

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

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

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## **Weekly Commentary & Stock recommendation**

**...for the week 9th May - 13th May 2022**

**Global Economy**

- ◆ As the Russia-Ukraine conflict proceeds into the 12th week, with no hopes of a cease-fire or halt, the global market has had to bear the consequences as both countries (Russia and Ukraine) are major suppliers of commodities like oil, wheat, coal etc. The U.S Fed has hiked its interest rate last month in a bid to curb inflation, however, the recently released Inflation data shows that inflation rose 8.3% YoY. This, coupled with Covid 19 outbreak in China (also in North Korea), will fuel further rate hikes by Advanced Economies.

**Domestic Economy**

- ◆ In the week, and following series of public backlash trailing the recent declarations of intention in the rundown towards the 2023 election, the President of the Federal Republic of Nigeria eventually requested the resignation of current public servants that have shown interest in running for political offices across the nation. This development is coming on the heels of the declaration by the Governor of the Central Bank of Nigeria to contest for the office of the President of the Federal Republic. The declaration had raised eyebrows across the world given what it means for the independence of the bank and how it could have shaped the activities of the bank overtime. Also, how it bodes for policy direction is important for investment decisions

**Equities and stock recommendation**

- ◆ This week, the NGX All Share Index continued its uptrend in the week as it close at 53,100.21pts. The performance culminated in a 4.25% WtD and a 24.31% YtD performance. It goes without saying that this trajectory has made NGX one of the most lucrative bourses, globally. Sector wise, asides the Insurance sector that shed 1.92% WoW, all other sectors under our coverage recorded uptrends. Leading the gainers was the NGXOG5 which gained 6.94% in the week. ROYALEX led the gainers chart in the week despite the dip in the Insurance Index, while ACADEMY shed 18.4% to lead the laggards. Expectedly, we observed improved traction towards the agriculture ticker such as OKOMUOIL and PRESCO, with the former coming second on the gainers chart with a 26.5% performance in the week. In the coming week, we expect switch trading to permeate the market as Investors take profit on one ticker before settling for bargain hunting on others. On a balance of factor, we believe the market would do enough to close positively.

Click [here](#) for our Weekly Stock Recommendation.

**Fixed Income**

- ◆ In the Treasury Bills market this week, bullish sentiment dominated albeit skewed towards the 91-day maturity with its yield down 54bps WoW to 2.99%. On average, yields closed lower by 11bps at 3.62% in line with high demand and slightly lower rate at the auction. At the Treasury Bills auction on Wednesday, we saw a downward tick in the average marginal rate to 3.15% from 3.18% at the last auction. Specifically, the rate on the 364-day bill fell from 4.79% to 4.70% due to increased demand with bid-to-cover ratio of 3.0x. Aggregate bid to cover ratio at the auction was 2.96x with demand of ₦377.1bn compared to offer of ₦127.5bn.
- ◆ In a similar narrative, we note a bullish outing in the secondary bonds market this week and average yields inched lower by 5bps WoW to 10.70%. This is as buying interests in the JAN 2026 and APRIL 2037 with yields down by a respective 33bps and 26bps to 10.35% and 12.24% masked sell-offs in the short-term APRIL 2023 (yield up 33bps to 5.05%.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	39.43	39.43	0.00%	-3.57%	<a href="#">GTCCO Plc Q1 2022- Higher Costs Exert Pressure on Profitability</a>
<b>USD/NGN (₦/\$)</b>					<a href="#">UBA Plc Q1 2022-Positive Outing Buoyed by Interest and Non-Interest Income Growth</a>
NAFEX	419.0	417.0	0.48%	-3.68%	<a href="#">Zenith Bank Plc Q1 2022-Loan Growth Buoy Performance</a>
Parallel	587.0	587.0	0.00%	3.89%	<a href="#">ACCESSCORP Q1 2022-Asset Expansion Enhance Performance</a>
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2021 Avg.</b>	
<b>Inflation YoY (February 2022)</b>		<b>Jan</b>	<b>CHG (pps)</b>		
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	
<b>GDP (%) - YoY</b>	<b>Q4 21</b>	<b>Q3 21</b>	<b>Q2 21</b>	<b>FY21</b>	
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	<a href="#">*Oil rises but fears of weaker demand limit gains</a>
Manufacturing	2.28	4.29	3.49	3.35	<a href="#">*MTN Nigeria Rewards Shareholders with N174.53bn Dividend</a>
Services	5.6	8.4	9.3	5.6	<a href="#">*Nigerians' spending on household consumption rises to N108tn - NBS</a>
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	<a href="#">*U.S. inflation simmers, worst of price gains likely behind</a>
Unemployment Rate			33.3	27.1	<a href="#">*Telcos Insist on Peer Review of Floor Price for Telecom Services</a>
Underemployment			22.8	28.8	<a href="#">*Oil sector to see 109 projects in four years - Report</a>
<b>Capital Importation (\$'mn)</b>	<b>Q4 21</b>	<b>Q3 21</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<a href="#">*Oil turns higher on looming EU ban on Russian oil</a>
Foreign Portfolio Investment - Equities	38.00	56.50	-32.7%	-72.25%	<a href="#">*Bank loans to govt rise to N16.32tn - CBN</a>
Bonds	45.91	364.97	-87.42%	143.97%	<a href="#">*Telcos propose tax review, others to avert 40% tariff hike</a>
Money Market	558.96	795.74	-29.8%	-37.00%	<a href="#">*Stocks, commodities slide as growth worries unnerve investors</a>
Foreign Direct Investment	358.23	107.81	232.28%	-32.00%	<a href="#">*Fitch Rates Dangote Industries 'AA', Says Outlook Stable</a>
<b>Monetary Policy Rates (%) (March 2022)</b>	<b>Latest</b>	<b>Prior</b>		<b>CHG (%)</b>	<a href="#">*FG's debt servicing jumps to \$101m - CBN</a>
MPR	11.5	11.5		0.0%	<a href="#">*G7 to phase out Russian oil, U.S. sanctions Gazprombank execs over Ukraine war</a>
Cash Reserve Ratio (CRR)	27.5	27.5		0.0%	<a href="#">*Naira slumps to N595/dollar, forex shortage lingers</a>
Liquidity Ratio	30.0	30.0		0.0%	<a href="#">*Nigeria loses N1.22tn to deficit oil production - Reports</a>

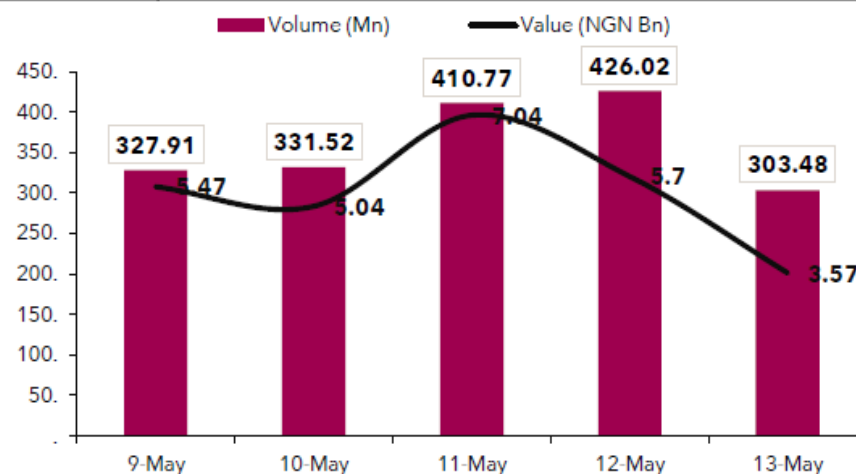
Source: CBN, NBS, FMDQ, ARM Research

## Weekly Equities Market Snapshot

Friday, May 13, 2022



Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
ROYALEX	1.53	37.8%	1.54	1.52	73.9%	ACADEMY	1.51	-18.4%	1.51	1.51	202.0%
OKOMUOIL	215.00	26.5%	215.00	215.00	51.4%	IKEJAHOTEL	1.14	-12.3%	1.24	1.14	-6.6%
GLAXOSMITH	7.90	24.4%	8.50	7.85	32.8%	TRIPPLEG	0.87	-9.4%	0.87	0.87	-9.4%
FLOURMILL	41.45	20.5%	41.45	38.00	46.2%	BERGER	7.20	-6.5%	7.20	7.20	-15.8%
TRANSCOHOT	4.88	20.5%	4.88	4.88	-9.3%	CHIPLC	0.59	-6.3%	0.60	0.59	-25.3%
CHAMPION	4.37	19.1%	5.30	4.37	86.0%	CAVERTON	1.20	-4.8%	1.20	1.19	-30.2%
INTBREW	8.80	18.9%	10.25	8.80	77.8%	AFRINSURE	0.20	-4.8%	0.20	0.20	0.0%
NEIMETH	1.92	17.1%	1.92	1.91	14.3%	STERLNBANK	1.52	-4.4%	1.54	1.52	0.7%
FIDSON	12.05	16.4%	12.05	12.00	93.7%	CHAMS	0.22	-4.3%	0.22	0.21	0.0%
MAYBAKER	5.05	14.8%	5.05	4.95	25.6%	MBENEFIT	0.25	-3.8%	0.26	0.25	-24.2%
	13-May	6-May	% Δ	P/E	P/B						
Kenya	139.65	144.73	-3.5%	7.80x	1.30x						
Ghana	2,562.23	2,691.54	-4.8%	6.50x	1.20x						
South Africa	68,650.66	67,327.19	2.0%	10.20x	1.80x						
Egypt	2,005.89	2,106.27	-4.8%	6.40x	1.40x						
Nigeria	53,100.21	50,937.01	4.2%	10.80x	2.30x						
Tickers	Pts/₦	WoW	MtD	QtD	YtD						
NGXASI	53,100.21	4.25%	6.97%	13.06%	24.31%						
Market Cap	28.63trn	4.25%	6.97%	13.10%	28.39%						
NGX Banking	436.15	0.04%	0.31%	6.57%	7.41%						
NGX Industrial	698.55	2.33%	5.63%	9.06%	14.94%						
NGX Consumer	436.15	5.37%	13.01%	26.06%	18.54%						
NGX Oil & Gas	554.62	6.94%	5.77%	25.92%	60.75%						
NGX Insurance	698.55	-1.92%	-3.86%	-0.30%	-6.31%						



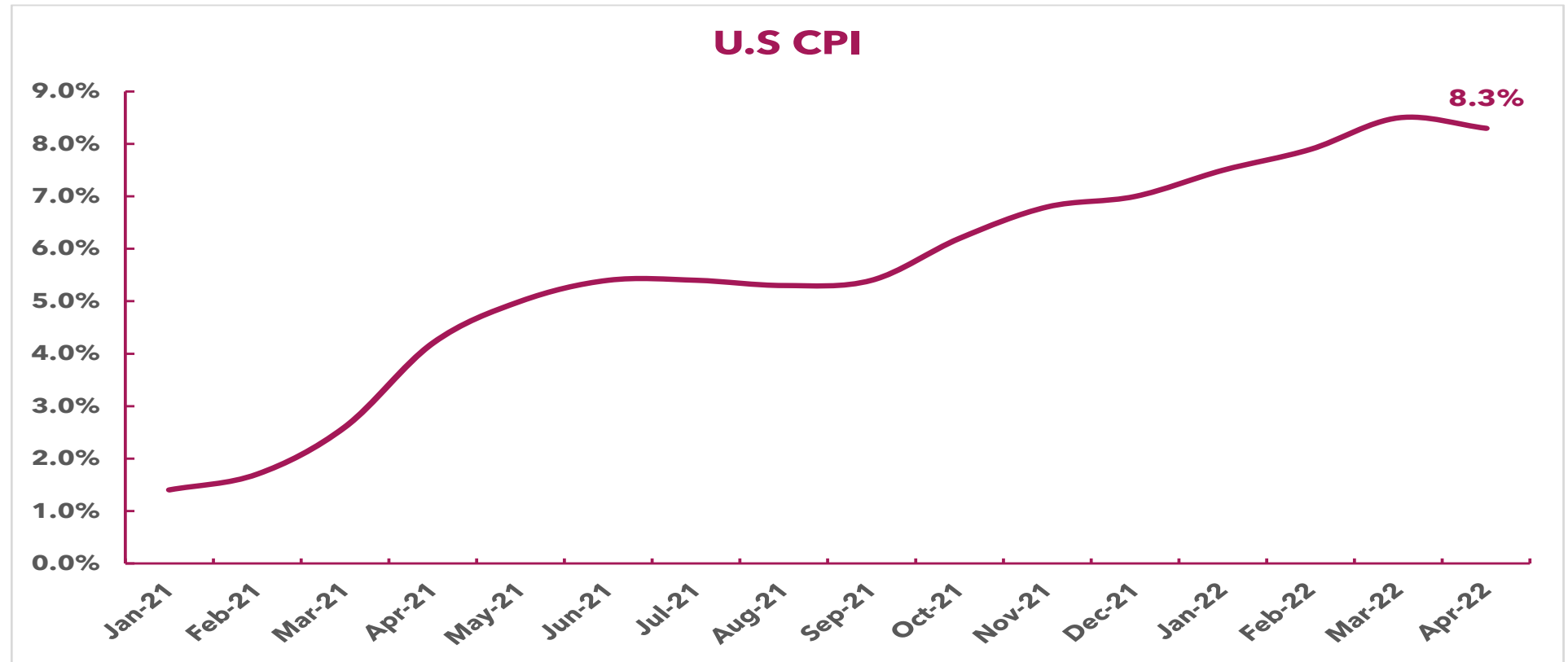
Source: NGX, ARM Research

	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)	9.17%	4.75%	4.42%	31-Mar-22	7.00%	8.50%	10.10%	31-Mar-22	10.00	10.00	30.00
Open Repo Rate (OPR)	8.67%	4.93%	3.74%	17-Mar-22	7.00%	8.50%	10.10%	17-Mar-22	10.00	10.00	30.00
NIBOR - 1M	9.24%	9.40%	-0.16%	10-Mar-22	7.00%	8.50%	10.10%	10-Mar-22	10.00	10.00	20.00
NIBOR - 3M	10.31%	9.88%	0.43%	03-Mar-22	7.00%	8.50%	10.10%	03-Mar-22	5.00	5.00	20.00
NIBOR - 6M	10.59%	10.56%	0.03%	24-Feb-22	7.00%	8.50%	-	24-Feb-22	15.00	15.00	-
<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	3.09%	2.94%	0.15%	11-May-22	1.74%	3.00%	4.70%	11-May-22	1.02	2.83	134.02
3-month	3.52%	3.33%	0.19%	27-Apr-22	1.75%	3.00%	4.79%	27-Apr-22	2.22	8.23	119.61
6-month	3.79%	3.92%	-0.13%	13-Apr-22	1.74%	3.00%	4.45%	13-Apr-22	4.51	10.56	143.97
9-month	4.44%	4.46%	-0.01%	30-Mar-22	1.75%	3.00%	4.45%	30-Mar-22	13.88	20.35	139.96
12-month	4.86%	4.91%	-0.05%	16-Mar-22	1.74%	3.00%	4.00%	16-Mar-22	5.91	6.85	159.85
<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	5.05%	4.72%	0.33%								
14.20% 14-MAR-2024	7.73%	7.79%	-0.06%								
13.53% 23-MAR-2025	9.89%	9.92%	-0.03%	21-Mar-22	10.15%	12.70%		21-Mar-22	127.0	169.4	
12.50% 22-JAN-2026	10.35%	10.61%	-0.26%	16-Feb-22	10.95%	13.00%		16-Feb-22	103.5	193.9	
16.2884% 17-MAR-2027	11.07%	11.10%	-0.03%	19-Jan-22	11.50%	13.00%		19-Jan-22	81.7	88.9	
12.1493% 18-JUL-2034	12.30%	12.27%	0.03%	<b>Corporate Bonds</b>			<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>	<b>Corporate Eurobond</b>	
16.2499% 18-APR-2037	12.24%	12.57%	-0.33%	DUFIL 18.25% 1-SEP-2022	4.92%	5.30%	-0.38%	ZENITH 7.375% 30-MAY-2022	20.16%	14.17%	5.99%
14.8% 26-APR-2049	12.75%	12.91%	-0.16%	LAPO MFB 17.75% 19-DEC-2022	7.65%	7.56%	0.09%	UBA 7.75% 08-JUN-2022	18.64%	12.94%	5.70%
				STERLING 16.50% 3-AUG-2023	6.86%	6.63%	0.23%				
				16.50 MIXTA IIA 12-OCT-2023	7.45%	7.31%	0.14%				
				FCMB 17.25% 8-DEC-2023	8.26%	8.18%	0.08%				
				ACCESS 15.50% 23-JUL-2026	13.15%	13.34%	-0.19%				
				VIATHAN 16.00% 14-DEC-2027	11.13%	11.28%	-0.15%				
				UNION 16.20% 27-JUN-2029	14.92%	14.92%	0.00%				
				FIDELITY 8.50% 27-JAN-2031	12.79%	12.79%	0.00%				

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

**The U.S Inflation figure for April beats analysts' expectation.**

The U.S bureau of labor statistics released the April 2022 Inflation figures and inflation rose 8.3% YoY against analysts' expectations of 8.1%. We opine that the rise in inflation figures may lead to more hawkish monetary policies by the US government, a move to curb the inflationary pressures.



Source: NGX, ARM Research

Thank You



## ARM Securities

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