

Weekly roundup and stock recommendations

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Equities

The local exchange rebounded after two consecutive weekly declines, with the final three sessions of the week closing in positive territory. As a result, the ASI appreciated by 87 bps WoW, ending at 98,592.12 points. This brought the YtD return to 31.85%. The recovery was primarily driven by sustained demand in OANDO (+60.47% WoW), recovery in MTNN (+5.16% WoW) and renewed interest in banking stocks such as UBA (+14.71% WoW), ZENITHBANK (+7.92% WoW), and FBNH (+9.76% WoW).

Market breadth was positive at 1.32x, as 45 gainers outpaced 34 laggards. OANDO (+60.47%) was the top gainer of the week, while CHAMPION (-15.03%) led the laggards. Activity metrics, however, declined as the average volume and value traded decreased by 21.04% WoW and 6.28% WoW, respectively, to settle at 535.8 million units and N9.8 billion.

Money market and Fixed income

Interbank rates—OPR and O/N—expanded by 7.78% and 7.91%, closing at 33.39% and 33.97%, respectively, as system liquidity ended the week in negative territory due to increased funding pressures.

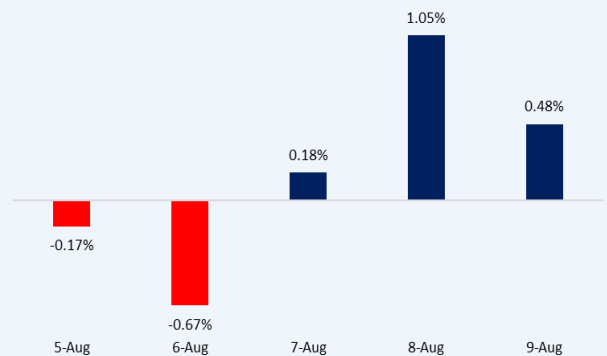
The NTB secondary market maintained its bearish tone last week, with significant selloffs concentrated in the mid-segment (+134 bps WoW) and the short end (+84 bps WoW), which outweighed buy interest at the long end (-10 bps). As a result, the average yield expanded by 50 bps WoW. At the NTB Auction, the CBN offered and allotted N216.1 billion across standard maturities. Demand was relatively strong at N486.87 billion (vs N373.95 billion at the previous auction), resulting in a bid-to-offer ratio of 2.25x. Stop rates remained flat for the 90-day and 180-day instruments while declining by 21 bps for the 364-day instrument.

In the FGN bonds' secondary market, bearish sentiment persisted at the short end (+57 bps) and the mid-segment (+34 bps), while bullish sentiment was noted at the long end (-6 bps). Consequently, average yields expanded by 32 bps to settle at 20.05%.

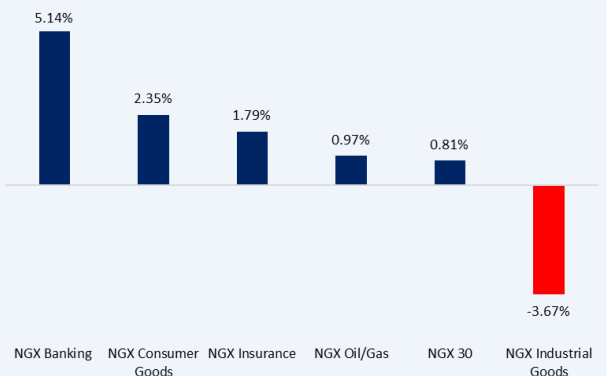
Outlook

This week, we anticipate investors will focus on fundamentally sound stocks, though profit-taking in recently rallied shares is also likely. Earnings releases, most notably from Tier-1 banks and expected interim dividend announcements are likely to support the bullish sentiment. For Fixed income, We expect cautious trading to continue this week, with market participants closely monitoring liquidity conditions and upcoming economic data. With the DMO's rescheduling the August 2024 FGN bond auction to 19 August, we expect players to likely reshuffle their portfolios ahead of the new auction date.

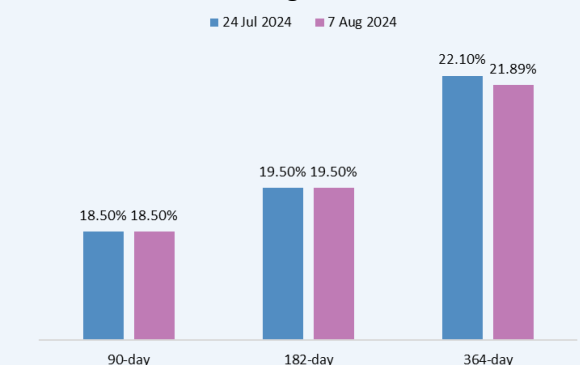
ASI performance : August 05 – August 09



Bullish sectoral performances, save for Industrials



Rate decline at the long end in the NTB Auction



Source: NGX, FMDQ, CardinalStone Research

| Stocks | Rating | Current Price | Target Price | Upside/ downside | Dividend yield | Total Return | Link to Reports |
|------------------------------|--------|---------------|--------------|------------------|----------------|--------------|----------------------------|
| BANKS | | | | | | | |
| ACCESSCORP | BUY | 19.60 | 42.93 | 119.0% | 11.7% | 130.8% | Click here |
| ETI | BUY | 21.85 | 38.59 | 76.6% | 2.3% | 78.9% | Click here |
| FBNH | BUY | 22.50 | 31.75 | 41.1% | 2.2% | 43.3% | Click here |
| FCMB | BUY | 7.65 | 11.49 | 50.2% | 3.3% | 53.5% | Click here |
| FIDELITYBK | BUY | 10.55 | 14.80 | 40.3% | 4.7% | 45.0% | Click here |
| GTCO | BUY | 45.90 | 69.31 | 51.0% | 6.8% | 57.8% | Click here |
| STANBIC | BUY | 53.00 | 69.36 | 30.9% | 6.6% | 37.5% | Click here |
| UBA | BUY | 23.00 | 42.18 | 83.4% | 4.8% | 88.2% | Click here |
| ZENITHBANK | BUY | 38.85 | 65.47 | 68.5% | 8.2% | 76.8% | Click here |
| CONSUMER GOODS | | | | | | | |
| DANGSUGAR | HOLD | 36.70 | 38.30 | 4.4% | 4.1% | 8.4% | 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 | 815.00 | 1084.40 | 33.1% | 0.0% | 33.1% | Click here |
| NB | BUY | 31.00 | 47.85 | 54.4% | 3.3% | 57.7% | Click here |
| UACN | BUY | 17.50 | 21.68 | 23.9% | 1.3% | 25.1% | Click here |
| UNILEVER | BUY | 19.40 | 29.60 | 52.6% | 3.9% | 56.4% | 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 | 37.00 | 42.24 | 14.16% | 5.1% | 19.3% | Click here |
| BUACEMENT | HOLD | 128.90 | 74.02 | -42.6% | 1.6% | -41.0% | Click here |
| TELCO & UTILITIES | | | | | | | |
| MTNN | HOLD | 199.80 | 240.28 | 20.3% | 0.0% | 20.3% | Click here |
| AIRTELAFRI | BUY | 2200.00 | 3,223.82 | 46.54% | 0.7% | 47.22% | Click here |
| TRANSCORP | BUY | 11.30 | 32.59 | 188.4% | 4.4% | 192.8% | Click here |
| TRANSPOWER | HOLD | 372.40 | 323.64 | -13.1% | 0.8% | -12.3% | Click here |
| AGRICULTURE | | | | | | | |
| OKOMUOIL | BUY | 345.30 | UR | UR | UR | UR | Click here |
| PRESCO | BUY | 460.00 | 537.27 | 16.80% | 5.7% | 22.52% | 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

Analyst Certification

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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 12 , 2024

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