



HOW WOULD RECENT EVENTS AFFECT  
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE  
ARM WEEKLY ECONOMIC  
& FINANCIAL COMMENTARY

## **Weekly Economic & Financial Commentary**

...for the week 08 – 12 July 2019

## ***Global Economy***

- ◆ In U.S, CPI data for the month of June revealed that consumer prices expanded by 1.6% YoY, a moderation from 1.8% recorded in the prior month. The outturn reflects a decline in energy prices, offsetting an increase in food prices. For us, subdued inflation in the U.S coupled with concerns on economic growth further strengthens the case for a rate cut later this month. Elsewhere in China, trade data for the month of June revealed a 1.3% YoY decline in exports – following the tariff hike by US from 10% to 25% which took effect in May. Imports at the other hand declined at a faster pace (-7.3% YoY, driving the country's trade surplus higher to \$50.98billion (May: \$41.65 billion). Also, China's producer price index flatlined in June (May 19: 0.6%) on the back of lower oil prices and weak global demand, fueling concerns about deflation in the economy.

## ***Domestic Economy***

- ◆ Earlier this week, President Muhammadu Buhari signed the African continental free trade area (AfCFTA) agreement which came into force on May 30th, 2019, making Nigeria the 53rd country to join the agreement. The agreement aims to achieve a single continental market for goods and services, which will progressively eliminate tariffs on intra-African trade. That said, Nigeria will be unable to benefit from the preferential trade transactions offered by the agreement until the instruments of ratification has been deposited (together with 27 other countries). Elsewhere, the Central Bank of Nigeria issued a new guideline to the commercial banks on accessing the CBN standing deposit facility (SDF). With the new framework, the allowable daily deposit through the SDF that will be remunerated at the applicable MPR minus 500bps (8.5%) is now capped at ₦2 billion (previously: ₦7.5 billion). Additionally, excess funds above the new cap would not be remunerated. The new structure reaffirms CBN's drive to stimulate economic growth via increased lending to the real sector.

## ***Equities***

- ◆ Early this week, the NSE listed the second telecommunication company - Airtel Africa Plc - on its mainboard, listing 3,758,151,504 ordinary shares at an offer price of ₦363 per ordinary. However, the stock closed the week 11% lower than its listing price at ₦323.50, reflecting weak investor sentiments. At the end of the week, the Nigerian all share index lost -2.41% to close at 28,566.76 points, while the market capitalization increased by ₦1.02 trillion due to additional shares from the above stated listing. On sectoral performance, all sectors of the index closed the week in the negative territory, save Banking sector which gained 0.09%. A further probe into the sectors revealed selloff across various stocks such as NB: -3.97%, DANGCEM: -2.26%, PZ: -10.14%, DANGSUGA: -7.83% and NESTLE: -8.92%.

## ***Fixed Income***

- ◆ It was a relatively quiet week in the fixed income scene with no auction in the primary market. However, average yields in the secondary market dipped by 34bps WoW to 12.63% with both ends of the curve suffering declines over the course of the week. At the short end, NTB yields were down 51bps to finish at 11.49% representing the lowest weekly close this year. The decline this week was spearheaded by a 118bps drop in the 182-day paper. At the long end, average bond yields printed at 13.77%, a 17bps drop WoW, driven by increased demand for the Feb 2020 instrument.

## The week in Review

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Country Index			Index Returns (%)			Index Characteristics			Global Fixed Income					Global Currencies					
			WoW (%)	YTD (%)	52-Wk	P/E (x)	Mkt. Cap (\$'bn)	Div. Yld (%)	1-Yr Tenor	WoW (pps)	10-yr Tenor	WoW (pps)	Inflatio n (%)	This Week	Prior Week	WoW (%)	YTD (%)		
US	S&P 500	3,006	0.5	19.9	7.4	19.7		1.9	US	1.96	2.11	-0.8	1.6	Euro (€)	1.1	1.1	0.3	-1.8	
	NASDAQ	8,225	0.8	24.0	5.1	32.7	12,269.8	1.1	UK	0.42	0.73	-0.8	2	GBP (£)	1.3	1.3	0.3	-1.5	
UK	FTSE ASI	7,506	-0.6	11.6	-1.9	17.8		4.7	Euro	-0.39	0.1	0.24	113.4	1.2	JPY (¥)	108.0	108.5	0.5	1.6
France	CAC 40	5,573	-0.4	17.8	3.1	18.7	1,103.6	3.4	Japan	-0.19	-0.19	-0.4	0.8	INR (Rs)	68.7	68.4	-0.4	1.6	
Germany	XETRA DAX	12,323	-2.0	16.7	-1.4	16.3		3.3	China	2.59	3.18	0.6	2.7	CNY (¥)	6.9	6.9	0.2	0.0	
Japan	NIKKEI 25	21,686	-0.3	8.3	-2.3	16.1	5.5	2.1	India	6.02	-0.3	6.49	-3.1	8.65	MXN (\$)	19.0	19.0	0.0	3.3
China	Shanghai Comp	2,931	-2.7	17.5	3.3	14.2	4,697.2	2.7	Mexico	7.95	-0.3	7.60	-1.9	3.95	RUB (p.)	63.0	63.8	1.3	10.1
Brazil	Ibovespa	104,765	0.6	19.2	38.1	19.0	46.4	3.3	Turkey	19.00	2.7	16.41	-4.5	15.72	ZAR (R)	63.0	63.8	1.3	10.1
India	BSE Sens	38,736	-2.0	7.4	6.0	28.0	576.2	1.5	Russia	7.01	0.0	3.04	-0.1	4.7	EGP (£)	16.6	16.6	0.0	7.8
Russia	RTS	732	-1.3	28.0	17.2	5.5	3.6	7.0	Egypt	17.00	0.0	16.78	0.0	9.4	KES (sh)	103.0	102.6	-0.4	-1.2
Mexico	S&P/BMV IPC	42,608	-1.8	2.3	-12.5	15.5		3.3	South Africa	7.48	-1.1	8.73	0.6	4.5	GHS (¢)	16.6	16.6	0.0	7.8
Turkey	Borsa Istanbul	97,098	-2.5	6.4	8.4	7.3	0.4	4.3	Kenya	8.65	0.4	12.44	-0.5	5.7	XOF (F)	582.8	584.4	0.3	-1.7
Indonesia	JCI Index	6,373	0.0	2.9	7.9	19.7	507.3	2.3	Ghana	15.50	0.0	19.00	0.0	9.12	XAF (F)	584.5	586.4	0.3	-0.7
Kazakhstan	KASE Index	2,278	-0.8	-2.0	-4.9	6.6	3.3	144.8	Nigeria	11.91	-0.9	14.02	0.9	11.4	NGN (₦)	360.4	360.0	-0.1	0.6
Vietnam	VN Index	975	0.0	9.3	8.6	16.9	142.0	1.8	Global Commodities					Global Indicators for the Week					
South Africa	FTSE/JSE ASI	57,277	-0.5	8.6	0.8	17.4	-	3.9		This Week	Prior Week	WoW (%)	YTD (%)		Latest	Prior			
Egypt	EGX 30	13,814	0.0	6.0	-13.0	14.9	11.3	3.2	Brent Crude	\$/bbl	66.9	64.2	4.2	24.4	US Consumer Price Index (YoY) - June	1.6%	1.8%		
Kenya	NSEASI	150	0.0	6.6	-12.9	11.6	20.4	6.1	OPEC Crude	\$/bbl	67.6	63.4	6.3	31.1	China Producer Price Index (YoY) - June	0%	0.6%		
Morocco	MSCI MX	307	0.4	-1.0	-1.4	19.7	9.9	4.1	Gasoline	\$/gal	199.5	193.0	3.4	33.5	China Consumer Price Index (YoY) - June	2.7%	2.7%		
Ghana	GSE Composite	2,319	-0.5	-7.2	-19.5	18.7	4.0	2.1	Natural Gas	\$/MBtu	2.5	2.4	2.0	-10.5	UK Gross domestic product (MoM) - May	0.3%	-0.4%		
Tunisia	TunIndex	7,254	0.5	-0.2	-9.7	19.8	0.7	1.9	Gold	\$/t oz	1410.1	1399.5	0.8	10.0	Germany Consumer Price Index (YoY) - June	1.6%	1.6%		
BRVM	BRVM	156	-0.5	-9.5	-27.8	7.8	7.5		Sugar	\$/lb	12.3	12.4	-0.2	-1.6	China Trade Balance (Billions) - June	\$50.98	\$41.65		
Mauritius	SEMDEX	2,155	0.7	-2.9	-2.8	16.1	8.8		Wheat	\$/bsh	520.0	515.0	1.0	-1.6	US Producer Price Index (YoY) - June	2%	1.8%		
Nigeria	NGSE ASI	28,567	-2.41	-9.11	-23.3	1.4	35.1	7.0	Crude Palm oil IYR/MT		1944.0	1960.0	0.0		UK Trade Balance - May (Billions)	-£2.32	-£3.72		

Source: Bloomberg, Reuters, ARM Research

\*\* means Preliminary Estimate

**The week in Review**

- Earlier this week, President Muhammadu Buhari signed the African continental free trade area (AfCFTA) agreement which came into force on May 30th, 2019, making Nigeria the 53rd country to join the agreement. The agreement aims to achieve a single continental market for goods and services, which will progressively eliminate tariffs on intra-African trade. That said, Nigeria will be unable to benefit from the preferential trade transactions offered by the agreement until the instruments of ratifi-

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Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	45.13	45.05	0.17%	4.66%	Nigerian Banks - CBN delivers another news
USD/NGN (₦/\$)					Economic Update - June 2019
NAFEX	361	360	-0.35%	1.01%	
Parallel	359.0	359.5	0.14%	0.56%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2019 Avg.	
Inflation YoY (April)			CHG (pps)		
Headline	11.4	11.37	0.03	11.34	
Core	9.02	9.28	-0.26	9.50	
Food	13.78	13.7	0.08	13.58	
GDP (%) - YoY	Q1 19	Q4 18	Q3 18	FY19F	
Real GDP	2.01	2.4	1.8	2.2	
Oil	-2.4	-1.6	-2.9	6.1	News Headline for the week (click news for link)
Agriculture	3.2	2.5	1.9	3.2	*CBN bars interest payment on bank deposits exceeding N2bn
Manufacturing	0.8	2.4	1.9	2.1	*Nigeria seeks fair trade as Buhari signs AfCFTA
Services	3.1	3.8	3.4	1.7	*External debt servicing gulps \$357.26m in three months
Labor Data (%) - Q3 18			Latest	Prior	*FG bars MDAs from importing uniforms — Emeziele
Unemployment Rate			23.1	18.8	*Nigeria to implement N500bn facility for non-oil
Underemployment			20.1	21.2	*RUGA suspension: Victory for people's will
Capital Importation (\$'mn)	Q4 18	Q3 18	QoQ (%)	YoY (%)	*Presidential panel demands N684bn oil block renewal fee from Mobil
Foreign Portfolio Investment - Equities	218.27	394.47	-44.7%	-88.7%	*Nigeria's 1.97mbpd June volume highest since 2015, says survey
Bonds	193.33	37.48	415.8%	68.1%	*AfCFTA May Boost Inter-African Trade by 25%, Says UN Chief
Money Market	983.08	1291.1	-23.9%	36.7%	*Nigeria's 1.97mbpd June volume highest since 2015, says survey
Foreign Direct Investment	156.8	530.63	-70.5%	-42.9%	*Nigeria's debt rises to N24.95tn in two years
Balance of Payment (\$'mn)	Q4 18	Q3 18	Q2 18	QoQ	*Nigeria attracted \$7bn deals from African Investment Forum — AfDB
Trade Balance	2,080	1,148	2,266	81.2%	*Nigeria adds 3.1 million new Internet users in May
CA Balance	338	(472)	1,332	-171.6%	*Airtel Africa listing on NSE lifts market value by 10.7% to N14.3trn

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

### The week in Review

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- On sectoral performance, all sectors of the index closed the week in the negative territory, save Banking sector which gained 0.09%. A further probe into the sectors revealed selloff across various stocks such as NB: -3.97%, DANGCEM: -2.26%, PZ: -10.14%, DANGSUGA: -7.83% and NESTLE: -8.92%.

### Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	28566.79	-2.41	-4.67	-4.67	-9.11	-23.26
NSE ASI (\$)	79.18	-2.41	-4.69%	-4.69%	-8.31%	-23.53%
Market Cap (₦bn)	13922.04	7.91%	5.43%	5.43%	18.78%	2.78%
Market Cap (\$mn)	38587.66	7.92%	5.41%	5.41%	19.83%	2.88%
NSE 30	1188.26	-2.11	-5.37	-5.37	-16.15	-29.34
NSE Premium	2333.94	-1.06	-2.60	-2.60	6.33	-11.98
NSE 50	1387.16	-2.32	-6.46	-6.46	-16.54	-28.06
NSE ASEM	781.58	0.00%	-0.09	-0.09	-1.54	-9.43
NSE Banking	349.60	0.78	-4.71	-4.71	-12.37	-24.64
NSE Insurance	119.59	-2.42	-3.36	-3.36	-5.45	-17.03
NSE Consumer	574.38	-5.01	-7.70	-7.70	-23.30	-35.22
NSE Oil & Gas	243.48	-3.13	-3.85	-3.85	-19.44	-22.45
NSE Industrial	1100.83	-2.02	1.20	1.20	-11.07	-41.02
NSE Lotus	1831.69	-4.33	-6.80	-6.80	-18.01	-28.05
NSE Pensions	1017.01	-2.73	-3.90	-3.90	-15.77	-29.30

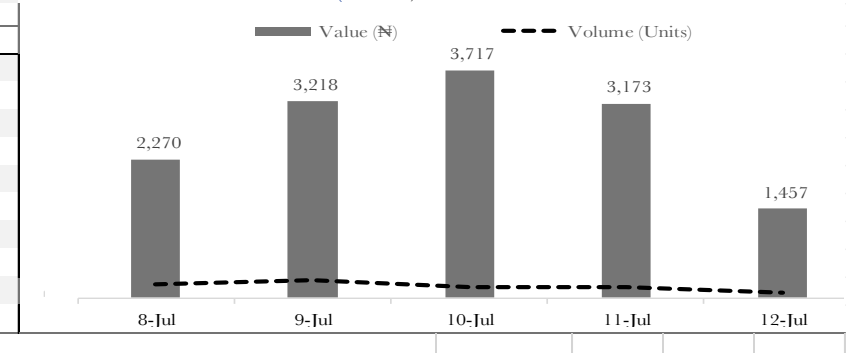
### Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	0.09%	-4.73%	-14.51%
Brewers	-3.08%	-6.81%	-33.28%
Cement	-2.22%	-5.46%	-8.64%
Personal Care	-5.87%	-5.87%	-5.87%
Construction	-0.79%	-3.54%	-22.39%
Food	0.00%	-5.06%	-0.41%
Insurance	-6.70%	-8.70%	-14.80%
Oil & Gas	-1.50%	-1.55%	-1.55%
Real Estate	-6.11%	-7.64%	-33.91%

### ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	0.00%	0.00%	0.00%
Mid Cap (Mid 30%)	9.46%	6.39%	24.66%
Small Cap (Bottom 60%)	-1.73%	-3.31%	-7.61%

### Volume and Value Traded (millions)



### Top 10 Gainers

Company	This Week	WoW
SOVERENINS	0.23	9.5%
UNION	7.50	9.5%
CADBURY	11.95	8.6%
FLOURMILLS	16.20	8.0%
CUTIX	1.65	7.1%
LEARNAFRCA	1.40	6.1%
NEM	2.27	5.6%
REDSTAREX	5.20	5.1%
UNITYBNK	0.65	4.8%
NPFMCRFBK	1.13	4.6%

### Top 10 Losers

Company	This Week	WoW
FO	20.70	-23.3%
GLAXOSMITH	8.30	-18.6%
ASL	7.05	-16.9%
CONOIL	20.00	-16.0%
PZ	6.20	-10.1%
MANSARD	1.80	-10.0%
LINKASSURE	0.64	-9.9%
NESTLE	1225.00	-8.9%
UACN	1.28	-8.6%
DANGSUGA	10.60	-7.8%

Source: NSE, Bloomberg, ARM Research



### The week in Review

- It was a relatively quiet week in the fixed income scene with no auction in the primary market. However, average yields in the secondary market dipped by 34bps WoW to 12.63% with both ends of the curve suffering declines over the course of the week.

- At the short end, NTB yields were down 51bps to finish at 11.49% representing the lowest weekly close this year. The decline this week was spearheaded by a 118bps drop in the 182-day paper. At the long end, average bond yields printed at 13.77%, a 17bps drop WoW, driven by increased demand for the Feb 2020 instrument.

	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)	2.93%	4.57%	-1.64%	05-Jul-19	11.40%	11.84%	12.25%	05-Jul-19	37.17	116.90	510.1
Open Buy Back (OBB)	2.21%	3.86%	-1.65%	07-Jun-19	11.40%	11.64%	12.48%	07-Jun-19	3.3	11.2	461.5
NIBOR - 1M	10.86%	11.64%	-0.78%	24-May-19	11.40%	11.68%	12.50%	24-May-19	16.18	47.56	296.95
NIBOR - 3M	11.28%	12.58%	-1.30%	10-May-19	11.76%	12.83%	12.88%	10-May-19	72.3	46.6	494.4
NIBOR - 6M	12.33%	13.71%	-1.38%	19-Apr-19	11.80%	12.90%	13.03%	19-Apr-19	30.94	150.36	228.40
<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	9.16%	10.58%	-1.42%	05-Jul-19	10.50%	11.70%	11.91%	05-Jul-19	10.0	20.0	58.9
3-month	10.32%	10.57%	-0.25%	21-Jun-19	9.60%	11.89%	12.02%	21-Jun-19	3.0	4.0	10.6
6-month	11.26%	12.44%	-1.18%	14-Jun-19	10.00%	11.95%	12.34%	14-Jun-19	15.0	30.0	84.6
9-month	12.20%	13.13%	-0.93%	30-May-19	10.00%	11.95%	12.20%	30-May-19	24.4	23.2	19.8
12-month	12.90%	13.01%	-0.11%	17-May-19	10.00%	12.30%	12.49%	17-May-19	4.4	12.9	16.5
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>	<b>FGN Bonds</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>
15.54% 13-FEB-2020	11.52%	12.50%	-0.98%	28-Jun-19	14.30%	14.50%	14.68%	28-Jun-19	29.0	36.4	31.5
14.50% 15-JUL-2021	13.33%	13.10%	0.23%	22-May-19	14.11%	14.24%	14.49%	22-May-19	27.0	35.0	48.9
16.39% 27-JAN-2022	13.28%	13.45%	-0.17%	24-Apr-19	14.50%	14.55%	14.80%	24-Apr-19	1.1	3.4	1.3
14.20% 14-MAR-2024	14.27%	14.25%	0.02%	27-Mar-19	13.50%	13.50%	13.50%	27-Mar-19	1.1	4.3	34.2
12.50% 22-JAN-2026	14.05%	14.05%	0.00%	20-Feb-19	14.52%	14.79%	14.93%	25-Apr-18	12.7	20.1	55.3
16.2884% 17-MAR-2027	14.01%	14.09%	-0.08%	<b>Corporate Bonds</b>				<b>Corporate Eurobond</b>	<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>
12.1493% 18-JUL-2034	14.20%	14.27%	-0.07%	UBA   16.45%   30-DEC-2021	14.29%	14.40%	-0.11%	FBN   6.488%   23-JUL-2021	13.96%	15.12%	-1.16%
16.2499% 18-APR-2037	14.34%	14.24%	0.10%	MIXTA   17.00%   16-JAN-2022	14.17%	14.09%	0.08%	ECOBANK   8.75%   14-AUG-2021	8.36%	9.08%	-0.72%
14.8% 26-APR-2049	14.31%	14.33%	-0.02%	FIDELITY   16.48%   13-MAY-2022	14.59%	14.80%	-0.22%	ACCESS   10.50%   19-OCT-2021	5.04%	5.54%	-0.50%
<b>FGN Eurobonds</b>				DUFIL   18.25%   1-SEP-2022	15.17%	15.46%	-0.29%	ZENITH   7.375%   30-MAY-2022	5.00%	5.09%	-0.09%
5.625% 27-JUN-2022	4.39%	4.35%	0.04%	LAPO MFB   17.75%   19-DEC-2022	17.14%	17.50%	-0.35%	UBA   7.75%   08-JUN-2022	5.83%	5.90%	-0.07%
6.50% 28-Nov-2027	6.32%	6.22%	0.10%	STERLING   16.50%   3-AUG-2023	14.76%	15.05%	-0.29%	SEPLAT   9.25%   1-APR-2023	7.29%	7.26%	0.03%
7.875% 16-FEB-2032	7.25%	7.08%	0.17%	FCMB   17.25%   8-DEC-2023	15.40%	15.51%	-0.11%				
7.625% 28-Nov-2047	7.67%	7.52%	0.15%	STANBIC   13.25%   30-SEP-2024	15.01%	15.10%	-0.10%				
				VIATHAN   16.00%   14-DEC-2027	14.88%	15.04%	-0.16%				

Source: DMO, FMDQ, Bloomberg, ARM Research

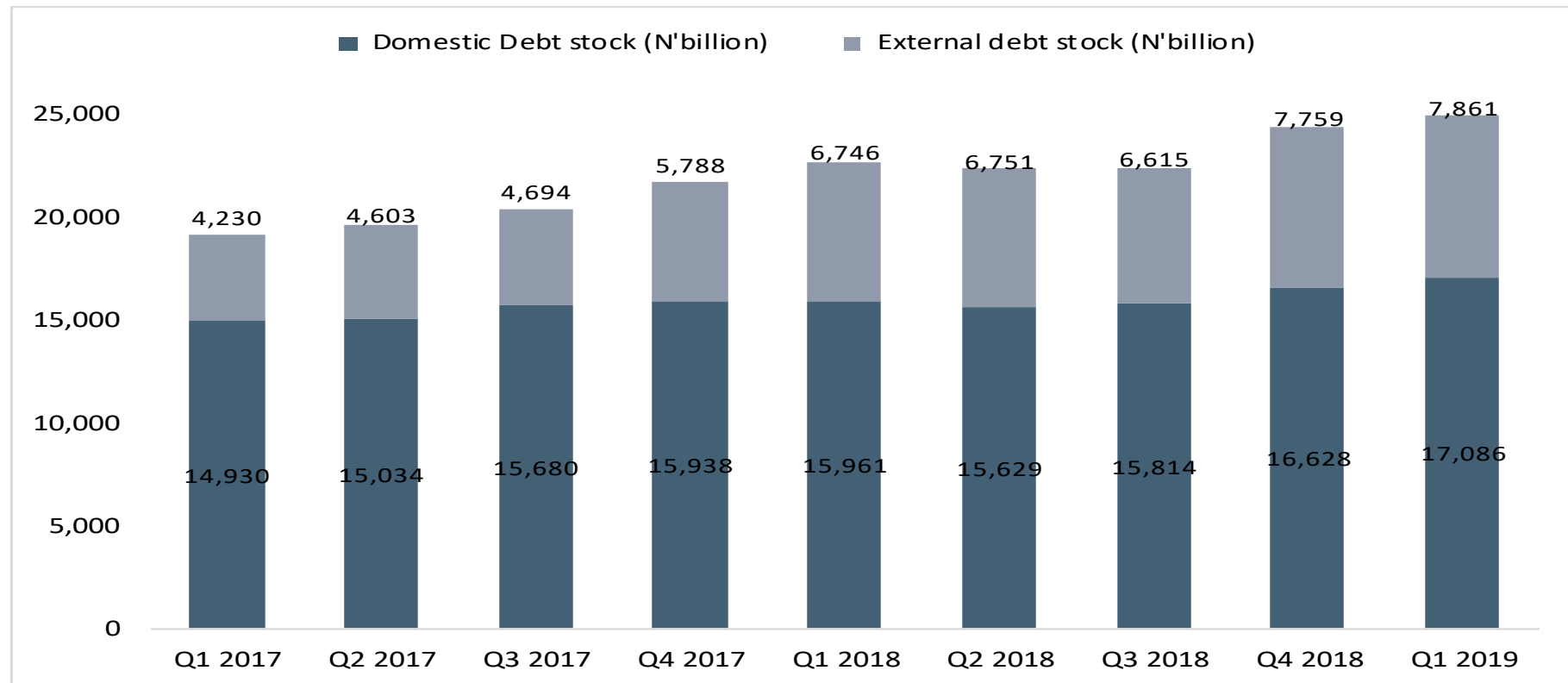
## Economic and Financial Calendar for the week 15th - 19th July 2019

	Monday	Tuesday	Wednesday	Thursday	Friday
	15-Jul	16-Jul	17-Jul	18-Jul	19-Jul
<b>Global</b>	China Gross Domestic Product (YoY) - Q2	UK ILO Unemployment Rate - May	UK Producer Price Index (YoY) - June	UK Retail sales (YoY) - June	Germany Producer Price (YoY) - June
	China House Price Index - June	Euro Area Trade Balance - May	UK Consumer Price Index (YoY) - June	Japan Consumer Price Index (YoY) - June	Euro Area Current Account - May
		US Export Price Index (YoY) - June	Euro Area Consumer Price Index (YoY) - June		
		US Import Price Index (YoY) - June	Japan Export (YoY) - June		
			Japan Import (YoY) - June		
<b>Domestic</b>	Automotive Gas Oil (Diesel) Price Watch - June	Manufacturing Survey			Transport Fare Watch - July 2019
	Liquefied Petroleum Gas Price Watch - June	Selected Food Prices - June			
	National Household Kerosene Price Watch - June	Transport Fare Watch - June			
	Premium Motor Price (PMS) Watch - June				

\*\* means Preliminary Estimate

### Trend in Nigeria's total debt stock

This week, we feature the trend in Nigeria's total debt stock over the past two years which shows Nigeria's debt stock has increased 30% over the period from ₦19trillion in Q1 17 to ₦25 trillion in Q1 19. Furthermore, in line with the DMO's rebalancing objectives -- aimed at reducing the cost of debt -- the proportion of external debt stock (+86% to ₦7.9 trillion) has increased from 22% to 32%, while the proportion of domestic debt (+14% to ₦17 trillion) has declined accordingly.



Source: DMO & ARM Research





Thank You



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