

**How would recent events affect your financial investments?**

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**FIND ANSWERS ON THE ARM WEEKLY COMMENTARY AND STOCK RECOMMENDATION**

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## **Weekly Commentary & Stock recommendation**

...for the week 26th April - 30th April 2021

### Global Economy

- ◆ According to a flash estimate from EUROSTAT, the Eurozone economy shrank at a slower pace in Q1'2021 (-1.8%YoY vs -4.9%YoY in Q4'20) as sustained monetary easing helped spur some level of recovery in the Zone's largest economies. Italy (-1.4%YoY VS -6.6%YoY), Spain (-4.3%YoY vs -8.9%YoY) and Germany (-3.0%YoY vs -3.3%YoY) all recorded softer declines in their GDP numbers, with France going one-step further to record growth in the quarter (+1.5%YoY) despite the re-imposition of lockdown measures across the bloc. Over in the US, a preliminary estimate showed that the economy firmed up in the first quarter of the year, largely thanks to an impressive vaccination drive and Washington-backed consumer spending. GDP grew 6.4%QoQ in Q121 (Market consensus:+6.1%QoQ), underpinned by an acceleration in personal consumption expenditure (10.7%QoQ vs 2.3%QoQ in Q4'20) and a sharp rebound in Government consumption expenditure and gross investment (6.3%QoQ vs -0.8%QoQ in Q4'20). Further crystalizing this was Thursday's labor department report which revealed a decline in initial jobless claims to a pandemic-low 553,000 in the week ended April 24th.

### Domestic Economy

- ◆ During a press conference on the 29th of April 2021, the CBN governor announced the removal of the boards of both First Bank of Nigeria (FBN) and FBN Holdings Plc. The apex bank subsequently announced the reinstatement of Dr. Sola Adedutan as the MD/CEO of FBN. The governor stated that insider abuse and breakdown of corporate governance were amongst the reasons for the abrupt dismissal. He further expanded by citing that insider loans were materially non-compliant with restructure terms such as non-perfection of lien on shares/collateral arrangements for over 3 years - despite several regulatory reminders. Elsewhere, Nigeria's insecurity issues compounded, as suspected herdsmen attacked 3 Tiv farmers in the Keana Local Government Area of Nasarawa State, with authorities citing the implementation of the anti-open grazing law by the state government as reason for the attack. This came less than a week after an attack by the herdsmen, allegedly killing 11 farmers in Nasarawa. President Muhammadu Buhari on the 30th of April presided over a Security meeting at the State House in Abuja to address these attacks .

### Equities and stock recommendation

- ◆ The Nigerian bourse closed the week positive, advancing 1.36% WoW. On a sectoral basis, Construction (+5.40%), Brewers (+5.33%) and Oil & Gas (+4.70%) closed in the green while Personal Care (-3.22%), Banking (-2.12%) and Real estate (-0.12%) recorded losses. Dissecting the sectoral performances further, we saw that gains posted was mostly supported by OKOMUOIL (+11.11%), JBERGER (+10.00%), BUACEMENT (+7.15%), NB (+7.03%) and MTN (+6.00%). Conversely, HONYFLOUR (-17.14%), CONOIL (-9.33%), INTBREW (-8.77%) and PZ (-8.26%) topped the losers' chart.
- ◆ Here are the stocks we recommend for the upcoming week: **GUARANTY - STRONG BUY (FVE: N42.12), ACCESS - STRONG BUY (FVE: N12.92), UBA PLC- BUY (FVE: N12.18) and WAPCO - STRONG BUY (FVE: N28.61)** Click [here](#) for our Weekly Stock Recommendation.

### Fixed Income

- ◆ In the secondary market, we saw the average fixed income yield hit a 15-month high (up 18bpsWoW to 8.07%), spurred by a rise in bond yields. For context, expansions at the short-end of the curve, specifically the Apr-2023 (+154bps), Mar-2024 (+104bps) instruments drove the average bond yield up 37bpsWoW to 11.39%. Meanwhile, it was a relatively quiet trading week in the NTB space as the average yield flatlined at 4.74 %. In the primary market, the DMO offered ₦88.46 billion which matches the amount due to mature. Total subscription came in at ₦242.93 billion, 2.75x the amount offered while we saw the sixth consecutive net issuance by the DMO with total allotment printing at ₦129.46 billion. The 1yr stop rate rose once again, up 75bps to 9.75% causing the average stop rate to rise 25bps to 5.08 %.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.94	35.15	-0.60%	-9.47%	<b>*Initial View - Lafarge Q1 21</b>
<b>USD/NGN (₦/\$)</b>					
NAFEX	411	410.0	-0.24%	-11.31%	
Parallel	482.5	482.5	0.00%	-25.39%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2021 Avg.</b>	
<b>Inflation YoY (March 2021)</b>			<b>CHG (pps)</b>		
Headline	18.17	17.33	0.84	17.32	
Core	12.67	12.38	0.29	12.30	
Food	22.95	21.79	1.16	21.77	
<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 hits six-week high \$68.47 as dollar weakens</b>
Agriculture	3.4	1.4	1.6	2.2	<b>*Investors withdraw N339.06bn from stock market in Q1</b>
Manufacturing	-1.5	-1.5	-8.8	-2.8	<b>*PenCom raises PFAs' shareholders' funds to N5bn</b>
Services	1.3	-5.5	-2.61	-2.2	<b>*Fiscal stimulus powers U.S. economic growth in first quarter</b>
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	<b>*Nigeria, six others account for 65% global gas flaring - World Bank</b>
Unemployment Rate			33.3	27.1	<b>*Cash crunch: NNPC writes govts, bloated subsidy eats up revenue</b>
Underemployment			22.8	28.8	<b>*Developing Asia to recover strongly, but COVID-19 risks remain - ADB</b>
<b>Capital Importation (\$'mn)</b>	<b>Q4 20</b>	<b>Q3 20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>*OPEC Leaves Production Plan Unchanged, Cancels Ministers' Meeting</b>
Foreign Portfolio Investment - Equities	18.05	44.10	-59.1%	-94.9%	<b>*CBN injects \$1.47bn into forex market in one month</b>
Bonds	0.00	0.00		-100.0%	<b>*Commercial banks' loan exposure to government hits N1.8 trillion</b>
Money Mar-	17.10	363.15			
ket			-95.3%	-98.8%	<b>*Again, NERC Plans Review of Discos' Tariffs, Capital Expenditure</b>
Foreign Direct Investment	251.27	414.79	-39.42%	-8.4%	<b>*NNPC hinges petrol price hike on FG, labour talks</b>
<b>Balance of Payment (\$'mn)</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>QoQ</b>	<b>*China to launch month-long effort in May to boost consumption</b>
Trade Balance	2,382	2,559	1,668	-6.9%	<b>*FG Rejects W'Bank's Report on Nigeria's Power Sector</b>
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	<b>*U.S. to increase Africa's annual development finance to \$6b</b>

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

	Level	VoV	MTD	QTD	YTD	1 year		VoV	QTD	YTD
NSE ASI	39840.28	1.35	2.04	2.04	-1.07	73.06	Banking	-2.12%	-9.05%	-6.64%
NSE ASI (\$)	39840.28	1.37	2.02	2.02	-1.03	63.45	Brewers	5.33%	-1.56%	2.12%
Market Cap (N'bn)	10,365	1.35	2.04	2.04	-1.00	73.76	Cement	2.48%	-1.00%	-4.80%
Market Cap (\$'mn)	46,494	1.35	1.71	1.71	-0.94	64.14	Telecom	3.60%	7.98%	6.45%
NSE 30	1590.76	2.65	2.75	2.75	-2.52	61.95	Personal Care	-3.22%	-3.89%	-7.33%
NSE Premium	3467.21	4.41	6.93	6.93	-0.10	72.49	Construction	5.40%	8.89%	9.12%
NSE 50	1572.36	-0.41	-0.15	-0.15	-5.20	54.32	Food	-0.79%	-4.47%	-3.30%
NSE ASEM	731.16	0.60	0.00	0.00	0.18	-3.93	Insurance	1.26%	4.93%	6.72%
NSE Banking	352.87	-2.09	-4.76	-4.76	-10.42	29.64	Oil & Gas	4.70%	17.48%	51.88%
NSE Insurance	291.49	3.80	-1.49	-1.49	6.33	65.32	Real Estate	-0.12%	-2.47%	-2.30%
NSE Consumer	558.32	-0.02	2.83	2.83	-2.62	50.44	<b>ARM Indices</b>			
NSE Oil & Gas	276.76	1.92	1.84	1.84	19.70	29.47		VoV	QTD	YTD
NSE Industrial	1947.64	2.36	3.06	3.06	-5.10	92.34	Large Cap (Top 10%)	157%	-0.34%	-1.96%
NSE Lotus	2776.67	2.76	4.74	4.74	-2.44	70.51	Mid Cap (Mid 30%)	0.12%	-2.07%	-0.23%
NSE Pensions	1411.10	0.92	3.56	3.56	1.62	60.48	Small Cap (Bottom 60%)	-29.53%	-19.94%	-21.41%

Top 10 Gainers			Top 10 Losers		
Company	Trms Week	VoV	Company	This Week	VoV
ROYAL EXCHANGE PLC.	0.53	47.2%	HONEYWELL FLOUR MILL PLC	1.95	-17.8%
REGENCY ALLIANCE INSL	0.33	22.2%	NCR (NIGERIA) PLC	2.27	-9.9%
FIDSON HEALTHCARE PL	5.29	20.0%	COMPUTER WAREHOUSE GROU	2.29	-9.8%
PORTLAND PAINTS & PR	2.74	14.2%	GREIF NIGERIA PLC	6.05	-9.7%
LAGACO ASSURANCE PU	1.42	12.7%	CONOIL PLC	17.60	-9.2%
TRANSNATIONAL CORP	0.90	12.5%	KEJA HOTEL PLC	1.00	-9.1%
OKOMU OIL PALM PLC.	100.00	11.8%	INTERNATIONAL BREWERIES PI	5.20	-8.8%
JULIUS BERGER NG. PLC.	20.90	10.6%	UNIVERSITY PRESS PLC.	1.17	-8.6%
PRESTIGE ASSURANCE C	0.46	9.5%	P Z CUSSONS	5.00	-8.3%
CHAMPION BREV. PLC.	2.19	9.5%	SOVEREIGN TRUST	0.23	-8.0%

**Volume and Value Traded (millions)**

Period	Value (€)	Volume (€bn)
1	~10	~1.5
2	~8	~1.5
3	~10	~1.5
4	~12	~1.5
5	~18	~1.5

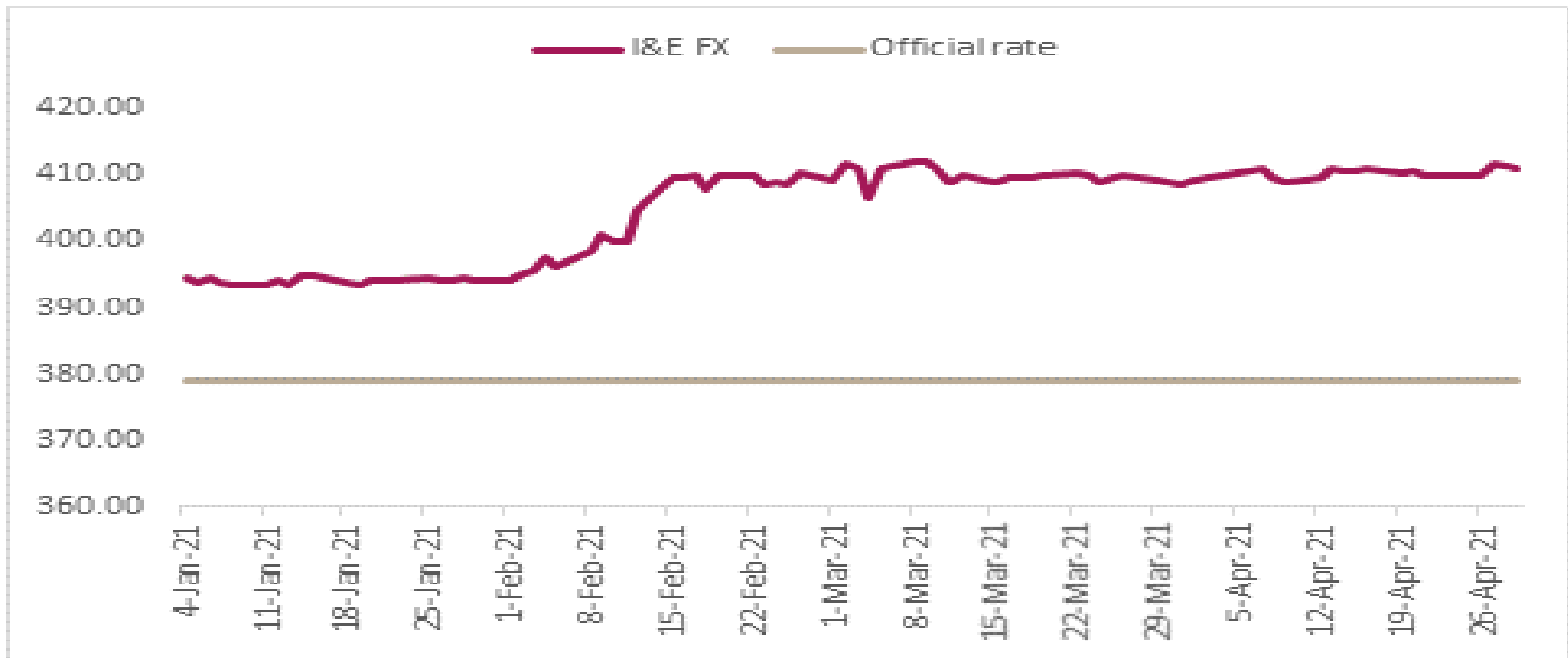
Source: NSE, Bloomberg, ARM Research

	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)	27.50%	15.88%	11.62%	31-Mar-21	7.00%	8.50%	10.10%	31-Mar-21	10.00	20.00	70.00
Open Buy Back (OBB)	27.75%	16.75%	11.00%	25-Mar-21	7.00%	8.50%	10.10%	25-Mar-21	5.00	10.00	25.00
NIBOR - 1M	12.57%	10.23%	2.34%	18-Mar-21	7.00%	8.50%	10.10%	18-Mar-21	10.00	20.00	70.00
NIBOR - 3M	13.67%	11.19%	2.48%	04-Mar-21	7.00%	8.50%	10.10%	04-Mar-21	10.00	10.00	40.00
NIBOR - 6M	15.15%	11.55%	3.60%	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	2.86%	2.75%	0.11%	28-Apr-21	2.00%	3.75%	9.00%	28-Apr-21	7.19	6.00	116.27
3-month	3.05%	3.05%	0.00%	14-Apr-21	2.00%	3.50%	9.00%	14-Apr-21	12.46	8.79	132.12
6-month	4.21%	4.21%	0.00%	31-Mar-21	2.00%	3.50%	8.00%	31-Mar-21	2.88	3.24	138.71
9-month	6.41%	6.06%	0.35%	17-Mar-21	2.00%	3.50%	7.00%	17-Mar-21	2.52	5.91	53.46
12-month	8.05%	8.06%	-0.01%	24-Feb-21	2.00%	3.50%	6.50%	24-Feb-21	4.74	23.45	80.57
<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	3.01%	3.01%	0.00%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2
16.39% 27-JAN-2022	6.12%	6.13%	-0.01%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8
14.20% 14-MAR-2024	10.96%	9.92%	1.04%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
12.50% 22-JAN-2026	12.36%	11.89%	0.47%	20-Jan-21	7.98%	8.74%	8.95%	20-Jan-21	70.9	83.4	16.0
16.2884% 17-MAR-2027	12.46%	12.25%	0.21%	16-Dec-20	N/A	6.95%	7.00%	16-Dec-20	N/A	20.0	10.0
12.1493% 18-JUL-2034	13.50%	13.20%	0.30%	<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	13.96%	13.29%	0.67%	MIXTA 17.00% 16-JAN-2022	5.28%	5.23%	0.05%	ACCESS 10.50% 19-OCT-2021	3.26%	2.32%	0.94%
14.8% 26-APR-2049	13.91%	13.71%	0.20%	DUFIL 18.25% 1-SEP-2022	10.71%	10.11%	0.60%	ZENITH 7.375% 30-MAY-2022	3.54%	3.37%	0.17%
				LAPO MFB 17.75% 19-DEC-2022	13.36%	12.33%	1.03%	UBA 7.75% 08-JUN-2022	4.39%	4.31%	0.08%
<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	2.59%	2.58%	0.01%	FCMB 17.25% 8-DEC-2023	12.19%	11.00%	1.19%				
6.50% 28-Nov-2027	5.47%	5.46%	0.01%	ACCESS 15.50% 23-JUL-2026	15.03%	14.57%	0.46%				
7.875% 16-FEB-2032	6.86%	6.84%	0.02%	VIATHAN 16.00% 14-DEC-2027	12.57%	12.13%	0.44%				
7.625% 28-Nov-2047	7.58%	7.52%	0.06%	UNION 16.20% 27-JUN-2029	15.78%	15.91%	-0.13%				
				FIDELITY 8.50% 27-JAN-2031	13.77%	13.77%	0.00%				

Source: DMO, FMDQ, Bloomberg, ARM Research

### Trend in the I&E rate vs Official rate

This week, the Naira at the I&E FX window depreciated against the dollar by 0.24% (₦1.00) to settle at ₦411.00/\$ as at the 29th of April 2021. On a Year-To-Date basis, the I&E FX window depreciated by 4.24%. The CBN has expressed that it plans to reduce intervention in the dynamics of the market. This move could possibly be an attempt to align and unify the different exchange rates as alluded to in the past .



Source: CBN, FMDQ, ARM Research

Thank You



## ARM Securities

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