

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 19th April - 22nd April 2022

Global Economy

- ◆ In the week, the International Monetary Fund published its World Economic Outlook for April 2022, with the invasion of Ukraine by Russia, and its attendant consequences informing a broad review in growth expectation. Globally, the organization did a downward revision of its growth projection for 2022, changing it from the earlier forecasted 4.40% to 3.6% in the process. The encumbrances cited for the revision includes among other factors, the impact of the recent sanctions imposed in the bid to deter Russia from sustaining the current invasion of Ukraine, and any other country that might have such action in view.

Domestic Economy

- ◆ In the week, the World Economic Outlook of the International Monetary Fund for the month of April was released with Nigeria growth expectation seeing an upward revision from 2.7% to 3.4%. The Organization cited the improved crude oil price as a factor that would enable such outcome. We believe this position would be plausible but for the current encumbrances within the Nigerian Oil and Gas space that is currently hampering the possibility of a ramp up in production. We opine that this makes for a significant difficulty in the bid to optimise the opportunity availed by the rise in price of the commodity. In this light, we are sticking to our earlier projection of a 2.6% growth for 2022
- ◆ Google announced the launch of Equiano, a submarine Internet cable which landed in Lagos yesterday. Nigeria is the second city in Africa where the submarine cable landed, as it landed first in Togo last month. The cable is expected to improve broadband penetration and quality of service as well as advance the digital economy in Nigeria by 2025. We expect this new development by google to help expand internet penetration and add an extra layer of resilience to the Information Communication Technology segment of the Nigerian economy.

Equities and stock recommendation

Domestic Equities Market

- ◆ This week, the Local bourse ticked green across all trading sessions, in the process, spurring the All-share index by 2.0% to close at 48,459.65 points. In the process YtD returns for the boss closed at 13.44%. Our observation revealed that there is renewed interest in the market, on the back of low fixed income yield, the impending earnings season, and other moves that suggests strategic investment in some tickers. Sectoral wise, asides the 0.05% dip recorded on the insurance index, all other sectors ended the four days week in the positives. MEYER (Up 45.6% WoW), ETERNA (Up 33.0% WoW), CWG (Up 27.6% WoW), OANDO (Up 21.3% WoW), and GUINNESS (Up 17.5% WoW) led the gainers, while JOHNHOLT (Down 17.4% WoW), NEIMETH (Down 13.9% WoW), SCOA (Down 9.8% WoW), REGALINS (Down 8.3% WoW), and PHARMDEKO (Down 7.5%WoW) led the decliners. In the week, we also saw corporate actions ranging from dividend payment by WAPCO, to earnings releases by WAPCO (Q1 2022) and Austin LAZ (Q1:2022) among others. We expect further releases in the coming week.
- ◆ **GTCO - OVERWEIGHT (FVE: N29.82), FLOURMILLS - BUY (TP: ₦45.00) Click [here](#) for our Weekly Stock Recommendation.**

Fixed Income

- ◆ The Fixed Income space was permeated by bearish sentiment in the week, with yields going on an uptrend in both the NT-bills and Bond secondary market. In the NT-bills space, we saw a 38bps WoW uptrend that left average yields at 3.73% across tenor. Taking a similar path, the secondary Bond market recorded a 17bps rise in average yields to close at 10.69%. We traced the sentiment in the Bond space to the elevated level of selloffs seen on the APRIL 2023(Up 102bps) FEBRUARY 2028(Up 40bps), APRIL 2037(Up 24bps), MARCH 2027(Up 15bps), APRIL 2049(Up 14bps), MARCH 2025(Up 13bps) and the MARCH 2036 instrument (Up 5bps).

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	39.55	39.52	0.09%	-2.39%	
USD/NGN (₦/\$)					
NAFEX	416.6	416.3	0.07%	-4.22%	
Parallel	583.0	581.5	0.26%	3.19%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (February 2022)		Jan	CHG (pps)		
Headline	15.7	15.6	0.10	15.60	
Core	14.01	13.87	0.14	13.87	
Food	17.11	17.13	-0.02	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	*Ukraine negotiations to resume, Europe faces Russia gas deadline
Manufacturing	2.28	4.29	3.49	3.35	*OPEC raises Nigeria's oil quota amidst low production
Services	5.6	8.4	9.3	5.6	*External reserves loses \$313m as oil price fluctuates
Labor Data (%) - Q4 20			Latest	Prior	*Shanghai to expand lockdown to most residents as COVID cases rise
Unemployment Rate			33.3	27.1	*FG okays N33.81bn for lie detectors, roads in ministries
Underemployment			22.8	28.8	*FG Generated N563.72bn from Value Added Tax in Q4
Capital Importation (\$'mn)	Q4 21	Q3 21	QoQ (%)	YoY (%)	*Inversion of key U.S. yield curve slice is a recession alarm
Foreign Portfolio Investment - Equities	38.00	56.50	-32.7%	-72.25%	*FG laments rapid drop in oil, gas investments
Bonds	45.91	364.97	-87.42%	143.97%	*Poor Nigerians to hit 95.1m in 2022, says World Bank
Money Market	558.96	795.74	-29.8%	-37.00%	*Kim says North Korea will keep developing 'formidable striking capabilities'
Foreign Direct Investment	358.23	107.81	232.28%	-32.00%	*Edo attracts \$531.2 million oil palm investment in nine months
Monetary Policy Rates (%) (March 2022)	Latest	Prior		CHG (%)	*Marketers blame oil price, forex as cooking gas price rises again
MPR	11.5	11.5		0.0%	*Oil hit by Shanghai shutdown; yen sinks as BOJ defies the yield tide
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	*116.46 million litres fuel lost in 2021, say NNPC reports
Liquidity Ratio	30.0	30.0		0.0%	*FG's borrowing from CBN rises by 96.54%, hits N18.16tn

Weekly Equities Market Snapshot

Friday, April 22, 2022



Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
MEYER	2.33	45.6%	2.33	0.20	406.5%	JOHNHOLT	0.71	-17.4%	0.86	0.51	-1.4%
ETERNA	6.65	33.0%	8.80	4.76	31.7%	NEIMETH	1.36	-13.9%	2.25	1.36	-19.0%
CWG	1.25	27.6%	2.79	0.99	11.6%	SCOA	1.94	-9.8%	2.83	0.79	86.5%
OANDO	5.86	21.3%	5.86	2.90	32.6%	REGALINS	0.33	-8.3%	0.55	0.24	-35.3%
GUINNESS	82.25	17.5%	82.25	24.10	110.9%	PHARMDEKO	1.60	-7.5%	2.85	1.09	-27.3%
FTNCOCOA	0.37	12.1%	0.60	0.30	-5.1%	RTBRISCOE	0.53	-7.0%	1.03	0.20	165.0%
WAPCO	25.55	10.6%	25.55	2.24	6.7%	ABCTRANS	0.29	-6.5%	0.48	0.29	-6.5%
SKYAVN	6.37	9.8%	6.37	3.11	20.2%	CAVERTON	1.18	-6.3%	2.04	1.18	-31.4%
IKEJAHOTEL	1.41	8.5%	1.76	0.90	15.6%	LEARNAFRCA	1.95	-6.3%	2.66	0.91	66.7%
NB	48.70	8.3%	60.00	40.45	-0.1%	REGALINS	0.33	-5.7%	0.55	0.24	-35.3%
	22-Apr	14-Apr	% Δ	P/E	P/B						
Kenya	154.85	158.22	-2.1%	9.00x	1.50x						
Ghana	2,697.02	2,697.70	0.0%	6.90x	1.30x						
South Africa	72,654.11	73,382.81	-1.0%	18.4x	1.9x						
Egypt	2,008.81	2,071.48	-3.0%	7.20x	1.40x						
Nigeria	48,459.65	47,510.38	2.0%	10.10x	2.10x						
Tickers	Pts/N	WoW	MtD	QtD	YtD						
NGXASI	48,459.65	2.00%	3.18%	3.18%	13.44%						
Market Cap	26.13trn	2.00%	3.21%	3.21%	17.17%						
NGX Banking	441.42	0.60%	7.85%	7.85%	8.71%						
NGX Industrial	581.22	1.65%	2.73%	2.73%	8.26%						
NGX Consumer	441.42	3.31%	4.88%	4.88%	-1.37%						
NGX Oil & Gas	475.84	6.36%	8.04%	8.04%	37.92%						
NGX Insurance	581.22	-0.05%	0.27%	0.27%	-5.78%						

Date	Volume (Mn)	Value (NGN Bn)
18-Apr	0	0
19-Apr	365.45	7.11
20-Apr	349.56	3.7
21-Apr	238.47	3.06
22-Apr	342.14	3.86

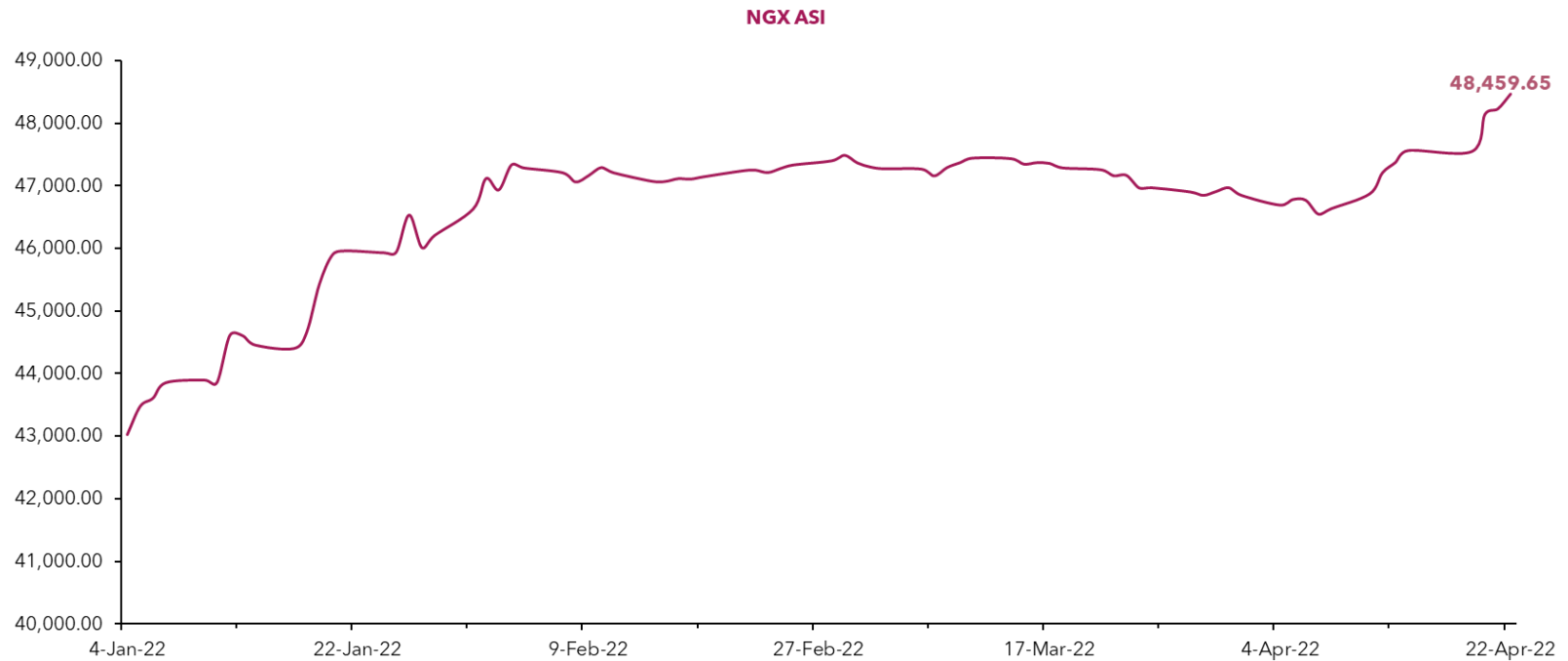
Source: NGX, ARM Research

	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
Money Market				OMO				OMO			
Overnight (O/N)	5.67%	11.17%	-5.50%	31-Mar-22	7.00%	8.50%	10.10%	31-Mar-22	10.00	10.00	30.00
Open Repo Rate (OPR)	5.00%	10.83%	-5.83%	17-Mar-22	7.00%	8.50%	10.10%	17-Mar-22	10.00	10.00	30.00
NIBOR - 1M	7.46%	7.54%	-0.08%	10-Mar-22	7.00%	8.50%	10.10%	10-Mar-22	10.00	10.00	20.00
NIBOR - 3M	8.14%	7.94%	0.20%	03-Mar-22	7.00%	8.50%	10.10%	03-Mar-22	5.00	5.00	20.00
NIBOR - 6M	8.52%	8.26%	0.26%	24-Feb-22	7.00%	8.50%	-	24-Feb-22	15.00	15.00	-
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day
1-month	2.76%	2.09%	0.67%	13-Apr-22	1.74%	3.00%	4.45%	13-Apr-22	4.51	10.56	143.97
3-month	3.36%	2.64%	0.72%	30-Mar-22	1.75%	3.00%	4.45%	30-Mar-22	13.88	20.35	139.96
6-month	3.80%	3.46%	0.34%	16-Mar-22	1.74%	3.00%	4.00%	16-Mar-22	5.91	6.85	159.85
9-month	4.27%	4.12%	0.15%	09-Mar-22	1.75%	3.28%	-	09-Mar-22	2.32	21.29	-
12-month	4.83%	4.80%	0.03%	23-Feb-22	2.24%	3.30%	4.35%	23-Feb-22	5.36	11.03	241.61
FGN Bonds (Local)				FGN Bonds	Jan-26	Jan-42		FGN Bonds	Jan-26	Jan-42	
12.75% 27-APR-2023	6.12%	5.10%	1.02%								
14.20% 14-MAR-2024	7.54%	7.55%	-0.01%								
13.53% 23-MAR-2025	9.20%	9.68%	-0.48%	21-Mar-22	10.15%	12.70%		21-Mar-22	127.0	169.4	
12.50% 22-JAN-2026	10.68%	10.69%	-0.01%	16-Feb-22	10.95%	13.00%		16-Feb-22	103.5	193.9	
16.2884% 17-MAR-2027	10.89%	10.74%	0.15%	19-Jan-22	11.50%	13.00%		19-Jan-22	81.7	88.9	
12.1493% 18-JUL-2034	12.18%	12.18%	0.00%	Corporate Bonds	This Week	Prior Week	WoW (%)	Corporate Eurobond	This Week	Prior Week	WoW (%)
16.2499% 18-APR-2037	12.49%	12.36%	0.13%	DUFIL 18.25% 1-SEP-2022	5.20%	4.85%	0.35%	ZENITH 7.375% 30-MAY-2022	12.59%	1.77%	10.82%
14.8% 26-APR-2049	12.98%	12.84%	0.14%	LAPO MFB 17.75% 19-DEC-2022	7.98%	7.53%	0.45%	UBA 7.75% 08-JUN-2022	10.87%	5.39%	5.48%
				STERLING 16.50% 3-AUG-2023	7.43%	6.80%	0.63%				
FGN Eurobonds				16.50 MIXTA IIA 12-OCT-2023	7.85%	7.38%	0.47%				
5.625% 27-JUN-2022	6.66%	5.51%	1.15%	FCMB 17.25% 8-DEC-2023	8.47%	8.14%	0.33%				
6.50% 28-Nov-2027	8.30%	8.07%	0.23%	ACCESS 15.50% 23-JUL-2026	13.18%	13.13%	0.05%				
7.875% 16-FEB-2032	9.83%	9.31%	0.52%	VIATHAN 16.00% 14-DEC-2027	10.97%	10.91%	0.06%				
7.625% 28-Nov-2047	10.23%	9.97%	0.26%	UNION 16.20% 27-JUN-2029	14.63%	14.65%	-0.02%				
				FIDELITY 8.50% 27-JAN-2031	12.56%	12.57%	-0.01%				

Source: DMO, CBN, FMDQ, Bloomberg, ARM Research

The Nigerian Local Bourse Peaked Today

The Nigerian Local bourse continued its bullish run as investors' interest in the Oil and Gas, Consumer goods, Banking and Industrial sector boost performance on the bourse. As a backdrop, the NGX All-Share index peaked at 48,459.65 points for the first time in 2022.



Source: Bloomberg, NGX, ARM Research

Thank You



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