

HOW WOULD RECENT EVENTS AFFECT  
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE  
ARM WEEKLY ECONOMIC  
& FINANCIAL COMMENTARY



**Weekly Commentary & Stock recommendation**  
...for the week 20April – 24April 2020

### ***Global Economy***

- ◆ COVID-19 continues to weigh on global economies and policymakers also continue to increase their interventions. In China, the People's Bank of China (PBoC) lowered its benchmark interest rate for the second time this year after the economy contracted by 6.8% in Q1 20. The 1-year and 5-year loan prime rates were lowered by 20 bps and 10 bps to 3.85% and 4.65%, respectively. Meanwhile, data releases in the UK have started to reflect the impact of the Coronavirus. According to the Office of National Statistics, the COVID-19 outbreak may have begun to impact consumer behaviour even before the lockdown began on March 23rd. The UK inflation in March dropped to 1.5% YoY from 1.7% in February due to decline in the prices of clothing and motor fuels. The UK also recorded a plunge in retail sales by 5.8% in March – the largest decline on records. Lastly, US continues to record increase in unemployment, as the weekly jobless claims hit 4.4 million last week, bringing the 5-week total to more than 26 million.

### ***Domestic Economy***

- ◆ Recent data published by the NBS showed Nigeria's headline inflation for the month of March printed at 12.26% YoY, 6bps above the prior month of 12.20%. Driving the expansion were increases in both food inflation and core inflation. Food inflation ticked 8bps higher to 14.98% due to increases in processed food (+361bps to 13.3% YoY) and imported food (+7bps to 16.22% YoY) while farm produce declined 24bps to 15.15% YoY. Similarly, core inflation ascended 3bps to 9.73% YoY following increases in Furnishing, Health, Transport, Clothing, amongst other sub-indices. Meanwhile, the Nigerian National Petroleum Corporation hinted the possibility of a halt in crude oil production should the sharp fall in crude oil prices as well as global demand shortage persist.

### ***Equities and stock recommendation***

- ◆ Contrary to last week, the Nigerian bourse experienced a downturn with the NSE ASI dropping 1.41% WoW, closing at 22,599.38 points and the market capitalization at N11.7 trillion (-1.41%). Negative performances were seen across all sectors except Brewers (+3.13%), Telecom (+1.64%) and Construction (+3.18%). Banking (-4.39%), Cement (-1.68%), Food (-3.99%), Oil & Gas (-2.48%) and Personal Care (-1.0%) were the sectors with negative performances. For individual stock performance, major drivers for the negatives were GUARANTY (-7.21%), ZENITH (-6.33%), DANGCEM (-4.41%) and NESTLE (-5.89%). On the other hand, positive sentiments were seen in BUACEMENT (+3.61%), NB (+6.65%) and STANBIC (+3.64%).
- ◆ Here are the stocks we recommend for the upcoming week: **Dangcem Plc – STRONG BUY (FVE: ₦240.87), Nestle Plc – STRONG BUY (FVE: ₦1447.39), Guaranty – STRONG BUY (FVE: ₦37.00) and UBA Plc – STRONG BUY (FVE: ₦13.04).** [Click here](#) for our Weekly Stock Recommendation.

### ***Fixed Income***

- ◆ At this month's bond auction subscription came in strong at ₦275.67 billion, 4.59x the ₦60 billion offered. The FG took advantage of this high subscription and sold a total of ₦176.06 billion – ₦156.06 billion via the competitive bids and ₦20 billion via non-competitive bids. The average stop rate declined 66bps from last auction to 11.17%. There was also strong demand at the OMO auction with subscription 3.23x the ₦100 billion (total: ₦323.76 billion) offered. However, the CBN only took up about a third of this subscription – ₦112.65 billion. The 1yr stop rate declined 4bps to 12.71%. The strong subscription was an indication of the ample system liquidity among DMBs which was followed with a special CRR debit by the CBN to the tune of ₦1.5 trillion. This pushed the average money market rate up 1857 bps to 20.7%. In the secondary market, average FI yields declined for the 5th consecutive week, this time by 47bps to 6.38%. Average bond yields dropped by 57bps to 10.06% spearheaded by the March-2024 (-143bps), March-2025 (-130bps) and Jan-2026 (-235bps). Meanwhile, NTB yields shed 36bps WoW to close at 2.71% with declines coming in the short-tenor (-46bps) and mid-tenor (-18bps) bills.

## The week in Review

◆ COVID-19 continues to weigh on global economies and policymakers also continue to increase their interventions. In China, the People's Bank of China (PBoC) lowered its benchmark interest rate for the second time this year after the economy contracted by 6.8% in Q1 20. The 1-year and 5-year loan prime rates were lowered by 20 bps and 10 bps to 3.85% and 4.65%, respectively. Meanwhile, data releases in the UK have started to reflect the impact of the Coronavirus. According to the Office of National Statistics, the COVID-19 outbreak may have begun to impact consumer behaviour even before the lockdown began on March 23rd.

◆ The UK inflation in March dropped to 1.5% YoY from 1.7% in February due to decline in the prices of clothing and motor fuels. The UK also recorded a plunge in retail sales by 5.8% in March – the largest decline on records. Lastly, US continues to record increase in unemployment, as the weekly jobless claims hit 4.4 million last week, bringing the 5-week total to more than 26 million.

## Global Fixed Income

## Global Currencies

	1-Yr Tenor	WoW (pps)	10-yr Tenor	WoW (pps)	Inflation (%)		This Week	Prior Week	WoW (%)	YTD (%)
US	0.16		0.60	0.4	1.5	Euro (€)	1.1	1.1	-0.8	-3.8
UK	▲ Real Time	N/A	0.18	-0.2	1.5	GBP (£)	1.2	1.2	-1.3	-6.9
Euro	▼	13.9	-0.07	6.8	0.7	JPY (¥)	107.5	107.5	0.1	1.1
Japan	▲ Real Time	N/A	-0.15	0.4	0.4	INR (₹)	76.5	76.4	-0.1	-6.6
China	1.45	-1.7	2.34	-1.8	4.3	CNY (¥)	7.1	7.1	-0.1	-1.7
India	3.79	-5.3	6.17	-2.8	6.84	MXN (\$)	25.0	23.7	-5.3	-24.4
Mexico	5.44	-3.9	6.40	0.8	3.25	RUB (p.)	74.7	73.9	-1.1	-17.1
Turkey	17.57	-1.7	11.42	11.2	11.86	ZAR (R)	19.0	18.8	-1.1	-26.4
Russia	5.20	-5.2	2.85	-0.1	2.5	EGP (£)	15.8	15.7	-0.3	1.6
Egypt	12.41	1.64	16.00	1.39	5.1	KES (sh)	107.0	106.7	-0.3	-5.3
South Africa	4.89	-6.9	10.90	-3.9	4.1	GHS (¢)	5.8	5.8	-0.3	-1.2
Kenya	9.11	0.2	12.05	-3.0	6.1	XOF (₣)	608.4	604.4	-0.7	-3.8
Ghana	17.90	N/A	19.00	0.0	7.8	XAF (₣)	607.9	603.0	-0.8	-3.7
Nigeria	4.00	-7.0	11.21	3.3	12.3	NGN (₦)	387.4	389.0	0.4	-6.4

## Global Commodities

## Global Indicators for the Week

		This Week	Prior Week	WoW (%)	YTD (%)		Latest	Prior
Brent Crude	\$/bbl	21.5	28.1	-23.3	-67.4	China PBoC Interest Rate Decision	3.85%	4.05%
OPEC Crude	\$/bbl	15.2	17.7	-16.2	-77.6	UK Consumer Price Index (YoY) - March	1.5%	1.7%
Gasoline	\$/gal	63.5	71.1	-10.7	-66.3	UK Public Sector Net Borrowing - March	£2.325 B	£0.065 B
Natural Gas	\$/MBtu	1.8	1.8	1.1	-19.0	UK Retail Sales (YoY) - March	-5.80%	0.00%
Gold	\$/oz	1721.5	1682.8	2.3	13.5	UK ILO Unemployment Rate (3M) - Feb	4.0%	3.9%
Sugar	\$/lb	9.8	10.5	0.0	-28.2	EU Markit Manufacturing PMI - April**	33.6	44.5
Wheat	\$/bsh	531.8	533.8	-0.4	-5.6	UK Markit Services PMI - April**	12.3	34.5
Crude Palm oil	MYR/MT	2075.0	2235.0	0.0		US Markit PMI Composite - April**	27.4	40.9

\*\* means Preliminary Estimate

### The week in Review

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Similarly, core inflation ascended 3bps to 9.73% YoY following increases in Furnishing, Health, Transport, Clothing, amongst other sub-indices. Meanwhile, the Nigerian National Petroleum Corporation hinted the possibility of a halt in crude oil production should the sharp fall in crude oil prices as well as global demand shortage persist.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	35.59	35.98	-1.08%	-7.79%	GTB Plc Q1 2020 - A choice in a dire time
<b>USD/NGN (₦/\$)</b>					NB Initial View Q1 20 - Higher OPEX leads to steep profit decline
NAFEX	382	370	-2.92%	-4.45%	FBN Holdings Plc Q1 2020 - Banking on the brink
Parallel	402.5	375.0	-6.83%	-10.56%	Unilever Q1 20 - Revenue drops; technical devaluation to further pressure FY 20 earnings
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2020 Avg.</b>	
<b>Inflation YoY (January)</b>			<b>CHG (pps)</b>		
Headline	12.2	12.13	0.07	12.17	
Core	9.43	9.35	0.08	9.39	
Food	14.9	14.85	0.05	14.85	
<b>GDP (%) - YoY</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>FY19</b>	
Real GDP	2.55	2.3	2.1	2.3	
Oil	6.4	6.5	7.2	4.6	News Headline for the week (click news for link)
Agriculture	2.3	2.3	1.8	2.4	*COVID-19: ECOWAS seeks debt cancellation for African countries
Manufacturing	1.2	1.1	-0.1	0.8	*Dangote Cement Raises N150bn as Bond Offer Records Oversubscription
Services	4	3.5	2.9	3.4	*U.S. House passes \$500 billion coronavirus bill in latest relief package
<b>Labor Data (%) - Q3 18</b>			<b>Latest</b>	<b>Prior</b>	*Oil crash may warrant production halt, says NNPC
Unemployment Rate			23.1	18.8	*Operators agree to slash haulage fees by 30%
Underemployment			20.1	21.2	*Nigeria records \$434.85m crude oil export sales in January
<b>Capital Importation (\$'mn)</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	*Record U.S. jobless claims wipe out post-Great Recession employment gains
Foreign Portfolio Investment - Equities	353.65	358.19	-1.3%	62.0%	*Bankruptcy looms over U.S. energy industry, from oil fields to pipelines
Bonds	47.36	91.60	-48.3%	-96.0%	*World Bank, IMF, G20, Paris Club suspend debt service
Money Market	1482.57	2549.71	-41.9%	50.8%	*Oil Sector Reform Excites LCCI
Foreign Direct Investment	257.25	206.58	24.53%	-6.2%	*U.S. Treasury releases \$2.9 billion in airline support, finalizes payroll agreements
<b>Balance of Payment (\$'mn)</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>Q1 19</b>	<b>QoQ</b>	*Contributions into private COVID-19 funds hit N25.89bn
Trade Balance	2,559	1,668	775	230.2%	*Petrol subsidy removal, a game-changer — LCCI
CA Balance	(2,796)	(3,772)	(2,819)	-0.8%	*NSE grants companies 60-day forbearance on Q1 results

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

## The week in Review

Contrary to last week, the Nigerian bourse experienced a downturn with the NSE ASI dropping 1.41% WoW, closing at 22,599.38 points and the market capitalization at N11.7 trillion (-1.41%). Negative performances were seen across all sectors except Brewers (+3.13%), Telecom (+1.64%) and Construction (+3.18%). Banking (-4.39%), Cement (-1.68%), Food (-3.99%), Oil & Gas (-2.48%) and Personal Care (-1.0%) were the sectors with negative performances. For individual stock performance, major drivers for the negatives were GUARANTY (-7.21%), ZENITH (-6.33%), DANGCEM (-4.41%) and NESTLE (-5.89%).

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- Here are the stocks we recommend for the upcoming week: **Dangcem Plc – STRONG BUY (FVE: ₦240.87)**, **Nestle Plc – STRONG BUY (FVE: ₦1447.39)**, **Guaranty – STRONG BUY (FVE: ₦37.00)** and **UBA Plc – STRONG BUY (FVE: ₦13.04)**. Click [here](#) for our **Weekly Stock Recommendation**.

## Index Performance

	Level	Index Returns (%)				
		WoW	MID	QTD	YTD	1 year
NSE ASI	22599.38	-1.41	6.10	6.10	-15.81	-24.42
NSE ASI (\$)	57.30	-1.41	6.80%	6.80%	-20.08%	-28.72%
Market Cap (₦'bn)	11393.34	-1.41%	6.10%	6.10%	-9.11%	5.38%
Market Cap (\$'mn)	29864.58	-0.61%	6.80%	6.80%	-13.72%	-1.16%
NSE 30	967.99	-1.53	7.27	7.27	-17.82	-27.78
NSE Premium	1942.21	-0.04	10.28	10.28	-8.22	-10.78
NSE 50	1010.33	-3.45	9.45	9.45	-24.98	-36.61
NSE ASEM	761.08	354.97%	3.55	3.55	3.55	-6.00
NSE Banking	261.54	-5.24	10.89	10.89	-26.71	-32.61
NSE Insurance	120.35	1.17	0.80	0.80	-4.35	-0.31
NSE Consumer	376.46	-2.64	15.66	15.66	-36.50	-44.22
NSE Oil & Gas	205.63	-1.68	-4.47	-4.47	-21.68	-22.94
NSE Industrial	1017.37	0.71	-2.20	-2.20	-5.41	-11.80
NSE Lotus	1596.19	-0.64	5.52	5.52	-13.00	-26.66
NSE Pensions	871.45	-0.32	5.41	5.41	-17.32	-23.13

## Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	-4.39%	11.45%	-27.25%
Brewers	3.13%	22.59%	-40.96%
Cement	-1.68%	-0.50%	-3.74%
Telecom	1.64%	9.94%	1.19%
Personal Care	-1.00%	0.84%	-42.56%
Construction	3.18%	9.67%	15.93%
Food	-3.99%	15.23%	-29.11%
Insurance	0.50%	-0.39%	-2.00%
Oil & Gas	-2.48%	-12.50%	-49.26%
Real Estate	-0.23%	-0.60%	-0.75%

## ARM Indices

	Returns (%)		
	WoW	QTD	YTD
Large Cap (Top 10%)	-1.37%	6.41%	-6.81%
Mid Cap (Mid 30%)	-1.09%	2.02%	-9.79%
Small Cap (Bottom 60%)	1.09%	3.39%	-1.12%

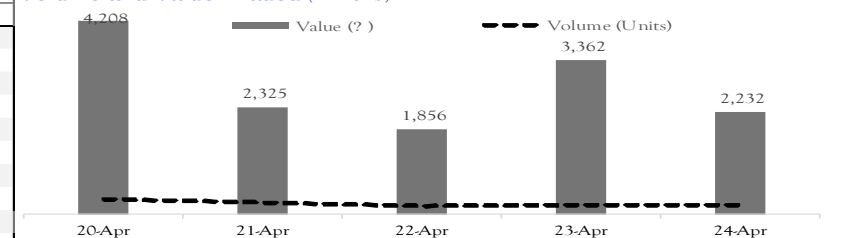
## Top 10 Gainers

Company	This Week	WoW
CADBURY	7.45	18.3%
WEMABANK	0.62	10.7%
NEM	2.20	10.0%
UPL	1.05	9.4%
NPFMCRFB	1.25	8.7%
LEARNAFR	1.03	8.4%
NASCON	10.05	7.5%
NB	34.50	6.6%
AFRIPRUD	3.70	6.6%
VITAFOAM	4.51	6.1%

## Top 10 Losers

Company	This Week	WoW
ETI	4.60	-8.0%
CORNERST	0.54	-8.5%
CHEASIN	5.10	-8.9%
UACPROP	0.74	-9.8%
CAP	20.90	-9.9%
FIDELITY	1.82	-10.8%
OANDO	2.30	-12.2%
CHAMPION	0.81	-15.6%
GUINNESS	18.90	-15.6%
UACN	6.20	-17.3%

## Volume and Value Traded (millions)



Source: NSE, Bloomberg, ARM Research

### The week in Review

◆ At this month's bond auction subscription came in strong at ₦275.67 billion, 4.59x the ₦60 billion offered. The FG took advantage of this high subscription and sold a total of ₦176.06 billion – ₦156.06 billion via the competitive bids and ₦20 billion via non-competitive bids. The average stop rate declined 66bps from last auction to 11.17%. There was also strong demand at the OMO auction with subscription 3.23x the ₦100 billion (total: ₦323.76 billion) offered. However, the CBN only took up about a third of this subscription – ₦112.65 billion. The 1yr stop rate declined 4bps to 12.71%.

◆ The strong subscription was an indication of the ample system liquidity among DMBs which was followed with a special CRR debit by the CBN to the tune of ₦1.5 trillion. This pushed the average money market rate up 1857 bps to 20.7%. In the secondary market, average FI yields declined for the 5th consecutive week, this time by 47bps to 6.38%. Average bond yields dropped by 57bps to 10.06% spearheaded by the March-2024 (-143bps), March-2025 (-130bps) and Jan-2026 (-235bps). Meanwhile, NTB yields shed 36bps WoW to close at 2.71% with declines coming in the short-tenor (-46bps) and mid-tenor (-18bps) bills.

	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)	21.08%	2.25%	18.83%	23-Apr-20	11.50%	11.54%	12.71%	23-Apr-20	20.37	11.50	80.78
Open Buy Back (OBB)	20.33%	2.00%	18.33%	16-Apr-20	11.50%	11.54%	12.75%	16-Apr-20	16.00	18.00	100.00
NIBOR - 1M	8.04%	11.42%	-3.38%	09-Apr-20	N/A	N/A	12.79%	09-Apr-20	N/A	N/A	39.35
NIBOR - 3M	8.48%	9.65%	-1.17%	02-Apr-20	N/A	N/A	12.79%	02-Apr-20	N/A	N/A	4.00
NIBOR - 6M	9.07%	12.13%	-3.06%	19-Mar-20	N/A	N/A	N/A	19-Mar-20	N/A	N/A	N/A
<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	2.24%	3.10%	-0.86%	15-Apr-20	1.93%	2.74%	4.00%	15-Apr-20	5.85	3.50	49.14
3-month	2.45%	2.17%	0.28%	01-Apr-20	2.20%	3.20%	4.30%	01-Apr-20	10.00	17.60	68.08
6-month	2.84%	2.94%	-0.10%	18-Mar-20	2.30%	3.40%	4.60%	18-Mar-20	2.0	8.4	37.2
9-month	2.95%	3.69%	-0.74%	11-Mar-20	2.49%	3.78%	5.30%	11-Mar-20	1.8	14.0	70.5
12-month	3.19%	4.04%	-0.85%	26-Feb-20	3.00%	4.00%	5.70%	26-Feb-20	20.4	31.8	52.0
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>				<b>FGN Bonds</b>			
					5 Year	10 Year	30 Year		5 Year	10 Year	30 Year
14.50% 15-JUL-2021	5.16%	5.24%	-0.08%	22-Apr-20	9.00%	12.00%	12.50%	22-Apr-20	40.1	82.3	53.7
16.39% 27-JAN-2022	6.42%	6.19%	0.23%	25-Mar-20	10.00%	12.50%	12.98%	25-Mar-20	15.0	30.0	25.0
14.20% 14-MAR-2024	8.08%	9.51%	-1.43%	19-Feb-20	8.75%	10.70%	12.12%	19-Feb-20	55.0	65.0	40.0
12.50% 22-JAN-2026	9.00%	11.35%	-2.35%	22-Jan-20	9.85%	11.13%	12.56%	22-Jan-20	29.3	106.4	276.1
16.2884% 17-MAR-2027	11.61%	11.51%	0.10%	18-Dec-19	11.00%	12.00%	13.00%	18-Dec-19	59.9	96.7	96.4
12.1493% 18-JUL-2034	11.68%	12.05%	-0.37%	<b>Corporate Bonds</b>				<b>Corporate Eurobond</b>			
16.2499% 18-APR-2037	11.70%	12.30%	-0.60%		This Week	Prior Week	WoW (%)		This Week	Prior Week	WoW (%)
14.8% 26-APR-2049	12.60%	12.58%	0.02%	UBA   16.45%   30-DEC-2021	14.97%	14.88%	0.08%	ACCESS   10.50%   19-OCT-2021	11.79%	11.03%	0.76%
				MIXTA   17.00%   16-JAN-2022	5.60%	5.97%	-0.37%	ZENITH   7.375%   30-MAY-2022	11.45%	11.41%	0.04%
				FIDELITY   16.48%   13-MAY-2022	8.22%	8.16%	0.06%	UBA   7.75%   08-JUN-2022	14.44%	14.38%	0.06%
				DUFIL   18.25%   1-SEP-2022	9.32%	9.43%	-0.12%	SEPLAT   9.25%   1-APR-2023	17.17%	16.84%	0.33%
				LAPO MFB   17.75%   19-DEC-2022	11.80%	12.09%	-0.29%				
				STERLING   16.50%   3-AUG-2023	9.56%	10.33%	-0.77%				
				FCMB   17.25%   8-DEC-2023	9.71%	10.82%	-1.11%				
				STANBIC   13.25%   30-SEP-2024	9.92%	11.28%	-1.36%				
				VIATHAN   16.00%   14-DEC-2027	10.24%	11.62%	-1.38%				

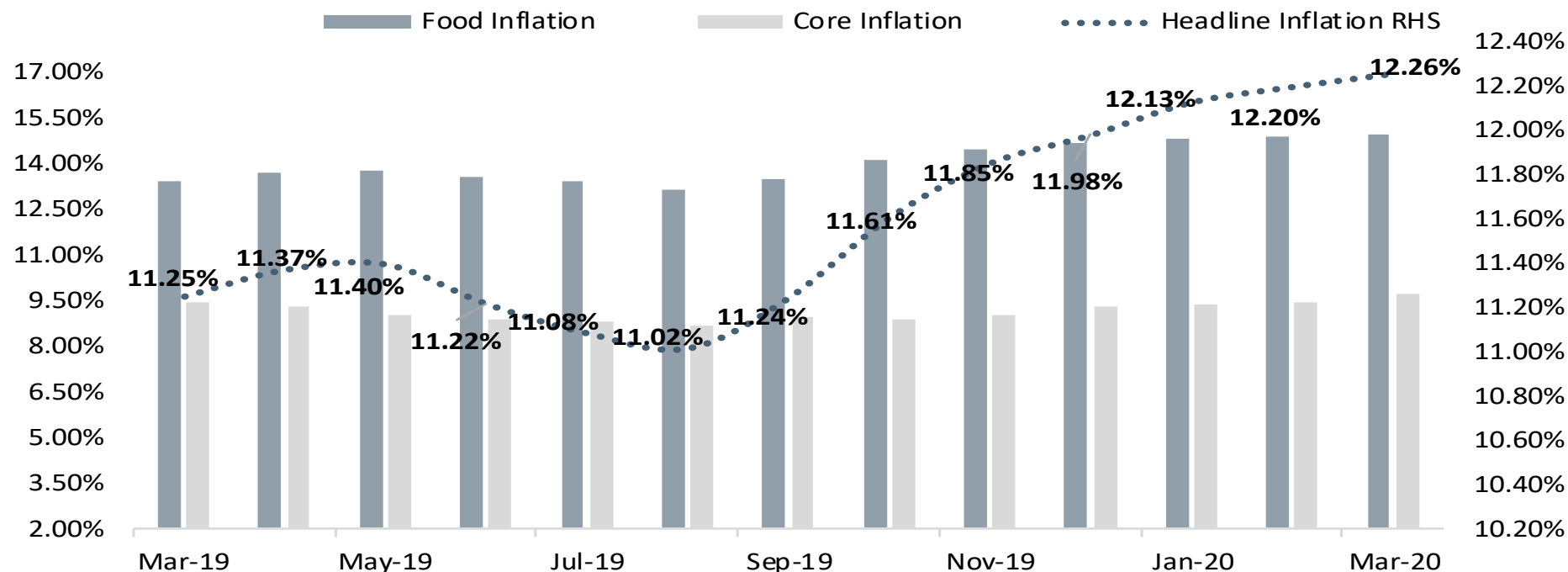
## Economic and Financial Calendar for the week 27th April - 1st May

	Monday 27-Apr	Tuesday 28-Apr	Wednesday 29-Apr	Thursday 30-Apr	Friday 1-May
<b>Global</b>	Japan Unemployment Rate	Japan BOJ Interest Rate Decision	US Core Personal Consumption Expenditure (QoQ) - Q1**	China NBS Manufacturing PMI - April	Jaapan Jibun Bank Manufacturing PMI - April
		US Goods Trade Balance (March)	US Gross Domestic Product Price Index - Q1**	EU Consumer Price Index (YoY) - April**	UK Net Lending to Individuals (MoM) - March
			US Fed Interest Rate Decision	EU Gross Domestic Product (YoY) - Q1**	Japan Foreign Reserves - April
			Japan Retail Trade (YoY) - March	EU Unemployment Rate - March	
			Japan Industrial Production (YoY) - March**	EU ECB Interest Rate Decision	
<b>Domestic</b>				National Living Standard Survey 2018/19	

\*\* means Preliminary Estimate

**March 2020 Inflation**

This week, we feature the trend for inflation over the last year. Recent numbers showed inflation increased to 12.26% in the month of March, 2020. We believe inflation will continue to trend higher given the adverse impact of the lockdown on commodity prices and depreciation in the Naira - currently at N383 at the I&E window and N439 in the parallel market



Source: NBS, ARM Research





Thank You

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