

Weekly roundup and stock recommendations

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Equities

Bearish sentiment rocked the local bourse, with four out of five trading sessions closing negative. Consequently, the ASI declined **0.46% WoW** to close at 97,745.73 points, while the YtD return moderated to 30.72%. Last week's negative performance was fueled by selloffs in MTNN (**-5.00% WoW**), DANGSUGAR (**-9.33% WoW**) and NESTLE (**-9.78% WoW**), masking gains in ZENITHBANK (**+0.42% WoW**), GTCO (**+2.27% WoW**) and ACCESSCORP (**+0.54% WoW**).

Market sentiments closed flat as market breadth printed at 1.00x, with 38 gainers matched against 38 laggards. RTBRISCOE (**+25.37% WoW**) led the gainers' list, while UCAP (**-68.81% WoW**) topped the loser's list due to the impact of the 2 for 1 scrip dividend and the N0.90k interim dividend.

Activity metrics results diverged, as volume traded declined **4.63% WoW** to 678.5 million units, while value trades increased by **10.77% WoW** to N10,460.7 million.

Money market and fixed income

Interbank rates—OPR and O/N—contracted 52bps and 20bps to close at 25.61% and 26.06%, respectively, as liquidity appeared buoyant.

The NTB secondary market closed the week on a bearish note as selloffs were prevalent at the long end (+18bps) of the yield curve, with average yields expanding 7bps to close at 25.30%. During the week, the CBN held an OMO auction and offered N150.0 billion across the standard maturities. Demand was weak as total subscriptions settled at N86.50 billion. Overall, the stop rates were nil for all papers, as CBN made no allotments.

In the secondary bond market, bearish sentiment dominated trading activities, with selloffs occurring at the short (+39bps), mid (+35bps), and long (+22bps) segments of the curve. Consequently, average yields expanded by 32bps to settle at 19.77%.

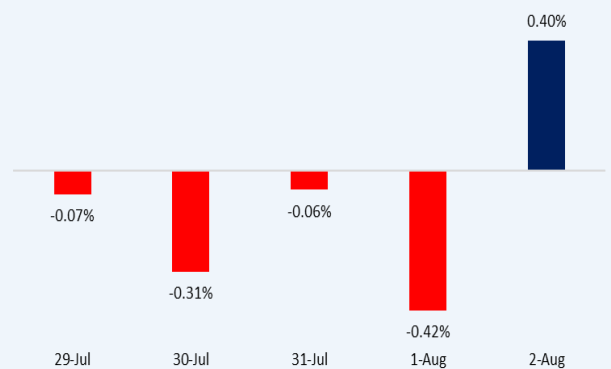
Outlook

This week, we expect earnings releases to dictate the direction of the equities market.

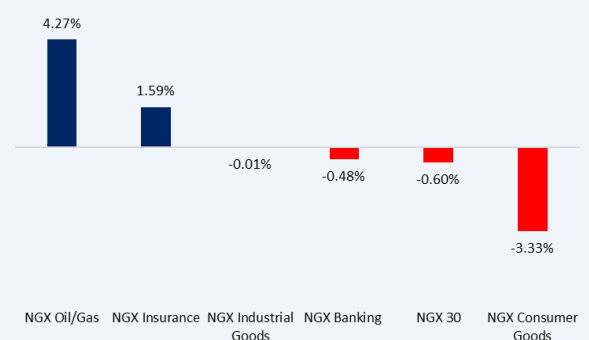
For the money market, we expect rates to remain stable due to expected inflows from OMO maturities. For NTBs, we anticipate the outcome of the T-Bills auction of N226.0 billion by the CBN to set the course for rates in the market.

For FGN bonds, we expect to see cherry-picking activities in the bond market, all skewed to instruments with attractive yields.

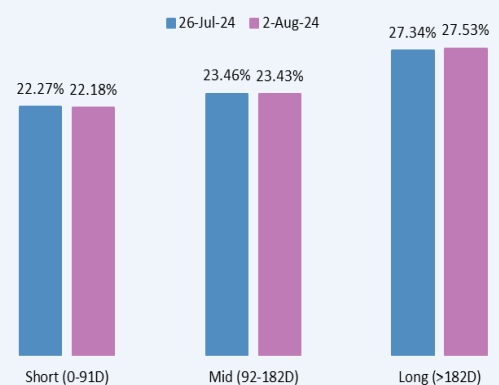
ASI performance : July 29 – August 02



Bearish sectoral performance



Bearish outturn at the NTB market



Source: NGX, FMDQ, CardinalStone Research

Stocks	Rating	Current Price	Target Price	Upside/ downside	Dividend yield	Total Return	Link to Reports
BANKS							
ACCESSCORP	BUY	18.60	42.93	130.8%	12.4%	143.2%	Click here
ETI	BUY	21.50	38.59	79.5%	2.4%	81.8%	Click here
FBNH	BUY	20.50	31.75	54.9%	2.4%	57.3%	Click here
FCMB	BUY	7.80	11.49	47.3%	3.2%	50.5%	Click here
FIDELITYBK	BUY	10.75	14.80	37.7%	4.7%	42.3%	Click here
GTCO	BUY	45.00	69.31	54.0%	6.9%	60.9%	Click here
STANBIC	BUY	53.00	69.36	30.9%	6.6%	37.5%	Click here
UBA	BUY	20.05	42.18	110.4%	5.5%	115.9%	Click here
ZENITHBANK	BUY	36.00	65.47	81.9%	8.9%	90.8%	Click here
CONSUMER GOODS							
DANGSUGAR	HOLD	34.00	38.30	12.6%	4.4%	17.1%	Click here
FLOURMILL	HOLD	46.00	49.85	8.4%	4.9%	UR	Click here
GUINNESS	BUY	63.50	85.69	34.9%	0.0%	34.9%	Click here
NESTLE	BUY	830.00	1084.40	30.7%	0.0%	30.7%	Click here
NB	BUY	26.00	47.85	84.0%	4.0%	88.0%	Click here
UACN	BUY	16.85	21.68	28.7%	1.3%	30.0%	Click here
UNILEVER	BUY	16.85	29.60	75.7%	4.5%	80.1%	Click here
BUAFOODS	HOLD	379.90	314.16	-17.3%	1.2%	-16.1%	Click here
INDUSTRIAL GOODS							
DANGCEM	HOLD	591.10	552.42	-6.5%	5.1%	-1.5%	Click here
WAPCO	HOLD	36.80	42.24	14.78%	5.2%	19.9%	Click here
BUACEMENT	HOLD	143.20	74.02	-48.3%	1.4%	-46.9%	Click here
TELCO & UTILITIES							
MTNN	HOLD	190.00	240.28	26.5%	0.0%	26.5%	Click here
AIRTELAFRI	BUY	2200.00	3,223.82	46.54%	0.7%	47.22%	Click here
TRANSCORP	BUY	11.20	32.59	191.0%	4.5%	195.4%	Click here
TRANSPOWER	HOLD	373.90	323.64	-13.4%	0.8%	-12.6%	Click here
AGRICULTURE							
OKOMUOIL	BUY	321.20	UR	UR	UR	UR	Click here
PRESCO	BUY	441.00	537.27	21.83%	6.0%	27.79%	Click here
OIL & GAS							
SEPLAT	BUY	3730.00	4187.20	12.26%	0.04%	12.29%	Click here
TOTAL	BUY	427.70	537.20	25.60%	5.85%	31.45%	Click here

Disclosure

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Investment Ratings

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 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 August 05, 2024

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.

Frequency of Next Update: An update of our view on the company (ies) would be provided when next there are substantial developments/ financial news on the company.

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