



Global Economy

Earlier this week, the Office of National Statistics (ONS) released the UK September 2023 Consumer Price Index (CPI) report. According to the report, the CPI rose by 6.7% YoY in September 2023, unchanged from August 2023. MoM, CPI rose by 0.5% in September 2023, also unchanged from September 2022. The largest downward contributions to the monthly change in CPI annual rates came from food and non-alcoholic beverages, where prices fell on the month for the first time since September 2021, and furniture and household goods, where prices rose by less than a year ago. Rising prices for motor fuel made the largest upward contribution to the change in the annual rates. Core CPI (excluding energy, food, alcohol and tobacco) rose by 6.1% YoY in September 2023, down from 6.2% in August 2023. Elsewhere, China's National Bureau of Statistics released its Q3:2023 GDP report. According to the report, China's Gross domestic product (GDP) grew 4.9% YoY in Q3:2023, down from 7.3% YoY in Q2:2023. On a quarter-by-quarter basis, GDP grew 1.3% in the third quarter, accelerating from a revised 0.5% in the second quarter.

Domestic Economy

Earlier this week, the National Bureau of Statistics (NBS) released the inflation report for September 2023. Headline inflation surged by 92bps to 26.72% YoY (vs 25.80% YoY in August 2023). The increase in headline inflation can be attributed to the rise in the food inflation (+130bps, relative to August 2023, to 30.64% YoY) and core inflation (+69bps, relative to August 2023, to 21.84% YoY). On a Month-on-Month (MoM) basis, headline inflation declined by 108bps to settle at 2.10% MoM (vs. 3.18% MoM in August 2023). This is following a dip in food inflation as it went down by 141bps to settle at 2.45% MoM (vs. 3.87% MoM in August 2023). However, core inflation increased by 5bps to 2.22% MoM (vs. 2.18% MoM in August 2023). Furthermore, the Federal Executive Council has proposed a 2024 budget of over NGN26.01trn, a 19.15% YoY increase from 2023. It focuses on infrastructure, human capital, and economic diversification. The budget breakdown includes NGN10.26trn for recurrent expenditure, NGN7.97trn for capital expenditure, and NGN8.25trn for debt service. It assumes an average crude oil price of USD73.96 per barrel, 1.78MMbpd in oil production, and an exchange rate of N700/USD.



Equities

The Nigerian Equities market ended this week on a negative note, as the NGX ASI lost 42bps WoW to close at 66,915.41 points. The market recorded losses in three (3) out of the five (5) trading days of the week, consequently, the market's year-to-date (YtD) returns closed at 30.56% (vs. 31.12% YtD last week). On a sectoral basis, all the sectors under our coverage closed bearish except the Banking sector (+3.52% WoW). Specifically, Insurance (-0.96% WoW), Consumer Goods (-0.46% WoW), Industrial Goods (-0.07% WoW) and Oil and Gas (-0.02% WoW) sectors posted negative returns this week. The top gainers for the week were DAARCOMM (+9.5% WoW to NGN0.23), JBERGER (+9.1% WoW to NGN36.00) and LEARNAFRCA (+6.5% WoW to NGN3.30). On the flipside, the top losers include SOVRENINS (-17.5% WoW to NGN0.33), CADBURY (-16.0% WoW to NGN12.60) and STANBIC (-13.1% WoW to NGN69.55). In the coming week, we expect investors to continue in profit-taking activities as they position themselves in stocks expected to outperform.

Fixed Income

The Nigerian Treasury Bills market closed the week bearish as average yield went up by 40bps WoW to settle at 6.92%. At the October primary bond auction, the DMO sold NGN334.74bn worth of bonds across the re-opening of four (4) instruments (APR-2029: NGN20.53bn, JUN-2033: NGN22.26bn, JUN-2038: NGN54.86bn, and JUN-2053: NGN237.09bn). There was an increase in the demand for the instruments as the average bid-to-cover ratio rose by 26bps to 1.06x (vs. 0.81x at the last auction). Consequently, the average stop rate surged by 33bps to 15.76% compared to 15.44% at the last auction. The four (4) instruments (APR-2029, JUN-2033, JUN-2038 and JUN-2053) stop rates increased by 40bps, 30bps, 25bps and 35bps each to 14.90%, 15.75%, 15.80% and 16.60% respectively. The bullish sentiment trickled down to the secondary bond market as the average yield fell by 1bp WoW to close at 14.45%. This is following buying interest in the MAR-2025 (-41bps), JAN-2026 (-11bps) and FEB-2028 (-16bps) instruments. Overall, the Naira Fixed income market closed the week bearish as average yield increased by 20bps WoW to settle at 10.68%.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	33.2	33.2	0.00%	-10.35%	September 2023 CPI Report – A New High
USD/NGN (₦/\$)					
NAFEX	782.9	766.7	-2.06%	63.66%	
Parallel	1142.5	1035.0	-9.41%	35.99%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (September 2023)	September	August	CHG (pps)		
Headline	26.72	25.8	0.92	26.26	
Core	21.84	21.15	0.69	21.50	
Food	30.64	29.34	1.30	29.99	
GDP (%) - YoY	Q2 23	Q1 23	Q4 22	2022FY	News Headline for the week (click news for link)
Real GDP	2.51	2.31	3.52	3.1	Worries as Naira slumps further to ₦1,100/\$ in unofficial market
Oil	-13.43	-4.21	-13.38	-19.22	Oil falls as Israel embargo concerns fade, Venezuela sanctions to ease
Agriculture	1.50	-0.90	2.05	1.88	No plan to increase taxes, FIRS chairman assures firms
Manufacturing	2.20	1.63	2.83	2.45	NEPZA to list Free Trade Zones on NGX, digitise operations
Information and Communication	8.60	10.32	10.35	9.76	Naira under pressure, Nigeria may seek dollar loan – IMF
Labor Data (%)			Q1 23	Q4 22	States obtain ₦26.31bn excess crude account loans in one year
Unemployment Rate			4.1	5.3	BUA Foods raises prices of commodities after cement 'slash'
Underemployment			12.2	13.7	Experts lower 2023 trade growth forecast amid global manufacturing slowdown
Capital Importation (\$'mn)	Q4 22	Q3 22	QoQ (%)	YoY (%)	Telcos Threaten Court Action against Banks over ₦130bn US\$ Debt
Foreign Portfolio Investment - Equities	4.86	7.21	-32.6%	-87.21%	Zenith Bank, Access Holdings Ghana Subsidiaries Escape Loss, Generate ₦43.97bn PBT
Bonds	322.04	203.80	58.02%	214.62%	China ramps up liquidity support to banking system
Money Market	135.96	231.08	-41.2%	-75.68%	Subsidy removal, naira fall push food inflation to 30.64%
Foreign Direct Investment	84.23	81.72	3.07%	-76.49%	FG gets over \$1.5bn fresh W' Bank, AfDB loans Dec – Edun
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	States issue ₦1.13 trillion bonds in 44 years
MPR	18.75	18.50		25.0%	IEA, OPEC's Views on Oil Demand Growth in 2024 Widen
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	DMBs Loan-to-Deposit Ratio Shrink Amid Growing Profit
Liquidity Ratio	30.0	30.0		0.0%	Grace period expires for coupon payment by China's Country Garden
Source: CBN, NBS, FMDQ, ARM Research					China's Q3 GDP growth, Sept activity show economic recovery gaining traction



Weekly Equities Market Snapshot						Friday, October 20, 2023					
Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YTD	Ticker	Price	Δ (%)	Yr High	Yr Low	YTD
DAARCOMM	0.23	9.5%	0.39	0.20	-10.9%	SOVRENINS	0.33	-17.5%	0.70	0.23	17.9%
JBERGER	36.00	9.1%	36.30	21.15	12.8%	CADBURY	12.60	-16.0%	18.80	10.20	5.9%
LEARNAFRCA	3.30	6.5%	4.23	1.50	0.0%	STANBIC	69.55	-13.1%	83.05	27.50	107.9%
CHAMS	1.49	6.4%	1.57	0.21	-12.7%	FLOURMILL	28.20	-11.9%	36.20	27.30	-0.7%
ROYALEX	0.50	6.4%	1.19	0.44	-4.4%	OKOMUOIL	236.80	-10.0%	265.00	157.00	43.5%
SUNJASSUR	1.10	5.8%	1.18	0.27	3.7%	NB	38.00	-9.5%	48.85	28.80	-7.3%
CAP	21.20	5.2%	22.00	16.20	-1.0%	MULTIVERSE	2.67	-9.5%	4.62	2.20	-32.9%
DANGSUGAR	63.50	4.6%	71.50	15.30	2.3%	RTBRISCOE	0.52	-8.8%	0.81	0.22	100.0%
DAARCOMM	0.23	4.5%	0.39	0.20	-10.9%	CORNERST	1.42	-8.4%	1.81	0.40	136.7%
NASCON	57.00	3.6%	66.80	9.50	7.3%	ELLAHLAKES	4.00	-8.0%	4.75	3.19	11.1%

Tickers	Pts/₦	WoW	MtD	QtD	YTD
NGXASI	66,915.41	-0.42%	0.80%	0.80%	30.56%
Market Cap	36.76trn	-0.42%	1.19%	1.19%	31.70%
NGX Banking	694.09	3.52%	4.18%	4.18%	66.25%
NGX Industrial	1,144.81	-0.07%	3.51%	3.51%	14.69%
NGX Consumer	694.09	-0.46%	1.10%	1.10%	94.39%
NGX Oil & Gas	916.85	-0.02%	0.31%	0.31%	98.25%
NGX Insurance	1,144.81	-0.96%	-3.15%	-3.15%	57.19%

Date	Volume (Mn)	Value (NGN Bn)
16-Oct	216.07	3.55
17-Oct	377.97	5.17
18-Oct	397.56	4.7
19-Oct	298.69	4.48
20-Oct	205.89	6.38

Source: NGX, ARM Research

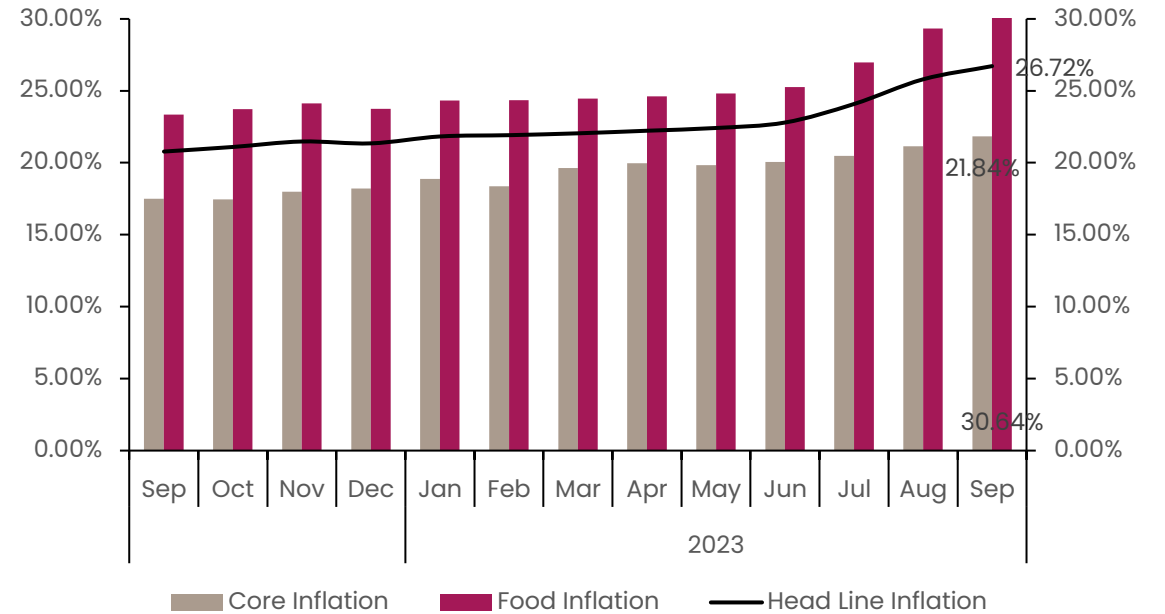
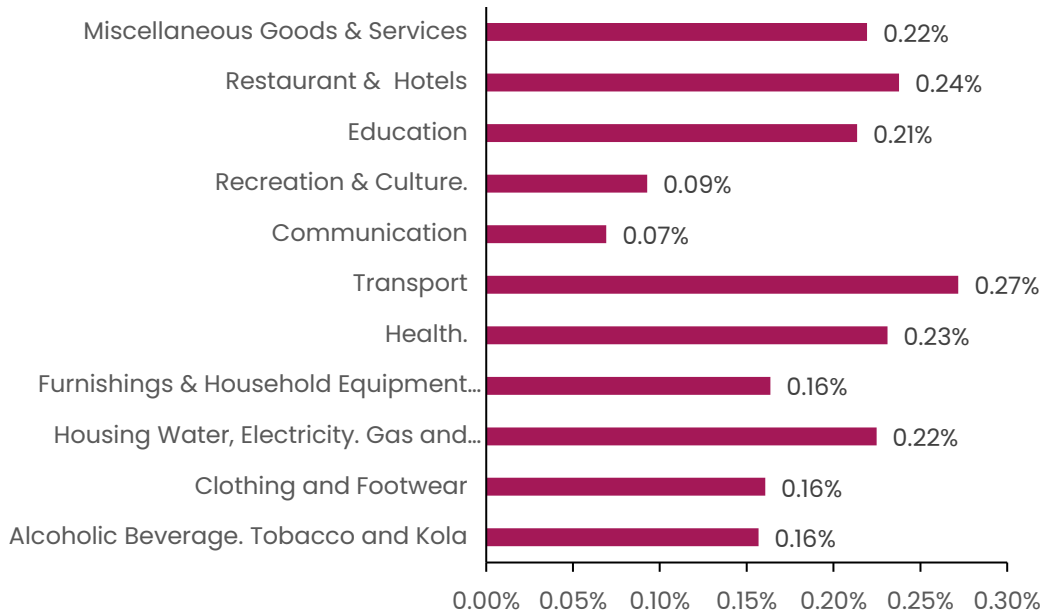


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	362 Day	
Money Market				OMO				OMO				
Overnight (O/N)	2.20%	1.00%	1.20%	10-Aug-23	10.00%	12.98%	14.49%	10-Aug-23	30	40	80	
Open Repo Rate (OPR)	1.50%	1.67%	-0.17%									
NIBOR - 1M	6.00%	11.00%	-5.00%									
NIBOR - 3M	6.88%	12.13%	-5.25%									
NIBOR - 6M	7.75%	12.50%	-4.75%									
Treasury Bills				Treasury Bills				Treasury Bills				
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day	
1-month	2.83%	2.94%	-0.11%	11-Oct-23	3.67%	5.11%	9.25%	11-Oct-23	2.78	3.02	30.76	
3-month	4.15%	4.49%	-0.34%	28-Sep-23	4.99%	6.55%	11.37%	28-Sep-23	1.75	1.56	173.81	
6-month	6.30%	7.04%	-0.74%	11-Sep-23	6.50%	7.00%	12.98%	11-Sep-23	1.10	0.92	150.18	
9-month	8.83%	9.63%	-0.80%	6-Sep-23	4.50%	7.00%	12.55%	06-Sep-23	1.03	10.55	203.15	
12-month	11.10%	10.85%	0.26%	23-Aug-23	5.19%	8.00%	13.97%	23-Aug-23	9.96	10.21	283.04	
FGN Bonds (Local)				FGN Bonds				FGN Bonds				
					Feb-28	Apr-29	Apr-32	Jun-33	Jun-38	Jan-42	Mar-50	Jun-53
14.20% 14-MAR-2024	5.55%	5.45%	0.10%	16-Oct-23	N/A	14.90%	N/A	15.75%	15.80%	N/A	N/A	16.60%
13.53% 23-MAR-2025	12.37%	12.78%	-0.41%	11-Sep-23	N/A	14.50%	N/A	15.45%	15.55%	N/A	N/A	16.25%
12.50% 22-JAN-2026	13.00%	13.11%	-0.11%	14-Aug-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%
16.2884% 17-MAR-2027	13.23%	13.25%	-0.02%	17-Jul-23	N/A	12.50%	N/A	13.60%	14.10%	N/A	N/A	14.30%
12.1493% 18-JUL-2034	14.90%	14.90%	0.00%	19-Jun-23	N/A	13.90%	N/A	14.70%	15.45%	N/A	N/A	15.70%
16.2499% 18-APR-2037	15.65%	15.41%	0.24%									
14.8% 26-APR-2049	15.70%	15.70%	0.00%									
Corporate Bonds				Corporate Bonds				Corporate Bonds				
					This Week	Prior Week	Wow (%)					
7.625 21-NOV-2025	11.08%	10.15%	0.93%	FCMB 17.25% 8-DEC-2023	4.87%	4.41%	0.46%					
6.50% 28-Nov-2027	12.50%	11.68%	0.82%	ACCESS 15.50% 23-JUL-2026	15.75%	15.95%	-0.20%					
7.875% 16-FEB-2032	12.95%	12.18%	0.77%	VIATHAN 16.00% 14-DEC-2027	14.00%	14.12%	-0.12%					
7.625% 28-Nov-2047	12.83%	12.09%	0.74%	UNION 16.20% 27-JUN-2029	18.18%	18.21%	-0.03%					
				FIDELITY 8.50% 7-JAN-2031	15.98%	16.00%	-0.02%					
				MTN COM PLC 12.75 4-NOV-2031	15.97%	15.99%	-0.02%					
Source: DMO, CBN, FMDQ, ARM Research												



Nigerian Inflation - Yet to Peak

Headline inflation in Nigeria accelerated to 26.72% YoY in September 2023, up from 25.80% YoY in August, according to the National Bureau of Statistics (NBS). The increase was driven by a surge in food inflation (+130bps to 30.64% YoY) and core inflation (+69bps to 21.84% YoY). On a Month-on-Month (MoM) basis, headline inflation slowed to 2.10% in September, down from 3.18% in August. Food inflation also declined, falling to 2.45% in September, from 3.87% in August. This decline was attributed to the early harvest season in some parts of the country. Core inflation, on the other hand, ticked up to 2.22% MoM in September, from 2.18% MoM in August. This was despite declines in the Restaurants and Hotels (-80bps to 2.30% MoM), Transport (-70bps to 1.62% MoM), and Health (-64bps to 1.66% MoM) subsegments. On a sectoral basis, the Transportation sector (+0.27% YoY) led the inflationary trend in September, followed by Restaurants and Hotels (+0.24% YoY) and Health (+0.23% YoY) as depicted in chat below. Looking forward, we maintain our 2023FY inflation forecast at 29.40% driven by rising costs of food, transportation, and energy due to challenges such as FX Shortages, high fuel costs, and infrastructural deficiencies.



Source: NBS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	63.50	23.7	-62.68%	SELL
FLOUR MILLS NIG. PLC.	28.20	38.37	36.06%	STRONG BUY
GUINNESS NIG PLC	65.00	144.71	122.63%	STRONG BUY
NIGERIAN BREW. PLC.	38.00	39.22	3.21%	NEUTRAL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	16.45	20.86	26.81%	STRONG BUY
FBN HOLDINGS PLC	15.90	24.62	54.84%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	35.50	43.11	21.44%	STRONG BUY
UNITED BANK FOR AFRICA PLC	19.00	17.67	-7.00%	SELL
ZENITH BANK PLC	33.05	39.58	19.76%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1400.10	1173.84	-16.16%	SELL
MTN NIGERIA COMMUNICATIONS PLC	249.50	340.46	36.46%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	105.80	110.81	4.74%	NEUTRAL
DANGOTE CEMENT PLC	310.10	348.34	12.33%	OVERWEIGHT
LAFARGE AFRICA PLC (WAPCO)	29.00	45.01	55.21%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	1837.00	1,483.90	-19.22%	SELL
TOTALENERGIES MARKETING NIGERIA PLC	385.00	437.35	13.60%	OVERWEIGHT

Source: NGX, ARM Research



Thank You





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