEPLAT	1399.80	1693.60	20.99	MAY&BAKER	5.85	4.92	-15.90
SOVRENIN	0.58	0.70	20.69	UNITY	1.65	1.39	-15.76
SUNUASSURE	0.53	0.60	13.21	INTBREW	4.85	4.25	-12.37
TANTALIZER	0.27	0.30	11.11	STERLINGNG	3.96	3.50	-11.62
STANBIC	62.70	69.50	10.85	UNILEVER	17.45	15.50	-11.17

Source: NGX

2023, NB suffered an exchange rate loss of N70.6 billion (N85.2b, year to date 2023).

Cadbury incurred N20.9 billion in exchange rate loss in Q2 2023. This led to a pre-tax loss of N17.9 billion.

Nestle Nigeria Plc recorded forex loss of N123.7billion leading to a pre-tax loss of N86.5 billion.

Guinness Nigeria incurred N49 billion exchange rate losses in its half year operations for 2023. This led to a loss of N18.1 billion with a loss per share of N8.29 kobo.

BUA Foods on the other hand avoided forex losses to post 298.61% growth in pre-tax profit amount to N61.81 billion. BUA Foods did not incur any negative impact from foreign exchange fluctuation.

#### Others

MTNN suffered a forex loss of N131.34 billion dragging its profit to N44.6 billion (64% decrease year on year). The half year profits remain solid at N200.3 billion (N268.69 billion, H1 2022)

ARTELAFRICA reported a loss of \$151 million (N130billion) due to the harmonization of FX rates in Nigeria leading to a loss after tax of \$151 million.

DANGCEM incurred N103.8 billion losses resulting to a fall in pre-tax profit of N93 billion (14% decrease y-o-y)

In addition to the FX losses, petroleum subsidy removal and the impact of the cash crunch earlier in the year were cited as factors impacted the earnings of companies in half year 2023.

#### Banking Sector

In the banking sector, some banks are in the process of raising capital to hedge against currency risk.

Fidelity bank is attempting to raise capital amounting to N96.3billion according to their filing with the Nigerian Exchange Limited (NGX). They plan to raise the capital via a combination of public offer and rights issue.

FBNH has stated that it will raise funds via the creation of 8.974 billion Ordinary Shares at 50 kobo each by way of rights issue.

Jaiz Bank is also planning to raise capital via private placement – 15.4 billion units of shares at N1 per unit.

Experts believe the new exchange rate regime will foster exchange rate stability and predictability in the near future.

*Source: Nairametrics. TheGuardian*

#### ■ Prospect for the week

We expect market to react negatively to the impact of the earnings especially on the consumer goods sector. We also expect bargain hunters to capitalize and spot good entry opportunities on these stocks.

We expect mixed sentiment in the market this week.



## 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	352.00	352.00	-	34.87	352.00	220.00	8.23	11.91	22.27	ACCUMULATE
BUA CEMENT PLC	98.95	98.95	-	1.23	117.00	49.50	2.64	25.50	2.98	HOLD
BETA GLASS PLC	35.00	35.00	-	11.62	52.12	39.60	0.66	5.25	1.07	
LAFARGE AFRICA PLC	28.60	26.90	-	5.94	12.08	30.15	20.10	0.04	6.45	3.33 HOLD
<b>TELECOMMUNICATION SECTOR</b>										
MTN NIGERIA COMMUNICATIONS P	270.00	272.00		0.74	26.51	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	1175.00	1175.00	-	6.82	1,401.40	963.90		17.53	61.77	HOLD
NIGERIAN BREWERIES PLC	43.65	36.50	-	16.38	10.98	55.44	28.80	2.32	21.94	1.58 SELL
DANGOTE SUGAR REFINERY PLC	29.00	30.00		3.45	86.92	27.50	15.00	7.89	6.88	4.51 HOLD
INTERNATIONAL BREWERIES	4.85	4.25	-	12.37	9.57	8.60	4.00	-	-	0.81
FLOUR MILLS NIGERIA PLC	31.90	29.00	-	9.09	2.11	40.75	27.00		4.75	6.26 SELL
UNILEVER NIGERIA PLC	17.45	15.50	-	11.17	33.62	17.45	9.80	-	93.31	21.47 SELL
HONEYWELL FLOUR MILL PLC	3.55	3.39	-	4.51	44.87	3.83	1.94	1.99	24.98	0.98
PZ CUSSONS NIGERIA PLC	20.00	18.15	-	9.25	59.91	22.10	8.05	0.94	5.91	7.81 SELL
CHAMPION BREWERIES PLC	3.76	3.40	-	9.57	38.18	5.55	3.00	-	18.15	3.65
GUINNESS NIGERIA PLC	73.00	66.60	-	8.77	3.90	92.70	54.45	30.57	11.33	0.78 SELL
NASCION ALLIED INDUSTRIES PLC	29.00	36.00		24.14	224.32	36.00	9.50	6.99	9.51	0.19 HOLD
VITAFAM NIGERIA PLC	21.60	20.55	-	4.86	0.49	23.60	16.85			0.12 HOLD
CADBURY NIGERIA PLC	17.00	12.45	-	26.76	4.62	18.80	10.20	4.53	17.26	1.08 SELL
<b>BANKING SECTOR</b>										
GUARANTY TRUST HOLDING CO PL	38.50	37.05	-	3.77	61.09	38.50	16.80	15.25	3.07	5.95 ACCUMULATE
ZENITH BANK PLC	35.15	34.00	-	3.27	41.67	35.15	18.90	15.91	2.46	7.14 ACCUMULATE
STANBIC IBTC HOLDINGS PLC	62.70	69.50		10.85	107.77	69.50	27.50	7.89	5.84	6.05 HOLD
FBN HOLDINGS PLC	19.85	18.55	-	6.55	70.18	20.30	8.20	4.15	2.31	4.17 ACCUMULATE
ACCESS HOLDINGS PLC	18.35	17.50	-	4.63	105.88	18.75	7.50	16.51	1.65	4.54 BUY
UNITED BANK FOR AFRICA PLC	14.90	14.50	-	2.68	90.79	14.90	6.55	18.38	1.84	4.84 BUY
ECOBANK TRANSNATIONAL INC	16.15	17.00		5.26	60.38	17.00	9.50	6.68	2.15	0.01 BUY
UNION BANK NIGERIA PLC	7.00	7.00	-	-	9.38	8.25	5.00	6.96	8.64	1.00 HOLD
FIDELITY BANK/NIGERIA	7.82	8.50		8.70	95.40	8.93	2.87	-	2.13	7.15 BUY
STERLING	3.96	3.50	-	11.62	150.00	4.17	1.32	3.53	2.20	0.26 BUY
FCMB GROUP PLC	6.80	6.32	-	7.06	64.16	6.80	2.92		2.03	3.04 BUY
WEMA BANK PLC	4.95	4.50	-	9.09	15.38	5.44	3.85		6.62	2.06 BUY
JAIZ BANK PLC	1.98	1.96	-	1.01	113.04	1.98	0.68	-	3.75	1.50 BUY
<b>OIL &amp; GAS SECTOR</b>										
SEPLAT ENERGY PLC	1399.80	1693.60		20.99	53.96	1,693.60	1,050.00	5.82	9.21	0.11 ACCUMULATE
ARDOVA PLC (MRF) - SUSPENDED				#DIV/0!	100.00	26.40	12.00			0.29
OANDO PLC	5.50	5.30	-	3.64	35.20	6.35	3.53	-	1.62	48.40
TOTALENERGIES MARKETING NIGE	370.00	385.00		4.05	99.48	385.00	197.00	11.05	3.92	1.63 ACCUMULATE
MRS NIGERIA PLC	109.45	109.45	-	-	676.24	109.45	10.55	-	364.19	3.29 ACCUMULATE
ETERNA PLC	29.00	28.80	-	0.69	330.49	30.40	5.40	-	4.17	1.36 BUY
CONOIL PLC	112.50	101.25	-	10.00	282.08	112.50	23.90	-	4.97	8.97 BUY
<b>INSURANCE SECTOR</b>										
N.E.M. INSUR CO (NIG) PLC	6.00	6.00	-	-	33.33	6.30	3.13		3.20	0.20 BUY
AXA MANSARD INSURANCE PLC	3.75	3.40	-	9.33	70.00	4.10	1.50		5.06	0.20 BUY
AICO INSURANCE PLC	0.70	0.66	-	5.71	11.86	0.79	0.52		2.13	0.12 BUY
<b>AGRICULTURE SECTOR</b>										
OKOMU OIL PALM PLC	250.30	265.00		5.87	60.61	265.00	157.00		10.17	17.02 HOLD
PRESCO PLC - SUSPENDED				#DIV/0!	100.00	220.00	110.00	0.01	7.59	0.59
<b>CONGLOMERATE SECTOR</b>										
TRANSNATIONAL CORP OF NIGERI	4.05	3.65	-	9.88	223.01	4.13	0.90		17.50	1.81 SELL
UAC OF NIGERIA PLC	11.00	11.50		4.55	12.20	14.40	7.90	-		0.35 BUY
<b>FINANCIAL SERVICES SECTOR</b>										
UNITED CAPITAL AFRICA LTD	14.95	14.35	-	4.01	2.50	16.00	9.00	13.58	5.16	1.61 ACCUMULATE
NIGERIAN EXCHANGE GROUP PLC	28.00	26.50	-	5.36	5.79	30.25	17.00	-	62.20	4.94 HOLD
EUSTOBIAN INVESTMENT PLC	7.58	7.15	-	4.87	28.17	7.58	5.35		3.31	1.81 HOLD
<b>CONSTRUCTION SECTOR</b>										
JULIUS BERGER NIGERIA PLC	28.65	28.00	-	2.27	14.29	31.00	21.15		7.30	0.65 SELL
<b>AVIATION SECTOR</b>										
SKYWAY AVIATION HANDLING CO	16.25	23.30		43.38	366.00	23.30	5.00	#N/A N/A	12.56	0.27
NIGERIAN AVIATION HANDLING C	18.00	19.90		10.56	210.94	19.90	5.00	-	7.97	1.36 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 July 28, 2023.

### NASD Market News

MARKET SNAPSHOT	Week 29	Week 29	% Change
NASD Securities Index	778.96	769.33	1.25
Market Capitalization (NTn)	1.08	1.06	1.50
Total Volume Traded	42,928,272.00	9,249,359.00	364.12
Total Value Traded	308,838,074.99	110,034,990.77	180.67
Number of Deals	99	126	-21.43
Number of Traded Stocks	13	10	30.00

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDACORN	0.19	0.17	11.76
SDNIPCOPLC	71.5	65	10.00
SDFCWAMCO	77.61	70.81	9.60
SDAFRILAND	3.32	3.25	2.15
WEEK DECLINERS			
SDNASDPLC	12.65	13.95	-9.32
SDGEFLUID	2.90	3.05	-4.92

Source: Proshare NASD

### FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	777.82	-3.35	21/07/2023
Close	775.76	0.26	28/07/2023
NAFEX	773.08		27/07/2023
MPR	18.75%		22/07/2023
INFLATION	22.49%		17/07/2023
	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	3,242,524,443.00
TOTAL VALUE	29,827,362,745.82
NUMBER OF DEALS	2,178.00

Source: Proshare NASD

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