

HOW WOULD RECENT EVENTS AFFECT
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE
ARM WEEKLY ECONOMIC
& FINANCIAL COMMENTARY



Weekly Commentary & Stock recommendation

...for the week 29th March - 1st April 2021

Global Economy

- ◆ Still on lockdown measures in Europe, the French President, Emmanuel Macron announced a new lockdown in France will last for four weeks. France's support to businesses and employees affected by the pandemic would however be maintained, while the finance ministry announced that 150,000 non-essential shops and businesses would be closed across the country. Elsewhere, inflation in the Eurozone rose to 1.3% in March, per Eurostat - the highest level since the pandemic began. The 1.3% rate remains below the European Central Bank's (ECB) target of under 2%. Core inflation fell from 1.1% to 0.9%. Over in Japan, businesses sentiment rebounded in Q1 2021 despite the lingering COVID-19 state of emergency. This suggests Asia's largest advanced economy could witness a faster than expected recovery. This positive outlook is now striking, given that the big cities in Japan have been on lockdowns since the start of the year.

Domestic Economy

- ◆ Nigeria's total public debt in Q4'20 stood at ₦32.91trn or USD86.39bn, 2.1% QoQ higher than the prior quarter (Q3 2020: ₦32.2trn or USD84.6bn). This was driven by 43.3% increase in state and FCT borrowings while FG total debt declined by 4.00% over the same period. Further breakdown of the debt revealed that 38.6% of the total public debt was external while 61.4% accounts for domestic debt. For context, multilateral loans accounted for 53.8% of external debt - IMF (USD3.54bn), World bank (USD11.5bn), African development bank (USD2.87bn) -, 12.2% bilateral - China (USD3.3bn), France (USD494 million), Japan (USD80 million), India (USD37 million) and Germany (USD184.3 million) -, while commercial loans and promissory notes made up for the rest.

Equities and stock recommendation

- ◆ The Nigerian bourse closed the week negative, down by 0.96% WoW to 38,916.74pts. GUINNESS (+31.50%), UACN (+23.75%) and FIDELITYBK (+11.21%) were the biggest gainers while FCMB (-5.03%), WEMABANK (-5.00%) and OANDO (-4.76%) topped the losers' chart. Sectoral performances show Brewers (+7.45%) as the best performing sector while Cement (-2.53%) was the worst performer over the week. The gains in the Brewery space were driven by GUINNESS (+31.50), NB (+5.15%) and INTBREW (+4.50%) while the loss in the Cement sector was majorly due to DANGCEM (-4.44%).
- ◆ Here are the stocks we recommend for the upcoming week: **GUARANTY - STRONG BUY (FVE: ₦42.12), DANGOTE CEMENT PLC- OVERWEIGHT (FVE: ₦255.73), UBA PLC- STRONG BUY (FVE: ₦12.18) and WAPCO - STRONG BUY (FVE: ₦28.61)** Click [here](#) for our Weekly Stock Recommendation.

Fixed Income

- ◆ After rising continuously over the last four weeks, yields in the secondary market slightly declined this week, down 4bps WTD to 6.72%. The decline was majorly driven by the 9bps WTD moderation in average NTB yields while average bond yield inched up slightly by 1bps WTD to 6.32%. This week, the DMO offered ₦96bn for auction at the NTB market. Total subscription was strong at ₦212.59bn, which is 2.22x the total amount that was offered. A total amount of ₦144.83bn was eventually sold, which is 1.51x the offered amount with average stop rates increasing by 33bps to 4.50%. The uptick in stop rates reflects the 100bps rise in the 1yr stop rate to 8.00%, while rates on other tenors remained unchanged.



Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.79	34.60	0.56%	-9.85%	Lafarge FY'20 Report - Solid growth in EPS despite covid-19 outbreak
USD/NGN (₦/\$)					
NAFEX	409	409.8	0.11%	-10.94%	
Parallel	481.5	482.5	0.21%	-25.23%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (February 2021)			CHG (pps)		
Headline	17.33	16.47	0.86	16.9	
Core	12.38	11.85	0.53	12.12	
Food	21.79	20.57	1.22	21.17	
GDP (%) - YoY	Q4 20	Q3 20	Q2 20	FY20	
Real GDP	0.11	-3.62	-6.1	-1.9	News Headline for the week (click news for link)
Oil	-19.8	-13.9	-6.6	-8.9	*W'Bank Revises Nigeria, Others' Growth Forecast to 3.4%
Agriculture	3.4	1.4	1.6	2.2	*Internet subscribers drop by 5.7m
Manufacturing	-1.5	-1.5	-8.8	-2.8	*Macron orders COVID-19 lockdown across all of France, closes schools
Services	1.3	-5.5	-2.61	-2.2	*N53.36bn spent on pipeline repairs in 11 months - NNPC
Labor Data (%) - Q4 20			Latest	Prior	*Court bars FG from blocking SIM cards on April NIN linkage deadline
Unemployment Rate			33.3	27.1	*OPEC+ to lower oil demand forecast amid COVID-19 uncertainty
Underemployment			22.8	28.8	*Nigerian Banks' Outlook Remains Negative, Says Moody's
Capital Importation (\$'mn)	Q4 20	Q3 20	QoQ (%)	YoY (%)	*N4.7t debt: AMCON pays N2tr to CBN
Foreign Portfolio Investment - Equities	18.05	44.10	-59.1%	-94.9%	*UK economy grew by stronger-than-expected 1.3% in fourth-quarter
Bonds	0.00	0.00		-100.0%	*DPR Lists Levers for Robust Gas Devt in Nigeria
Money Market	17.10	363.15	-95.3%	-98.8%	*President meets N'Assembly leadership over supplementary budget
Foreign Direct Investment	251.27	414.79	-39.42%	-8.4%	*Row over N27 billion aviation intervention fund
Balance of Payment (\$'mn)	Q4 19	Q3 19	Q2 19	QoQ	*AfCFTA: FG to Establish Agency to Facilitate Continental Agreement
Trade Balance	2,382	2,559	1,668	-6.9%	*Suez Canal Authority says stranded ship partially refloated
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*Daily fuel consumption hits 72.72m litres, marketers blame smuggling



Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	38930.68	-0.96	-0.29	-0.29	-3.33	84.50
NSE ASI (\$)	38930.68	-0.73	-0.33	-0.33	-2.99	71.91
Market Cap (?'bn)	18,365	-0.96	-0.33	-0.33	-3.30	84.98
Market Cap (\$'mn)	46,494	-0.70	-0.33	-0.33	-2.93	72.58
NSE 30	1549.32	-0.72	-0.42	-0.42	-5.54	73.29
NSE Premium	3236.17	-1.76	-0.20	-0.20	-6.76	86.12
NSE 50	1560.77	-1.07	-0.89	-0.89	-5.90	75.06
NSE ASEM	731.18	0.00	0.00	0.00	0.18	-0.52
NSE Banking	357.33	-1.26	-3.34	-3.34	-9.08	54.57
NSE Insurance	204.93	2.82	0.19	0.19	8.14	71.50
NSE Consumer	549.87	1.93	1.28	1.28	-4.10	71.02
NSE Oil & Gas	266.47	-0.30	0.23	0.23	17.80	23.80
NSE Industrial	1887.88	-2.09	-0.10	-0.10	-8.01	86.27
NSE Lotus	2649.83	-0.67	-0.04	-0.04	-6.90	76.01
NSE Pensions	1368.38	0.78	0.42	0.42	-1.46	67.12

Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	-1.38%	-7.77%	-5.32%
Brewers	7.45%	-4.33%	-0.76%
Cement	-2.53%	-5.06%	-7.95%
Telecom	-0.80%	3.31%	1.85%
Personal Care	-1.89%	-1.10%	-4.64%
Construction	-1.50%	6.16%	6.47%
Food	0.72%	-6.73%	-5.60%
Insurance	4.80%	9.41%	13.47%
Oil & Gas	-0.88%	12.70%	45.80%
Real Estate	0.03%	-2.23%	-2.06%

ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	-1.34%	-3.21%	-4.01%
Mid Cap (Mid 30%)	2.89%	1.07%	2.97%
Small Cap (Bottom 60%)	4.69%	25.31%	23.01%

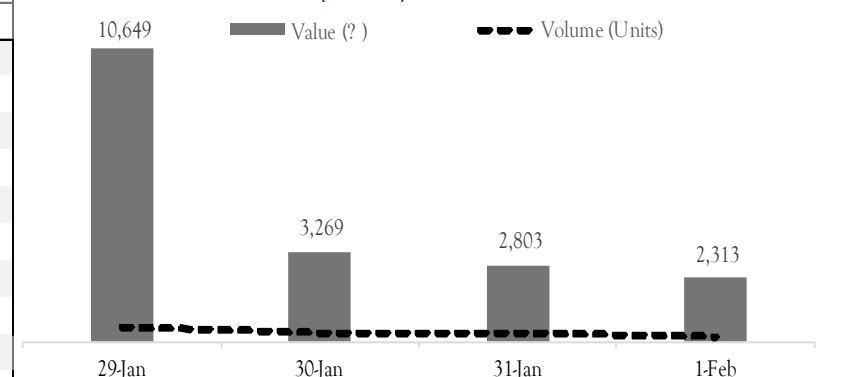
Top 10 Gainers

Company	This Week	WoW
LINKASSU	0.72	41.2%
GUINNESS	35.90	31.5%
ROYALEX	0.33	26.9%
UACN	9.90	23.8%
MEYER	0.49	19.5%
CUSTODIA	7.10	18.3%
MBENEFIT	0.46	17.9%
ABCTRANS	0.32	15.0%
SOVRENIN	0.25	14.3%
FIDELITY	2.58	13.6%

Top 10 Losers

Company	This Week	WoW
WEMABANK	0.57	-5.0%
FCMB	2.83	-5.0%
WAPIC	0.52	-5.5%
UNITYBNK	0.70	-6.7%
INITSPL	0.42	-6.7%
UNIPRESS	1.07	-7.8%
VERITASK	0.20	-9.1%
REGALINS	0.29	-12.1%
DAAR	0.21	-16.0%
FTNCOCOA	0.42	-17.6%

Volume and Value Traded (millions)



Source: NSE, Bloomberg, ARM Research

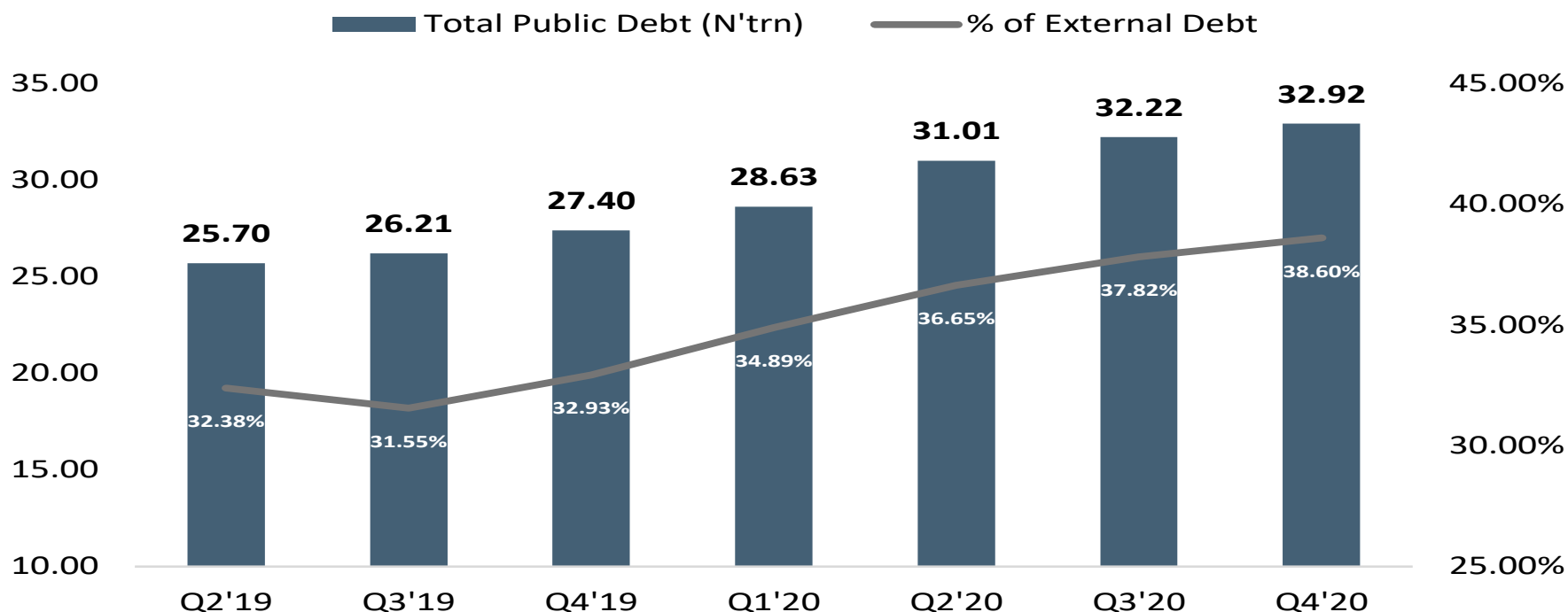


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
Money Market				OMO			OMO				
Overnight (O/N)	25.50%	14.17%	11.33%	18-Mar-21	7.00%	8.50%	10.10%	18-Mar-21	10.00	20.00	70.00
Open Buy Back (OBB)	25.00%	13.33%	11.67%	04-Mar-21	7.00%	8.50%	10.10%	04-Mar-21	10.00	10.00	40.00
NIBOR - 1M	2.74%	1.54%	1.20%	25-Feb-21	7.00%	8.50%	10.10%	25-Feb-21	10.00	10.00	70.00
NIBOR - 3M	4.83%	2.48%	2.35%	18-Feb-21	7.00%	8.50%	10.10%	18-Feb-21	45.46	50.00	230.00
NIBOR - 6M	6.28%	2.29%	3.99%	11-Feb-21	7.00%	8.50%	10.10%	11-Feb-21	20.00	20.00	140.00
Treasury Bills				Treasury Bills			Treasury Bills				
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day
1-month	1.05%	0.47%	0.58%	17-Mar-21	2.00%	3.50%	7.00%	17-Mar-21	2.52	5.91	53.46
3-month	2.26%	0.94%	1.32%	24-Feb-21	2.00%	3.50%	6.50%	24-Feb-21	4.74	23.45	80.57
6-month	4.45%	3.60%	0.85%	10-Feb-21	2.00%	3.50%	5.50%	10-Feb-21	24.18	32.71	90.38
9-month	4.36%	3.81%	0.55%	27-Jan-21	1.00%	2.00%	4.00%	27-Jan-21	24.67	16.06	90.15
12-month	4.16%	4.16%	0.00%	13-Jan-21	0.55%	1.30%	2.00%	13-Jan-21	11.39	47.48	123.11
FGN Bonds (Local)				FGN Bonds			FGN Bonds				
					Mar-27	Mar-35	Jul-45		Mar-27	Mar-35	Jul-45
14.50% 15-JUL-2021	3.04%	1.96%	1.08%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
16.39% 27-JAN-2022	4.33%	4.08%	0.25%	20-Jan-21	7.98%	8.74%	8.95%	20-Jan-21	70.9	83.4	16.0
14.20% 14-MAR-2024	8.00%	7.38%	0.62%	16-Dec-20	N/A	6.95%	7.00%	16-Dec-20	N/A	20.0	10.0
12.50% 22-JAN-2026	9.88%	8.67%	1.21%	18-Nov-20	N/A	5.00%	5.79%	18-Nov-20	N/A	40.0	40.0
16.2884% 17-MAR-2027	10.02%	9.46%	0.56%	21-Oct-20	N/A	4.97%	6.00%	21-Oct-20	N/A	22.5	27.5
12.1493% 18-JUL-2034	11.35%	11.11%	0.24%	Corporate Bonds			Corporate Eurobond				
					This Week	Prior Week	WoW (%)		This Week	Prior Week	WoW (%)
16.2499% 18-APR-2037	11.46%	11.09%	0.37%	MIXTA 17.00% 16-JAN-2022	5.60%	4.92%	0.68%	ACCESS 10.50% 19-OCT-2021	2.62%	2.45%	0.17%
14.8% 26-APR-2049	11.20%	11.20%	0.00%	DUFIL 18.25% 1-SEP-2022	7.10%	7.07%	0.03%	ZENITH 7.375% 30-MAY-2022	3.49%	3.36%	0.13%
				LAPO MFB 17.75% 19-DEC-2022	9.72%	9.67%	0.05%	UBA 7.75% 08-JUN-2022	4.09%	4.07%	0.02%
FGN Eurobonds				STERLING 16.50% 3-AUG-2023	8.17%	7.92%	0.25%	SEPLAT 9.25% 1-APR-2023	7.59%	7.57%	0.02%
5.625% 27-JUN-2022	2.63%	2.65%	-0.02%	FCMB 17.25% 8-DEC-2023	9.00%	8.56%	0.44%				
6.50% 28-Nov-2027	5.38%	5.35%	0.03%	ACCESS 15.50% 23-JUL-2026	12.03%	11.43%	0.60%				
7.875% 16-FEB-2032	6.92%	6.91%	0.01%	VIATHAN 16.00% 14-DEC-2027	8.79%	9.16%	-0.37%				
7.625% 28-Nov-2047	7.55%	7.48%	0.07%	UNION 16.20% 27-JUN-2029	13.73%	13.49%	0.24%				
				FIDELITY 8.50% 27-JAN-2031	11.68%	11.44%	0.24%				

Source: DMO, FMDQ, Bloomberg, ARM Research

Nigerian Domestic and Foreign Debt (Q4 2020)

This week, we feature the trend in Nigeria's public debt in over one year. The chart revealed Nigeria's cumulative debt has been on a steady rise from USD25.7trillion to USD32.92 trillion. In Q4 2020, total public debt rose by 2.1% QoQ reflecting a 43.3% increase in state and FCT borrowings while FG total debt declined by 4.00% over the same period.



Source: NBS, ARM Research



Thank You

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