

How would recent events affect your financial investments?

FIND ANSWERS ON THE ARM WEEKLY COMMENTARY AND STOCK RECOMMENDATION

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Weekly Commentary & Stock recommendation

...for the week 25th April - 29th April 2022

Global Economy

- ◆ During the week, global shares rise as earnings result boosted wall street and European shares rose from six weeks lows. This is following strong earnings reports, especially in the tech sector. In spite of a report from the US Commerce department stating that estimated GDP may fall by 1.4%, we witnessed the S&P 500 (.SPX), Nasdaq (.IXIC) and Dow Jones Industrial Average (.DJI) gain 2.47%, 3.06% and 1.85% each to settle at 4,287.50, 12,871.53 and 33,916.39 points respectively. Elon Musk in his bid to finance his purchase of Twitter shares sold \$8.5 billion worth of shares (about 9.6 million shares and 5.6% of his stake in the company) in tesla. While the Russia- Ukraine conflict persists, oil prices rose on news that Germany will join the European Union to ban Russian oil importation a move which will lead to further tightening of oil supply. As of today, brent crude stood at \$109.40.

Domestic Economy

- ◆ In its April Regional Economic Outlook for Sub-Saharan Africa, the International Monetary Fund (IMF) warned that Nigeria's outlook is subject to uncertainties. Although, the Fund maintained its 2022 outlook for the country, it noted the issue of lingering payment of fuel subsidy and its adverse effect on the country's fiscal balance despite revenue increases from rising global oil price. It also warns of impacts on low vaccination rates, rising security risks and elevated price pressures, which it said would dampen the outlook of the country's medium-term growth. Meanwhile, according to the Nigerian National Petroleum Company Limited (NNPC), the country has incurred NGN675.93bn on fuel subsidy between January and March 2022. Elsewhere, the Central Bank of Nigeria (CBN) awarded Airtel Nigeria, the full super-agent license to operate as an agency network. It is important to note that the super-agent license is distinct from the Payment Service Bank (PSB) license which was granted to MTN earlier this month. With the super-agent license, Airtel would be able to create an agent network that can service the customers of licensed Nigerian banks, payment service banks and licensed mobile money operators in Nigeria. With this new playbook in the Telecommunication sector, we expect to see financial inclusion across the country grow at a faster pace, which would contribute to the overall growth of the economy .

Equities and stock recommendation

- ◆ The Nigerian bourse ended the week bullish as the NGX All Share Index gained 2.43 percent (Wow) to close at 49,638.94pts (highest since 2008). Investors react to the earnings results released during the week with positive results trailing most of the financial results leading to a rally in the stocks of these companies. A closer look at sectoral performances shows positive momentum across all sectors except for the banking sector which dwindled (-1.50% Wow). Leading the gainers chart are SUNUASSUR (Up 36.4% WtD), NCR (Up 33.0% WtD), MEYER (Up 28.8% WtD), ACADEMY (Up 25.6% WtD), and CADBURY (Up 22.0% WtD) while NPFMCRFBK (Down -10.00% WtD), GSPECPLC (Down -9.8% WtD), ETERNA (Down -9.5% WtD), GLAXOSMITH (Down -6.4% WtD), and FIDELITYBK (Down -6.2% WtD) led the decliners .

Fixed Income

- ◆ This week, average yields in the Nigerian Treasury Bills secondary market declined marginally by 3bps to close at 3.70% due to buy-interests in the long-end instruments. Meanwhile, at the Treasury Bills auction on Wednesday, we saw an uptick in the average marginal rate to 3.18% from 3.07% at the last auction. Specifically, the rate on the 364-day bill rose 34bps to 4.79% due to relatively low demand compared to the 182-day bill. Bid to cover ratio at the auction was 2.06x with demand of ₦249.53bn compared to offer of ₦120.97bn. However, we saw massive demand at the 182-day instrument with bid-to-cover ratio of 6.71x. In the Primary bonds market this week, the Debt Management Office (DMO) opened a new APRIL 2032 instrument and reopened the 2025 and 2042 instruments at the auction. Reduced demand was recorded at the auction with aggregate bid-to-cover ratio of 1.82x relative to the last auction's bid which recorded a bid-to-cover ratio of 3.99x. Demand was tilted towards the longer-term with bid-to-cover ratio of 2.97x (Offer: ₦75bn, Subscription: ₦222.76bn). Consequent on reduced demand, average marginal rate at the auction increased by 37bps to 11.80% compared to 11.43% recorded at the previous auction.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	39.62	39.80	-0.45%	-2.23%	
USD/NGN (₦/\$)					
NAFEX	419.0	418.3	0.16%	-3.68%	
Parallel	583.5	587.0	-0.60%	3.27%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (February 2022)		Jan	CHG (pps)		
Headline	15.92	15.7	0.22	15.60	
Core	13.9	14.01	-0.11	13.87	
Food	17.2	17.11	0.09	17.13	
GDP (%) - YoY	Q4 21	Q3 21	Q2 21	FY21	
Real GDP	3.98	4.03	5.01	3.4	
Oil	-8.06	-10.73	-12.65	-8.3	News Headline for the week (click news for link)
Agriculture	3.6	1.2	1.3	2.13	*Nigeria's proven gas reserves worth over \$803.4tn - FG
Manufacturing	2.28	4.29	3.49	3.35	*Insecurity, inflation, low vaccination threaten Nigeria's outlook, IMF warns
Services	5.6	8.4	9.3	5.6	*Zenith Bank grows quarterly earnings by 22%
Labor Data (%) - Q4 20			Latest	Prior	*Power sector: FG sinks more funds despite low performance
Unemployment Rate			33.3	27.1	*Subsidy hits N1.35tn in four months, NNPC to deduct N672bn
Underemployment			22.8	28.8	*UBA records N44.5bn quarterly profit
Capital Importation (\$'mn)	Q4 21	Q3 21	QoQ (%)	YoY (%)	*CBN grants Airtel approval to operate mobile money banking
Foreign Portfolio Investment - Equities	38.00	56.50	-32.7%	-72.25%	*Reps summon Adebayo over MTN's alleged N2.6tn tax evasion
Bonds	45.91	364.97	-87.42%	143.97%	*SIM-NIN: 22 days after ban, Telcos lose N76bn, subscribers stranded
Money Market	558.96	795.74	-29.8%	-37.00%	*Local production of 42.7 billion MT bitumen deposit begins
Foreign Direct Investment	358.23	107.81	232.28%	-32.00%	*Musk gets Twitter for \$44 billion, to cheers and fears of 'free speech' plan
Monetary Policy Rates (%) (March 2022)	Latest	Prior		CHG (%)	*MTN Nigeria Issues Historic N127bn Commercial Paper
MPR	11.5	11.5		0.0%	*AfDB predicts energy, food price hikes in Nigeria, others
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	*Oil Theft: Navy Seizes 6 Million Litres of Stolen Crude from Illegal Refiners
Liquidity Ratio	30.0	30.0		0.0%	*Transcorp's earnings hits N111.2bn in 2021

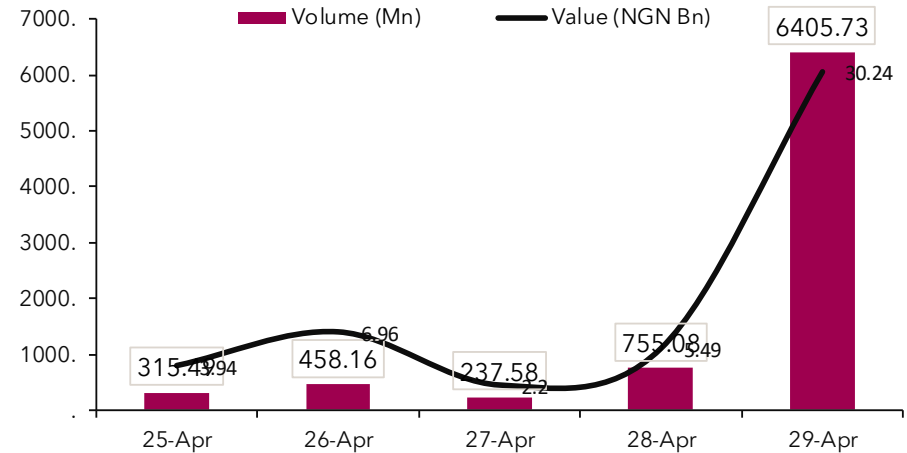
Source: CBN, NBS, FMDQ, ARM Research

Weekly Equities Market Snapshot

Friday, April 29, 2022



Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
SUNUASSUR	0.45	36.4%			0.0%	NPFMCRFBK	1.98	-10.0%			16.5%
NCR	3.99	33.0%			33.0%	GSPECPLC	3.78	-9.8%			-9.8%
MEYER	3.00	28.8%			552.2%	ETERNA	6.02	-9.5%			19.2%
ACADEMY	1.47	25.6%			194.0%	GLAXOSMITH	5.85	-6.4%			-1.7%
CADBURY	10.25	22.0%			16.5%	FIDELITYBK	3.80	-6.2%			49.0%
CHAMPION	2.52	21.2%			7.2%	OKOMUOIL	147.00	-5.2%			3.5%
NB	57.10	17.2%			17.1%	HONYFLOUR	3.70	-5.1%			8.8%
TRANSCORP	1.19	16.7%			24.0%	CHIPLC	0.61	-4.7%			-22.8%
SEPLAT	1200.00	16.5%			84.6%	PRESTIGE	0.44	-4.3%			-13.7%
AIICO	0.79	16.2%			12.9%	CUTIX	2.44	-3.9%			-7.6%
	29-Apr	22-Apr	% Δ	P/E	P/B						
Kenya	150.17	154.85	-3.0%	8.50x	1.40x						
Ghana	2,691.54	2,697.02	-0.2%	6.90x	1.30x						
South Africa	72,527.19	72,654.11	-0.2%	10.80x	1.90x						
Egypt	2,106.27	2,008.81	4.9%	6.70x	1.40x						
Nigeria	49,638.94	48,459.65	2.4%	10.30x	2.20x						
Tickers	Pts/₦	WoW	MtD	QtD	YtD						
NGXASI	49,638.94	2.43%	5.69%	5.69%	16.21%						
Market Cap	26.76trn	2.43%	5.72%	5.72%	20.02%						
NGX Banking	434.82	-1.50%	6.24%	6.24%	7.08%						
NGX Industrial	618.11	0.51%	3.25%	3.25%	8.81%						
NGX Consumer	434.82	6.35%	11.54%	11.54%	4.89%						
NGX Oil & Gas	524.38	10.20%	19.06%	19.06%	51.99%						
NGX Insurance	618.11	3.43%	3.71%	3.71%	-2.55%						



Source: NGX, ARM Research

Thank You



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