

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 4th May - 6th May 2022

Global Economy

- ◆ Earlier this week, The Fed raised its benchmark overnight interest rate by 50bps (the biggest rise in 22 years) a move meant to curtail rising inflation amidst surging energy and commodities prices. This however shook the capital markets as several banks also hiked rates in response to the news. While Russia is still facing sanctions from the US and other European countries, President Joe Biden held a meeting with the group of seven advanced countries on additional sanctions on Russia a move to curbing Russia's economic power. Also, the European Union commission proposed changes to the previous embargo which had been placed on Russian oil due to concerns by some countries (Hungary, Poland, Greece, Malta, and Cyprus) as they reiterated that their economy would need time to adjust to these changes. The inflationary and recessionary effects of the conflict and sanctions on Russia may extend through the year as it seems that the conflict might not end soon.

Domestic Economy

- ◆ The 28th OPEC and non-OPEC Ministerial Meeting held yesterday, and we saw another increase in Nigeria's oil production quota to 1.772 million barrels per day (bpd) for the month of June from 1.735 million bpd approved for May 2022. This happened as the Organization maintained the upward oil production quota approvals for Nigeria. Compared to the new quota of 1.772 million bpd, daily average production by the country for the month of March 2022 stood at 1.49 million bpd. This represents a 1.90% and 14.52% decline in production levels on a month-month and year-on-year basis respectively. The Country has been besieged with incessant vandalism and oil theft which has dampened output level and consequently Government's revenue, even in a higher oil price environment.
- ◆ Earlier in the week, the Nigerian Communications Commission (NCC) issued final letters of awards of 5G spectrum to MTN and Mafab Communications. The licensees are expected to commence roll out of 5G services effective from August 24th, 2022. With this roll-out, we expect to see a more digitized economy which impact would positively affect service delivery and user experience for customers.

Equities and stock recommendation

- ◆ Despite global inflationary trends and uncertainties which has affected the global capital market, the Nigerian bourse has witnessed significant gains . We witnessed the NGX All Share Index cross over to 50,000 pts this week and closed the week on a bullish note as the All-share index gained 2.63% WoW to settle at 50,937.01pts (highest since 2008). This week, the Consumer goods (+7.25%), Industrial (+3.22%) and banking indices (+0.26%) all recorded positive momentum while the Insurance indices (-1.98%) and Oil and Gas (-1.10%) closed on a negative note. Leading the gainers chart are CHAMPION (+32.5% WoW), INTBREW (+32.4% WoW) and CADBURY (+32.2% WoW), while ABCTRANS (-26.7% WoW), OANDO (-11.7% Wow), and MANSARD (-9.8% Wow), led the laggards.
- ◆ **Click [here](#) for our Weekly Stock Recommendation.**

Fixed Income

- ◆ This week, the Fixed Income market closed on a bearish note with yields up in both the NT-bills and Bond secondary market. In the NT-bills market, average yields increased marginally by 3bps WoW to 3.73%. This came after selloffs were recorded in the short to mid tenor bills. In a similar vein, the secondary Bond market recorded an 11bps rise in average yields to close at 10.75%. We traced this largely to the selloffs reported on the MARCH 2027 (+28bps WoW), FEBRUARY 2028 (+30bps WoW), APRIL 2029 (+32bps WoW) and JULY 2030 (+24bps WoW) instruments.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	39.43	39.62	-0.48%	-2.70%	Report released this week (Click Link below for Full report)
USD/NGN (₦/\$)					GTCCO Plc Q1 2022- Higher Costs Exert Pressure on Profitability
NAFEX	417.0	419.0	-0.48%	-4.14%	UBA Plc Q1 2022-Positive Outing Buoyed by Interest and Non-Interest Income Growth
Parallel	587.0	583.5	0.60%	3.89%	Zenith Bank Plc Q1 2022-Loan Growth Buoy Performance
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	*Fidelity Bank's shareholders okay dividend
Manufacturing	2.28	4.29	3.49	3.35	*Nigeria, EU trades hit 28.7b Euro
Services	5.6	8.4	9.3	5.6	*Musk's \$44 bln Twitter buyout challenged in shareholder lawsuit
Labor Data (%) - Q4 20			Latest	Prior	*FG hikes electricity tariff, consumers condemn power sector privatisation
Unemployment Rate			33.3	27.1	*Nigeria made \$565.5m from oil in Q1 - NNPC
Underemployment			22.8	28.8	*OPEC raises Nigeria's oil production quota despite low output
Capital Importation (\$'mn)	Q4 21	Q3 21	QoQ (%)	YoY (%)	*Subscribers reject planned hike in telecoms services tariffs
Foreign Portfolio Investment - Equities	38.00	56.50	-32.7%	-72.25%	*Major U.S. banks raise prime rate after Fed move
Bonds	45.91	364.97	-87.42%	143.97%	*Crude oil rose 4% as EU proposes ban on Russian oil
Money Market	558.96	795.74	-29.8%	-37.00%	*OPEC Forecasts 240m Barrels Emergency Stock by October
Foreign Direct Investment	358.23	107.81	232.28%	-32.00%	*Telecoms content owners earn N185 billion in 15 years
Monetary Policy Rates (%) (March 2022)	Latest	Prior		CHG (%)	*Musk says Twitter may charge slight fee for commercial, government users
MPR	11.5	11.5		0.0%	*Oil jumps \$5 a barrel as EU nears ban on Russian oil
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	*NGX Market Cap Up N1.45trn on 98% Contribution by Seplat, Dangote Cement, 15 Others
Liquidity Ratio	30.0	30.0		0.0%	*Nigeria-Morocco gas pipeline: OPEC, Russia show interest

Source: CBN, NBS, FMDQ, ARM Research

Weekly Equities Market Snapshot

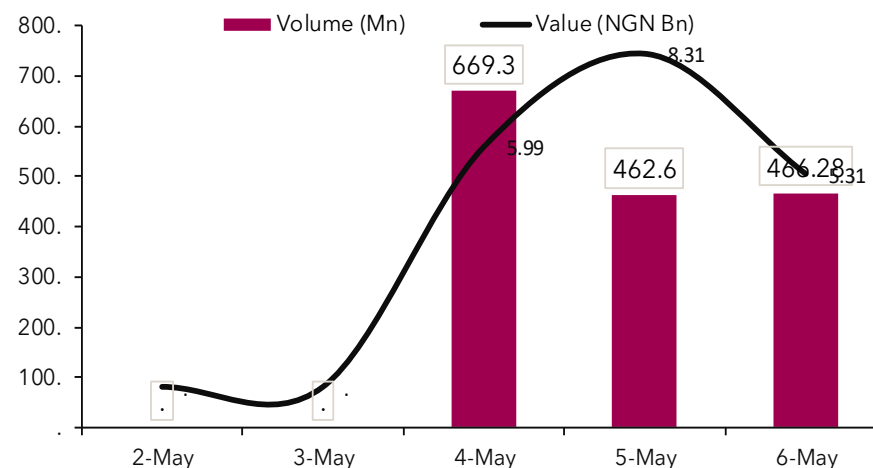
Friday, May 6, 2022



Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
CHAMPION	3.34	32.5%	3.34	3.12	42.1%	ABCTRANS	0.33	-26.7%	0.33	0.33	6.5%
INTBREW	6.75	32.4%	6.75	6.35	36.4%	OANDO	5.56	-11.7%	5.64	5.35	25.8%
CADBURY	13.55	32.2%	13.55	13.55	54.0%	MANSARD	2.20	-9.8%	2.20	2.16	-5.2%
FIDSON	10.03	23.1%	10.03	10.00	61.3%	TRANSCOHOT	4.50	-9.1%	4.50	4.50	-16.4%
NB	70.00	22.6%	74.90	69.05	43.6%	IKEJAHOTEL	1.28	-8.6%	1.30	1.28	4.9%
ETERNA	7.26	20.6%	7.26	7.26	43.8%	NEM	4.03	-8.4%	4.03	4.03	-10.4%
LEARNAFRCA	2.35	20.5%	2.35	2.35	100.9%	FCMB	3.60	-7.2%	3.60	3.56	20.4%
UPL	2.94	20.0%	2.94	2.90	0.0%	REGALINS	0.30	-6.3%	0.30	0.29	-41.2%
ACADEMY	1.75	19.0%	1.75	1.75	250.0%	NIGERINS	0.21	-4.5%	0.21	0.21	5.0%
OKOMUOIL	170.00	18.5%	170.00	170.00	19.7%	UNITYBNK	0.48	-4.0%	0.48	0.47	-11.1%

	6-May	29-Apr	% Δ	P/E	P/B
Kenya	144.73	150.17	-3.6%	8.20x	1.40x
Ghana	2,691.54	2,691.54	0.0%	6.90x	1.30x
South Africa	67,327.19	72,527.19	-7.2%	10.00x	1.70x
Egypt	2,106.27	2,106.27	0.0%	6.70x	1.40x
Nigeria	50,937.01	49,638.94	2.6%	10.50x	2.20x

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	50,937.01	2.62%	2.62%	8.46%	19.24%
Market Cap	27.46trn	2.62%	2.62%	8.49%	23.16%
NGX Banking	435.97	0.26%	0.26%	6.52%	7.36%
NGX Industrial	662.94	3.22%	3.22%	6.58%	12.32%
NGX Consumer	435.97	7.25%	7.25%	19.63%	12.50%
NGX Oil & Gas	518.62	-1.10%	-1.10%	17.75%	50.32%
NGX Insurance	662.94	-1.98%	-1.98%	1.65%	-4.48%



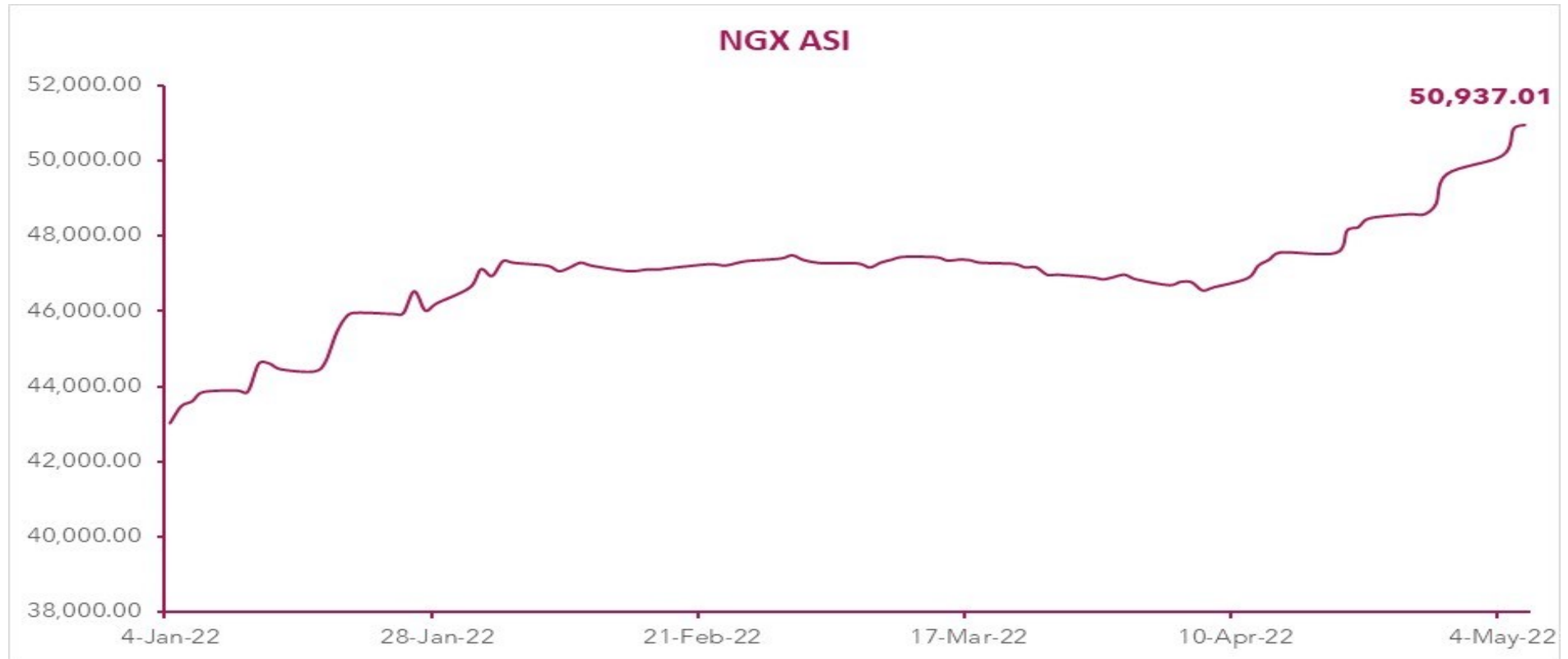
Source: NGX, ARM Research

	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)	4.75%	12.25%	-7.50%	31-Mar-22	7.00%	8.50%	10.10%	31-Mar-22	10.00	10.00	30.00	
Open Repo Rate (OPR)	4.93%	12.50%	-7.57%	17-Mar-22	7.00%	8.50%	10.10%	17-Mar-22	10.00	10.00	30.00	
NIBOR - 1M	9.40%	7.31%	2.09%	10-Mar-22	7.00%	8.50%	10.10%	10-Mar-22	10.00	10.00	20.00	
NIBOR - 3M	9.88%	8.11%	1.77%	03-Mar-22	7.00%	8.50%	10.10%	03-Mar-22	5.00	5.00	20.00	
NIBOR - 6M	10.56%	8.49%	2.07%	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	2.94%	2.96%	-0.02%	27-Apr-22	1.75%	3.00%	4.45%	27-Apr-22	13.88	20.35	139.96	
3-month	3.33%	3.35%	-0.03%	13-Apr-22	1.74%	3.00%	4.45%	13-Apr-22	4.51	10.56	143.97	
6-month	3.92%	3.77%	0.15%	30-Mar-22	1.75%	3.00%	4.45%	30-Mar-22	13.88	20.35	139.96	
9-month	4.46%	4.63%	-0.17%	16-Mar-22	1.74%	3.00%	4.00%	16-Mar-22	5.91	6.85	159.85	
12-month	4.91%	5.05%	-0.14%	09-Mar-22	1.75%	3.28%	-	09-Mar-22	2.32	21.29	-	
FGN Bonds (Local)				FGN Bonds			Jan-26	Jan-42	FGN Bonds			
								Jan-26	Jan-42			
12.75% 27-APR-2023	4.72%	4.71%	0.01%									
14.20% 14-MAR-2024	7.79%	7.85%	-0.06%									
13.53% 23-MAR-2025	9.92%	10.00%	-0.08%	21-Mar-22	10.15%	12.70%		21-Mar-22	127.0	169.4		
12.50% 22-JAN-2026	10.61%	10.59%	0.02%	16-Feb-22	10.95%	13.00%		16-Feb-22	103.5	193.9		
16.2884% 17-MAR-2027	11.10%	10.82%	0.28%	19-Jan-22	11.50%	13.00%		19-Jan-22	81.7	88.9		
12.1493% 18-JUL-2034	12.27%	12.26%	0.01%	Corporate Bonds			This Week	Prior Week	WoW (%)	Corporate Eurobond		
16.2499% 18-APR-2037	12.57%	12.47%	0.10%	DUFIL 18.25% 1-SEP-2022	5.30%	4.67%	0.63%	ZENITH 7.375% 30-MAY-2022	14.17%	13.76%	0.41%	
14.8% 26-APR-2049	12.91%	12.91%	0.00%	LAPO MFB 17.75% 19-DEC-2022	7.56%	7.56%	0.00%	UBA 7.75% 08-JUN-2022	12.94%	8.24%	4.70%	
				STERLING 16.50% 3-AUG-2023	6.63%	6.66%	-0.03%					
FGN Eurobonds				16.50 MIXTA IIA 12-OCT-2023	7.31%	7.34%	-0.03%					
5.625% 27-JUN-2022	13.50%	10.70%	2.80%	FCMB 17.25% 8-DEC-2023	8.18%	8.22%	-0.04%					
6.50% 28-Nov-2027	9.68%	9.12%	0.56%	ACCESS 15.50% 23-JUL-2026	13.34%	13.35%	-0.01%					
7.875% 16-FEB-2032	11.19%	10.54%	0.65%	VIATHAN 16.00% 14-DEC-2027	11.28%	11.30%	-0.02%					
7.625% 28-Nov-2047	11.48%	10.99%	0.49%	UNION 16.20% 27-JUN-2029	14.92%	14.61%	0.31%					
				FIDELITY 8.50% 27-JAN-2031	12.79%	12.57%	0.22%					

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

Nigerian Bourse sets a new record.

This week, the Nigerian bourse All-share Index broke the 2008 highs record as the All share index settled at 50,937.01pts. The YTD performance depicts a 19.7% gain. The CONSUMER GOODS sector has been weathering the storm and we opine that strategic investments has boosted the OIL and GAS sector. Overall, we opine that this positive momentum may moderate in the coming weeks.



Source: NGX, ARM Research

Thank You



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