



HOW WOULD RECENT EVENTS AFFECT  
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE  
ARM WEEKLY ECONOMIC  
& FINANCIAL COMMENTARY

## **Weekly Commentary & Stock recommendation**

...for the week 6th April - 9th April 2021

### **Global Economy**

- ◆ Business activity in the Eurozone bounced back to growth as composite PMI came in better than expected at 53.2pts (preliminary reading: 52.5pts). Anchoring the upswing was an expansion in manufacturing output (final estimate up to 62.5pts from 57.9pts in February) while services PMI printed just shy of the 50-point threshold at 49.6pts (initial estimate: 48.8pts) despite a faltering inoculation drive and further re-imposition of lockdown measures across the bloc. Over in the US, the IMF endorsed President Biden's plans to raise corporate income tax and negotiate a global minimum tax, with the Bretton-wood institution citing a COVID-19 "surcharge" as an avenue for wealthier countries to reverse the erosion in its revenues. The tax plan was discussed by G-20 finance officials during the week, with steps now being taken by countries across the world towards reaching an agreement on corporate tax reforms through the Organization for Economic Co-operation and Development (OECD). Elsewhere, consumer prices in China rebounded in March after two consecutive months of deflation as the consumer price index rose 0.4%YoY (February: -0.2%YoY). The highest reading since last October was largely underpinned by a sharp ricochet in the cost of non-food goods (up 0.7%YoY vs -0.2%YoY in February) and this was largely driven by upticks in the price of transportation (2.7%YoY vs -1.9%YoY), clothing (0.1%YoY vs -0.5%YoY) and rent (0.2%YoY vs -0.3%YoY).

### **Domestic Economy**

- ◆ This week, the International Energy Agency (IEA) projects Nigeria's crude oil capacity will decline by 200,000 bpd to 1.6 million bpd by 2026 (FY 20: 1.78 million bpd). According to the IEA, the projected decline is due to expectation of higher taxes on deep water oil production, thus making investments less attractive. Meanwhile, the securities and exchange commission (SEC) cautioned the investing public against procreation of unregistered online investment and trading platforms facilitating access to trading securities in foreign markets. Precisely, only foreign securities listed on any exchange registered in Nigeria may be issued, sold or offered for sale or subscription to the Nigerian public, according to the SEC. Elsewhere, the International Monetary Fund (IMF) excluded Nigeria from the list of 28 countries granted debt pardon.

### **Equities and stock recommendation**

- ◆ The Nigerian equities market closed the week on a negative note, as the NSEASI fell by 0.13% WoW to close at 38,866.39pts. Emerging as the top gainers in the week were LINKASSURE (+11.11%), INITSPLC (+9.52%) and ROYALEX (+9.09%). Biggest laggards in the week were GUINNESS (-17.27%), STERLNBANK (-15.68%) and MBENEFIT (-15.22%). Sectoral performances show Food & Beverages as the best performing sector, while Banking was the worst performer over the week. The was Food & Beverages sector was driven by FLOURMILL (+6.90 WoW) and HONYFLOUR (+4.24% WoW), while the Banking sector was dragged by STERLNBANK (-15.68% WoW) and STANBIC (-5.20% WoW).
- ◆ 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- BUY (FVE: ₦12.18) and WAPCO - STRONG BUY (FVE: ₦28.61)** Click [here](#) for our Weekly Stock Recommendation.

### **Fixed Income**

- ◆ In the secondary market, fixed income rates hit new highs as the average fixed income yield crossed the 7%-mark (up 33bpsWoW to 7.05%) mirroring increases at both ends of the curve. For context, the average bond yield firmed 39bps WoW to settle at 9.71% on the back of upticks in the Apr-2049 (+127bps), Apr-2037 (+96bps) and Mar-2036 (+182bps) papers while the average NTB yield closed up 27bps WoW to settle at 4.40% reflecting upward pressures in the 364-day (+134bps) bill.



Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.98	34.79	0.53%	-9.37%	Fixed Income Monthly Update - Mar 2021
<b>USD/NGN (₦/\$)</b>					
NAFEX	410	409.3	-0.09%	-11.02%	
Parallel	482.5	481.5	-0.21%	-25.39%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2021 Avg.</b>	
<b>Inflation YoY (February 2021)</b>			<b>CHG (pps)</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	News Headline for the week (click news for link)
Oil	-19.8	-13.9	-6.6	-8.9	*SEC Warns against Proliferation of Unregistered Investment Platforms
Agriculture	3.4	1.4	1.6	2.2	*Pope Urges IMF, W'Bank to Cut Poor Nations' Debts
Manufacturing	-1.5	-1.5	-8.8	-2.8	*Foreign reserves rise to \$34.85b on 'Naira for Dollar' policy
Services	1.3	-5.5	-2.61	-2.2	*China factory gate prices rise by most in nearly 3 years as recovery quickens
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	*Euro zone business activity expanded in March despite lockdowns
Unemployment Rate			33.3	27.1	*PIB Will Resolve Oil Sector's 70-Year Underdevelopment, FG Insists
Underemployment			22.8	28.8	*Nigeria's, others' debts being reconciled with creditors, says World Bank
<b>Capital Importation (\$'mn)</b>	<b>Q4 20</b>	<b>Q3 20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	*U.S. weekly jobless claims rise again, but labor market recovery gaining steam
Foreign Portfolio Investment - Equities	18.05	44.10	-59.1%	-94.9%	*IMF: Intervention funds can hurt financial market
Bonds	0.00	0.00		-100.0%	*IMF excludes Nigeria from debt relief
Money Market	17.10	363.15	-95.3%	-98.8%	*WTO, France Seal €6m Deal to Deepen Trade in Developing Countries
Foreign Direct Investment	251.27	414.79	-39.42%	-8.4%	*IEA Sees Drop in Nigeria's Crude Oil Capacity by 2026
<b>Balance of Payment (\$'mn)</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>QoQ</b>	*Stock investors lost N395bn in March - NSE
Trade Balance	2,382	2,559	1,668	-6.9%	*FG advises states on requirements for \$1.5bn fiscal support
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*Oil falls to \$62 as COVID-19 dims demand outlook

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



### Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	38866.39	-0.13	-0.46	-0.46	-3.49	81.75
NSE ASI (\$)	38866.39	-0.17	-0.54	-0.54	-3.19	70.34
Market Cap (?'bn)	18,365	-0.13	-0.46	-0.46	-3.43	82.47
Market Cap (\$'mn)	46,494	-0.21	-0.54	-0.54	-3.13	71.01
NSE 30	1545.94	-0.22	-0.64	-0.64	-5.74	70.14
NSE Premium	3256.36	0.62	0.43	0.43	-6.18	82.30
NSE 50	1549.71	-0.71	-1.59	-1.59	-6.56	63.90
NSE ASEM	731.18	0.00	0.00	0.00	0.18	-0.52
NSE Banking	348.28	-2.53	-5.79	-5.79	-11.38	32.16
NSE Insurance	201.88	-1.49	-1.30	-1.30	6.53	71.11
NSE Consumer	556.03	1.12	2.41	2.41	-3.02	66.18
NSE Oil & Gas	265.64	-0.31	-0.09	-0.09	17.44	28.88
NSE Industrial	1875.49	-0.66	-0.76	-0.76	-8.62	95.25
NSE Lotus	2679.22	1.11	1.07	1.07	-5.87	82.95
NSE Pensions	1366.29	-0.15	0.27	0.27	-1.61	63.20

### Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	-2.42%	-10.00%	-7.61%
Brewers	-2.02%	-6.26%	-2.76%
Cement	-0.48%	-5.52%	-8.40%
Telecom	1.12%	4.47%	2.99%
Personal Care	-0.48%	-1.58%	-5.10%
Construction	0.00%	6.16%	6.47%
Food	2.39%	-4.51%	-3.35%
Insurance	-1.03%	8.29%	12.31%
Oil & Gas	-0.21%	12.47%	45.50%
Real Estate	-0.24%	-2.47%	-2.30%

### ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	0.10%	-3.11%	-3.91%
Mid Cap (Mid 30%)	-1.90%	-0.86%	1.01%
Small Cap (Bottom 60%)	-14.46%	7.19%	5.22%

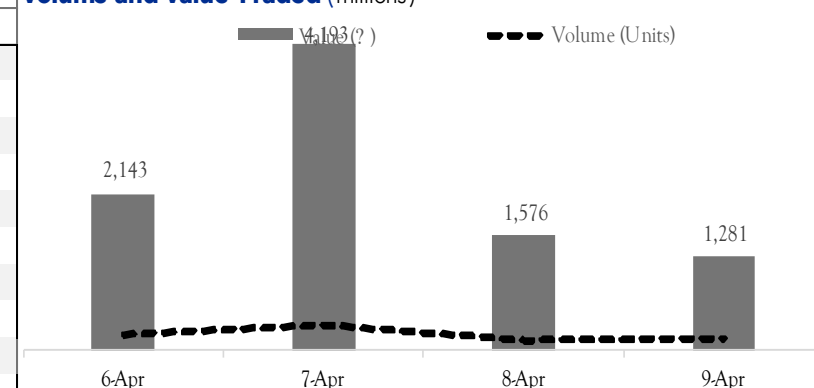
### Top 10 Gainers

Company	This Week	WoW
LINKASSU	0.80	11.1%
INITSPLC	0.46	9.5%
ROYALEX	0.36	9.1%
FLOURMIL	31.00	6.9%
ETERNA	5.80	6.4%
HONYFLOU	1.23	4.2%
OKOMUOIL	93.00	3.3%
NESTLE	1420.00	3.3%
LIVESTOC	1.93	3.2%
FCMB	2.92	3.2%

### Top 10 Losers

Company	This Week	WoW
CORNERST	0.56	-6.7%
UNITYBNK	0.64	-8.6%
PRESTIGE	0.42	-8.7%
PHARMDEK	1.34	-9.5%
UACPROP	0.75	-9.6%
ALEX	7.30	-9.9%
MRSOIL	10.90	-9.9%
MBENEFITS	0.39	-15.2%
STERLNBA	1.56	-15.7%
GUINNESS	29.70	-17.3%

### Volume and Value Traded (millions)



Source: NSE, Bloomberg, ARM Research

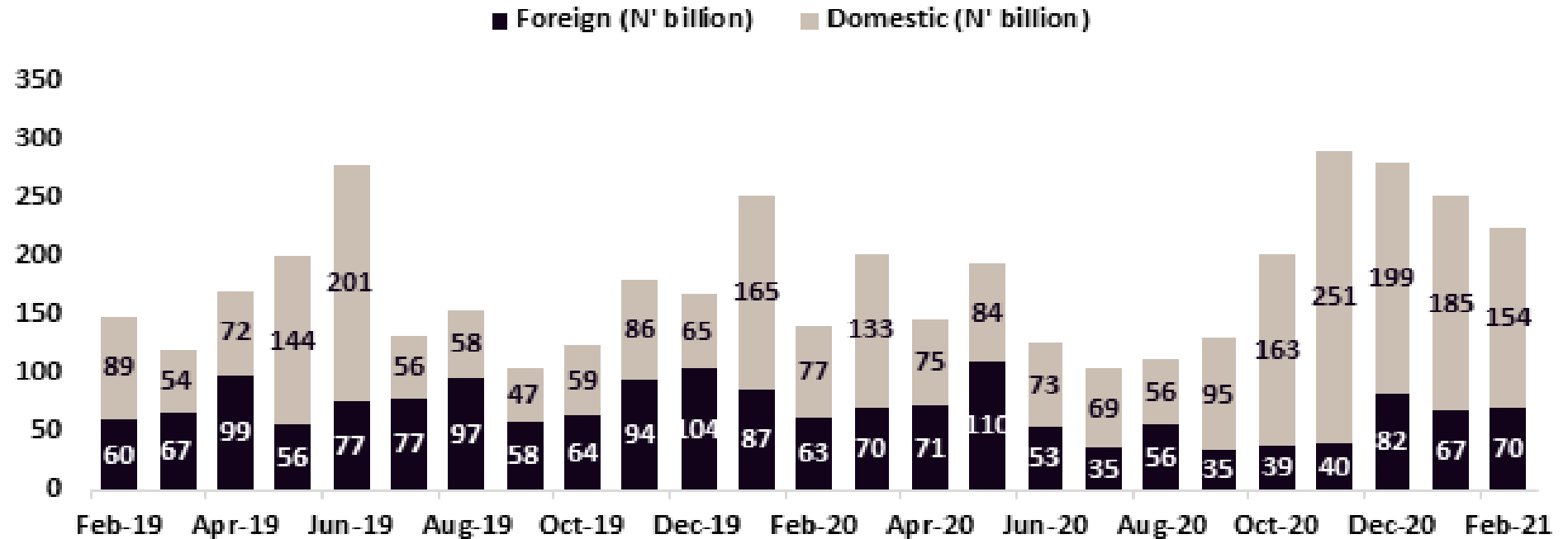


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)				Issuance (N'billion)	90 Days	180 Days	1 Year
				90 Days	180 Days	1 Year	90 Days				
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>			
Overnight (O/N)	12.25%	32.50%	-20.25%	31-Mar-21	7.00%	8.50%	10.10%	31-Mar-21	10.00	20.00	70.00
Open Buy Back (OBB)	12.50%	30.00%	-17.50%	25-Mar-21	7.00%	8.50%	10.10%	25-Mar-21	5.00	10.00	25.00
NIBOR - 1M	5.33%	5.44%	-0.11%	18-Mar-21	7.00%	8.50%	10.10%	18-Mar-21	10.00	20.00	70.00
NIBOR - 3M	6.82%	6.94%	-0.12%	04-Mar-21	7.00%	8.50%	10.10%	04-Mar-21	10.00	10.00	40.00
NIBOR - 6M	8.53%	8.51%	0.02%	25-Feb-21	7.00%	8.50%	10.10%	25-Feb-21	10.00	10.00	70.00
<b>Treasury Bills</b>				<b>Treasury Bills</b>				<b>Treasury Bills</b>			
					<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>		<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>
1-month	2.38%	2.42%	-0.04%	31-Mar-21	2.00%	3.50%	8.00%	31-Mar-21	2.88	3.24	138.71
3-month	2.52%	2.43%	0.09%	17-Mar-21	2.00%	3.50%	7.00%	17-Mar-21	2.52	5.91	53.46
6-month	3.84%	4.34%	-0.50%	24-Feb-21	2.00%	3.50%	6.50%	24-Feb-21	4.74	23.45	80.57
9-month	5.70%	5.88%	-0.18%	10-Feb-21	2.00%	3.50%	5.50%	10-Feb-21	24.18	32.71	90.38
12-month	7.98%	6.64%	1.34%	27-Jan-21	1.00%	2.00%	4.00%	27-Jan-21	24.67	16.06	90.15
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>				<b>FGN Bonds</b>			
					<b>Mar-27</b>	<b>Mar-35</b>	<b>Jul-45</b>		<b>Mar-27</b>	<b>Mar-35</b>	<b>Jul-45</b>
14.50% 15-JUL-2021	2.60%	2.74%	-0.14%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8
16.39% 27-JAN-2022	6.18%	5.76%	0.42%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
14.20% 14-MAR-2024	7.22%	7.53%	-0.31%	20-Jan-21	7.98%	8.74%	8.95%	20-Jan-21	70.9	83.4	16.0
12.50% 22-JAN-2026	10.49%	10.05%	0.44%	16-Dec-20	N/A	6.95%	7.00%	16-Dec-20	N/A	20.0	10.0
16.2884% 17-MAR-2027	11.28%	10.48%	0.80%	18-Nov-20	N/A	5.00%	5.79%	18-Nov-20	N/A	40.0	40.0
12.1493% 18-JUL-2034	11.52%	11.52%	0.00%	<b>Corporate Bonds</b>				<b>Corporate Eurobond</b>			
					<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>		<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>
16.2499% 18-APR-2037	12.46%	11.50%	0.96%	MIXTA 17.00% 16-JAN-2022	5.16%	5.74%	-0.58%	ACCESS 10.50% 19-OCT-2021	2.59%	2.35%	0.24%
14.8% 26-APR-2049	13.10%	11.83%	1.27%	DUFIL 18.25% 1-SEP-2022	8.77%	8.24%	0.53%	ZENITH 7.375% 30-MAY-2022	3.29%	3.37%	-0.08%
				LAPO MFB 17.75% 19-DEC-2022	10.09%	10.10%	-0.01%	UBA 7.75% 08-JUN-2022	4.26%	4.26%	0.00%
				STERLING 16.50% 3-AUG-2023	7.21%	7.73%	-0.52%	SEPLAT 9.25% 1-APR-2023	7.12%	7.12%	0.00%
<b>FGN Eurobonds</b>				FCMB 17.25% 8-DEC-2023	8.12%	8.53%	-0.41%				
5.625% 27-JUN-2022	2.70%	2.84%	-0.14%	ACCESS 15.50% 23-JUL-2026	12.97%	12.63%	0.34%				
6.50% 28-Nov-2027	5.68%	5.91%	-0.23%	VIATHAN 16.00% 14-DEC-2027	10.19%	10.04%	0.15%				
7.875% 16-FEB-2032	7.16%	7.44%	-0.28%	UNION 16.20% 27-JUN-2029	14.84%	14.15%	0.69%				
7.625% 28-Nov-2047	7.67%	7.89%	-0.22%	FIDELITY 8.50% 27-JAN-2031	12.51%	12.03%	0.48%				

Source: DMO, FMDQ, Bloomberg, ARM Research

## Domestic and Foreign Investor Participation in Q1'21

This week, we take a look at the Nigerian equity market performance in Q1'21. Despite recovery in crude oil prices and lower average net foreign outflow witnessed in Q1'21 (-39.8% QoQ), the NSEASI index shed 3.04% in Q1'21 largely due to the northward trend in fixed income rates which led to reduce domestic inflow into the stock market. Total participation in the Nigerian bourse declined by 46.15% in Q1'21. Precisely, participation by domestic and foreign investors declined by 44.8% QoQ and 50.0% QoQ to N109.6bn and N338.5bn respectively. Overall domestic participation accounted for 76% of total participation, up from 74% in Q4'20.



Source: NSE, ARM Research





Thank You

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