

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 25th October - 29th October 2021

Global Economy

- ◆ The U.S. economy grew at a considerably slower pace in the third quarter of 2021, as a resurgence in COVID-19 cases further exacerbated global supply chains, leading to a shortage of goods that consequently hit the brakes on consumer spending. GDP expanded by an annualized rate of 2% last quarter (Q221:+6.7%) according to the government's advance estimate as spending on long-lasting manufactured goods dropped by 26.2%QoQ while the weaker-than-expected growth also reflected declining pandemic relief funds from Washington. Looking ahead however, we do not expect the slower growth figure to sway the Fed from its tapering plans, set to begin next month, as recent signs point towards momentum regain in economic activities. Elsewhere, the International Monetary Fund (IMF) chief, Kristalina Georgieva, called on world leaders to take "joint and decisive actions" on a number of pertinent issues facing the global economy. In a rallying call to G-20 leaders, who are set to meet in Italy this weekend, the Fund's Managing Director urged them to assume leadership roles in the distribution of vaccines, take proactive steps to bridge the funding gaps that exist due to the large disparities in fiscal firepower as well as commit to achieving net-zero carbon emission by 2050.

Domestic Economy

- ◆ Nigeria's central bank digital currency (CBDC), the eNaira, launched this week following an announcement by President Muhammadu Buhari. The President said the digital currency and the blockchain technology it uses can foster economic growth and increase the GDP of Africa's biggest economy by \$29 billion over the next 10 years. Nigeria's Central Bank (CBN) Governor Godwin Emefiele said that around 500 million eNaira have already been minted in lieu of the digital currency going live. Development of the eNaira was carried out by fintech company Bitt, whose Digital Currency Management System is also behind the East Caribbean Central Bank's digital currency DCash. Elsewhere, the Board of FBN Holdings Plc has announced that Mr. U.K. Eke, MFR, is poised to retire as Group Managing Director, FBNHoldings, Nigeria's foremost banking and financial services group, following the successful completion of his two-term tenure and his Notice of Retirement which he tendered August 10, 2021.

Equities and stock recommendation

- ◆ The Nigerian equities market extended its winning run as investors sentiment remained positive, spurred by bargain hunting across counters amidst the earnings season. The overall market capitalization rose by 0.66% WoW to NGN21.94trillion while regarding the performance of the NGX market indices, the benchmark NGX All-Share Index closed up 0.66% WoW, taking the index's Year-To-Date gains to 4.39%. All other indices closed in the green, with the NGX Insurance (+5.28%), NGX Oil&Gas (+4.04%) and NGX Banking (+2.43%) counters leading the way. Price appreciation in High cap names AIRTELAF (+1.30%) WoW, MTNN (+0.92%) WoW, ZENITH (+1.00%) WoW, GTCO (+0.53%) WoW and medium cap stocks like GUINNESS (+23.05%) WoW, WAPCO (+8.00%) WoW, TOTAL (+17.52%) WoW and OKOMU (+7.66%) WoW boosted the index this week. On the flip side, investors booked profits on FBNH (-9.80%), STANBIC (-4.88%), DANGSUGAR (-5.56%) and NESTLE (-0.36%).
- ◆ **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 contrasting movements witnessed at both ends of the yield curve. In the NT-Bills space, the market was mostly quiet but selloffs in long-tenored bills led the benchmark curve up 10bps to 5.48%. Over in the bond segment, buying interest in the mid (-25bps) and long-dated (-6bps) maturities drove average yield across the curve down by 7bps to 10.84%. In the primary market, the CBN offered NGN150.04bn but sold NGN235.04bn worth of treasury bills split across the three maturities (91-day: NGN2.68bn, 182-day: NGN2.02bn, and 364-day: NGN230.34bn). The auction attracted a bid size of NGN431.11bn, resulting in a bid-to-cover ratio of 1.83x. With demand once again skewed towards the 364-day bill, stop rate on the maturity trended lower (down 26bps to 6.99%) while the 91-day and 182-day bills cleared at previous action levels.

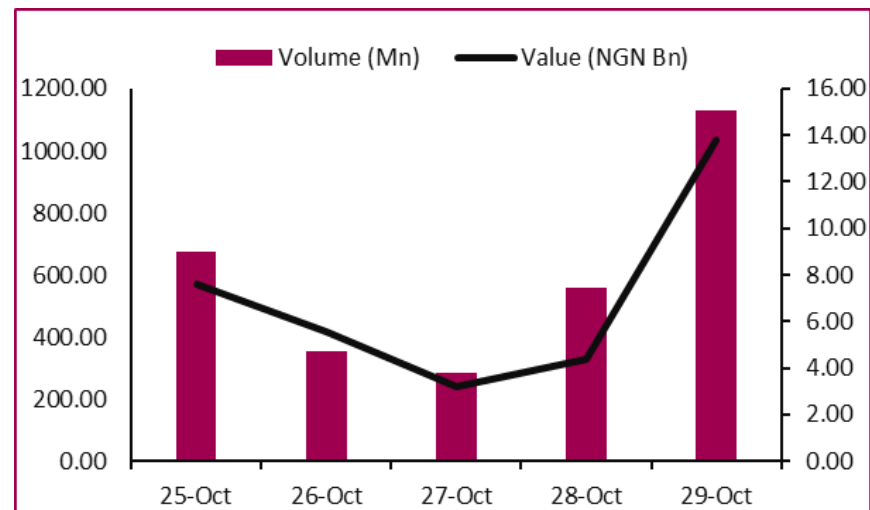
Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	41.75	40.76	2.43%	8.18%	
USD/NGN (₦/\$)					
NAFEX	415	415.1	-0.01%	-12.19%	
Parallel	570.0	570.0	0.00%	-36.84%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
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	*Diesel landing cost rises to N336.45/litre, say marketers
Agriculture	1.3	2.3	3.4	2.2	*Delta variant, shortages severely restrict U.S. economic growth in third quarter
Manufacturing	3.49	3.4	-1.5	-2.8	*Oil prices set for first weekly drop since August as supply concerns ease
Services	9.3	-0.4	1.3	-2.2	*BOJ projects low inflation for years, signals delay in stimulus withdrawal
Labor Data (%) - Q4 20			Latest	Prior	*eNaira: CBN Warns against Fraudsters, Refutes Alleged N50bn Disbursement
Unemployment Rate			33.3	27.1	*World Bank disagrees with CBN on multiple exchange rates, others
Underemployment			22.8	28.8	*U.S. consumer confidence rebounds; house price growth likely peaked
Capital Importation (\$'mn)	Q2 21	Q1 21	QoQ (%)	YoY (%)	*Weak export capacity undermines proceeds from naira devaluation
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%		*EU countries splinter ahead of crisis talks on energy price spike
Money Market	451.67	808.57	-44.1%	36.02%	*CBN releases guidelines for eNaira
Foreign Direct Investment	77.97	154.76	-49.62%	47.52%	*FG to end petrol subsidy June 2022, World Bank condemns N2.9tn funding
Balance of Payment (\$'mn)	Q4 19	Q3 19	Q2 19	QoQ	*FID into telecoms sector drops by 55.7%
Trade Balance	2,382	2,559	1,668	-6.9%	*Economy improved slightly in August, says CBN
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*Pension funds invested in banks rise to N2.05tn - PenCom

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

Top Gainers					
Ticker	Price	Change (%)	Yr High	Yr Low	YtD
MANSARD	2.35	167.05%	2.35	0.83	123.81%
UPL	2.17	79.34%	2.17	1.07	69.53%
ETI	8.90	67.92%	8.90	4.70	48.33%
PHARMDEKO	2.60	51.16%	2.60	1.09	73.33%
FBNH	11.05	49.32%	11.05	6.90	54.55%
CHAMPION	3.00	42.86%	3.76	0.85	248.84%
COURTVILLE	0.44	41.94%	0.44	0.20	109.52%
TRANSCOHOT	5.38	37.24%	5.38	3.25	49.44%
ETERNA	8.65	36.22%	8.65	4.62	69.61%
UCAP	9.20	33.53%	9.20	4.50	95.33%

Top Losers					
Ticker	Price	Change (%)	Yr High	Yr Low	YtD
ABBEYBDS	0.95	-40.25%	1.05	0.95	-9.52%
LASACO	1.17	-24.03%	1.71	0.35	234.29%
ABCTRANS	0.31	-20.51%	0.44	0.28	-18.42%
ACADEMY	0.33	-19.51%	0.45	0.30	10.00%
COURTVILLE	0.44	-18.52%	0.44	0.20	109.52%
IKEJAHOTEL	1.15	-17.86%	1.6	0.91	-4.17%
MBENEFIT	0.28	-15.15%	0.55	0.27	3.70%
SOVRENINS	0.22	-12.00%	0.36	0.20	10.00%
REGALINS	0.37	-11.90%	0.55	0.22	68.18%
MAYBAKER	4.36	-9.73%	5.02	3.21	24.22%

	WoW	Mtd	QtD	YtD
NGXASI	0.66%	4.52%	4.52%	4.39%
Market Cap	0.66%	4.69%	4.69%	4.19%
NGX 30	0.69%	4.34%	4.34%	6.52%
NGX Premium	0.33%	2.85%	2.85%	20.61%
NGX 50	0.27%	4.69%	4.69%	6.92%
NGX ASEM	0.00%	0.00%	0.00%	-8.11%
NGX Banking	2.43%	10.66%	10.66%	4.42%
NGX Industrial	0.49%	4.21%	4.21%	6.09%
NGX Consumer Goods	1.52%	0.41%	0.41%	-0.67%
NGX Oil & Gas	4.04%	6.43%	6.43%	72.81%
NGX Insurance	5.28%	3.98%	3.98%	-5.06%

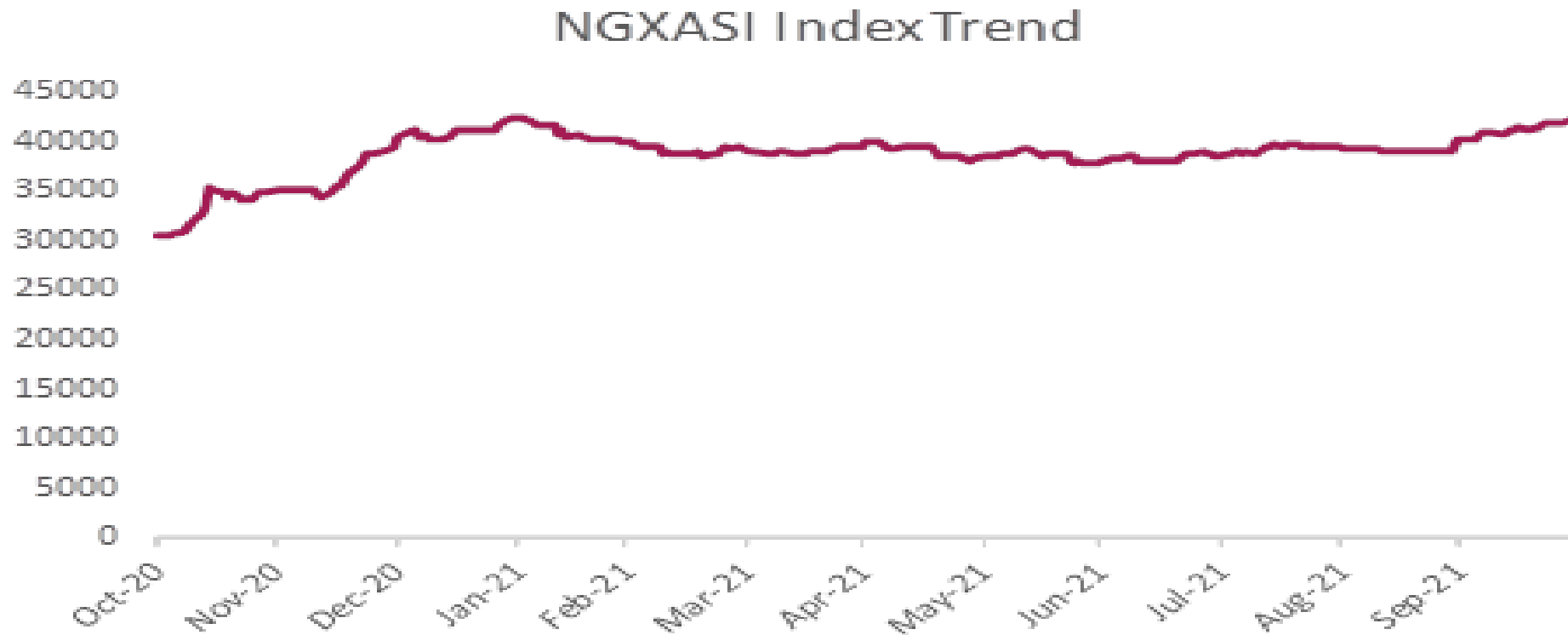


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
Money Market				OMO				OMO			
Overnight (O/N)	18.50%	19.25%	-0.75%	28-Oct-21	7.00%	8.50%	10.10%	28-Oct-21	4.00	5.00	10.00
Open Buy Back (OBB)	18.00%	19.00%	-1.00%	21-Oct-21	7.00%	8.50%	10.10%	21-Oct-21	5.00	5.00	20.00
NIBOR - 1M	11.79%	7.62%	4.17%	14-Oct-21	7.00%	8.50%	10.10%	14-Oct-21	10.00	10.00	30.00
NIBOR - 3M	12.94%	8.37%	4.57%	16-Sep-21	7.00%	8.50%	10.10%	16-Sep-21	5.00	5.00	10.00
NIBOR - 6M	13.66%	9.55%	4.11%	09-Sep-21	7.00%	8.50%	10.10%	09-Sep-21	10.00	10.00	30.00
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day
1-month	3.36%	3.36%	0.00%	27-Oct-21	2.50%	3.50%	6.99%	27-Oct-21	2.68	2.02	230.34
3-month	4.22%	4.34%	-0.12%	13-Oct-21	2.50%	3.50%	7.25%	13-Oct-21	4.22	6.95	176.06
6-month	5.17%	5.70%	-0.53%	29-Sep-21	2.50%	3.50%	7.50%	29-Sep-21	4.61	2.09	108.71
9-month	6.72%	6.60%	0.12%	15-Sep-21	2.50%	3.50%	7.20%	15-Sep-21	0.96	3.61	151.31
12-month	7.16%	6.87%	0.29%	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	Mar-27	Mar-35	Jul-45
16.39% 27-JAN-2022	4.24%	4.36%	-0.12%	23-Jun-21	12.74%	13.50%	-	23-Jun-21	50.8	103.9	-
12.75% 27-APR-2023	8.12%	8.35%	-0.23%	19-May-21	13.10%	14.00%	-	19-May-21	20.1	41.2	-
14.20% 14-MAR-2024	9.21%	9.22%	-0.01%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2
12.50% 22-JAN-2026	11.51%	11.05%	0.46%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8
16.2884% 17-MAR-2027	11.58%	11.79%	-0.21%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
12.1493% 18-JUL-2034	12.47%	12.65%	-0.18%								
16.2499% 18-APR-2037	12.94%	12.89%	0.05%	Corporate Bonds	This Week	Prior Week	WoW (%)	Corporate Eurobond	This Week	Prior Week	WoW (%)
14.8% 26-APR-2049	12.81%	12.79%	0.02%	MIXTA 17.00% 16-JAN-2022	5.29%	5.39%	-0.10%	ZENITH 7.375% 30-MAY-2022	2.16%	2.14%	0.02%
				DUFIL 18.25% 1-SEP-2022	8.29%	8.44%	-0.15%	UBA 7.75% 08-JUN-2022	4.57%	4.06%	0.51%
				LAPO MFB 17.75% 19-DEC-2022	11.11%	11.17%	-0.06%				
FGN Eurobonds				STERLING 16.50% 3-AUG-2023	9.45%	9.60%	-0.15%				
5.625% 27-JUN-2022	3.32%	3.17%	0.15%	FCMB 17.25% 8-DEC-2023	10.24%	10.31%	-0.07%				
6.50% 28-Nov-2027	6.10%	6.03%	0.07%	ACCESS 15.50% 23-JUL-2026	14.14%	13.75%	0.39%				
7.875% 16-FEB-2032	7.60%	7.49%	0.11%	VIATHAN 16.00% 14-DEC-2027	11.80%	11.49%	0.31%				
7.625% 28-Nov-2047	8.24%	8.19%	0.05%	UNION 16.20% 27-JUN-2029	14.92%	15.25%	-0.33%				
				FIDELITY 8.50% 27-JAN-2031	12.84%	13.13%	-0.29%				

Source: DMO, FMDQ, Bloomberg, ARM Research

NGXASI maintains upward trajectory.

The NGXASI advanced by 0.47% this week as the positive sentiment in the market remained. Bargain hunting across counters amidst the earnings season is expected to keep the momentum in the short term.



Source: CBN, ARM Research

Thank You



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