

Weekly roundup and stock recommendations

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Equities

Bullish sentiments dominated the local bourse for the week, with the benchmark index gaining in all but one session, up 63 bps to settle at 96,579.53. Market capitalization scaled by N98.60 billion to N55.48 trillion, with the YtD return printing at 29.16%.

The positive outturn is attributed to sustained momentum in OANDO, which gained 60.71% WoW, alongside BUAFOODS (+4.20% WoW), FBNH (+10.57% WoW), JBERGER (+31.15% WoW) and OKOMUOIL (+20.97% WoW).

Market breadth was positive at 2.25x as 54 gainers outpaced 24 laggards. OANDO (+60.71% WoW) was the top gainer, while TRANSPOWER (-9.99% WoW) led the laggards.

Money market and fixed-income

Interbank rates—OPR and O/N—further contracted by 767bps and 611bps to close at 18.11% and 20.06%, respectively, as system liquidity remained robust due to FAAC disbursement and deposit money bank activities at the SDF window.

During the week, two consecutive OMO auctions were held. At the start of the week, N500 billion was offered across standard maturities, with strong demand, particularly at the long end. The bid-to-offer ratio was 1.79x, and the bid-to-cover ratio was 1.02x. Stop rates were 18.49%, 19.29% and 21.89% for the 91-day, the 175-day, and the 364-day instruments, respectively. The following day, another N500 billion was offered, but demand was seen only at the long end with a stop rate of 21.89%.

At the secondary NTB markets bullish sentiments dominated the bourse with contractions at the short end (-120bps WoW), mid-segment (-83bps) and long end (-155bps) of the curve. The average yield contracted by 111bps to settle at 21.21%.

The FGN bond secondary market was largely bullish with buying interests spread across the short end (-66bps WoW), mid-segment (-92bps) and long end (-55bps) of the curve. The average yield contracted by 67bps WoW to settle at 18.96%.

Outlook

In the equities market, the upcoming release of banks' audited H1'24 financial results and dividend announcements is anticipated to generate positive market sentiment. However, we do not rule out the possibility of profit-taking in recently rallied shares.

In the money market, we expect inter-bank rates to trend a little higher in the absence of any notable inflows to support the financial system.

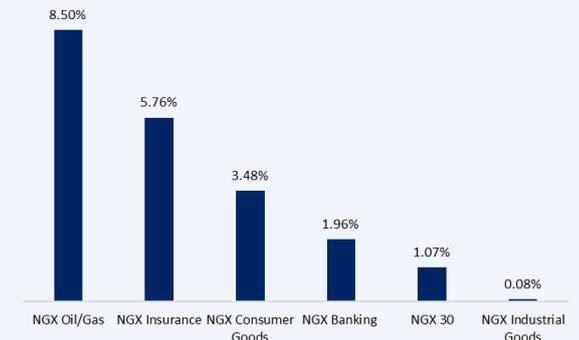
In the NTBs market, we expect the Primary NTB Auction next week to determine proceedings in the secondary market, with participants expecting a reduction in yields. Similar bullish expectations are anticipated in the FGN bonds' secondary market as investors believe fixed income yields may have peaked.

ASI performance : August 26 – August 30



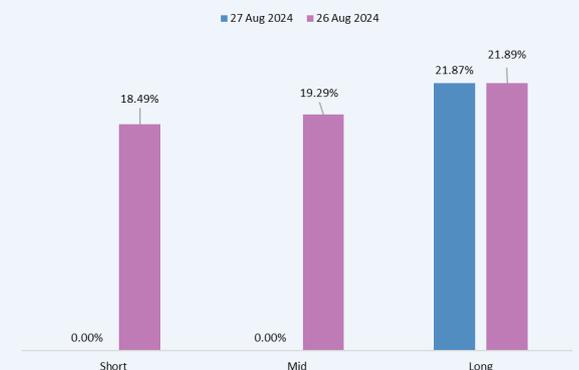
Source: NGX, CardinalStone Research

Mixed sectoral performance



Source: NGX, CardinalStone Research

OMO Auctions during the week



Source: CBN, CardinalStone Research

Stocks	Rating	Current Price	Target Price	Upside/ downside	Dividend yield	Total Return	Link to Reports
BANKS							
ACCESSCORP	BUY	19.00	42.93	125.9%	12.1%	138.1%	Click here
ETI	BUY	21.80	38.59	77.0%	2.3%	79.3%	Click here
FBNH	BUY	22.50	31.75	41.1%	2.2%	43.3%	Click here
FCMB	BUY	7.70	11.49	49.2%	3.2%	52.5%	Click here
FIDELITYBK	BUY	10.55	14.80	40.3%	4.7%	45.0%	Click here
GTCO	BUY	45.50	69.31	52.3%	6.8%	59.1%	Click here
STANBIC	BUY	56.90	69.36	21.9%	6.2%	28.0%	Click here
UBA	BUY	22.95	42.18	83.8%	4.8%	88.6%	Click here
ZENITHBANK	BUY	38.25	65.47	71.2%	8.4%	79.5%	Click here
CONSUMER GOODS							
DANGSUGAR	HOLD	37.90	39.66	4.6%	4.0%	8.6%	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	28.30	47.85	69.1%	3.6%	72.7%	Click here
UACN	BUY	17.45	21.68	24.2%	1.3%	25.5%	Click here
UNILEVER	BUY	18.00	29.60	64.4%	4.2%	68.6%	Click here
BUAFOODS	HOLD	394.90	314.16	-20.4%	1.1%	-19.3%	Click here
INDUSTRIAL GOODS							
DANGCEM	HOLD	532.00	552.42	3.8%	5.6%	9.5%	Click here
WAPCO	HOLD	37.60	42.24	12.3%	5.1%	17.4%	Click here
BUACEMENT	HOLD	113.90	74.02	-35.0%	1.8%	-33.3%	Click here
TELCO & UTILITIES							
MTNN	BUY	180.00	240.28	33.5%	0.0%	33.5%	Click here
AIRTELAFRI	BUY	2200.00	3,223.82	46.5%	0.7%	47.2%	Click here
TRANSCORP	BUY	11.80	32.59	176.2%	4.2%	180.4%	Click here
TRANSPOWER	HOLD	335.20	323.64	-3.4%	0.9%	-2.5%	Click here
AGRICULTURE							
OKOMUOIL	HOLD	417.70	381.20	-8.7%	1.9%	-6.8%	Click here
PRESKO	HOLD	485.40	537.27	10.7%	5.4%	16.1%	Click here
OIL & GAS							
SEPLAT	HOLD	3730.10	4187.20	12.3%	0.0%	12.3%	Click here
TOTAL	HOLD	673.90	587.50	-12.8%	3.7%	-9.1%	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 September 02, 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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