

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

---

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

ARM © 2021 All rights reserved



## **Weekly Commentary & Stock recommendation**

...for the week 18th October - 22nd October 2021

### Global Economy

- ◆ According to its National Bureau of Statistics, the Chinese economy recorded its slowest pace of growth in a year in the third quarter of 2021, hurt by power shortages and wobbles in the property sector. GDP expanded by 4.9%YoY, as Beijing's attempts to curb lending to the property sector coupled with the fallout from electricity shortages sent factory output back to its pandemic-induced levels last seen in early 2020. Beijing's attempts to enact structural changes that address long-term risks and distortions has taken a toll on economic proceedings and policymakers now face the unenviable task of balancing the impact of those structural changes with steps that will shield the economy from the fallouts of a debt crisis at a major property giant. Elsewhere, Oil prices fell today, with Brent crude on track for its first weekly decline in almost two months as demand for oil products cooled while a weather forecast in the world's largest economy also weighed on general market sentiments. Quantitatively speaking, Brent crude futures dropped by 0.6%, to \$84.13 a barrel and U.S. West Texas Intermediate (WTI) crude futures fell by 0.5%, to \$82.13 a barrel early today. As the week draws to a close, the global oil market has witnessed some correction amid renewed virus concerns, while selloffs have been partly driven by expectations of a "warmer than average" winter in the U.S., according to a National Oceanic and Atmospheric Administration forecast.

### Domestic Economy

- ◆ Nigeria's external reserves gained \$3.98bn in three weeks, rising above the \$40bn mark, according to data obtained from the Central Bank of Nigeria. The CBN data revealed that the reserves rose to \$40.76bn on October 20 from \$36.78bn as of the end of September. The reserves, which had maintained a growth trajectory in recent weeks, rose by \$2.76bn in September from \$34.02bn at the end of August. Meanwhile, The President of the African Development Bank Group, Dr Akinwumi Adesina, has said that the bank will provide Nigeria with strong support to tackle its food security challenges. He said this while he received a high-level Nigerian delegation led by Nigeria's Minister of Agriculture and Rural Development, Dr Mohammad Abubakar. This was contained in a statement titled, 'African Development Bank Group President, Akinwumi Adesina, assures Nigeria of bank's strong support to achieve food security,' issued by the bank on the 19th of October.

### Equities and stock recommendation

- ◆ The Nigerian equities market ended the week on a positive note with the NGX All-share index advancing by 0.78% WoW to trade around 41,763.26pts, while the market capitalization rose to settle at NGN21.79 trillion. Glancing through the sectoral performance revealed the NGX Industrial (+2.59%) as the best performer for the week, with NGX Oil & Gas (1.40%) and NGX Banking (+0.69%) also closing the week in the green. Precisely anchoring the gains in Industrial Goods sector were BUACEMENT (+6.67%) WoW and WAPCO (+3.73%) WoW while price appreciation in AIRTELAF (+1.32%) WoW, DANGSUGAR (+1.98%) WoW, NB (+7.41%) WoW and ZENITH (+1.21%) WoW contributed to the overall market's bullish run. On the other hand, we saw some profit taking in FBNH (-3.54%) WoW, GTCO (-3.72%) WoW and MTNN (-0.51%) WoW.
- ◆ **ZENITH - STRONG BUY (FVE: ₦30.20), ACCESS - STRONG BUY (FVE: ₦12.92), UBA PLC- STRONG BUY (FVE: ₦12.18) and WAPCO - STRONG BUY (FVE: ₦28.61). Click [here](#) for our Weekly Stock Recommendation.**

### Fixed Income

- ◆ In the secondary market, the fixed income market ended the week on a bearish note, with expansions witnessed at both ends of the yield curve. In the NT-Bills segment, the strong bearish sentiment on the belly of the curve led to an 18bps uptick in the average yield to 5.38%. Over in the bond space, a rise in the Jan-2022 (+45bps), Mar-2027 (+44bps) and Jul-2034 (+25bps) yields led the benchmark curve higher by 9bps to 10.91%. In the primary market, the DMO sold NGN192.76bn worth of bonds split across three re-opening maturities (Jan-2026:NGN44.80bn, Apr-2037:NGN52.72bn, and Mar-2050:NGN95.24bnbn). The NGN150.00bn offer was oversubscribed by NGN100.71bn (total subscription: NGN250.71bn), with a bid-to-cover ratio of 1.30x. The 10-year and 20-year maturities cleared at 11.65% and 12.95% respectively while the 30-year maturity cleared at 13.20%, 20bps higher relative to the previous auction.

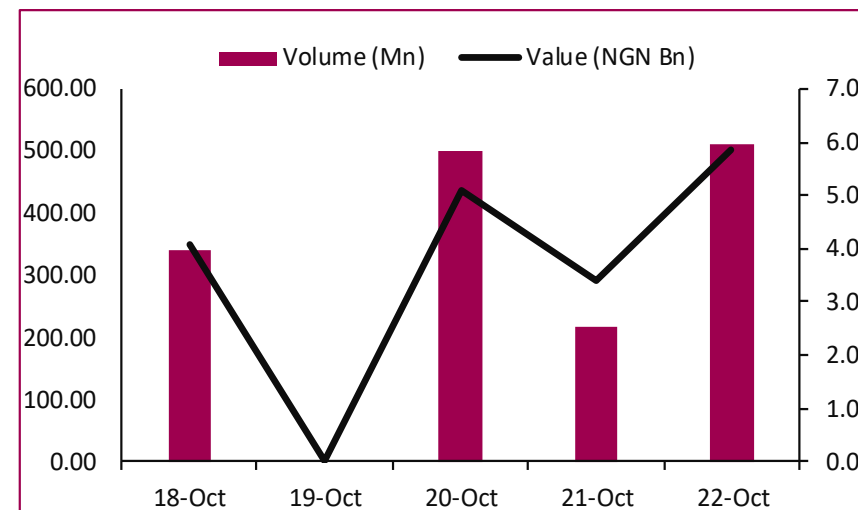
Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	40.76	39.42	3.41%	5.62%	
<b>USD/NGN (₦/\$)</b>					
NAFEX	415	422.1	1.69%	-12.18%	
Parallel	570.0	570.0	0.00%	-36.84%	
<b>Economic Snapshot</b>	<b>Latest (%)</b>	<b>Prior</b>	<b>CHG (pps)</b>	<b>2021 Avg.</b>	
<b>Inflation YoY (September 2021)</b>			<b>CHG (pps)</b>		
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	
<b>GDP (%) - YoY</b>	<b>Q2 21</b>	<b>Q1 21</b>	<b>Q4 20</b>	<b>FY20</b>	
Real GDP	5.01	0.51	0.11	-1.9	<b>News Headline for the week (click news for link)</b>
Oil	-12.65	-2.21	-19.8	-8.9	*External reserves gain \$3.98bn in three weeks, hit \$40.76bn
Agriculture	1.3	2.3	3.4	2.2	*World Bank sees crude oil prices rising till June 2022, fuelling inflation
Manufacturing	3.49	3.4	-1.5	-2.8	*Oil prices drop; Brent on track for first weekly dip in seven
Services	9.3	-0.4	1.3	-2.2	*Fed report shows wage pressures amid 'modest to moderate' economic growth
<b>Labor Data (%) - Q4 20</b>			<b>Latest</b>	<b>Prior</b>	<b>*NDIC Seeks Review of Banks' Deposit Insurance Premium</b>
Unemployment Rate			33.3	27.1	*FG in Talks with IMF on Repayment Terms of \$3.4bn SDR
Underemployment			22.8	28.8	*Afreximbank reiterates cross-border payments settlements in local currencies
<b>Capital Importation (\$'mn)</b>	<b>Q2 21</b>	<b>Q1 21</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>	<b>*Fidelity Bank Set to Issue \$500m Unsecured Notes</b>
Foreign Portfolio Investment - Equities	85.16	26.88	216.8%	59.93%	*Despite Monthly Revenue Target, NNPC Misses 8-month Revenue Goal by N1.276tn
Bonds	14.54	138.69	-89.52%		*FX Turnover on FMDQ Drops by 28.4% on Reduced CBN Interventions
Money Market	451.67	808.57	-44.1%	36.02%	*China's economy stumbles on power crunch, property woes
Foreign Direct Investment	77.97	154.76	-49.62%	47.52%	*Inflation slows down to 16.63%
<b>Balance of Payment (\$'mn)</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>QoQ</b>	<b>*Tax reliefs deprive FG of N5.16tn in 12 months</b>
Trade Balance	2,382	2,559	1,668	-6.9%	*Nigeria's Oil Rigs Below 50% of Pre-COVID-19 Figure
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*Driven by CBN Interventions, Currency in Circulation Hits N2.84trn

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

Top Gainers					
Ticker	Price	Change (%)	Yr High	Yr Low	YtD
MANSARD	2.31	162.50%	2.31	0.83	120.00%
FBNH	12.25	65.54%	12.25	6.90	71.33%
TRANSCOHOT	5.97	52.30%	5.97	3.25	65.83%
PHARMDEKO	2.60	51.16%	2.60	1.09	73.33%
ETI	7.55	42.45%	7.55	4.70	25.83%
CHAMPION	2.99	42.38%	3.76	0.85	247.67%
UCAP	9.20	33.53%	9.20	4.50	95.33%
CHIPLC	0.60	30.43%	0.80	0.27	87.50%
COURTVILLE	0.40	29.03%	0.40	0.20	90.48%
SKYAVN	4.45	28.99%	4.45	2.88	39.06%

Top Losers					
Ticker	Price	Change (%)	Yr High	Yr Low	YtD
ABBEYBDS	0.95	-40.25%	1.05	0.95	-9.52%
IKEJAHOTEL	1.06	-24.29%	1.6	0.91	-11.67%
LASACO	1.20	-22.08%	1.71	0.35	242.86%
ACADEMY	0.33	-19.51%	0.45	0.30	10.00%
JAPAULGOLD	0.44	-18.52%	1.52	0.41	-29.03%
MBENEFIT	0.28	-15.15%	0.55	0.27	3.70%
WEMABANK	0.75	-14.77%	0.9	0.55	8.70%
NEIMETH	1.76	-14.15%	2.23	1.50	-21.08%
ABCTRANS	0.34	-12.82%	0.44	0.28	-10.53%
UNITYBNK	0.55	-8.33%	0.75	0.53	-14.06%

	WoW	Mtd	QtD	YtD
<b>NGXASI</b>	0.78%	3.83%	3.83%	3.71%
<b>Market Cap</b>	0.78%	4.00%	4.00%	3.50%
<b>NGX 30</b>	0.60%	3.42%	3.42%	5.59%
<b>NGX Premier</b>	-0.19%	2.35%	2.35%	20.03%
<b>NGX 50</b>	-0.17%	4.41%	4.41%	6.63%
<b>NGX ASEM</b>	0.00%	0.00%	0.00%	-8.11%
<b>NGX Banking</b>	0.69%	8.03%	8.03%	1.94%
<b>NGX Industri</b>	2.59%	3.70%	3.70%	5.58%
<b>NGX Consum</b>	-1.05%	-1.09%	-1.09%	-2.15%
<b>NGX Oil &amp; Gas</b>	1.40%	2.30%	2.30%	66.10%
<b>NGX Insuranc</b>	-1.31%	-1.24%	-1.24%	-9.82%



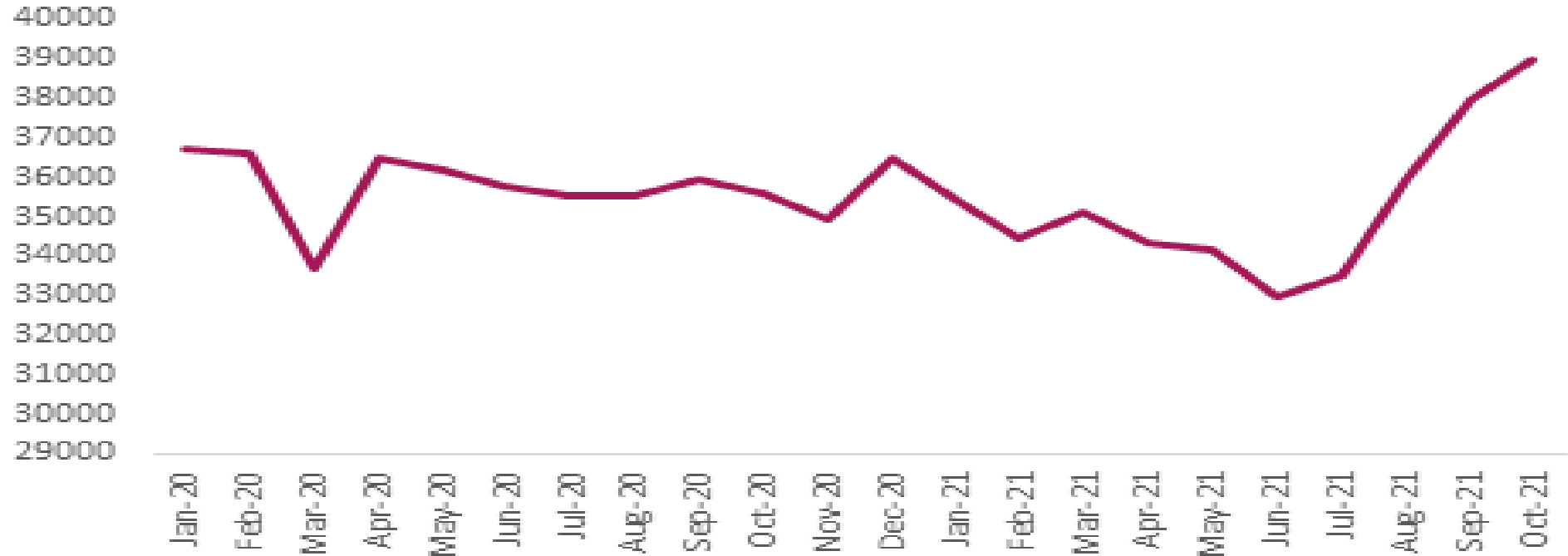
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
<b>Money Market</b>				<b>OMO</b>				<b>OMO</b>			
Overnight (O/N)	19.25%	20.00%	-0.75%	21-Oct-21	7.00%	8.50%	10.10%	21-Oct-21	5.00	5.00	20.00
Open Buy Back (OBB)	19.00%	19.50%	-0.50%	14-Oct-21	7.00%	8.50%	10.10%	14-Oct-21	10.00	10.00	30.00
NIBOR - 1M	7.62%	7.69%	-0.07%	16-Sep-21	7.00%	8.50%	10.10%	16-Sep-21	5.00	5.00	10.00
NIBOR - 3M	8.37%	8.47%	-0.10%	09-Sep-21	7.00%	8.50%	10.10%	09-Sep-21	10.00	10.00	30.00
NIBOR - 6M	9.55%	8.85%	0.70%	02-Sep-21	7.00%	8.50%	10.10%	02-Sep-21	10.00	10.00	10.00
<b>Treasury Bills</b>				<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>	<b>Treasury Bills</b>	<b>91 Day</b>	<b>182 Day</b>	<b>364 Day</b>
1-month	3.36%	3.25%	0.11%	13-Oct-21	2.50%	3.50%	7.25%	13-Oct-21	4.22	6.95	176.06
3-month	4.34%	3.76%	0.58%	29-Sep-21	2.50%	3.50%	7.50%	29-Sep-21	4.61	2.09	108.71
6-month	5.70%	4.64%	1.06%	15-Sep-21	2.50%	3.50%	7.20%	15-Sep-21	0.96	3.61	151.31
9-month	6.60%	6.76%	-0.16%	08-Sep-21	2.50%	3.49%	7.20%	08-Sep-21	4.94	11.88	192.68
12-month	6.87%	7.36%	-0.49%	25-Aug-21	2.50%	3.50%	6.80%	25-Aug-21	3.54	22.86	280.93
<b>FGN Bonds (Local)</b>				<b>FGN Bonds</b>	<b>Mar-27</b>	<b>Mar-35</b>	<b>Jul-45</b>	<b>FGN Bonds</b>	<b>Mar-27</b>	<b>Mar-35</b>	<b>Jul-45</b>
16.39% 27-JAN-2022	4.36%	3.91%	0.45%	23-Jun-21	12.74%	13.50%	-	23-Jun-21	50.8	103.9	-
12.75% 27-APR-2023	8.35%	8.39%	-0.04%	19-May-21	13.10%	14.00%	-	19-May-21	20.1	41.2	-
14.20% 14-MAR-2024	9.22%	9.20%	0.02%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2
12.50% 22-JAN-2026	11.05%	10.90%	0.15%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8
16.2884% 17-MAR-2027	11.79%	11.35%	0.44%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
12.1493% 18-JUL-2034	12.65%	12.40%	0.25%								
16.2499% 18-APR-2037	12.89%	12.88%	0.01%								
14.8% 26-APR-2049	12.79%	13.13%	-0.34%								
<b>FGN Eurobonds</b>				<b>Corporate Bonds</b>	<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>	<b>Corporate Eurobond</b>	<b>This Week</b>	<b>Prior Week</b>	<b>WoW (%)</b>
5.625% 27-JUN-2022	3.17%	3.12%	0.05%	MIXTA 17.00% 16-JAN-2022	5.39%	5.00%	0.39%	ACCESS 10.50% 19-OCT-2021	5.35%	5.35%	0.00%
6.50% 28-Nov-2027	6.03%	5.95%	0.08%	DUFIL 18.25% 1-SEP-2022	8.44%	8.54%	-0.10%	ZENITH 7.375% 30-MAY-2022	2.14%	2.16%	-0.02%
7.875% 16-FEB-2032	7.49%	7.39%	0.10%	LAPO MFB 17.75% 19-DEC-2022	11.17%	11.46%	-0.29%	UBA 7.75% 08-JUN-2022	4.06%	4.14%	-0.08%
7.625% 28-Nov-2047	8.19%	8.05%	0.14%	STERLING 16.50% 3-AUG-2023	9.60%	9.63%	-0.03%				
				FCMB 17.25% 8-DEC-2023	10.31%	10.32%	-0.01%				
				ACCESS 15.50% 23-JUL-2026	13.75%	13.61%	0.14%				
				VIATHAN 16.00% 14-DEC-2027	11.49%	11.38%	0.11%				
				UNION 16.20% 27-JUN-2029	15.25%	15.21%	0.04%				
				FIDELITY 8.50% 27-JAN-2031	13.13%	13.02%	0.11%				

Source: DMO, FMDQ, Bloomberg, ARM Research

**External Reserves cross the \$40bn Mark.**

Nigeria's external reserves gained \$3.98bn in three weeks, rising above the \$40bn mark, according to data obtained from the Central Bank of Nigeria. The CBN data showed that the reserves rose to \$40.76bn on October 20 from \$36.78bn as of the end of September.

## Foreign Reserves Position



Source: CBN, ARM Research

Thank You



## ARM Securities

Research	234 (1) 2701653	<a href="mailto:research@armsecurities.com.ng">research@armsecurities.com.ng</a>
Institutional Sales & Trading	234 (1) 448 8833	<a href="mailto:trading@armsecurities.com.ng">trading@armsecurities.com.ng</a>
Customer Service	234 (1) 4488282	<a href="mailto:customerservice@armsecurities.com.ng">customerservice@armsecurities.com.ng</a>

Copyright © 2021 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.