

WEEKLY REPORT

17TH SEPTEMBER, 2021



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

GLOBAL ECONOMY:

Balance of Trade data from the European Union for the month of July showed an improvement in trade position as trade surplus increased for the second straight month following a COVID-19-pummeled slump. Trade surplus for the month of July increased to €20.70bn from a €17.70bn surplus recorded in the month of June. This is however lower than the €26.80bn recorded in the month same month (July) in the previous year. This is the largest trade surplus recorded by the EU since March.

Exports increased by 11.40%, boosted by an increase in the sales of raw materials and manufactured goods.

Imports also grew at a faster rate, up by 17.10% as they are boosted by an increase in the purchase of crude materials, fuels, and lubricants.

Inflation continues to heat up across major global economies even as policy makers continue to discount the rising inflation as transient. The rising inflation is however a plus for countries that have experienced extended periods of deflation.

Inflation across the EU rose to 3.00% from the 2.20% recorded in July. This is the highest inflation figure recorded since November 2011.

Across the UK, inflation for the month of August was recorded at 3.20%, the highest recorded inflation figure since March 2012.

Conversely, inflation begins to slow down in the US. After peaking at 5.40% in June, the highest inflation figure in 13 years, inflation remained relatively flat in July, while declining to 5.30% in August.

NIGERIAN ECONOMY:

Inflation data released for the month of August showed inflation continuing to slow down in Nigeria for the fifth consecutive session. The inflation rate stood at 17.01% in contrast to an inflation figure of 17.38% recorded in the month of July, representing a 2.13% decline. This is the lowest inflation figure recorded since January when inflation stood at 16.47%.

INDICATOR	PRESENT	PREVIOUS	%CHG
INFLATION	17.01	17.38	-2.13%
UNEMPLOYMENT	33.30%	27.10%	22.88%
CRUDE BONNY LIGHT (USD)	73.50	71.30	3.09%

SOURCE: FMDQ, APT RESEARCH

The main driver of the disinflation is a slowdown in food prices, as food inflation increased by 20.30% in contrast with the 21.03% it increased in the month of July.

The Monetary Policy Committee held its 281st meeting, the fifth for the year where they unanimously agreed to keep the MPR and all other key policy rates flat, citing slowing inflation coupled with GDP growth as key reasons. This would mark the eleventh straight month of flat MPR since it was last adjusted down by 100bps in September 2020.

The apex bank also cut its economic growth forecast for 2021 from 3.15% down to 2.86%, inching closer to an IMF forecast of 2.50%.

The Nigerian Naira continues its free-fall, weakening against major global currencies in the parallel market. The Naira traded at N570/\$ at the end of the week as against the N545/\$ it stood at the end of the previous week, down by 2.90%.

FOREIGN EXCHANGE PARALLEL MARKET RATES

CURRENCY	LAST RATES(N)	PREVIOUS RATES(N)	WEEKLY %CHG
China Yuan	75.00	75.00	0.00%
Euro	655.00	636.00	-2.90%
Pound Sterling	770.00	743.00	-3.51%
Japanese Yen	3.755	3.738	-0.46%
US Dollar \$	570.00	545.00	-4.39%
SA Rand @	45.00	45.00	0.00%
UAE Dirham	145.00	140.00	-3.45%
Ghana Cedi	100.00	98.00	-2.00%

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

The weakening of the Naira in the parallel market was augmented by its 21bps decline in the I&E window.

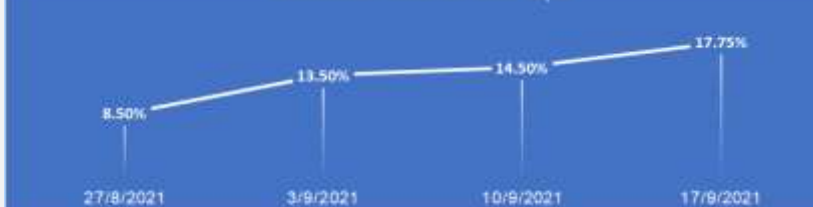
Consequently, Naira forwards traded lower on the official FX window as investors portend lack of confidence in the future value of the Naira. The one-year forward rate lost 2.51%.

INTERBANK-(FX Spot& Forwards)

Tenor	Previous	Current	WoW %CHG
CBN SMIS	380.69	380.69	0.00%
I& E FX	412.00	412.88	-0.21%
1 M	412.75	416.25	-0.84%
3 M	417.31	420.90	-0.85%
6 M	423.01	429.67	-1.55%
1Y	434.22	445.40	-2.51%

SOURCE: FMDQ, APT RESEARCH

OVERNIGHT LENDING RATE W/W



SOURCE: FMDQ, APT RESEARCH

Overnight lending rates continue to incline as liquidity across the banking institutions continues to experience downward pressure.

Yield across the Nigerian Treasury Bills continues to rise as the Nigerian money market continues to experience sell pressure. Rising yield paired with extended disinflation would make the money market more attractive.

NIGERIAN T-BILLS RATES

MATURITY	RATE	PREV	WoW %CHG
1 MONTH	3.78	3.09	22.33%
2 MONTH	4.02	3.37	19.29%
3 MONTH	4.15	3.51	18.23%
6 MONTH	5.21	4.60	13.26%
9 MONTH	6.26	5.92	5.74%
12 MONTH	8.31	7.39	12.45%

SOURCE: FMDQ, APT RESEARCH

LOCAL EQUITIES MARKET:

The local equities market experienced mixed sentiment with staggered movement recorded all through the week as the NGXASI closes marginally higher.



SOURCE: NGX EXCHANGE, APT RESEARCH

The Nigerian Equities Market kicked-off the week on a bearish note, extending the bearish run that had begun in the previous week. The NGXASI shed 0.02% in the first trading session of the week. This early week tempo would however fail to be sustained as the market would go on to record three up days in contrast to two down sessions out of the five trading sessions in the week.

NGXASI was up 0.06% at the end of the week to stand at 38,943.87bps. This outing brought the year-to-date performance of the ASI to stand at -3.29%, up by 1.78% week-on-week.

We advise investors to trade cautiously in the week starting 20th September as NTBills yields continue to rise.

INDICATOR	PRESENT	PREVIOUS	WoW %CHG
NSEASI (bps)	38,943.87	38,921.78	0.06%
MKT.CAP. (N'trn)	20.290	20.279	0.05%
YTD Return	-3.29%	-3.35%	1.78%

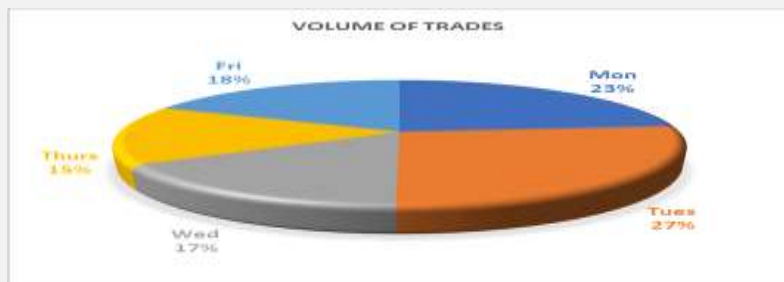
SOURCE: NGX EXCHANGE, APT RESEARCH

Market Capitalization is pegged at the end of the week at N20.290tn, as investors earned N11bn in the week, a 0.05% increase from where the market capitalization stood at the end of the previous week.

INDICES	CURRENT	PREVIOUS	WOW %CHG
ASI	38,943.87	38,921.78	0.06%
NGX30	1,617.37	1,615.69	0.10%
NGX CG	1,207.68	1,202.72	0.41%
NGX BNK	370.21	373.16	-0.79%
NGX INS	184.02	185.09	-0.58%
NGXCNSMRGDS	548.99	550.13	-0.21%
NGXOILGAS	358.99	371.45	-3.35%
NGXLOTUSISLM	2,782.12	2,778.71	0.12%
NGXINDUSTR	1,954.46	1,959.24	-0.24%
NGX GROWTH	1,026.97	1,026.97	0.00%
NGXASEM	670.65	670.65	0.00%

SOURCE: NGX EXCHANGE, APT RESEARCH

Most sectorial indices closed the week higher, with the Corporate Governance Index up by 0.41% to become the best performing index, while the Oil&Gas index closes 3.35% lower to shed the most weight.



SOURCE: NGX EXCHANGE, APT RESEARCH

Market activity significantly declined in the week as investors await the outcome of the MPC meeting. A total turnover of 856.289mn units of shares were traded this week in 19,315 deals, valued at N13.073bn. This is in contrast to the 1.426bn units of shares traded in 19,315 deals in the previous week, valued at N13.073bn.

MARKET ACTIVITY	PRESENT	PREVIOUS	WoW %CHG
VOLUME	856,288,980	1,426,037,983	-39.95%
VALUE	10,751,721,384	13,073,360,836	-17.76%
DEALS	15,663	19,315	-18.91%

SOURCE: NGX EXCHANGE, APT RESEARCH

TOP GAINERS	OPEN	CLOSE	%CHG	TOP LOSERS	OPEN	CLOSE	%CHG
UPDC	1.61	1.80	11.80%	SCOA	1.30	1.06	-18.46%
UCAP	8.00	8.90	11.25%	TRANSCOHOT	5.00	4.50	-10.00%
NNFM	7.30	8.00	9.59%	IKEJAHOTEL	1.26	1.14	-9.52%
MORISON	1.92	2.10	9.38%	ETERNA	7.20	6.52	-9.44%
CORNERST	0.48	0.52	8.33%	CHAMPION	2.08	1.91	-8.17%
LINKASSURE	0.57	0.61	7.02%	REGALINS	0.49	0.45	-8.16%
LEARNAFRCA	1.36	1.44	5.88%	LASACO	1.30	1.20	-7.69%
FIDELITYBK	2.30	2.43	5.65%	SEPLAT	759.70	710.00	-6.54%
HONYFLOUR	3.80	4.00	5.26%	MBENEFIT	0.31	0.29	-6.45%
NAHCO	2.89	3.04	5.19%	UPL	1.09	1.02	-6.42%

UPDC gained 11.80% to become the best performing stock, as twenty-one stocks appreciate in price during the week. This is lower than the twenty-five stocks that appreciated in the previous week.

SCOA shed 18.46% to become the worst performing stock as thirty-eight stocks depreciated in price during the week. This is higher than the thirty-four stocks that depreciated in price in the previous week.

In other market activities, the proposed merger between Portland Paints and CAP Plc comes to a conclusion as the NGX lists additional 88,259,520 shares for CAP Plc of 50kobo nominal value on its daily official pricelist. This follows the delisting of the entire issued and outstanding shares of Portland Paints from the NGX Daily Official list.

NASD-OTC MARKET:

Trading activity on the NASD-OTC market recorded mixed sentiment over the course of the week with two bullish sessions pitted against three bearish sessions. The NSI closed the week on a bearish note, down by 0.29% in the week to stand at 735.72bps as opposed to the 737.87bps it opened the week.

NASD-OTC MARKET SNAPSHOT			
SYMBOL	CURRENT	PREVIOUS	%CHG
NSI	735.72	737.87	-0.29%
MKT. CAPITALIZATION (BN)	639.47	641.34	-0.29%
VOLUME TRADED	20,997,661	10,264,684	104.56%
VALUE TRADED	237,006,827.26	1,108,465,340.07	-78.62%
DEALS EXECUTED	165	103	60.19%

SOURCE: NASD, APT RESEARCH



SOURCE: NASD, APT RESEARCH

Consequently, investors lost N1.87bn in the week to peg the market capitalization at N639.47bn as against the N641.34bn it stood at the end of the previous week.

Market activity as measured by volume of trades significantly improved in the week under review, as 20.998mn units of shares were traded in 165 deals. This is in contrast to the 10.264mn units of shares traded in the previous week in 103 deals.

Conversely, the value of traded shares significantly declined, as the traded shares this week were valued at N237.007mn as against a value of N1.108bn recorded in the previous week.

This represents a 78.62% decline in value of trades, as both volume of traded stocks and deals executed surged by 104.56% and 60.19% respectively.

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