



How would Recent Events Affect Your Financial Investments?

Find Answers On The ARM Weekly Commentary And Stock Recommendation





Weekly Commentary & Stock recommendation

3rd October – 6th October 2023





Global Economy

Earlier this week, according to Eurostat, Eurozone retail sales in the 20 countries sharing the Euro fell 1.2% MoM in August 2023 (vs. -0.1% MoM in July 2023). In August 2023, the calendar adjusted retail sales index decreased by 2.1% YoY in the euro area. The monthly fall was caused mainly by a sharp drop in mail orders and shopping on the internet which fell 4.5% and a drop in the sale of petrol, down 3.0%. YoY. The decline in sales of fuel was even more pronounced at 7.7% and there was a 3.2% fall in the sales of food drinks and tobacco. Elsewhere, the US Bureau of Labor Statistics released its monthly jobs report. According to the report, total nonfarm payroll employment rose by 336,000 in September, above the average monthly gain of 267,000 over the prior 12 months and the unemployment rate was unchanged at 3.8% MoM.

Domestic Economy

During the week, the Minister of Budget and Economic Planning, unveiled the Federal government's objectives for 2030, which include raising the country's GDP per capita to USD6,000 and decreasing unemployment to 0.6%. Presently, Nigeria's GDP per capita is at USD2,184, and the unemployment rate has recently declined to 4.1%, according to the latest report. Furthermore, the Minister also outlined plans to reduce the poverty rate to 0.6% and guide the nation toward achieving middle-income status. he shared these aspirations during a press briefing in preparation for the Nigeria Economic Summit scheduled for October 23 to 24, 2023. on the other news The Debt Management Office (DMO), has initiated the process of accepting subscriptions for a 10-year Ijarah Sukuk with an annual interest rate of 15.75%. This Sukuk is set to mature in October 2033. This announcement was officially made by the DMO today, and the subscription window is scheduled to remain open for 9 days, running from October 3rd to October 11th, with the settlement date set for October 13th. The Sukuk in question will have a ten-year duration, with interest payments made semi-annually, concluding in October 2033.



Equities

This week, the Equities market closed bearish as the NGX All Share Index (ASI) gained 129bps WoW to 66,454.57 points. However, the year-to-date returns rose to 29.66% (vs 29.52% last week). Notably, on a sectoral basis, only the consumer goods sector closed positive (+1.76% WoW). Conversely, the Banking (-2.80% WoW), Industrial (-4.38% WoW), Oil and Gas (-1.24% WoW) and Insurance (-0.42% WoW) sectors closed in the red. Top gainers for the week include FTNCOCOA (+19.2% WoW to NGN1.80), RTBRISCOE (+16.3% WoW to NGN0.57) and OANDO (+9.00% WoW to NGN9.00). However, CHIPLC (-19.0% WoW to NGN1.02), ABCTRANS (-17.7% WoW to NGN0.65) and CHAMPION (-9.9% WoW to NGN3.38) led the losers' chart. In the coming week, we expect mixed sentiments in the market as investors engage in profit-taking activities

Fixed Income

The Treasury Bills market closed the week on a bearish note as average yield went up by 6bps WoW to settle at 8.00%. However, the secondary bond market ended the week bullish as average yield fell by 3bps WoW to settle at 14.41%. This is following buying interest in the MAR-2024(-99bps) instrument. Overall, the Naira Fixed income market closed the week bearish as average yield increased by 2bps WoW to settle at 11.21%.



	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%	Monthly Fixed Income Market Report September 2023
USD/NGN (₦/\$)					Monthly Equities Market Report September 2023
NAFEX	775.2	755.3	-2.57%	63.66%	
Parallel	995.0	997.5	0.25%	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	News Headline for the week (click news for link)
GDP (%) - YoY	Q2 23	Q1 23	Q4 22	2022FY	FG plans \$5bn for ICT firms, to raise telecom access
Real GDP	2.51	2.31	3.52	3.1	N1,000/litre diesel price unchanged despite VAT removal – Marketers
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	No Policy Tweaks Expected as OPEC Ministerial Panel Meets Tomorrow
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	Equity market rebounds as investors gain N213bn
Labor Data (%)			Q1 23	Q4 22	Stakeholders seek debt relief for Nigeria, other African countries
Unemployment Rate			4.1	5.3	Addressing infrastructure challenges will require \$14.2b yearly spending, says LCCI
Underemployment			12.2	13.7	Banks' Borrowing from CBN Hits N2.68trn on Liquidity Pressure
Capital Importation (\$'mn)	Q4 22	Q3 22	QoQ (%)	YoY (%)	Asia stocks slump as bond selloff spooks markets
Foreign Portfolio Investment - Equities	4.86	7.21	-32.6%	-87.21%	Economic downturn: States borrow N46bn from banks to pay salaries
Bonds	322.04	203.80	58.02%	214.62%	Standard Chartered drives inclusion with enhanced parental leave benefits
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%	Asian shares come off 11-month lows as Treasuries rally
Monetary Policy Rates (%) (July 2023)	Latest	Prior		CHG (%)	A bond bounce, or a bull trap?
MPR	18.75	18.50		25.0%	NDIC pays N1.08bn to depositors of failed banks
Cash Reserve Ratio (CRR)	32.5	32.5		0.0%	Government commits to achieving 0.6 per cent poverty by 2050
Liquidity Ratio	30.0	30.0		0.0%	Stanbic IBTC Unveils Fintech Subsidiary Zest
Source: CBN, NBS, FMDQ, ARM Research					Stocks climb in calm before potential US payrolls storm

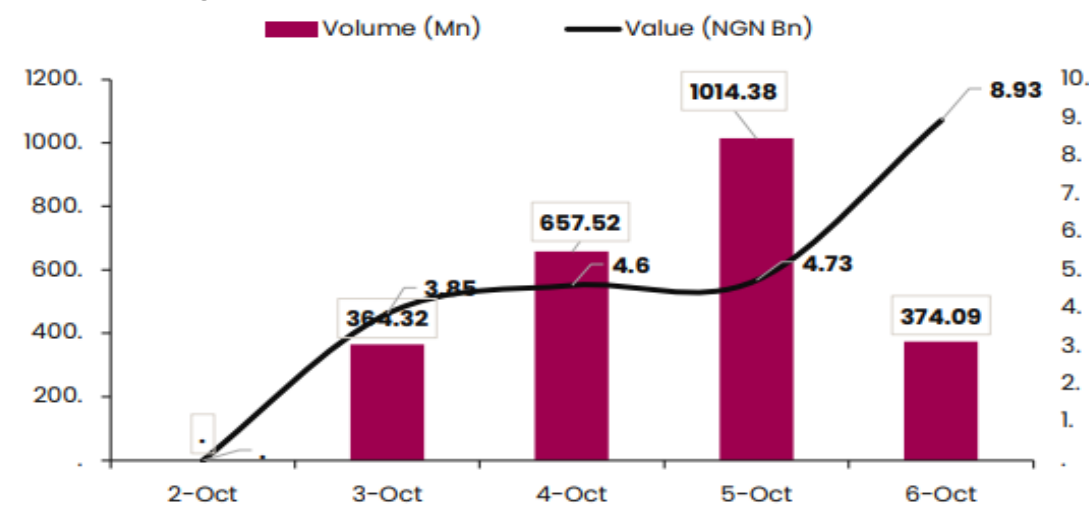


Weekly Equities Market Snapshot

Friday, October 6, 2023

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
FTNCOCOA	1.80	19.2%	4.10	0.25	5.7%	CHIPLC	1.02	-19.0%	1.41	0.51	52.2%
RTBRISCOE	0.57	16.3%	0.81	0.22	6.4%	ABCTRANS	0.65	-17.7%	1.35	0.23	160.0%
OANDO	9.00	14.6%	16.00	3.53	10.0%	CHAMPION	3.38	-9.9%	5.77	2.85	-38.5%
AFRIPRUD	7.05	11.9%	7.70	5.00	0.8%	SCOA	1.14	-9.5%	1.58	0.77	23.9%
BUACEMENT	94.00	9.9%	99.70	48.95	0.0%	TANTALIZER	0.29	-9.4%	0.48	0.20	45.0%
BETAGLAS	66.95	9.9%	66.95	35.00	15.8%	NEM	5.00	-9.1%	6.99	3.70	11.1%
AIRTELAFRI	1400.10	8.5%	1800.00	1175.00	1.5%	DANGCEM	310.10	-8.8%	380.00	220.00	18.8%
SUNUASSUR	0.97	7.8%	1.18	0.27	3.7%	GUINEAINS	0.22	-8.3%	0.42	0.20	10.0%
JBERGER	33.00	7.0%	33.00	21.15	12.8%	DAARCOMM	0.23	-8.0%	0.39	0.20	15.0%
JAIZBANK	1.65	6.5%	2.27	0.82	-1.8%	CADBURY	15.00	-6.8%	18.80	10.20	26.1%

Tickers	Pts/N	WoW	MtD	QtD	YtD
NGXASI	66,454.57	-1.29%	-0.14%	9.00%	29.66%
Market Cap	36.5ltrn	-0.92%	0.24%	9.98%	30.79%
NGX Banking	675.77	-2.80%	4.56%	4.70%	61.86%
NGX Industrial	1,134.31	-4.38%	-8.19%	5.42%	9.28%
NGX Consumer	675.77	1.76%	6.71%	26.77%	92.61%
NGX Oil & Gas	914.02	-1.24%	-2.75%	17.81%	97.63%
NGX Insurance	1,134.31	-0.42%	2.03%	-1.03%	57.27%



Source: NGX, ARM Research



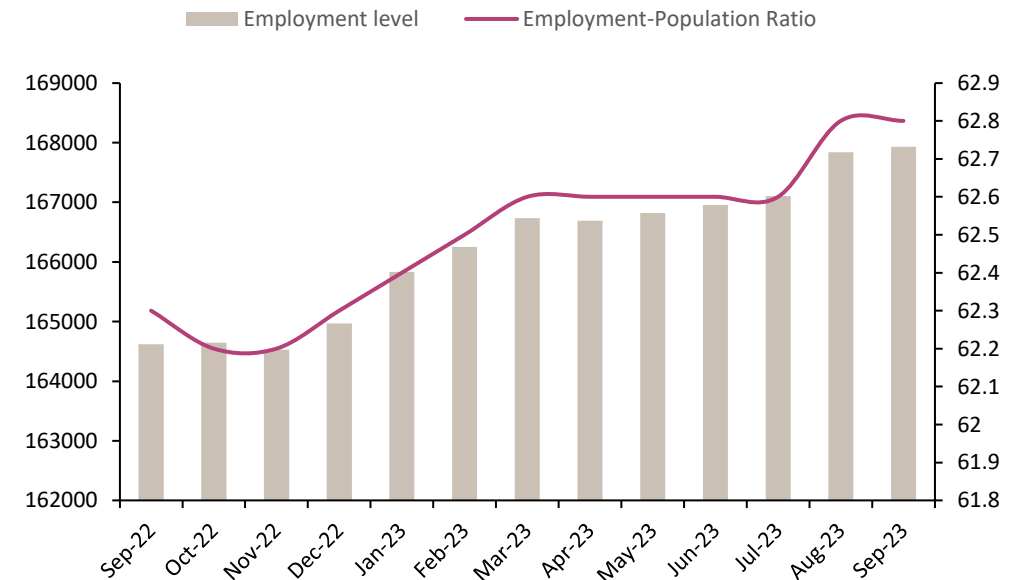
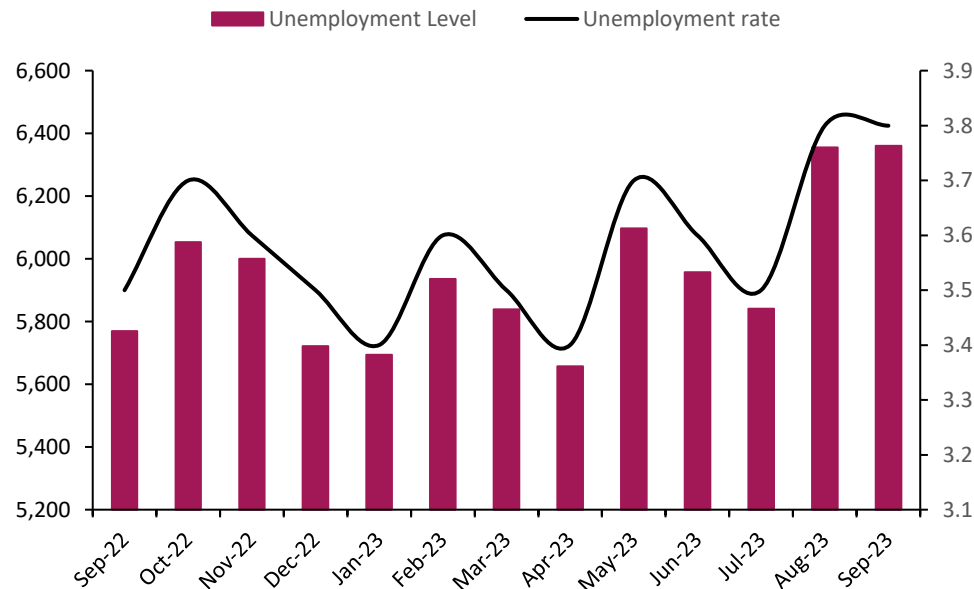
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	96 Day	187 Day	362 Day	Issuance (N'billion)	96 Day	187 Day	362 Day										
Money Market				OMO				OMO													
Overnight (O/N)	1.00%	3.40%	-2.40%	10-Aug-23	10.00%	12.98%	14.49%	10-Aug-23	30	40	80										
Open Repo Rate (OPR)	1.70%	2.70%	-1.00%																		
NIBOR - 1M	8.67%	10.13%	-1.46%																		
NIBOR - 3M	10.33%	11.13%	-0.80%																		
NIBOR - 6M	12.08%	11.75%	0.33%																		
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day										
1-month	3.29%	3.52%	-0.23%	28-Sep-23	4.99%	6.55%	11.37%	28-Sep-23	1.75	1.56	173.81										
3-month	5.16%	4.48%	0.68%	11-Sep-23	6.50%	7.00%	12.98%	11-Sep-23	1.10	0.92	150.18										
6-month	7.51%	7.43%	0.08%	6-Sep-23	4.50%	7.00%	12.55%	06-Sep-23	1.03	10.55	203.15										
9-month	10.00%	10.27%	-0.27%	23-Aug-23	5.19%	8.00%	13.97%	23-Aug-23	9.96	10.21	283.04										
12-month	12.36%	14.12%	-1.76%	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	6.12%	7.11%	-0.99%	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	12.79%	12.80%	-0.01%	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	13.15%	13.05%	0.10%	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	13.58%	13.59%	-0.01%	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%	15.36%	0.00%					Corporate Bonds	This Week	Prior Week	WoW (%)										
14.8% 26-APR-2049	15.70%	15.63%	0.07%																		
FGN Eurobonds																					
				16.50 MIXTA IIA 12-OCT-2023			4.61%		4.37%			0.24%									
				7.625 21-NOV-2025	10.64%	10.10%	0.54%	FCMB 17.25% 8-DEC-2023			4.82%		5.69%			-0.87%					
				6.50% 28-Nov-2027	12.56%	11.68%	0.88%	ACCESS 15.50% 23-JUL-2026			15.98%		15.92%			0.06%					
				7.875% 16-FEB-2032	12.84%	11.99%	0.85%	VIATHAN 16.00% 14-DEC-2027			15.72%		14.13%			1.59%					
				7.625% 28-Nov-2047	12.59%	11.87%	0.72%	UNION 16.20% 27-JUN-2029			17.87%		17.87%			0.00%					
								FIDELITY 8.50% 7-JAN-2031			15.78%		15.77%			0.01%					
								MTN COM PLC 12.75 4-NOV-2031			15.76%		15.76%			0.00%					

Source: DMO, CBN, FMDQ, ARM Research



US Unemployment Remains Unchanged from August 2023

Earlier today, the US Bureau of Labor Statistics (BLS) released the much-awaited employment situation report for September 2023. As per the report, Unemployment remained constant at 3.8% YoY. Similarly, the number of unemployed persons was unchanged at 6.4 million during the period. Nonfarm payroll employment rose by 336,000 in September compared to the revised 227,000 reported for August 2023. The Labor force participation rate and employment participation ratio were both unchanged at 62.8% and 60.4% respectively in September 2023. Notably, the highest employment gains during the period were recorded by; Leisure and hospitality (+96,000), Government (+73,000), Healthcare (+41,000) and Professional, scientific and technical services (+29,000). Furthermore, average hourly earnings for all employees on nonfarm payrolls increased by 0.2% MoM to USD33.88. Notably, US Inflation climbed up 0.6% MoM to 3.7% its highest figure recorded since May 2023 supporting another interest rate hike this year.



Source: US BLS, 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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