



Equities

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A positive start to the year

The Nigerian stock market has commenced the new year on a promising note, with investors strategically positioning themselves for potential dividends. Positive sentiments are buoyed by optimism surrounding the oil sector and its anticipated impact on the overall economy. The Nigerian Exchange All-Share Index (NGXASI) has already recorded a commendable 3.70% year-to-date increase, building on its impressive 45.90% year-on-year surge to reach 74,773.77 points in 2023.

The Nigerian Stock Market stood out amongst peers in 2023, delivering returns that surpassed inflation rates. Robust participation was observed among both Nigerian residents and the diaspora, with very little participation from Foreign Portfolio Investors (FPIs) as concerns around FX liquidity continue to deter FPIs. The inauguration and the announcement of policy changes by the new administration in Q2 2023 sparked positive sentiments leading to a significant growth in the NGXASI. Moving past the election era and into the post-election period, the local bourse continued to reach new heights driven by positive corporate announcements and dividend expectations.

All the sub-indices of the NGX have all risen in the first days of the year with the Insurance (NGXINS) and Banking Sector (NGXBNK) taking the lead, up 6.49% and 6.30%ytd whilst the Industrial (NGXINDUSTR) and Oil and Gas (NGXOILGAS) have grown the least by 2.46% and 2.26% ytd respectively. The equities market will likely remain upbeat at least for the first few months of the year, albeit with intermittent profit taking. Dividend yields on many of the major high dividend paying stocks in the market are more attractive than the current yield on the 91-day Treasury Bills, which is 3.92% annually.

NGX All Share Index (NGX-ASI)



Source: CSL Research, NGX

MARKET UPDATE

| Indicators | 1 Year | 30-Dec-22 | 1 Day |
|----------------|-----------|-----------|-----------|
| NSE-Index | 53,086.86 | 51,251.06 | 77,537.57 |
| Naira/US \$ | 415.63 | 461.50 | 913.94 |
| Brent US\$/bbl | 119.51 | 85.91 | 76.59 |
| MPR | 13.00 | 16.50 | 18.75 |

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index

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News headlines:

Local rice price rise 73% in 12 months – NBS: The increasingly high cost of production, transportation and other factors have caused the price of one kilogramme of local rice to jump by 73.2 per cent in one year, according to findings by The PUNCH. This happened despite a multi-billion naira funding support of the Central Bank of Nigeria for the nation's rice value chain aimed at boosting production and stopping the importation of foreign rice. Rice, a staple food widely consumed in Nigeria, has been rising in price despite its production locally. The commodity now sells for between N55,000 and N60,000 for a 50kg bag, depending on the area of purchase. Source: Punch

<https://punchng.com/local-rice-price-rise-73-in-12-months-nbs/>

Pricing, FX volatility cripple marketers' petrol imports bid: The pricing of petrol and the volatility in the foreign exchange market are pulling the plug on marketers' efforts to join the Nigerian National Petroleum Company Limited (NNPC) in the importation of the product into the country. The controversy over whether petrol subsidy is really gone has reemerged as marketers continue to stay on the sidelines after some brought in cargoes following the implementation of reforms by the current administration. Following the removal of subsidy and liberalisation of the FX market last year, over 50 oil marketers were licenced to supply petroleum products in accordance with Petroleum Industry Act (PIA). Source: BusinessDay

<https://businessday.ng/energy/oilandgas/article/pricing-fx-volatility-cripple-marketers-petrol-imports-bid/>

Nigeria spends N2.7tr to import PMS, diesel in three months: Nigeria spent N2.7 trillion to import premium motor spirit (PMS), diesel and jet fuel in the third quarter of 2023, data by the National Bureau of Statistics (NBS) have shown. Coming amidst the inability to overhaul the country's refineries, white products have remained the largest import of the country. The total import of PMS imported during the period stood at N1.9 trillion, while diesel was N736.7 billion. Jet fuel was N135.8 billion. While Nigeria remains a leading crude oil producer, the country is one of the only major oil producers that is totally on the importation of petroleum products. Source: Guardian

<https://guardian.ng/business-services/nigeria-spends-n2-7tr-to-import-pms-diesel-in-three-months/>

PZ, Unilever Nigeria, Two Others Exit NGX Pension Index: The Nigerian Exchange Limited (NGX), yesterday disclosed that PZ Cussons Nigeria Plc, Nascon Allied Industries and Unilever Nigeria Plc have exited NGX pension Index and replaced with Transcorp Hotels plc, Fidson Healthcare plc Nigerian Aviation Handling Company plc and Conoil plc. Most of the existing companies have delisted from the Exchange. Take for instance, PZ Cussons Nigeria in 2023 announced delisting from the Exchange as its parent company PZ Cussons (Holdings) Limited offers to buyout minority shareholders at an offer price of N21 per share. Source: BusinessDay

<https://www.thisdaylive.com/index.php/2024/01/03/pz-unilever-nigeria-two-others-exit-ngx-pension-index>

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| | Buy | Hold | Sell | Not Rated | Total |
|----------------------------|-----|------|------|-----------|-------|
| Coverage universe | 17 | 10 | 5 | 3 | 35 |
| % distribution | 49% | 29% | 14% | 9% | |
| Investment banking clients | 0 | 1 | 1 | 0 | 2 |
| % distribution | 0% | 50% | 50% | 0% | |

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| | |
|--------------------------|---|
| Buy: | The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon. |
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| Price targets: | Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimates. |
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