



# MONTHLY MARKET REVIEW AND FORECAST FOR MARCH 2021

TRUSTFUND PENSIONS LTD RESEARCH

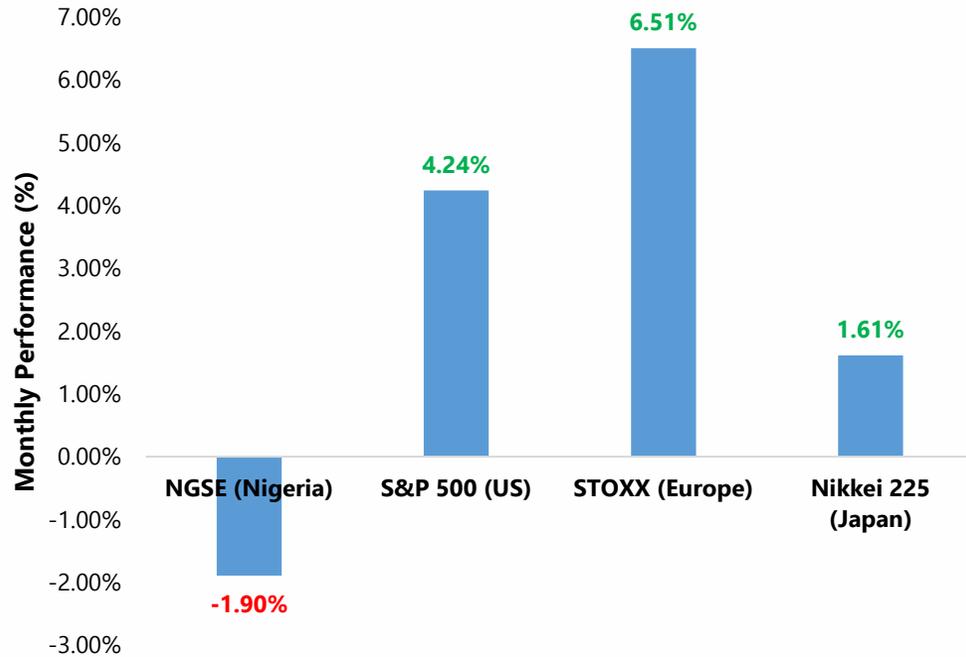
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# GLOBAL MARKET REVIEW

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

\*\*S&P 500 tracks top 500 companies in USA

## GLOBAL MACRO MOVERS FOR THE MONTH OF MARCH 2021

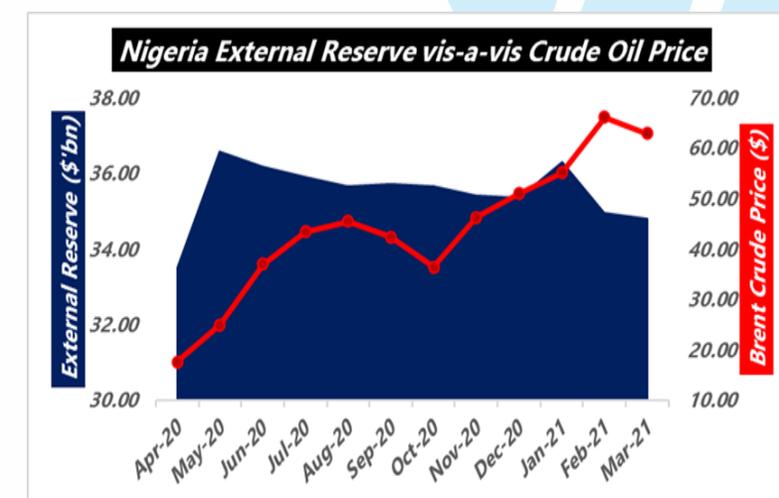
Most Up				
Equity Indexes	Forex	Sovereign Bonds	Commodities	Sovereign CDS
<b>Canada SPTSX</b> +3.48 % 19351.32 c +650.65	<b>Canada Dollar</b> +0.54 % ↓ 1.2494 -0.0068	<b>United States 5Y</b> -8.6 bp 0.853	<b>Wheat MGE</b> +8.82 % +675 <sup>1</sup> / <sub>4</sub> d +54 <sup>3</sup> / <sub>4</sub>	<b>Canada CDS</b> -1.68 bp 19.80 c
<b>S&amp;P 500</b> +5.35 % 4185.47 c +212.58	<b>Nigeria Naira NDF</b> +0.48 % 413.00 -2.00	<b>Canada 5Y</b> -2.6 bp ↑ 0.964	<b>KC Wheat CBT</b> +7.09 % ↓ +623 d +41 <sup>1</sup> / <sub>4</sub>	
			<b>Cocoa NYB</b> +4.36 % 2489 d +104	
			<b>Heating Oil NYM</b> +7.06 % ↑ 189.48 d +12.50	
			<b>Brent Crude</b> +6.65 % ↓ 66.91 d +4.17	
			<b>WTI Crude</b> +6.98 % ↓ 62.22 d +4.17	
Most Down				
Equity Indexes	Forex	Sovereign Bonds	Commodities	Sovereign CDS
<b>Nigeria SE</b> -0.50 % 38849.20 c -195.93	<b>BBG USD Index</b> -1.93 % ↑ 1129.93 -22.26	<b>Canada 2Y</b> +8.2 bp ↑ 0.303		
	<b>Nigeria Naira</b> -0.46 % 409.50 +1.87	<b>United States 2Y</b> +0.3 bp 0.163		

Source: Bloomberg Terminal

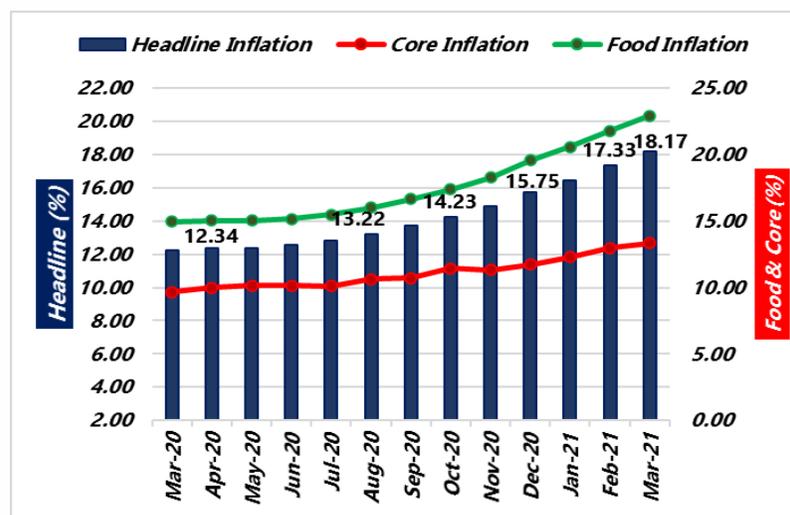
# Nigeria Macro Review

Headlines	PREVIOUS	CURRENT	%Change	Remarks
<b>Monetary Policy Rate (MPR)</b>	11.50%	11.50%	0.00%	The Central Bank of Nigeria left the Monetary Policy Rate unchanged at 11.50%. The Committee noted its concerns on the persistent uptick in inflationary pressure triggered by insecurity, electricity tariff hikes and increased PMS pump prices. It also emphasized the need to improve credit accessibility to drive investment and reduce the rising unemployment rate.
<b>Inflation</b>	17.33%	18.17%	+0.84%	The Consumer Price Index (CPI) for March 2021 climbed by 138bps to 18.17% from 17.33% recorded in March 2021. This was spurred by sustained increase in the prices of food and transportation within the period. Food & Core inflation surged by 116bps and 29bps MoM to 22.95% and 12.67% respectively.
<b>External Reserves (USD'bn)</b>	\$34.96	\$34.82	-0.40%	The External Reserves shaved marginally by 40bps to \$34.82bn in March 2021 from \$36.30bn recorded in preceding month. This was orchestrated by drop in the price of crude oil resulting from resurgence of lockdown measures to curb the spread of covid-19 in Europe and parts of North America.
<b>Exchange Rate (NGN/USD)</b>	₦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 dip as Lockdown Resurfaces in Europe

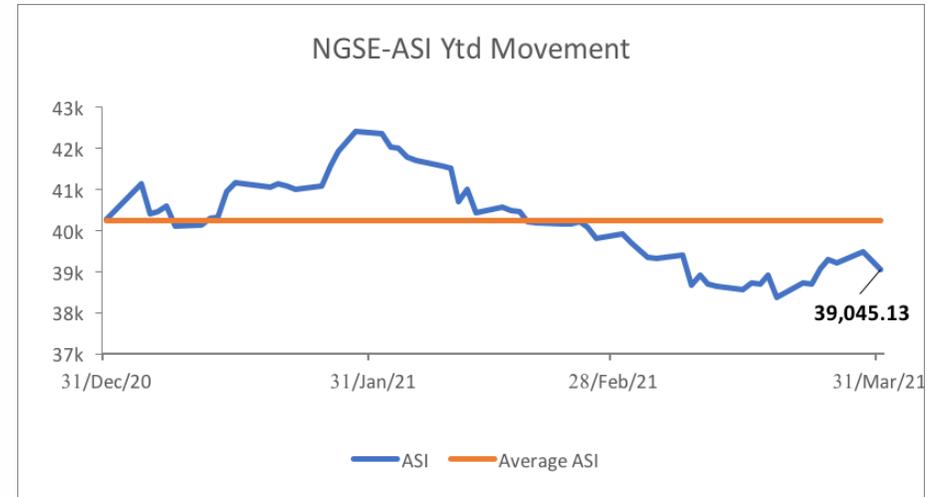


## Inflation Maintains an Upward Trend as Insecurity Persist

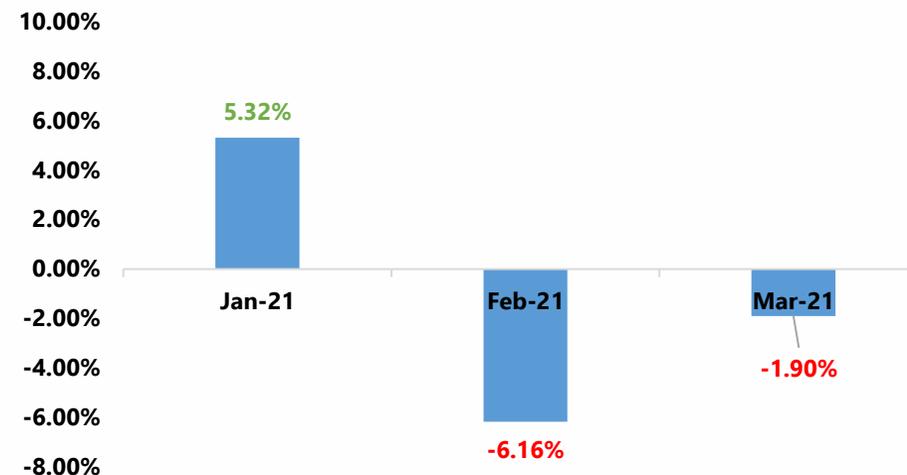


# EQUITY MARKET

- ❖ The Nigeria Stock Exchange sustained a bearish trend during the month under review. The NGSE ALSI lost 1.90% to close at 39,045.13 points from 39,799.89 points recorded in February 2021. This was caused by continuous sell pressure on bellwether stocks as investors sought better yields in the fixed income space. Consequently, YTD return relapsed to -3.04%.
- ❖ Despite the impact of the Covid-19 pandemic during 2020FY, corporate action declarations from major companies were impressive, although, demand was weak during the month with exceptions on specific tickers including GUARANTY, STANBIC, ZENITHBANK, GUINNESS and SEPLAT.
- ❖ From the sectoral front, out of the 5 sectors under coverage, 3 sectors (NGSE Banking, NGSE Industrial Goods and NGSE Consumer Goods) dipped by 3.42%, 0.44% & 3.71% accordingly, while NGSE Oil & Gas and NGSE Insurance finished in green at 0.18% and 1.21% respectively.
- ❖ In context, NGSE Banking was pulled down by loss in ZENITHBANK – 11.39%, UBA – 13.50% & ACCESS – 3.03% while NGSE Industrial Goods was dragged down by fall in DANGCEM – 2.27% & WAPCO – 4.33%. Likewise, decline in NESTLE – 5.17% and DANGSUGAR – 5.56% led NGSE Consumer Goods into the red.
- ❖ NGSE Insurance was up on the back of positive sentiments in LINKASSURE – 17.86%, NEM – 15.00% & AIICO – 8.70% while NGSE Oil & Gas was solely lifted by demand in SEPLAT – 3.77%.



## MONTHLY EQUITIES RETURN 2021 (%)

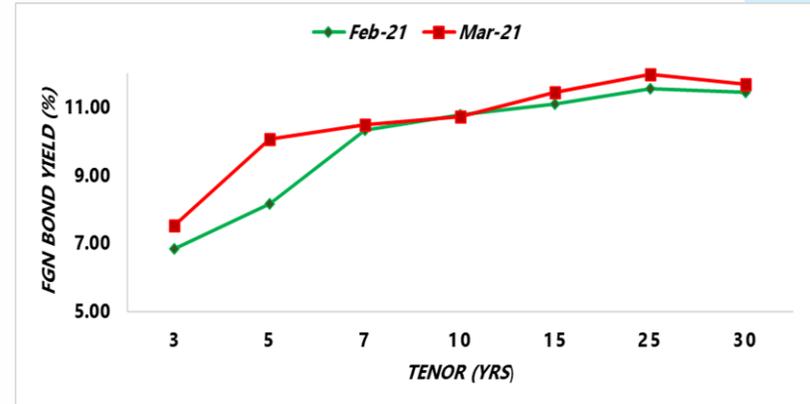


Source: Bloomberg/TFP Research

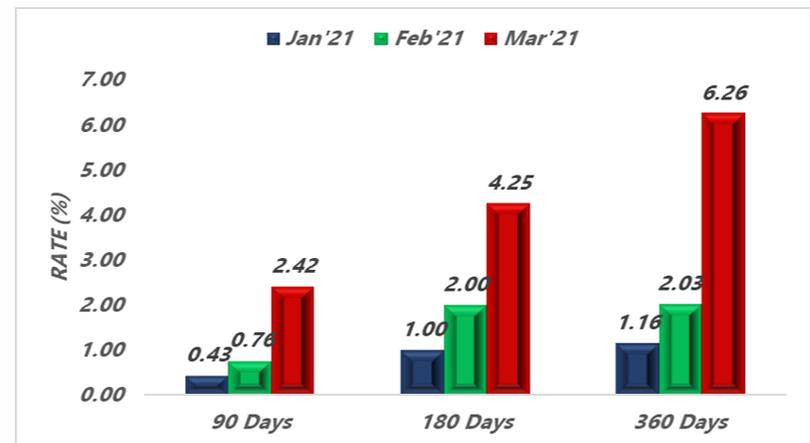
# FIXED INCOME MARKET

- ❖ The fixed income market maintained bearish sentiments to close the month under review. This was due to a continuous increase of stop rates by Central Bank of Nigeria (CBN) and Debt Management Office (DMO) at various auction points.
- ❖ At the bond auction, the DMO offered N150bn worth of FGN bonds across 3 tenors (16.2884% FGN MAR 2027, 12.50% FGN MAR 2035 and 9.80% FGN JUL 2045), subscription levels exceeded amount offered by N15.25bn, N60.19bn and N108.04bn resulting from N237.00bn coupon payment during the month. The DMO sold N262.10bn (2027 – N44.01bn, 2035 – N86.29bn and 2045 – N131.80bn).
- ❖ Bids ranges between 9.95% - 13.00%, 10.95% - 13.50% and 9.00% - 14.50% for the 3 nomenclatures while auction closed at 10.50%, 11.50% and 12.00% accordingly.
- ❖ Consequently, secondary market benchmark rate advanced slightly by 6bps to close at 9.82% from 9.24% recorded in February 2021.
- ❖ At the NTB auction conducted in the month, stop rates were maintained at previous levels (2.00% and 4.00%) for the 91-day and 182-day tenors, while the 364-day paper increased by 50bps to 8.00%.
- ❖ The benchmark rates for NTB and OMO modulated upward to 4.02% and 6.17% from 1.47% and 5.82% reported in previous month.

## SECONDARY BOND MARKET YIELD CURVE (%)



## Secondary Market NTB Rates (%)



# MARKET OUTLOOK AND STRATEGY



We continue to anticipate a positive GDP growth in 2021 supported by increased economic activities and mild recovery in the oil market. Notwithstanding, we expect rates in the fixed income space to trend higher as the apex bank seeks to attract and retain foreign investors. In addition to its dovish stance to improve participation in real sector of the economy. As a result, we foresee reduced activity in the equity space as investors patronize “risk-free” instruments. However, these expectations are barring any radical global macroeconomic shifts/ liquidity shocks to the system/interventions by the apex bank.

## E Q U I T Y

Market valuation remains attractive at the current levels (P/E ratio at 8.2x & Dividend Yield at 5.57%).

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

## F I X E D I N C O M E

**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 continue to take position in bellwether stocks with dividend payment history, while scanning for attractive yields in the fixed income space – especially government and corporate bonds.



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THANK YOU

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