



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

Earlier this week, according to S&P Global, the US private sector's economic activity grew at a moderate rate in November 2023, with the S&P Global Composite PMI remaining stable at 50.7 (vs. 50.7 in October 2023). While the Services PMI slightly increased to 50.8 from 50.6 during the same period, the Manufacturing PMI edged lower to 49.4 from 50.0 in November 2023, entering the contraction zone. Elsewhere, in the UK, the preliminary estimate indicated that the UK S&P Global/CIPS Manufacturing PMI increased to 46.7 in November 2023 from 44.8 in October 2023. Production shrank at its slowest rate in five months, but new job applications and employment levels were falling, mostly due to weak demand and unfavorable domestic economic conditions. In November 2023, the UK Services PMI increased to 49.5 from 49.3 in October 2023. The data indicated the UK services sector activity contracted for the fourth consecutive month, despite suggesting a minor recovery from the preceding month.

Domestic Economy

Earlier today, the National Bureau of Statistics published its Gross Domestic Product (GDP) report for Q3:2023. Despite facing economic challenges, Nigeria's economy is charting a positive course. Real GDP grew by 2.54% YoY (vs. 2.51% in Q2:2023 and 2.25% YoY in Q3:2022). On a sectoral scale, the oil sector experienced a contraction of 0.85% YoY in Q3:2023 (vs. -13.43% YoY in Q2:2023). Conversely, the non-oil sector demonstrated resilience, achieving a growth of 2.75% YoY in Q3:2023 (vs. 3.58% YoY in Q2:2023). Notable growth was observed in the Services (+3.99% YoY), Agriculture (+1.30% YoY), and Industries (+0.46% YoY) sectors. In real terms, the Oil sector contributed 5.48% to the overall GDP in Q3:2023, while the Non-oil sector made a substantial contribution of 94.52% during the same quarter.



Equities

The Nigerian Equities market closed with bullish sentiment for the third (3rd) consecutive week, as the NGX All Share Index (ASI) increased by 17bps WoW to 71,228.79 points. Consequently, the year-to-date (YtD) returns settled at 38.98% (vs. last week: 38.75% YtD). This week, only the Insurance (+4.07% WoW), Banking (+1.94% WoW) and Industrial Goods (+0.04% WoW) sectors closed positive while the Consumer Goods sector shed 53bps WoW. However, the Oil and Gas sector finished the week flat. MULTIVERSE (+45.6% WoW to NGN5.81), NSLTECH (+41.0% WoW to NGN0.55) and DEAPCAP (+40.4% WoW to NGN0.73) topped the gainers' chart while ELLAHLAKES (-10.1% WoW to NGN3.40), INTBREW (-7.6% WoW to NGN4.25) and ABCTRANS (-5.6% WoW to NGN0.84) led the losers' chart. We expect that investors will continue in bargain-hunting activities this coming week.

Fixed Income

At the primary NTB auction held this week, the average stop rate increased by 67bps to 12.25% (vs 11.58% at the previous auction). Similarly, the average bid-to-cover ratio increased by 299bps to settle at 5.82x (vs 2.82x at the previous auction). This indicates an increase in the demand for the instruments particularly the 364 day-bill (6.04x vs 2.75x at the previous auction). The Nigerian secondary Treasury Bills market closed the week on a bullish note as average yield dipped by 225bps WoW to settle at 10.50%. However, the secondary bond market closed the week on a bearish note as the average yield rose by 18bps WoW to settle at 15.91%. This is following selloffs across the curve. Overall, the Naira Fixed income market closed the week bullish as average yield declined by 103bps WoW to settle at 13.21%. We expect markets to be bearish in the coming week, driven by our view of higher rates on the short end of the curve.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	33.2	33.3	-0.36%	-10.35%	Airtel Africa Plc H1:2024 FYE Performance - Charting through Tumultuous Headwinds
USD/NGN (₦/\$)					
NAFEM	956.3	841.1	-12.05%	63.66%	
Parallel	1155.1	1129.0	-2.26%	35.99%	
Economic Snapshot					
	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (October 2023)					
	October	September	CHG (pps)		
Headline	27.33	26.72	0.61	27.03	
Core	22.58	21.84	0.74	22.21	
Food	31.52	30.64	0.88	31.08	
GDP (%) - YoY					
	Q3 23	Q2 23	Q4 22	2022FY	News Headline for the week (click news for link)
Real GDP	2.54	2.51	3.52	3.1	Nigeria mulls BRICS membership
Oil	-0.85	-13.43	-13.38	-19.22	Manufacturers Alert FG on Possible Loss of N500bn to Proposed Sachet Drinks Ban
Agriculture	1.30	1.50	2.05	1.88	Diesel price jumps 25.45 per cent in 12 months
Manufacturing	0.48	2.20	2.83	2.45	NSIA unveils \$500m renewable energy investment platform
Information and Communication	6.69	8.60	10.35	9.76	AfDB invested over \$10bn in Nigeria in 52 years
Labor Data (%)					
			Q1 23	Q4 22	AFEX projects higher commodity prices
Unemployment Rate			4.1	5.3	Amid Excess Liquidity, DMBs, Others' Deposit with CBN Hit N2.41tn in 13-days
Underemployment			12.2	13.7	China keeps lending benchmark rates unchanged, as expected
Capital Importation (\$'mn)					
	Q2 23	Q1 23	QoQ (%)	YoY (%)	FG lost \$16tn to gas flare in 10 years - Report
Foreign Portfolio Investment - Equities	8.52	222.31	-96.2%	-87.21%	Again, CBN postpones MPC as inflation soars
Bonds	85.29	301.08	-71.67%	214.62%	Oil production in Nigeria, others may decline, refineries suffer setback
Money Market	13.04	125.90	-89.6%	-75.68%	MTN reviews tower contracts to drive efficiency
Foreign Direct Investment	86.03	47.6	80.74%	-76.49%	As Investment Wanes in Oil Sector, Nigeria's Rig Count Drops in October
Monetary Policy Rates (%) (July 2023)					
	Latest	Prior		CHG (%)	FG revokes 1,633 mining licences, vows to sanitise sector
MPR	18.75	18.50		25.0%	Nigeria, Germany sign \$500m renewable energy, gas deals
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	Price of kerosene rises by 25% in one year
Liquidity Ratio	30.0	30.0		0.0%	NBS: 90% of workers operate in insecure environment
Source: CBN, NBS, FMDQ, ARM Research					
Direct Remittances Up 3.74% to \$1.85bn in Nine Months, September Records Lowest at \$71m					

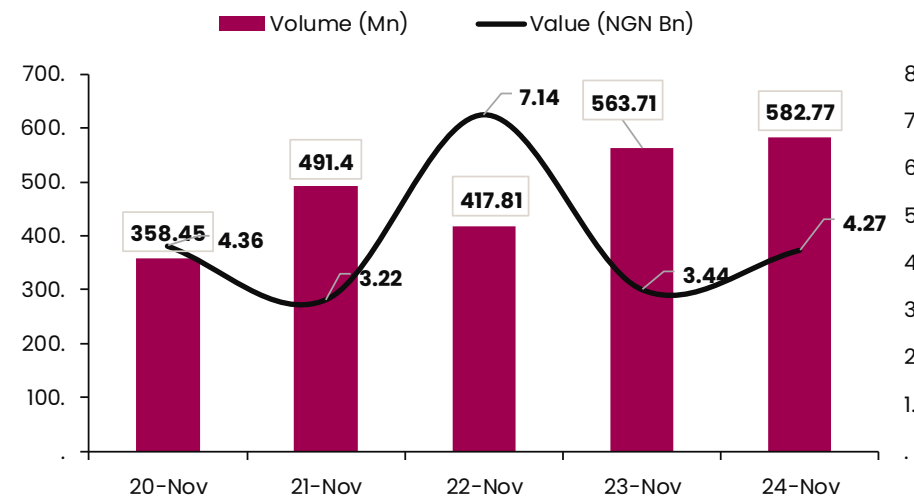


Weekly Equities Market Snapshot

Friday, November 24, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
MULTIVERSE	5.81	45.6%	5.81	2.20	11.8%	ELLAHLAKES	3.40	-10.1%	4.75	3.15	-5.6%
NSLTECH	0.55	41.0%	0.55	0.22	9.8%	INTBREW	4.25	-7.6%	5.70	4.00	-9.6%
DEAPCAP	0.73	40.4%	0.73	0.20	5.9%	ABCTRANS	0.84	-5.6%	1.35	0.25	236.0%
NEIMETH	2.23	39.4%	2.42	1.26	9.8%	CILEASING	5.17	-5.5%	6.01	3.11	61.6%
DAARCOMM	0.39	39.3%	0.39	0.20	-10.9%	NPFMCRFBK	2.00	-4.8%	2.20	1.57	18.3%
GUINEAINS	0.34	36.0%	0.42	0.20	4.8%	CHAMPION	3.45	-4.2%	5.77	2.85	-37.3%
SOVRENINS	0.42	27.3%	0.70	0.26	-9.1%	CHAMS	2.15	-4.0%	2.66	0.21	877.3%
RTBRISCOE	0.67	21.8%	0.81	0.22	6.4%	OANDO	11.70	-3.3%	16.00	3.70	198.5%
CAVERTON	1.59	13.6%	1.76	0.83	2.9%	STERLINGNG	3.55	-2.7%	4.58	1.34	153.6%
CADBURY	15.35	11.2%	18.80	10.20	14.6%	NB	38.00	-2.6%	48.85	32.00	-7.3%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	71,228.79	0.16%	2.88%	7.30%	38.98%
Market Cap	39.17trn	0.17%	2.98%	7.82%	40.33%
NGX Banking	742.29	1.94%	3.61%	11.42%	77.79%
NGX Industrial	1,146.43	0.04%	-0.77%	5.73%	17.15%
NGX Consumer	742.29	-0.53%	-0.24%	1.24%	94.66%
NGX Oil & Gas	988.17	0.00%	5.60%	8.11%	113.67%
NGX Insurance	1,146.43	4.07%	9.78%	8.01%	75.30%



Source: NGX, ARM Research



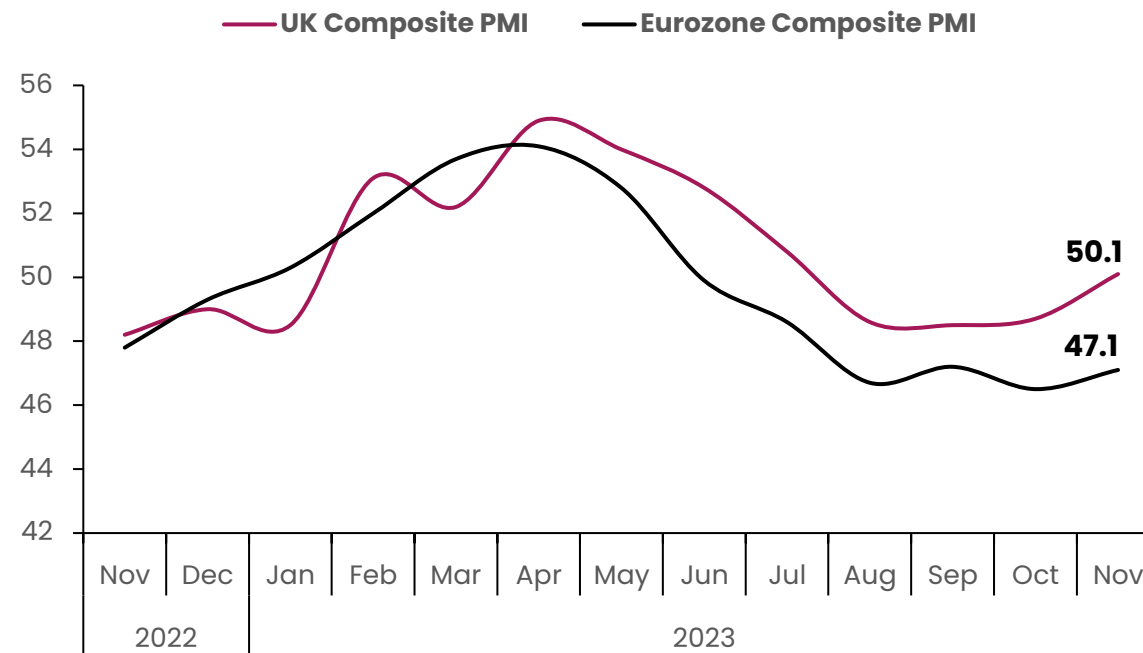
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	267 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	267 Day	362 Day
Money Market				OMO					OMO				
Overnight (O/N)	24.58%	22.20%	2.38%	1-Nov-23	13.98%	14.48%	14.99%	17.98%	01-Nov-23	50	50	50	100
Open Repo Rate (OPR)	23.75%	20.83%	2.92%	30-Oct-23	13.99%	14.49%	15.00%	17.50%	30-Oct-23	75	75	100	150
NIBOR - 1M	21.19%	14.75%	6.44%	10-Aug-23	10.00%	12.98%	N/A	14.49%	10-Aug-23	30	40	N/A	80
NIBOR - 3M	20.63%	15.75%	4.88%										
NIBOR - 6M	21.44%	17.06%	4.38%										
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day		Treasury Bills	91 Day	182 Day	364 Day	
1-month	6.51%	6.16%	0.35%	22-Nov-23	8.00%	12.00%	16.75%		22-Nov-23	9.96	1.82	199.93	
3-month	8.79%	8.42%	0.37%	8-Nov-23	7.00%	11.00%	16.75%		8-Nov-23	4.52	5.43	300.16	
6-month	11.80%	12.50%	-0.70%	25-Oct-23	5.99%	9.00%	13.00%		25-Oct-23	2.84	7.95	97.32	
9-month	14.36%	15.24%	-0.88%	11-Oct-23	4.99%	6.55%	11.37%		11-Oct-23	2.78	3.02	30.76	
12-month	18.10%	19.91%	-1.81%	28-Sep-23	6.50%	7.00%	12.98%		28-Sep-23	1.75	1.56	173.81	
FGN Bonds (Local)				FGN Bonds	Apr-29	Jun-33	Jun-38	Jun-53	FGN Bonds	Apr-29	Jun-33	Jun-38	Jun-53
14.20% 14-MAR-2024	8.40%	10.33%	-1.93%	13-Nov-23	16.00%	17.00%	17.50%	18.00%	13-Nov-23	31.47	33.19	47.07	322.77
13.53% 23-MAR-2025	15.12%	15.10%	0.02%	16-Oct-23	14.90%	15.75%	15.80%	16.60%	16-Oct-23	20.53	22.26	54.86	237.09
12.50% 22-JAN-2026	15.36%	15.33%	0.03%	11-Sep-23	14.50%	15.45%	15.55%	16.25%	11-Sep-23	43.65	10.45	25.69	171.71
16.2884% 17-MAR-2027	15.45%	15.45%	0.00%	14-Aug-23	12.50%	13.60%	14.10%	14.30%	14-Aug-23	10.43	4.07	25.53	187.73
12.1493% 18-JUL-2034	16.30%	15.80%	0.50%	17-Jul-23	12.50%	13.60%	14.10%	14.30%	17-Jul-23	52.62	39.86	146.49	417.77
16.2499% 18-APR-2037	16.51%	16.25%	0.26%										
14.8% 26-APR-2049	17.42%	16.89%	0.53%										
FGN Eurobonds				Corporate Bonds	This Week	Prior Week	WoW (%)						
7.625 21-NOV-2025	9.21%	9.35%	-0.14%	FCMB 17.25% 8-DEC-2023	6.89%	8.52%	-1.63%						
6.50% 28-Nov-2027	10.38%	10.51%	-0.13%	ACCESS 15.50% 23-JUL-2026	18.23%	18.21%	0.02%						
7.875% 16-FEB-2032	11.03%	11.15%	-0.12%	VIATHAN 16.00% 14-DEC-2027	16.36%	16.34%	0.02%						
7.625% 28-Nov-2047	11.10%	11.20%	-0.10%	UNION 16.20% 27-JUN-2029	19.27%	18.70%	0.57%						
				FIDELITY 8.50% 7-JAN-2031	17.03%	16.49%	0.54%						
				MTN COM PLC 12.75 II 4-NOV-2031	17.03%	16.48%	0.55%						

Source: DMO, CBN, FMDQ, ARM Research



UK's Recovery Faces Uncertain Future, Eurozone's Recession Risks Remain Elevated

S&P Global's November Flash PMI figures for the UK and Eurozone paint a picture of contrasting economic conditions. In the UK, headline PMI surged by 2.87% Month-on-Month (MoM) to 50.1 points, indicating a welcome expansion in economic activities. This uptick was driven by both manufacturing PMI (+4.24% to 46.7 points) and Services PMI (+2.02% to 50.5 points). The UK economy exhibited signs of stabilization, with the manufacturing sector rebounding to a five-month high and the services sector reaching a four-month high. This recovery can be partly attributed to a pause in interest rate hikes and a decline in headline inflation to 4.6% in October 2023 (from 6.7% in September 2023). However, the risk of a recession is growing, and the UK still faces challenges ahead. In the Eurozone, headline PMI edged up by 1.29% MoM to 47.1 points, reflecting a modest improvement from 46.5 points in October 2023. This increase was fueled by gains in both manufacturing PMI (up to 44.3 points from 43.1 in October) and Services PMI (up to 48.2 points from 47.8 points in October). Despite these gains, business activity in the Eurozone remained in contractionary territory during the period. The Eurozone nowcast model suggests a high probability of a second consecutive quarter of GDP contraction, meeting the technical criteria for a recession. Moreover, core inflation in the Eurozone remains stubbornly high, adding to the region's economic woes.



Source: S&P Global, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	60.00	23.7	-60.50%	SELL
FLOUR MILLS NIG. PLC.	32.00	38.37	19.91%	OVERWEIGHT
GUINNESS NIG PLC	38.00	144.71	280.82%	STRONG BUY
NIGERIAN BREW. PLC.	40.00	39.22	-1.95%	UNDERWEIGHT
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	17.35	20.86	20.23%	STRONG BUY
FBN HOLDINGS PLC	20.00	24.62	23.10%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	39.00	43.11	10.54%	OVERWEIGHT
UNITED BANK FOR AFRICA PLC	20.85	17.67	-15.25%	SELL
ZENITH BANK PLC	34.70	39.58	14.06%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	1790.00	1052.58	-41.20%	SELL
MTN NIGERIA COMMUNICATIONS PLC	239.50	326.50	36.33%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
BUA CEMENT PLC	104.00	110.81	6.55%	NEUTRAL
DANGOTE CEMENT PLC	328.00	348.34	6.20%	NEUTRAL
LAFARGE AFRICA PLC (WAPCO)	29.50	45.01	52.58%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	2100.00	1,483.90	-29.34%	SELL
TOTALENERGIES MARKETING NIGERIA PLC	385.00	437.35	13.60%	OVERWEIGHT

Source: Bloomberg, ARM Research



Thank You





ARM Securities Contact

Research	234 (1) 270 1653	research@armsecurities.com.ng
Institutional Sales & Trading	234 (1) 448 8833	trading@armsecurities.com.ng
Customer Service	234 (1) 448 8282	customerservice@armsecurities.com.ng

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www.arm.com.ng

    @armengage

1 Mekunwen Road,
Off Oyinkan Abayomi Drive,
Ikoyi, Lagos, Nigeria

