

# Weekly Market Report and Stock Recommendation

## Nigerian Equities Market (Aug. 30 – Sept. 3)

### NGX ASI and Other Sector Indices

The Nigerian equities was dominated by the bears this week as the NGX All-Share Index and Market Capitalization depreciated by 0.57% week-on-week (w/w) to 39,261.01 and ₦20.46 trillion respectively. Of all the indices within our coverage, only one index appreciated this week: NGX Insurance Index (-0.79%) (See summary of indices movements in the table 3 below).

### Volume and Value Traded

A total turnover of 1.338 billion shares worth ₦8.650 billion in 19,830 deals were traded by investors on the floor of the Exchange this week, in contrast to a total of 1.026 billion shares valued at ₦8.183 billion in 18,102 deals recorded last week.

### Summary of Price Changes

During the week, 26 stocks appreciated in price (vs. 35 stocks in the previous week) while 36 stocks depreciated in price (vs. 29 stocks in the previous week). However, 94 stocks remained unchanged this week (vs. 92 recorded in the previous week).

### Outlook

Almost all the sectors on the Nigerian Exchange recorded setback as investors continued to be sceptical about the equities market. On one hand, most local investors are not ready to take risk in the equities market as they would rather settle for lower yields in the fixed income market. On the other hand, foreign investors are not ready to take long term investment in Nigeria due to constant depreciation of Naira and insecurities in the country. Nevertheless, we may see a reversal of bearish trend next week as we expect investors to take advantage of undervalued stocks in the market.

	27-August-21	3 Sept.-21	Percentage Change
NGX ASI	39,485.65	39,261.01	-0.57%
MKT CAP (₦ Trillion)	20.57	20.46	-0.57%

Fig. 1: Distribution of Quantity Traded

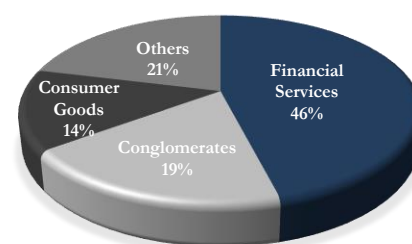


Table 1: Top 10 Price Gainers

COMPANY	OPEN (₦)	CLOSE (₦)	Change (%)
TRANSCOHOT [BLS]	4.7	5.17	10.00%
SKYAVN [BLS]	3.7	4.05	9.46%
PRESKO	73	79.5	8.90%
CORNERST	0.53	0.57	7.55%
AIICO	0.98	1.03	5.10%
PRESTIGE [BLS]	0.46	0.48	4.35%
HONYFLOUR	3.55	3.7	4.23%
JBERGER	25	26	4.00%
SOVRENINS	0.25	0.26	4.00%
MORISON	1.85	1.92	3.78%

Table 2: Top 10 Price Losers

COMPANY	OPEN (₦)	CLOSE (₦)	Change (%)
ABCTRANS	4.8	4.07	-15.21%
UNILEVER	0.32	0.28	-12.50%
IKEJAHOTEL	0.33	0.29	-12.12%
SCOA	0.6	0.54	-10.00%
JAPAUFGOLD	1.54	1.39	-9.74%
TRANSCORP	0.62	0.56	-9.68%
ACADEMY	1.9	1.75	-7.89%
UACN	2.2	2.03	-7.73%
PZ	52	48	-7.69%
NASCON	0.48	0.45	-6.25%

Table 3: Summary of Index Movements

	OPEN	CLOSE	WtD (%)	MtD (%)	QtD (%)	YtD (%)
NGX All-Share Index (ASI)	39,485.65	39,261.01	-0.57%	0.11%	3.57%	-2.51%
NGX-Main Board Index	1,609.02	1,601.62	-0.46%	-0.30%	0.05%	-7.20%
NGX 30 Index	1,629.18	1,620.59	-0.53%	0.23%	1.61%	-1.19%
NGX Premium Index	3,853.02	3,826.80	-0.68%	0.52%	8.48%	10.26%
NGX Banking Index	378.99	376.79	-0.58%	-0.05%	2.82%	-4.13%
NGX Insurance Index	190.07	191.58	0.79%	0.29%	-6.01%	1.10%
NGX Consumer Goods Index	556.59	549.13	-1.34%	-0.55%	-8.61%	-4.22%
NGX Oil/Gas Index	374.23	363.17	-2.96%	-1.42%	16.00%	60.55%
NGX Industrial Goods Index	1,976.72	1,959.16	-0.89%	0.55%	3.78%	-4.54%

Source: NSE PAC Research

## Nigerian Fixed Income and FX Market (Aug. 30 – Sept 3)

### Treasury Bills Market

In the treasury bills markets, the average yield fell by 15bps this week as it closed at 4.87% today (vs. 5.02% average market yield of last week). At the end of trading session this week, the 90 Days, 180 Days and 360 Days bills closed at 3.20% (-0.09%), 4.73% (-0.37%) and 6.68% (0.00%) respectively.

### Bond Market

In the bond market, the average market yield increased by an average of 2bps as it closed at 11.11% (w/w), as against 11.09% 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 9.68% (0.24%), 9.91% (0.09%), 10.40% (-0.22%), 11.25% (-0.15%) and 11.55% (-0.09%) respectively.

### Foreign Exchange Market

On Investors and Exporters Window, Naira appreciated by 50 kobo against dollar as it closed at ₦411.50/\$ this week (vs. ₦412.00/\$ it closed in the previous week). However, Naira depreciated in the parallel market as speculations continued this week.

**Outlook:** The treasury bills in secondary market continued to react to the setback recorded in the treasury bill auction results of last week as yields of less risky securities in the secondary market declined across board.

Next week, yields may likely fall further in fixed income market due to over subscription of bonds and government's desire to borrow at lower rate. Also, the value of Naira next week will depend on the ability of the CBN to supply FX to the market as this will help to reduce speculations.

## Global Equities Market Report – Aug. 30 – Sept 3 (as at 20:00 GMT)

### African Equities Market

African equities market recorded mixed reactions this week as GSE index appreciated by 0.51% to 2,753.58 while Johannesburg reversed the gain recorded last week as JSE ASI depreciated by 1.88% to 66,372.00 (w/w).

### Global Equities Market

The global equities market also experienced mixed reaction this week as DOW JONES index and FTSE 100 index depreciated by 0.24% and 0.14% respectively while NIKKEI 225 index and S&P 500 index appreciated by 5.38% and 0.58% respectively.

### Outlook

The bulls may likely dominate the global market next week due to the expectation of improved economic growth in many countries as most of them continue to recover from COVID-19 pandemic.

Table. 4: Treasury Bills Yield

TENOR	PREVIOUS (%)	CURRENT (%)	CHANGE
91-DAY	3.29	3.20	-0.09%
182-DAY	5.10	4.73	-0.37%
364-DAY	6.68	6.68	0.00%

Table. 5: FGN Bond Yield

TENOR	PREVIOUS (%)	CURRENT (%)	CHANGE
2-YEAR	9.44	9.68	+0.24%
3-YEAR	9.82	9.91	+0.09%
5-YEAR	10.62	10.40	-0.22%
10-YEAR	11.64	11.55	-0.09%

Table. 6: Foreign Exchange Market

SPOT	PREVIOUS RATE (₦)	CURRENT RATE (₦)	CHG (%)
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

Table. 7: African Equities Market Indices

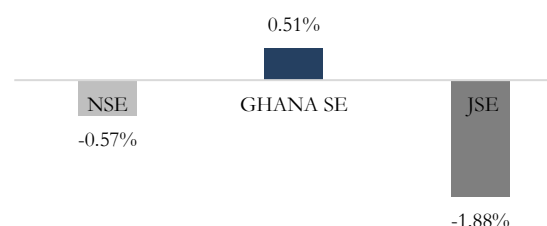
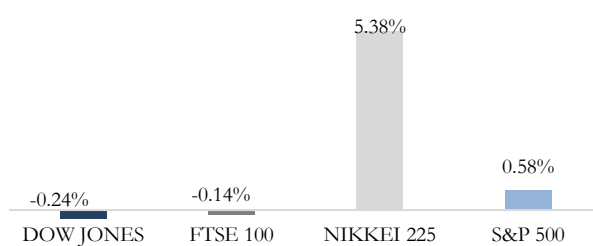


Table. 8: Global Equities Market Indices



Source: Bloomberg, PAC Research

## Weekly Stock Recommendation: Sept. 6 – 10, 2021

COMPANY	03-Sep-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	9.20	9.7	7.2	2.62	0.80	8.70%	3.12	0.60	15.35	3.69	0.95	40.06%	10.33%	3.24	11.95	29.92%	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	245.00	249.6	204	16.20	16.00	6.53%	15.12	5.19	47.24	11.25	0.00	4.59%	0.00%	24.44	274.83	12.18%	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	30.00	34.7	26.1	6.27	1.65	5.50%	4.78	0.69	43.24	6.68	2.50	22.27%	8.33%	4.75	31.73	5.78%	HOLD
GTCO	27.85	36	27.35	6.78	3.00	10.77%	4.11	0.98	28.46	6.94	3.00	24.92%	10.77%	5.50	38.19	37.13%	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	4.65	7.07	4.55	-0.46	0.00	0.00%	-10.10	0.87	5.37	-0.74	0.00	-15.90%	0.00%	-6.61	4.89	5.06%	HOLD
NB	48.00	63	47	0.94	0.94	1.96%	51.06	2.30	20.90	1.80	1.20	3.74%	2.50%	30.27	54.39	13.30%	BUY
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	79.50	79.5	68	5.26	2.00	2.52%	15.11	2.38	33.47	13.00	3.00	16.35%	3.77%	5.78	75.20	-5.41%	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	22.40	30.3	19.5	1.91	1.00	4.46%	11.70	0.95	23.48	2.64	1.40	11.80%	6.25%	10.77	28.47	27.11%	BUY
ZENITHBANK	24.10	27.2	20.3	7.34	3.00	12.45%	3.28	0.64	37.62	7.55	3.00	31.33%	12.45%	4.08	30.82	27.88%	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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