



## Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N36.88tn/\$48.7bn  
All Share Index : 67,395.74  
YTD : +31.50%

### Overview

- Market activities for the week ended Friday, September 15, 2023 closed bearish. The Bears were in control from the onset as the news of the NGX downgrade by FTSE depressed the market. The market recovered midweek as companies declared dividend and investors show buy interest in low priced stocks, however, the bears closed the week on top.. As a result, the NGX ASI decreased by 1.10% w/w to close at 67,395.74. The negative sentiment for the week was driven by the downturn in Banking Index (-3.24%), Oil & Gas Index (-2.02%), Consumer Goods Index (-1.84%) and Industrial Index (-0.28%). On the other hand, the Insurance Index (+0.46%) was the solely index that closed bullish.

### Gainers & Losers preview

- On the individual stock level, OANDO (+42.86%, w/w), CORNERST (+12.90% w/w), NNFM (+12.03% w/w), UCAP (+8.81% w/w), and TRANSCOHOT (+8.19%, w/w) sustained the market. On the flipside, ABC (-33.63%, w/w) led the losers whilst TANTALIZERS (-17.39% w/w), LASACO (-11.11%, w/w) and DANGSUGAR (-10.83%, w/w) depressed the market. Hence, to close the week, the year-to-date (YTD) return decreased to +31.50%, whilst the market capitalization lost N409bn week on week to close at N36.886trn.

### Market Event and Prospect for the week

#### Market Event for the week

##### Inflation keeps soaring

The National Bureau of Statistics (NBS) published their August 2023 report as headline inflation surged to 25.80% in August 2023 from 24.08% recorded in the previous month July 2023 representing a 1.72% increase month on month. Also on a year on year basis, the headline inflation was 5.27% higher compared to August 2022 (20.52%).

##### Food Inflation

Food Inflation increased to **29.34%** year on year, representing a **6.22%** increase on the rate recorded in August 2023 (**23.12%**). The driver for the increase were listed as increases in prices of oil and fat, bread and cereals, cereals, fish, fruit, meat, vegetables and potatoes, yam and other tubers, vegetable, milk, cheese and eggs.

##### Inflation vs Equities Market

The NGX ASI Index which measures the return on the equities market is currently out-performing Inflation by **4.05** percentage points.

The gap between the inflation rate and the monetary policy rate (MPR) is widening which most likely mean that the CBN will increase the MPR in their next meeting to combat Inflation.

This is not good news for the equities market as funds are likely to move to the fixed income (bond) space as prices become cheaper due to the inverse relationship between interest rates and bond prices.

### Key Market Data

INDEX	Week Ended 08/09/2023	Week Ended 15/09/2023	Week to date %	Year to date %
All Share Index	68,143.34	67,395.74	- 1.10	31.50
NGX Banking Index	714.16	691.02	- 3.24	65.51
NGX Consumer Goods Index	1,102.72	1,082.42	- 1.84	83.79
NGX Industrial Index	2,892.88	2,884.92	- 0.28	20.04
NGX Insurance Index	265.24	266.46	0.46	52.82
NGX Oil & Gas Index	939.35	920.36	- 2.02	99.01

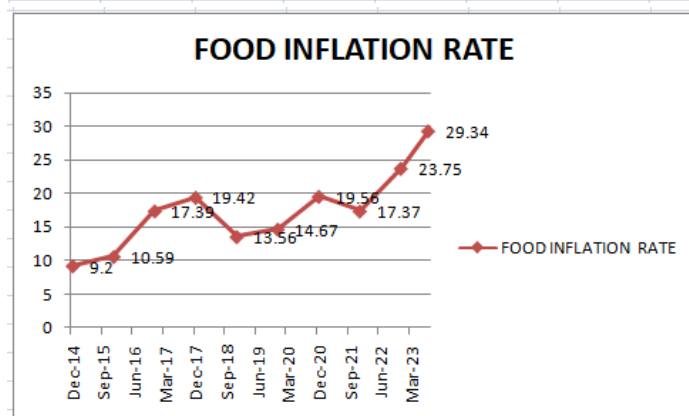
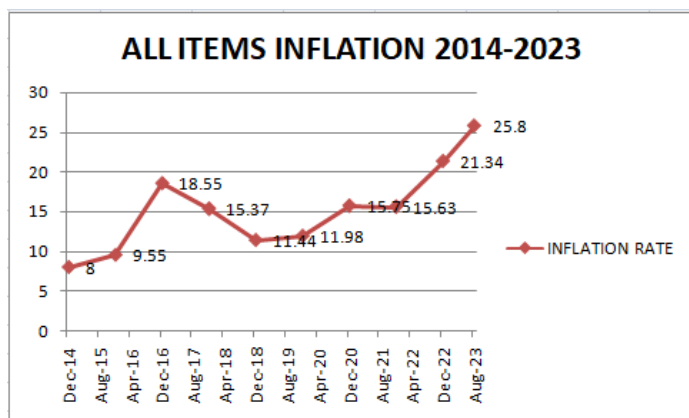
Source: Securities Africa Research, NGX

### Top 10 Advancers

### Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
OANDO	7.70	11.00	42.86	ABC	1.13	0.75	-33.63
CHELLARAMS	2.90	3.85	32.76	OMATEK	0.58	0.40	-31.03
CWG	5.78	7.50	29.76	E-TRANZACT	10.00	7.35	-26.50
CORNERST	1.24	1.40	12.90	GUINEAINS	0.36	0.39	8.33
NNFM	12.05	13.50	12.03	TANTALIZERS	0.46	0.38	-17.39
VITAFAM	22.50	24.70	9.78	ACADEMY	2.24	1.88	-16.07
VCAVERTON	1.29	1.41	9.30	LEARNAFRICA	3.91	3.31	-15.35
JOHNHOLT	1.31	1.43	9.16	REGENCY	0.40	0.35	-12.50
UCAP	15.90	17.30	8.81	LASACO	2.16	1.92	-11.11
TRANSCOHOT	41.50	44.90	8.19	DANGSUGAR	64.15	57.20	-10.83

Source: NGX



### **Nigeria, Cuba sign MOU on Food Security, Agricultural Advancement**

In a bid to ensure food security and arrest inflation, the federal government of Nigeria announced the signing of a memorandum of understanding (MOU) with Cuba.

The MOU is said to focus on crucial areas of agriculture, particularly bio-fortification of agricultural produce, improvement of agricultural seeds and seedlings, agricultural mechanization, cutting-edge technologies for increased yields, and the reduction of post-harvest losses.

The improvement in food security was one of the policies the President Bola Tinubu touched on whilst giving his inauguration speech on May 29, 2023. Food inflation in Nigeria keep rising, increasing 3.87% month on month from July 2023.

### **New CBN Governor**

President Bola Ahmed Tinubu has approved the nomination of Dr. Olayemi Michael Cardoso to serve as the new Governor of the Central Bank of Nigeria. Dr. Olayemi will serve as for a term of five (5) years at the first instance, pending his confirmation by the Senate.

According to a Nairametrics, Dr. Yemi Cardoso is a financial and development expert with over thirty years of experience in the private, public, and not-for-profit sectors. He is the Chairman of the Board of Directors of Citibank Nigeria.

He has also served as the first commissioner/cabinet member for economic planning and budget for Lagos state. He has served on the board of several leading companies including Texaco and Chevron Oil Plc. Cardoso most recently served as a member of the Policy Advisory Council which includes Senator Tokunbo Abiru (chair), Sumaila Zubairu, and Dr Doris Anite.

Dr Cardoso takes over after a turbulent few months for the CBN. First, the former CBN Governor Godwin Emefiele was suspended and arrested, and then the acting Governor Folashodun has been grappling with Inflation, stabilizing the exchange rates and the issue of FX supply.

### **Effect on Equities market**

At this point, it is unsure what the effect of this appointment will have on the market. The legality of the appointment is still being questioned given that the former Governor's status is still uncertain and the case of the President having the powers to appoint the Deputy Governors too is being questioned.

### **Forex Backlog**

The Central Bank of Nigeria (CBN) initiated a plan to clear outstanding foreign exchange on September 5, 2023. The acting Governor of CBN, Folashodun Shonubi in a statement said the CBN was working with commercial banks to clear the \$10 billion foreign exchange backlog. Today, September 18, 2023, marks the end of the two weeks, but at the moment, nothing has indicated that the backlog has been cleared.

### **Downgrade NGX Financial Times Stock Exchange Group (FTSE)**

The equities market on Monday September 11, 2023, reacted to [news](#) that the FTSE Russell, a global index provider, downgraded the Nigerian Exchange Group bourse from "Frontline" to "Unclassified Market" status. The reclassification stemmed from the feedback FTSE received from index users and market participant on the inability of foreign Investors to repatriate their capital.

### **Effect on equities market**

The FTSE reclassification triggered a massive sell off by foreign and Institutional investors yesterday in the equities market as the banking stocks took a massive hit losing **(-6.11%)** for the day. However, the loss

INFLATION VS EQUITY MARKET	
	Close
Inflation (August 2023)	25.80
ASI (August 31, 2023)	29.85

moderated the following day as investors reacted positively to the dividend declared by UBA which rubbed off on the other banking stocks. The low prices created by the sell offs led to investors buying the dip, thus stabilizing the market, although the market ended bearish for the week ended September 15, 2023.

#### **Corporate Actions**

Zenith Bank Plc on Monday September 11, 2023, released their half-year 2023 (H1'2023) result and proposed an **N0.50k** interim dividend.

UBA released their H1' 2023 result on September 12, 2023 and proposed an interim dividend of N0.50k per share representing a 150% increase on last year (H1'2022). UBA's performance was great as profit after tax (PAT) grew by 437.8% to N378.24bn from H1'2022. The gross earnings increased by 155.7% to N981.78bn from N372.36bn recorded in H1'2022. For more, please click [here](#)

#### **Corporate Actions**

##### **Presco Plc**

Proposed Dividend: N6.80  
Qualification Date: 13/09/2023  
Payment Date: 22/09/2023

##### **FIDELITY Plc**

Proposed Dividend: N0.25  
Qualification Date: 15/09/2023  
Payment Date: 22/9/2023

##### **GTCO Plc**

Proposed Dividend: N0.50  
Qualification Date: 14/9/2023  
Payment Date: 25/9/2023

##### **ZENITH BANK Plc**

Proposed Dividend: N0.50  
Qualification Date: 22/9/2023  
Payment Date: 29/9/2023

##### **UNITED BANK FOR AFRICA Plc**

Proposed Dividend: N0.50  
Qualification Date: 26/9/2023  
Payment Date: 06/10/2023

Source: NGX

#### ■ **Prospect for the week**

We expect mixed sentiment in the market this week as investors decide on taking profits or wait for dividend.

## 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	365.00	365.00	-	39.85	369.80	220.00	8.23	11.91	27.01	HOLD		
BUA CEMENT PLC	96.15	96.15	-	1.64	117.00	49.50	2.64	25.50	2.98	HOLD		
BETA GLASS PLC	51.85	51.85	-	30.93	52.12	39.60	0.66	5.25	13.05			
LAFARGE AFRICA PLC	30.50	29.00	-	4.92	20.83	30.50	20.10	0.04	6.45	24.95	HOLD	
<b>TELECOMMUNICATION SECTOR</b>												
MTN NIGERIA COMMUNICATIONS P	274.20	270.10	-	1.50	25.63	280.00	185.00		12.15	N/A	ACCUMULATE	
AIRTEL AFRICA PLC	1250.00	1250.00	-	23.55		2,040.00	1,198.00			N/A	SELL	
<b>CONSUMER GOODS SECTOR</b>												
NESTLE NIGERIA PLC	1075.00	1025.00	-	4.65	6.82	1,401.40	963.90		17.53	-	56.63	HOLD
NIGERIAN BREWERIES PLC	38.10	40.95		7.48	0.12	55.44	28.80	2.32	21.94	-	7.88	BUY
DANGOTE SUGAR REFINERY PLC	64.15	57.20	-	10.83	256.39	64.15	15.00	7.89	6.88		0.19	BUY
INTERNATIONAL BREWERIES	4.60	4.45	-	3.26	5.32	8.60	4.00	-	-		2.11	
FLOUR MILLS NIGERIA PLC	32.50	32.70		0.62	15.14	40.75	27.00		4.75		3.60	BUY
UNILEVER NIGERIA PLC	14.50	14.50		-	25.00	17.45	9.80		93.31		1.76	HOLD
HONEYWELL FLOUR MILL PLC	3.42	3.30	-	3.51	41.03	3.83	1.94	1.99	24.98	N/A		
PZ CUSSONS NIGERIA PLC	20.00	19.60	-	2.00	72.69	22.10	8.05	0.94	5.91		3.61	BUY
CHAMPION BREWERIES PLC	3.35	3.25	-	2.99	40.91	5.55	3.00	-	18.15		0.06	
GUINNESS NIGERIA PLC	65.00	65.00	-	-	6.20	92.70	54.45	30.57	11.33	-	12.73	HOLD
NASCON ALLIED INDUSTRIES PLC	58.00	51.80	-	10.69	366.67	58.00	9.50	6.99	9.51		4.22	BUY
VITAFOAM NIGERIA PLC	22.50	24.70		9.78	20.78	24.80	16.85				3.51	HOLD
CADBURY NIGERIA PLC	15.60	16.10		3.21	35.29	18.80	10.20	4.53	17.26		1.08	BUY
BUA FOODS	185.00	185.00	-	184.62		185.00	52.50	N/A	9.09		9.09	ACCUMULATE
<b>BANKING SECTOR</b>												
GUARANTY TRUST HOLDING CO PLC	38.85	35.20	-	9.40	53.04	38.85	16.80	15.25	3.07		6.87	ACCUMULATE
ZENITH BANK PLC	36.95	33.25	-	10.01	38.54	36.95	18.90	15.91	2.46		7.37	ACCUMULATE
STANBIC IBTC HOLDINGS PLC	66.50	68.90		3.61	105.98	69.50	27.50	7.89	5.84		8.10	HOLD
FBN HOLDINGS PLC	18.50	17.80	-	3.78	63.30	20.30	8.20	4.15	2.31		8.57	ACCUMULATE
ACCESSCORP	17.50	17.20	-	1.71	102.35	18.75	7.50	16.51	1.65		5.45	BUY
UNITED BANK FOR AFRICA PLC	15.25	16.45		7.87	116.45	15.25	6.55	18.38	1.84		6.07	BUY
ECOBANK TRANSNATIONAL INC	16.00	16.00	-	-	50.94	17.00	9.50	6.68	2.15		6.48	BUY
UNION BANK NIGERIA PLC	6.50	6.55		0.77	2.34	8.25	5.00	6.96	8.64		1.66	HOLD
FIDELITY BANK NIGERIA	8.75	8.30	-	5.14	90.80	8.93	2.87	-	2.13		2.71	BUY
STERLINGNG	3.84	3.79	-	1.30	170.71	4.17	1.32	3.53	2.20		0.82	BUY
FCMB GROUP PLC	6.80	6.15	-	9.56	59.74	6.80	2.92		2.03		2.93	BUY
WEMA BANK PLC	5.19	5.26		1.35	34.87	5.44	3.85		6.62		1.42	BUY
JAIZ BANK PLC	1.58	1.60		1.27	73.91	1.98	0.68	-	3.75		0.28	BUY
<b>OIL &amp; GAS SECTOR</b>												
SEPLAT ENERGY PLC	1837.00	1837.00	-	67.00		1,693.60	1,050.00	5.82	34.51		0.11	ACCUMULATE
OANDO PLC	7.70	11.00		42.86	180.61	7.70	3.53	-	1.62		48.40	
TOTALENERGIES MARKETING NIGE	385.00	385.00	-	-	99.48	385.00	197.00	11.05	3.92		49.93	ACCUMULATE
MRS NIGERIA PLC	109.45	98.55	-	9.96	598.94	109.45	10.55	-	364.19		33.75	ACCUMULATE
ETERNA PLC	15.75	14.75	-	6.35	120.48	30.40	5.40	-	4.17		5.40	BUY
CONOIL PLC	99.00	89.10	-	10.00	236.23	112.50	23.90	-	4.97		18.33	BUY
<b>INSURANCE SECTOR</b>												
N.E.M. INSUR CO (NIG) PLC	5.00	5.04		0.80	12.00	6.30	3.13		3.20		1.32	BUY
AXA MANSARD INSURANCE PLC	3.88	3.96		2.06	98.00	4.10	1.50		5.06		2.08	BUY
AICO INSURANCE PLC	0.66	0.69		4.55	16.95	0.79	0.52		2.13		0.23	BUY
<b>AGRICULTURE SECTOR</b>												
OKOMU OIL PALM PLC	250.00	263.00		5.20	59.39	265.00	157.00		10.17		8.80	HOLD
PRESCO PLC	208.00	201.20	-	3.27	46.33	220.00	110.00	0.01	7.59		24.75	ACCUMULATE
<b>CONGLOMERATE SECTOR</b>												
TRANSNATIONAL CORP OF NIGERI	6.70	6.20	-	7.46	448.67	6.70	0.90		17.50		0.36	SELL
UAC OF NIGERIA PLC	10.60	10.60	-	-	3.41	14.40	7.90	-	-		0.11	HOLD
<b>FINANCIAL SERVICES SECTOR</b>												
UNITED CAPITAL AFRICA LTD	15.90	17.30		8.81	23.57	16.00	9.00	13.58	5.16		1.47	HOLD
NIGERIAN EXCHANGE GROUP PLC	24.50	23.00	-	6.12	8.18	30.25	17.00	-	62.20		1.04	BUY
CUSTODIAN INVESTMENT PLC	7.55	7.40	-	1.99	24.37	7.65	5.35		3.31		2.11	ACCUMULATE
<b>CONSTRUCTION SECTOR</b>												
JULIUS BERGER NIGERIA PLC	30.00	31.00		3.33	26.53	31.00	21.15		7.30		6.42	SELL
<b>AVIATION SECTOR</b>												
SKYWAY AVIATION HANDLING CO	28.15	28.15	-	-	463.00	28.15	5.00	#N/A	N/A		12.56	1.16
NIGERIAN AVIATION HANDLING C	25.45	23.85	-	6.29	272.66	25.95	5.00	-	7.97		1.84	BUY
<b>POWER SECTOR</b>												
GEREGU	339.50	339.50	-	127.85		350.00	100.00				6.44	

## 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 September 15, 2023.

### NASD Market News

MARKET SNAPSHOT	Week 36	Week 36	% Change
NASD Securities Index	805.65	796.04	1.21
Market Capitalization (NTn)	1.14	1.12	1.79
Total Volume Traded	4,720,019.00	7,418,240.00	-36.37
Total Value Traded	113,255,062.85	153,973,888.95	-26.45
Number of Deals	91		#DIV/0!
Number of Traded Stocks	13		#DIV/0!

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDARADEL (FORMER SDNDP)	564.71	507.01	11.38
SDIGIPLC	0.23	0.21	9.52
SDFOODCONCEPT	1.39	1.27	9.45
SDFCWAMCO	75.9	73.29	3.56
SDCSCSPLC	17.5	17	2.94
WEEK DECLINERS			
SD11PLC	144.40	172.00	-16.05
SDAIRLIQ	5.00	5.50	-9.09

Source: Proshare NASD

### FMDQ

Foreign Exchange I&E FX Window			
Description	Spot (\$/N)	Change %	Date
Opening	722.39	2.40	08-09-23
Close	756.91	-2.96	15-09-23
NAFEX	772.47		14-09-23
MPR	18.75%		22-07-23
INFLATION	25.80%		31-08-23
	Thursday, August 31, 2023	Friday, July 28, 2023	
GROSS EXTERNAL RESERVES (USD'bn)	34.0	34.0	0.01

Source: Securities Africa Research , NGX

YTD OVERVIEW	
TOTAL VOLUME	3,841,942,780.00
TOTAL VALUE	33,704,656,778.89
NUMBER OF DEALS	2,674.00

Source: Proshare NASD

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