

HOW WOULD RECENT EVENTS AFFECT  
YOUR FINANCIAL INVESTMENTS?

FIND ANSWERS ON THE  
ARM WEEKLY ECONOMIC  
& FINANCIAL COMMENTARY



## **Weekly Commentary & Stock recommendation**

...for the week 22nd March - 26th March 2021

### Global Economy

- ◆ The UK and US' attempt to set-up a trade deal came to a hurdle this week as negotiators looked set to miss a deadline for securing swift passage through Congress. The deal has been held up by the Biden administration's decision to focus talks on resolving the long-running Airbus-Boeing dispute. UK officials are now pessimistic about the deal getting actualized without attracting a raft of amendments from lawmakers. In the US, President Biden doubled his original goal by pledging that the US will administer 200 million doses of Covid-19 vaccines by the end of his first 100 days in office after the administration had met the initial goal of 100 million doses earlier in March. Over in Australia, the IHS Markit Flash Australia Composite Output Index came out as 56.2 in March, up from the final February reading of 53.7 and pointing to the strongest increase in business activity since last December. In the UK this week, data released show CPI, including owner occupiers' housing costs (CPIH) rose by 0.7% in the 12 months to February 2021, down from 0.9% to January,.

### Domestic Economy

- ◆ Key deliberations during the Monetary Policy Committee (MPC) meeting held this week were on rising inflationary pressures, rising unemployment rates and economic recovery. Notably, the MPC voted to leave all parameters unchanged, with MPR at 11.5%, asymmetric corridor of +100/-700 basis points, CRR at 27.5% and liquidity ratio at 30%. The consensus amongst MPC members was to focus on recovery process of the economy and subsequently increase employment rates, as the high inflation rates reflects supply side phenomenon. Elsewhere, the pension fund industry aggregate net asset value rose by 6.38% QoQ to ₦12.31 trillion in Q4 2020 (Q3 2020: ₦11.57 trillion), driven mainly by increases in domestic equities (+46.6% QoQ to ₦858 billion), FGN securities (+7.65% QoQ to ₦8.1 trillion), mutual funds (+360% QoQ to ₦161.9 billion) and corporate debt securities (+24.74% QoQ to ₦836 billion).

### Equities and stock recommendation

- ◆ The Nigerian equities market closed the week on a positive note, as the NSEASI advanced by 2.17% WoW to close at 39,216.20pts. Emerging as the top gainers in the week were JBERGER (+20.88%), GUINNESS (+18.58%) and UACN (+16.00%). Biggest laggards in the week were LIVESTOCK (-15.46%), CHAMPION (-13.11%) and MRS (-9.70%). Sectoral performances show Construction (+10.69%) as the best performing sector, while Food (-0.38%) was the worst performer over the week. The Construction sector was driven by JBERGER (+20.88% WoW) and BUACEMENT (+5.08% WoW), while the Food sector was dragged by DANGSUGAR (-3.53% WoW) and FLOURMILL (-3.03% WoW).
- ◆ Here are the stocks we recommend for the upcoming week: **SEPLAT - NEUTRAL (FVE: ₦581.44), GUARANTY - STRONG BUY (FVE: ₦42.12), DANGCEM- OVERWEIGHT (FVE: ₦255.73) and UBA - BUY (FVE: ₦12.18)** Click [here](#) for our Weekly Stock Recommendation.

### Fixed Income

- ◆ Yields in the secondary market continued their upward movement this week with the average yield up 52bps to 6.76%. The increase this week was led by NTB yields which rose 74bps WoW on average to 4.22% while the average bond yield expanded by 30bps to 9.30%. At the bond auction the DMO offered ₦150 billion and received strong demand with total subscription coming in at ₦333.48 billion, 2.22x the offered amount. The DMO took advantage of this large subscription and allocated a total of ₦262.1 billion, which is the largest allocation at a bond auction so far this year. The average stop rate continued its upward trend increasing marginally by 23bps to 11.33%.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.60	34.44	0.46%	-10.35%	<b>GT Bank Plc- A rebound in earnings in near the term</b>
<b>USD/NGN (₦/\$)</b>					<b>Dangcem Q420 report - Operational efficiency spur growth in EPS</b>
NAFEX	410	409.7	-0.02%	-11.04%	
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 (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	<b>News Headline for the week (click news for link)</b>
Oil	-19.8	-13.9	-6.6	-8.9	<b>*CBN Retains MPR at 11.5%</b>
Agriculture	3.4	1.4	1.6	2.2	<b>*No going back on diversification, says Buhari</b>
Manufacturing	-1.5	-1.5	-8.8	-2.8	<b>*Marginal oilfields: FG receives 50% of signature bonuses</b>
Services	1.3	-5.5	-2.61	-2.2	<b>*Oil rises to \$64 as ship blocks Suez Canal</b>
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	<b>*Petrol imports gulped N2.11tn in 2020, says NBS</b>
Unemployment Rate			33.3	27.1	<b>*Stanbic IBTC Recommends Final Dividend of 360k, Bonus Share</b>
Underemployment			22.8	28.8	<b>*Petrol price hike imminent as NNPC declares N120bn subsidy unsustainable</b>
<b>Capital Importation (\$'mn)</b>	<b>Q4 20</b>	<b>Q3 20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>*CBN plans 60% cut in wheat imports by 2023</b>
Foreign Portfolio Investment - Equities	18.05	44.10	-59.1%	-94.9%	<b>*Senate passes Bill to establish agric devt fund</b>
Bonds	0.00	0.00		-100.0%	<b>*Banks credit to economy hits N43.67tn</b>
Money Market	17.10	363.15	-95.3%	-98.8%	<b>*Dangote Cement's annual profit jumps to N278.1bn</b>
Foreign Direct Investment	251.27	414.79	-39.42%	-8.4%	<b>*Union Bank declares 25 kobo dividend</b>
<b>Balance of Payment (\$'mn)</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>QoQ</b>	<b>*Forex scarcity hampering airlines' operations, says Onyema</b>
Trade Balance	2,382	2,559	1,668	-6.9%	<b>*CBN disburses N149.2b COVID-19 loans to households</b>
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	<b>*Equities Attract N20bn Investment Despite Bearish Trend</b>

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

### Index Performance

	Level	Index Returns (%)				
		WoW	MTD	QTD	YTD	1 year
NSE ASI	39216.70	2.17	-1.47	-2.62	-2.62	80.24
NSE ASI (\$)	39216.70	2.17	-1.41	-2.56	-2.56	65.98
Market Cap (?'bn)	18,365	2.17	-1.47	-2.56	-2.56	80.09
Market Cap (\$'mn)	46,494	2.17	-1.41	-2.5	-2.50	66.64
NSE 30	1560.57	2.64	-2.06	-4.85	-4.85	68.53
NSE Premium	3294.23	1.35	-2.82	-5.09	-5.09	79.18
NSE 50	1577.68	3.03	-0.70	-4.88	-4.88	70.02
NSE ASEM	731.18	0.00	0.18	0.18	0.18	-0.52
NSE Banking	361.89	0.21	-5.45	-7.92	-7.92	50.81
NSE Insurance	199.30	0.94	-1.38	5.17	5.17	70.94
NSE Consumer	539.45	1.41	-4.33	-5.91	-5.91	65.08
NSE Oil & Gas	267.28	0.74	0.71	18.16	18.16	25.84
NSE Industrial	1928.18	2.94	1.58	-6.05	-6.05	85.33
NSE Lotus	2667.71	1.60	-3.58	-6.27	-6.27	72.11
NSE Pensions	1357.81	2.49	-1.46	-2.22	-2.22	63.05

### Sector Performance

	Returns (%)		
	WoW	QTD	YTD
Banking	4.01%	-3.81%	-3.81%
Brewers	4.09%	-6.73%	-6.73%
Cement	3.29%	-5.54%	-5.54%
Telecom	0.94%	1.75%	1.75%
Personal Care	4.55%	-1.71%	-1.71%
Construction	10.69%	8.09%	8.09%
Food	-0.38%	-6.17%	-6.17%
Insurance	0.72%	8.10%	8.10%
Oil & Gas	1.16%	46.61%	46.61%
Real Estate	0.03%	-2.15%	-2.15%

### ARM Indices

	WoW	QTD	YTD
Large Cap (Top 10%)	2.09%	-2.98%	-2.98%
Mid Cap (Mid 30%)	2.58%	0.55%	0.55%
Small Cap (Bottom 60%)	0.64%	16.88%	16.88%

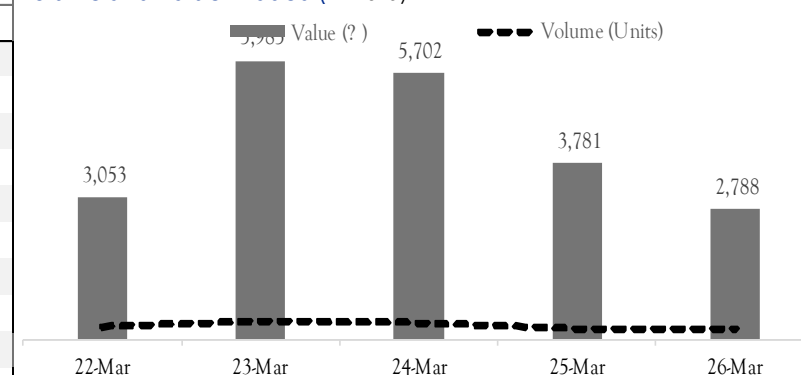
### Top 10 Gainers

Company	This Week	WoW
JBERGER	20.55	20.9%
GUINNESS	30.00	18.6%
UACN	8.70	16.0%
JOHNHOLT	0.53	15.2%
STERLNBA	1.69	13.4%
GLAXOSMI	7.20	13.4%
NPFMCRFB	1.80	11.8%
UPDC	5.60	11.8%
PHARMDEK	1.48	9.8%
OANDO	3.30	9.6%

### Top 10 Losers

Company	This Week	WoW
LEARNAFR	1.07	-2.7%
FLOURMIL	28.80	-3.0%
DANGSUGA	16.40	-3.5%
CHAMS	0.21	-4.5%
WAPCO	21.50	-4.9%
UBA	6.80	-4.9%
ROYALEX	0.24	-7.7%
MRSOIL	12.10	-9.7%
CHAMPION	2.12	-13.1%
LIVESTOC	1.75	-15.5%

### Volume and Value Traded (millions)



Source: NSE, Bloomberg, ARM Research

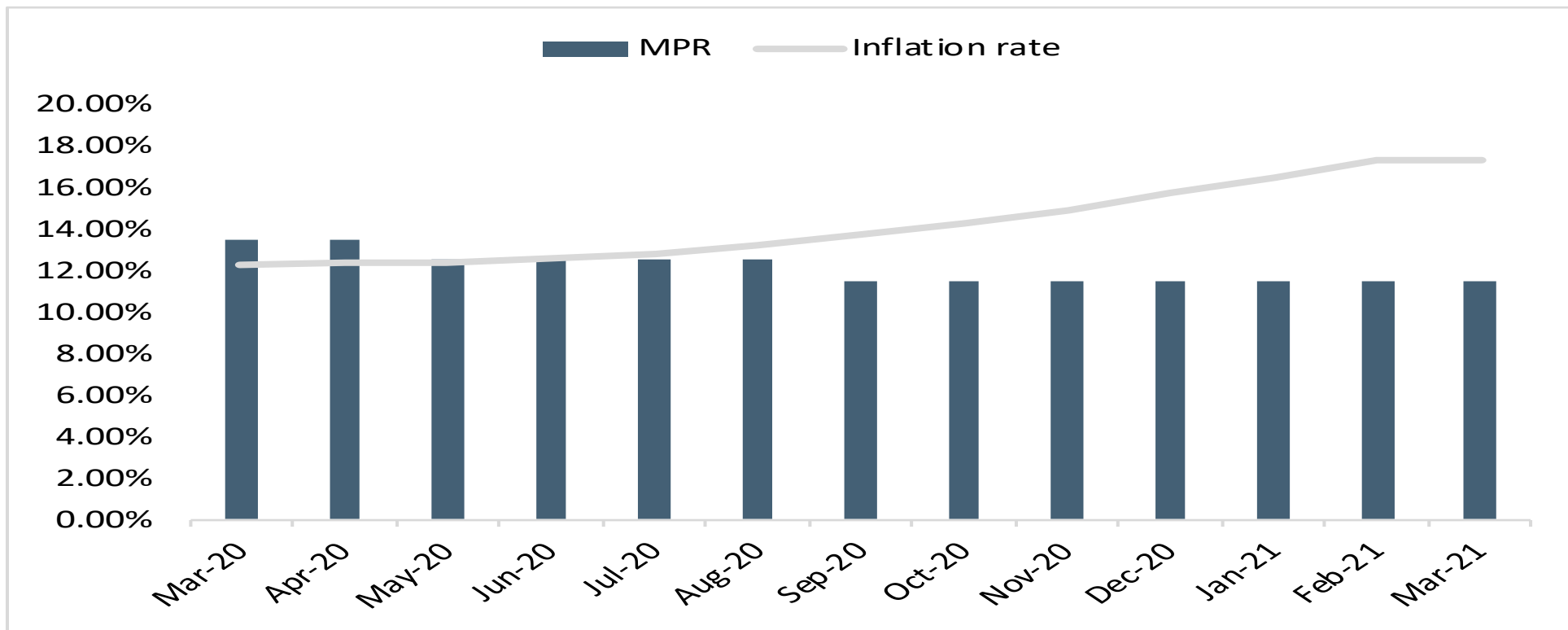


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year		
<b>Money Market</b>				<b>OMO</b>			<b>OMO</b>						
Overnight (O/N)	10.75%	25.50%	-14.75%	18-Mar-21	7.00%	8.50%	10.10%	18-Mar-21	10.00	20.00	70.00		
Open Buy Back (OBB)	10.50%	25.00%	-14.50%	04-Mar-21	7.00%	8.50%	10.10%	04-Mar-21	10.00	10.00	40.00		
NIBOR - 1M	2.60%	2.74%	-0.14%	25-Feb-21	7.00%	8.50%	10.10%	25-Feb-21	10.00	10.00	70.00		
NIBOR - 3M	4.41%	4.83%	-0.42%	18-Feb-21	7.00%	8.50%	10.10%	18-Feb-21	45.46	50.00	230.00		
NIBOR - 6M	6.05%	6.28%	-0.23%	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	2.42%	1.05%	1.37%	17-Mar-21	2.00%	3.50%	7.00%	17-Mar-21	2.52	5.91	53.46		
3-month	2.80%	2.26%	0.54%	24-Feb-21	2.00%	3.50%	6.50%	24-Feb-21	4.74	23.45	80.57		
6-month	4.62%	4.45%	0.17%	10-Feb-21	2.00%	3.50%	5.50%	10-Feb-21	24.18	32.71	90.38		
9-month	5.04%	4.36%	0.68%	27-Jan-21	1.00%	2.00%	4.00%	27-Jan-21	24.67	16.06	90.15		
12-month	6.65%	4.16%	2.49%	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	3.19%	3.04%	0.15%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8		
16.39% 27-JAN-2022	5.96%	4.33%	1.63%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0		
14.20% 14-MAR-2024	7.51%	8.00%	-0.49%	20-Jan-21	7.98%	8.74%	8.95%	20-Jan-21	70.9	83.4	16.0		
12.50% 22-JAN-2026	9.85%	9.88%	-0.03%	16-Dec-20	N/A	6.95%	7.00%	16-Dec-20	N/A	20.0	10.0		
16.2884% 17-MAR-2027	10.49%	10.02%	0.47%	18-Nov-20	N/A	5.00%	5.79%	18-Nov-20	N/A	40.0	40.0		
12.1493% 18-JUL-2034	11.40%	11.35%	0.05%	<b>Corporate Bonds</b>			<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>	<b>Corporate Eurobond</b>			
16.2499% 18-APR-2037	11.57%	11.46%	0.11%	MIXTA 17.00% 16-JAN-2022	6.16%	5.60%	0.56%	ACCESS 10.50% 19-OCT-2021	2.52%	2.62%	-0.10%		
14.8% 26-APR-2049	11.81%	11.20%	0.61%	DUFIL 18.25% 1-SEP-2022	8.27%	7.10%	1.17%	ZENITH 7.375% 30-MAY-2022	3.28%	3.49%	-0.21%		
				LAPO MFB 17.75% 19-DEC-2022	10.15%	9.72%	0.43%	UBA 7.75% 08-JUN-2022	4.04%	4.09%	-0.05%		
<b>FGN Eurobonds</b>				STERLING 16.50% 3-AUG-2023			7.78%	8.17%	-0.39%	SEPLAT 9.25% 1-APR-2023	7.12%	7.59%	-0.47%
5.625% 27-JUN-2022	2.77%	2.63%	0.14%	FCMB 17.25% 8-DEC-2023	8.54%	9.00%	-0.46%						
6.50% 28-Nov-2027	5.62%	5.38%	0.24%	ACCESS 15.50% 23-JUL-2026	12.46%	12.03%	0.43%						
7.875% 16-FEB-2032	7.16%	6.92%	0.24%	VIATHAN 16.00% 14-DEC-2027	9.92%	8.79%	1.13%						
7.625% 28-Nov-2047	7.71%	7.55%	0.16%	UNION 16.20% 27-JUN-2029	13.89%	13.73%	0.16%						
				FIDELITY 8.50% 27-JAN-2031	11.81%	11.68%	0.13%						

Source: DMO, FMDQ, Bloomberg, ARM Research

## MPR and Inflation

The Monetary Policy Committee (MPC) had its second meeting of the year this week and decided to hold MPR at 11.50% and all other parameters unchanged. The committee noted the dilemma of having to tame the rising inflation and the need to drive growth. Concerns pertaining to price stability and inflation remain prevalent, as the MPC has maintained its accommodative stance with regard to the MPR. As a result, many have called for tightening to soften surging inflation. We believe that despite the surging inflation, the MPC will continue to leave it to more structural issues and maintain its pro-growth approach, especially in light of the COVID-19 induced recession which the country is crawling out of.



Source: CBN,NBS, ARM Research



Thank You

**ARM**  
SECURITIES

**ARM Securities**

Research	234 (1) 2701653	research@armsecurities.com.ng
Institutional Sales & Trading	234 (1) 448 8833	trading@armsecurities.com.ng
Customer Service	234 (1) 4488282	customerservice@armsecurities.com.ng

Copyright © 2021 ARM Securities Limited (“ARM”).

All rights reserved. Unauthorised use, reproduction, distribution, or disclosure of this document is strictly prohibited.

This material has been issued by ARM Securities Limited, a member of the Asset & Resource Management (“ARM”) Group, and a Company regulated by the Nigerian Securities & Exchange Commission. The analysts primarily responsible for preparing this research report, in whole or in part, certifies that with respect to each security or issuer covered; all the views expressed accurately reflect his/her personal views about the subject securities and issuers and no part of his/her compensation was, is, or will be, directly or indirectly, related to the inclusion of specific recommendations or views in the report.

This research report is based on information from sources that ARM and its analysts believe to be reliable. Neither ARM nor any of its research analysts, nor any member of the ARM Group, gives any representation or warranty, express or implied, or undertaking of any kind or assumes responsibility or liability of any kind with respect to the accuracy or completeness of the information set out in this report or any third party’s use (or the results of such use) of such information. This report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, or endorsements of any kind whatsoever. The investments and strategies discussed here may not be suitable for all investors; counsel of investment advisor should be obtained with regards to such investments and or strategies. This research report is not a replacement for advice from an accountant, lawyer, personal finance advisor or other category of investment advisor. The investments discussed in this report may oscillate in price or value. Opinions and information provided are made as of the date of the report issue and are subject to change without notice. This research report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Reference herein to any specific security or financial instrument does not necessarily constitute or imply its endorsement or recommendation by ARM, its directors, officers, employees, or designated agents. Members of ARM may act as broker, advisor, or lender, or make a market in any investments or issuers referenced in this report. Further information on any of the securities discussed herein may be obtained upon request to ARM. By accepting this document, you agree to be bound by the foregoing limitations.