



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Global Economy

According to the US Bureau of Economic Analysis, the US real GDP increased at an annual rate of 2.10% in Q2:2023 (vs. 2.20% in Q1:2023) according to its third estimate. Relative to Q1:2023, the slower growth is underpinned by lower consumption expenditure, decline in exports and downturn in government spending. These were partially offset by an uptick in private inventory investment and nonresidential fixed investment. Elsewhere, in the UK, according to the Office of National Statistics, GDP was higher by 0.20% in Q2:2023 (vs. a revised 0.30% in Q1:2023). Growth was largely driven by a 1.20% upsurge in the production sector, where there were increases in nine (9) out of twelve (12) subsectors; reflective of falling input prices across the economy. Finally, according to Eurostat, Euro Area annual inflation is expected to be 4.30% YoY in September 2023 (vs. 5.20% YoY in August 2023). Looking at the main components, food, alcohol & tobacco is expected to have the highest annual rate in the month (8.80% YoY vs. 9.70% YoY in August 2023), followed by services (4.70% YoY, compared with 5.50% YoY in August), non-energy industrial goods (4.2% YoY, relative to 4.70% YoY in August) and energy (-4.70% YoY in comparison to -3.30% YoY in August).

Domestic Economy

Earlier this week, The Nigerian Senate approved the appointment of Dr. Olayemi Cardoso as the new Governor of the Central Bank of Nigeria (CBN). This decision was made after the Senate screened Cardoso and the four other nominees for the Deputy Governor positions. The four Deputy Governors whose appointments were approved are Emem Usoro, Muhammad Dattijo, Philip Ikeazor, and Bala Bello. Furthermore, the National Economic Council (NEC) confirmed that the Federal Government's US\$3bn emergency loan for crude oil, secured in August 2023, would be utilized to stabilize the Nigerian currency, which has been experiencing fluctuations in the Investors & Exporters' (I&E) window and a worsening situation in the parallel market, reaching N1000/US\$1 during September 2023.



Equities

The Equities market ended the week bearish, for the third (3rd) consecutive week as the NGX ASI dropped 140bps WoW to 66,382.14 points. The market lost in all four (4) trading days of the week, causing its year-to-date (YtD) returns to decline to 29.52% YtD from 31.36% YtD last week. On a sectoral basis, all sectors under our coverage closed negative except the Consumer Goods (+1.59% WoW) and Insurance (+2.77% WoW) sectors. The Banking (-4.17% WoW), Industrial Goods (-3.04% WoW) and Oil and Gas (-1.24% WoW) sectors all recorded losses. The top gainers for the week include BETAGLAS (+30.4% WoW to NGN60.90), IKEJAHOTEL (+30.0% WoW to NGN3.25) and CWG (+23.6% WoW to NGN8.65). On the other hand, OANDO (-33.8% WoW to NGN7.85), FTNCOCOA (-19.7% WoW to NGN1.51) and SUNUASSUR (-14.3% WoW to NGN0.90) led the decliners' chart. In the coming week, we expect mixed sentiments in the market as investors continue to partake in profit-taking activities.

Fixed Income

At the primary NTB auction held within the week, the average stop rate dipped by 126bps to 7.64% (compared to 8.89% at the previous auction). However, the average bid-to-cover ratio increased by 21bps, to settle at 4.44% (vs. 4.23% at the previous auction), indicating a rise in demand for the instruments. In the secondary market, the Nigerian Treasury Bills closed the week on a bullish note as the average yield declined by 53bps WoW, to close at 7.94%. Similarly, the secondary bond market ended the week positively, with the average yield falling by 2bps WoW, to 14.44%. This was on the back of significant buying interest in the MAR-2024 instrument (-79bps). Overall, the Naira Fixed income market closed the week on a bullish note as the average yield dipped by 28bps, to settle at 11.19%. In the coming week, we expect bullish sentiments to persist in the fixed income market given the recent increase in liquidity.

| | This Week | Prior Week | WoW (%) | YTD (%) | Report released this week (Click Link below for Full report) |
|--|-------------------|--------------|------------------|---------------------|---|
| External Reserve (\$'bn) | 33.3 | 33.3 | 0.00% | -10.35% | |
| USD/NGN (₦/\$) | | | | | |
| NAFEX | 755.3 | 738.0 | -2.29% | 63.66% | |
| Parallel | 997.5 | 961.0 | -3.66% | 35.99% | |
| Economic Snapshot | Latest (%) | Prior | CHG (pps) | 2 month Avg. | |
| Inflation YoY (August 2023) | August | July | CHG (pps) | | |
| Headline | 25.80 | 24.08 | 1.72 | 24.94 | |
| Core | 21.15 | 20.47 | 0.68 | 20.81 | |
| Food | 29.34 | 26.98 | 2.36 | 28.16 | |
| 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 | Banks deduct debtors other accounts, non-performing loans hit N1.5tn |
| Oil | -13.43 | -4.21 | -13.38 | -19.22 | Foreign Investors Close Gap on Domestic Players, Trade 14.15% in August |
| Agriculture | 1.50 | -0.90 | 2.05 | 1.88 | Domestic stock transactions dip by 45.3% in 16 years |
| Manufacturing | 2.20 | 1.63 | 2.83 | 2.45 | France commits to improved trade ties with Nigeria |
| Information and Communication | 8.60 | 10.32 | 10.35 | 9.76 | CBN will spend \$3bn loan to stabilise economy – NEC |
| Labor Data (%) | | | Q1 23 | Q4 22 | Stakeholders seek debt relief for Nigeria, other African countries |
| Unemployment Rate | | | 4.1 | 5.3 | Diesel may trade near N1500/litre as oil prices spike |
| Underemployment | | | 12.2 | 13.7 | Oil prices climb to \$95 per barrel |
| Capital Importation (\$'mn) | Q4 22 | Q3 22 | QoQ (%) | YoY (%) | Food prices jump by 31%, says NBS |
| Foreign Portfolio Investment - Equities | 4.86 | 7.21 | -32.6% | -87.21% | With Oil Price Approaching \$100, Morgan Stanley Says All Signals Flashing Tightness |
| Bonds | 322.04 | 203.80 | 58.02% | 214.62% | Nigeria Falter as Ghana Achieves 88% Universal Electricity Access |
| Money Market | 135.96 | 231.08 | -41.2% | -75.68% | Nigeria's top five tier-one banks earn N4.2 trillion in six months |
| Foreign Direct Investment | 84.23 | 81.72 | 3.07% | -76.49% | NNPCL, NCDMB, IOCs to reduce oil production costs |
| Monetary Policy Rates (%) (July 2023) | Latest | Prior | | CHG (%) | 32.5% CRR: CBN Debited 10 Banks N1.62tn in H1 2023 |
| MPR | 18.75 | 18.50 | | 25.0% | H1: Six Banks Extended N8.87tn Loans Despite Economic Challenges |
| Cash Reserve Ratio (CRR) | 32.5 | 32.5 | | 0.0% | Public debt may close 2023 at N90.5 trillion, analysts project |
| Liquidity Ratio | 30.0 | 30.0 | | 0.0% | Yusuf sets agenda for CBN as Cardoso takes charge |
| Source: CBN, NBS, FMDQ, ARM Research | | | | | Anxiety as forex scarcity halts petrol importation |

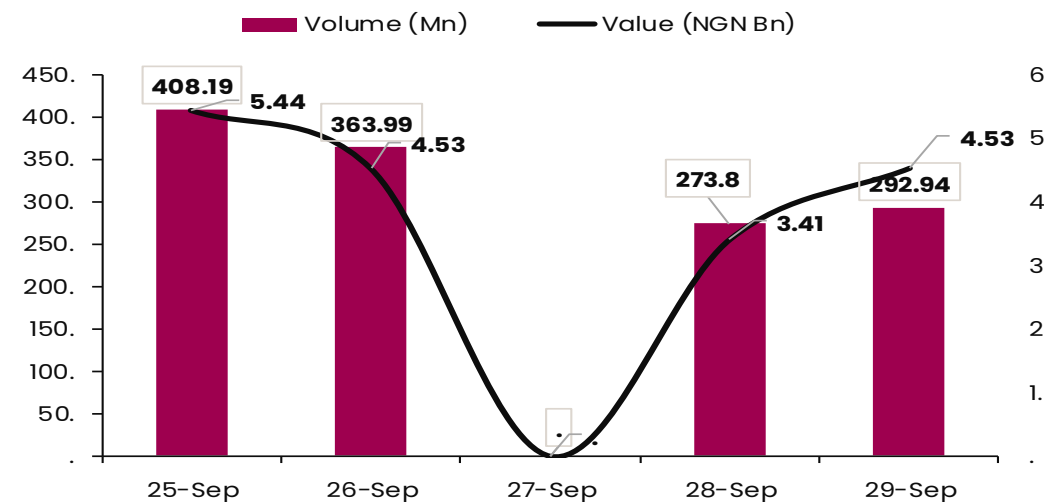


Weekly Equities Market Snapshot

Friday, September 29, 2023

| Top Gainers | | | | | | Top Losers | | | | | |
|-------------|-------|-------|---------|--------|-------|------------|-------|--------|---------|--------|--------|
| Ticker | Price | Δ (%) | Yr High | Yr Low | YtD | Ticker | Price | Δ (%) | Yr High | Yr Low | YtD |
| BETAGLAS | 60.90 | 30.4% | 60.90 | 35.00 | 15.8% | OANDO | 7.85 | -33.8% | 16.00 | 3.53 | 100.3% |
| IKEJAHOTEL | 3.25 | 30.0% | 3.60 | 0.70 | 17.9% | FTNCOCOA | 1.51 | -19.7% | 4.10 | 0.25 | 420.7% |
| CWG | 8.65 | 23.6% | 8.65 | 0.73 | 2.5% | SUNUASSUR | 0.90 | -14.3% | 1.18 | 0.27 | 210.3% |
| CHIPLC | 1.26 | 20.0% | 1.41 | 0.51 | 0.0% | BUACEMENT | 85.50 | -11.1% | 99.70 | 48.95 | -12.3% |
| CORNERST | 1.61 | 17.5% | 1.81 | 0.40 | 0.0% | JOHNHOLT | 1.48 | -10.3% | 3.14 | 0.73 | 102.7% |
| RTBRISCOE | 0.49 | 16.7% | 0.81 | 0.22 | 6.4% | CONOIL | 80.20 | -10.0% | 112.50 | 23.90 | 202.6% |
| CHAMPION | 3.75 | 13.6% | 5.77 | 2.85 | 0.0% | CAVERTON | 1.37 | -9.9% | 1.76 | 0.80 | 38.4% |
| MULTIVERSE | 2.95 | 8.5% | 4.62 | 2.20 | 11.8% | ACCESSCORP | 15.75 | -8.7% | 19.85 | 7.50 | 85.3% |
| NGXGROUP | 24.40 | 8.4% | 30.25 | 19.20 | -5.3% | BERGER | 11.65 | -8.6% | 12.75 | 5.70 | -52.4% |
| LINKASSURE | 0.80 | 6.7% | 1.00 | 0.36 | 13.5% | MBENEFIT | 0.43 | -8.5% | 0.63 | 0.26 | 59.3% |

| Tickers | Pts/₦ | WoW | MtD | QtD | YtD |
|----------------|-----------|--------|--------|--------|--------|
| NGXASI | 66,382.14 | -1.40% | -0.25% | 8.88% | 29.52% |
| Market Cap | 36.33trn | -1.40% | -0.25% | 9.44% | 30.15% |
| NGX Banking | 666.22 | -4.17% | 3.08% | 3.22% | 59.57% |
| NGX Industrial | 1,132.38 | -3.04% | -6.91% | 6.89% | 10.80% |
| NGX Consumer | 666.22 | 1.59% | 6.53% | 26.56% | 92.28% |
| NGX Oil & Gas | 914.02 | -1.24% | -2.75% | 17.81% | 97.63% |
| NGX Insurance | 1,132.38 | 2.77% | 5.30% | 2.14% | 62.31% |



Source: NGX, ARM Research

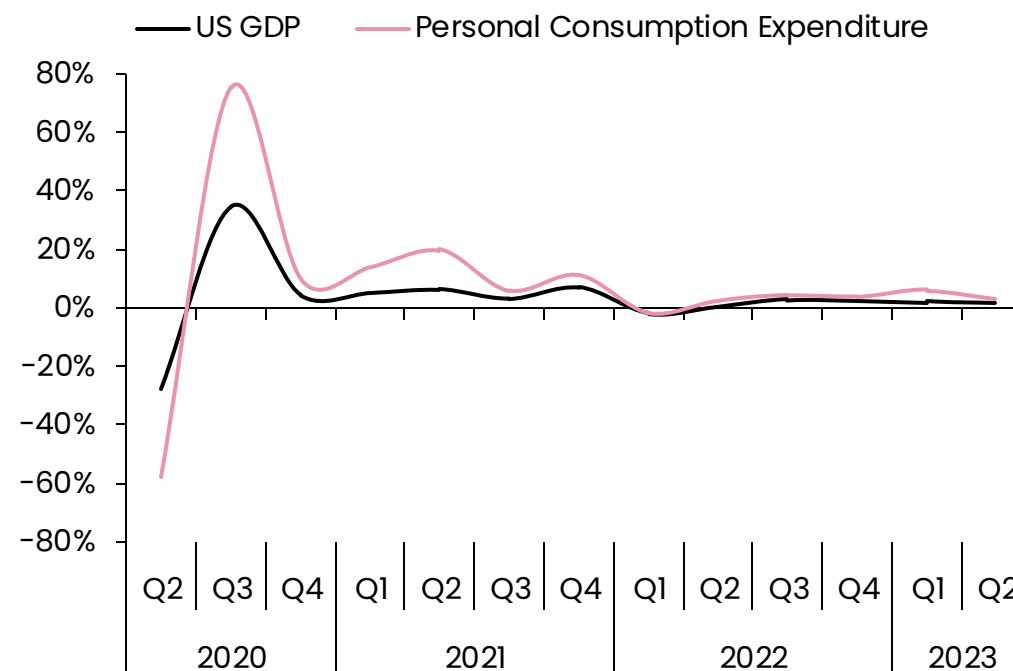


| | This Week | Prior Week | WoW change | Primary Market Auction (Rates) | 96 Day | 187 Day | 362 Day | Issuance (N'billion) | 96 Day | 187 Day | 362 Day | | | | | | | | | | |
|--|-----------|------------|------------|---------------------------------|------------------|-------------------|----------------|-----------------------|---------------|----------------|----------------|---------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Money Market | | | | OMO | | | | OMO | | | | | | | | | | | | | |
| Overnight (O/N) | 3.40% | 3.13% | 0.27% | 10-Aug-23 | 10.00% | 12.98% | 14.49% | 10-Aug-23 | 30 | 40 | 80 | | | | | | | | | | |
| Open Repo Rate (OPR) | 2.70% | 2.58% | 0.12% | | | | | | | | | | | | | | | | | | |
| NIBOR - 1M | 10.13% | 9.00% | 1.13% | | | | | | | | | | | | | | | | | | |
| NIBOR - 3M | 11.13% | 9.75% | 1.38% | | | | | | | | | | | | | | | | | | |
| NIBOR - 6M | 11.75% | 11.08% | 0.67% | | | | | | | | | | | | | | | | | | |
| Treasury Bills | | | | Treasury Bills | 91 Day | 182 Day | 364 Day | Treasury Bills | 91 Day | 182 Day | 364 Day | | | | | | | | | | |
| 1-month | 3.52% | 3.64% | -0.12% | 28-Sep-23 | 4.99% | 6.55% | 11.37% | 28-Sep-23 | 1.75 | 1.56 | 173.81 | | | | | | | | | | |
| 3-month | 4.48% | 5.05% | -0.57% | 11-Sep-23 | 6.50% | 7.00% | 12.98% | 11-Sep-23 | 1.10 | 0.92 | 150.18 | | | | | | | | | | |
| 6-month | 7.43% | 7.67% | -0.24% | 6-Sep-23 | 4.50% | 7.00% | 12.55% | 06-Sep-23 | 1.03 | 10.55 | 203.15 | | | | | | | | | | |
| 9-month | 10.27% | 10.14% | 0.13% | 23-Aug-23 | 5.19% | 8.00% | 13.97% | 23-Aug-23 | 9.96 | 10.21 | 283.04 | | | | | | | | | | |
| 12-month | 14.12% | 14.33% | -0.21% | 9-Aug-23 | 5.00% | 5.90% | 9.80% | 09-Aug-23 | 4.52 | 1.32 | 148.15 | | | | | | | | | | |
| FGN Bonds (Local) | | | | FGN Bonds | Feb-28 | Apr-29 | Apr-32 | Jun-33 | Jun-38 | Jan-42 | Mar-50 | Jun-53 | FGN Bonds | Feb-28 | Apr-29 | Apr-32 | Jun-33 | Jun-38 | Jan-42 | Mar-50 | Jun-53 |
| 14.20% 14-MAR-2024 | 7.11% | 7.98% | -0.87% | 11-Sep-23 | N/A | 14.50% | N/A | 15.45% | 15.55% | N/A | N/A | 16.25% | 11-Sep-23 | N/A | 43.65 | N/A | 10.45 | 25.69 | N/A | N/A | 171.71 |
| 13.53% 23-MAR-2025 | 12.80% | 12.82% | -0.02% | 14-Aug-23 | N/A | 12.50% | N/A | 13.60% | 14.10% | N/A | N/A | 14.30% | 14-Aug-23 | N/A | 10.43 | N/A | 4.07 | 25.53 | N/A | N/A | 187.73 |
| 12.50% 22-JAN-2026 | 13.05% | 13.17% | -0.12% | 17-Jul-23 | N/A | 12.50% | N/A | 13.60% | 14.10% | N/A | N/A | 14.30% | 17-Jul-23 | N/A | 52.62 | N/A | 39.86 | 146.49 | N/A | N/A | 417.77 |
| 16.2884% 17-MAR-2027 | 13.59% | 13.61% | -0.02% | 19-Jun-23 | N/A | 13.90% | N/A | 14.70% | 15.45% | N/A | N/A | 15.70% | 19-Jun-23 | N/A | 86.38 | N/A | 18.57 | 100.64 | N/A | N/A | 221.56 |
| 12.1493% 18-JUL-2034 | 14.80% | 14.80% | 0.00% | 15-May-23 | 14.10% | N/A | 14.90% | N/A | N/A | 15.69% | 15.80% | N/A | 15-May-23 | 61.91 | N/A | 9.39 | N/A | N/A | 53.16 | 243.69 | N/A |
| 16.2499% 18-APR-2037 | 15.36% | 15.45% | -0.09% | | | | | | | | | | | | | | | | | | |
| 14.8% 26-APR-2049 | 15.63% | 15.70% | -0.07% | | | | | | | | | | | | | | | | | | |
| Corporate Bonds | | | | | This Week | Prior Week | WoW (%) | | | | | | | | | | | | | | |
| FGN Eurobonds | | | | 16.50 MIXTA IIA 12-OCT-2023 | 4.37% | 4.18% | 0.19% | | | | | | | | | | | | | | |
| 7.625 21-NOV-2025 | 10.10% | 9.92% | 0.18% | FCMB 17.25% 8-DEC-2023 | 5.69% | 6.35% | -0.66% | | | | | | | | | | | | | | |
| 6.50% 28-Nov-2027 | 11.68% | 11.24% | 0.44% | ACCESS 15.50% 23-JUL-2026 | 15.92% | 16.00% | -0.08% | | | | | | | | | | | | | | |
| 7.875% 16-FEB-2032 | 11.99% | 11.57% | 0.42% | VIATHAN 16.00% 14-DEC-2027 | 14.13% | 14.22% | -0.09% | | | | | | | | | | | | | | |
| 7.625% 28-Nov-2047 | 11.87% | 11.56% | 0.31% | UNION 16.20% 27-JUN-2029 | 17.87% | 17.79% | 0.08% | | | | | | | | | | | | | | |
| | | | | FIDELITY 8.50% 7-JAN-2031 | 15.77% | 15.69% | 0.08% | | | | | | | | | | | | | | |
| Source: DMO, CBN,FMDQ, ARM Research | | | | MTN COM PLC 12.75 11 4-NOV-2031 | 15.76% | 15.67% | 0.09% | | | | | | | | | | | | | | |



US Q2:2023 GDP Third Estimates Dragged by Consumption Expenditure

Earlier this week, the US department of labor Statistics released the third estimate report for GDP in Q2:2023. According to this report, the US economy grew by 2.1% Year-on-Year (YoY), a slight dip from the 2.2% YoY recorded in Q1:2023. This decline was driven by a deceleration in consumer spending, a downturn in exports, alongside a decrease in US government spending, partly offset by an upturn in private inventory investment. Notably, Current dollar GDP grew 3.8% YoY to US\$27.06trn. Prices for domestic purchases went up by 1.4% YoY, while the Private Consumption Expenditure (PCE) price index rose by 2.5% YoY. Personal income saw a US\$239.6bn increase, and disposable personal income rose by US\$296.5bn, resulting in a 3.5% YoY boost in real disposable personal income. Personal saving amounted to US\$1.04trn, with a saving rate of 5.2% YoY. Real gross domestic income (GDI) went up by 0.7%YoY in the second quarter, and the average of real GDP and GDI increased by 1.4% YoY. Profits from current production rose by \$6.9 billion. Domestic financial corporations saw a decrease of US\$54.2bn in profits, while nonfinancial corporations experienced a US\$39.0bn increase. Looking ahead, the US economy is projected to continue growing, albeit at a slower pace. The Federal Reserve is expected to maintain its hawkish stance against inflation, potentially stifling economic growth. Nevertheless, the resilience of consumer spending and business investments are expected to provide crucial support for overall economic expansion.



Source: Bloomberg, ARM Research



| CONSUMER GOODS | CP | TP | Upside/Downside | RECOMMENDATION |
|-------------------------------------|---------|----------|-----------------|----------------|
| DANGOTE SUGAR REFINERY PLC | 53.90 | 23.7 | -56.03% | SELL |
| FLOUR MILLS NIG. PLC. | 32.60 | 38.37 | 17.70% | OVERWEIGHT |
| GUINNESS NIG PLC | 65.00 | 144.71 | 122.63% | STRONG BUY |
| NIGERIAN BREW. PLC. | 40.85 | 39.22 | -3.99% | UNDERWEIGHT |
| FINANCIAL SERVICES | CP | TP | Upside/Downside | RECOMMENDATION |
| ACCESS HOLDINGS PLC | 15.75 | 20.86 | 32.44% | STRONG BUY |
| FBN HOLDINGS PLC | 16.35 | 24.62 | 50.58% | STRONG BUY |
| GUARANTY TRUST HOLDING COMPANY PLC | 34.45 | 43.11 | 25.14% | STRONG BUY |
| UNITED BANK FOR AFRICA PLC | 16.80 | 17.67 | 5.18% | NEUTRAL |
| ZENITH BANK PLC | 31.45 | 39.58 | 25.85% | STRONG BUY |
| ICT | CP | TP | Upside/Downside | RECOMMENDATION |
| AIRTEL AFRICA PLC | 1290.00 | 1173.84 | -9.00% | SELL |
| MTN NIGERIA COMMUNICATIONS PLC | 264.00 | 340.46 | 28.96% | STRONG BUY |
| INDUSTRIAL GOODS | CP | TP | Upside/Downside | RECOMMENDATION |
| BUA CEMENT PLC | 85.50 | 110.81 | 29.60% | STRONG BUY |
| DANGOTE CEMENT PLC | 340.00 | 348.34 | 2.45% | NEUTRAL |
| LAFARGE AFRICA PLC (WAPCO) | 29.95 | 45.01 | 50.28% | 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: Bloomberg, ARM Research



Thank You





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