

How would recent events affect your financial investments?

FIND ANSWERS ON THE ARM WEEKLY COMMENTARY AND STOCK RECOMMENDATION

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Weekly Commentary & Stock recommendation

...for the week 1st November - 5th November 2021

Global Economy

- ◆ During its November 2021 meeting, the U.S. Federal Reserve Bank officially announced plans to begin dialing back its crisis-era support measures but stopped short of penciling in a sooner-than-expected hike in interest rates. Slated to start later this month, the Central Bank will reduce the monthly pace of its net asset purchases by \$10 billion for Treasury securities and \$5 billion for agency mortgage-backed securities, although policymakers are prepared to adjust the pace of purchases if warranted by changes in the nation's economic outlook. On the price front, the Fed noted that while inflation remains elevated, price pressures are driven by pandemic-related imbalances in demand and supply that are still expected to be largely transient. In a slightly similar move, the Bank of England kept its benchmark interest rate at a record low but voted to leave its bond-buying programme unchanged as policymakers weighed the risk of rising price pressures against a possible upturn in unemployment rate following the end of the government-led Furlough schemes in September 2021. The Central Bank did however state that a rate hike might become a necessity over the coming months, with CPI Inflation now expected to peak at around 5% in April 2022.

Domestic Economy

- ◆ The National Pension Commission has begun clamping down on employers who deducted monthly pensions from employees' salaries but failed to remit them to their Pension Funds Administrators. As such, the pension industry regulator has appointed recovery agents to go after the defaulting employers to recover outstanding liabilities. PenCom revealed that workers who attained the age of 50 and retired under the Contributory Pension Scheme but were not entitled to monthly pensions rose to 123,758 as of the end of June 2021. Elsewhere, The Nigerian National Petroleum Corporation revealed that a total of NGN864.07bn was spent between January and September subsidizing Premium Motor Spirit, popularly known as petrol. This amount represents 31 per cent of the total revenue of NGN2.7tn generated by the corporation between January and September. An analysis of a report submitted by the corporation to the Federation Account Allocation Committee at its last meeting showed that the NNPC did not incur petrol subsidy cost in January but spent NGN25.37bn on subsidizing the product in February.

Equities and stock recommendation

- ◆ At the end of a choppy trading week, the benchmark NGX All-Share Index edged down 0.06% as the Nigerian bourse posted its first weekly loss in two months amid profit taking by investors. The sectoral performance was broadly negative with the PERSONAL CARE (-10.62%), OIL & GAS (-1.64%), BANKING (-1.29%) and BREWERS (-0.70%) counters ending the week in the red while the CEMENT (+1.07%) sector posted a weekly gain. Price depreciation in UNILEVER (-14.42%) WoW and PZ (-6.25%) anchored the losses we saw in the PERSONAL CARE sector while buy-interest in industrial giant BUACEMENT (+3.47%) drove the positive finish in the CEMENT space.
- ◆ **ZENITH - STRONG BUY (FVE: N30.20), ACCESS - STRONG BUY (FVE: N12.92), UBA PLC - STRONG BUY (FVE: N12.18) and WAPCO - STRONG BUY (FVE: N28.61). Click [here](#) for our Weekly Stock Recommendation.**

Fixed Income

- ◆ The secondary market traded mixed this week, with bullish sentiment in the NT-Bills space while the bonds segment was quiet for most parts of the week. At the short end of the yield curve, mid-dated bills attracted the most demand, leading the NTB benchmark down 15bps to 5.33%. Over in the bond segment, the general sentiment was tepid with no major triggers in the market. The average yield curve inched up 4bps to 10.89% as investors sold off on their mid (+9bps) and long dated (+5bps) secondary holdings.

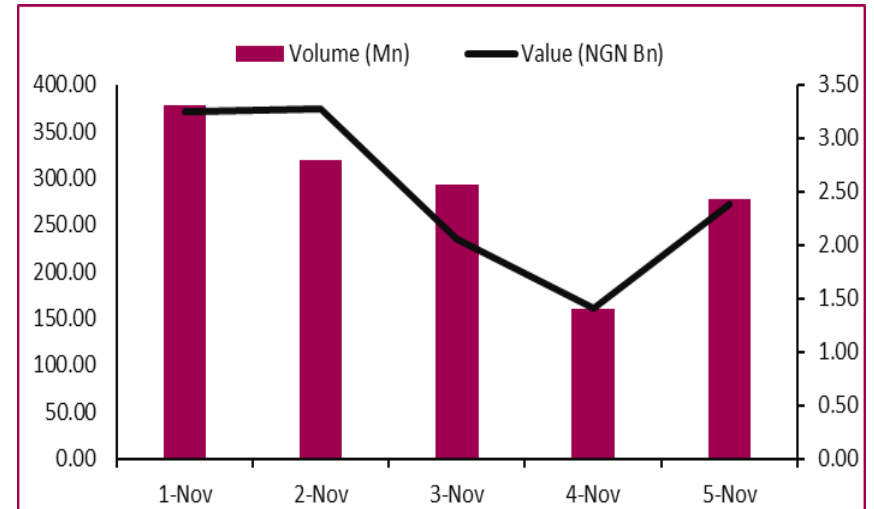
Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	41.76	41.75	0.01%	8.19%	
USD/NGN (₦/\$)					
NAFEX	415	415.1	0.00%	-12.19%	
Parallel	570.0	570.0	0.00%	-36.84%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (September 2021)			CHG (pps)		
Headline	16.63	17.01	-0.38	17.42	
Core	13.74	13.41	0.33	12.97	
Food	19.57	20.3	-0.73	21.45	
GDP (%) - YoY	Q2 21	Q1 21	Q4 20	FY20	
Real GDP	5.01	0.51	0.11	-1.9	News Headline for the week (click news for link)
Oil	-12.65	-2.21	-19.8	-8.9	*Nigeria to Benefit from UK's £143.5m Climate Change Support
Agriculture	1.3	2.3	3.4	2.2	*MTN Nigeria Completes Issuance of N89.99bn Series II 10-Year Bonds
Manufacturing	3.49	3.4	-1.5	-2.8	*Oil gains around 1% after OPEC+ holds line on supply
Services	9.3	-0.4	1.3	-2.2	*PMI report shows pick up in private sector businesses
Labor Data (%) - Q4 20			Latest	Prior	*External reserves gained \$5bn in October, says CBN
Unemployment Rate			33.3	27.1	*Subsidy payment costs N864.07bn in nine months -NNPC report
Underemployment			22.8	28.8	*Commercial, Merchant Banks' Borrowing from CBN Drops by 33.2% in October
Capital Importation (\$'mn)	Q2 21	Q1 21	QoQ (%)	YoY (%)	*COP26: Buhari Targets 2060 for Net-zero Emission for Nigeria
Foreign Portfolio Investment - Equities	85.16	26.88	216.8%	59.93%	*NNPC: \$3.097bn Investment Opportunities Exist in Condensate Refineries
Bonds	14.54	138.69	-89.52%		*NNPC admits hitches in depots, dismisses price hike rumour
Money Market	451.67	808.57	-44.1%	36.02%	*Nigeria, Angola's Under-performance Cut OPEC's October Production Target
Foreign Direct Investment	77.97	154.76	-49.62%	47.52%	*NNPC's Contribution to Federation Account Slumps by N13bn in September
Balance of Payment (\$'mn)	Q4 19	Q3 19	Q2 19	QoQ	*World leaders seek ways to strengthen global supply chains
Trade Balance	2,382	2,559	1,668	-6.9%	*Contributory pension assets rise to N12.9tn, says PenCom
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*CBN unveils framework to empower 100 companies

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

Top Gainers					
Ticker	Price	Change (%)	Yr High	Yr Low	YtD
MANSARD	2.30	161.36%	2.30	0.83	119.05%
UPL	2.30	90.08%	2.30	1.07	79.69%
ETI	8.45	59.43%	8.45	4.70	40.83%
FBNH	11.10	50.00%	11.10	6.90	55.24%
TRANSCOHOT	5.38	37.24%	5.38	3.25	49.44%
PHARMDEKO	2.34	36.05%	2.34	1.09	56.00%
UCAP	9.20	33.53%	9.20	4.50	95.33%
CHAMPION	2.80	33.33%	3.76	0.85	225.58%
AIICO	1.30	32.65%	1.59	0.95	15.04%
CUSTODIAN	8.45	32.03%	8.45	5.75	44.44%

Top Losers					
Ticker	Price	Change (%)	Yr High	Yr Low	YtD
SCOA	1.04	-34.59%	2.93	1.04	-64.51%
LASACO	1.09	-29.22%	1.71	0.35	211.43%
JAPAULGOLD	0.41	-24.07%	1.52	0.41	-33.87%
ABCTRANS	0.30	-23.08%	0.44	0.28	-21.05%
ACADEMY	0.33	-19.51%	0.45	0.30	10.00%
MBENEFIT	0.27	-18.18%	0.55	0.27	0.00%
IKEJAHOTEL	1.15	-17.86%	1.6	0.91	-4.17%
NEIMETH	1.76	-14.15%	2.23	1.50	-21.08%
UNILEVER	13.35	-11.00%	14.6	11.65	-3.96%
ARDOVA	14.05	-9.35%	21.85	13.50	3.69%

	WoW	Mtd	QtD	YtD
NGXASI	-0.06%	4.46%	4.46%	4.33%
Market Cap	-0.06%	4.63%	4.63%	4.13%
NGX 30	-0.02%	4.32%	4.32%	6.51%
NGX Premium	-0.43%	2.40%	2.40%	20.09%
NGX 50	-0.43%	4.24%	4.24%	6.46%
NGX ASEM	0.00%	0.00%	0.00%	-8.11%
NGX Banking	-3.43%	6.87%	6.87%	0.84%
NGX Industrial	0.90%	5.15%	5.15%	7.05%
NGX Consumer Goods	-0.23%	0.18%	0.18%	-0.90%
NGX Oil & Gas	-1.84%	4.47%	4.47%	69.63%
NGX Insurance	0.99%	5.00%	5.00%	-4.12%



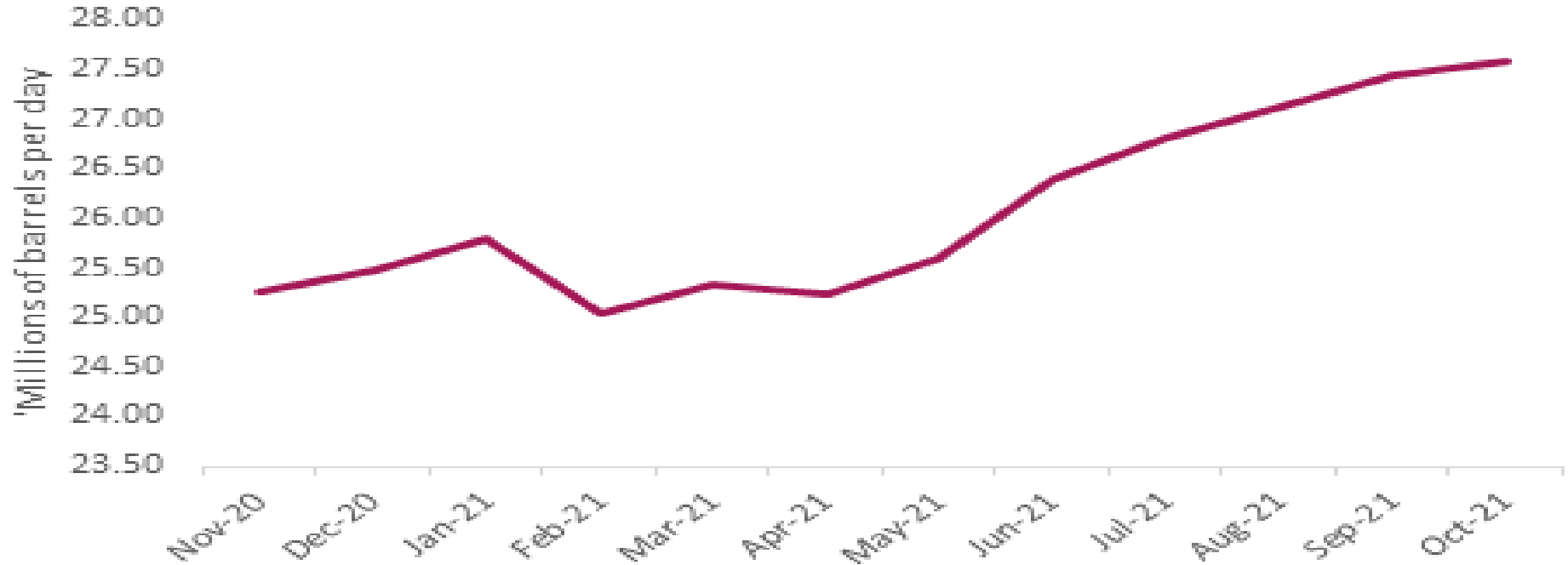
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year	
Money Market				OMO				OMO				
Overnight (O/N)	12.38%	18.50%	-6.12%	04-Nov-21	7.00%	8.50%	10.10%	04-Nov-21	5.00	5.00	15.00	
Open Buy Back (OBB)	12.00%	18.00%	-6.00%	28-Oct-21	7.00%	8.50%	10.10%	28-Oct-21	4.00	5.00	10.00	
NIBOR - 1M	9.48%	11.79%	-2.31%	21-Oct-21	7.00%	8.50%	10.10%	21-Oct-21	5.00	5.00	20.00	
NIBOR - 3M	10.29%	12.94%	-2.65%	14-Oct-21	7.00%	8.50%	10.10%	14-Oct-21	10.00	10.00	30.00	
NIBOR - 6M	11.09%	13.66%	-2.57%	16-Sep-21	7.00%	8.50%	10.10%	16-Sep-21	5.00	5.00	10.00	
Treasury Bills				Treasury Bills			91 Day	182 Day	364 Day	Treasury Bills		
1-month	3.31%	3.36%	-0.05%	27-Oct-21	2.50%	3.50%	6.99%	27-Oct-21	2.68	2.02	230.34	
3-month	4.04%	4.22%	-0.18%	13-Oct-21	2.50%	3.50%	7.25%	13-Oct-21	4.22	6.95	176.06	
6-month	5.55%	5.17%	0.38%	29-Sep-21	2.50%	3.50%	7.50%	29-Sep-21	4.61	2.09	108.71	
9-month	6.27%	6.72%	-0.45%	15-Sep-21	2.50%	3.50%	7.20%	15-Sep-21	0.96	3.61	151.31	
12-month	7.15%	7.16%	-0.01%	08-Sep-21	2.50%	3.49%	7.20%	08-Sep-21	4.94	11.88	192.68	
FGN Bonds (Local)				FGN Bonds			Mar-27	Mar-35	Jul-45	FGN Bonds		
16.39% 27-JAN-2022	3.94%	4.24%	-0.30%	23-Jun-21	12.74%	13.50%	-	23-Jun-21	50.8	103.9	-	
12.75% 27-APR-2023	8.06%	8.12%	-0.06%	19-May-21	13.10%	14.00%	-	19-May-21	20.1	41.2	-	
14.20% 14-MAR-2024	9.51%	9.21%	0.30%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2	
12.50% 22-JAN-2026	11.48%	11.51%	-0.03%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8	
16.2884% 17-MAR-2027	11.56%	11.58%	-0.02%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0	
12.1493% 18-JUL-2034	12.54%	12.47%	0.07%	Corporate Bonds			This Week	Prior Week	WoW (%)	Corporate Eurobond		
16.2499% 18-APR-2037	12.91%	12.94%	-0.03%	MIXTA 17.00% 16-JAN-2022	5.02%	5.29%	-0.27%	ZENITH 7.375% 30-MAY-2022	2.39%	2.16%	0.23%	
14.8% 26-APR-2049	12.94%	12.81%	0.13%	DUFIL 18.25% 1-SEP-2022	8.14%	8.29%	-0.15%	UBA 7.75% 08-JUN-2022	3.46%	4.57%	-1.11%	
FGN Eurobonds												
5.625% 27-JUN-2022	3.32%	3.32%	0.00%	STERLING 16.50% 3-AUG-2023	9.51%	9.45%	0.06%					
6.50% 28-Nov-2027	6.15%	6.10%	0.05%	FCMB 17.25% 8-DEC-2023	10.42%	10.24%	0.18%					
7.875% 16-FEB-2032	7.59%	7.60%	-0.01%	ACCESS 15.50% 23-JUL-2026	14.15%	14.14%	0.01%					
7.625% 28-Nov-2047	8.21%	8.24%	-0.03%	VIATHAN 16.00% 14-DEC-2027	11.87%	11.80%	0.07%					
				UNION 16.20% 27-JUN-2029	15.08%	14.92%	0.16%					
				FIDELITY 8.50% 27-JAN-2031	12.98%	12.84%	0.14%					

Source: DMO, FMDQ, Bloomberg, ARM Research

OPEC Maintains Status Quo.

In the Joint Ministerial Monitoring Committee (JMMC) meeting held on Thursday, OPEC and its allies stuck to its production policy, and approved a 400,000 barrel-a-day monthly production hike through to December 2021.

OPEC Crude Oil Production



Source: CBN, ARM Research

Thank You



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