



Weekly Stock Recommendation

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Sector/Country: Equities/Nigeria

Stock Rating: See text

Equity Market Cap : N39.17tn/\$49.28bn
All Share Index : 71,230.48
YTD : +38.98%

Overview

- Market activities for the week ended Friday, November 24, 2023 closed bullish. The bulls triumphed in three (3) out of the five (5) trading days as ZENITHBANK (+3.39%) and GTCO (+5.81%) boosted the broader index. The NGX ASI thus closed higher increasing by 0.17% w/w to close at 71,230.48 for the week. The positive sentiment for the week was driven by the upturn in Insurance Index (+4.07%), banking Index (+1.94%) and Industrial Index (+0.04%). The consumer goods Index (-0.53%) closed negative, whilst the oil & gas Index (+0.00%) closed flat.

Gainers & Losers preview

- On the individual stock level, MECURE (+60.73% w/w), MULTIVERSE (+60.06% w/w), UNITYBANK (+52.78% w/w), NSLTECH (+52.78% w/w) and NEIMETH (+39.38%) sustained the market. On the flipside, THOMASWYATT (-42.22%, w/w) led the losers whilst ELLAHLAKES (-10.05% w/w), STANBIC (-7.08%, w/w) and INTBREW (-5.56%, w/w) depressed the market. Hence, to close the week, the year-to-date (YTD) return increased to +38.98%, whilst the market capitalization gain N650mn week on week to close at N39.173trn.

Market Event and Prospect for the week

Market Event for the week

CBN Governor lays out policies

In a keynote address on November 24, 2023, the new CBN Governor unveiled a new agenda for achieving macroeconomic stability with five (5) areas. The areas include bank recapitalisation, new forex rules, new monetary policy tools, new licencing framework for fintechs and new credit expansion strategies.

Bank Recapitalisation

The CBN Governor stated that the banking industry is due for another capitalization exercise after the 2004 edition where capital base was raised from N2 billion to N25 billion. In his assessment of the current economic climate, the CBN Governor said:

“A thorough assessment of the economy reveals significant challenges, including high and rising inflation, inadequate foreign exchange supply, depreciation of the exchange rate, limited external reserves, weakened output, and high unemployment.

“These challenges have led to increased interest rates, discouraging investments in productive activities. Within the banking system, high inflation has affected asset quality and solvency ratios. Additionally, the persistent depreciation of the naira poses a significant risk for domestic banks with foreign exchange exposures.

On the agenda of the President, the CBN governor stated that:

“The economic agenda of President Bola Ahmed Tinubu’s administration, as outlined in the widely circulated Policy Advisory Council report on the national economy earlier this year, has set an ambitious goal of achieving a Gross Domestic Product (GDP) of \$1.0 trillion over the next seven years, with clearly defined priority areas and strategies.

Key Market Data

INDEX	Week Ended 17/11/2023	Week Ended 24/11/2023	Week to date	Year to date %
All Share Index	71,112.99	71,230.48	0.17	38.98
NGX Banking Index	728.16	742.29	1.94	77.79
NGX Consumer Goods Index	1,152.57	1,146.43	-0.53	94.66
NGX Industrial Index	2,814.22	2,815.35	0.04	17.15
NGX Insurance Index	293.70	305.66	4.07	75.30
NGX Oil & Gas Index	988.17	988.17	-	113.67

Source: Securities Africa Research, NGX

Top 10 Advancers

Top Decliners

STOCKS	Open	Close	% Change	STOCKS	Open	Close	% Change
MECURE	5.73	9.21	60.73	THOMASWYATT	3.60	2.08	-42.22
MULTIVERSE	3.63	5.81	60.06	ELLAHLAKES	3.78	3.40	-10.05
UNITYBANK	1.17	1.84	57.26	STANBIC	69.95	65.00	-7.08
NSLTECH	0.36	0.55	52.78	ACADEMY	1.80	1.70	-5.56
DEAPCAP	0.48	0.73	52.08	INTBREW	4.50	4.25	-5.56
DAARCOM	0.26	0.39	50.00	NB	40.00	38.00	-5.00
GUINEAINS	0.24	0.34	41.67	NPFMCRFBK	2.10	2.00	-4.76
NEIMETH	1.60	2.23	39.38	CHAMPION	3.60	3.45	-4.17
VERITASKAP	0.29	0.37	27.59	CWG	7.95	7.62	-4.15
SOVERENINS	0.33	0.42	27.27	PRESTIGE	0.55	0.53	-3.64

Source: NGX

New Forex Rules

The CBN Governor stated that stabilizing the exchange rate is a critical part of its effort to promote economic stability. He further stated that new foreign exchange guidelines and legislation will be developed, and extensive consultations will be conducted with banks and FX market operators before implementing any new requirements. On the clearing of FX backlog, the Governor said there have been improvements in FX market liquidity and payments have been made to clear the backlog of FX forward obligations. He stated that the payments have been subjected to detailed verification to ensure that only valid transactions are honored.

New Monetary Tools

The CBN Governor stated that the apex bank will jettison unorthodox monetary policies, adopt inflation targeting, pursue aggressive liquidity mop up through regular Open Market Operations and sustained Cash Reserve debits.

New Licencing Framework for Fintechs

The CBN Governor stated that Technology will continue to play a critical role in delivering financial services and enhancing financial inclusion. He stated that the CBN observed that some licensees are operating outside the approved activities, breaching the boundaries set for them. To conclude, he said that the CBN is conducting a review of the licencing framework for payment services and they are working on a compliance framework that is suitable for a technology-driven payment services sector.

MPC expected to raise MPR by 50bp

After the acceleration of Nigeria's inflation rate to 27.33% in October 2023, experts believe that the Monetary Policy Committee (MPC) will increase the Monetary Policy Rate (MPR) by +0.50% as a response to meet the federal government's inflation target of 21%. It is yet to be seen whether indeed the rate will be raised or if there is a scheduled meeting before the year 2023 ends.

Impact on Equities market

We expect traffic to be on the banking stocks this week as investors react to the CBN's vision for the banking industry. We expect positive sentiment from investors in the wake of these policies.

Source: Vanguard, CBN

■ Prospect for the week

We expect positive sentiment to prevail this week as the bulls look to accumulate stocks especially in the banking sector, whilst investors who earlier took a long position are expected to cash out and re-enter.



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	328.00	328.00	-	25.67	369.80	220.00	8.23	11.91	27.01	HOLD
BUA CEMENT PLC	104.00	104.00	-	6.39	117.00	49.50	2.64	25.50	2.98	HOLD
BETA GLASS PLC	59.95	59.40	- 0.92	50.00	66.95	39.60	0.66	5.25	13.05	
LAFARGE AFRICA PLC	29.50	29.50	-	22.92	30.50	20.10	0.04	6.45	24.95	SELL
TELECOMMUNICATION SECTOR										
MTN NIGERIA COMMUNICATIONS P	241.00	238.00	- 1.24	10.70	280.00	185.00		12.15	N/A	HOLD
AIRTEL AFRICA PLC	1790.00	1790.00	-	9.48	2,040.00	1,198.00			N/A	HOLD
CONSUMER GOODS SECTOR										
NESTLE NIGERIA PLC	1050.00	1050.00	-	4.55	1,401.40	963.90		17.53	56.63	HOLD
NIGERIAN BREWERIES PLC	40.00	38.00	- 5.00	7.32	55.44	28.80	2.32	21.94	7.88	ACCUMULATE
DANGOTE SUGAR REFINERY PLC	61.40	60.00	- 2.28	273.83	64.15	15.00	7.89	6.88	0.19	HOLD
INTERNATIONAL BREWERIES	4.50	4.25	- 5.56	9.57	8.60	4.00	-	-	2.11	
FLOUR MILLS NIGERIA PLC	32.00	32.00	-	12.68	40.75	27.00		4.75	3.60	BUY
UNILEVER NIGERIA PLC	13.95	14.30	2.51	23.28	17.45	9.80	-	93.31	1.76	BUY
HONEYWELL FLOUR MILL PLC	3.13	3.24	3.51	38.46	3.83	1.94	1.99	24.98	N/A	
PZ CUSSONS NIGERIA PLC	23.00	23.00	-	102.64	23.00	8.05	0.94	5.91	3.61	SELL
CHAMPION BREWERIES PLC	3.60	3.45	- 4.17	37.27	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	57.00	57.00	-	413.51	58.00	9.50	6.99	9.51	4.22	SELL
VITAFOAM NIGERIA PLC	22.90	22.50	- 1.75	10.02	24.80	16.85			3.51	SELL
CADBURY NIGERIA PLC	13.80	15.35	11.23	28.99	18.80	10.20	4.53	17.26	1.08	BUY
BUA FOODS	202.80	202.80	-	212.00	202.80	52.50	N/A	9.09	9.09	SELL
BANKING SECTOR										
GUARANTY TRUST HOLDING CO PLC	37.00	39.00	5.41	69.57	38.85	16.80	15.25	3.07	6.87	ACCUMULATE
ZENITH BANK PLC	33.50	34.70	3.58	44.58	36.95	18.90	15.91	2.46	7.37	ACCUMULATE
STANBIC IBTC HOLDINGS PLC	69.95	65.00	- 7.08	94.32	80.00	27.50	7.89	5.84	8.10	ACCUMULATE
FBN HOLDINGS PLC	20.00	20.00	-	83.49	20.30	8.20	4.15	2.31	8.57	ACCUMULATE
ACCESSCORP	17.25	17.35	0.58	104.12	18.75	7.50	16.51	1.65	5.45	ACCUMULATE
UNITED BANK FOR AFRICA PLC	20.65	20.85	0.97	174.34	20.75	6.55	18.38	1.84	6.07	ACCUMULATE
ECOBANK TRANSNATIONAL INC	16.00	16.00	-	50.94	17.00	9.50	6.68	2.15	6.48	HOLD
FIDELITY BANK NIGERIA	8.80	9.00	2.27	106.90	9.15	2.87	-	2.13	2.71	ACCUMULATE
STERLINGNG	3.66	3.55	- 3.01	153.57	4.17	1.32	3.53	2.20	0.82	HOLD
FCMB GROUP PLC	6.80	6.85	0.74	77.92	7.00	2.92		2.03	2.93	BUY
WEMA BANK PLC	5.18	5.19	0.19	33.08	5.44	3.85		6.62	1.42	BUY
JAIZ BANK PLC	1.60	1.64	2.50	78.26	1.98	0.68	-	3.75	0.28	BUY
OIL & GAS SECTOR										
SEPLAT ENERGY PLC	1950.20	2100.10	7.69	90.92	1,980.10	1,050.00	5.82	34.51	0.11	SELL
OANDO PLC	11.70	11.70	-	198.47	14.60	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	HOLD
MRS NIGERIA PLC	109.95	109.95	-	679.79	109.95	10.55	-	364.19	33.75	HOLD
ETERNA PLC	13.05	13.60	4.21	103.29	30.40	5.40	-	4.17	5.40	HOLD
CONOIL PLC	86.50	86.50	-	226.42	112.50	23.90	-	4.97	18.33	BUY
INSURANCE SECTOR										
N.E.M. INSUR CO (NIG) PLC	5.95	6.00	0.84	33.33	6.30	3.13		3.20	1.32	BUY
AXA MANSARD INSURANCE PLC	4.40	4.50	2.27	125.00	4.60	1.50		5.06	2.08	BUY
AIICO INSURANCE PLC	0.75	0.78	4.00	32.20	0.79	0.52		2.13	0.23	HOLD
AGRICULTURE SECTOR										
OKOMU OIL PALM PLC	236.80	240.00	1.35	45.45	265.00	157.00		10.17	8.80	HOLD
PRESCO PLC	188.00	189.90	1.01	38.11	220.00	110.00	0.01	7.59	24.75	ACCUMULATE
CONGLOMERATE SECTOR										
TRANSNATIONAL CORP OF NIGERI	6.06	6.45	6.44	470.80	6.70	0.90		17.50	0.36	SELL
UAC OF NIGERIA PLC	18.00	17.90	- 0.56	74.63	16.00	7.90	-	-	0.11	HOLD
FINANCIAL SERVICES SECTOR										
UNITED CAPITAL AFRICA LTD	16.60	17.40	4.82	24.29	16.00	9.00	13.58	5.16	1.47	SELL
NIGERIAN EXCHANGE GROUP PLC	22.15	22.60	2.03	9.78	30.25	17.00	-	62.20	1.04	BUY
CUSTODIAN INVESTMENT PLC	7.00	7.65	9.29	28.57	7.65	5.35		3.31	2.11	ACCUMULATE
CONSTRUCTION SECTOR										
JULIUS BERGER NIGERIA PLC	34.80	34.80	-	42.04	33.00	21.15		7.30	6.42	SELL
AVIATION SECTOR										
SKYWAY AVIATION HANDLING CO	25.35	25.35	-	407.00	28.15	5.00	#N/A N/A	12.56	1.16	
NIGERIAN AVIATION HANDLING C	24.50	24.40	- 0.41	281.25	25.95	5.00	-	7.97	1.84	BUY
POWER SECTOR										
GEREGU	395.50	399.00	0.88	167.79	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 November 24, 2023.

NASD Market News

Corporate Action

ARADEL PLC

Closure of Register: Friday, December 1, 2023.

Proposed Dividend: N30.00

Qualification Date: Thursday, November 30, 2023

Payment Date: Thursday, December 14, 2023

MARKET SNAPSHOT	Week 47	Week 46	% Change
NASD Securities Index	857.29	845.13	1.44
Market Capitalization (NTn)	1.16	1.13	2.65
Total Volume Traded	13,637,440.00	7,705,993.00	76.97
Total Value Traded	136,376,836.24	94,188,112.83	44.79
Number of Deals	66	88	-25.00

Source: Proshare NASD

WEEK ADVANCERS			
SECURITY	Close (N)	Open (N)	%Change
SDARADEL	871.2	792	10.00
SDUBNPROP	1.65	1.55	6.45
SDFCWAMCO	74	70	5.71
WEEK DECLINERS			
SDCSCSPLC	18.41	20.10	-8.41
SDNASDPLC	12.56	13.30	-5.56

Source: Proshare NASD

FMDQ

Foreign Exchange NAFEM Window			
Description	Spot (\$/N)	Change %	Date
Opening	791.75	-1.49	17-11-23
Close	794.89	-0.40	24-11-23
NAFEX	837.87		23-11-23
MPR	18.75%		22-07-23
INFLATION	27.33%		31-10-23
	Tuesday, October 31, 2023	Saturday, September 30, 2023	
GROSS EXTERNAL RESERVES (USD'bn)	33.4	33.2	0.51

Source: Proshare NASD

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