

October 14, 2024

Weekly roundup and stock recommendations

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Equities

Bullish sentiment returned to the bourse, driven by strong performances on the first and final trading days of the week. As a result, the benchmark index gained 9 bps WoW, with market capitalisation settling at N56.09 trillion. YtD, the ASI has gained 30.54%.

The positive performance was driven by sustained demand in SEPLAT (+5.09% WoW), along with strong gains in banking tickers such as FIDELITYBK (+13.08% WoW) and FBNH (+4.00% WoW), which outweighed profit-taking in OANDO (-7.28% WoW) and UBA (-3.11% WoW).

Despite the overall gains, market breadth closed negative at 0.54x, as 48 laggards surpassed 26 gainers. MECURE (+19.53% WoW) led the gainers, while TRIPPLEG (-59.56% WoW) topped the laggards.

Money market and fixed-income

Interbank rates —OPR and O/N inched up by 0.13% and 0.23% WoW to settle at 32.36% and 33.00%, respectively, as system liquidity remained in negative territory due to outflows from the NTB auction settlement alongside FX swap debits, which outweighed inflows from OMO maturities.

In the secondary NT-Bills market, bearish sentiment prevailed, with yields inching higher at the short-end (+88bps), mid-segment (+42bps) and long-end (+7bps) of the curve. Consequently, the average yield expanded by 48 bps to settle at 23.16%.

Similarly, the FGN bonds' market was relatively quiet, with bearish activities seen at the mid-segment of the curve (+6bps), particularly the JUL 30 (+14bps) and FEB 31 (+20bps) papers. The average yield expanded 2bps to settle at 19.10%.

At the OMO auction, the CBN offered N300 billion across the standard maturities. Consistent with recent trends, demand was concentrated at the long end, with total subscriptions reaching N908.23 billion. Sales settled at a stop rate of 24.30% with a bid-to-cover ratio of 1.0x

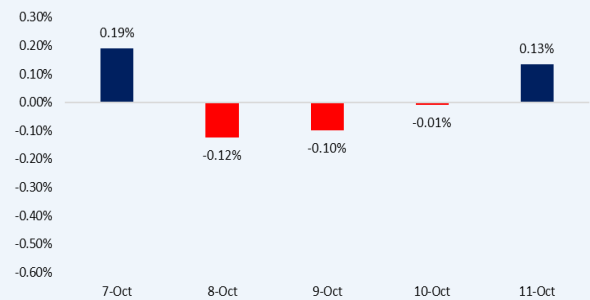
At the T-bills auction, the CBN offered and allotted N81.9 billion across the standard maturities. Demand was strong with bid to offer at 3.3x. Stop rates remained flat across the 91-day (17.00%) and 182-day (17.50%) instruments while declining by 14 bps for the 364-day instrument to 19.86%

Outlook

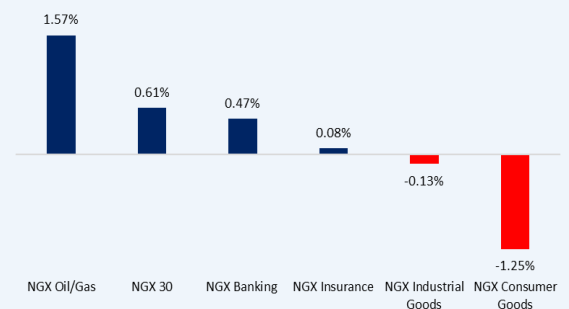
For equities, we expect the listing of Aradel Holdings on the NGX to stoke bullish sentiment in the ticker. Investors may also seek to position themselves in fundamentally sound stocks ahead of the upcoming Q3 earnings releases.

In the money market, we anticipate rates to stay elevated and system liquidity to remain tight, despite expected coupon payment inflows. The NTB and FGN bonds' secondary markets are likely to trade in line with prevailing liquidity conditions. Meanwhile, in the bond market, focus will likely shift to the upcoming bonds—the 29s and 31s—which the DMO has announced will be reopened in its Q4 2024 bond auction calendar.

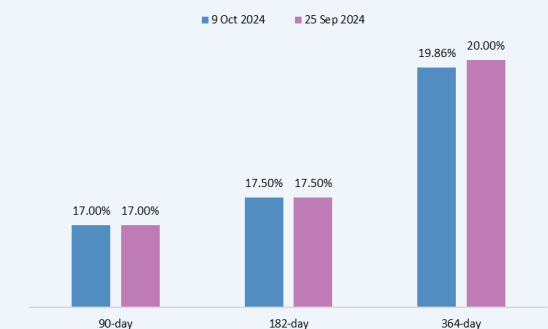
ASI performance : October 07 - October 11



Mixed sectoral performance



NTB Primary Market Auction



Sources: CBN, FMDQ, NGX, CardinalStone Research

Stocks	Current Price	Target Price	Upside/ downside	¹ Dividend yield	Total Return	Link to Reports
³BANKS						
ACCESSCORP	19.70	42.93	117.9%	10.7%	128.6%	Click here
ETI	24.00	38.59	60.8%	0.0%	60.8%	Click here
FBNH	26.00	31.75	22.1%	2.3%	24.4%	Click here
FCMB	8.50	11.49	35.2%	8.2%	43.4%	Click here
FIDELITYBK	14.70	14.80	0.7%	6.8%	7.5%	Click here
GTCO	49.00	69.31	41.4%	7.3%	48.8%	Click here
STANBIC	57.00	69.36	21.7%	6.5%	28.2%	Click here
UBA	26.50	42.18	59.2%	7.5%	66.7%	Click here
ZENITHBANK	37.45	65.47	74.8%	16.0%	90.8%	Click here
CONSUMER GOODS						
DANGSUGAR	31.00	39.66	27.9%	0.0%	27.9%	Click here
FLOURMILL	62.00	49.85	-19.6%	3.2%	-16.4%	Click here
GUINNESS	65.00	85.69	31.8%	0.0%	31.8%	Click here
NESTLE	890.00	1084.40	21.8%	0.0%	21.8%	Click here
NB	29.00	47.85	65.0%	0.0%	65.0%	Click here
UACN	20.60	21.68	5.2%	6.3%	11.6%	Click here
UNILEVER	19.25	29.60	53.8%	3.7%	57.5%	Click here
BUAFOODS	394.90	314.16	-20.4%	3.1%	-17.4%	Click here
INDUSTRIAL GOODS						
DANGCEM	478.80	524.32	9.5%	6.3%	15.8%	Click here
WAPCO	36.25	56.42	55.6%	5.4%	61.1%	Click here
BUACEMENT	110.00	56.46	-48.7%	1.8%	-46.9%	Click here
TELCO & UTILITIES						
MTNN	191.00	238.61	24.9%	0.0%	24.9%	Click here
AIRTELAFRI	2200.00	3,119.82	41.8%	4.8%	46.6%	Click here
TRANSCORP	11.05	31.58	185.8%	4.5%	190.3%	Click here
AGRICULTURE						
OKOMUOIL	363.00	381.20	5.0%	6.8%	11.8%	Click here
PRESCO	485.40	537.27	10.7%	8.7%	19.4%	Click here
OIL & GAS						
SEPLAT	5217.20	² UR	NA	3.8%	NA	Click here
TOTAL	673.90	² UR	NA	12.2%	NA	Click here

¹dividend yield computed with FY'24E dividends²UR — Under Review³Banks TP are not inclusive of implications of recapitalization

NA—Not Applicable

Disclosure

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CardinalStone employs a 3-step rating system for equities under coverage: Buy, Hold, and Sell.

Buy $\geq +15.00\%$ expected share price performance

Hold $+0.00\%$ to $+14.99\%$ expected share price performance

Sell $< 0.00\%$ expected share price performance

A BUY rating is given to equities with strong fundamentals, which have the potential to rise by at least $+15.00\%$ between the current price and the analyst’s target price

An HOLD rating is given to equities with good fundamentals, which have upside potential within a range of $+0.00\%$ and $+14.99\%$,

A SELL rating is given to equities that are highly overvalued or have weak fundamentals, where potential returns of less than 0.00% are expected between the current prices and the analyst’s target prices.

A NEGATIVE WATCH is given to equities whose fundamentals may deteriorate significantly over the next six (6) months, in our view.

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Valuation and Risks: Please see the most recent company-specific research report for an analysis of valuation methodology and risks on any security recommended herein. You can contact the analyst named on the front of this note for further details.

Rating	Buy	Sell	Hold	Negative Watch
% of total recommendations	78%	4%	18%	0%
% with investment banking relationships	0%	0%	0%	0%

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