

## The Market Last Week (Our Observations)

Last week, the market closed positive despite the bears dominating in three out of the five trading sessions. Precisely, the NGX-ASI and market capitalisation rose 0.1% apiece to 97,606.63 points and ₦56.1tn while YTD return improved to 30.5% (previously 30.4%).

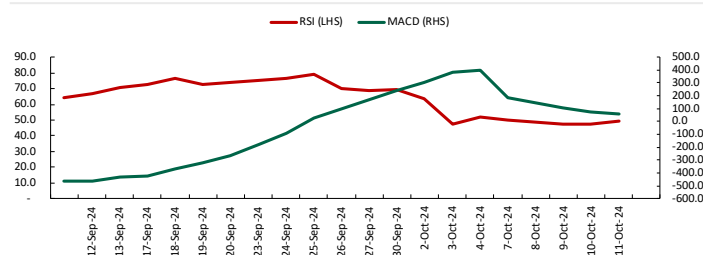
Sector performance was bullish as four indices gained, while the other two lost. Topping the charts, the **Oil & Gas** and **Banking** indices gained 1.6% and 0.5%, respectively. Similarly, the **AFR-ICT** and **Insurance** indices rose 0.4% and 0.1%, sequentially. On the flip side, the **Industrial** and **Consumer Goods** indices dipped 1.3% and 0.1%, accordingly.

Top gainers for the week were **REGALINS** (+57.9%), **MECURE** (+19.5%), and **UPL** (+17.5%), while **DAAR** (-25.0%), **TRIPPLEG** (-19.1%), and **AFRIPRUD** (-13.1%) led the losers.

## The Market This Week (Our Expectations)

The Afrinvest weekly sentiment weakened to 2.2x (previously 2.6x). Despite the drop in the sentiment gauge, we expect the bourse to maintain its upbeat momentum, as the listing of Aradel Holdings today sparks stronger optimism.

## Technical Analysis - RSI and MACD

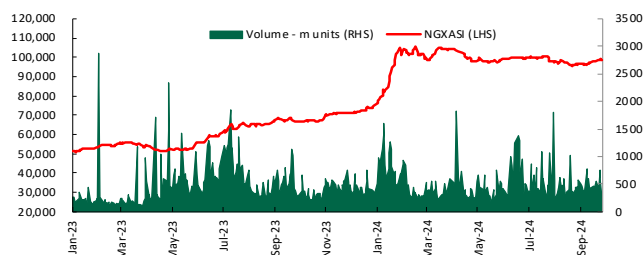


Source: Bloomberg, Afrinvest

## 1 Week Market Summary

1 Week Market Summary	Index	W-o-W	MTD	YTD
NGX-ASI	97,606.63	0.1%	-1.0%	30.5%
Banking	926.84	0.5%	-1.4%	3.8%
Consumer Goods	1,570.25	-1.3%	-0.9%	38.3%
Oil & Gas	2,135.95	1.6%	9.0%	108.0%
Insurance	437.24	0.1%	1.8%	36.0%
NGX Industrial Goods	3,584.49	-0.1%	-6.0%	32.0%
NGX30	3,630.48	0.6%	-0.2%	30.0%
NGX Pension Index	4,016.42	0.8%	0.9%	24.9%

## NGXASI vs. Volume (mn)



## RSI

The Relative Strength Index (RSI) measures the velocity of the NGX-ASI movement to identify overbought and oversold conditions. The RSI indicator of the benchmark equity index opened the week at 62.3 and closed at 48.1. RSI below 30 indicates oversold or undervalued market hence, investors are advised to buy. RSI above 70 indicates overbought or overvalued market hence, investors are advised to sell.

## MACD

Moving Average Convergence/Divergence (MACD) shows characteristics of both a trending indicator and an oscillator. MACD in the negative territory connotes an overbought or overvalued market hence, investors are advised to sell. MACD in the positive territory connotes an oversold or undervalued market hence, investors are advised to buy.

The RSI and MACD indicators should be used jointly when making investment decisions.

Sectors/Stocks	Rating	Last Price	Previous TP	Current 12 Months TP	Upside	Trailing P/E	Trailing P/BV	Forward PE	Forward PBV	1-Week Return	YTD Return	Dividend Yield (%)
<b>BANKING</b>												
ACCESSCORP	BUY	19.70	22.79	26.04	32.2%	0.9x	0.3x	8.4x	0.9x	-1.5%	-14.9%	11.42
ETI	REDUCE	24.00	24.99	23.12	-3.7%		626.7x	4.7x	0.7x	0.0%	14.8%	
FCMB	ACCUMULATE	8.50	6.50	10.19	19.9%	1.4x	0.3x	15.6x	0.8x	0.0%	14.9%	5.88
FIDELITYBK	SELL	14.70	12.36	13.00	-11.6%	2.4x	0.7x	23.9x	1.6x	13.1%	35.5%	9.86
FBNH	ACCUMULATE	26.00	28.70	29.67	14.1%	1.9x	0.4x	7.6x	1.0x	4.0%	10.4%	1.54
GUARANTY	REDUCE	49.00	38.90	48.62	-0.8%	1.2x	0.6x	8.3x	2.0x	-0.2%	21.0%	7.40
STANBIC	ACCUMULATE	57.00	60.16	65.78	15.4%	4.0x	1.3x	6.9x	1.5x	-1.6%	-18.2%	7.37
STERLING	REDUCE	4.98	4.06	4.70	-5.6%	5.3x	0.8x	9.9x	1.2x	-0.4%	16.1%	
UBA	ACCUMULATE	26.50	20.75	30.61	15.5%	1.7x	0.3x	10.5x	1.6x	-3.1%	3.3%	16.23
UNITY	UR	1.51	UR	UR			-0.1x	-7.6x	0.7x	0.0%	-6.8%	
WEMABANK	ACCUMULATE	7.85	6.09	9.13	16.3%	2.2x	0.8x	29.7x	4.9x	-1.9%	40.2%	6.41
ZENITHBANK	ACCUMULATE	37.45	41.70	42.90	14.6%	1.3x	0.4x	5.6x	1.3x	-0.1%	-3.1%	12.02
<b>CONSUMER GOODS</b>												
CHAMPION	UR	3.11	2.06	UR		220.0x	2.3x	30.7x	2.8x	0.0%	-14.4%	
DANGSUGAR	ACCUMULATE	31.00	22.46	36.64	18.2%		-5.8x	14.4x	3.3x	1.3%	-45.6%	
FLOURMILL	SELL	62.00	37.75	38.96	-37.2%	13.8x	1.1x	13.3x	1.6x	-0.1%	87.6%	2.90
GUINNESS	REDUCE	65.00	78.81	63.02	-3.0%		65.9x	20.5x	1.6x	-4.4%	-1.5%	
HONEYFLOUR	UR	4.35	3.67	UR			1.5x	26.2x	0.6x	-6.5%	31.0%	
INTBREW	HOLD	4.05	5.10	4.40	8.6%		0.2x	23.9x	0.7x	-8.2%	-15.6%	
NASCON	SELL	30.00	17.15	13.44	-55.2%	3.0x	2.5x	16.1x	5.8x	0.0%	-43.1%	3.27
NB	BUY	29.00	45.03	36.86	27.1%		-14.1x	8.4x	1.3x	-3.3%	-15.8%	
NESTLE	BUY	890.00	1358.73	1213.82	36.4%		-6.7x	17.4x	14.4x	0.0%	-19.1%	
PZ	SELL	19.70	8.49	10.44	-47.0%		-2.6x	14.5x	1.7x	11.6%	-26.2%	
UNILEVER	SELL	19.25	14.87	15.60	-19.0%	9.5x	1.5x	7.1x	1.0x	-1.3%	30.1%	3.90
<b>TELECOMMUNICATIONS</b>												
MTNN	BUY	191.00	338.20	254.87	33.4%					0.4%	-27.7%	
AIRTELAFRICA	REDUCE	2200.00	1861.32	1988.87	-9.6%					0.0%	16.6%	3.36
<b>INSURANCE</b>												
AIICO	BUY	1.17	0.70	1.8	53.8%	2.7x	0.7x	14.6x	1.2x	-0.8%	46.3%	4.27
MANSARD	BUY	5.74	2.90	7.56	31.7%	2.3x	0.9x	14.4x	1.2x	4.2%	4.4%	7.02
CONHALLP	SELL	1.39	0.46	0.96	-30.9%		0.8x	15.4x	1.8x	-1.4%	-5.4%	3.60
CORNERST	SELL	2.60		1.25	-51.9%	1.6x	0.8x	13.0x	2.1x	3.6%	85.7%	6.15
NEM	HOLD	7.90	3.11	8.6	8.9%	2.0x	0.9x	7.9x	1.5x	-9.7%	25.4%	7.59
<b>INDUSTRIALS</b>												
DANGCEM	SELL	478.80	367.00	420.00	-12.3%	17.6x	3.9x	24.4x	9.0x	0.0%	49.7%	6.96
BUACEMENT	SELL	110.00	51.97	74.79	-32.0%	53.7x	9.7x	151.2x	42.1x	0.0%	13.4%	1.96
WAPCO	BUY	36.25	44.80	47.00	29.7%	13.0x	1.3x	66.6x	2.0x	-2.0%	15.1%	5.23
<b>OIL PALM</b>												
OKOMUOIL	SELL	363.00	-	242.74	-33.1%	14.1x	7.6x	19.7x	6.2x	0.0%	39.6%	6.06
PRESCO	SELL	485.40	-	222.15	-54.2%	8.6x	6.8x	17.0x	6.6x	0.0%	151.5%	5.72
<b>OIL &amp; GAS</b>												
ETERNA	UR	24.70	UR	UR			-24.1x	0.7x	0.2x	-8.5%	78.3%	
CONOIL	SELL	168.00	110.89	132.42	-21.2%	10.0x	2.8x	63.3x	6.3x	0.0%	100.2%	2.12
TOTAL	SELL	673.90	375.35	434.52	-35.5%	9.3x	3.4x	30.5x	6.5x	0.0%	75.0%	3.97
SEPLAT	SELL	5217.20	4323.30	3947.15	-24.3%	24.3x	1758.1x	225.8x	49.8x	5.1%	128.5%	3.14

## FAIR VALUE ESTIMATE

Our approach to establishing fair value takes into account a weighted average of price estimates derived from a blend of valuation methodologies including the Discounted Cash Flow ("DCF") (and its variants) as well as other relative/comparable trading multiples valuation models. However, we attach the most weight to DCF valuation methodology, particularly the Dividend Discount Model (DDM), Free Cash Flow (FCF) model and Residual Income Valuation/Model ("RIV/RIM"). The utilization of comparable trading multiples is guided by the analysts' understanding of the banks' fundamentals, as well as key price drivers from the firm, industry and macroeconomic perspectives.

## | Investment Ratings

### BUY

The expected total return over the next 12 months is 25.0% or more. Investors are advised to take positions at the prevailing market price as at the report date.

### HOLD

Investors are advised to remain neutral as the expected total returns are not expected to exceed 10.0% based on the prevailing market price as at the report date.

### SELL

The stock trades at a premium to its intrinsic value and is thus expected to lose up to 10.0% or more of its market value. Immediate exit is therefore advised at the prevailing market price as at the report date.

### ACCUMULATE

The expected total return ranges between 10.0% and 25.0% or the upside potential is above industry average. However, cautious portfolio positioning is advised.

### REDUCE

The expected total return of the stock ranges from nil to negative. Aggressive exit or entry may not be appropriate, as the stock might fluctuate into a 10.0% decline over a 12-month horizon. Thus, the slim upside potential does not adequately compensate for the inherent risk.

### UR

Under Review - We are currently updating the valuation model.

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**| Glossary****T/P (TARGET PRICE)**

Estimated future value of a stock or security based on analysis. Guides investment decisions and serves as a benchmark. Subject to revisions due to market conditions and new information.

**P/E (PRICE-TO-EARNINGS RATIO)**

Compares a company's stock price to its earnings per share. It indicates valuation and market expectations and an high ratio implies growth and premium price while low ratio suggests undervaluation or lower earnings expectations.

**MTD (MONTH-TO-DATE)**

Measures performance from the beginning of the current month to the present date.

**WEEK-ON-WEEK (W-O-W)**

It is a short-term measurement used to analyze trends and changes over a one-week period.

**P/BV (PRICE-TO-BOOK VALUE RATIO)**

Compares stock price to book value per share. An high ratio implies premium value or growth potential while low ratio suggests undervaluation.

**EPS (EARNINGS PER SHARE)**

Measures company profit per outstanding share. It is a key indicator of profitability and shareholder returns.

**YTD (YEAR-TO-DATE) RETURN**

Year-to-Date percentage change in investment value from the beginning of the year to the present.

**CONTACTS****| Afrinvest Securities****Adedoyin Allen**

allen@afriinvest.com  
+234 1 270 1680 ext. 1016

**Taiwo Ogundipe**

togundipe@afriinvest.com  
+234 1 270 1680 ext. 1601

**| Afrinvest Consulting****Abiodun Keripe**

akeripe@afriinvest.com  
+234 1 270 1680 ext. 1034

**Damilare Asimiyu**

dasimiyu@afriinvest.com  
+234 1 270 1680 ext. 1054

**| Afrinvest Asset Management****Christopher Omoh**

comoh@afriinvest.com  
+234 1 270 1680 ext. 1505

**Robert Omotunde**

romotunde@afriinvest.com  
+234 1 270 1680 ext. 1039

**| Afrinvest Capital****Suru Daniels**

sdaniels@afriinvest.com  
+234 1 270 1680 ext. 1098

**Kate Isabota**

kisabota@afriinvest.com  
+234 1 270 1680 ext. 1017

**| Afrinvest Trustees****Rita Abengowe**

rabengowe@afriinvest.com  
+234 1 270 1680 ext. 1005

**Oyewale Odekhiran**

oodekhiran@afriinvest.com  
+234 1 270 1680 ext. 1099

**For further information,**

Afrinvest Securities Limited (ASL)  
27 Gerrard Road  
Ikoyi, Lagos  
Nigeria  
Tel: +234 1270 1680  
www.afriinvest.com