

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 29th November - 3rd December 2021

Global Economy

- ◆ At the end of its Joint Ministerial Monitoring Committee meeting, OPEC and its allies agreed to stick to their existing monthly oil output increase policy, despite fears of a possible supply glut heading into 2022. Brent crude receded initially after the announcement, before somewhat regaining its footing to trade around \$70 per barrel early today, but the benchmark oil is still on course for a sixth weekly decline amid renewed COVID-19 jitters and plans of a U.S. marshalled strategic oil reserves release. The Cartel also added that while its next meeting is set for January 2022, the group could meet ahead of schedule if market situation necessitated. Elsewhere, Fed Reserve chairman, Jerome Powell, has stated that the U.S. central bank has to be ready to respond to inflationary pressures lingering longer than it expects. In his testimony in Congress this week, Powell restated that he and his fellow policymakers will consider, in their upcoming meeting, a quicker winding-down of the Fed's bond purchase program, possibly clearing the runway for a sooner-than-expected interest rate hike. With Inflation currently at a multi-decade high of 6.2%YoY and the economy adding 6.1 million jobs so far this year, the Fed may be nearing the time when it must choose between aiming for full employment and keeping inflation in check.

Domestic Economy

- ◆ President Muhammadu Buhari, this week, transmitted the Finance Bill, 2021 to the House of Representatives to enhance implementation of the 2022 appropriation bill. The President had on October 7 presented before a joint session of the National Assembly a N16.39 trillion budget, which is currently undergoing legislative interrogation. To ensure effective implementation of the budget, the President, pursuant to Sections 68 and 59 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), formally requested that the House of Representatives consider the bill for passage into law. Meanwhile, Investors from the United Arab Emirates have pledged \$2bn worth of investments into the Nigerian mining sector as the aftermath of the Africa-UAE Trade and Investment forum. A statement from the Foreign Investment Network, the organizers of the forum, revealed that the investment commitments were made through the office of the past ruler of Abu Dhabi, UAE, Sheikh Hamdan bin Khalifa, at the event held in Dubai.

Equities and stock recommendation

- ◆ Bearish sentiments dominated the Nigerian equities market this week, as the bourse recorded losses on all five trading sessions amid investors' profit-taking activities. Consequently, the NGX All-Share index declined by 2.63% WoW to settle at 42,167.91 basis points, with the Month-Till-Date (MTD) and Year-Till-Date (YTD) returns moderating to 0.31% and 4.71% respectively. On a sectoral basis, the performance was broadly negative, with the OIL&GAS (-10.70%) WoW, TELECOM (-5.74%) WoW and BANKING (-2.50%) WoW counters posting the most losses for the week. Precisely, price depreciation in OANDO (-8.73%) and SEPLAT (-6.47%) weighed on the OIL&GAS sector's performance while Investors likely sold off on MTNN (-12.11%) WoW to participate in the company's retail issuance which was launched on Wednesday.
- ◆ **ZENITH - STRONG BUY (FVE: ₦30.20), ACCESS - STRONG BUY (FVE: ₦12.92), UBA PLC - STRONG BUY (FVE: ₦12.18) and WAPCO - STRONG BUY (FVE: ₦28.61). Click [here](#) for our Weekly Stock Recommendation.**

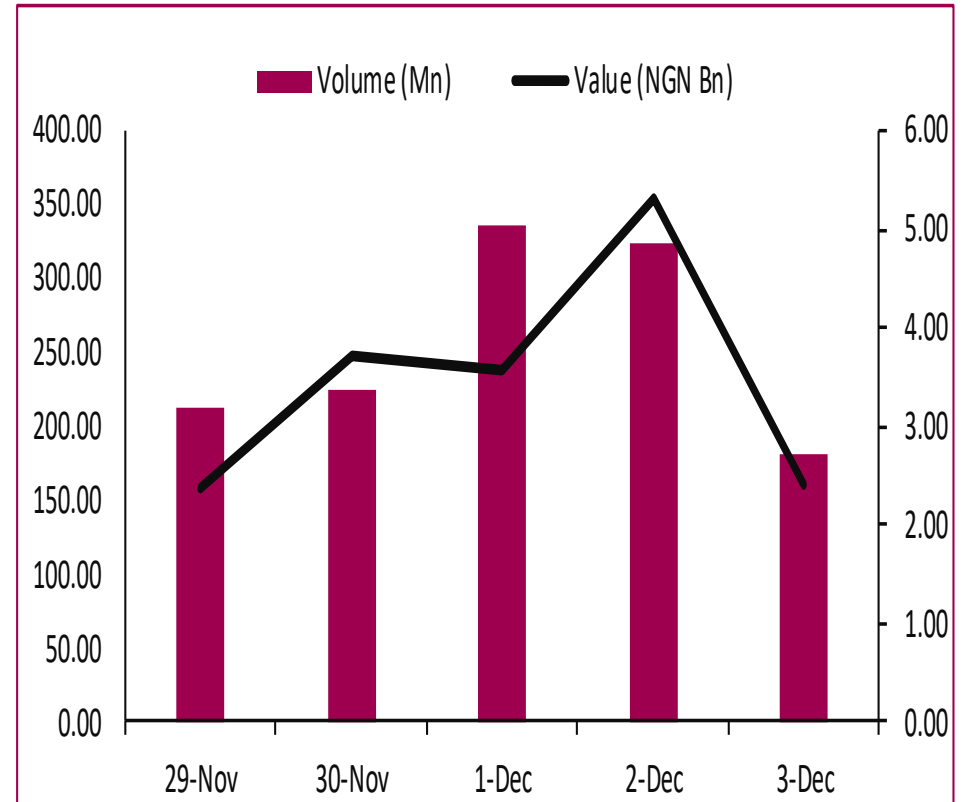
Fixed Income

- ◆ This week, The NT-Bills secondary market furthered its bullish performance, with demand interest in mid (-35bps) and long (-58bps)-tenured bills driving the average NT-Bills yield down 24bps W-o-W to 4.61%. Meanwhile, the FGN bond space traded quiet for most parts of the week, although it ended on a bearish note as investors sold-off on short-dated maturities (+23bps). Consequent on this, the bond yield curve expanded by 5bps to 10.97%.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	41.22	41.33	-0.27%	6.79%	
USD/NGN (₦/\$)					
NAFEX	415	415.1	0.07%	-12.12%	
Parallel	560.0	560.0	0.00%	-35.71%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (October 2021)			CHG (pps)		
Headline	15.99	16.63	-0.64	17.28	
Core	13.24	13.74	-0.50	13.00	
Food	18.3	19.57	-1.27	21.13	
GDP (%) - YoY	Q3 21	Q2 21	Q1 21	FY20	
Real GDP	4.03	5.01	0.51	-1.9	News Headline for the week (click news for link)
Oil	-10.73	-12.65	-2.21	-8.9	*Direct Remittances Drops by 62.4% to \$1.96bn in 10 Months
Agriculture	1.2	1.3	2.3	2.2	*Analysts: Solid Expansion in Business Drives PMI to 55 Index Points in November
Manufacturing	4.29	3.49	3.4	-2.8	*Oil rises on OPEC+ plan to meet if Omicron hits fuel demand: Oil
Services	8.4	9.3	-0.4	-2.2	*Share of domestic borrowings in sovereign debts hit 50%, says IMF
Labor Data (%) - Q4 20			Latest	Prior	*FG expects new oil projects amid \$42bn deals
Unemployment Rate			33.3	27.1	*External reserves lost \$610m in Nov, CBN battles to save naira
Underemployment			22.8	28.8	*Asian factories shake off supply headaches but Omicron presents new risks
Capital Importation (\$'mn)	Q2 21	Q1 21	QoQ (%)	YoY (%)	*Emefiele unveils economic policy direction for 2022
Foreign Portfolio Investment - Equities	85.16	26.88	216.8%	59.93%	*Petrol may sell above N340/litre, marketers plan imports amidst forex crisis
Bonds	14.54	138.69	-89.52%		*Data suggest forex market getting out of shock
Money Market	451.67	808.57	-44.1%	36.02%	*China Pledges One Billion Additional COVID-19 Vaccines for African Countries
Foreign Direct Investment	77.97	154.76	-49.62%	47.52%	*FG's capital market debt servicing gulps N2.18tn in 10 months - Reports
Monetary Policy Rates (%) (November 2021)	Latest	Prior		CHG (%)	*Foreign investors raise Nigerian investments by 74%
MPR	11.5	11.5		0.0%	*Amid Ban of Corporates, Individuals, CBN OMO Sales Drop to Five-year Low
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	*FG may extend 2021 budget implementation to next year
Liquidity Ratio	30.0	30.0		0.0%	*Nigeria's exchange rate strategy discourages investors - World Bank

Source: CBN, NBS, FMDQ, Aboki FX, ARM Research

	WoW	Mtd	QtD	YtD
NGXASI	-2.63%	0.31%	4.84%	4.71%
Market Cap	-2.63%	0.29%	5.00%	4.49%
NGX 30	-3.25%	-3.18%	1.02%	3.13%
NGX Premium	-4.33%	-2.32%	0.46%	17.82%
NGX 50	-1.16%	-3.62%	0.90%	3.05%
NGX ASEM	0.00%	0.00%	0.00%	-8.11%
NGX Banking	-2.23%	-6.98%	2.94%	-2.86%
NGX Industrial	-0.10%	0.65%	4.89%	6.79%
NGX Consumer Goods	-0.59%	-4.06%	-3.67%	-4.70%
NGX Oil & Gas	-4.55%	-10.91%	-5.18%	53.95%
NGX Insurance	2.97%	4.78%	8.95%	-0.52%





Weekly Commentary & Stock Recommendation

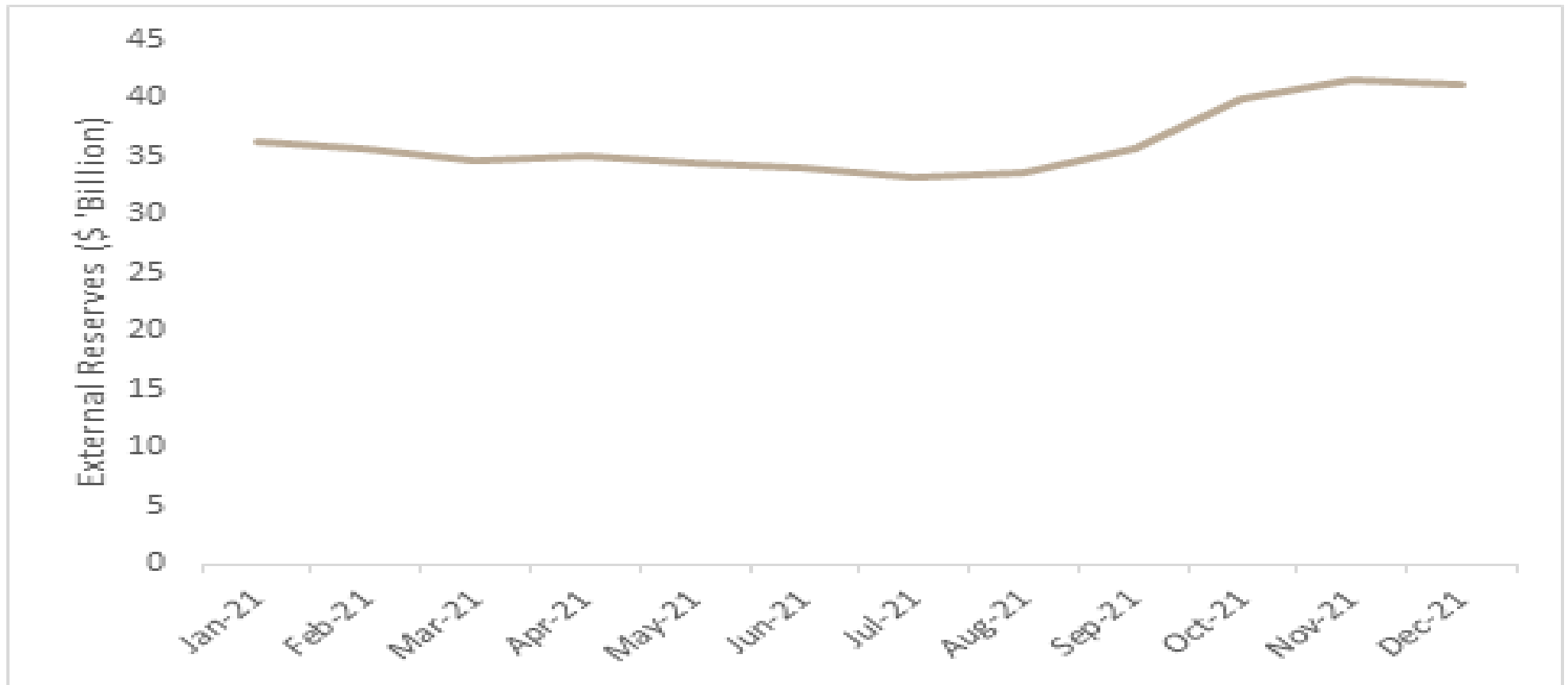
Fixed Income

				Primary Market Auction (Rates)			Issuance (N'billion)					
	This Week	Prior Week	WoW change		90 Days	180 Days	1 Year		90 Days	180 Days	1 Year	
Money Market				OMO			OMO					
Overnight (O/N)	15.75%	15.67%	0.08%	02-Dec-21	7.00%	8.50%	10.10%	02-Dec-21	7.00	10.00	20.00	
Open Buy Back (OBB)	15.50%	15.00%	0.50%	25-Nov-21	7.00%	8.50%	10.10%	25-Nov-21	5.00	5.00	20.00	
NIBOR - 1M	11.35%	9.98%	1.37%	18-Nov-21	7.00%	8.50%	10.10%	18-Nov-21	5.00	5.00	15.00	
NIBOR - 3M	11.91%	11.09%	0.82%	04-Nov-21	7.00%	8.50%	10.10%	04-Nov-21	5.00	5.00	15.00	
NIBOR - 6M	12.66%	11.79%	0.87%	28-Oct-21	7.00%	8.50%	10.10%	28-Oct-21	4.00	5.00	10.00	
Treasury Bills				Treasury Bills			Treasury Bills					
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day	
1-month	3.71%	3.71%	0.00%	24-Nov-21	2.50%	3.50%	5.89%	24-Nov-21	2.04	3.78	209.89	
3-month	3.00%	2.46%	0.54%	10-Nov-21	2.50%	3.50%	6.50%	10-Nov-21	4.12	2.99	189.06	
6-month	3.74%	3.35%	0.39%	27-Oct-21	2.50%	3.50%	6.99%	27-Oct-21	2.68	2.02	230.34	
9-month	5.98%	5.86%	0.12%	13-Oct-21	2.50%	3.50%	7.25%	13-Oct-21	4.22	6.95	176.06	
12-month	5.64%	6.56%	-0.92%	29-Sep-21	2.50%	3.50%	7.50%	29-Sep-21	4.61	2.09	108.71	
FGN Bonds (Local)				FGN Bonds			FGN Bonds					
					Mar-27	Mar-35	Jul-45		Mar-27	Mar-35	Jul-45	
16.39% 27-JAN-2022	3.56%	3.35%	0.21%	23-Jun-21	12.74%	13.50%	-	23-Jun-21	50.8	103.9	-	
12.75% 27-APR-2023	8.25%	8.25%	0.00%	19-May-21	13.10%	14.00%	-	19-May-21	20.1	41.2	-	
14.20% 14-MAR-2024	9.34%	9.35%	-0.01%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2	
12.50% 22-JAN-2026	11.64%	11.68%	-0.04%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8	
16.2884% 17-MAR-2027	11.76%	11.85%	-0.09%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0	
12.1493% 18-JUL-2034	12.53%	12.72%	-0.19%	Corporate Bonds			This Week	Prior Week	WoW (%)	Corporate Eurobond		
16.2499% 18-APR-2037	13.06%	12.99%	0.07%	MIXTA 17.00% 16-JAN-2022	4.87%	4.83%	0.04%	ZENITH 7.375% 30-MAY-2022	1.53%	1.54%	-0.01%	
14.8% 26-APR-2049	12.86%	12.86%	0.00%	DUFIL 18.25% 1-SEP-2022	6.34%	6.99%	-0.65%	UBA 7.75% 08-JUN-2022	3.18%	2.51%	0.67%	
				LAPO MFB 17.75% 19-DEC-2022	9.67%	10.76%	-1.09%					
FGN Eurobonds				STERLING 16.50% 3-AUG-2023	9.59%	9.59%	0.00%					
5.625% 27-JUN-2022	3.59%	3.92%	-0.33%	FCMB 17.25% 8-DEC-2023	10.38%	10.37%	0.01%					
6.50% 28-Nov-2027	6.77%	6.87%	-0.10%	ACCESS 15.50% 23-JUL-2026	14.27%	14.00%	0.27%					
7.875% 16-FEB-2032	8.29%	8.41%	-0.12%	VIATHAN 16.00% 14-DEC-2027	11.93%	11.25%	0.68%					
7.625% 28-Nov-2047	8.76%	8.96%	-0.20%	UNION 16.20% 27-JUN-2029	15.35%	15.52%	-0.17%					
				FIDELITY 8.50% 27-JAN-2031	13.16%	13.34%	-0.18%					

Source: DMO, FMDQ, Bloomberg, ARM Research

External reserves decline in November.

Nigeria's foreign reserve dipped \$633.47 million in the month of November 2021 to close the month at \$41.19 billion as of 30th November 2021. This is according to latest figures obtained from the Central Bank of Nigeria (CBN).



Source: NBS, ARM Research

Thank You



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