



MONTHLY MARKET REVIEW AND FORECAST FOR NOVEMBER 2020

TRUSTFUND PENSIONS LTD RESEARCH

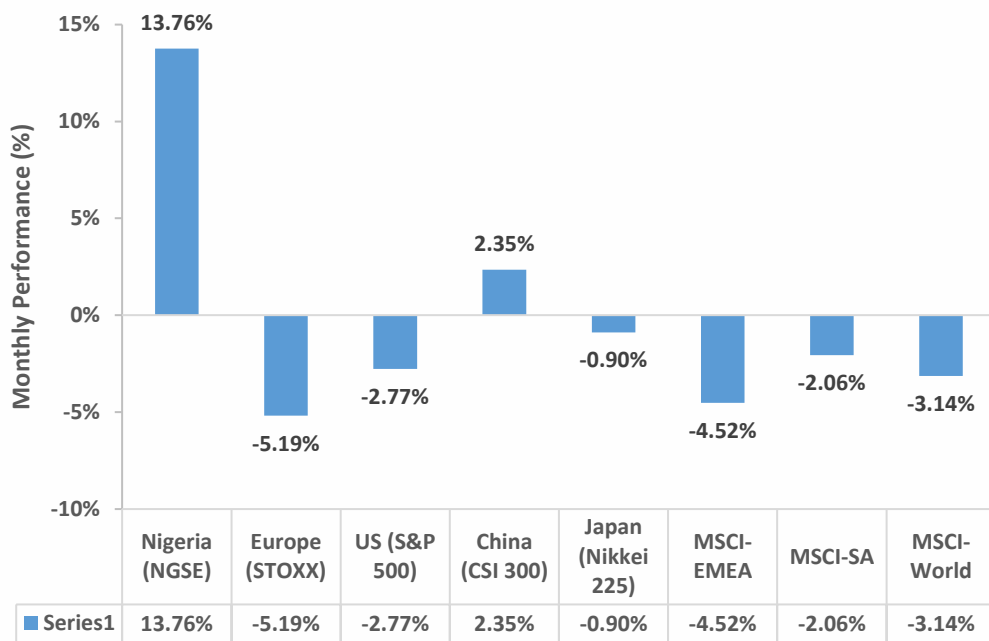
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GLOBAL MARKET REVIEW

GLOBAL EQUITY PERFORMANCE FOR THE MONTH (%M/M)



*NGSE – Nigerian Stock Exchange Mainboard Index

*STOXX Europe 600 – Index that tracks top 600 companies across Europe

*Nikkei 225 tracks top 225 large companies across sectors in Japan

*CSI300 index tracks top 300 stocks traded on the Shanghai Stock Exchange in China

*S&P 500 tracks top 500 companies in USA

*MSCI-EMEA –stands for MSCI Emerging Markets Europe Middle East and Africa Index

*MSCI South Africa - This is Morgan Stanley's tracker for large and mid-cap stocks in South Africa

GLOBAL MACRO MOVERS FOR THE MONTH OF NOVEMBER

Equity Indices	Forex	Sovereign Bonds	Commodities	Sovereign CDS
Ghana GSE +0.90% ↑ 1836.54 d +16.32	India Rupee +0.51% 73.5225 c -0.3800	Singapore 2Y +2.7 bp 0.302	Manganese ZCE -2.08% 6482 c -138	Argentina CDS -223.72 bp ↓ 370.95
U.A.E. DFM +2.00% 2532.40 c +49.74	Saudi Arabia Riyal -0.01% ↑ 3.7517 +0.0002	Slovakia 2Y +40.4 bp ↓ -0.683	Cocoa NYB -2.31% ↑ 2575 d -61	Ireland CDS -1.73 bp ↓ 16.66
Lebanon BLOM +1.05% 608.05 +6.32	Costa Rica Colon +0.56% 601.0900 -3.4100	Czech 2Y -5.2 bp ↑ -0.152	Lean Hogs -2.44% 64.950 c -1.625	Morocco CDS -12.25 bp 96.94 c
Thailand SET +2.01% 1478.92 c +29.09	Egypt Pound NDF -0.22% ↓ 15.8228 +0.0355	Japan 2Y -1.2 bp -0.158	Cocoa ICE -1.41% ↑ 1754 d -25	Japan CDS -1.17 bp 15.30
South Korea KOSPI -1.62% 2700.93 c -44.51	Egypt Pound +0.22% 15.6703 -0.0352	Thailand 2Y -1.0 bp 0.452	Rubber SHF -1.92% ↓ 14590 d -285	France CDS -0.88 bp ↓ 16.14
Kazakhstan KASE +0.67% 2629.21 c +17.41	Thailand Baht +0.35% ↑ 30.060 -0.107	Brazil (USD) 2Y +3.1 bp ↑ 0.701	Steel SHF -0.51% ↓ 3908 d -20	Egypt CDS -16.71 bp 346.14 c

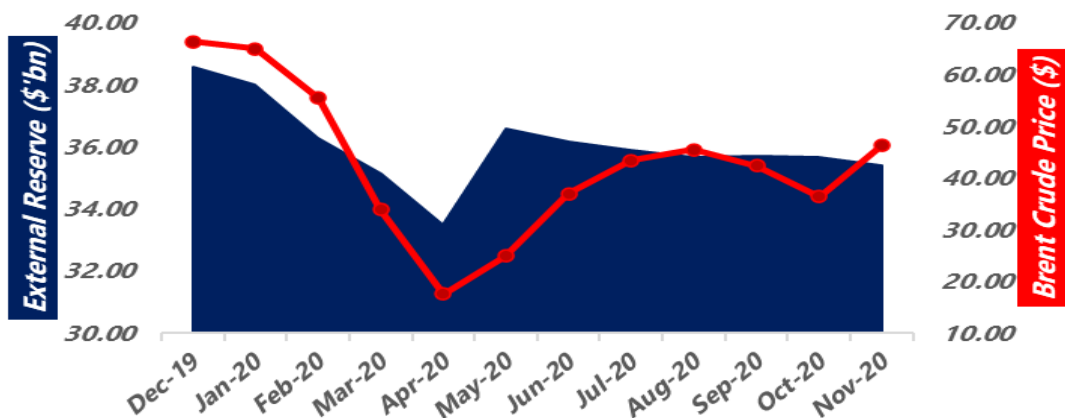
Source: Bloomberg Terminal

Nigeria Macro Review

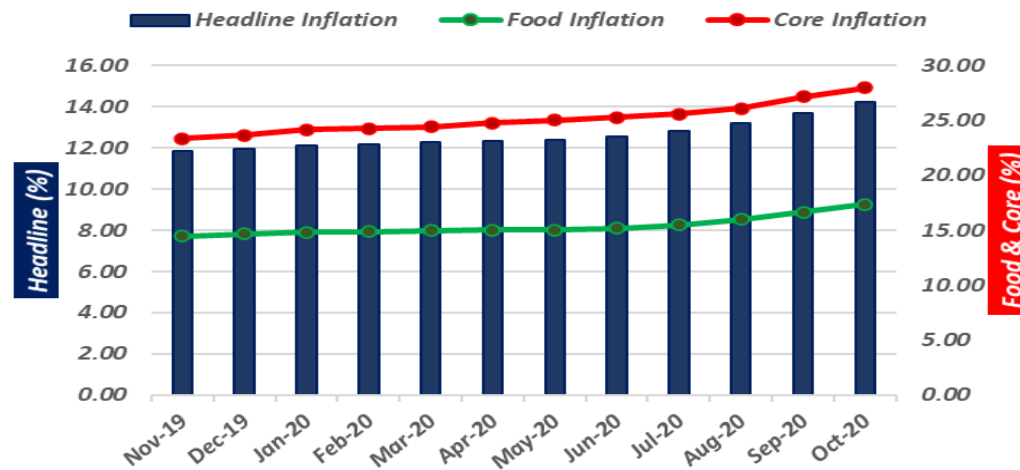
Headlines	PREVIOUS	CURRENT	%Change	Remarks
Monetary Policy Rate (MPR)	11.50%	11.50%	0.00% ↔	At the last meeting held on 23 rd November 2020, the Central Bank of Nigeria maintained the Monetary Policy Rate at 11.50%. The Committee emphasized on the need to expand credit to the real sector of the economy despite rising inflationary pressure triggered by insecurity, hike in electricity tariff and pump price of PMS.
Inflation	14.23%	14.89%	4.64% ↑	Inflation rate for the month of October 2020 accelerated by 66bps to close at 14.89% YoY. This was caused by continuous increase in food prices. Both Food & Core inflation advanced by 164bps & 47bps to settle at 18.30% and 11.05% respectively.
Exchange Rate (NGN/USD)	₦379.00	₦379.00	0.00% ↔	The Central Bank of Nigeria maintained stable flow of greenback at various FX window at N379.00 a dollar. This was presumed as part of effort to unify various exchange rates in the nation and enhance stability.
External Reserves (USD'bn)	\$35.68	\$35.41	-0.14% ↓	The External Reserves depreciated marginally by 14bps to \$35.41bn in the month of November 2020 compared to \$35.68bn recorded in previous month. This was on the back of increased intervention of forex sales at various FX market in the country.

External Reserve Bows to New Wave of Corona Virus in Europe

Nigeria External Reserve vis-a-vis Crude Oil Price



Continuous Increase in Food Prices Drive CPI Higher



Equity Market Continued Its Gaining Streak Propelled by Thin Yield Environment

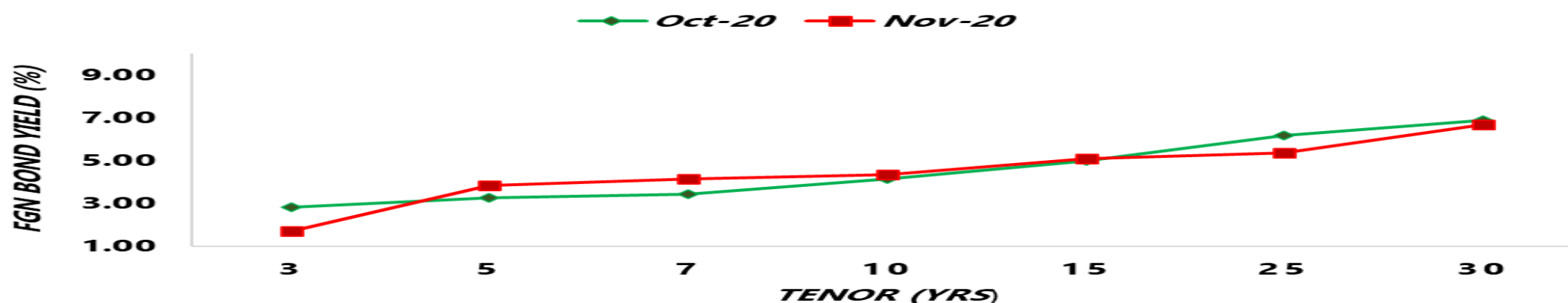
- ❖ The local bourse sustained its double digits upward trend in the month of November 2020. The market continued to respond positively to the depressing yields on fixed income instruments, thereby recording a whopping gain of 14.78% during the month. This was largely spurred by gains on heavyweight cement giant, DANGCEM – 28.13% and consolidated with gains on AIRTELAFRI – 43.47%, MTNN – 7.78% and ZENITHBANK – 8.62%.
- ❖ The NSE ALSI advanced by 4,511.45 points to close the month at 35,042.14 points compared to 30,530.69 points recorded in October 2020. Consequently, YTD return hopped to 30.55% with market capitalization closing the month of November 2020 at N18.31trillion YTD.
- ❖ From the sector fronts, all the indices finished the month on a positive sphere. NGSE Industrial Goods top the gainers chart, accelerated by 23.95% on the strength of buying interest in DANGCEM, WAPCO & BUACEMENT which saw prices on the cement producers to finish at 28.13%, 22.99% and 20.88% respectively. This was followed by 8.85% gains in the NGSE Insurance bucket, which was spurred by positive sentiments on NEM – 14.35%, AIICO – 27.91% and LINKASSURE – 11.11%.
- ❖ While NGSE Consumer Goods improved by 6.18% on the back of gains in DANGSUGAR – 42.75%, NASCON – 22.14% and NB – 15.87%. NGSE Banking advanced by 5.72% owing to gains from ACCESS – 8.86%, ZENITHBANK – 8.60%, UBA – 7.79% and GUARANTY – 2.15%.
- ❖ NGSE Oil & Gas was able to pull through, gained 60pbs in the month of November 2020.

Fixed Income Market Review

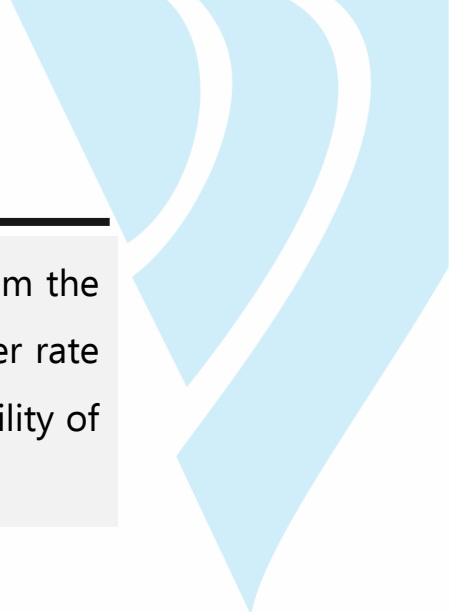
Yields Sustained Downward Trend as Investors Continue to Jostle for Risk Free Instrument

- Sentiments were mixed in the Bond market during the month as mild profit taking was seen across curves. Nonetheless, institutional investors were seen at the bidding lane scouting for risk free instruments as been faced with limited investment outlets. Investors were seen showing keen interest on the 22s – 25s as well as the 45s – 50s nomenclatures.
- At the bond's auction conducted during the month, the DMO offered N80bn worth of bonds across 2 tenors, 12.50% FGN MAR 2035 and 9.80% FGN JUL 2045 nomenclature. Subscriptions for the 2 tenors were N87.70bn and N97.04bn respectively which were 2.21x and 2.43x amount offered accordingly. Nevertheless, the DMO in its determined effort to reduce debt service significantly, allotted N40bn each for tenor at the marginal rates of 5.00% and 5.79% respectively.
- Consequently, benchmark yield at the secondary market compressed to 3.88% during the month from 4.08% printed in the month of October 2020. This was instigated by aggressive buying interest at the short and long end of the curve as there is no imminent policy change in the near term as suggested by many analysts.
- Likewise in the Treasury bills space, the stop rates for 91day, 182day and 364day at the NTB auction closed at 0.215%, 0.09% and 0.15% respectively. Secondary market benchmark rate relapsed to 0.11% and 0.09% for both NTB and OMO bills.

SECONDARY MARKET YIELD CURVE (%)



MARKET OUTLOOK AND STRATEGY



We anticipate a negative GDP growth in the third quarter and an expectation of a U-shaped economic recovery starting from the tail end of Q4-2020. Notwithstanding, we expect CBN's dovish stance to improve activities in the equities market amid lower rate environment being witnessed in the fixed income space. However, oil price volatility, government's fiscal support and availability of COVID-19 vaccines will largely dictate market direction for the last quarter of 2020.

EQUITY

Market valuation remains attractive at the current levels (P/E ratio at 9.04x & Dividend Yield at 7.13%).

Our focus will remain on defensive stocks with adequate free float and potential for attractive dividends to buffer our portfolio position.

FIXED INCOME

Bond – We will continue to monitor exposure to government securities while seeking opportunity for bond portfolio rebalancing.

Corporate Bonds – We will be on the look out for "A" rated corporate bonds with attractive coupon, as current yield level proffers the opportunity for Private Issuers to return to the debt market.

Treasury Bills – we expect yields to continue to hover around 2% owing to paucity of attractive investible outlets.

Money Market – We will continue to deal at best market rates to sustain our liquidity laddering strategy

We will be aggressive on stocks with significant inflow on the bourse, especially the financials with the potential to turn in attractive dividend yield and capital appreciation.

**THANK
YOU**
