

# WEEKLY REPORT

18<sup>TH</sup> JUNE, 2021



**APT SECURITIES AND FUNDS LIMITED**  
(Member of The Nigerian Stock Exchange)

## GLOBAL ECONOMY:

The G7, a coalition of 7 leaders from some of the wealthiest nations in the world that cuts across countries from; Asia, North America, and Europe held its 47<sup>th</sup> summit in the Cornish resort of Carbis Bay in England where they discussed topics that bordered around; Climate Change, COVID-19, and the rising influence of China among other pressing topics.

This was President Joe Biden's first foreign trip since he assumed office. Hence, the U.S. President used the trip as an opportunity to try to rebuild alliances and smoothen relationships that 4 years of Trump presidency strained.

However, even as Biden being the newcomer was welcomed into the foray, the G7 leaders were skeptical about returning to the status quo of allowing the United States to take back the center stage and lead while they simply follow.

Back in the United States, sentiment among the Federal Open Market Committee turned hawkish, as Federal Reserve Chair Jerome Powell forecasts two rate hikes before the end of 2023. Powell cited a better than expected economic growth, coupled with an increase in forecasted inflation rate as the reason for the impending rate hike. This is coming as a surprise seeing as the Fed has downplayed the rising inflation rate in the recent past as simply transitory.

## NIGERIAN ECONOMY:

Economic data released by the Nigerian Bureau of Statistics indicate that inflation has declined for the second straight month, with May inflation standing at 17.93% against the inflation figure of 18.12% recorded in the month of March. This recent decline in inflation took analysts by surprise, as many economists have projected an increase in inflation to at least 18.20% in the month of May. This is coming a month after most analysts expressed skepticism over the decline recorded in inflation in the month of April.

INDICATOR	PRESENT	PREVIOUS	%CHG
INFLATION	17.93	18.12	-1.05%
UNEMPLOYMENT	33.30%	27.10%	22.88%
CRUDE BONNY LIGHT (USD)	73.50	72.82	0.93%

SOURCE: FMDQ, APT RESEARCH

The main component that was responsible for the decline in inflation figure was the food inflation, as core inflation (excluding food inflation) extends its upward trajectory.

The recent decline in the inflation figure can be attributed to the high base rate effect, coupled with the ability of consumers to resist price increases, especially in the agricultural food sector.

This decline in inflation could provide more clout for the CBN to retain the current MPR in the next MPC meeting, as the apex monetary authority has maintained focus on economic growth, citing fiscal policies and security situation in the country as reasons for the current inflation, rather than low interest rates.

The Nigerian Naira in a dramatic turn of events significantly strengthened in the parallel market against major global currencies towards the end of the week. The Naira traded at N498/\$ at the end of the week as against the N502/\$ it stood at the end of the previous week.

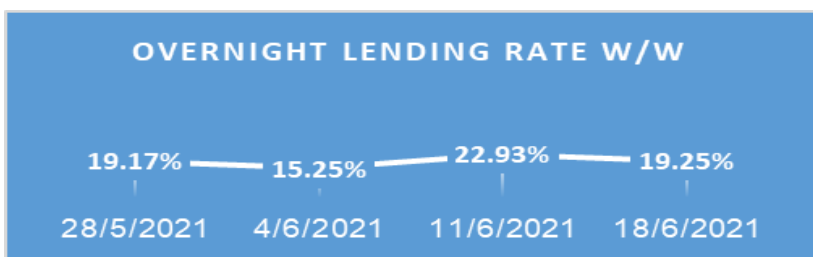
FOREIGN EXCHANGE PARALLEL MARKET RATES			
CURRENCY	LAST RATES(N)	PREVIOUS RATES(N)	WEEKLY %CHG
China Yuan	69.00	69.00	0.00%
Euro	595.00	607.00	2.02%
Pound Sterling	710.00	715.00	0.70%
Japanese Yen	3.717	3.757	1.08%
US Dollar \$	498.00	502.00	0.80%
SA Rand @	39.00	39.00	0.00%
UAE Dirham	135.00	135.00	0.00%
Ghana Cedi	95.00	95.00	0.00%

SOURCE: ABOKIFX.com, NGNRates.com, APT RESEARCH

The strengthening of the Naira in the parallel market was complemented by stellar performance of Naira forwards on the official FX window. Naira's one-year forward rate gained as much as 4.18% as investors portray confidence on the future performance of the currency.

INTERBANK-(FX Spot& Forwards)			
Tenor	Previous	Current	WoW %CHG
CBN SMIS	380.69	380.69	0.00%
I& E FX	410.80	411.00	-0.05%
1 M	413.33	411.73	0.39%
3 M	419.51	415.68	0.92%
6 M	428.36	419.95	2.00%
1Y	446.56	428.65	4.18%

SOURCE: FMDQ, APT RESEARCH



SOURCE: FMDQ, APT RESEARCH

Overnight lending rates were relatively flat in relation to the previous week, in an indication of improved liquidity in the banking institutions.

Rising Nigerian Treasury Bills rates slowed down in the week in view to close mostly flat. This performance is not unconnected with the decline recorded in the inflation rate, as that made the NTBills rates more attractive

NIGERIAN T-BILLS RATES			
MATURITY	RATE	PREV	WoW %CHG
1 MONTH	3.62	3.62	0.00%
2 MONTH	4.44	4.44	0.00%
3 MONTH	4.85	4.86	-0.21%
6 MONTH	6.28	6.28	0.00%
9 MONTH	8.75	8.60	1.74%
12 MONTH	9.76	9.77	-0.10%

SOURCE: FMDQ, APT RESEARCH

## LOCAL EQUITIES MARKET:

On the local equities market, it was a four-day trading week as the Federal Government of Nigeria declares Monday the 14<sup>th</sup> of June, 2021 a public holiday to mark the democracy day celebrations.



SOURCE: NGX EXCHANGE, APT RESEARCH

The Nigerian Equities Market kicked-off the week on a bearish note, with the NGXASI losing 1.66% in the first trading session of the week. This early performance set the direction the market would close the week as subsequent gains in the remaining three sessions of the week failed to reverse the loss recorded in the first session of the week.

NGXASI was down 1.30% at the end of the week to stand at 38,648.91bps. This outing brought the year-to-date performance to stand at -4.03%, down by 45.53% Week-on-Week.

We continue to maintain a positive outlook on the market as Q2 results are expected to portray increased profitability by companies.

INDICATOR	PRESENT	PREVIOUS	WoW %CHG
NSEASI (bps)	38,648.91	39,156.28	-1.30%
MKT.CAP. (N'trn)	20.143	20.409	-1.30%
YTD Return	-4.03%	-2.77%	-45.53%

SOURCE: NGX EXCHANGE, APT RESEARCH

Market Capitalization is pegged at the end of the week at N20.143tn, as investors lost N266bn in the week, a 1.30% drop from where the market capitalization stood at the end of the previous week.

INDICES	CURRENT	PREVIOUS	WOW %CHG
ASI	38,648.91	39,156.28	-1.30%
NSE30	1,599.22	1,594.62	0.29%
NSEBNK	362.51	358.61	1.09%
NSEINS	200.93	199.42	0.76%
NSECNSMRGDS	568.35	566.96	0.25%
NSEOILGAS	314.21	310.95	1.05%
NSELOTUSISLM	2,733.35	2,731.11	0.08%
NSEINDUSTR	1,951.41	1,952.38	-0.05%
NSEASEM	716.59	716.59	0.00%

SOURCE: NGX EXCHANGE, APT RESEARCH

With the exception of the Industrial sectorial index that lost 0.05%, all other sectorial indices closed in the positive region. This sectorial indices performance is in contrast with the ASI that lost 1.30%



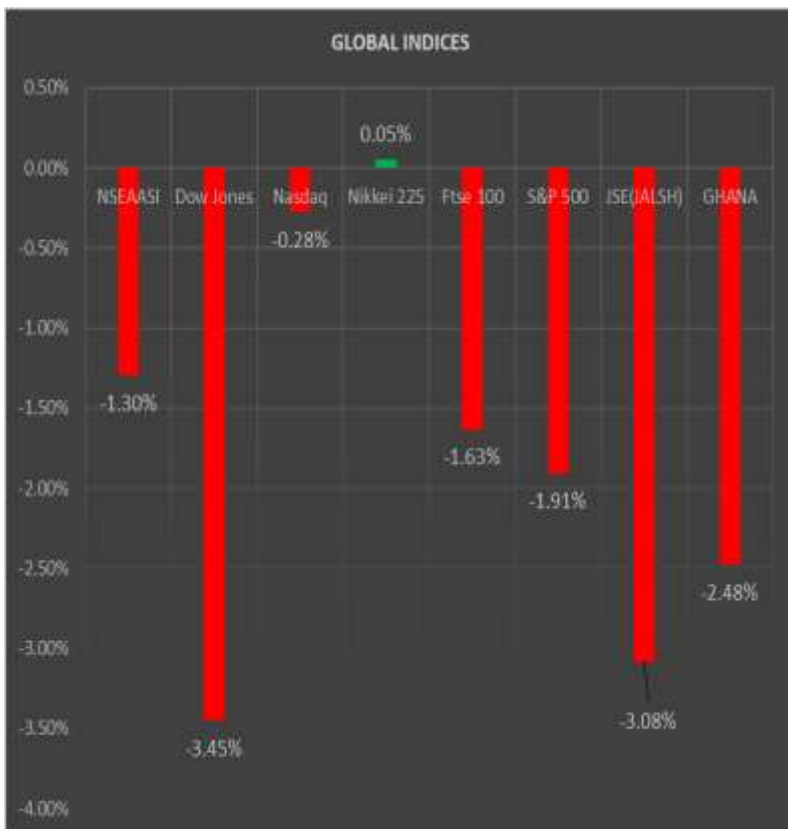
SOURCE: NGX EXCHANGE, APT RESEARCH

Market activity declined in the week. This is not unrelated to the week being a four-day trading week. Over the course of the week, 981mn units of shares were traded in 15,001 deals, valued at N10.384bn. This is as opposed to the 1.058bn units of shares traded in 17,854 deals in the previous week, valued at N12.831bn.

MARKET ACTIVITY	PRESENT	PREVIOUS	WoW %CHG
VOLUME	981,146,797	1,058,242,941	-7.29%
VALUE	10,383,585,188	12,831,309,602	-19.08%
DEALS	15,001	17,854	-15.98%

SOURCE: NGX EXCHANGE, APT RESEARCH

TOP GAINERS	OPEN	CLOSE	%CHG	TOP LOSERS	OPEN	CLOSE	%CHG
BERGER	6.70	7.70	14.93%	UACN	10.90	9.70	-11.01%
LASACO	1.36	1.50	10.29%	AIRTELAFRI	837.00	753.30	-10.00%
CHAMPION	1.80	1.98	10.00%	ABBEY	1.05	0.95	-9.52%
MORISON	1.24	1.36	9.68%	CHIPLC	0.74	0.67	-9.46%
REDSTAREX	3.10	3.35	8.06%	OKOMUOIL	116.50	105.50	-9.44%
LEARNAFRCA	1.00	1.08	8.00%	VERITASKAP	0.24	0.22	-8.33%
HONYFLOUR	1.32	1.40	6.06%	JAPAUFGOLD	0.54	0.50	-7.41%
ROYALEX	0.68	0.72	5.88%	STANBIC	41.00	39.00	-4.88%
CORNERST	0.55	0.58	5.45%	CHAMS	0.21	0.20	-4.76%
ACCESS	8.20	8.55	4.27%	LIVESTOCK	1.90	1.81	-4.74%



SOURCE: BLOOMBERG, APT RESEARCH

In other market activities, the NGX Limited suspended trading activities on the shares of Guaranty Trust Bank on Friday. The exchange reiterated the need to do so as the company prepares to delist from the daily official pricelist of the exchange. This is in preparation for the listing of Guaranty Trust Bank Holding Company.

## NASD-OTC MARKET:

The NASD Plc held its 8<sup>th</sup> Annual General Meeting on Friday, the 18<sup>th</sup> of this month where they among other matters announced the admission of 11 Plc and Capital Bancorp onto its trading platform. An action that would inadvertently bolster trading activities on the over-the-counter exchange.

The OTC market also traded for four days in the week, in observance of the public holiday declared by the federal government to mark the democracy day celebrations.



SOURCE: NASD, APT RESEARCH

Trading activity on the NASD-OTC market recorded mixed sentiment over the course of the week, as the bulls and bears split the four trading sessions evenly. The OTC market inched marginally lower as the NSI was down by 0.01% in the week to stand at 746.12bps as opposed to the 746.19bps it opened the week.

NASD-OTC MARKET SNAPSHOT			
SYMBOL	CURRENT	PREVIOUS	%CHG
NSI	746.12	746.19	-0.01%
MKT. CAPITALIZATION (BN)	530.35	530.40	-0.01%
VOLUME TRADED	11,836,028	14,988,016	-21.03%
VALUE TRADED	240,436,335.18	301,020,635.15	-20.13%
DEALS EXECUTED	124	152	-18.42%

SOURCE: NASD, APT RESEARCH

Consequently, investors lost N5mn in the week to peg the market capitalization at N530.35bn as against the N530.40bn it stood at the end of the previous week.

Market activity declined in the week in view, as 11.836mn units of shares were traded in 124 deals, valued at N240.436mn. This is in contrast to the 14.988mn units of shares traded in the previous week in 152 deals, valued at N301.021mn.

This represents a 21.03% decline in volume of traded unit of stocks, as both deals and market turnover declined by 18.42% and 20.13% respectively.

## INVESTMENT SUGGESTIONS FOR THE WEEK ENDING 25TH JUNE, 2021

	STOCKS	CURRENT PRICE	52WKS HIGH	52WKS LOW	EPS(LTM)	P/E	TARGET PRICE	UPWARD POTENTIAL
1	LIVESTOCK	1.81	3.08	0.51	0.17	10.65	2.10	16.02%
2	NEM	1.87	2.69	0.98	0.51	3.67	2.15	14.97%
3	WEMABANK	0.55	0.92	0.50	0.21	2.62	0.63	14.55%
4	DANGSUGAR	17.75	23.45	11.00	2.37	7.49	20.00	12.68%
5	FTNCOCOA	0.33	0.97	0.20	-0.38	-0.87	0.37	12.12%
6	GLAXOSMITH	6.00	8.70	4.30	0.53	11.32	6.70	11.67%
7	AIICO	1.09	1.59	0.59	0.32	3.41	1.20	10.09%
8	STANBIC	39.00	45.64	24.86	6.30	6.19	42.80	9.74%
9	FIDELITYBK	2.27	3.10	1.65	0.92	2.47	2.49	9.69%
10	MTNN	165.00	183.00	115.00	10.18	16.21	180.00	9.09%

SOURCE: APT RESEARCH

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All Correspondence to APT Securities and Funds Ltd.  
29, Marina Street (Church House, 3rd Floor), Lagos.  
Tel: 234-1-2719242,08183760042

E-mail: [research@aptsecurities.com](mailto:research@aptsecurities.com)

Website: [www.aptsecurities.com](http://www.aptsecurities.com)



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