



HOW WOULD RECENT EVENTS AFFECT
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE
ARM WEEKLY ECONOMIC
& FINANCIAL COMMENTARY

Weekly Economic & Financial Commentary

...for the week 11th March – 15th March 2019

Global Economy

- ◆ The US Consumer Price Index for the month of February released during the week by the Bureau of Labor Statistics showed uptick in headline inflation by 0.2% MoM after three consecutive months of flat MoM growth. However, headline inflation moderated to 1.5% YoY from 1.6% YoY in the previous month due to lower energy prices (-5% YoY) relative to same period in the prior year. Excluding food and energy prices, the core index rose 2.1% YoY (January: 2.2% YoY), 10bps higher than the US Fed's target of 2%. Elsewhere in Europe, United Kingdom (U.K) trade deficit expanded to £3.83 billion from £3.45 billion in the prior month following a faster increase in imports (+2.8% MoM to £58.49 billion) relative to exports (2.3% to £54.7 billion).

Domestic Economy

- ◆ Data released this morning by National Bureau of Statistics revealed that the headline inflation increased by 11.31% YoY in February, 6bps lower than 11.37% reported in the prior month. In line with our expectation, the moderation stemmed from both food and core indices. On the former, food indices dipped 3bps to 13.47% YoY following moderation in prices of farm produce while continuous decline in PMS price (-15.7% YoY) accounted for moderation in the core basket (-11bps to 9.8% YoY). Elsewhere, Q4 2018 balance of payment released by the apex bank showed improvement in Nigeria's current account balance with a surplus of \$1.1 billion in the quarter (relative to a deficit of \$1.5 billion in Q3 18) following sturdy growth in trade surplus by 80.8% QoQ to \$6.8 billion largely on account of a moderation in imports (-20.7% QoQ to \$9.9 billion) compared to growth in exports of 2.8% to \$16.7 billion. However, the capital account contracted for the third consecutive quarter to \$2.14 billion (25% QoQ), with total flows for 2018 printing at \$16.8 billion (+37.7% YoY).

Equities

- ◆ The equities market closed the week negative, with the NSE ASI shedding 2.45% WoW to close at 31,142.72 points while market capitalization lost ₦291.5 billion to ₦11.6 trillion. The downturn was driven by bearish sentiments in the Banking (-4.81%), Brewers (-1.80%), Cement (-2.42%), Personal Care (-1.22%), and Insurance (-0.23%) indices which offset gains in Food (+1.34%) and Oil and Gas (+0.11%) indices. Dissecting the sectoral performance showed sell pressure across bellwether stocks (GUARANTY: -5.09%, ZENITH: -11.82%, IB: -10.93%, GUINNESS: -4.69%, DANCEM: -2.56%, LAFARGE: -0.77%, PZ: -5.58%, and PRESTIGE: -7.41%).

Fixed Income

- ◆ Average yields in the fixed income market dipped 31bps WoW to 13.78% following moderation at both ends of the curve. The lower yields at the short end was driven by the confluence of lower stop rates at this week's NTB auction (average stop rate: -73bps to 12.03%) as well as reduction in OMO rates (~180 Day: -24bps to 13.2%) by the apex bank this week. Consequently, average NTB yields contracted 54bps WoW to 13.36%. Similarly, following investors interest in varying long dated instruments, average bond yields dipped 8bps WoW to 14.20%.

The week in Review

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◆ Excluding food and energy prices, the core index rose 2.1% YoY (January: 2.2% YoY), 10bps higher than the US Fed's target of 2%. Elsewhere in Europe, United Kingdom (U.K) trade deficit expanded to £3.83 billion from £3.45 billion in the prior month following a faster increase in imports (+2.8% MoM to £58.49 billion) relative to exports (2.3% to £54.7 billion).

Country	Index	Level (in \$)	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	2,826	3.0	12.7	2.9	18.6		2.0	US	2.51	2.59	0.3	1.5	Euro (€)	1.1	1.1	0.7	-1.3	
	NASDAQ	7,703	4.0	16.1	3.0	31.7	11,500.7	1.2	UK	0.72	0.0	1.09	-0.2	GBP (£)	1.3	1.3	2.0	4.1	
UK	FISE ASI	7,228	1.7	7.4	1.2	17.1		4.8	Euro	-0.22	1.3	0.59	4.7	JPY (¥)	111.5	111.2	-0.3	-1.6	
France	CAC 40	5,405	3.3	14.3	2.6	18.1	1,048.1	3.5	Japan	-0.16	0.0	-0.10	0.1	INR (₹)	69.1	70.2	1.5	1.0	
Germany	XETRA DAX	11,686	2.0	10.7	-5.3	14.6		3.5	China	2.61	2.3	3.30	2.5	CNY (¥)	6.7	6.7	0.1	2.5	
Japan	NIKKEI 25	21,451	0.0	7.2	-1.0	15.8	5.2	2.1	India	6.40	-1.1	7.34	-0.3	MXN (\$)	19.2	19.5	1.4	2.2	
China	Shanghai Comp	3,022	0.0	21.2	-7.6	14.2	4,909.0	2.7	Mexico	8.19	-0.1	8.02	0.4	RUB (p.)	64.9	66.3	2.2	6.8	
Brazil	Ibovespa	99,083	3.9	12.7	16.7	19.6	41.5	3.8	Turkey	22.12	0.3	15.55	-3.4	ZAR (R)	64.9	66.3	2.2	6.8	
India	BSE Sens	38,024	3.7	5.4	12.9	28.7	554.7	1.4	Russia	7.35	0.1	3.56	0.1	EGP (£)	17.4	17.4	0.1	3.0	
Russia	RTS	639	2.3	11.7	-3.0	5.5	3.0	7.0	Egypt	18.00	0.0	17.30	0.0	KES (sh)	100.3	99.6	-0.6	1.5	
Mexico	S&P/BMV IPC	42,284	1.7	1.5	-11.6	15.7		3.2	South Africa	7.72	0.0	9.21	-0.2	GHS (¢)	17.4	17.4	0.1	3.0	
Turkey	Borsa Istanbul	103,304	1.7	13.2	-11.9	7.2	0.4	4.5	Kenya	9.44	-0.3	12.44	-0.5	XOF (₣)	577.5	582.0	0.7	-0.8	
Indonesia	JCI Index	6,461	0.0	4.3	2.5	20.5	505.2	2.2	Ghana	15.50	0.0	19.00	0.0	XAF (₣)	581.9	590.5	1.5	-0.3	
Kazakhstan	KASE Index	2,391	0.9	2.8	-1.4	6.5	3.3	1.3	Nigeria	12.85	-14.1	14.24	0.3	NGN (₦)	359.0	359.5	0.1	1.0	
Vietnam	VN Index	1,004	0.0	12.5	-12.7	16.9	141.9	1.7	Global Commodities				Global Indicators for the Week						
South Africa	FISE/JSE ASI	56,040	1.0	6.3	-3.7	17.0		4.1											
Egypt	EGX 30	14,991	0.0	15.0	-11.8	16.8	11.7	3.0	Brent Crude	\$/bbl	67.0	65.7	1.9	24.5	Germany Trade balance EUR - February	\$18.5B	\$19.9B		
Kenya	NSEASI	158	1.3	12.6	-13.6	13.1	21.8	5.2	OPEC Crude	\$/bbl	67.3	65.6	3.9	30.5	UK's Manufacturing Production (YoY) - January	-0.90%	-0.90%		
Morocco	MSCI MX	296	-1.1	-4.3	-17.1	18.4	8.8	4.2	Gasoline	\$/gal	184.7	180.2	2.5	23.8	UK's total Trade Balance - January	£-4.97B	£-4.96B		
Ghana	GSE Composite	2,417	-0.8	-3.3	-25.2	23.1	3.9	1.5	Natural Gas	\$/MBtu	2.8	2.9	-2.2	4.4	US Producer Price Index (YoY) - February	1.90%	2.00%		
Tunisia	TunIndex	6,852	-3.2	-5.8	0.1	17.6	0.6	2.2	Gold	\$/t oz	1301.9	1298.3	0.3	1.5	Germany Consumer price index (YoY) - February	1.5%	1.6%		
BRVM	BRVM	174	-0.5	1.0	-28.1	8.3	8.5		Sugar	\$/lb	12.5	12.2	0.0	3.5	France Consumer Price Index (YoY) - February	1.60%	1.50%		
Mauritius	SEMDEX	2,188	-0.4	-1.4	-5.2	17.4	9.0		Wheat	\$/bsh	462.3	439.5	0.0	-9.5	US Inflation (YoY)	1.50%	1.60%		
Nigeria	NGSE ASI	31,143	-2.45	-0.92	-26.2	7.9	31.2	6.0	Crude Palm oil IYR/MT		2067.0	2125.0	0.0		Euro Consumer Price Index (YoY) - February	1.50%	1.40%		

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◆ Elsewhere, Q4 2018 balance of payment released by the apex bank showed improvement in Nigeria's current account balance with a surplus of \$1.1 billion in the quarter (relative to a deficit of \$1.5 billion in Q3 18) following sturdy growth in trade surplus by 80.8% QoQ to \$6.8 billion largely on account of a moderation in imports (-20.7% QoQ to \$9.9 billion) compared to growth in exports of 2.8% to \$16.7 billion. However, the capital account contracted for the third consecutive quarter to \$2.14 billion (25% QoQ), with total flows for 2018 printing at \$16.8 billion (+37.7% YoY).

Currency	This Week	Prior Week	WoW (%)	YTD (%)	
External Reserve (\$'bn)	42.93	42.55	0.89%	-0.44%	Report released this week (Click Link below for Full report)
					Access Bank Plc FY 2018 - Impressive performance across income lines in Q4 18
					February Inflation - Headline inflation dips to 11.3%
USD/NGN (₦/\$)					Nestle Nigeria Plc - Compelling Story but Valuation appears pricey.pdf
NAFEX	360.18	360.49	0.09%	1.17%	Dangote Cement Plc - Competition caps earnings growth.pdf
Parallel	358.0	358.5	0.14%	0.84%	Economic Update - February 2019
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2019 Avg.	
Inflation YoY (December)			CHG (pps)		
Headline	11.31	11.37	-0.06	11.34	
Core	9.68	9.77	-0.09	9.9	
Food	13.47	13.51	-0.04	13.49	
GDP (%) - YoY	Q4 18	Q3 18	Q2 18	FY19F	
Real GDP	2.4	1.8	1.5	2.1	
Oil	-1.6	-2.9	-4.0	9.3	News Headline for the week (click news for link)
Agriculture	2.5	1.9	1.2	3.3	*Take over operation of OML 11 from Shell, Buhari orders NNPC
Manufacturing	2.4	1.9	0.7	2.7	*FG completes concession process for N6.68bn hydropower plant
Services	3.8	3.4	4.1	1	*MTN IPO to be executed in two phases amid row with FG
Labor Data (%) - Q3 18			Latest	Prior	*Controversy in Senate over Nigeria's rising debt
Unemployment Rate			23.1	18.8	*Chevron, Dangote Fertilizer sign 70mmScf/d sale agreement
Underemployment			20.1	21.2	*Nigeria records \$2.8m balance of payment surplus
Capital Importation (\$'mn)	Q4 18	Q3 18	QoQ (%)	YoY (%)	*Senate Reconstitutes Minimum Wage Committee
Foreign Portfolio Investment - Equities	218.27	394.47	-44.7%	-88.7%	*FG released N7.3tn for recurrent, capital expenditure in 2018 - CBN
Bonds	193.33	37.48	415.8%	68.1%	*Internet subscription rises to 106.42m in Q4 - NBS
Money Market	983.08	1291.1	-23.9%	36.7%	*US slashes imports of Nigerian crude by 43%
Foreign Direct Investment	156.8	530.63	-70.5%	-42.9%	*Nestlé declares N38.50 final dividend for 2018
Balance of Payment (\$'mn)	Q4 18	Q3 18	Q2 18	QoQ	*Shareholders approve Flour Mills external restructuring
Trade Balance	2,080	1,148	2,266	81.2%	*I&E forex window: Foreign investors increase dollar injection by 94%
CA Balance	338	(472)	1,332	-171.6%	*Big Banks Adopt Cautious Lending on Sluggish Economy

The week in Review

◆ The equities market closed the week negative, with the NSE ASI shedding 2.45% WoW to close at 31,142.72 points while market capitalization lost ₦291.5 billion to ₦11.6 trillion. The downturn was driven by bearish sentiments in the Banking (-4.81%), Brewers (-1.80%), Cement (-2.42%), Personal Care (-1.22%), and Insurance (-0.23%) indices which offset gains in Food (+1.34%) and Oil and Gas (+0.11%) indices.

◆ Dissecting the sectoral performance showed sell pressure across bellwether stocks (GUARANTY: -5.09%, ZENITH: -11.82%, IB: -10.93%, GUINNESS: -4.69%, DANCEM: -2.56%, LAFARGE: -0.77%, PZ: -5.58%, and PRESTIGE: -7.41%).

Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	31142.72	-2.45	-1.83	-0.92	-0.92	-26.18
NSE ASI (\$)	86.46	-2.45	-1.60	0.12%	0.12%	-25.66%
Market Cap (₦'bn)	11613.60	-2.45%	-1.83	-0.91%	-0.91%	-22.58%
Market Cap (\$'mn)	32243.88	-2.36%	-1.60	0.13%	0.13%	-22.50%
NSE 30	1401.60	-2.54	-1.61	-1.10	-1.10	-26.47
NSE Premium	2194.44	-2.09	-1.22	-0.03	-0.03	-25.46
NSE 50	1668.43	-2.51	-1.29	0.38	0.38	-22.05
NSE ASEM	802.79	0.21	0.25	1.13	1.13	-20.86
NSE Banking	400.48	-6.13	-2.58	0.39	0.39	-24.78
NSE Insurance	129.91	-0.79	-2.52	2.71	2.71	-18.57
NSE Consumer	720.32	-0.43	-1.37	-3.81	-3.81	-27.22
NSE Oil & Gas	292.09	0.09	-2.18	-3.36	-3.36	-21.09
NSE Industrial	1240.46	-1.12	-2.57	0.21	0.21	-47.07
NSE Lotus	2261.12	-0.50	-1.17	1.22	1.22	-16.90
NSE Pensions	1193.08	-1.63	-1.50	-1.19	-1.19	-23.82

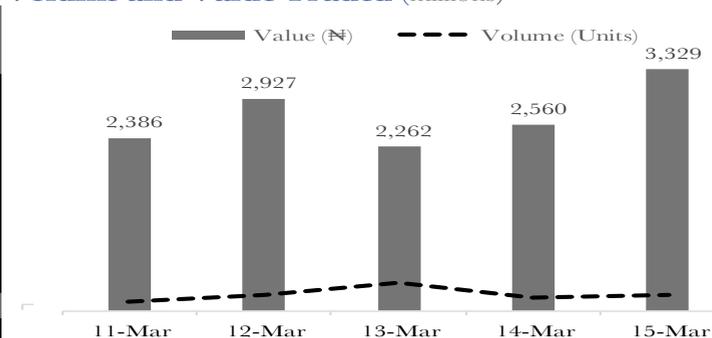
Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	-4.81%	0.20%	0.20%
Brewers	-1.80%	-13.23%	-13.23%
Cement	-2.42%	0.26%	0.26%
Personal Care	-1.22%	-0.71%	-0.71%
Construction	0.00%	20.15%	20.15%
Food	1.34%	2.73%	2.73%
Insurance	-0.23%	2.67%	2.67%
Oil & Gas	0.11%	-4.57%	-4.57%
Real Estate	0.36%	0.11%	0.11%

ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	-2.46%	-1.00%	-1.00%
Mid Cap (Mid 30%)	-1.77%	2.92%	2.92%
Small Cap (Bottom 60%)	-2.94%	-14.43%	-14.43%

Volume and Value Traded (millions)



Top 10 Gainers

Company	This Week	WoW
CAP	37.40	10.0%
LIVESTOCK	0.35	9.4%
ROYALEX	12.00	9.1%
UAC-PROP	1.95	7.1%
MBENEFIT	0.24	4.3%
NEM	2.50	4.2%
NASCON	20.70	3.5%
OANDO	5.85	2.6%
NESTLE	1545.00	2.3%
LIVESTOCK	0.60	1.7%

Top 10 Losers

Company	This Week	WoW
AFRIPRUD	3.80	-20.8%
FCMB	1.85	-12.7%
ZENITHBNK	22.00	-11.8%
INTBREW	24.05	-10.9%
WEMABANK	0.77	-10.5%
UNITYBNK	0.81	-10.0%
LEARNAFRCA	1.31	-9.7%
TRANSCOHOT	5.40	-9.2%
AGLEVENT	0.31	-8.8%
UCAP	2.80	-8.8%

The week in Review

◆ Average yields in the fixed income market dipped 31bps WoW to 13.78% following moderation at both ends of the curve. The lower yields at the short end was driven by the confluence of lower stop rates at this week's NTB auction (average stop rate: -73bps to 12.03%) as well as reduction in OMO rates (~180 Day: -24bps to 13.2%) by the apex bank this week.

◆ Consequently, average NTB yields contracted 54bps WoW to 13.36%. Similarly, following investors interest in varying long dated instruments, average bond yields dipped 8bps WoW to 14.20%.

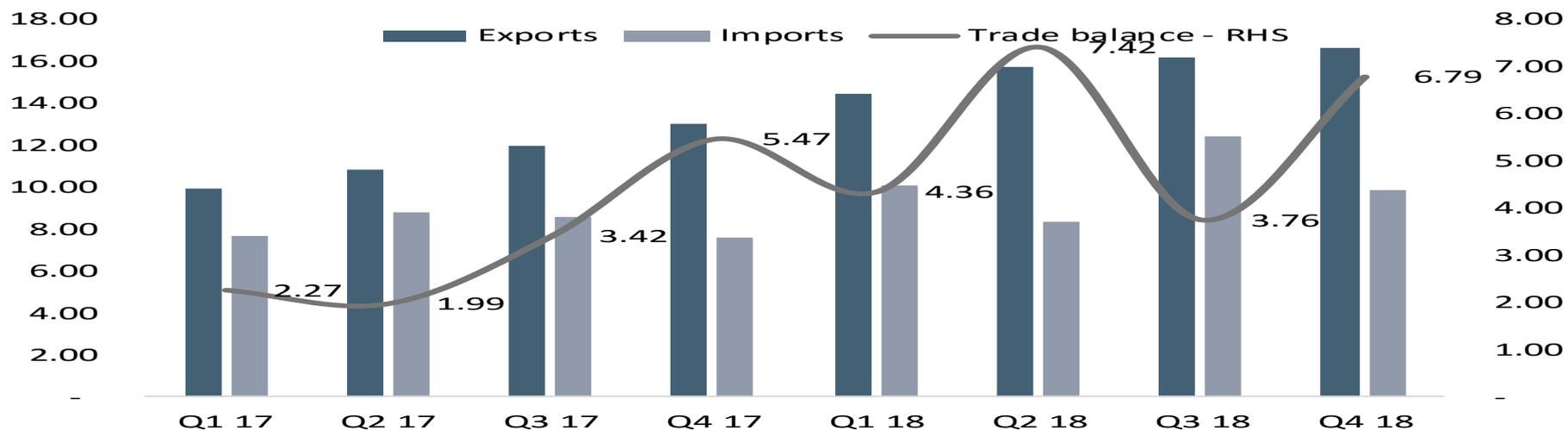
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
Money Market				OMO			OMO				
Overnight (O/N)	11.67%	10.08%	1.59%	15-Mar-19	11.84%	13.20%	0.00%	15-Mar-19	50.75	349.73	0.0
Open Buy Back (OBB)	11.17%	9.17%	2.00%	08-Mar-19	11.90%	13.47%	0.00%	08-Mar-19	7.91	53.06	627.2
NIBOR - 1M	10.38%	11.09%	-0.71%	01-Mar-19	11.90%	13.50%	14.30%	01-Mar-19	21.61	86.1	678.8
NIBOR - 3M	12.63%	13.09%	-0.46%	22-Feb-19	11.90%	13.50%	15.00%	22-Feb-19	61.72	65.9	446.9
NIBOR - 6M	14.61%	14.74%	-0.13%	15-Feb-19	11.90%	13.50%	15.00%	15-Feb-19	1.21	13.4	293.6
Treasury Bills				Treasury Bills			Treasury Bills				
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day
1-month	11.75%	10.07%	1.68%	13-Mar-19	10.75%	12.50%	12.85%	13-Mar-19	5.0	14.0	70.5
3-month	11.84%	12.42%	-0.58%	27-Feb-19	10.90%	13.01%	14.37%	27-Feb-19	24.4	38.7	52.0
6-month	13.90%	14.24%	-0.34%	13-Feb-19	10.97%	13.40%	14.95%	13-Feb-19	5.9	26.6	119.6
9-month	14.39%	14.85%	-0.46%	30-Jan-19	11.00%	13.50%	15.00%	30-Jan-19	10.0	20.0	44.8
12-month	14.34%	15.03%	-0.69%	16-Jan-19	11.00%	13.10%	15.00%	16-Jan-19	24.4	23.2	103.1
FGN Bonds (Local)				FGN Bonds			FGN Bonds				
					5 Year	7 Year	10 Year		5 Year	7 Year	10 Year
16.00% 29-JUN-2019	12.34%	12.85%	-0.51%	20-Feb-19	14.52%	14.79%	14.93%	20-Feb-19	1.5	12.3	136.3
15.54% 13-FEB-2020	13.92%	14.43%	-0.51%	30-Jan-19	15.20%	15.25%	15.35%	30-Jan-19	1.1	3.4	1.3
14.50% 15-JUL-2021	14.73%	14.83%	-0.10%	19-Dec-18	15.25%	15.50%	15.50%	19-Dec-18	1.1	4.3	34.2
16.39% 27-JAN-2022	14.61%	14.55%	0.06%	21-Nov-18	15.20%	15.50%	15.83%	21-Nov-18	12.7	20.1	55.3
14.20% 14-MAR-2024	14.47%	14.47%	0.00%	24-Oct-18	15.00%	15.15%	15.34%	25-Apr-18	17.5	7.4	71.9
12.50% 22-JAN-2026	14.35%	14.43%	-0.08%	Corporate Bonds			Corporate Eurobond				
					This Week	Prior Week	WoW (%)		This Week	Prior Week	WoW (%)
16.2884% 17-MAR-2027	14.44%	14.42%	0.02%	UBA 16.45% 30-DEC-2021	15.64%	15.64%	0.00%	ZENITH 6.25% 22-APR-2019	4.64%	5.14%	-0.50%
12.1493% 18-JUL-2034	14.34%	14.29%	0.05%	MIXTA 17.00% 16-JAN-2022	15.62%	15.91%	-0.29%	DIAMOND 8.75% 21-MAY-2019	13.51%	15.72%	-2.21%
16.2499% 18-APR-2037	14.09%	14.33%	-0.24%	FIDELITY 16.48% 13-MAY-2022	15.83%	15.84%	-0.01%	FBN 6.488% 23-JUL-2021	8.90%	8.92%	-0.02%
FGN Eurobonds				Corporate Eurobond			Corporate Eurobond				
				DUFIL 18.25% 1-SEP-2022	16.34%	16.41%	-0.07%	ECOBANK 8.75% 14-AUG-2021	9.73%	9.68%	0.05%
5.625% 27-JUN-2022	5.25%	5.49%	-0.24%	LAPO MFB 17.75% 19-DEC-2022	18.23%	18.37%	-0.13%	ACCESS 10.50% 19-OCT-2021	7.07%	7.28%	-0.21%
6.50% 28-Nov-2027	6.78%	7.06%	-0.28%	STERLING 16.50% 3-AUG-2023	15.52%	15.56%	-0.04%	ZENITH 7.375% 30-MAY-2022	6.40%	6.46%	-0.06%
7.875% 16-FEB-2032	7.46%	7.84%	-0.38%	FCMB 17.25% 8-DEC-2023	15.84%	15.71%	0.13%				
7.625% 28-Nov-2047	7.95%	8.23%	-0.28%	STANBIC 13.25% 30-SEP-2024	15.38%	15.25%	0.14%				
				VIATHAN 16.00% 14-DEC-2027	15.34%	15.27%	0.07%				

Economic and Financial Calendar for the week 18th March - 22nd March 2019

	Monday 18-Mar	Tuesday 19-Mar	Wednesday 20-Mar	Thursday 21-Mar	Friday 22-Mar
Global	Japan Industrial Production (YoY) -January	Italy Global Trade Balance (Jan)	Germany Producer Price Index (YoY) - February	Bank of England Interest Rate decision	Germany Markit PMI composite - March*
	European Union Trade Balance - January	U.K ILO unemployment Rate (Jan)	U.K Retail Price Index (YoY) - February	Japan Consumer Price Index (YoY) - February	U.S Markit Mnaufacturing PMI - March*
	Japan Trade Balance (YoY) - Febuary	U.K Manufacturing Production (YoY) - January	U.K Consumer Price Index (YoY) - February		Japan Nikkei Manufacturing PMI - March*
		Bank of Japan MPC meeting	U.S Fed Interest rate Decision		France Manufacturing PMI - March*
		Switzerland Trade Balance (Feb)			
Domestic			Selected Food Prices (February 2019)		Sectoral Distribution of Value Added Tax (Q4 2018)

** means Preliminary Estimate

Trade Balance (\$'billion)



Current Account Balance (\$'billion)



Source: CBN, ARM Research



Thank You

ARM Securities

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