

# Weekly roundup and stock recommendations

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## Equities

The Nigerian equities market was colored in red, with a negative market outing in all 5 trading sessions; thus, the All-Share Index and market capitalization declined by **2.33% WoW** to 98,201.49 and N55.51 trillion, respectively. The market's performance stemmed from sell pressures in the heavyweight counter- DANGCEM (**-9.99% WoW**), alongside the tier-1 banking tickers: UBA (**-7.88% WoW**), FBNH (**-4.76% WoW**), ZENITHBANK (**-3.11% WoW**), ACCESSCORP (**-4.64% WoW**), and GTCO (**-2.11% WoW**). Consequently, YtD return moderated to 31.3%.

Market sentiments closed negative as market breadth printed 0.45x, with 44 losers outpacing 20 gainers. OANDO (**+11.51% WoW**) led the gainers' list, while DANGCEM (**-9.99% WoW**) topped the laggards' list.

Sectoral performance was bearish in the week. The Industrial Goods (**-5.89% WoW**) index was the worst-performing index amongst the sectors following selloffs in DANGCEM (**-9.99% WoW**). The Banking (**-2.94% WoW**), Consumer Goods (**-0.73% WoW**), Oil & Gas (**-0.54% WoW**), and Insurance (**-0.27% WoW**) indices followed suit as investors sold down UBA (**-7.88% WoW**), DANGSUGAR (**-1.32% WoW**), ETERNA (**-10.00% WoW**) and MANSARD (**-6.05% WoW**), respectively.

## Money market and fixed income

Interbank rates—OPR and O/N—contracted by 526ps and 576bps to close at 26.13% and 26.26%, respectively, as system liquidity marginally recovered from the previous extreme deficit balance.

The NTB secondary market closed the week on a bearish note as selloffs were seen across the yield curve with the average yield expanding by 316bps to close at 25.23%. At the NTB auction, the CBN offered and allotted N277.96 billion across the standard maturities. Demand was relatively healthy, with a bid-to-offer ratio of 1.34x. Overall, the stop rates for 91-day, 182-day, and 364-day closed at 18.50%, 19.50%, and 22.10%, respectively.

The secondary bond market was equally dominated by the bears, with selloffs occurring at the short (+3bps), mid (+6bps) and long (+5bps) segments of the curve, and the average yields consequently expanded by 69bps to settle at 19.45%. At the bond auction, the DMO offered instruments worth N300.0 billion to investors through re-openings of the APR 2029 (Stop rate: 19.89%), FEB 2031 (Stop rate: 21.00%) and the MAY 2033 (Stop rate: 21.98%) bonds. Demand was relatively weaker as total subscription level settled lower at N279.66 billion (previous auction: N305.3 billion), with a bid-to-offer ratio of 0.9x. Eventually, the DMO allotted instruments worth N225.71 billion across the three tenors.

## Outlook

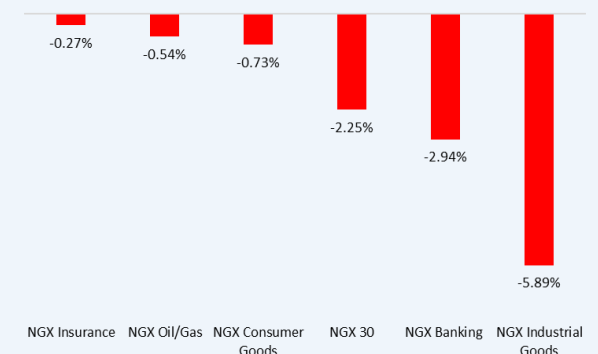
This week, we expect equity market investors to remain cautious as the market continues to assess H1'24 earnings releases.

For fixed income, barring any significant inflows, we expect rates to remain at elevated levels. For NTBs, we expect calmness through out the week, however, liquidity remains the key driver of rates. Elsewhere, for FGN bonds, we expect sustained bearish undertone in the coming week, with yields expected to move higher in reaction to the aftermath of the MPC meeting.

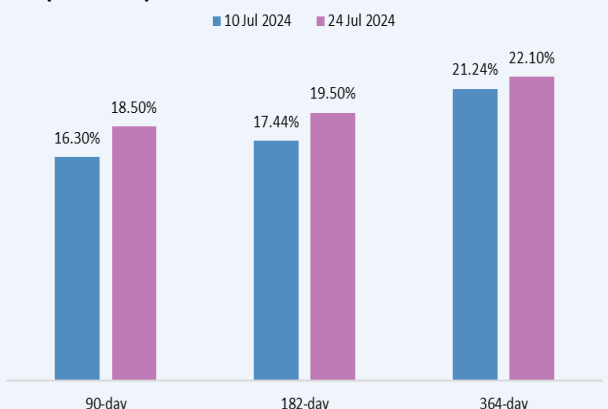
## ASI performance : July 22 – July 26



## Bearish outing across sectoral performances



## Stop rates expand at the NTB auction



Source: NGX, CardinalStone Research

Stocks	Rating	Current Price	Target Price	Upside/ downside	Dividend yield	Total Return	Link to Reports
<b>BANKS</b>							
ACCESSCORP	BUY	18.50	42.93	132.1%	12.4%	144.5%	<a href="#">Click here</a>
ETI	BUY	22.00	38.59	75.4%	2.3%	77.7%	<a href="#">Click here</a>
FBNH	BUY	21.00	31.75	51.2%	2.4%	53.6%	<a href="#">Click here</a>
FCMB	BUY	7.90	11.49	45.4%	3.2%	48.6%	<a href="#">Click here</a>
FIDELITYBK	BUY	10.70	14.80	38.3%	4.7%	43.0%	<a href="#">Click here</a>
GTCO	BUY	44.00	74.02	68.2%	7.0%	75.3%	<a href="#">Click here</a>
STANBIC	BUY	53.50	69.36	29.6%	6.5%	36.2%	<a href="#">Click here</a>
UBA	BUY	21.05	42.18	100.4%	5.2%	105.6%	<a href="#">Click here</a>
ZENITHBANK	BUY	35.85	65.47	82.6%	8.9%	91.5%	<a href="#">Click here</a>
<b>CONSUMER GOODS</b>							
DANGSUGAR	HOLD	37.50	43.00	14.7%	4.0%	18.7%	<a href="#">Click here</a>
FLOURMILL	HOLD	46.00	49.85	8.4%	4.9%	UR	<a href="#">Click here</a>
GUINNESS	BUY	63.50	85.69	34.9%	0.0%	34.9%	<a href="#">Click here</a>
NESTLE	BUY	920.00	1,084.40	17.9%	0.0%	17.9%	<a href="#">Click here</a>
NB	BUY	29.80	47.85	60.6%	3.5%	64.0%	<a href="#">Click here</a>
UACN	BUY	15.80	21.68	37.2%	1.4%	38.6%	<a href="#">Click here</a>
UNILEVER	BUY	17.95	29.60	64.9%	4.2%	69.1%	<a href="#">Click here</a>
BUAFOODS	HOLD	379.90	314.16	-17.3%	1.2%	-16.1%	<a href="#">Click here</a>
<b>INDUSTRIAL GOODS</b>							
DANGCEM	HOLD	591.10	552.42	-6.5%	5.1%	-1.5%	<a href="#">Click here</a>
WAPCO	BUY	37.00	42.24	14.16%	5.1%	19.3%	<a href="#">Click here</a>
BUACEMENT	HOLD	143.20	74.02	-48.3%	1.4%	-46.9%	<a href="#">Click here</a>
<b>TELCO &amp; UTILITIES</b>							
MTNN	HOLD	200.00	240.28	20.1%	0.0%	20.1%	<a href="#">Click here</a>
AIRTELAFRI	BUY	2,200.00	3,223.82	46.54%	0.7%	47.22%	<a href="#">Click here</a>
TRANSCORP	BUY	11.90	32.59	173.9%	4.2%	178.1%	<a href="#">Click here</a>
TRANSPOWER	HOLD	373.90	323.64	-13.4%	0.8%	-12.6%	<a href="#">Click here</a>
<b>AGRICULTURE</b>							
OKOMUOIL	BUY	292.00	308.71	5.7%	6.3%	12.1%	<a href="#">Click here</a>
PRESCO	BUY	383.00	384.20	0.31%	2.3%	2.61%	<a href="#">Click here</a>
<b>OIL &amp; GAS</b>							
SEPLAT	BUY	3,730.00	4,187.20	12.26%	0.04%	12.29%	<a href="#">Click here</a>
<b>TOTAL</b>	<b>BUY</b>	<b>388.90</b>	<b>537.20</b>	<b>38.13%</b>	<b>6.43%</b>	<b>44.56%</b>	<a href="#">Click here</a>

## Disclosure

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

Buy ≥ +15.00% expected share price performance

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

Sell < 0.00% expected share price performance with weak fundamentals

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. However, for equities with potential returns of less than 0.00%, HOLD ratings may be assigned if they have recent histories of strong earnings and/or their outlooks are favourable for the next 12 months, even if they appear to be currently overvalued by the market.

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

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

Rating	Buy	Sell	Hold	Negative Watch
% of total recommendations	58%	21%	21%	0%
% with investment banking relationships	0%	0%	0%	0%

### CardinalStone Research distribution of ratings/Investment banking relationships as of July 26, 2024

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