

Dear Investor,

Happy new week,

### **Market Review for week ended November 3rd, 2017**

*The Nigerian equity market posted a positive performance in the week under review to reverse previous two weeks bearish run. The local bourse appreciated by 1.31% week-on-week (wow) at the close of bell on Friday to close at 36,939.59 in contrast to last week's close of 36,462.26.*

*Trading activities on the Exchange was boosted by positive Q3 '17 earnings from companies who made frantic effort to beat the deadline on earnings reporting season which officially came to a close in the week. Many of the results beat market expectations and subsequently triggered handful of demand from discerning investors. Other factors that boosted the market's space was the news on retention of Nigeria by MSCI (Morgan Stanley Capital International) on its Frontier Index, Purchasing Managers Index (PMI) October reading of 55.0 points released by the Central Bank of Nigeria (CBN) and strong commodity prices, particularly oil, Nigeria's mainstay and major income earner, thereby boosting government revenue and the nation's external reserves.*

*A total turnover of 1.36 billion shares worth N17.71 billion in 21,891 deals were traded this week by investors on the floor of the Exchange in contrast to a total of 1.39 billion shares valued at N16.40 billion that exchanged hands last week in 19,195 deals.*

*Thirty-seven (37) equities appreciated in price during the week, higher than thirty-three (33) of the previous week. Twenty-nine (29) equities depreciated in price, lower than thirty-two (32) equities of the previous week, while one hundred and five (105) equities remained unchanged lower than one hundred and six (106) equities recorded in the preceding week.*

MARKET STATISTICS- November 03, 2017			YTD: +37.45%
Cap (N)	12,784,683,234,488.54	One Day(ASI CHG)	+0.17%
Index	36,939.59	One Week(ASI CHG)	+0.31%
Volume	361,052,189	One Month(ASI CHG)	+4.63%
Value (N)	3,682,264,248.47	Six Months(ASI CHG)	+41.44%
Deals	4,396	52 Weeks(ASI CHG)	+36.59%
Gainers	21	Losers	19
Un-Changed	57	Total	97

Source: GTI Research

### **Outlook for the new week ending November 10th, 2017**

This week, the market volatility will continue as investors re-assesses and re-balance their portfolio positions on the strength of recent earnings, ahead of Octobers' Inflation expectation, the GDP Q3 data and year-end sentiments. We are confident that the week will extend bullish run into second week.

If you would require any help to ensure that your portfolio is positively aligned, or any inquiry on your portfolio, please send an email to [research@gti.com.ng](mailto:research@gti.com.ng) or to [headoffice@gti.com.ng](mailto:headoffice@gti.com.ng)

We will also like to implore you to encourage your friends to subscribe to the GTI Research mailing list by visiting [www.gti.com.ng](http://www.gti.com.ng) and clicking on email subscription to join our ever growing mailing list.

Have a fantastic trading week.

*Research and Strategy.*

## GTI TOP-5 WEEKLY STOCK PICK FOR THE PERIOD 06/11/2017 - 10/11/2017

United Bank for Africa Plc	
Target Price	₦10.50
Investment Horizon	12-Month
Statistics	
Industry	Industrial Goods
Price (N)	₦9.77
Shares Outstanding (Mn)	36,280
Symbol	UBA
Expected Return	7.47%
52Week High	₦10.49
52Week Low	₦4.13

- UBA Plc has emerged one of most reputable banks in Nigeria business landscape.
- Its improved branch networks within the country and developed presence in prominent Africa Countries has positioned the Pan African bank with improved income sources.
- The bank has a good Capital Adequacy Ratio (CAR) in the sector and continues to leverage on its stringent risk assessment framework to mitigate capital erosion.
- In a recent Q3 2017 results, the Company grew gross and net income by 25.8% and 23.04% respectively.
- It has a current book value of N13.99 and P/BV of 0.66x. The bank has a higher capacity of meeting short term obligations with acid test ratio at 0.75%.

Transcorp Plc	
Target Price	₦2.50
Investment Horizon	12-Month
Statistics	
Industry	Industrial Goods
Price (N)	₦1.45
Shares Outstanding (Mn)	40,657
Symbol	Transcorp
Expected Return	72.4%
52Week High	₦2.00
52Week Low	₦0.66

- Transcorp Group is a diversified conglomerate with interests in four major business sectors: Power, Oil & Gas, Hospitality and Agriculture.
- The Q3 2017 result was impressive with a 35.4% topline improvement and a healthy 141% expansion in bottom-line.
- The FX stability also aided the strong bottom-line performance of the company due to its FX loan exposure.
- The effort of the federal government to stabilize the power sector will boost the company's performance going forward and sustain the current earnings momentum.
- We place a BUY rating on Transcorp as a result of its long term prospects which may crystalize in the short to medium term due to the market resurgence.

Dangote Flour Mills Plc	
Target Price	₦10.30
Investment Horizon	12-Month
Statistics	
Industry	Consumer Goods
Price (N)	₦9.50
Shares Outst. (Mn)	5,000
net Symbol	DANGFLOUR
Expected Return	8.42%
52Week High	₦9.97
52Week Low	₦3.38

- In the Company's recent unaudited Q3 2017 results, both sales revenue and net income grew by 101.2% and 393.7% respectively.
- Streak of improved business operations lately supports positive outlook going forward.
- It continues to leverage on the parent company's potent distribution network which we think would boost more sales going forward.
- Q3 EPS now at 261 kobo and represents 357.9% growth against comparable period of 2016.
- Book value is currently at N7.08 and closest to its market price.
- Improved return on equity (ROE) at 37.0% compare to 2016 17.0% points gradual accretion on shareholders' funds and improved tendency for dividend payment soon.
- Our target is 8.42% above the current market price.

Zenith Bank Int'l Plc	
Target Price	₦30.00
Investment Horizon	12-Month
Statistics	
Industry	Financial Institution
Price (N)	₦25.92
Shares Outst (Mn)	31,396
Symbol	Zenith
Expected Return	15.74%
52Week High	₦27.17
52Week Low	₦13.10

- Zenith Bank has emerged one of most reputable banks in Nigeria business landscape.
- Its improved branch networks within the country has positioned it for improved income sources.
- The bank has one of the strongest Capital Adequacy Ratio (CAR) at 21% and provides ample buffer above the regulatory minimum of 15%.
- Its balance sheet size is a major incentive for us at this time considering that it has a book value per share of N24.33 resulting into a price to book ratio 1.07x relative to its closest peer of 1.58x.
- The liquidity ratio of the group as at Q3 '17 was 55%, thus above regulatory minimum of 30%.
- Upside potential to our target price and 52-Week high is 15.74% and 10.42% respectively.

Dangote Sugar & Refinery Plc	
Target Price	₦19.00
Investment Horizon	12-Month
Statistics	
Industry	Consumer Goods
Price (N)	₦15.40
Shares Outst (Mn)	12,000
Symbol	DangSugar
Expected Return	23.4%
52Week High	₦16.40
52Week Low	₦5.71

- Dangote Sugar Plc is a subsidiary of Dangote group.
- It refines raw sugar into edible sugar
- It controls over 60% of the sugar market in Nigeria.
- Its backward integration strategy has helped to bring down its input cost considerably in recent years.
- Her extensive, fast and reliable distribution network covers over 80% of the country.
- The company has outperformed its full year 2016 net income as at half-year 2017 by 18.79%.
- It grew its revenue and net income in Q3 '17 by 41.5% and 156.2% against comparable period of 2016.
- We expect the firm to continue to post this streak of decent performances going forward.
- The Company is an income and growth stock. Final dividend for FY 2017 is highly anticipated.

## Watch List

*Unilever, UCAP, Fidson, Flour Mills, DangCem.*

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