

Weekly Market Report and Stock Recommendation

Nigerian Equities Market (August 23 – 27)

NGX ASI and Other Sector Indices

This week, Nigerian equities recorded a marginal growth as the NGX All-Share Index and Market Capitalization appreciated by 0.01% week-on-week (w/w) to 39,485.65 and ₦20.57 trillion respectively. Of all the indices within our coverage, four indices appreciated this week: They are NGX Premium Index (+0.07%), NGX Banking Index (+0.30%), NGX Oil/Gas Index (+0.08) and NGX Insurance Index (+1.06%) (See summary of indices movements in the table 3 below).

Volume and Value Traded

A total turnover of 1.026 billion shares worth ₦8,183 billion in 18,102 deals were traded by investors on the floor of the Exchange this week, in contrast to a total of 0.867 billion shares valued at ₦12.257 billion in 52,762 deals recorded last week.

Summary of Price Changes

During the week, 35 stocks appreciated in price (vs. 36 stocks in the previous week) while 29 stocks depreciated in price (vs. 33 stocks in the previous week). However, 92 stocks remained unchanged this week (vs. 87 recorded in the previous week).

Outlook

Despite the significant improvement in Nigeria's second quarter GDP report, investors maintained less confidence in the equities market this week. The market is still dominated by domestic investors as foreign investors remain sceptical about the Nigerian equities market. However, the recent setback recorded in the Nigeria's treasury bills auction this week may drive the domestic investors into the Nigerian equities market next week.

	20-August-21	27-August-21	Percentage Change
NGX ASI	39,483.08	39,485.65	+0.01%
MKT CAP (₦ Trillion)	20.57	20.57	+0.01%

Fig. 1: Distribution of Quantity Traded

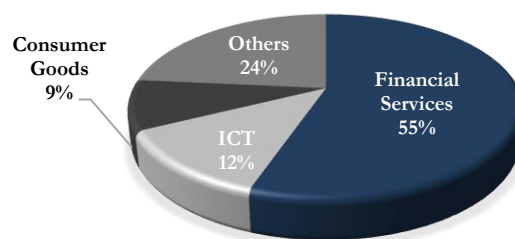


Table 1: Top 10 Price Gainers

COMPANY	OPEN (₦)	CLOSE (₦)	Change (%)
UPDC	1.33	1.83	37.59%
MORISON	1.4	1.85	32.14%
CHIPLC	0.46	0.56	21.74%
FTNCOCOA [RST]	0.4	0.48	20.00%
TRANSCOHOT [BLS]	3.92	4.7	19.90%
HONYFLOUR	3	3.55	18.33%
ETERNA	6.35	7.5	18.11%
REGALINS	0.42	0.48	14.29%
GLAXOSMITH	6.1	6.8	11.48%
CAPHOTEL [BLS]	2.9	3.19	10.00%

Table 2: Top 10 Price Losers

COMPANY	OPEN (₦)	CLOSE (₦)	Change (%)
ABCTRANS	0.39	0.33	-15.38%
UNILEVER	15	13.5	-10.00%
IKEJAHOTEL	1.4	1.26	-10.00%
SCOA	1.59	1.44	-9.43%
JAPAUFGOLD	0.54	0.5	-7.41%
TRANSCORP	0.97	0.92	-5.15%
ACADEMY	0.41	0.39	-4.88%
UACN	11.45	10.95	-4.37%
PZ	6	5.75	-4.17%
NASCON	14.65	14.15	-3.41%

Table 3: Summary of Index Movements

	OPEN	CLOSE	WtD (%)	MtD (%)	QtD (%)	YtD (%)
NGX All-Share Index (ASI)	39,483.08	39,485.65	0.01%	2.43%	4.16%	-1.95%
NGX-Main Board Index	1,609.98	1,609.02	-0.06%	3.38%	0.52%	-6.77%
NGX 30 Index	1,633.23	1,629.18	-0.25%	-0.61%	2.15%	-0.67%
NGX Premium Index	3,850.19	3,853.02	0.07%	2.48%	9.22%	11.01%
NGX Banking Index	377.87	378.99	0.30%	-0.62%	3.42%	-3.57%
NGX Insurance Index	188.07	190.07	1.06%	-3.89%	-6.76%	0.30%
NGX Consumer Goods Index	558.98	556.59	-0.43%	-6.87%	-7.37%	-2.92%
NGX Oil/Gas Index	373.93	374.23	0.08%	-0.72%	19.53%	65.44%
NGX Industrial Goods Index	1,980.43	1,976.72	-0.19%	0.07%	4.71%	-3.68%

Source: NSE PAC Research

Nigerian Fixed Income and FX Market (August 23 – 27)

Treasury Bills Market

In the treasury bills markets, the average yield decreased by 26bps as it closed at 5.02% week-on-week (vs. 5.28% average market yield of last week). At the end of the trading session this week, the 90 Days, 180 Days and 360 Days bills closed at 3.29% (-1.30%), 5.10% (0.58%), and 6.68% (-0.05%) respectively.

Bond Market

In the bond market, the average market yield decreased by an average of 26bps as it closed at 11.09% this week as against 11.36% of the previous week. The result for the 27-Apr-2023, 14-Mar-2024, 22-Jan-2026, 23-Feb-2028 and 23-Jul-2030 bonds traded are 9.44% (-0.32%), 9.82% (-0.39%), 10.62% (-0.48%), 11.40% (-0.15%) and 11.64% (-0.28%) respectively.

Foreign Exchange Market

On Investors and Exporters Window, Naira depreciated by 33 kobo against dollar as it closed at ₦412.00/\$ this week (vs. ₦411.67/\$ it closed in the previous week).

Outlook: The fixed income market reacted to the setback recorded in the treasury bill auction results this week as the yields of less risky securities in the secondary market declined across board. This trend may continue next week as we expect government to continue to borrow at lower rate to reduce high debt service to revenue ratio.

In the FX market, Naira may continue to depreciate further if the CBN refuse to increase foreign exchange supply to the market.

Table. 4: Treasury Bills Yield

TENOR	PREVIOUS (%)	CURRENT (%)	CHANGE
91-DAY	4.59	3.29	-1.30%
182-DAY	4.52	5.10	+0.58%
364-DAY	6.73	6.68	-0.05%

Table. 5: FGN Bond Yield

TENOR	PREVIOUS (%)	CURRENT (%)	CHANGE
2-YEAR	9.76	9.44	-0.32%
3-YEAR	10.21	9.82	-0.39%
5-YEAR	11.10	10.62	-0.48%
10-YEAR	11.92	11.64	-0.28%

Table. 6: Foreign Exchange Market

SPOT	PREVIOUS RATE (₦)	CURRENT RATE (₦)	CHANGE (%)
USD (I&E Rate)	411.67	412	0.08%
USD (Par. Mkt)	520.00	524	0.77%
GBP (Par. Mkt)	708.00	713	0.71%
EUR (Par. Mkt)	606.00	608	0.33%

*+Depreciation, -Appreciation

Source: CBN, FMDQ, Aboki FX, PAC Research

Global Equities Market Report – August 23 – 27 (as at 12:00 GMT)

African Equities Market

African equities market recorded mixed reactions this week as GSE index depreciated by 0.55% to 2,739.71 while Johannesburg reversed the loss recorded last week as JSE ASI appreciated by 2.27% to 69,646.00 (w/w).

Global Equities Market

The global equities market reversed the loss recorded last week as DOW JONES index, S&P 500 index, FTSE 100 index and NIKKEI 225 index appreciated by 1.19%, 1.68%, 0.81% and 2.32% respectively, as investors took the advantage of undervalued stock during the week.

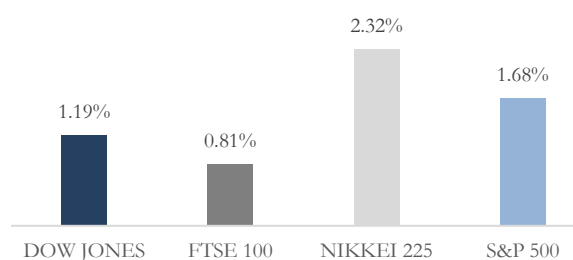
Outlook

In line with our expectation, the global market reversed the loss recorded last week. This trend may continue next week as we expect the improved economic activities to drive the global market in the second half of 2021.

Table. 7: African Equities Market Indices



Table. 8: Global Equities Market Indices



Source: Bloomberg, PAC Research

Weekly Stock Recommendation: Aug. 30 – Sept. 3, 2021

COMPANY	27-Aug-21	ACTUAL ESTIMATES						FORWARD ESTIMATES						RESULT			
	CURRENT SHARE PRICE (₦)	Yr. High	Yr. Low	EPS	Last Total Dividend (Naira)	Dividend yield	P/E Ratio	Price/BK	NAPS	EPS	DPS	Earnings Yield	Dividend Yield	Projected P/E	12M TARGET PRICE	EXPECTED RETURN	RATING
ACCESS	9.10	9.7	7.2	2.62	0.80	8.79%	3.09	0.59	15.35	3.69	0.95	40.50%	10.44%	3.24	11.95	31.35%	BUY
BUACEMENT	68.00	85	67.3	2.14	2.07	3.04%	31.83	6.51	10.45	2.38	2.20	3.49%	3.24%	26.84	63.77	-6.22%	HOLD
DANGCEM	249.60	249.6	204	16.20	16.00	6.41%	15.41	5.28	47.24	11.25	0.00	4.51%	0.00%	24.44	274.83	10.11%	BUY
FBNH	7.50	7.85	6.9	2.11	0.45	6.00%	3.56	0.33	22.99	2.23	0.50	29.75%	6.67%	3.69	8.24	9.86%	HOLD
FLOURMILL	29.00	34.7	26.1	6.27	1.65	5.69%	4.62	0.67	43.24	6.68	2.50	23.03%	8.62%	4.75	31.73	9.43%	HOLD
GTCO	27.55	36	27.55	6.78	3.00	10.89%	4.06	0.97	28.46	6.94	3.00	25.19%	10.89%	5.50	38.19	38.62%	BUY
GUINNESS	31.00	35.9	17.65	-5.74	0.00	0.00%	-5.40	0.79	39.30	1.36	1.00	4.37%	3.23%	19.98	27.09	-12.61%	SELL
INTBREW	4.70	7.07	4.55	-0.46	0.00	0.00%	-10.21	0.88	5.37	-0.74	0.00	-15.73%	0.00%	-6.61	4.89	3.94%	HOLD
NB	52.00	63	47	0.94	0.94	1.81%	55.32	2.49	20.90	1.80	1.20	3.46%	2.31%	30.27	54.39	4.59%	HOLD
NESTLE	1,400.00	1540	1350	49.47	60.50	4.32%	28.30	27.07	51.73	61.51	70.00	4.39%	5.00%	21.53	1,324.22	-5.41%	HOLD
OKOMUOIL	110.00	116.5	90	8.16	7.00	6.36%	13.49	3.27	33.65	12.66	8.50	11.51%	7.73%	9.55	120.83	9.85%	HOLD
PRESCO	73.00	78.9	68	5.26	2.00	2.74%	13.87	2.18	33.47	13.00	3.00	17.81%	4.11%	5.78	75.20	3.02%	HOLD
UNILEVER	13.50	15.55	11.65	-0.69	0.00	0.00%	-19.56	1.31	10.27	0.28	0.20	2.08%	1.49%	46.30	13.03	-3.48%	HOLD
WAPCO	22.00	30.3	19.5	1.91	1.00	4.55%	11.49	0.94	23.48	2.64	1.40	12.01%	6.36%	10.77	28.47	29.42%	BUY
ZENITHBANK	24.40	27.2	20.3	7.34	3.00	12.30%	3.32	0.67	36.16	7.54	3.00	30.90%	12.30%	4.08	30.78	26.15%	BUY

Equity research methodology employed in this report

Views documented in this equity research report stem from conclusions reached through the use of multiple valuation methodologies, industry-wide knowledge, company specific information and our near to medium term expectations of industry and company performance, as well as market outlook. Our forecasts are based on a combination of top down and bottom up analysis, alongside historical trends in industry and company financials. Where appropriate, we factored in available forecasts and business direction provided by company management.

Our recommendation tends towards value investing. Therefore, our investment rank gauge—a customized scale we use to judge how well a firm under coverage has performed—is determined using major value parameters as well as relevant ratios and multiples computed with figures from the company's most recent financials. The variables used to arrive at the company's investment rank cover a wide range of measures which characterize liquidity, operational efficiency, profitability, profit margins, growth, economic viability, gearing, relative valuation ratios, capital structure and management performance. Our investment recommendation is underpinned by the upside or downside potential of a stock under coverage. This potential is estimated by comparing the stock's current market price to its price target and fair value, on a percentage increase or decrease basis as summarized below:

Deviation from current price	Recommendation
>= 10%	BUY
-10% to < 10%	HOLD
<-10%	SELL

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