

**How would recent events affect your financial investments?**

---

**FIND ANSWERS ON THE ARM WEEKLY COMMENTARY AND STOCK RECOMMENDATION**

ARM © 2021 All rights reserved



## **Weekly Commentary & Stock recommendation**

**...for the week 21st February - 25th February 2022**

### Global Economy

- ◆ As the Russia - Ukraine tensions intensified this week, oil prices rose on Thursday with Brent closing above \$105pb a barrel for the first time since 2014. Markets reacted as Stoxx 600 index slid more than 3% to its lowest point of the year. Germany's DAX shed 4%, while shares in Asia-Pacific fell headlong across the board, led by a 3.2% decline for Hong Kong's Hang Seng index. The Dow Jones Industrial Average lost over 600 points while the S&P 500 slid 1.2%. However, following coordinated western sanctions against Russia, today, oil prices fell back below \$100 a barrel as Brent crude dipped 0.38% to \$98.7 a barrel, while U.S. West Texas Intermediate crude fell 0.16% to \$92.64. The Euro STOXX gained 1.78% higher while the FTSE 100 climbed 2.1%. Germany's DAX increased 1.3%. Asian shares closed higher, with MSCI's broadest index of Asia-Pacific shares outside Japan up 0.78%. Safe-haven gold, which leaped on Thursday, waned 0.26% higher to \$1,908 an ounce but was below multi-month highs of \$1,973.96. As the market, prepares for upcoming events, we foresee governments implementing monetary policies in a bid to dampen the negative impacts of the conflict .

### Domestic Economy

- ◆ Seplat Energy Plc announced an agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware for \$1.28 billion. The transaction entails the acquisition of ExxonMobil Nigeria's entire offshore shallow water business. According to the release, ExxonMobil Nigeria's shallow water business is an established, high-quality operation with a highly skilled local operating team and a track record of safe operations, producing 95 kboepd in 2020 (92% liquids). In terms of financing the transaction, Seplat claims the cash consideration will be funded through a combination of existing cash resources and credit facilities of Seplat Energy, and a new \$550 million senior term loan facility and \$275 million junior offtake facility. Elsewhere, the United Kingdom announced its plan to inject £10m worth of aid to invest in energy access projects and support Nigeria's COP26 commitments. The financing is said to focus on low-carbon energy, supporting off-grid, low-carbon energy projects which would help scale up domestic financing for eligible off-grid clean energy infrastructure, such as solar mini-grid and home systems, clean cooking infrastructure and SME cold storage infrastructure in Nigeria.

### Equities and stock recommendation

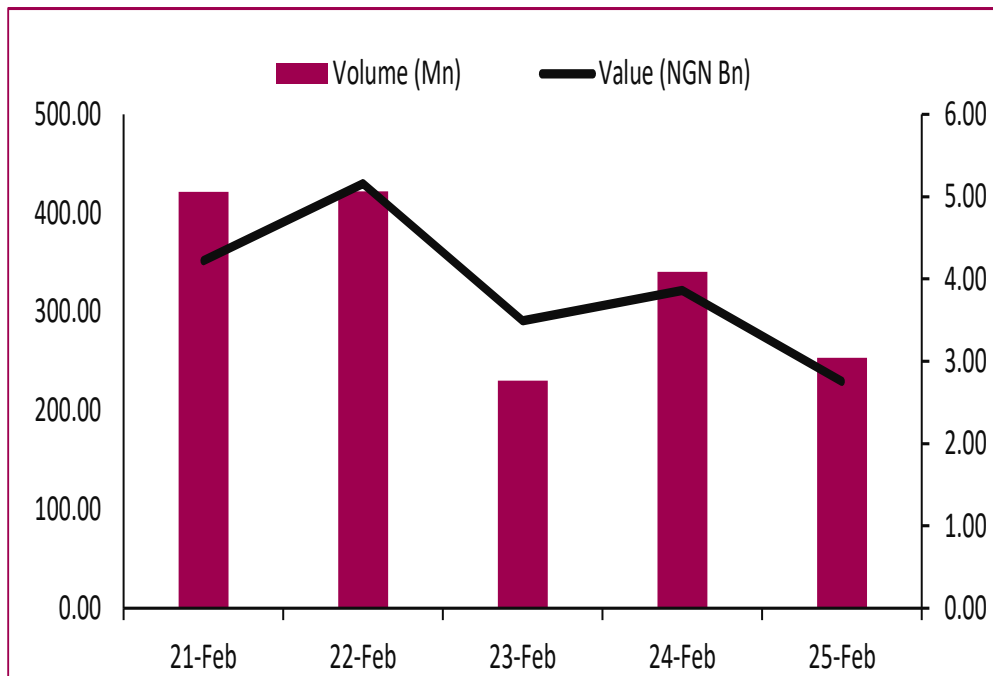
- ◆ The week in the Nigerian equities market was mixed, evident by the participation of both the bulls and the bears. We noted that although the market had two days of negative closing, the three days of positive closing was enough to marginally propel the NGX All Share Index to 47,328.42pts, a 0.40% rise from the previous week. Thus, the NGX ASI has now done 10.80% YtD. We observed a trend of profit taking on the days when the markets closed in the negative territory, and positioning for corporative earnings, and corporate actions as being behind the positive closings. On a sectoral basis, the ARM sectoral indices in the Banking (Up 0.90% WtD), Telecom (Up 0.35% WtD), Personal Care (Up 1.35% WtD), Oil and Gas (Up 12.56% WtD), and Insurance (Up 0.04% WtD) all posted positive performances to support the NGXASI. RT Briscoe (Up 20.43% WtD), Royal Exchange (Up 30.21% WtD), E-tranzact (Up 33.00% WtD), and Niger Insurance (Up 16.67% WtD) supported the market trajectory.
- ◆ **GTCO - OVERWEIGHT (FVE: N35.74 ). Click [here](#) for our Weekly Stock Recommendation.**

### Fixed Income

- ◆ Average yields in the Nigerian Treasury Bills secondary market declined WoW by 48bps to 4.18% as in line with lower marginal rates at the auction. At the Treasury Bills auction on Wednesday, increased demand pushed marginal rates lower as subscriptions outweighed the offered amounts. Bid to cover ratio at the auction was 5.23x with demand of ₦602.65bn compared to offer of ₦115.18bn and average marginal rate tapered to 3.30% from 3.66% at the last auction. In the same vein, average yields in the secondary bonds market inched lower by 18bps WoW to 10.64% due to significant buying interest in the APRIL 2037 and MARCH 2027 instruments with yields down 52bps and 44bps respectively to 8.93% and 11.10% .

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	39.84	39.78	0.15%	-1.69%	
<b>USD/NGN (N/\$)</b>					
NAFEX	416	416.8	0.18%	-4.37%	
Parallel	571.0	571.0	0.00%	1.06%	
<b>Economic Snapshot</b>					
	Latest (%)	Prior	CHG (pps)	2021 Avg.	
<b>Inflation YoY (January 2022)</b>					
			CHG (pps)		
Headline	15.6	15.63	-0.03	15.60	
Core	13.87	13.87	0.00	13.87	
Food	17.13	17.37	-0.24	17.13	
<b>GDP (%) - YoY</b>					
	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	<b>News Headline for the week (click news for link)</b>
Agriculture	3.6	1.2	1.3	2.13	*Russia, Ukraine war distorts global markets
Manufacturing	2.28	4.29	3.49	3.35	*Naira loses 10.6% of its value annually, says IMF
Services	5.6	8.4	9.3	5.6	*5G rollout nears, NCC confirms MTN, Mafab paid \$547.2m
<b>Labor Data (%) - Q4 20</b>					
			Latest	Prior	
Unemployment Rate			33.3	27.1	*FEC approves N58.43bn for roads, agric projects
Underemployment			22.8	28.8	*Nigeria sues JP Morgan in London over \$1.7b oil deal
<b>Capital Importation (\$'mn)</b>					
	Q3 21	Q2 21	QoQ (%)	YoY (%)	
Foreign Portfolio Investment - Equities	56.50	85.16	-33.7%	28.09%	*IMF Chief Pledges Large Scale On-lending of SDRs to Africa
Bonds	364.97	14.54	2410.11%		*Nigeria, Iraq Kick against Hike in OPEC Oil Output as Prices Surge Towards \$100
Money Market	795.74	451.67	76.2%	119.13%	*FG to partner CBN, SEC on national savings scheme
Foreign Direct Investment	107.81	77.97	38.27%	-74.01%	*FG plans atomic materials deployment to boost energy supply, says Minister
<b>Monetary Policy Rates (%) (January 2022)</b>					
	Latest	Prior		CHG (%)	
MPR	11.5	11.5		0.0%	*IEA Urges OPEC+ to Fix its Million-barrel Supply Deficit
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	*UK to fund £10m energy projects in Nigeria
Liquidity Ratio	30.0	30.0		0.0%	*FG admits inspection failure caused dirty fuel imports, prices soar in states
					*Nigerian Breweries grows turnover to N437.2b
					*FG wants EU ban on Nigerian beans exports lifted

Source: CBN, NBS, FMDQ, ARM Research



	WoW	Mtd	QtD	YtD
NGXASI	0.40%	1.51%	10.80%	10.80%
Market Cap	0.40%	1.52%	14.40%	14.40%
NGX 30	0.60%	2.39%	5.51%	5.51%
NGX Premium	0.69%	3.50%	5.89%	5.89%
NGX 50	0.06%	1.61%	3.50%	3.50%
NGX ASEM	-1.17%	-2.46%	-2.46%	-2.46%
NGX Banking	0.21%	2.20%	11.07%	11.07%
NGX Industrial	-0.01%	2.64%	6.12%	6.12%
NGX Consumer Goods	-1.06%	2.03%	-0.51%	-0.51%
NGX Oil & Gas	3.89%	7.98%	23.26%	23.26%
NGX Insurance	0.73%	1.53%	-4.51%	-4.51%

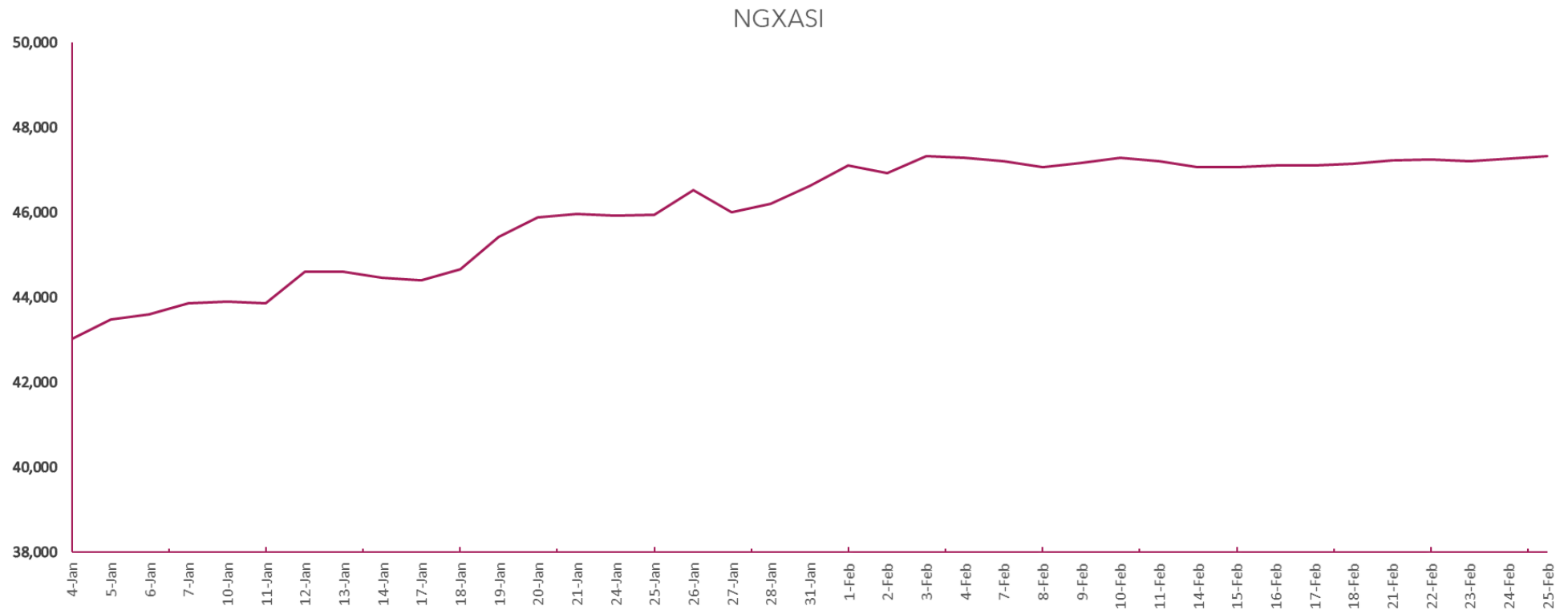
Source: NGX, ARM Research

	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
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>			
Overnight (O/N)	15.00%	14.00%	1.00%	17-Feb-22	7.00%	8.50%	10.10%	17-Feb-22	10.00	10.00	40.00
Open Repo Rate (OPR)	14.75%	13.00%	1.75%	10-Feb-22	7.00%	8.50%	10.10%	10-Feb-22	20.00	20.00	40.00
NIBOR - 1M	9.15%	9.39%	-0.24%	20-Jan-22	7.00%	8.50%	10.10%	20-Jan-22	5.00	5.00	10.00
NIBOR - 3M	10.81%	10.64%	0.17%	13-Jan-22	7.00%	8.50%	10.10%	13-Jan-22	5.00	5.00	10.00
NIBOR - 6M	11.34%	11.36%	-0.02%	06-Jan-22	7.00%	8.50%	10.10%	06-Jan-22	10.00	10.00	30.00
<b>Treasury Bills</b>				<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>	<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>
1-month	2.87%	2.98%	-0.11%	23-Feb-22	2.24%	3.30%	4.35%	23-Feb-22	5.36	11.03	241.61
3-month	3.15%	3.15%	0.00%	09-Feb-22	2.48%	3.30%	5.20%	09-Feb-22	1.91	1.82	211.23
6-month	3.56%	4.64%	-1.08%	26-Jan-22	2.48%	3.30%	5.40%	26-Jan-22	2.68	3.54	217.53
9-month	4.12%	5.20%	-1.08%	12-Jan-22	2.50%	3.44%	5.50%	12-Jan-22	2.19	1.46	53.89
12-month	5.07%	5.20%	-0.13%	29-Dec-21	2.49%	3.45%	4.90%	29-Dec-21	2.49	2.16	48.11
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>	<b>Jan-26</b>	<b>Jan-42</b>		<b>FGN Bonds</b>	<b>Jan-26</b>	<b>Jan-42</b>	
12.75% 27-APR-2023	6.58%	6.67%	-0.09%								
14.20% 14-MAR-2024	8.20%	8.25%	-0.05%								
13.53% 23-MAR-2025	8.91%	8.93%	-0.02%								
12.50% 22-JAN-2026	10.06%	10.45%	-0.39%	16-Feb-22	10.95%	13.00%		16-Feb-22	103.5	193.9	
16.2884% 17-MAR-2027	10.46%	10.90%	-0.44%	19-Jan-22	11.50%	13.00%		19-Jan-22	81.7	88.9	
12.1493% 18-JUL-2034	11.88%	12.30%	-0.42%	<b>Corporate Bonds</b>	<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>	<b>Corporate Eurobond</b>	<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>
16.2499% 18-APR-2037	12.18%	12.70%	-0.52%	MIXTA 17.00% 16-JAN-2022	5.08%	5.08%	0.00%	ZENITH 7.375% 30-MAY-2022	1.77%	1.77%	0.00%
14.8% 26-APR-2049	12.74%	12.93%	-0.19%	DUFIL 18.25% 1-SEP-2022	6.57%	6.57%	0.00%	UBA 7.75% 08-JUN-2022	5.39%	5.39%	0.00%
				LAPO MFB 17.75% 19-DEC-2022	9.40%	9.40%	0.00%				
<b>FGN Eurobonds</b>				STERLING 16.50% 3-AUG-2023	8.91%	8.91%	0.00%				
5.625% 27-JUN-2022	5.45%	2.83%	2.62%	FCMB 17.25% 8-DEC-2023	9.93%	9.93%	0.00%				
6.50% 28-Nov-2027	7.31%	6.84%	0.47%	ACCESS 15.50% 23-JUL-2026	14.00%	14.00%	0.00%				
7.875% 16-FEB-2032	8.95%	8.59%	0.36%	VIATHAN 16.00% 14-DEC-2027	11.92%	11.92%	0.00%				
7.625% 28-Nov-2047	9.48%	9.28%	0.20%	UNION 16.20% 27-JUN-2029	15.86%	15.86%	0.00%				
				FIDELITY 8.50% 27-JAN-2031	13.59%	13.59%	0.00%				

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

### The Nigeria Bourse closed on a positive note with a record high since February 3rd .

Despite negative records across the global market during the week due to the ongoing dispute between Russia and Ukraine, the Nigerian local bourse closed on a positive note as the All-Share Index gained by 12bps to close at 47,382.42. Major gainers include ETRANZACT (9.92%), ROYALEX (9.65%), and RTBRISCOE 9.30% while major losers are CUTIX (8.47%), NEM(5.00), and VERITASKAP(4.35%). FCMB, TRANSCORP, and UBA led the stocks with the highest trades. With an average gain of 8bps over the week and a 40bps gain compared with last Friday's figure (47,140.48), we opine that the Nigerian bourse will keep a positive trend in the coming weeks .



Source: NGX, ARM Research

Thank You



## ARM Securities

Research	234 (1) 2701653	<a href="mailto:research@armsecurities.com.ng">research@armsecurities.com.ng</a>
Institutional Sales & Trading	234 (1) 448 8833	<a href="mailto:trading@armsecurities.com.ng">trading@armsecurities.com.ng</a>
Customer Service	234 (1) 4488282	<a href="mailto:customerservice@armsecurities.com.ng">customerservice@armsecurities.com.ng</a>

Copyright © 2021 Securities Limited ("ARM").

All rights reserved. Unauthorised use, reproduction, distribution, or disclosure of this document is strictly prohibited.

This material has been issued by ARM Securities Limited, a member of the Asset & Resource Management ("ARM") Group, and a Company regulated by the Nigerian Securities & Exchange Commission. The analysts primarily responsible for preparing this research report, in whole or in part, certifies that with respect to each security or issuer covered; all the views expressed accurately reflect his/her personal views about the subject securities and issuers and no part of his/her compensation was, is, or will be, directly or indirectly, related to the inclusion of specific recommendations or views in the report.

This research report is based on information from sources that ARM and its analysts believe to be reliable. Neither ARM nor any of its research analysts, nor any member of the ARM Group, gives any representation or warranty, express or implied, or undertaking of any kind or assumes responsibility or liability of any kind with respect to the accuracy or completeness of the information set out in this report or any third party's use (or the results of such use) of such information. This report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, or endorsements of any kind whatsoever. The investments and strategies discussed here may not be suitable for all investors; counsel of investment advisor should be obtained with regards to such investments and or strategies. This research report is not a replacement for advice from an accountant, lawyer, personal finance advisor or other category of investment advisor. The investments discussed in this report may oscillate in price or value. Opinions and information provided are made as of the date of the report issue and are subject to change without notice. This research report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Reference herein to any specific security or financial instrument does not necessarily constitute or imply its endorsement or recommendation by ARM, its directors, officers, employees, or designated agents. Members of ARM may act as broker, advisor, or lender, or make a market in any investments or issuers referenced in this report. Further information on any of the securities discussed herein may be obtained upon request to ARM. By accepting this document, you agree to be bound by the foregoing limitations.