

Weekly roundup and stock recommendations

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Equities

The Nigerian equities market maintained its bearish streak as it declined by **1.16% WoW** to print at 95,973.45 points. Therefore, market capitalization printed lower at N55.13 trillion as investors lost N2.4 billion. Overall, YTD return moderated to 28.35%.

The market's bearish performance largely stemmed from selloffs in DANGCEM (**-10.00% WoW**), TRANSCOHOT (**-6.25% WoW**), DANGSUGAR (**-5.29% WoW**) and FBNH (**-2.86% WoW**).

Conversely, market sentiments rebounded as market breadth printed higher at 1.21x vs 0.80x in the prior week. Reported ticker gainers (40) outpaced counter declines (33), with RTBRISCOE (**+59.41% WoW**) emerging as the best-performing counter yet again, while CUTIX (**-37.37%**) also maintained its position as the worst-performing counter in the week.

Money market and fixed income

Interbank rates—OPR and O/N—contracted by 652bps and 681bps to close at 25.78% and 26.17%, respectively. System liquidity was robust during the week, primarily driven by Remita inflows, coupon payments and FAAC inflows.

At the start of the week, the DMO offered N190.0 billion across all standard maturities. The auction results indicated strong demand, with bid-to-offer and bid-to-cover closing at 2.42x and 1.23x, respectively. Overall, average stop rates closed at 20.90%, compared to 20.95% from the previous auction.

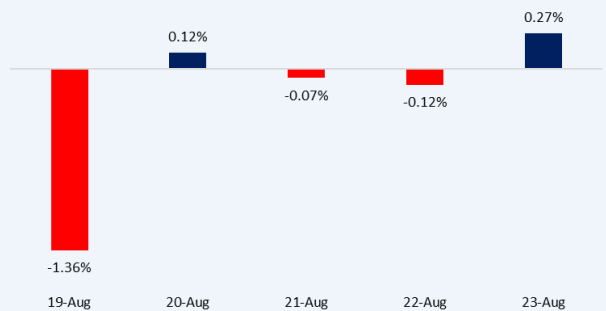
The CBN offered N409.98 billion across the 91-day, 182-day and 364-day papers for the NTB auction. There was strong interest across all tenure, evinced by a 2.5x bid-to-offer and 3.5x bid-to-cover. Overall, stop rates for the 91-day, 182-day and 364-day instruments remained at 18.2%, 19.2% and 20.9%, respectively.

Outlook

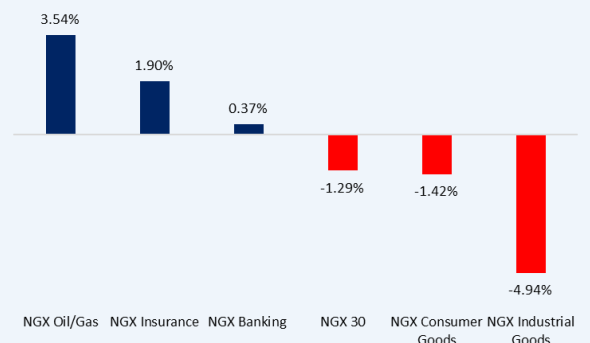
For equities, we expect that the release of banks audited H1'24 results and interim dividends announcements would dictate sentiments in the market. While in the money market, we expect system liquidity to be supported by inflows from swap maturities and N16.0 billion OMO payments, which should keep interbank rates lower.

In the fixed-income market, specifically on treasury bills, we expect renewed buying activities across board barring any liquidity shock. While on bonds, we expect bullish sentiments to persist with most buying cares centered along the mid-to-long segment of the curve, particularly the 31s.

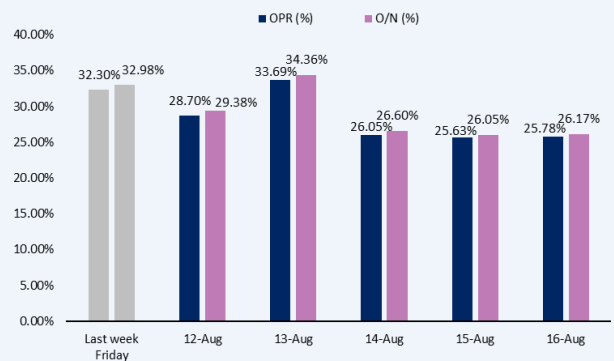
ASI performance : August 19 – August 23



Mixed sectoral performance



Interbank rates closed lower WoW



Stocks	Rating	Current Price	Target Price	Upside/ downside	Dividend yield	Total Return	Link to Reports
BANKS							
ACCESSCORP	BUY	19.95	42.93	115.2%	11.5%	126.7%	Click here
ETI	BUY	20.45	38.59	88.7%	2.5%	91.2%	Click here
FBNH	BUY	20.35	31.75	56.0%	2.5%	58.5%	Click here
FCMB	BUY	7.60	11.49	51.2%	3.3%	54.5%	Click here
FIDELITYBK	BUY	10.75	14.80	37.7%	4.7%	42.3%	Click here
GTCO	BUY	45.60	69.31	52.0%	6.8%	58.8%	Click here
STANBIC	BUY	54.30	69.36	27.7%	6.4%	34.2%	Click here
UBA	BUY	22.40	42.18	88.3%	4.9%	93.2%	Click here
ZENITHBANK	BUY	37.90	65.47	72.7%	8.4%	81.2%	Click here
CONSUMER GOODS							
DANGSUGAR	HOLD	38.50	39.66	3.0%	3.9%	6.9%	Click here
FLOURMILL	HOLD	44.80	49.85	11.3%	5.0%	16.3%	Click here
GUINNESS	BUY	63.50	85.69	34.9%	0.0%	34.9%	Click here
NESTLE	BUY	805.00	1084.40	34.7%	0.0%	34.7%	Click here
NB	BUY	28.65	47.85	67.0%	3.6%	70.6%	Click here
UACN	BUY	16.70	21.68	29.8%	1.3%	31.1%	Click here
UNILEVER	BUY	19.00	29.60	55.8%	3.9%	59.7%	Click here
BUAFOODS	HOLD	379.00	314.16	-17.1%	1.2%	-15.9%	Click here
INDUSTRIAL GOODS							
DANGCEM	HOLD	532.00	552.42	3.8%	5.6%	9.5%	Click here
WAPCO	HOLD	37.10	42.24	13.9%	5.1%	19.0%	Click here
BUACEMENT	HOLD	113.90	74.02	-35.0%	1.8%	-33.3%	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	46.5%	0.7%	47.2%	Click here
TRANSCORP	BUY	12.00	32.59	171.6%	4.2%	175.8%	Click here
TRANSPOWER	HOLD	372.40	323.64	-13.1%	0.8%	-12.3%	Click here
AGRICULTURE							
OKOMUOIL	HOLD	345.30	381.20	10.4%	2.3%	12.7%	Click here
PRESKO	BUY	485.40	537.27	10.7%	5.4%	16.1%	Click here
OIL & GAS							
SEPLAT	BUY	3730.10	4187.20	12.3%	0.0%	12.3%	Click here
TOTAL	HOLD	563.00	587.50	4.4%	4.4%	8.8%	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	60.71%	0%	39.29%	0%
% with investment banking relationships	0%	0%	0%	0%

CardinalStone Research distribution of ratings/Investment banking relationships as of August 23, 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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