



MONTHLY MARKET REVIEW AND FORECAST FOR APRIL 2021

TRUSTFUND PENSIONS LTD RESEARCH

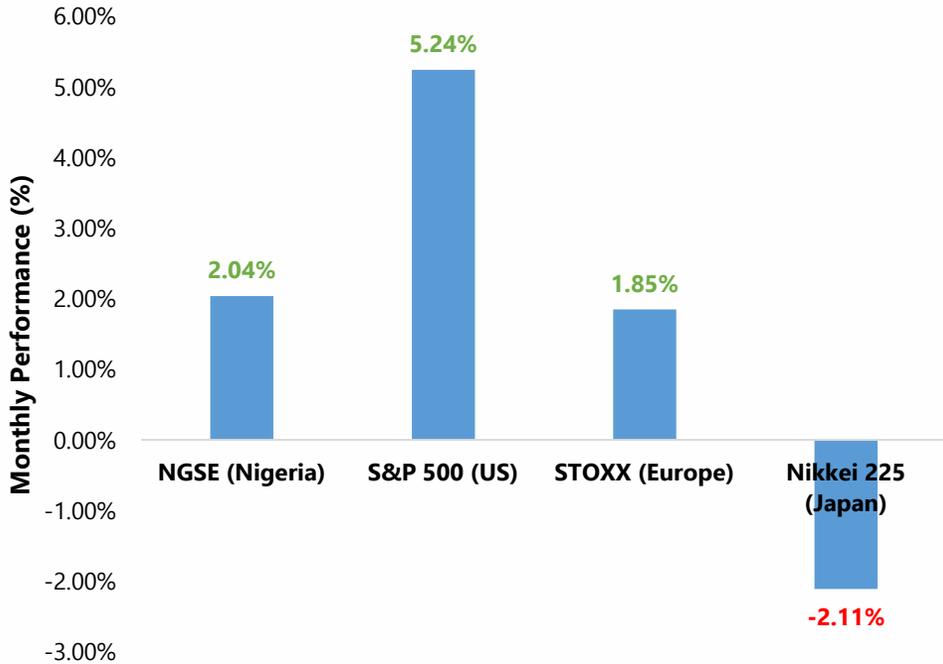
M A Y 2 0 2 1

Outline

- 3. Global Market Review**
- 4. Nigeria Macro Review**
- 5. Equity Market Review**
- 6. Fixed Income Market Review**
- 7. Market Outlook and Strategy**

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 APRIL 2021

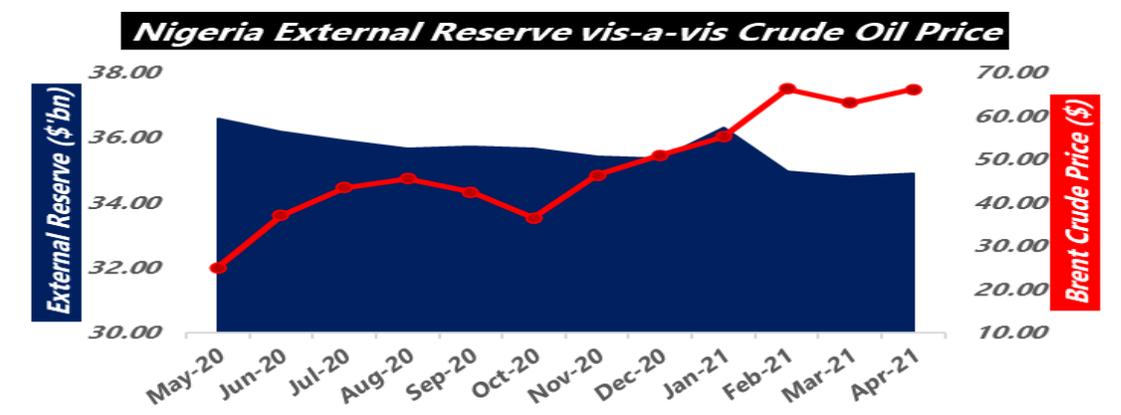
Most Up				
Equity Indexes	Forex	Sovereign Bonds	Commodities	Sovereign CDS
S&P 500 +6.01 % 4211.47 c +238.58	Canada Dollar +2.22 % ↑ 1.2283 -0.0279	United States 5Y -7.6 bp ↑ 0.864	Wheat MGE +19.98 % +744 ³ / ₂ d +124	Canada CDS -2.78 bp 18.70 c
Canada SPTSX +2.97 % 19255.92 c +555.25	Nigeria Naira NDF +0.40 % 413.35 -1.65	Canada 5Y -4.4 bp 0.946 c	KC Wheat CBT +19.38 % ↑ +694 ³ / ₂ d +112 ³ / ₂	
Nigeria SE +1.07 % 39461.20 d +416.07			Heating Oil NYM +10.70 % 196.25 d +18.97	
			Nat Gas NYM +9.15 % ↓ 2.911 d +0.244	
			WTI Crude +9.85 % 65.01 d +5.83	
			Brent Crude +9.21 % ↓ 68.05 d +5.74	
Most Down				
Equity Indexes	Forex	Sovereign Bonds	Commodities	Sovereign CDS
	BBG USD Index -2.34 % ↑ 1125.28 -26.91	Canada 2Y +8.4 bp 0.305 c		
	Nigeria Naira -0.59 % 410.04 +2.41	United States 2Y +0.2 bp 0.162		

Source: Bloomberg Terminal

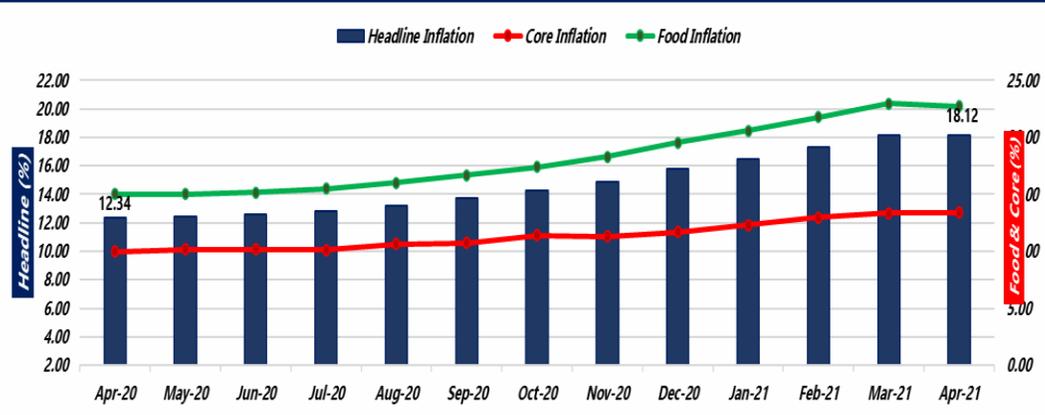
Nigeria Macro Review

HEADLINES	PREVIOUS	CURRENT	%Change	REMARKS
	11.50%	11.50%	0.00% ↔	MONETARY POLICY RATE - The Central Bank of Nigeria left the Monetary Policy Rate unchanged at 11.50% in its last meeting, from 22 nd to 23 rd March 2021. The Committee continued to note its concerns on the persistent rise in inflation triggered by insecurity, electricity tariff hikes and PMS pump prices. It also emphasized the need to improve credit to drive investment and reduce rising unemployment.
	18.17%	18.12%	0.05% ↓	INFLATION - The Consumer Price Index (CPI) for April 2021 slowed by 5bps to 18.12% from 18.17% in March 2021. This was spurred by a slight decrease in food prices due increased supply from the dry season harvest. Food inflation moderated 23bps to 22.72% while Core inflation advanced by 7bps to 12.74%.
	₦379.00	₦379.00	0.00% ↔	EXCHANGE RATE - The Central Bank of Nigeria maintained stable flow of USD 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.
	\$34.82bn	\$34.91bn	0.26% ↑	EXTERNAL RESERVE - The External Reserves closed the month of April at \$34.91bn. This represents 26bps advancement from \$34.91bn printed in March 2021. This was triggered by improvement in the price of crude oil resulting from improved demand in United States, China and United Kingdom.

External Reserve Advanced as Crude Oil Price Improve



Inflation Moderates due to Increased Food Supply

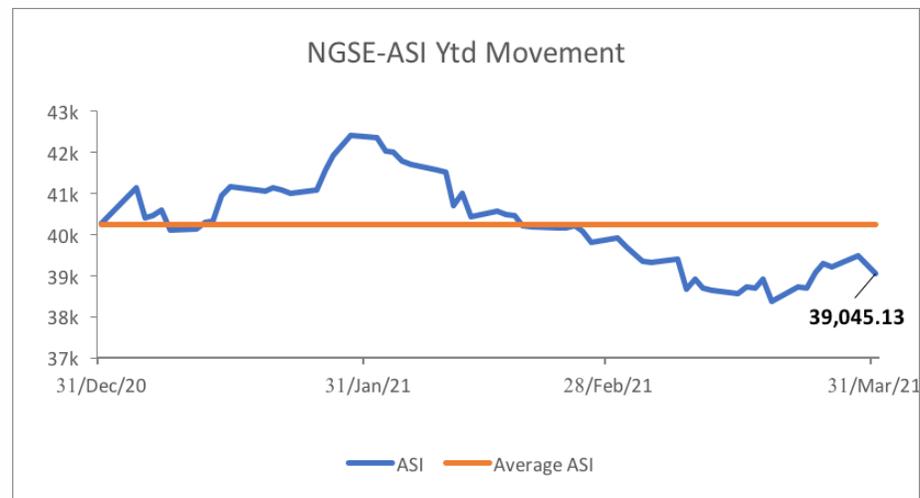


EQUITY MARKET

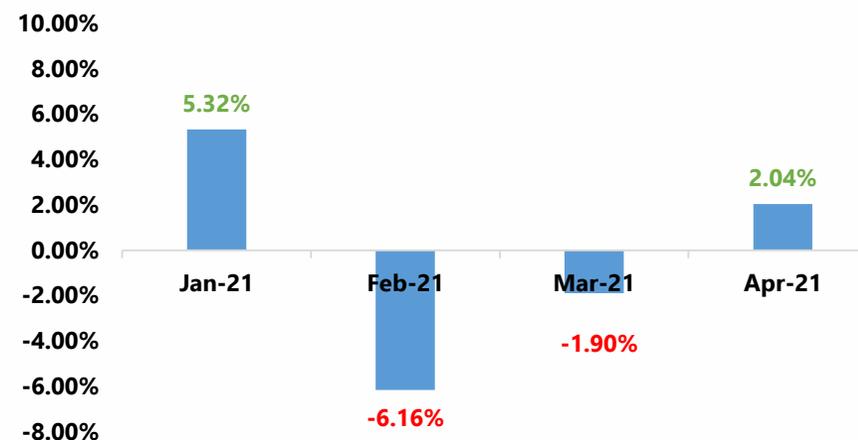


Bulls Dominate by Halting a Two Month Bear Reign

- ✓ The Nigerian Stock Exchange witnessed a bullish run in the month of April 2021 to halt a two-month losing streak. The ASI advanced by 2.02% to close at 39,834.42 points from 39,045.13 points logged in previous month despite continuous improvement in the yield environment of the fixed income space.
- ✓ The performance was largely supported by buying interest on MTNN (+9.18%), BUACEMENT (+5.99%), NESTLE (+3.27%), NB (+12.99%), SEPLAT (+3.64%) and DANGCEM (+0.93%) which saw YTD position down by 1.08%.
- ✓ Riding on the gains from BUACEMENT and DANGCEM, the NSE Industrial Goods was up by 3.06%, NSE Consumer Goods advanced by 2.83% resulting from appreciation on NESTLE and NB while the NSE Oil & Gas was solely lifted by SEPLAT to end the month with a gain of 1.22%.
- ✓ The NSE Banking and NSE Insurance was down by 4.76% and 1.49% resulting from losses printed by GUARANTY – 8.37%, ZENITHBANK – 1.33%, ACCESS – 8.75%, FBNH – 4.83%, MANSARD – 5.10% and NEM – 11.74%.



MONTHLY EQUITIES RETURN 2021 (%)

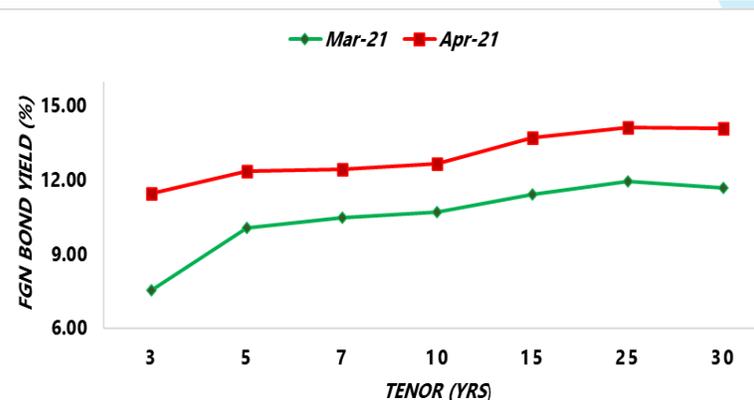


FIXED INCOME MARKET

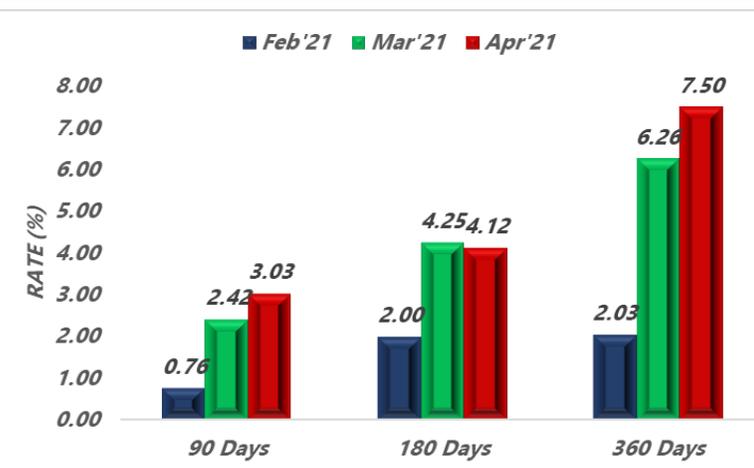
Yields Sustain Upward Trajectory As Stop Rates Continue To Balloon

- ❖ Trading activities in the fixed income space was largely bearish as yields maintained upward trajectory resulting from continuous expansion in auction stop rates by both the Central Bank of Nigeria (CBN) and Debt Management Office (DMO).
- ❖ During the bond auction conducted by the DMO, bonds worth N150bn was offered for sale across three tenors (16.2884% FGN MAR 2027, 12.50% FGN MAR 2035 and 9.80% FGN JUL 2045). Subscription levels on the 2035 and 2045 papers outweighs amount offered by 12% and 250% resulting from attractive discount on both instruments while the 2027 paper was undersubscribed by N15.31bn. The DMO allotted N22.97bn, N38.78bn and N96.20bn across the three nomenclatures at stop rates of 12.25%, 13.34% and 13.85% from stop rates of 10.50%, 11.50% and 12.00% recorded previous month.
- ❖ This saw average yield at the secondary market to surge by 210bps to close at 11.93% from 9.82% printed in the month of March 2021.
- ❖ At the NTB auction, stop rates on the 91day and 182day was held constant at 2.00% and 3.50% while tail end of the curve, 364day increased by 75bps to close at 9.75% from 9.00% reported in previous month. Consequently, secondary market benchmark rate improved marginally by 55bps to 4.57%.

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.



THANK YOU
