

# WEEKLY REPORT

5<sup>TH</sup> NOVEMBER, 2021



**APT SECURITIES AND FUNDS LIMITED**  
(Trading License Holder of The Nigerian Exchange Limited)

## GLOBAL ECONOMY:

Manufacturing activity as measured by the PMI in the world's largest economy improved in October, expanding at a slower rate than previously recorded as the United States continues to struggle with supply constraints and rising prices.

The IHS Markit Manufacturing PMI was revised lower to 58.40 for the month, down from the 60.70 estimated in September. This is the slowest growth pace in the year.

The ISM Manufacturing PMI (which is released by the Institute for Supply Management) slowed to 60.80 in October, down from the 61.10 estimated in the month of September.

The US Federal Reserve in its committee meeting concluded on the 3<sup>rd</sup> of November decided to start tapering, as it's set to begin reducing the monthly pace of its net asset purchases by \$10bn for treasury securities, and \$5bn for agency mortgage-backed securities. The Fed also decided to leave the interest rates unchanged at 0.25%.

Balance of Trade data from the world's largest exporter for October saw its trade surplus surge to an all-time high of \$84.54bn as exports extend double-digit growth for the 13<sup>th</sup> straight month. This is in contrast to a trade surplus of \$57.32bn recorded in October 2020. This brings the trade surplus for the first ten months of the year to \$513.74bn, up from \$373.92bn recorded in the same ten-month period in the previous year.

Exports in October rose at a steeper rate of 27.10% year-on-year to stand at \$300.22bn.

Imports on the other hand rose at a slower rate of 20.60% to stand at \$215.68bn for the month.

Consequently, Chinese Foreign Exchange Reserves for the month of October increased for the first time since July to \$3.218tn from the \$3.201tn it stood at the end of September. The value of gold reserves also increased from \$109.18bn in September to \$110.83bn in October.

## NIGERIAN ECONOMY:

OPEC at the 22<sup>nd</sup> OPEC and non-OPEC ministerial meeting which concluded on November 4<sup>th</sup> agreed to increase monthly overall production by 0.4mb/d for the month of December.

This resolution would see Nigeria's production quota increase to 1.66mb/d, which is still short of the 1.88mb/d production benchmark used in the 2022 budget.

| INDICATOR               | PRESENT | PREVIOUS | %CHG   |
|-------------------------|---------|----------|--------|
| INFLATION               | 16.63   | 17.01    | -2.23% |
| UNEMPLOYMENT            | 33.30%  | 27.10%   | 22.88% |
| CRUDE BONNY LIGHT (USD) | 82.59   | 83.50    | -1.09% |

SOURCE: NBS, OILPRICE.COM, APT RESEARCH

Manufacturing activities in the country continue to improve as portrayed by the Stanbic IBTC Bank Nigeria PMI for the month of October which improved to 54.10, from the 52.30 estimated at the end of September. This represents a sixteenth successive monthly expansion in manufacturing activities in the country as output, new orders, and buying activities rose sharply in October.

Following an 11.47% decline in the value of the Naira against the US Dollar on the SMIS window in the previous week, the Naira generally ended the current week on a positive note. Naira was up 0.19% in the week at the I&E window to trade at N414.30/\$ from the N415.10/\$ it traded at the end of the previous week as devaluation pressure wanes.

This is augmented by the strengthening of the short-term Naira rates on the official Naira forward market, while the one-year forward rate continues to give in to devaluation pressure, declining by as much as 0.93% to peg the one-year Naira forward rate at N450.72/\$.

| INTERBANK-(FX Spot& Forwards) |          |         |          |
|-------------------------------|----------|---------|----------|
| Tenor                         | Previous | Current | WoW %CHG |
| CBN SMIS                      | 430.00   | 430.00  | 0.00%    |
| I&E FX                        | 415.10   | 414.30  | 0.19%    |
| 1 M                           | 416.67   | 416.07  | 0.14%    |
| 3 M                           | 424.47   | 422.22  | 0.53%    |
| 6 M                           | 433.50   | 431.48  | 0.47%    |
| 1Y                            | 446.53   | 450.72  | -0.93%   |

SOURCE: FMDQ, APT RESEARCH



SOURCE: FMDQ, APT RESEARCH

Liquidity continues to improve across the banking institutions as measured by the overnight lending rates which are on an extended dovish note, crashing to as low as 12.38% at the end of the week.

| NIGERIAN T-BILLS RATES |      |      |          |
|------------------------|------|------|----------|
| MATURITY               | RATE | PREV | WoW %CHG |
| 1 MONTH                | 3.31 | 3.36 | -1.49%   |
| 2 MONTH                | 3.77 | 3.75 | 0.53%    |
| 3 MONTH                | 4.04 | 4.22 | -4.27%   |
| 6 MONTH                | 5.55 | 5.17 | 7.35%    |
| 9 MONTH                | 6.44 | 6.72 | -4.17%   |
| 12 MONTH               | 7.15 | 7.16 | -0.14%   |

SOURCE: FMDQ, APT RESEARCH

Yields across the Nigerian Treasury Bills market trend lower as interest in default-risk-free money market instruments increases among the investing community. Declining yields are poised to make the money-market instruments and by extension debt instruments less attractive, further increasing the current negative returns they offer, even with the recent disinflation.

## LOCAL EQUITIES MARKET:

The local equities market had a bearish outing in the week, the first in eight weeks amidst profit-taking by investors following a sustained bullish run. Bulls and bears tangoed, recording staggered movements over the course of the week to close lower.



SOURCE: NGX EXCHANGE, APT RESEARCH

The Nigerian Equities Market started the week on a bearish note, with the bears taking the market index lower by 0.15%. This would set the tempo for the week as the market lost weight in three out of the five sessions for the week.

The NGXASI lost 0.06% in the week to stand at 42,014.50bps. This outing brought the year-to-date performance of the ASI to stand at 4.33%, down from the 4.39% it stood at the end of the previous week.

| INDICATOR        | PRESENT   | PREVIOUS  | WoW %CHG |
|------------------|-----------|-----------|----------|
| NSEASI (bps)     | 42,014.50 | 42,038.60 | -0.06%   |
| MKT.CAP. (N'trn) | 21.926    | 21.938    | -0.06%   |
| YTD Return       | 4.33%     | 4.39%     | -1.36%   |

SOURCE: NGX EXCHANGE, APT RESEARCH

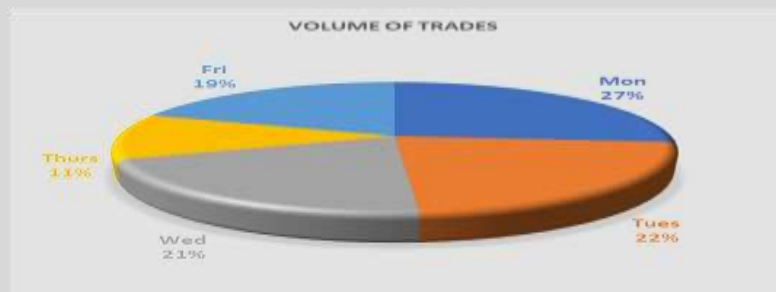
Market Capitalization is pegged at the end of the week at N21.926tn, as investors lost N12bn in the week, a 0.06% decrease from where the market capitalization stood at the end of the previous week.

We maintain a bullish outlook on the market but advise investors to trade cautiously and maintain a long-term investment horizon.

| INDICES      | CURRENT   | PREVIOUS  | WOW %CHG |
|--------------|-----------|-----------|----------|
| ASI          | 42,014.50 | 42,038.60 | -0.06%   |
| NGX30        | 1,746.84  | 1,747.12  | -0.02%   |
| NGX CG       | 1,284.98  | 1,296.14  | -0.86%   |
| NGX BNK      | 403.27    | 410.39    | -1.73%   |
| NGX INS      | 181.70    | 179.92    | 0.99%    |
| NGXCNSMRGDS  | 565.30    | 569.51    | -0.74%   |
| NGXOILGAS    | 384.54    | 390.90    | -1.63%   |
| NGXLOTUSISLM | 2,943.21  | 2,938.88  | 0.15%    |
| NGXINDUSTR   | 2,196.62  | 2,177.38  | 0.88%    |
| NGX GROWTH   | 1,071.56  | 1,074.59  | -0.28%   |
| NGXASEM      | 670.65    | 670.65    | 0.00%    |

SOURCE: NGX EXCHANGE, APT RESEARCH

Key sectoral indices closed on a negative note to commensurate the bearish outing of the ASI, save for the Insurance, Industrial, and Lotus Islam indices that gained 0.99%, 0.88%, and 0.15% respectively as ASEM closed flat. The Banking Index lost 1.73% to become the worst-performing index.



SOURCE: NGX EXCHANGE, APT RESEARCH

Market activity significantly declined in the week with a total turnover of 1.428bn shares valued at N12.373bn, traded in 23,987 deals. This is in contrast to the 3.001bn units of shares valued at N34.547bn that were traded in 25,932 deals in the previous week.

| MARKET ACTIVITY | PRESENT        | PREVIOUS       | WoW %CHG |
|-----------------|----------------|----------------|----------|
| VOLUME          | 1,427,978,802  | 3,000,944,034  | -52.42%  |
| VALUE           | 12,372,616,695 | 34,547,433,311 | -64.19%  |
| DEALS           | 23,987         | 25,932         | -7.50%   |

SOURCE: NGX EXCHANGE, APT RESEARCH

| TOP GAINERS | OPEN   | CLOSE  | %CHG   | TOP LOSERS | OPEN  | CLOSE | %CHG    |
|-------------|--------|--------|--------|------------|-------|-------|---------|
| REGALINS    | 0.37   | 0.44   | 18.92% | ETERNA     | 8.65  | 7.31  | -15.49% |
| MULTIVERSE  | 0.20   | 0.22   | 10.00% | UNILEVER   | 15.60 | 13.35 | -14.42% |
| SCOA        | 0.95   | 1.04   | 9.47%  | COURTVILLE | 0.44  | 0.39  | -11.36% |
| WEMABANK    | 0.81   | 0.88   | 8.64%  | NGXGROUP   | 20.00 | 17.75 | -11.25% |
| FIDSON      | 6.15   | 6.54   | 6.34%  | CUTIX      | 6.30  | 5.65  | -10.32% |
| UPL         | 2.17   | 2.30   | 5.99%  | PHARMDEKO  | 2.60  | 2.34  | -10.00% |
| INTBREW     | 5.25   | 5.55   | 5.71%  | UPDC       | 1.80  | 1.62  | -10.00% |
| OKOMUOIL    | 135.00 | 142.00 | 5.19%  | NEIMETH    | 1.94  | 1.76  | -9.28%  |
| GLAXOSMITH  | 6.10   | 6.40   | 4.92%  | FTNCOCOA   | 0.44  | 0.40  | -9.09%  |
| AIICO       | 1.24   | 1.30   | 4.84%  | REDSTAREX  | 3.40  | 3.12  | -8.24%  |

Twenty-three stocks appreciated at the end of the week in view, lower than the forty-seven stocks that appreciated in the previous week. REGALINS gained 18.92% to lead the pack as the best performing stock in the week.

ETERNA shed 15.49% to become the worst-performing stock in the week as forty-three stocks depreciated during the week. This is higher than the twenty-five stocks that depreciated in the previous week.

The NGX Limited reclassified Okomu Oil Palm Plc from a medium-priced stock to a high-priced stock as the stock meets the stated criteria for such reclassification.

This reclassification means the tick size price change for Okomu would move from N0.05kobo to N0.10kobo.



SOURCE: APT RESEARCH

Across the APT Major Global Indices tracking board, the Nasdaq Composite Index gained 3.05% to become the best performing index in the week.

Conversely, the NGX Limited is the sole laggard as the NGXASI shed 0.06% in the week to become the worst-performing index.

**NASD-OTC MARKET:**

The NASD-OTC market started the week on a positive note, with the NSI cumulatively up by 0.20% in the first two sessions of the week. This bullish tempo would however fail to be sustained even as the market gains weight in three out of the five sessions of the week. The NASD Security Index closed the week on a bearish note, shedding 0.18% in the week to stand at 745.49bps as opposed to the 746.86bps it closed the previous week.

| NASD-OTC MARKET SNAPSHOT |               |                |         |
|--------------------------|---------------|----------------|---------|
| SYMBOL                   | CURRENT       | PREVIOUS       | %CHG    |
| NSI                      | 745.49        | 746.86         | -0.18%  |
| MKT. CAPITALIZATION (BN) | 615.91        | 617.04         | -0.18%  |
| VOLUME TRADED            | 3,782,594     | 1,956,047      | 93.38%  |
| VALUE TRADED             | 60,103,471.26 | 121,125,860.87 | -50.38% |
| DEALS EXECUTED           | 43            | 65             | -33.85% |

**SOURCE: NASD, APT RESEARCH**



SOURCE: NASD, APT RESEARCH

The market capitalization was also down by 0.18% with investors losing N1.13bn in the week to peg the market capitalization of the NASD-OTC market at N615.91bn from the N617.04bn it stood at the end of the previous week.

Market activity as measured by the volume of trades surged in the week under review, as 3.783mn units of shares were traded in the week, higher than the 1.956mn units of shares traded in the previous week, representing a 93.38% increase.

Conversely, both the value of traded shares and the number of executed deals deflated in the week, as the traded shares were valued at N60.103mn. This is in contrast to a value of N121.126mn placed on the traded shares in the previous week, representing a 50.38% decline.

Number of executed deals declined to 43 deals, down from the 65 deals executed in the previous week, representing a 33.85% decline.

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