

HOW WOULD RECENT EVENTS AFFECT
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE
ARM WEEKLY ECONOMIC
& FINANCIAL COMMENTARY



Weekly Commentary & Stock recommendation ...for the week 08 March – 12 March 2021

Global Economy

- ◆ Oil prices rose during the week as U.S. gasoline inventories plummeted, but prices were limited due to a surge in crude oil inventories in the aftermath of last month's Texas winter storm. Brent crude settled at \$67.90 a barrel, gaining 0.6%, while West Texas Intermediate (WTI) crude settled at \$64.44 a barrel, gaining 0.7%. In Britain, GDP shrank 2.9% in January as the nation was hit by a new round of coronavirus restrictions. Manufacturing declined for the first time since April 2020, driven by a drop in exports as the country was hit by the effects of its departure from the EU. Exports of goods to the EU plunged almost 41% in January, while imports fell 28.8%. Over in the US, the Senate passed the \$1.9 trillion Covid-19 relief bill. The fund contains direct payments of up to \$1,400 to most American citizens, a \$300 weekly boost to unemployment benefits into September, and an expansion of the child tax credit for one year. It also puts new funding into Covid-19 vaccine distribution and testing, rental assistance for struggling households.

Domestic Economy

- ◆ The NBS published data on foreign trade in goods statistics for Q420, which revealed a 9.88% YoY fall in total trade to ₦9.12 trillion. For drivers, the 10.77% expansion in imports to ₦5.93 trillion as well as a 33.04% moderation in exports to ₦3.19 trillion - a fallout of Covid-19 induced factors - resulted in the decline in total trade. Major contributors to the decline in export earnings are Crude Oil (-30.53% YoY) and Other Oil products (-19.26% YoY) which accounts for 78.93% and 13.52% respectively of the overall export numbers. On the import leg, Agric (+128.17% YoY) and Raw Materials (+113.12% YoY) were the main driver of the 10.77% YoY increase posted in Q4'20. Hence, we witnessed a negative trade balance of ₦2.73trn in Q4'20; the highest quarterly negative balance in the 2020 calendar year. On an annual basis, total trade declined by 10.32% YoY to ₦32.42trn owing to the 34.75% YoY reduction in export while import strengthened by 17.32% over the same period. This led to a negative trade balance of ₦7.38trn for FY'20 after three consecutive quarters of positive trade balance.

Equities and stock recommendation

- ◆ The Nigerian equities market ended the week on a negative note as the NSEASI fell by 1.74% WoW to close at 38,648.48pts, while the market cap came in at ₦20.22 trillion. CHAMPION (+45.24%), REGALINS (+22.2%), MORISON (+19.70%), NEIMETH (+19.43%) and MBENEFIT (11.43%) emerged as the top gainers in the week, while ETERNA (-18.95%), MEYER (-18.00%), AFRINSURE (-16.67%), UCAP (-16.08%) and ZENITHBANK (-15.61%) closed as the week's biggest laggards on the bourse. Sectoral performances reveal Food (+2.59%) as the best performing sector, and Construction (-5.14%) as the worst performing sector.
- ◆ Here are the stocks we recommend for the upcoming week: **SEPLAT PLC- NEUTRAL (FVE: ₦581.44), GUINNESS NIGERIA PLC - BUY (FVE: ₦28.41), UBA PLC- BUY (FVE: ₦12.18) and DANGOTE SUGAR REFINERY - OVERWEIGHT (FVE: ₦20.41)** Click [here](#) for our Weekly Stock Recommendation.

Fixed Income

- ◆ The average fixed income yield in the secondary market rose by 59bps WoW to 5.75% and this was particularly supported by the average NTB yield which rose 130bps WoW to 2.83%. The average bond yield, however, shed 5bps WoW to close at 5.75% with the largest decline witnessed on the Jan-2026 (-130bps) and Mar-2025 (-96bps) papers. At the NTB auction, the DMO offered ₦88.91 billion which matches the amount due to mature. Total subscription came in at ₦196.85 billion, 2.21x the amount offered making this the highest subscription rate of the year so far. The total amount allotted was ₦108.77 billion marking a second consecutive net issuance by the DMO which contrasts to the first 3 auctions of the year where they did not even completely sell what they offered. The 1yr stop rate rose 100bps to 6.50% causing the average stop rate to rise 33bps to 4.00%

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$bn)	34.67	34.84	-0.50%	-10.18%	UBA Plc FY 2020 performance ends on a good note
USD/NGN (₦/\$)					
NAFEX	409	411.6	0.64%	-10.88%	
Parallel	481.0	477.5	-0.73%	-25.16%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (December)			CHG (pps)		
Headline	16.47	15.75	0.72	16.47	
Core	11.85	11.37	0.48	11.85	
Food	20.57	19.56	1.01	20.57	
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	*Minister Explains Declining Agricultural Exports
Agriculture	3.4	1.4	1.6	2.2	*Currency in circulation dropped to N2.83tn in January
Manufacturing	-1.5	-1.5	-8.8	-2.8	*AFD to Invest €2bn in Nigeria
Services	1.3	-5.5	-2.61	-2.2	*FG confirms return of subsidy, PPPRA puts fuel price at N212.61
Labor Data (%) - Q2 20			Latest	Prior	*Oil Market: OPEC puts Nigeria's oil output at 1.4 mbpd
Unemployment Rate			27.1	23.1	*UBA Group MD Explains Conservative Dividend Payout
Underemployment			28.8	20.1	*Okonjo-Iweala Cautions Nigeria, Others against Bilateral Trade Agreements
Capital Importation (\$'mn)	Q4 20	Q3 20	QoQ (%)	YoY (%)	*EDF supports Nigeria, others with \$6b
Foreign Portfolio Investment - Equities	18.05	44.10	-59.1%	-94.9%	*CBN Disburses N253.54m Grant for COVID-19 Vaccine Research
Bonds	0.00	0.00		-100.0%	*Nigeria recorded N7.37tn foreign trade deficit in 2020 – NBS
Money Market	17.10	363.15	-95.3%	-98.8%	*Nigeria records N13tr fixed income, currencies deals
Foreign Direct Investment	251.27	414.79	-39.42%	-8.4%	*Oil prices projected at \$75 per barrel next month
Balance of Payment (\$'mn)	Q4 19	Q3 19	Q2 19	QoQ	*Mutual Funds defy Covid-19 effect, as returns rise 50% to N1.5trn
Trade Balance	2,382	2,559	1,668	-6.9%	*AfDB grants SEC \$400,000 for capital markets devt
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*Banks woo customers with new CBN 'naira-4-dollar' policy

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

Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	38648.48	-1.50	-2.89	-4.03	-4.03	70.29
NSE ASI (\$)	38648.48	-1.74	-2.83	-3.97	-3.97	50.85
Market Cap (? 'bn)	18,365	-1.74	-2.89	-3.97	-3.97	70.69
Market Cap (\$'mn)	46,494	-1.50	-2.83	-3.91	-3.91	51.45
NSE 30	1535.59	-2.20	-3.63	-6.37	-6.37	57.76
NSE Premium	3233.35	-3.34	-4.62	-6.84	-6.84	68.41
NSE 50	1531.38	-1.21	-3.62	-7.67	-7.67	53.10
NSE A SEM	730.75	0.12	0.12	0.12	0.12	-0.58
NSE Banking	353.75	-5.75	-7.58	-9.99	-9.99	52.39
NSE Insurance	197.46	2.84	-2.29	4.20	4.20	82.28
NSE Consumer	539.85	2.18	-4.26	-5.84	-5.84	45.01
NSE Oil & Gas	261.18	0.59	-1.59	15.46	15.46	15.11
NSE Industrial	1923.55	-0.05	1.34	-6.27	-6.27	74.82
NSE Lotus	2665.99	-1.40	-3.64	-6.33	-6.33	62.64
NSE Pensions	1317.57	-1.60	-4.38	-5.12	-5.12	54.67

Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	-4.60%	-9.11%	-9.11%
Brewers	1.54%	-6.63%	-6.63%
Cement	0.07%	-6.28%	-6.28%
Telecom	-3.42%	1.10%	1.10%
Personal Care	-1.77%	-5.48%	-5.48%
Construction	-5.14%	-2.35%	-2.35%
Food	2.59%	-5.34%	-5.34%
Insurance	1.24%	7.74%	7.74%
Oil & Gas	0.47%	39.62%	39.62%
Real Estate	0.06%	-2.21%	-2.21%

ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	-1.91%	-4.17%	-4.17%
Mid Cap (Mid 30%)	0.38%	-2.43%	-2.43%
Small Cap (Bottom 60%)	0.13%	5.12%	5.12%

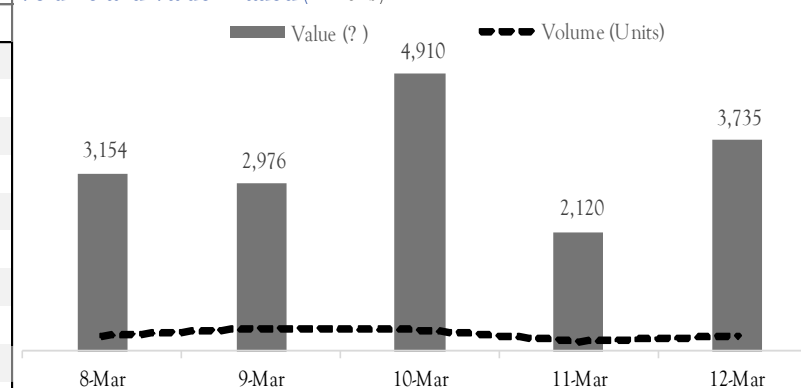
Top 10 Gainers

Company	This Week	WoW
CHAMPION	2.44	45.2%
REGALINS	0.33	22.2%
MBENEFITS	0.39	11.4%
OANDO	2.95	11.3%
WEMABANK	0.61	10.9%
LINKASSU	0.55	10.0%
MCNICHOL	0.80	10.0%
FLOURMIL	29.70	10.0%
CORNERST	0.60	9.1%
CUTIX	1.97	8.8%

Top 10 Losers

Company	This Week	WoW
CONOIL	17.05	-9.8%
UBA	7.15	-10.1%
LIVESTOC	2.00	-10.3%
NNFM	5.65	-10.6%
UPDC	5.10	-12.8%
ZENITHBA	21.35	-15.6%
UCAP	4.80	-16.1%
AFRINSUR	0.20	-16.7%
MEYER	0.41	-18.0%
ETERNA	4.62	-18.9%

Volume and Value Traded (millions)



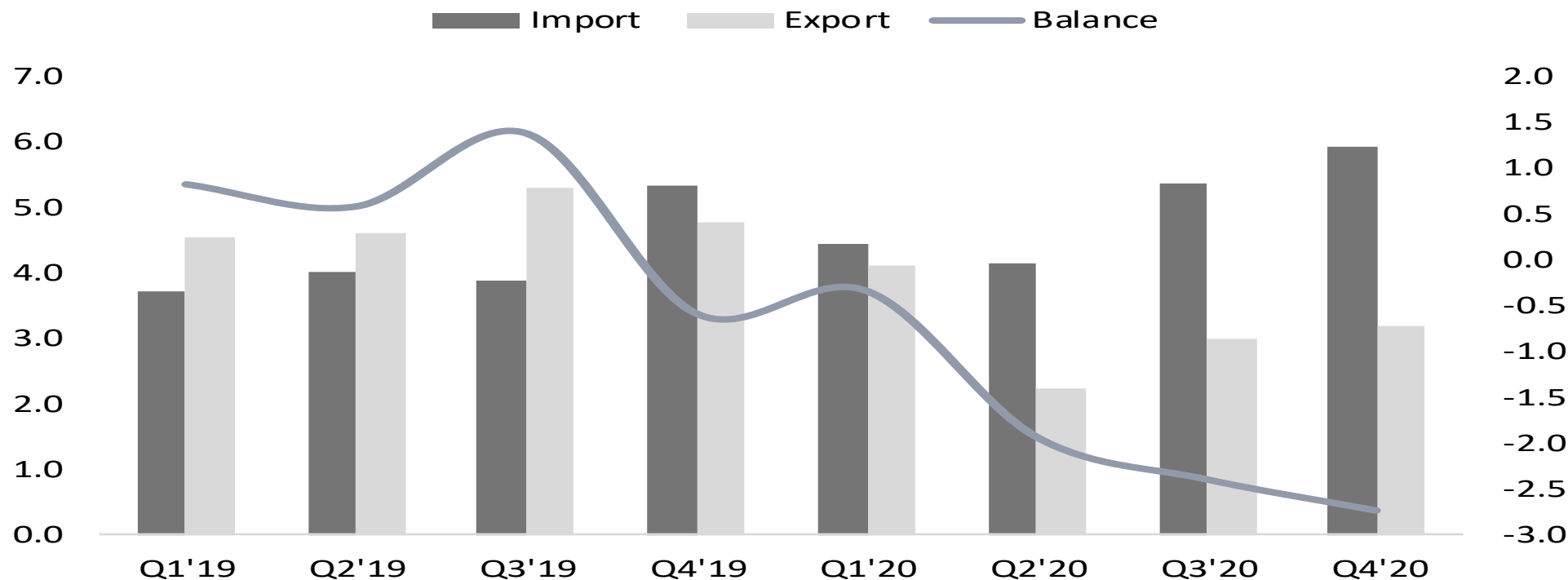
Source: NSE, Bloomberg, ARM Research

	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)	14.17%	16.33%	-2.16%	11-Mar-21	7.00%	8.50%	10.10%	11-Mar-21	10.00	10.00	40.00
Open Buy Back (OBB)	13.33%	15.33%	-2.00%	04-Mar-21	7.00%	8.50%	10.10%	04-Mar-21	10.00	10.00	70.00
NIBOR - 1M	1.54%	1.54%	0.00%	25-Feb-21	7.00%	8.50%	10.10%	25-Feb-21	45.46	50.00	230.00
NIBOR - 3M	2.48%	2.48%	0.00%	18-Feb-21	7.00%	8.50%	10.10%	18-Feb-21	20.00	20.00	140.00
NIBOR - 6M	2.29%	2.29%	0.00%	11-Feb-21	7.00%	8.50%	10.10%	11-Feb-21	10.00	19.00	140.00
Treasury Bills				Treasury Bills				Treasury Bills			
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day
1-month	0.47%	0.50%	-0.03%	10-Mar-21	2.00%	3.50%	6.50%	10-Mar-21	4.74	23.45	80.57
3-month	0.94%	1.19%	-0.25%	24-Feb-21	2.00%	3.50%	5.50%	24-Feb-21	24.18	32.71	90.38
6-month	3.60%	1.97%	1.63%	10-Feb-21	1.00%	2.00%	4.00%	10-Feb-21	24.67	16.06	90.15
9-month	3.81%	2.02%	1.79%	27-Jan-21	0.55%	1.30%	2.00%	27-Jan-21	11.39	47.48	123.11
12-month	4.16%	2.07%	2.09%	13-Jan-21	0.50%	1.00%	1.50%	13-Jan-21	15.92	25.37	65.93
FGN Bonds (Local)				FGN Bonds				FGN Bonds			
					Mar-27	Mar-35	Jul-45		Mar-27	Mar-35	Jul-45
14.50% 15-JUL-2021	1.96%	1.47%	0.49%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
16.39% 27-JAN-2022	4.08%	2.35%	1.73%	20-Jan-21	7.98%	8.74%	8.95%	20-Jan-21	70.9	83.4	16.0
14.20% 14-MAR-2024	7.38%	7.92%	-0.54%	16-Dec-20	N/A	6.95%	7.00%	16-Dec-20	N/A	20.0	10.0
12.50% 22-JAN-2026	8.67%	9.97%	-1.30%	18-Nov-20	N/A	5.00%	5.79%	18-Nov-20	N/A	40.0	40.0
16.2884% 17-MAR-2027	9.46%	10.06%	-0.60%	21-Oct-20	N/A	4.97%	6.00%	21-Oct-20	N/A	22.5	27.5
12.1493% 18-JUL-2034	11.11%	11.10%	0.01%	Corporate Bonds				Corporate Eurobond			
					This Week	Prior Week	WoW (%)		This Week	Prior Week	WoW (%)
16.2499% 18-APR-2037	11.09%	11.10%	-0.01%	MIXTA 17.00% 16-JAN-2022	4.92%	3.21%	1.71%	ACCESS 10.50% 19-OCT-2021	2.45%	2.56%	-0.11%
14.8% 26-APR-2049	11.20%	11.35%	-0.15%	FIDELITY 16.48% 13-MAY-2022	0.00%	0.00%	0.00%	ZENITH 7.375% 30-MAY-2022	3.36%	3.31%	0.05%
				DUFIL 18.25% 1-SEP-2022	7.07%	6.16%	0.91%	UBA 7.75% 08-JUN-2022	4.07%	4.04%	0.03%
FGN Eurobonds				LAPO MFB 17.75% 19-DEC-2022				SEPLAT 9.25% 1-APR-2023			
5.625% 27-JUN-2022	2.65%	2.63%	0.02%	STERLING 16.50% 3-AUG-2023	7.92%	8.17%	-0.25%				
6.50% 28-Nov-2027	5.35%	5.36%	-0.01%	FCMB 17.25% 8-DEC-2023	8.56%	8.98%	-0.42%				
7.875% 16-FEB-2032	6.91%	6.91%	0.00%	ACCESS 15.50% 23-JUL-2026	11.43%	12.60%	-1.17%				
7.625% 28-Nov-2047	7.48%	7.49%	-0.01%	VIATHAN 16.00% 14-DEC-2027	9.16%	10.15%	-0.99%				
				UNION 16.20% 27-JUN-2029	13.49%	13.57%	-0.08%				

Source: DMO, FMDQ, Bloomberg, ARM Research

Nigeria Q420 Foreign trade in goods

This week, we feature Nigeria's foreign trade in goods statistics report for Q420, which showed a 9.88% YoY decline in total trade to ₦9.12trn. While import grew by 10.77% YoY to ₦5.93trn, covid-19 induced factors continued to weigh on export earnings which fell by 33.04% YoY to ₦3.19trn while imports rose 10.77% YoY. Consequently, we witnessed a negative trade balance of ₦2.73trn in Q420; the highest quarterly negative balance in 2020. On an annual basis, total trade declined by 10.32% YoY to ₦32.42trn owing to the 34.75% YoY reduction in export while import strengthened over the same period. This led to a negative trade balance of ₦7.38trn for FY20.



Source: NBS, ARM Research



Thank You

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