



HOW WOULD RECENT EVENTS AFFECT  
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE  
ARM WEEKLY ECONOMIC  
& FINANCIAL COMMENTARY

## **Weekly Commentary & Stock recommendation**

...for the week 14th March - 19th March 2021

### Global Economy

- ◆ In France, new daily infections have risen to over 30,000 – officially worse than Italy (22,000) and Germany (10,000). This has moved President Emmanuel Macron’s government to tighten the lockdown in the country for the third time, as hospitals run out of intensive-care beds for COVID-19 patients. The new lockdown will begin on the 19th of March 2021 and will last for four (4) weeks. This is estimated to affect about 20 million people as the lockdown will apply to the capital city, Paris, as well as other areas in the southern region of the country. Elsewhere, the Federal Reserve this week, signalled that there are likely to be no interest rate hikes for the next two (2) years. In addition, the Fed upped its projections for the US economy in 2021, as it now projects real GDP to grow 6.5% in 2021 (vs 4.2% forecast from its December meeting). The Fed also rose its 2022 real GDP forecast to 3.3% from 3.2% expected previously. Catching up with the Oil market, Brent crude fell by 7.6% to \$62.82/bbl on Thursday. This is following indications of falling demand in China. We however expect this bearish trend to not last for long as we expect positivity to return to the markets, especially as summer approaches fast (Brent is at \$63.90/bbl as at the time of writing this report on the 19th of March 2021).

### Domestic Economy

- ◆ This week, the NBS published data on labour force statistics for Q4 2020, which showed unemployment rate rose to 33.3% during the period (Q2 2020: 27.1%) while underemployment rate printed at 22.8%. By age group, of the 69.7 million people in the labour force population, 5.3 million people (15-24 years old), 7.5 million (25 - 35 years old), 5.2 million (35-44 years old), 3.4 million (45 -64 years old), and 1.9 million (55-65) are unemployed. Elsewhere, headline inflation for the month of February 2021, printed at 17.33% YoY, +86bps above the prior month (February:16.47% YoY). For drivers, food inflation rose 122bps to 21.79% - the highest in over 10 years, mirroring increases in farm produce (+129bps), imported food (+8bps YoY) and processed food (+51bps YoY). Similarly, core inflation rose by 53bps to 12.38% YoY, reflecting increment across core subindices. MoM numbers showed a similar trend, with headline inflation expanding by 6bps to 1.55% MoM anchored mainly on food inflation. Specifically, uptick in farm produce (+18bps MoM) and increases in imported food (+2bps MoM) drove the upward trend in the food basket. On the other hand, core inflation dipped 5bps to 1.20% MoM despite marginal expansion across core sub-indices.

### Equities and stock recommendation

- ◆ The Nigerian equities market closed the week on a negative note as the NSEASI fell by 0.69% WoW to close at 38,382.39pts. Emerging as the top gainers in the week were ETERNA (+20.78%), GUINNESS (+7.66%) and FLOURMILL (+6.43%) while the biggest laggards over the week were BUACEMENT (-6.42%), ECOBANK (-5.83%) and DANGSUGAR (-5.29%). Sectoral performances show Oil & Gas (+3.80%) as the best performing sectors, while Brewers (-4.04%) was the worst performer over the week. The was Oil & Gas sector was driven by ETERNA (+20.78% WoW) and OANDO (+3.39% WoW), while the Brewers sector was dragged by NB (-5.34% WoW) and INTBREW (-3.77% WoW).
- ◆ Here are the stocks we recommend for the upcoming week: **SEPLAT PLC- NEUTRAL (FVE: ₦581.44), GUINNESS NIGERIA PLC - NEUTRAL (FVE: ₦28.41), UBA PLC– STRONG BUY (FVE: ₦12.18) and DANGOTE SUGAR REFINERY - STRONG BUY (FVE: ₦20.41)** Click [here](#) for our Weekly Stock Recommendation.

### Fixed Income

- ◆ Yields in the secondary market rose for a third consecutive week with the average fixed income yield up 49bps WoW to 6.24%. The increase this week was driven by the short end of the curve where the average NTB yield climbed 65bps WoW to 3.48%. The average bond yield rose by a smaller rate of 33bps over the same time period to end the week at 9.00%. In the primary market, meanwhile, the DMO offered ₦47 billion at this week’s NTB auction. Total subscription was strong at ₦116.85 billion - precisely 2.48x the offered amount- which the DMO took advantage of, selling ₦61.89 billion worth of bills. The average stop rate rose 17bps to 4.17% as the 1yr rate increased by 50bps to 7.00%.



Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.44	34.67	-0.65%	-10.18%	<b>Nigerian Inflation fast-tracks its ascent in February</b>
<b>USD/NGN (₦/\$)</b>					<b>Initial View - GTB Plc FY 2020 - Lower funding cost propels higher earnings</b>
NAFEX	410	409.0	-0.16%	-11.02%	
Parallel	482.5	481.0	-0.31%	-25.16%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2021 Avg.</b>	
			<b>CHG (pps)</b>		
<b>Inflation YoY (February 2021)</b>					
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	
<b>GDP (%) - YoY</b>	<b>Q4 20</b>	<b>Q3 20</b>	<b>Q2 20</b>	<b>FY20</b>	
Real GDP	0.11	-3.62	-6.1	-1.9	<b>News Headline for the week (click news for link)</b>
Oil	-19.8	-13.9	-6.6	-8.9	<b>*Oil price slumps to \$63 as vaccine rollout stalls</b>
Agriculture	3.4	1.4	1.6	2.2	<b>*DMO Lists N162.557 Billion Sovereign Sukuk on NSE</b>
Manufacturing	-1.5	-1.5	-8.8	-2.8	<b>*Airlines May Shut down Operations over Non-implementation of Waivers on Duties</b>
Services	1.3	-5.5	-2.61	-2.2	<b>*FG refineries earn N21bn, lose N778bn in five years</b>
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	<b>*FG to auction N150bn bonds in March</b>
Unemployment Rate			33.3	27.1	<b>*FEC okays N11.72b for road, health contracts</b>
Underemployment			22.8	28.8	<b>*Nigeria's inflation rises again, hit four-year high February</b>
<b>Capital Importation (\$'mn)</b>	<b>Q4 20</b>	<b>Q3 20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>*Foreign exchange inflow rises to \$23.60bn</b>
Foreign Portfolio Investment - Equities	18.05	44.10	-59.1%	-94.9%	<b>*FG recorded N1.48tn fiscal deficit in Q4 - CBN</b>
Bonds	0.00	0.00		-100.0%	<b>*Full deregulation of petrol price coming, says Fed Govt</b>
Money Market	17.10	363.15	-95.3%	-98.8%	<b>*Unemployment rate hits 33.3%, 23.18million Nigerians jobless - NBS</b>
Foreign Direct Investment	251.27	414.79	-39.42%	-8.4%	<b>*PMI report shows uptick of business conditions</b>
<b>Balance of Payment (\$'mn)</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>QoQ</b>	<b>*Reps begin FG assets recovery in privatised entities</b>
Trade Balance	2,382	2,559	1,668	-6.9%	<b>*Petrol subsidy to gulp N102.96bn in March</b>
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	<b>*Nigeria to Improve on Ease of Doing Business Ranking by 2023</b>

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



### Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	38382.39	-0.69	-3.56	-4.69	-4.69	73.53
NSE ASI (\$)	38382.39	-0.69	-3.50	-4.63	-4.63	55.24
Market Cap (?'bn)	18,365	-0.69	-3.56	-4.63	-4.63	73.6
Market Cap (\$'mn)	46,494	-0.69	-3.50	-4.57	-4.57	55.86
NSE 30	1520.46	-0.99	-4.58	-7.30	-7.30	60.99
NSE Premium	3250.21	0.52	-4.12	-6.35	-6.35	77.86
NSE 50	1531.30	-0.01	-3.62	-7.67	-7.67	57.95
NSE ASEM	731.18	0.06	0.18	0.18	0.18	-0.52
NSE Banking	361.13	2.09	-5.65	-8.11	-8.11	49.28
NSE Insurance	197.45	-0.01	-2.30	4.20	4.20	73.28
NSE Consumer	531.97	-1.46	-5.65	-7.22	-7.22	48.76
NSE Oil & Gas	265.32	1.59	-0.03	17.29	17.29	22.67
NSE Industrial	1873.17	-2.62	-1.32	-8.73	-8.73	79.34
NSE Lotus	2625.70	-1.51	-5.10	-7.75	-7.75	66.65
NSE Pensions	1324.86	0.55	-3.85	-4.59	-4.59	56.18

### Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	1.75%	-7.52%	-7.52%
Brewers	-4.04%	-10.40%	-10.40%
Cement	-2.43%	-8.55%	-8.55%
Telecom	-0.29%	0.80%	0.80%
Personal Care	-0.54%	-5.99%	-5.99%
Construction	0.00%	-2.35%	-2.35%
Food	-0.50%	-5.81%	-5.81%
Insurance	-0.38%	7.33%	7.33%
Oil & Gas	3.80%	44.92%	44.92%
Real Estate	0.03%	-2.18%	-2.18%

### ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	-0.83%	-4.97%	-4.97%
Mid Cap (Mid 30%)	0.47%	-1.97%	-1.97%
Small Cap (Bottom 60%)	10.48%	16.13%	16.13%

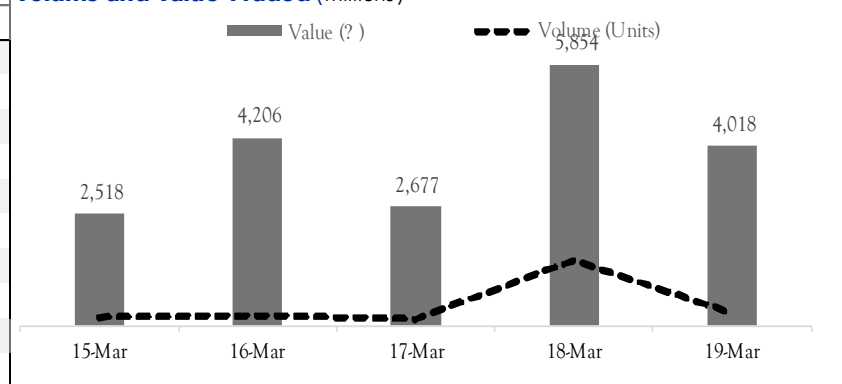
### Top 10 Gainers

Company	This Week	WoW
ETERNA	5.58	20.8%
MCNICHOL	0.80	18.2%
NNFM	6.20	9.7%
UNITYBNK	0.72	9.1%
GUINNESS	25.30	7.7%
BERGER	6.50	7.4%
NASCON	14.90	6.4%
UCAP	5.10	6.2%
VITAFOAM	7.80	6.1%
ZENITHBA	22.50	5.4%

### Top 10 Losers

Company	This Week	WoW
AIRSERVI	7.05	-4.5%
DANGSUGA	17.00	-5.3%
NB	47.00	-5.3%
ETI	4.85	-5.8%
BUACEMEN	69.95	-6.4%
ABCTTRANS	0.28	-6.7%
LASACO	1.21	-6.9%
LINKASSU	0.50	-9.1%
NCR	2.79	-9.7%
AFRIPRUD	5.35	-10.1%

### Volume and Value Traded (millions)



Source: NSE, Bloomberg, ARM Research

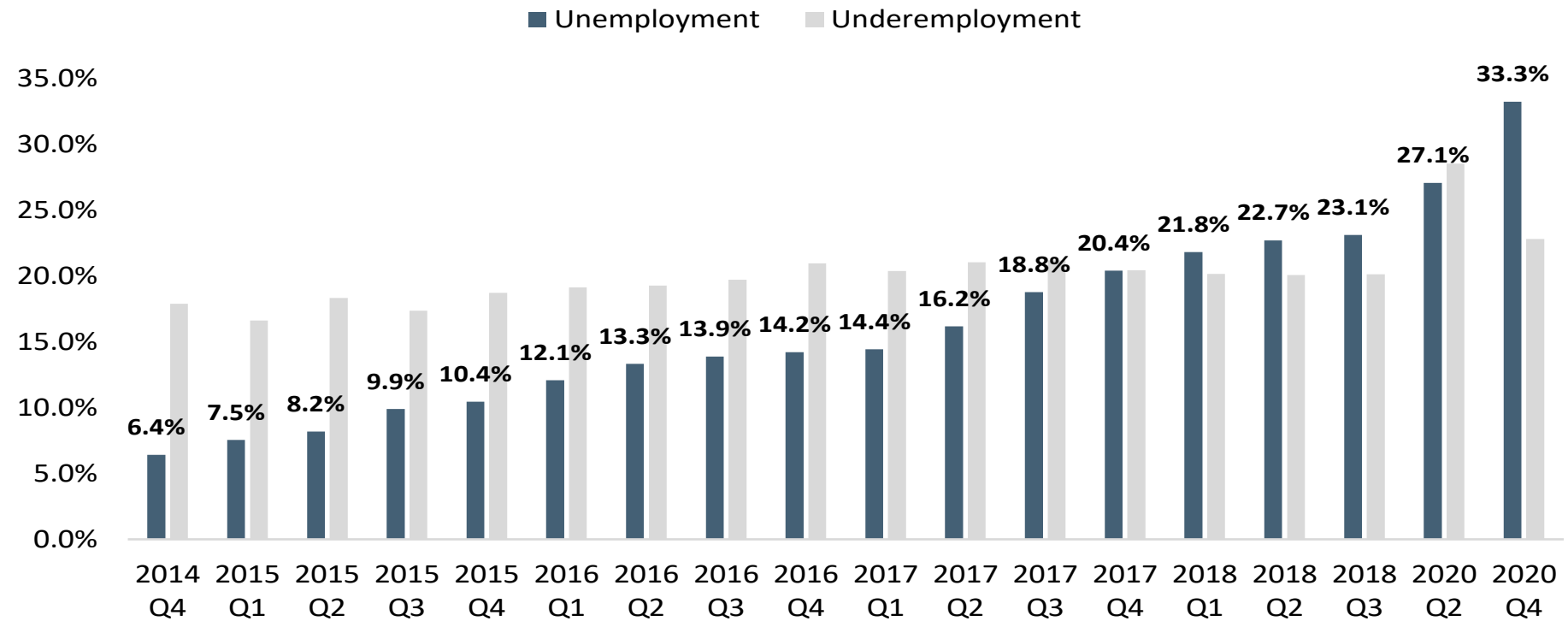


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>			
Overnight (O/N)	25.50%	14.17%	11.33%	18-Mar-21	7.00%	8.50%	10.10%	18-Mar-21	10.00	20.00	70.00
Open Buy Back (OBB)	25.00%	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
<b>Treasury Bills</b>				<b>Treasury Bills</b>				<b>Treasury Bills</b>			
					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
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>				<b>FGN Bonds</b>			
					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%	<b>Corporate Bonds</b>				<b>Corporate Eurobond</b>			
					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%
<b>FGN Eurobonds</b>				<b>STERLING 16.50% 3-AUG-2023</b>				<b>SEPLAT 9.25% 1-APR-2023</b>			
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

## Nigeria Q420 Labour force statistics

Figures released by the National Bureau of Statistics (NBS) show Nigeria’s unemployment rate rose to 33.28% in Q4:2020. This is up from 27.1% recorded in Q2:2020, as the report showed that about 23,187,389 Nigerians remain unemployed. The underemployment rate came in at 22.84% for Q4:2020, down from 28.57% in Q2:2020. Figures reveal that 12.16 million Nigerians did nothing in Q4:2020, whilst 11.03 million people worked for under 20 hours (underemployed). The Total Working Age Population came in at 122,049,400, and combining the unemployment and underemployment rate gives a figure of 56.1% in Q4:2020. The rise in unemployment can be attributed to the economic struggle amidst the COVID-19 pandemic lockdown, and low oil prices.



Source: NBS, ARM Research



Thank You

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