

Smooth Paths... Despite Uncertainty

Nigerian Equities Market: Q1-2022 Review;
H1-2022 Outlook and Stocks to Watch



PARTHIAN
SECURITIES

“If you don’t risk
anything, you
risk even more.”

– Erica Jong





**Your Smart
Brokerage
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Outline

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10 Nigerian Equities Market: H1-2022 Outlook

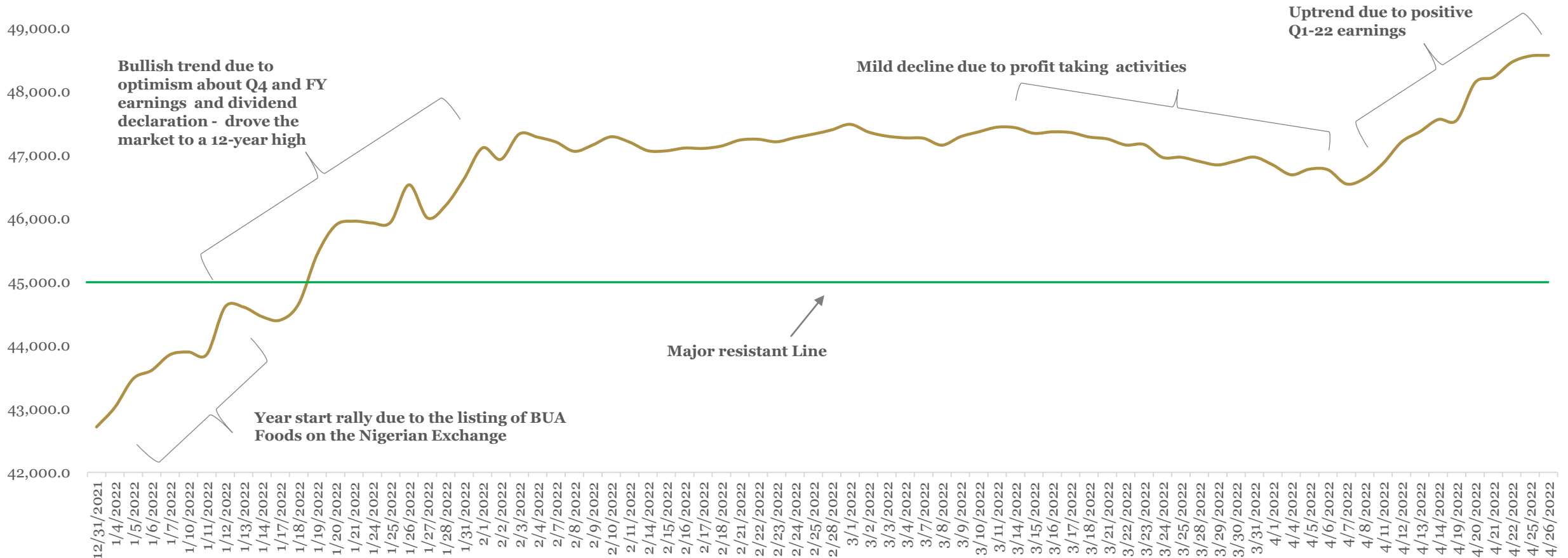
12 Sectors and Stocks to Watch in Q2-2022

Nigerian Equities Market: Q1-2022 Review



Nigerian Equities Market: Q1-2022 Review

Jan - March 2022 Performance of the NGX ASI



The year started off on a positive run on the back of BUA Foods listing on the exchange, market expectations of healthy earnings from most companies, and the amount of idle cash in the system.

By the end of the first week in February, the equity market had marked its 5th consecutive weekly positive close, tending towards the longest winning run in the last 5 years.



Notable Corporate Announcements in 2022



BUA Foods

BUA Foods was listed on the Nigeria Exchange



MTN Nigeria

MTN gets final licence to operate payment service bank



Eterna Plc

SEC granted Preline Limited, the Authority to Proceed with the acquisition of 1,300,000 units of ordinary shares equivalent to 0.10% stake in Eterna

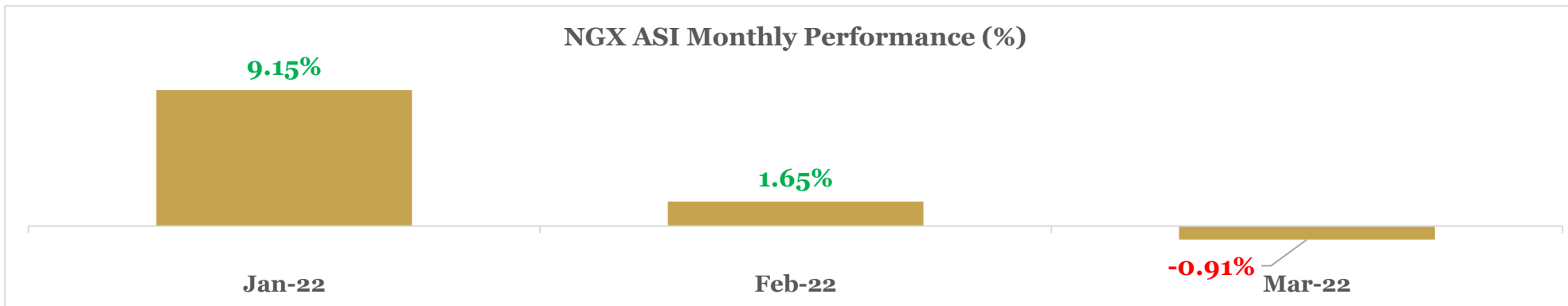


Airtel Africa

CBN granted Airtel full super agent license



Nigerian Equity Market: Q1-2022 Monthly Performance and Sectors

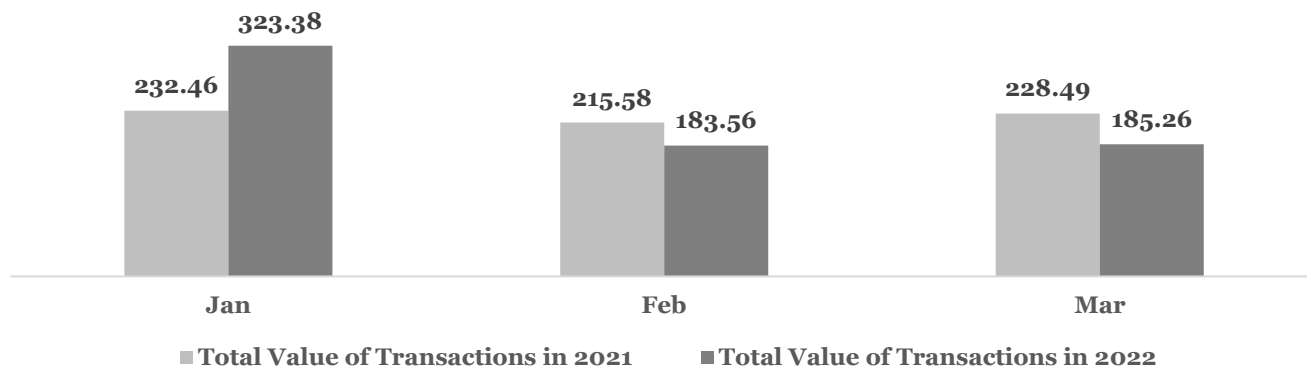


Sectors	Performance	Key Drivers
Oil and Gas	28.11%	<ul style="list-style-type: none"> Higher Crude Oil prices Improved demand for petroleum products
Insurance	-4.16%	<ul style="list-style-type: none"> Low investors' interest in the Sector
Banking	0.79%	<ul style="list-style-type: none"> Higher dividend declared in FY 2021 and Higher dividend yield Positive reaction to banks HoldCo structure
Consumer Goods	1.81%	<ul style="list-style-type: none"> Largely driven by sourcing for inputs from local sources Adopting smaller sized packaging
Industrial Goods	1.59%	<ul style="list-style-type: none"> The sector continues to be an integral part of the economy Good dividend declaration by key stocks in the Sector
Telecommunications		<ul style="list-style-type: none"> Positive Performance experienced in FY 2021 Expectation of the PSB License

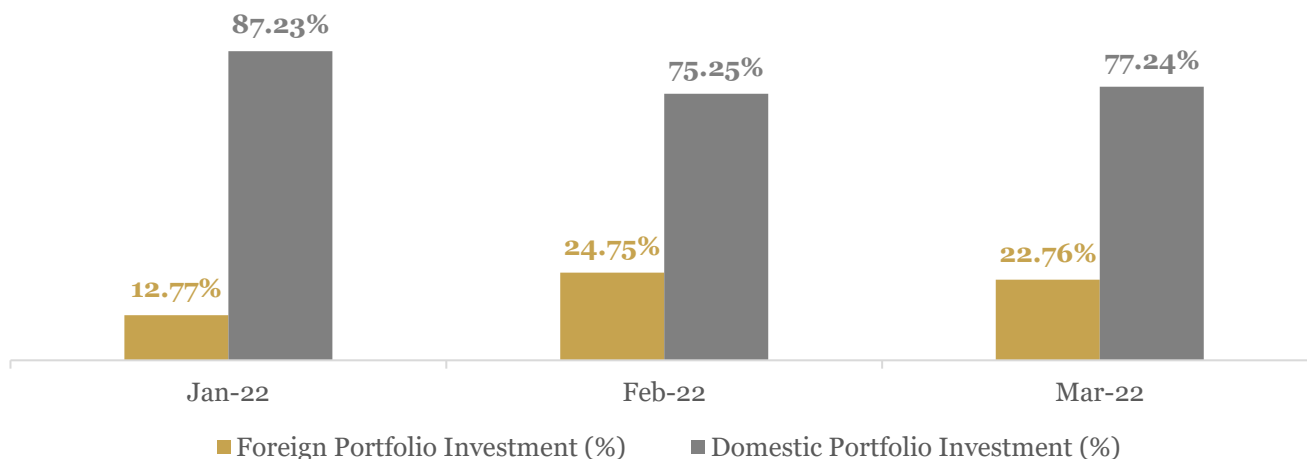


2022 Review..(Cont'd)

Total Value of Transactions Q1-2021 Vs Q1-2022 (Billion ₦)



Percentage of Foreign to Domestic Participation (%)



- Investor participation in the equity market was higher by 2.32% during the first quarter of 2022 compared to the first quarter of 2021 with domestic investors outperforming foreign investors.
- This is owing to the frequent citation of a lack of access to foreign currency as a significant hurdle to capital repatriation from Nigeria.
- Some of the toast for the first quarter,
 - **Guinness Nigeria (127%)**: Year start price (₦39.00), Current Price (₦88.45)
 - **Seplat Petroleum Development Company (69%)**: Year start price (₦650), Current Price (₦1,100.00)
 - **Presco (51%)**: Year start price (₦87.80), Current Price (₦132.90)
 - **Airtel Africa (38%)**: Year start price (₦955.00), Current Price (₦1,320.00)
 - **United Capital (34%)**: Year start price (₦9.95), Current Price (₦13.30)



Our Score Card: Parthian Securities Vs NGX Performance

		Price at Year Start (₦)	Price as at Jan 31 (₦)	Price as at Feb 28 (₦)	Price as at Mar 31 (₦)	Return in January	Return in February	Return in March
TOTAL	Total Energies	221.90	241.00	264.90	264.90	8.61%	19.38%	19.38%
SEPLAT	Seplat Petroleum Dev. Comp.	650.00	790.00	859.90	930.00	21.54%	32.29%	43.08%
MTNN	MTN Nigeria	197.00	197.50	201.00	214.00	0.25%	2.03%	8.63%
AIRTELAFRI	Airtel Africa	955.00	1271.00	1260.00	1260.40	33.09%	31.94%	31.98%
FIDSON	Fidson Healthcare	6.22	7.70	8.55	8.15	23.79%	37.46%	31.03%
MAYBAKER	May and Baker Nigeria	4.02	4.55	5.45	4.40	13.18%	35.57%	9.45%
OKOMUOIL	Okomu Oil	142.00	142.00	135.00	149.70	0.00%	-4.93%	5.42%
PRESCO	Presco	87.80	96.55	104.00	133.00	9.97%	18.45%	51.48%
DANGCEM	Dangote Cement	257.00	260.60	273.50	273.50	1.40%	6.42%	6.42%
WAPCO	Lafarge Africa	24.00	25.60	26.95	23.70	6.67%	12.29%	-1.25%
JBERGER	Julius Berger	22.35	25.80	26.50	25.70	15.44%	18.57%	14.99%
ACCESSCORP	Access Bank Group	9.25	9.90	10.35	9.75	7.03%	11.89%	5.41%
GTCO	Guaranty Trust HoldCo.	26.00	26.90	26.90	22.40	3.46%	3.46%	-13.85%
STERLNBANK	Sterling Bank	1.53	1.73	1.64	1.51	13.07%	7.19%	-1.31%
Average Return						11.25%	16.57%	15.06%
NGX Return						9.15%	10.95%	9.95%

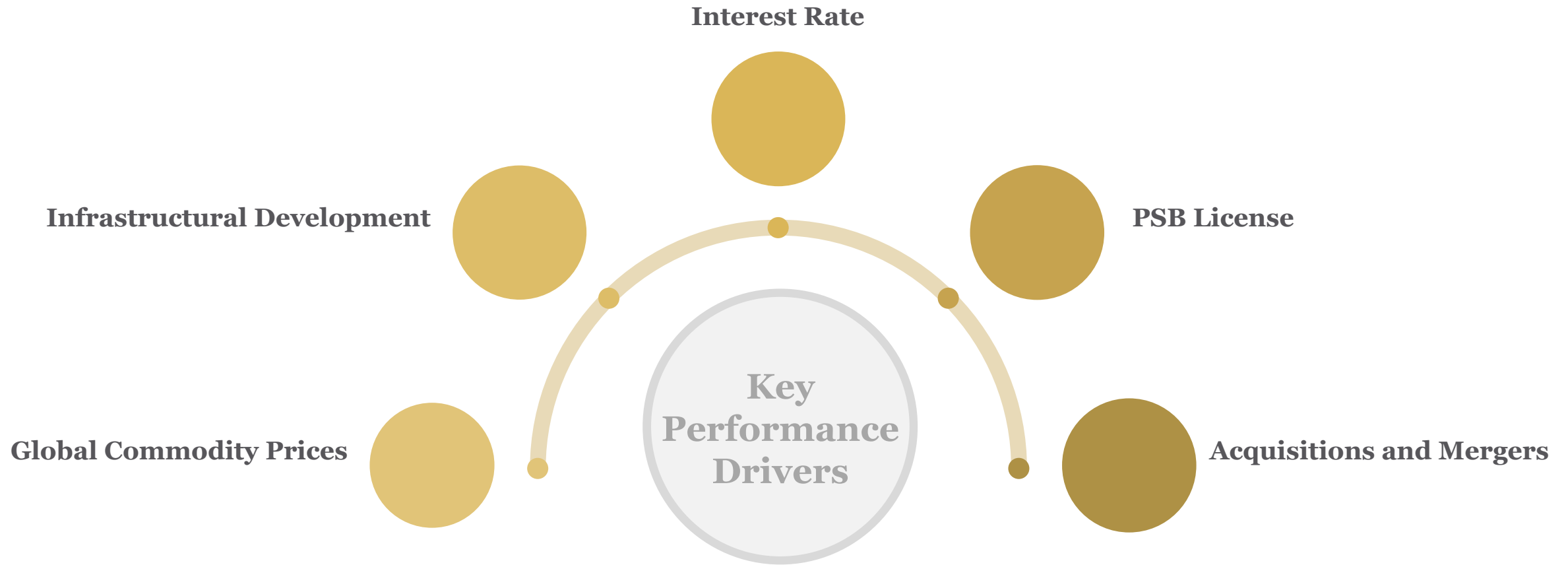
Nigerian Equities Market: H1-2022 Outlook

Equity Market Outlook (H1-2022)

- We expect persistent low yields in the fixed income market as such high demand for higher yielding instruments such as equities.
- Domestic investor' participation will continue to outweigh foreign investor' participation given the issues surrounding capital repatriation from Nigeria.
- Investors will continue to search for positive real return in the Nigerian equities market due to a dearth of investments options.

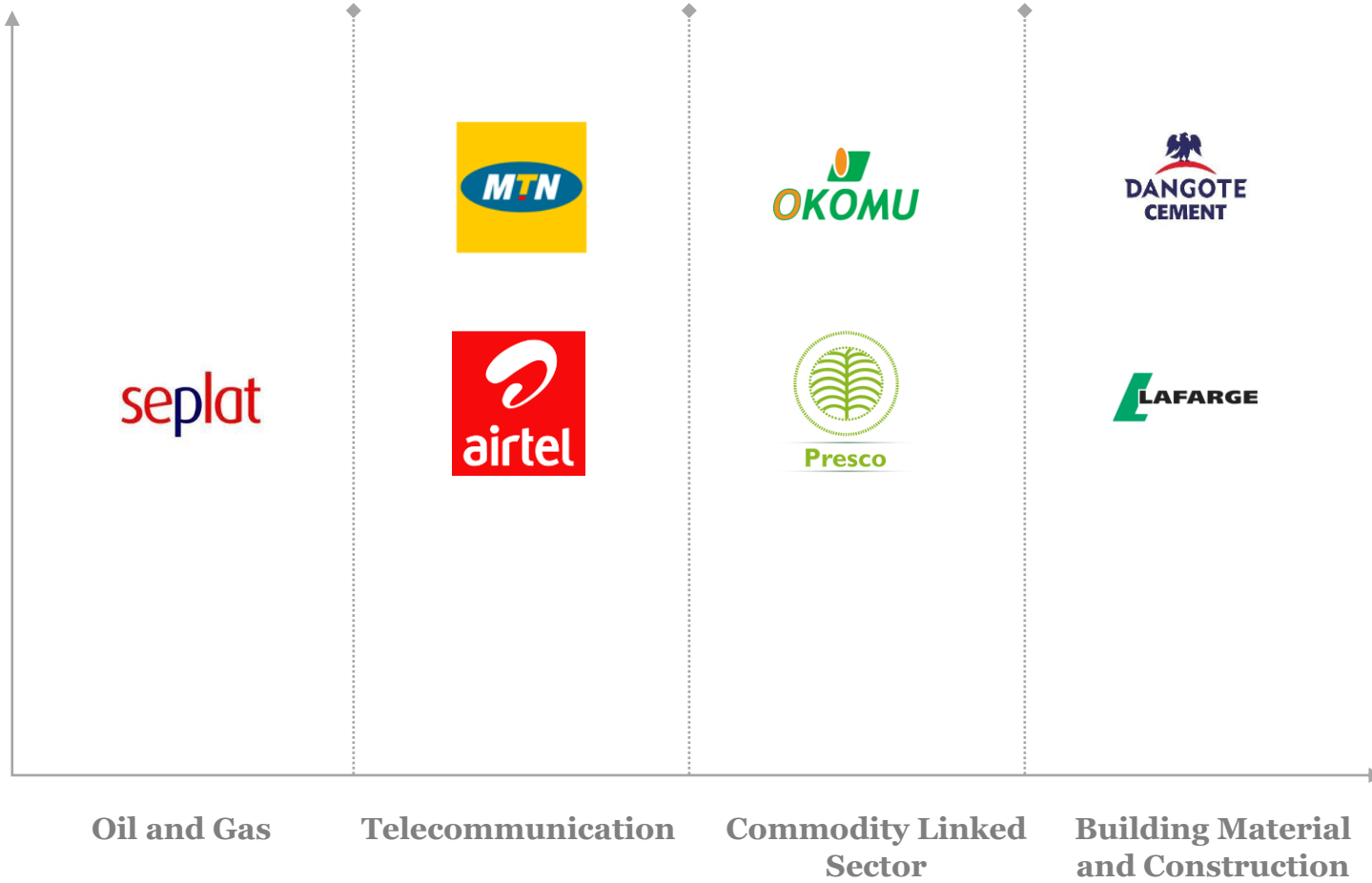


Nigerian Equities Market: Outlook 2022 - Key Performance Drivers





Nigerian Equities Market: Sectors and Stocks to Watch in H1-2022



Fixed Income Market: Q1 2022 Review



Highlight

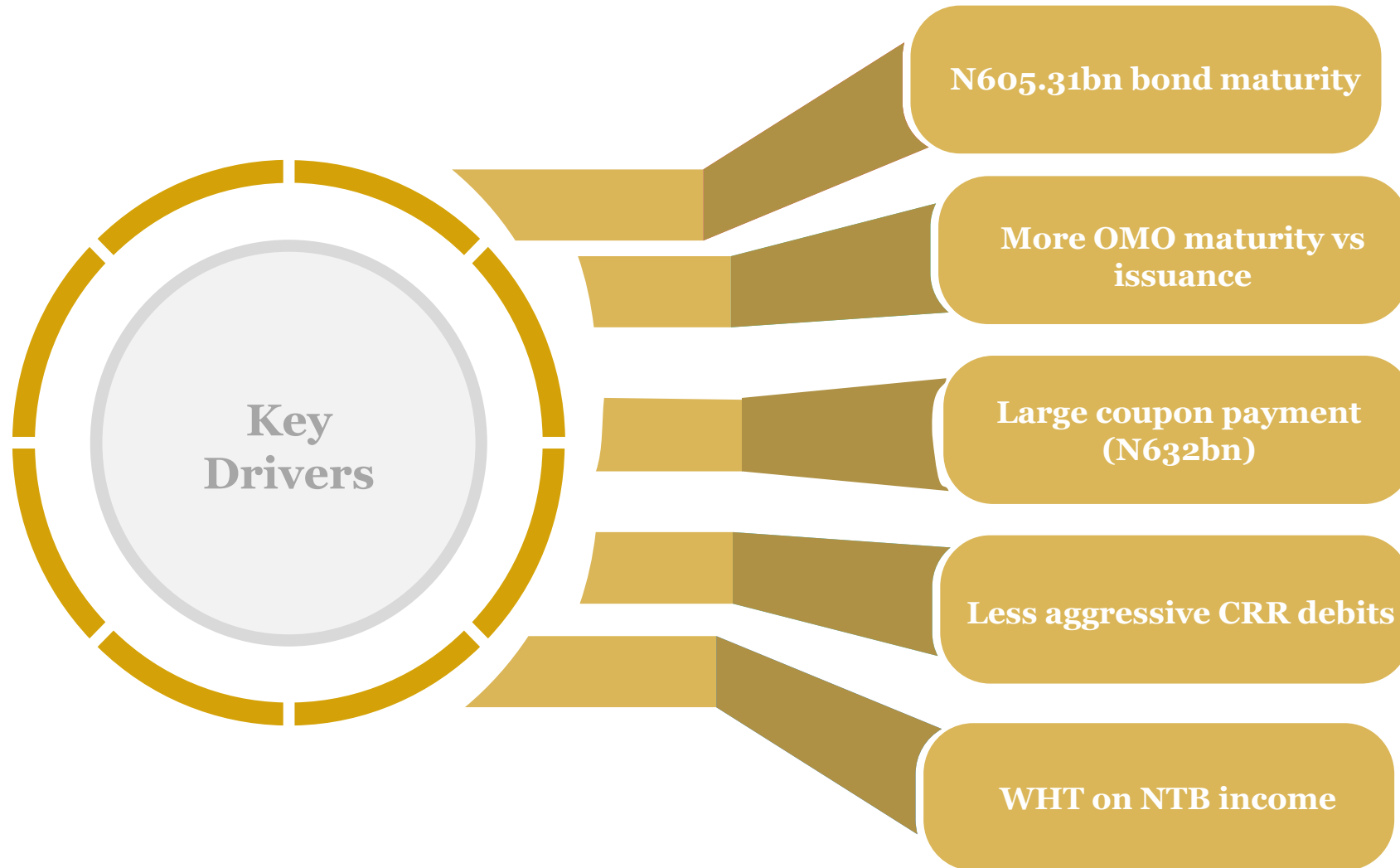
Low yield environment

Rising inflation

Increased government deficit



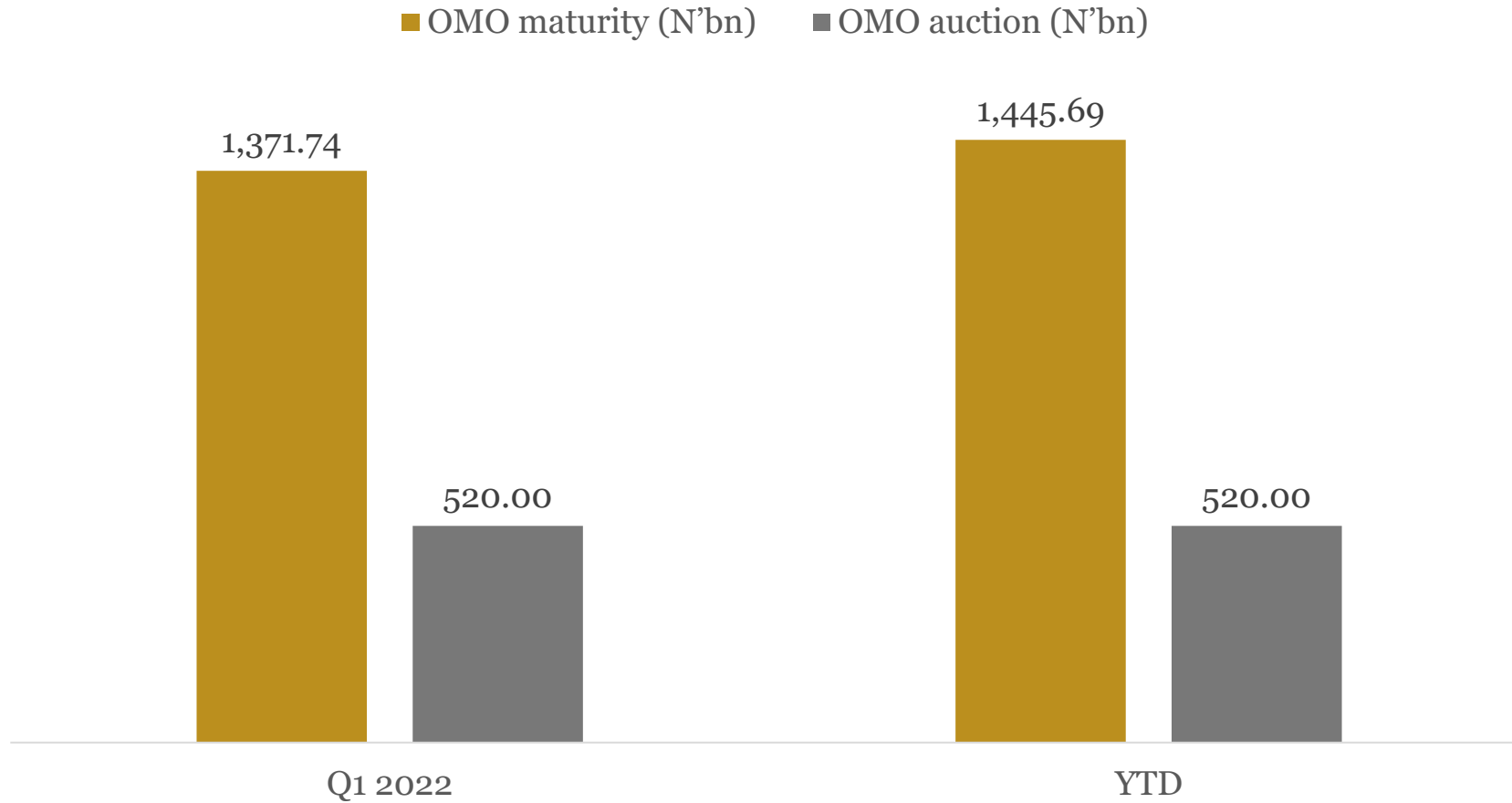
Low yield environment





Low yield environment

More OMO maturity than issuance





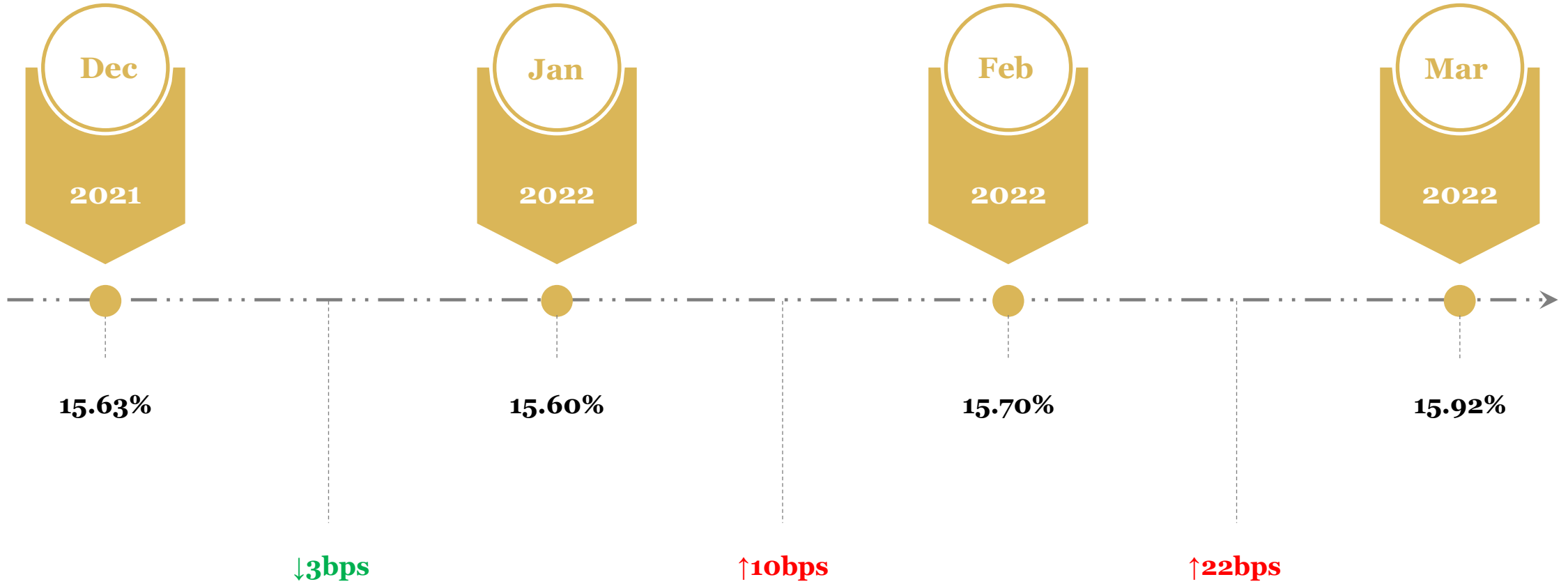
Low yield environment

More OMO maturity than issuance

	Q1 2022	YTD
	(N'mm)	(N'mm)
OMO maturity	1,445,687.86	1,371,737.86
OMO auction	(520,000.00)	(520,000.00)
	925,687.86	851,737.86



Rising Inflation



Rising energy prices
Subdued food production



Outcome

**Downward trend
in yield**
Amid the high
liquidity



Hunt for higher yields

Asset managers and
PFAs seek FDs and CPs
with higher yields

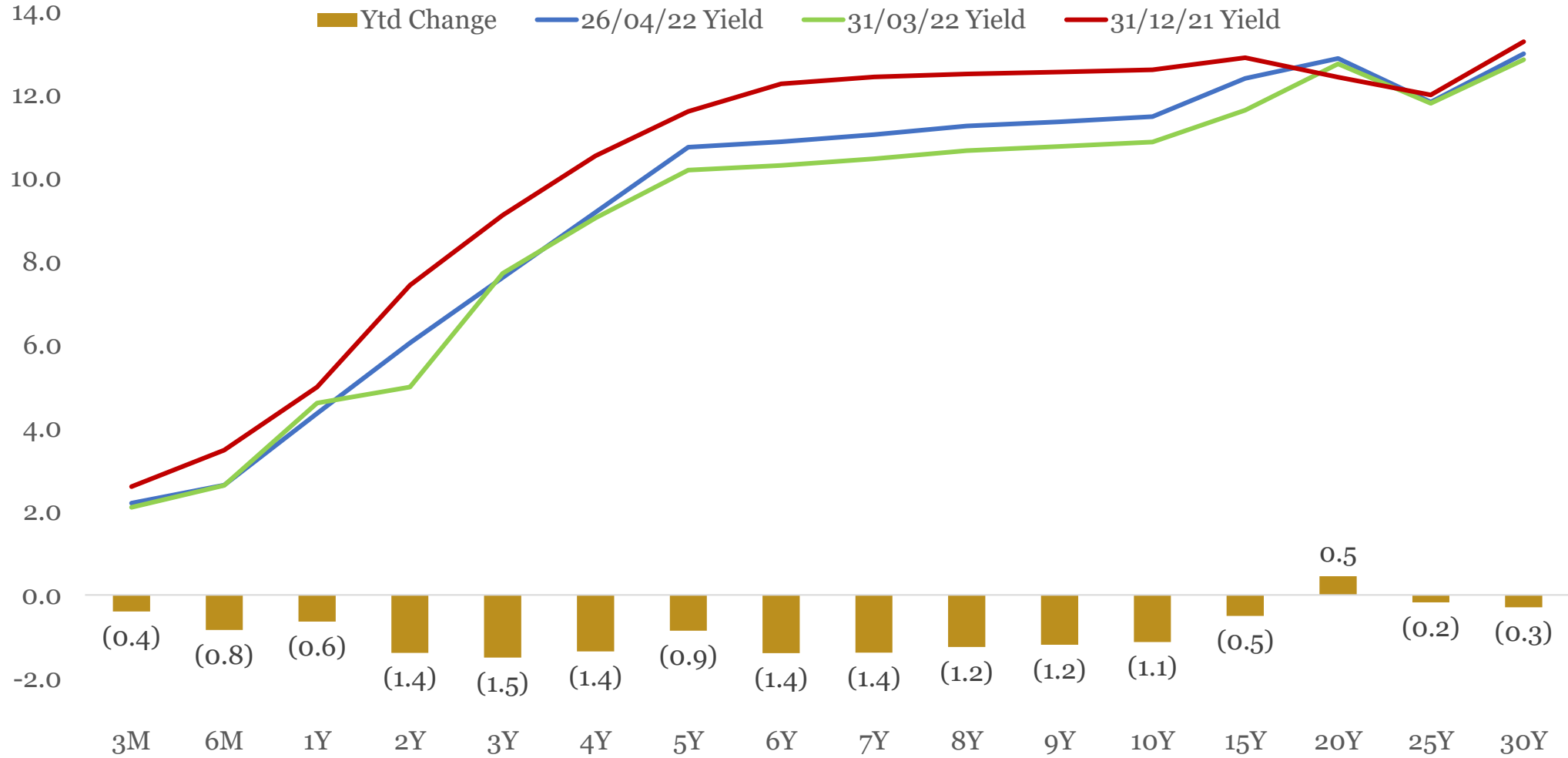


**Short term bond
demand**

Banks bought short term bond in a
bid to avoid WHT tax on T-Bills



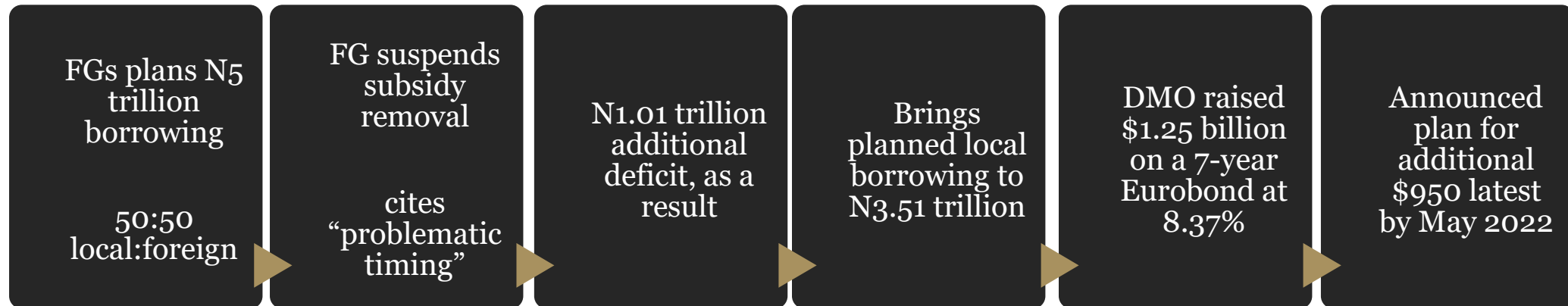
Naira Yield Curve





Increased government deficit

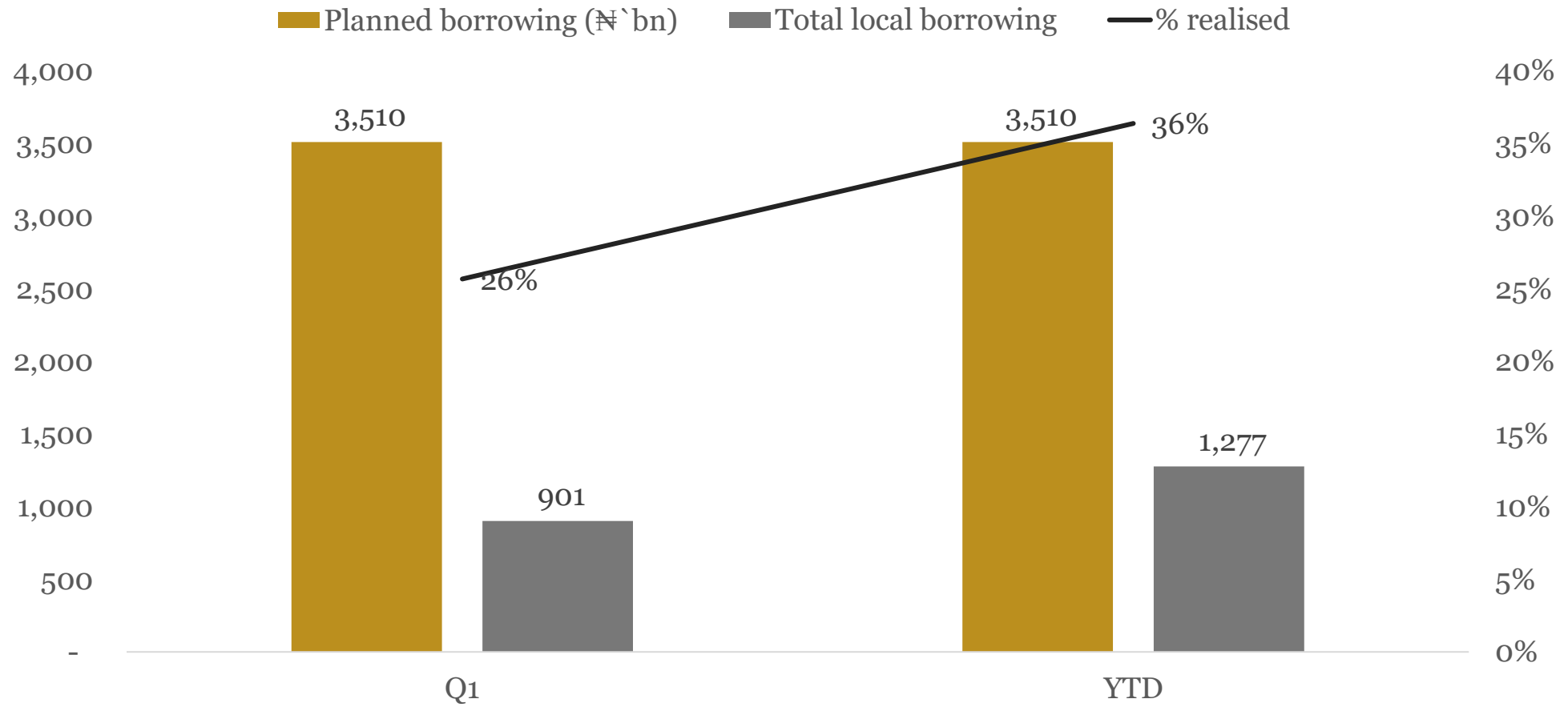
FGN fiscal events...





Increased government deficit

FGN local borrowing in Q1 2022





Increased government deficit

FGN local borrowing in Q1 2022

			Planned borrowing	% realised
	(N'mm)	(N'mm)	(N'mm)	
NTB auction	1,337,596.96			
NTB maturity	(714,022.04)			
Net NTB borrowing		623,574.92		
Bond auction	883,070.00			
Bond maturity	(605,310.00)			
Net bond borrowing		277,760.00		
Total local borrowing in Q1 2022		901,334.92	3,510,000.00	25.68%



Increased government deficit

FGN local borrowing YTD

			Planned borrowing	% realised
	(N'mm)	(N'mm)	(N'mm)	
NTB auction	1,626,683.97			
NTB maturity	(976,250.33)			
Net NTB borrowing		650,433.63		
Bond auction	1,231,650.00			
Bond maturity	(605,310.00)			
Net bond borrowing		626,340.00		
Total local borrowing YTD		1,276,773.63	3,510,000.00	36.38%

Fixed Income Market: Q2 2022 Outlook



Key Drivers





Expected Outcome

01

Inflation trending upwards: >16% by EOQ

Driven by increasing energy prices and constraints on food and fertilizer production

02

Hike in MPR: c.12.50% by EOQ

Given the 6:4 vote recorded at the last MPC meeting compared to previous unanimous voting

03

Upward trend in fixed income yields

As low system liquidity + FG need to borrow drive yield upwards

04

Increased CRR debits by the CBN

To fund the FG by Ways & Means at lower than domestic market rates, in order to keep FG's average cost of borrowing low

As an investor...



As an investor...

**Staggered
buying**

Stagger your entry in fixed income and buy along the rise in yield to limit your risk

**Seek FX
exposure**

Take position in Eurobonds to protect from the downside in local currency devaluation

**Alternative
investments**

Seek alternative investments with potential returns that can beat inflation, including

Thank You