

**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 10th January - 14th January 2022

**Global Economy**

- ◆ The World Bank, in its January 2022 Global Economic Prospects (GEP), stated that global growth is expected to ease markedly from 5.5% in FY2021 to 4.1% and 3.2% in 2022 and 2023 respectively, as pent-up demand wanes and policy normalization sets in across board. The Washington-based institution added that while the global economic recovery continues, a synchronized pandemic resurgence alongside a rise in inflation, debt, and income inequality provide downside risks to the global outlook, particularly for Emerging Markets and Developing Economies (EMDE's). Elsewhere, recent data from the World Trade Organization (WTO) revealed that the global trade volume dipped for the first time in five (5) quarters, down 0.8% QoQ, amid shortages of production inputs, supply chain disruptions and rising COVID-19 cases worldwide. Furthermore, the volume of world merchandise trade grew at a slower than expected rate of 11.9% for the year-to-date through September 2021 (October 2021 forecast: +12.7%). On the other hand, the value of global trade remained on an upward trajectory in Q3 2021, (+24%YoY in nominal U.S. dollar terms), buoyed by a sharp rise in export and import prices, particularly costs of primary commodities including fuels.

**Domestic Economy**

- ◆ According to the Securities and Exchange Commission (SEC), a capital market conference will be organized to launch a revised version of the 10-year Capital Market Masterplan in 2022 to reflect the dynamism of the market and developments in FinTech among others. Some of the key initiatives to be pursued in 2022 include the passing of the Investment and Securities Bill 2021 to align the enabling law with the realities and trends in capital market regulation and practice in Nigeria, thereby repealing Investment and Securities Act (ISA) 2007; In conjunction with the NASD Platform, provide the necessary incentives and support to attract SMEs to get listed amongst others. Elsewhere, the IMF advised Nigeria to allow its currency to depreciate in response to tighter funding conditions and an imminent policy tightening by the Federal Reserve Bank of the United States. It also counselled the CBN and other Apex banks of emerging economies to raise their benchmark interest rate on the back of the Fed's plan to increase its rates and tighten its policy to control inflation.

**Equities and stock recommendation**

- ◆ A mixed trading week in the Nigerian bourse ended with the equities market posting a Wtd gains of 1.37%, driving the bourse's YtD returns to 4.07%. On a sectoral basis, the performance was mixed, with the NGX Industrial (+3.56%), NGX OIL&GAS (+1.74%) and NGX Banking (+0.75%) sectors recording weekly upticks while the NGX Consumer Goods (-4.35%) and NGX Insurance (-1.54%) counters ended the week in the red. Precisely, the Industrial Goods space was largely boosted by positive price movements in DANGCEM (+8.00%) WoW amid the company's proposed plans to begin the second tranche of its share buyback programme. Other top gainers for the week include ACADEMY (+10.00%), ETERNA (+9.78%), SEPLAT (+3.76%), GUINNESS (+5.76%), JULIUS BERGER (+4.59%) and FBNH (+1.27%). Conversely, investors booked profit on blue-chip names NESTLE (-7.81%), MTNN (-3.55%), NB (-4.17%) and GTCO (-2.33%) WoW.

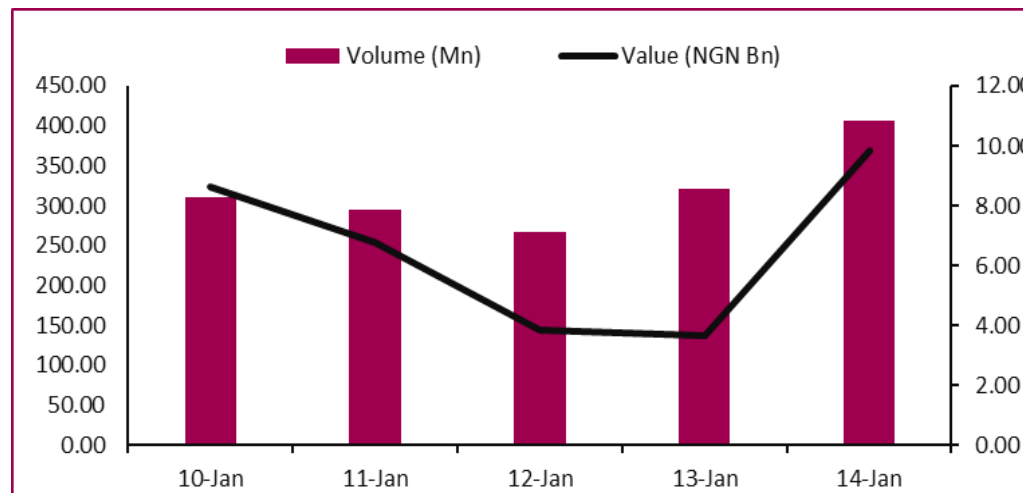
**Fixed Income**

- ◆ In the Nigerian Treasury Bills secondary market this week, we saw quiet sessions amid a shift in investors focus to the Primary Market Auction which took place on Wednesday. Consequently, average yield across the curve edged down 4bp WoW to 4.39%. Meanwhile, the FGN Bonds segment was more active, a likely reaction to the release of the Q1 2022 Bond issuance calendar which showed the DMO will supply a new maturity (2042's) to the market. In more detail, interest in the July-2034 (-41bps), Apr-2023 (-29bps) and Jan-2026 (-21bps) bonds drove the average yield down 10bps WoW to 11.02%.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	40.51	40.52	-0.02%	-0.03%	
<b>USD/NGN (₦/\$)</b>					
NAFEX	417	416.3	-0.06%	4.44%	
Parallel	570.0	568.0	-0.35%	-0.88%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2021 Avg.</b>	
<b>Inflation YoY (November 2021)</b>			<b>CHG (pps)</b>		
Headline	15.4	15.99	-0.59	17.11	
Core	13.85	13.24	0.61	13.08	
Food	17.21	18.3	-1.09	20.78	
<b>GDP (%) - YoY</b>	<b>Q3 21</b>	<b>Q2 21</b>	<b>Q1 21</b>	<b>FY20</b>	
Real GDP	4.03	5.01	0.51	-1.9	
Oil	-10.73	-12.65	-2.21	-8.9	<b>News Headline for the week (click news for link)</b>
Agriculture	1.2	1.3	2.3	2.2	*Nigerian economy contracted in November, says CBN
Manufacturing	4.29	3.49	3.4	-2.8	*Crypto currencies' volatility poses financial stability risks for Nigeria, others - IMF
Services	8.4	9.3	-0.4	-2.2	*Oil dips as investors eye U.S. crude release, China demand concerns
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	<b>*As Fed rate hikes loom, China may opt for modest easing to cushion slowdown</b>
Unemployment Rate			33.3	27.1	*FG lifts Twitter ban after 222 days, N546.5b economic losses
Underemployment			22.8	28.8	*Dangote Cement Stock Price Hits 2022 High over Proposed 170m Shares Buyback
<b>Capital Importation (\$'mn)</b>	<b>Q3 21</b>	<b>Q2 21</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>*Capital flows to EM up in December, China offsets weakness elsewhere - IIF</b>
Foreign Portfolio Investment - Equities	56.50	85.16	-33.7%	28.09%	*Nigeria's External Reserve Hits \$40.5bn
Bonds	364.97	14.54	2410.11%		*World Bank: Nigeria's Economy to Grow By 2.5per cent in 2022
Money Market	795.74	451.67	76.2%	119.13%	*World Food Prices Dip by 0.9% in December 2021
Foreign Direct Investment	107.81	77.97	38.27%	-74.01%	*SEC revises capital market master plan to woo investors
<b>Monetary Policy Rates (%) (November 2021)</b>	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<b>*Devalue currency further, raise interest rates, IMF tells Nigeria, others</b>
MPR	11.5	11.5		0.0%	*LDR: Banks, Others Deposit with CBN Drops by 58.14% in 2021
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	*Capital importation falls by N1.68tn - CBN
Liquidity Ratio	30.0	30.0		0.0%	*Foreigners dump Nigerian stocks worth N209bn in 11 months

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

	WoW	Mtd	QtD	YtD
<b>NGXASI</b>	1.37%	4.07%	4.07%	4.07%
<b>Market Cap</b>	1.37%	7.42%	7.42%	7.42%
<b>NGX 30</b>	0.47%	0.75%	0.75%	0.75%
<b>NGX Premium</b>	2.11%	1.63%	1.63%	1.63%
<b>NGX 50</b>	0.63%	0.19%	0.19%	0.19%
<b>NGX ASEM</b>	0.00%	0.00%	0.00%	0.00%
<b>NGX Banking</b>	0.75%	1.53%	1.53%	1.53%
<b>NGX Industrial</b>	3.56%	3.92%	3.92%	3.92%
<b>NGX Consumer Goods</b>	-4.35%	-5.19%	-5.19%	-5.19%
<b>NGX Oil &amp; Gas</b>	1.74%	4.46%	4.46%	4.46%
<b>NGX Insurance</b>	-1.54%	-2.46%	-2.46%	-2.46%



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)	14.75%	14.75%	0.00%	13-Jan-22	7.00%	8.50%	10.10%	13-Jan-22	5.00	5.00	10.00
Open Buy Back (OBB)	14.00%	14.00%	0.00%	06-Jan-22	7.00%	8.50%	10.10%	06-Jan-22	10.00	10.00	30.00
NIBOR - 1M	7.89%	7.89%	0.00%	09-Dec-21	7.00%	8.50%	10.10%	09-Dec-21	5.00	5.00	20.00
NIBOR - 3M	8.51%	8.51%	0.00%	02-Dec-21	7.00%	8.50%	10.10%	02-Dec-21	7.00	10.00	20.00
NIBOR - 6M	9.09%	9.09%	0.00%	25-Nov-21	7.00%	8.50%	10.10%	25-Nov-21	5.00	5.00	20.00
<b>Treasury Bills</b>				<b>Treasury Bills</b>				<b>Treasury Bills</b>			
					<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>		<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>
1-month	4.01%	4.01%	0.00%	12-Jan-22	2.50%	3.44%	5.50%	12-Jan-22	2.19	1.46	53.89
3-month	4.56%	3.81%	0.75%	29-Dec-21	2.49%	3.45%	4.90%	29-Dec-21	2.49	2.16	48.11
6-month	4.39%	4.76%	-0.37%	15-Dec-21	2.50%	3.45%	5.00%	15-Dec-21	0.96	1.10	3.80
9-month	5.19%	5.40%	-0.21%	08-Dec-21	2.50%	3.45%	5.34%	08-Dec-21	1.55	0.79	51.39
12-month	5.22%	5.23%	-0.01%	24-Nov-21	2.50%	3.50%	5.89%	24-Nov-21	2.04	3.78	209.89
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>				<b>FGN Bonds</b>			
					<b>Mar-27</b>	<b>Mar-35</b>	<b>Jul-45</b>		<b>Mar-27</b>	<b>Mar-35</b>	<b>Jul-45</b>
16.39% 27-JAN-2022	3.96%	4.09%	-0.13%	23-Jun-21	12.74%	13.50%	-	23-Jun-21	50.8	103.9	-
12.75% 27-APR-2023	7.40%	7.69%	-0.29%	19-May-21	13.10%	14.00%	-	19-May-21	20.1	41.2	-
14.20% 14-MAR-2024	9.07%	9.11%	-0.04%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2
12.50% 22-JAN-2026	11.29%	11.50%	-0.21%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8
16.2884% 17-MAR-2027	12.20%	12.27%	-0.07%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
12.1493% 18-JUL-2034	12.45%	12.86%	-0.41%	<b>Corporate Bonds</b>				<b>Corporate Eurobond</b>			
					<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>		<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>
16.2499% 18-APR-2037	12.95%	13.05%	-0.10%	MIXTA 17.00% 16-JAN-2022	5.08%	5.31%	-0.23%	ZENITH 7.375% 30-MAY-2022	1.77%	2.54%	-0.77%
14.8% 26-APR-2049	13.18%	13.20%	-0.02%	DUFIL 18.25% 1-SEP-2022	6.57%	6.60%	-0.03%	UBA 7.75% 08-JUN-2022	5.39%	5.13%	0.26%
				LAPO MFB 17.75% 19-DEC-2022	9.40%	9.44%	-0.04%				
				STERLING 16.50% 3-AUG-2023	8.91%	9.13%	-0.22%				
				FCMB 17.25% 8-DEC-2023	9.93%	10.05%	-0.12%				
				ACCESS 15.50% 23-JUL-2026	14.00%	14.15%	-0.15%				
				VIATHAN 16.00% 14-DEC-2027	11.92%	12.04%	-0.12%				
				UNION 16.20% 27-JUN-2029	15.86%	15.86%	0.00%				
				FIDELITY 8.50% 27-JAN-2031	13.59%	13.64%	-0.05%				
<b>FGN Eurobonds</b>											
5.625% 27-JUN-2022	3.47%	3.59%	-0.12%								
6.50% 28-Nov-2027	7.15%	6.86%	0.29%								
7.875% 16-FEB-2032	8.84%	8.38%	0.46%								
7.625% 28-Nov-2047	9.19%	8.89%	0.30%								

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

### Mixed Sentiments Trail the Nigerian Bourse This Week.

The Nigerian equities market ended the week on a negative note as the NGXASI index fell by 0.34% to settle at 44,454.67 points. However, comparing this with last week's close, there was a 1.37% gain, and a 4.07% gain when compared on a Year-to-Date (YtD) basis. There has been a somewhat consistent increase in the overall index since the start of the year as investors await full year earnings reports and position themselves for dividend payments.



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.