Coach Oge

3 hacks to pick the next

Booming Nigerian Stocks.

Discover the winning strategy to get in early on the hottest stocks before they go up.

Content

- Disclaimer
- How I discover the next red-hot sectors to buy Nigerian stocks every year.
- The 10 Nigerian stocks I bought before they appreciated by 50-500% in 2-24 months.
- The 3 simple hacks I always use to find these stocks before they blast higher and how you can copy this strategy to pick your next top gainers.
- How I easily avoid bad stocks using 3 simple numbers.

- The minimum number of days to hold your stocks without fear and increase your chance of making more money by 90%.
- How I know when to sell my stocks before the stock market goes down so I can buy low again.
- The simple low-risk, high-profit calculation that will definitely double your money in stocks every year..

The information contained in this guide is for informational purposes only.

I am not a financial advisor. Any trade or financial advice I give is my opinion based on my own experience and returns on my core investment portfolio.

You should always seek the advice of a professional before acting on the investment guide I have published or recommended.

The ideas I'm about to present are ones that I've personally researched and tested for a long time.

Please understand that some use of English may not be grammatically correct, so please pardon my errors and focus on the investment strategy.

Users of this guide are advised to do their due diligence when it comes to making investment decisions and buy/sell advice that has been provided should be independently verified by your qualified professionals.

By reading this guide, you agree that my company and I are not responsible for the success or failure of your trading/investing decisions relating to any information presented in this guide.

Hey! What’s up, my friend?
In your hands right now is a powerful trading strategy that will show you how I discover hot stocks to buy before they spike in 3 – 12 months.

Now you may be wondering:
What percentage return can I earn with this strategy? Well, I can’t give you specific numbers but from my investment portfolio, I have collected 20%, 50%, 100%, and even 250% gains on a single stock.

Is this a full-proof strategy?

No, there is no secret strategy that’s 100% accurate but what makes my winning rate high is that I use the power of **economic data**, one that’s yet to be fully explored by your stockbroker or financial analyst, and the most interest, **market timing** to spot the next winning stocks before everyone notices them. By this, I can enter before the mutual funds and big institutional investors.

And you know what it means to own stocks before portfolio managers start buying?

MASSIVE SPIKE!

BIGGER RETURNS!

What I am about to share with you isn't new, you can see it in research papers, investment journals, and public library but most people don't want to study research papers or spend countless hours digging through books with hundreds of pages.

That's why I have condensed this investment strategy in a bite-size format so you can digest it quickly and save time.

There’s a lot of noise in the stock market and most traders are overwhelmed with too many trading strategies.

This strategy will help you cut through the noise and focus on the big winning stocks without checking prices every day.

By the time you read this book to the last page, you will discover:

●The real catalyst behind stock spikes and what actually makes a stock go up by 50%, 100%, or even more.

●How I easily spot the hottest sectors to focus on right now.

●The results of some of my picks.

●The best holding period of your stocks for maximum return.

How I Discover Red-Hot Sectors to Buy Stocks.

You have probably seen a business headline like this:

“Okomu Oil tops gainers list this week with 50% share price appreciation.”

Or

Transcorp tops the monthly gainers’ list with a 250% spike.

Or

“Guinness emerge the best stock in June with a 65% surge in price.”

The truth is this:

Stocks don’t just go up or down for weeks or months without a driving force.

As a trader who is looking for an opportunity to make a big profit from the stock, I have learned to understand and track the key driving forces behind big moves.

These are data big fund managers and institutional investors use to gain insights and ideas on economic direction, so they can use them to spot stocks, that are worth investing in, with strong upside potential.

I am not talking about share price appreciation that runs for one week or month but a huge rally that can sustain its momentum for 6 to 12 months.

What do you think is responsible for such a multi-month surge?

Annual Financial Result?

No!

Annual earnings are only the result of these leading economic indicators, they tend to come in after the big rally.

No wonder novice traders often ask!

Why the stock of a company goes down after 20% or 50% growth in revenue and profit after tax?

Well, the answer is this:

The market price already reflects the fair value of the company and no smart money manager wants to buy a stock that’s considered overvalued.

What if you could use an economic catalyst to spot them ahead of their financial results, then wait for the spike before or during big earnings announcements?

This is the real money secret in the stock market.

When I discovered these top catalysts, I created a new equity portfolio of 5 companies that I thought would spike in 6 – 12 months. And as you'd guess right, 4 out of the 5 stocks appreciated by an average of 82%.

Since then, I have seen steady growth in my long-term portfolio of explosive stocks year on year.

Personally, I feel this type of portfolio generates higher return compared to dividend stocks. But not without its downside too.

The Big Secret is in this:

Learn to read leading economic indicators:

These are economic data that correspond with future events, they tell you what's happening, what will happen, and where the economy is headed.

Another way to put it:

Economic indicators are data that provide early warning signs of turning points in the business cycle.

The takeaway from this definition is that it foretells the direction of the economic or business decisions ahead of time.

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Top business managers and entrepreneurs use this data to plan or make decisions that will keep the business afloat, so before they announce their quarterly results, it's almost certain that you know what the revenue and earnings will be ahead of time.

Some of the key economic data are:

- Inflation
- Oil and gas price
- Exchange rate
- FGN bond yield/Treasury yield
- Government policies or announcements.

As a stock trader or investor, these are some of the core data you need to find the next big opportunities in the stock market.

You don’t have to wait for annual results before analyzing and picking the best stocks to buy - these are the data you need to move funds into sectors that are poised to benefit from the next economic shift, then locate specific stock that will likely spike.

Inflation

This is the general increase in the price of goods and services.

In Nigeria, the inflation rate is around 20%+ while the food composite index prints at 24%.

This data tells you the percentage increase in the price of what we buy every day, week or month.

There are categories of our personal expenses we can't do without and that's **FOOD, TRANSPORT, and DATA.**

We eat every day, this is what we need to be healthy, so there is no way we won't spend on food or related essential items.

Where is the opportunity in the stock market if inflation bites harder?

●Buy companies that sell inelastic products; these are products you'd still buy even if the price doubles because YOU MUST EAT (FOOD), YOU MUST PAY FOR TRANSPORT (FUEL), YOU MUST PAY FOR GAS or KEROSENE and NOW YOU CAN"T DO WITHOUT MOBILE COMMUNICATION (DATA).

Oil and Gas Price

Nigeria's economy depends on oil for revenue generation. So, you'd be correct to tie the performance of the economy to the oil price.

An increase in oil price generates more petrol-dollar which means the government has more money to finance capital projects like constructions of roads, and repair of key infrastructures.

Besides, the government awards contracts/licenses to upstream companies to undertake the exploration, mining, and export of crude oil which means that an increase in oil price brings in more revenue for oil and gas companies.

Well, another school of thought has countered this assumption; they believed that an increase in oil prices doesn't always translate to an increase in revenue for an economy that depends on/imports refined oil due to rising input costs

Where are the opportunities if oil prices trend higher?

●Buy industrial stocks in the construction, cement, and building-related sectors as more revenue give the FG power to finance projects.

●Buy Oil stocks in the upstream sector.

●Buy downstream stocks that distribute/market liquefied petroleum gas on increased fuel/diesel/gas prices

Exchange Rate

The exchange rate has been on an upward trajectory for a long term and it's not coming down anytime soon.

This trend isn't unconnected to the balance of trade/payment deficit – we pay more for imports than we earn from export, which leads to higher demand for US dollars.

In 2020 and 2023, the CBN devalued the local currency multiple times all in the name of unifying the FX rate with the I&E rate (the I&E rate is a market-determined rate for foreign investors and exporters).

In Nigeria, exchange rate and inflation tend to move in the same direction because virtually all sector, formal and informal – depends on imports either for raw materials or finished products.

As the exchange rate to the USD requires more Naira, it's normal for businesses to pass on costs to their customers which leads to higher prices.

Between 1960 to 2020, wheat imports increased from 350,000 MT to over 5,500,000 MT growing at an annual rate of 9.83% p.a.

In the same period, the exchange rate moved from 70kobo to N356 which explains the exponential rise in the price of bread, pasta, etc.

Where are the opportunities in the stock market if the exchange rate keeps rising?

● Buy Banking/Insurance stock that is long on their foreign currency

● Buy companies that generate revenue from export sales; **avoid stock with dollar debts/loans.**

FGN Bond Yield/Treasury Bill

You might be wondering how bonds and T-Bills affect the stock market.

Here is how it works:
Fund managers are constantly seeking high-return opportunities without taking on much risk; it's either they buy risk-free assets like Treasury Bill/FGN bonds or invest in risk assets like equities.

And if they must go with equities, the return must compensate for the additional risk.

Why would I buy a stock that offers a 5% return when 365-day T-Bills is 15%?

Did you see why investors often use the yield on risk-free assets like T-Bills or Bonds to ascertain the profitability of a stock?

As a trader or investor, you need to track the yields on fixed-income securities and trends.

In 2019, when CBN released a circular that:

- Restricted local and institutional investors from accessing the OMO market.

- Stopped banks from selling T-Bills to private firms and individuals' markets which led to a crash in yield in the secondary market to less than 1-2%, this made alternative yield on dividend stocks attractive with stocks like Fidelity, Zenith bank, UCAP, Afriprud printing at the double digits of 10%+.

The idea was to inject more funds into the private sector.

The stock market received a lot of boosts; idle funds were channeled to the high-yielding dividend stocks and that year, the NSE market index closed at 50%+ return.

Where are the opportunities in the stock market if the yield on FGN savings bonds/T-bills trends lower?

●The NGX or broad market index is expected to go up.

●Buy more high-yielding dividend stocks that offer 1.5x or 2x the yield on 365-day T-Bills.

●Buy banking stocks because they benefit from the lower cost of funds on increased idle funds.

●Buy consumer/industrial goods stocks that are moderately exposed to debt with high-interest cover above 1.5x and improving operating margin.

Government Policies and Announcements:

This may not be widely recognized as a leading economic indicator but it surely does impact the price of stock faster than other tools.

Besides, I have seen a stock spike by almost 50% in less than a week after the Federal government released an FX/import policy announcement.

This is because businesses and investors tend to react to such news especially when it has a direct impact on corporate revenue and profit.

In 2020, when the Federal government announced a total economic lockdown but exempted marketers and distributors of essentials and pharmaceutical products, the price of stocks of companies in these sectors moved higher as they became investors' favorites.

You can also follow CBN's circulars for monetary or forex policies that may impact the fundamentals of listed stocks in the market.

These leading economic data are the tools you need to spot the next big sectoral opportunities in the stock market. Besides, they are key drivers of corporate performance or quarterly results.

While other investors are waiting for the corporate results, you can forecast the trend of a stock ahead of time, just by following macro-economic indicators.

This doesn’t mean you should jump on random stocks because Nigeria's inflation rate is trending higher or you read on a business news headline that the oil price had just topped $70, No!

This now leads us to the next part of this strategy where I’d be sharing practical steps to spotting the next mover before they spike.

We are not looking for stocks that have spiked but we want to jump on companies that are about to go up due to trending economic news.

And again, it's likely that the stock may release quarterly earnings below expectations after their stock has spiked but the strategy in this book focuses on **BUYING THE RUMOR AND SELL BEFORE or AFTER THE NEWS.**

Top Nigerian Stocks I Bought Before They Appreciated By 50-500% in 2-24 Months

CUTIX - 237% in 8 Months

Summary

Cutix stock broke 63-65 kobo key levels to reach a new high of 69 kobo in March 2018, the stock posted 237% price appreciation in 8 months.

VITAFOAM - 566% in 36 Months

Summary

Vitafoam broke out of the N5.5 key level to reach a new high in October 2020, the consumer stock staged a bigger uptrend and surged by 566% in 36 months.

HONEYWELL - 189% in 2 Months

Summary

Honeywell broke out of the N1.9 key level in August 2021 to reach a new high of N2, the consumer staple stock skyrocketed by 189% in 2 months.

GUINNESS - 156% in 5 Months

Summary

Guinness stock broke out of the N39-N40 key levels in December 2021, from its new month high, it delivered 156% in 5 months.

NAHCO - 333% in 15 Months

Summary

NAHCO stock broke out of a multi-level price of N3.15 to a month high of N3.6 in February 2022, the airline logistics stock delivered 333% in 15 months.

PZ Cussion - 80% in 5 Months

Summary

PZ stock broke out of a multi-year resistance of N12.85 to reach N13 in April 2023, the consumer stock attracted more buy pressure, and shot higher to deliver 80%+ between January and June 2023.

Tripple G - 293% in 3 Months

Summary

Tripple G delivered 293% in 3 months after shooting above a multi-year resistance of 97kobo to reach a new all-time high of N3.90.

Japaul Gold - 138% in 2 Months

Summary

Japaul broke into a new 52-week high of 39kobo in June 2023, the penny stock went up by a whopping 130% in less than 1 month.

The 3 Hacks I Use to Spot The Next Hottest Stocks

I know you can't wait to see how I spot the next stock trading opportunities.

Let's discuss the specific recurring setup on each of the winning stocks and how you can use these 3 hacks to find the next booming Nigerian stocks before they spike.

Rules for buying the next winner before spike:

●I look for stocks that have reached a 52-week high, doubling as a breakout into a multi-year high with 3-6 months of performance above 10% to confirm short-term positive sentiment.

●The positive trend must be supported by one or more of the leading economic indicators-oil price, inflation, exchange rate, yields on FGN bond/T-bills, government policies, or industry-specific trends.

●The latest quarterly growth year on year in revenue, net income, and earnings per share must be better than the previous comparable period (**Since financial statement is a lagging indicator, this is optional**)

52-Week & Multi-year high

Look at each of the stocks that posted delivered double/triple-digit gains again, they first broke into a 52-week high that also coincide with multi-year resistance; these are key levels a company's stock had appreciated in the past years but failed to rally further because it tends to attract profit takers or huge sell-off.

PZ stock tested N12.7 in 2018 and eventually dipped to N3, its 2020 low, recovered from there to reach the same N12.7-N13 region in May 2022, that's 2 years after, the stock attracted another sell-off again to a low of N8.20 in November 2022.

The consumer goods stocks tried another test to N12.7-N13 in January 2023, but it got rejected.

In April 2023, the stock attracted another buyer's interest, and this time, it broke the wall to reach a new multi-year of N24 in July 2023.

Another stock that did excellently well was Japaul Gold Venture, a penny stock that's considered boring and unattractive.

The stock broke out of 37-39kobo after attempting this region 3x between February 2022 and May 2023 but then, the positive sentiment behind the last attempt was so strong that the stock cleared N39kobo to reach a new high of N1.47 kobo in less than 30 days.

NAHCO showed a similar trade setup after trading below N3 for 3-4 years, a region that was lasted tested in Oct-Nov 2018.

Between October 2021 and January 2022, the small-cap stock resumed a stronger uptrend to N2.9-N3.06 before a final breakout from that multi-year wall to reach a new month high of N3.6, it then proceeded with a bullish momentum to N7, and as of this review, the stock is trading above N17.

As you hunt for the next booming stocks, try to avoid late entry with huge downside risk.

What I do is check for stocks that are building momentum around their 52-week and multi-year high, then accumulate gradually before the final breakout.

But you must apply the second hack...

Economic data, sector events and catalysts.

Once I find a stock that trades close to 52-week and multi-year high levels, I always look at the business of the company, the sector/industries and how recent events/happenings are supporting growth which can come as increased sales, lower operating cost, new product announcements or internal restructuring.

As of this write-up, Nigerians are grappling with a hike in fuel prices after the Federal government announced an end to Subsidies from June 2023, a higher exchange rate due to free float of the Naira.

Each of these events has helped push some stocks to new all-time highs.

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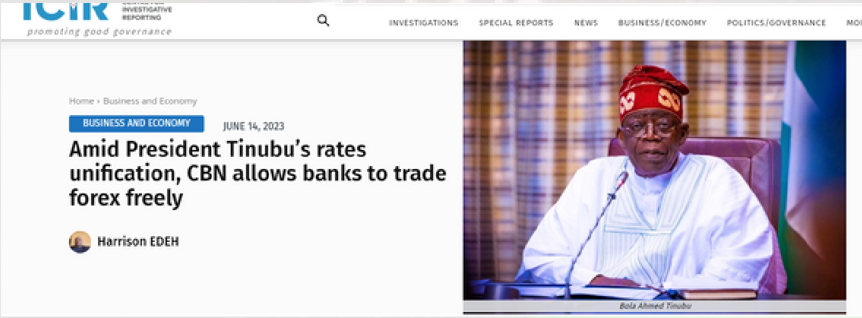
Stocks of major oil marketers hit new highs as subsidy goes

Iheanyi Nwachukwu — Jun 5, 2023

A lot of downstream stocks surged to new highs not seen in years with Eternal Oil reaching N30, Conoil topping N90, and Mrs Oil closing above N100.

Another sector event that is currently driving share price is the FX unifications, an attempt by the CBN to converge foreign exchange rates in different markets



This news has helped to bolster banking stocks with GTB, Zenith, and Access posting their biggest monthly jumps in 10-13 years

As banks revise the Naira equivalent of their foreign currency portfolio to reflect the market-driven rate, we should see gains from financial assets go up which will help spur bottom lines.

The chart above is the NGX banking sector, an index that tracks the performance of all the banking stocks in the Nigerian stock market. The index started the year at 404 basis points (January 2023) and had since rallied to reach an all-time high of 738 basis points, representing 82% growth, far above the NGX index's 20% YTD performance.

One of the super explosive stocks in the sector was First Bank of Nigeria (FBNH).

FBNH passed my 3 hacks when it started approaching the 52-week high of N12.6 from N11.

I also noticed that the region had doubled as multi-year key levels since 2014.

When you combined these hacks with the fact that the banking sector is going through reform as well as the recent surge in mobile payment transactions during the January to March 2023 Naira scarcity, it shouldn't come as a surprise that First Bank stock had appreciated by 58% in 3 months to reach a new high of N19.85.

In 2020/2021, CBN devalued the Naira exchange rate multiples time which spurred Okomu Oil stock to a new level not seen in years.

The agric stock passed my 3 hacks when it cleared the N93-N94 region to top N97 in May 2021, the same region that had acted as resistance in April 2013 and July 2018.

Okomu Oil posted impressive results, reaching a new high of N214 in 14 months, representing a 120% price appreciation.

How does exchange rate devaluation impact Okomu Oil, you may ask?

Well, the company generates foreign currency income from the export and such, an increase in the exchange rate would have supported gain on revaluation of foreign currency portfolio.

Solid Performance on Both Revenue, Net-income and Earnings.

Personally, I use financial statements to confirm the impact of economic trends, sector events, and government policies.

When Crude Oil prices rally higher, I already expect such positive sentiments to drive Seplat stock so my analysis of the recent quarterly revenue, net income, and earnings is to confirm the expectations.

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Revenue, net income, and earnings per share growth are the 3 simple numbers to watch on a company's financial statement.

I want to see solid growth in revenue from sales of products/services rendered which should also translate to higher profit for the company and more money for shareholders if the cash is to be distributed in the recent quarter.

As of this writeup in June 2023, SEPLAT stock is trending close to a 52-week and multi-year high level of N1,430.

The stock ended the last trading session at N1,399.8 which is just 2.1% below the key level. (**This is the first hack**)

Right now, the global oil price is picking up gradually with 4 straight weeks of positive closes, now up by 9.08% in June 2023 and on track to record a positive growth on YTD.


REUTERS
World Business Markets Sustainability Legal Breakingviews Technology Investiga

Energy | Transport Fuels

Oil rallies for fourth straight week on tightening supply

By Shariq Khan

July 21, 2023 9:47 PM GMT+1 · Updated 2 days ago

Aa

What does this mean for Seplat stock?

Bullish sentiment right?

Because the company plays in the upstream segment of Oil/Gas and generates the bulk of its revenue from Crude oil, it's natural for this headline on Reuter to drive the oil and gas stock to the north. (**this is the second hack**)

While we await the release of Seplat Q2 results, let's look at the Q1 financials.

Seplat Energy

Summary of performance

	$ million			₦ billion	
	Q1 2023	Q1 2022	% Change	Q1 2023	Q1 2022
Revenue	331.0	241.8	36.9%	152.0	100.6
Gross profit	198.3	117.3	69.0%	91.1	48.8
EBITDA *	140.2	147.8	-5.1%	64.4	61.3
Operating profit (loss)	103.7	102.1	1.6%	47.6	42.5
Profit (loss) before tax	86.1	83.4	3.2%	39.5	34.7
Cash generated from operations	139.9	178.7	-21.7%	64.2	74.4
Working interest production (boepd)	51,720	47,628	8.6%		
Volumes lifted (MMbbls)	3.6	2.2	63.6%		
Average realised oil price ($/bbl.)	$82.32	$97.53	-15.6%		
Average realised gas price ($/Mscf)	$2.88	$2.76	4.4%		

* Adjusted for non-cash items

While these numbers are largely historical which is the downside of financial statement, it shows a moderate performance that's driven by the increased volume of crude sales from 2.2m barrels to 3.6 million despite a 15.6% drop in global price.

The 3 numbers I use to avoid a bad stock show that:

- Revenue went up by 50%+
- Net income growth print at 200%+
- Earnings per share increased by the same 200%+

If Seplat continues to report a higher volume of sales (as measured in barrels) compared to the previous quarter amidst an expected increase in global crude oil price, then Q2 numbers should be far better. (**this is the third hack)**

Can you see how I pick booming stocks in a hot sector before they actually spike by 50-100% in 4-6 months without guesswork?

Away from Oil/Gas and Banking stocks, let's look at a penny stock in the insurance sector;

Consolidated Hallmark PLC

Hack 1: The stock broke out of 79-80kobo, a region that's not only a 52-week high but also multi-year key levels tested in May and December 2021 followed by an aggressive sell-off to 52kobo in October 2022 and June 2023.

Hack 2: The stock is benefiting from the high-interest rate environment as reflected in its increased investment income.

The adverse effect of rising interest rates is that they can erode the value of bonds if a company tries to redeem them before maturity. This might be a reason a lot of bondholders bought Bond insurance covers, hence the huge jump from N95 million in Q1 2022 to N171.6 million in Q1, 2023.

Bond insurance is **a type of insurance policy that a bond issuer purchases that guarantees the repayment of the principal and all associated interest payments to the bondholders in the event of default.**

When interest rates are high, coupon rates also increase which means the government would have to pay more interest expenses or risk default. **This explains the jump in Bond insurance as corporate clients seek to protect their capital & interest payments.**

Hack 3: Did this economic data impact their fundamentals?

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JAN 1ST - MARCH 2023

		Group			
	Notes	31 MARCH 2023 N	January- March 2023 N	31 MARCH 2022 N	January- March 2022 N
Gross premium written		4,890,833,193	4,890,833,193	4,015,391,612	4,015,391,612
Gross premium income	27.00	4,006,482,717	4,006,482,717	3,694,399,927	3,694,399,927
Reinsurance premium expenses	28.00	(1,202,865,727)	(1,202,865,727)	(1,095,903,610)	(1,095,903,610)
Net premium income		2,803,616,990	2,803,616,990	2,598,496,317	2,598,496,318
Fee and commission income	29.00	194,513,538	194,513,538	186,829,494	186,829,494
Net underwriting income		2,998,130,527	2,998,130,527	2,785,325,812	2,785,325,812
Claims expenses	30a	(1,254,448,986)	(1,254,448,986)	(1,860,603,648)	(1,860,603,647)
Claims recoveries from reinsurers	30b	324,386,259	324,386,259	741,978,590	741,978,590
Claims incurred		(930,062,727)	(930,062,727)	(1,118,625,058)	(1,118,625,058)
Underwriting expenses		(930,697,967)	(930,697,967)	(799,117,075)	(799,117,074)
Underwriting profit		1,137,369,834	1,137,369,834	867,583,679	867,583,679
Investment income	32.00	416,756,826	416,756,826	358,016,756	358,016,756
Other operating income	33.00	40,819,556	40,819,556	76,610,373	76,610,373

The net premium income received a boost to N2.8 billion in Q1, 2023 from N2.5 billion while Underwriting profit increased by 31% in the same period.

Consolidated Hallmark Insurance stock did break out of that multi-year level of 80kobo to reach a new high of N1.41, that's a whopping 71% in 2 months and as of this write-up, the penny stock closed the session N1.11.

Can you see how to pick a booming stock before they spike?

You don't have to break your head on complex financial calculations, this is a timeless hack that will also beat the market.

How I Avoid Bad Stocks Using 3 Easy Numbers.

The first number to look at if you want to avoid a bad stock is the **Sales/Revenue/Income**

It's a simple figure that tells you how much a company is generating every quarter or year from its products or services.

Normally, we all love to invest in good companies that generate more sales because it's a positive sign that everything is going well as planned.

But when a company reports worse sales or generates revenue that's significantly lower than their average figure or previous number, it could be a **RED SIGN.**

Well, there are quarters when such dip is attributed to a one-time event(s), so what a smart trader do is probe the source of challenges, some may be a result of temporary setbacks while others may be permanent, or long-term threat like stronger competitors, sector events or government policies.

Covid-19 is a perfect example of how a temporary event can affect a company's revenue.

Consumer discretionary stocks like Guinness, Ikeja Hotel, etc were badly hit due to demand dry-up and supply disruptions.

But as the FG lifted the lockdown, sales picked up immediately with their respective stocks surging and recording new month and year highs.

The second number is **Net income**.

This is what is left after a company had paid its bills, settled creditors, and deducted tax.

On a company's financial statement, it's referred to as Profit After Tax or abbreviated as PAT.

This is the exact number that determines the profitability of a business.

When you buy a stock, make sure the company isn't only generating money from sales but also having enough to keep or pay its shareholders after accounting for all business expenses.

Statement of profit or loss and other comprehensive income
For three months ended

	Note	30 June 2023 N'000	30 June 2022 N'000
Revenue	7	29,597,329	23,246,014
Cost of sales		(27,107,141)	(16,219,082)
Gross profit		2,490,188	7,026,932
Selling and distribution expenses		(1,300,866)	(1,274,257)
Marketing and administrative expenses		(3,092,507)	(4,827,155)
Impairment loss on trade and intercompany receivables		(1,398,346)	7,029
Other income		26,331	30,751
Operating profit / (loss)		(3,275,200)	963,300
Finance income		1,570,756	172,443
Finance costs		1,874,383	(507,467)
Net finance Income/(costs)		3,445,139	(335,024)
Profit before minimum taxation		169,939	628,276
Minimum tax expense		-	-
Profit before taxation		169,939	628,276
Taxation		(78,461)	(517,909)
Profit from continuing operations		91,478	110,367
Profit for the period		91,478	110,367

From the screenshot, the Sales figures grew from N23.2 billion to N29.5 billion, that's 27.1%.

If you look at the bottom session, you'd see Profit after tax also called Profit for the period; the amount left after accounting for cash and credit expenses was reported as N91.4 million compared to N110.3 million, a 20.6% drop.

Typically, you want to see sales growth rub off on net income, but if this isn't the case, I'd advise you to try another stock.

Why settle for a stock that's below average when there are fundamentally sound companies to put on your watchlist?

The third number you should check if you want to avoid buying a bad stock is Earnings Per Share.

This number is as important as the net income.

While net income tells you what's left in the company's pocket after deducting all business expenses, earnings per share is what you'll get if the company decides to distribute the profit among its shareholders, that's why earnings per cash is defined as the profit attributable to the shareholders of a company.

Profit from continuing operations	91,478	110,367
Profit for the period	91,478	110,367
Attributable to:		
Equity holders	91,478	110,367
Earnings per share for profit attributable to equity holders:		
Basic and diluted earnings per share (Naira)	0.02	0.02

The accompanying notes form an integral part of these financial statements.

Assuming this company decides to pay out that N91.4 million profit to shareholders, how much do you think each will get?

That's the Earnings per share of 0.02 at the bottom which means there are over 4 billion units of the company's shares.

The rule of thumb is this: make sure the net income of the company also translates to an increase in earnings per share so that you as a shareholder will be happy or else the company may be making money for itself without providing equivalent value to part owners or stakeholders.

In summary, you can avoid a bad stock if you use the 3 easy to understand numbers; Sales, Net income, and Earnings per share.

They will not only help you separate good stocks from bad ones but also reveal the best companies to stay focused on

The Minimum Number of Days to Hold Your Stocks Without Fear.

In this part of the book, I will show you the exact number of days to hold your stocks before you can consider an exit; either to cut your loss or take a profit.

This is the most important part of your trading journey.

Imagine this scenario, you bought a stock after carrying out your due diligence but the price remained at the same level for a longer time. You've held the stock for 60 days, price keeps fluctuating between a region.

You got fed up, couldn't wait anymore, then hit the sell button, let's say for 1-2% return.

3 days later, the stock emerged as a top gainer and continued the winning streak to deliver a 55% gain in the next 30 days.

What would you do?

Re-enter the stock or ignore it.

Well, if you re-enter out of Fear of Missing Out (FOMO), you'd most likely be paying a higher price or buying at the top of the market.

And if the stock continues to rally?

I'd personally say, you locked yourself in this trap because of your emotions.

Stock trading is a 10% strategy and 90% patience; you have to learn the strategy to exercise patience that pays/rewards.

Patience is the real salt of trading; without it, your portfolio may not give you the real maximum return.

It's like going to the market to buy the best ingredients to prepare your meal but forgetting to add salt.

You may not get the expected taste, that's what patience does for you.

90% of my success rates in the stock market is tied to patience.

Let's discuss the exact minimum number of days you should hold a stock before selling, this specific number will help control your emotions when your stocks go down but still within the risk level and also hold for maximum gains.

Every minute in the market, stock prices go up or down to reflect the last prices buyers and sellers agreed to exchange some units of a company's shares.

If the demand for shares or stock is higher than the supply, the price goes up (we say it's bullish) and if the supply exceeds demand, the price will fall (we say it's bearish).

This is what happens in the market every day, week, and month in the stock market.

As a trader who is looking to buy a stock that will rise, there has to be more demand for the stock compared to supply before the spike will happen or else it's not going anywhere. And if you refer to the initial scenario I painted, you'd agree with me that there was no demand or increased interest in the company's share, that's why the price remained in a tight range. for a longer period.

Let's move to the next event:

The stock spiked by more than 50% in the next 30 days, so what could have been responsible for this big move?

There was an influx of new buyers or buying pressure above the shares available for sale, hence the bigger move.

What ignited the fresh buying interest or what prompted traders to show interest in the company's share? **<u>This is the emotional trick I want to talk to about.</u>**

Emotion is the most powerful force in the stock market, it can make a stock spike and even crash a stock.

When it makes a stock goes up, it's positive sentiments and the opposite is the case when the stock dips; negative.

Whether it's positive or negative largely depends on **what we know, and have read about the company/sector.**
When the government announced an end to fuel subsidies, oil stocks

in the downstream industry started rising fast as more buyers rush to get slices of shares in Conoil, Eterna Oil, Mrs, and Total.

It was obvious that these stocks will benefit from the hike in fuel price, hence reporting improved sales and profit. (**This is Rumour)**

Everyone was betting on the impact of subsidy removal on their financials, but see this!

The price they are paying to get the

company's share is what they feel is a bargain; cheap compared to what the share price should be truly worth.

But what if the company, let's say Eterna Oil releases its financials and the performance of the company falls short of expectations, what do you think would happen?

It will crash, right?

And what happens if the numbers

beat analysts or market expectations?

It will rise further.

What does this mean to you as a trader? In spite of daily market fluctuations that are tied to demand and supply imbalance, the price of a company's stock will always rise or fall to reflect its true value.

And that true value which is also known as fair value depends on

3 numbers I shared earlier; Sales, Net Income, and Earnings Per Share.

You can now see the importance of each chapter in the book and how they will help you gain the right knowledge to be a profitable stock trader.

If Eternal Oil reports improved financials with the numbers showing that sales, net income and earnings per share increased by 150%, 287% & 285% respectively

What do you think? The share price will surge beyond the roof.

Right now, Eterna Oil had rallied from the N9-N10 price region in May/June 2023 to hit an all-time high of N37.7, that's 277% return.

Well, the stock actually passed the 3 hack tests before the surge: it broke out of a 52-week/multi-year level (N7-N8) that's been tested 7x since August 2018, that's 5 years

The second hack was the sector events that are considered bullish for downstream stocks, fuel scarcity lingered from October 2022 into 2023 with some fuel stations selling above NNPC pump price.

The third hack was the improving numbers as reflected in its Q1, 2023 results.

When I spotted these hacks, I quickly mopped up the oil stock at N7-N9 before the breakout.

Now that you understand the power of financial results and how periodic releases may affect the price of a stock, isn't it wise to allow your stock to go through a quarter? which is 3 months or 90 days since it coincides with the period all listed companies are expected to announce their interim financials or quarterly performance. I have found this minimum period to be effective in determining the profitability of my stock picks without fear.

This is Eternal oil stock, the rest as they say is history.

As I write this chapter, Eterna Oil is yet to release its financials, the numbers I shared are just assumptions

Regardless of the daily price fluctuations that knock other traders down or make them quickly sell off out of fear of losing money, you can ride the volatility and let the price catch up with the company's value.

Even if you are down by a manageable percentage, by the time the company releases its financials in the next 90 days, the market will definitely react and reprice it based on its fair value.

It doesn't necessarily mean that the stock price must spike, the direction will be determined by the financials; if it comes out better than expected, the price should go up as anticipated but if the reverse happens, the stock will dip.

At this point, your decision to sell off is not emotional but objective which is the strategy of successful traders.

Never sell out of fear until the company releases its result.

When next you buy a stock, resolve to hold your position for at least 90 days (so that the impact of economic/sector events will drive investors' sentiment) and if the price spikes to your target return, I always sell my first tranche of this booming stocks at 40% profit, then ride the remaining 50% holding until I see a big pullback.

This strategy has worked for me and actually helped me make more money in the stock market.

Another stock that spiked on rumor is Stanbic IBTC.

First, I marked the N45 region, a 52-week level that doubles a multi-year resistance tested in July & December 2018, and April 2021 before it broke out in June 2023.

Second, there were key events

that attracted positive sentiments on banking stocks; the Naira redesign led to the scarcity of physical notes, hence the surge in the volume and value of mobile transactions.

The reforms in the financial sector like the free float of the USD/NGN exchange rate to promote swift convergence of different markets.

The interest rate hike, which is now 18.5% as of this writeup, should lift interest income.

Stanbic IBTC eventually broke out of that multi-year level to reach an all-time high of N68, with 51% capital appreciation in 2 months.

Timing Your Entry and Exit from the Stock Market

Knowing when to buy a stock is as important as selling the stock.

One of the big mistakes a lot of traders make is to hold a stock all through its bullish run until it peaks and then find it difficult to sell.

Another costly error that can wipe out your capital is to jump into the stock market when everyone is selling.

In this part of the book, I'd try to share an insight on when to buy and sell your stocks in order to cut your loss or take a profit immediately before the market crashes again.

Why is it important to know the state of the market before you buy or sell?

It's simple!

The direction of your specific stocks is determined by the market sentiments; investors' perceptional about the market.

I really want you to understand the next idea and insights I am about to share.

A lot of us carry out due diligence, and deploy all the tools including the 3 hacks I shared earlier but still end up losing money, why?

The answer is this, **you don't buy stocks or go big or get too excited when the general market sentiment is negative or pointing toward a bearish move.**

If the overall stock market is up, it will impact the direction of your stocks (upside) and when everyone is exiting the stock market, the tendency that your stocks will dip is high.

This leads us to the next point; how to know when the Nigerian stock market is about to go up or down?

I use the 20-day EMA to confirm the strength of the index.

20-day EMA measures the average

price of an asset in the last 20 days. The rule of thumb is that when the Nigerian stock market index is rising or stays strongly above the 20-day EMA, then it's considered a strong rally.

This is the time to apply the 3 hacks I shared if you want to increase your chance of buying stocks that will boom to new highs.

And if the index is overstretched or closes below the 20-day EMA, I trim down my portfolio or sell my stocks to lock in profit and protect my capital.

Let's look at the chart of Nigerian stock market index below:

The 20-day EMA is coloured white while the 50-day is blue.

In the same way, the 20-day calculates the average price in the last 20 days, that's how the 50-day EMA tracks that average price in the last 50 days.

The rule of thumb is that if a stock price is largely above 50 days, it means investors are betting on better-than-expected financials. And if the company fails to deliver, the stock will dip below this

But there are instances where a stock trades below the 50-day because investors aren't seeing the potential or possibility of the company reporting an earnings beat.

A better than expected result will lift the stock above the 50-day EMA.

EMA means Exponential Moving Average.

Between November 20-25, the Nigerian stock market index crossed the 20 and 50-day average to reach 47,550 basis points, its 1-month high.

This was a clear bullish sign, a confirmation that stock prices across the board would surge high in the coming days and weeks.

Conoil stock broke out of N25-N26 to reach N45 amidst the fuel scarcity between October 2022 before subsidy removal was announced.

Fidelity Bank broke out of N4.33 in December 2022, a multi-year key level last tested in 2018 to reach a fresh high of N9.8, that's 126% share price appreciation in 6 months.

In March 2023, NAHCO broke out of N7.2, a multi-year high since 2012, the same period Nigerian stock market index crossed 20-day.

The stock surged to a high of N18 from N7.7, that' 133% return 3-4 months.

The takeaway here is this:

Buy stocks when the index has just or is still at the early stage of its cross above the 20 and 50-day EMA and sell stocks when the reverse happens.

You'd increase your chance of buying stocks that appreciate when you enter the market like this.

I bought all my big winners by following this simple rule.

Let's talk about EXIT.

Your profit is not different from a loss until you sell your stocks.

There are two approaches to selling specific stocks or all stocks.

Personally, I work with a 40% target on booming stocks that had just broken out of multi-year key level (**this is for specific stocks**).

But when the stock market index crosses below the 20/50-day average, it doesn't only signify a bearish sentiment but a pending aggressive sell-off that will definitely impact all your stocks, including fundamentally sound stocks. (**this is for all stocks**)

When you spot this signal, reduce your exposure and trim your equity holding immediately.

Knowing when to sell a stock doesn't have to be difficult, follow these simples rules, you'd be good.

The Simple Low-Risk, High Return Calculation That Can Double Your Money in Stocks

In this final chapter, I'd be sharing my personal portfolio growth model to double your money in the stock market.

This is not the usual greedy approach where you buy a stock for N1 and expect the price to appreciate to N2 or even N5 before you sell, you'd most likely wait for unrealistic growth like this until you sell at a loss.

What I personally do is to adopt the compound return model that focus on growing my portfolio by at least 20% every 3 months.

Let's say you invested N3,000,000 in 3 booming stocks, 2 spiked by 40%, and 1 dipped by 15-20%; that should take your portfolio to N3,600,000, 20% return on average.

I decided to recognize a potential dip of 15-20% because of uncertainties and volatility, but we still went up.

And if we achieve another 20% growth in the next 3 months, that should take our value from N3,600,000 to N4,320,000.

In the next 9 months, the N4,320,000 would have increased to N5,184,000.

At the end of the final quarter, the N3,000,000 initial investment should be worth N6,220,000 representing an inflation-beating return of 107%.

Are you saying, a 100% return on investment is possible in a year?

Yes! It is.

By following a simple sell rule of 40-50% on your booming stocks you can even beat this target.

You don't have to be glued to one stock because you want to sell for 100% profit, by compounding 15-20% gain every 3 months, which many consider small, you can hit that target in 12 months.

The strategy I have shared so far isn't rocket science, anyone can use it to beat the market and generate a consistent profit.

You have learned the strategy to pick the next booming stocks before they actually spike.

What if I do the work for you, and show you the next stocks I am buying right while you keep 100% of the profit?

Join my private community via **Globfolio.com**, and get real-time alerts on Nigeria stocks that's about to appreciate.

Youtube: CoachOge