

Global Economy Roars as Restrictions Ease Up

The global economy expanded strongly in April 2021 – the tenth consecutive expansion – as growth in output and new business orders was sustained. Notably, new business and new export orders indexes expanded to 56.3 points and 52.4 points respectively (from 54.4 points and 50.2 points in March). Input cost index also rose to 64.9 points (from 64.1 points) and was transferred to consumers as output price index rose to 56.9 from 55.9. Expansion in business activity was partly spurred by increased business confidence amid increased rollout of Coronavirus vaccines which allowed for an easing of lockdowns in several countries.

In the global energy market, latest statistics from the U.S. EIA showed that world crude oil consumption upped m-o-m by 0.04% to 96 million barrels per day (mbpd) while world crude oil supply increased by 1.64% to 93.5 mbpd in March. Meanwhile, world rig count fell by 3.07% to 1,231 in March. In the month of April, however, global crude oil prices generally moderated – brent crude oil spot price mellowed m-o-m, on average, by 0.92% to USD64.81 a barrel – partly perturbed by rising new cases of coronavirus in India that upset confidence in the global crude oil markets.

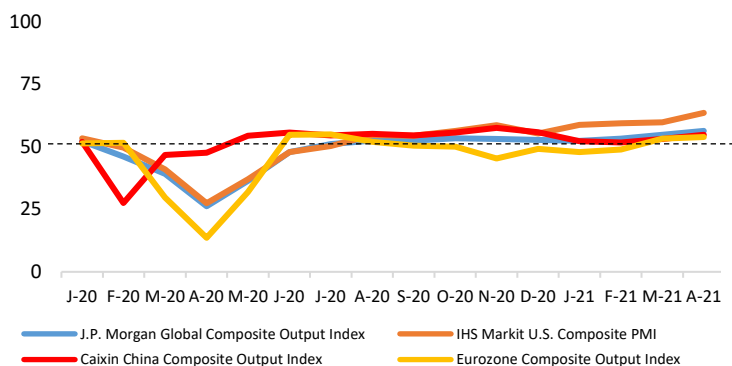
Nigeria's business activity remained in expansion territory as the IHS Markit-Stanbic IBTC headline PMI remained at 52.9 points in April. Expansion in new orders and output was suggestive of higher demand requiring higher staffing and inventory purchases. Backlogs also reduced.

Meanwhile, despite the aggressive rise in inflation rate, net savers earned little as average savings deposit rate remained less than 2% while 3- and 12-month deposit rates fell to 3.03% and 4.94% (from 3.13% and 5.36% in February) respectively.

The local bourse rebounded in April amid a number of positive first quarter financial performance announcements by corporates as well as cum-div purchases based on 2020 corporate actions. This was also against the backdrop of the rising yield environment (stop rates of auctioned government securities trended higher) which continued to allure "risk-off" investors.

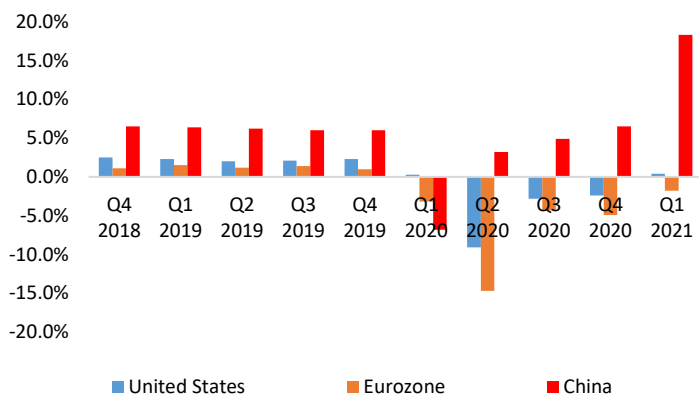
Global Economy

PMIs of Major Economies



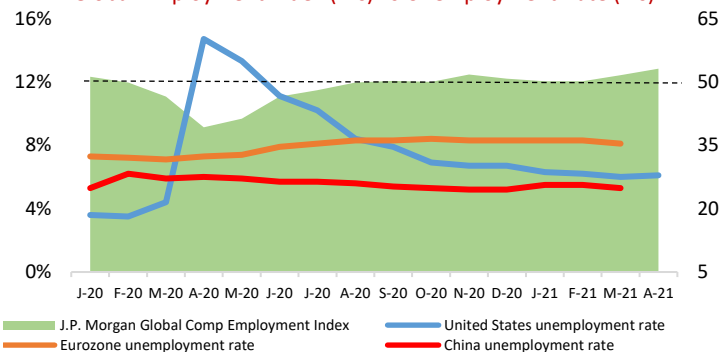
Source: Markit Economics, Cowry Research

GDP Growth Rates of Major Economies



Source: Trading Economics, Cowry Research

Global Employment Index (rhs) vs Unemployment Rate (lhs)



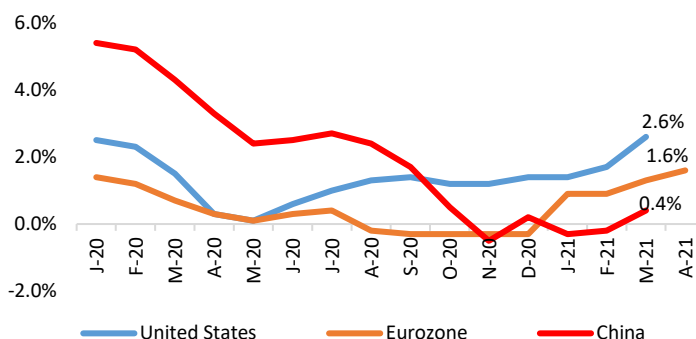
Source: Markit Economics, Trading Economics, Cowry Research

The global economy expanded strongly in April 2021 – the tenth consecutive expansion – as growth in output and new business orders was sustained. Notably, new business and new export orders indexes expanded to 56.3 points and 52.4 points respectively (from 54.4 points and 50.2 points in March). Input cost index also rose to 64.9 points (from 64.1 points) and was transferred to consumers as output price index rose to 56.9 from 55.9. Expansion in business activity was partly spurred by increased business confidence amid increased rollout of Coronavirus vaccines which allowed for an easing of lockdowns in several countries. According to the J.P. Morgan Global Composite Output Index, global business activities (manufacturing and services) expanded to 56.3 points in April 2021, faster than 54.8 points in March 2021. Sustained demand for investment goods, intermediate goods and consumer goods helped increase overall manufacturing sector output level. In the services sector, expansions in financial services and business services were partly offset by sustained contraction in consumer services.

The United States registered accelerated output expansion to 63.5 points in April (from 59.7 points in March), China posted stronger growth of 54.7 in April (from 53.1 in March) while the Eurozone recorded 53.8 in April (from 53.2 in March).

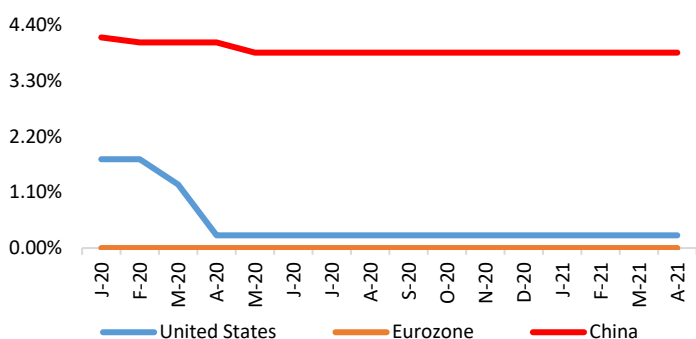
With regard to jobs, the J.P. Morgan Global Composite Employment Index expanded to 53.2 points in April (from 51.6 points in March) amid improved business activity at both manufacturers and service providers. Job creation was seen in the US, Germany, the UK and Australia. However, Brazil, India and Italy saw contraction in employment.

Inflation Rates of Major Economies



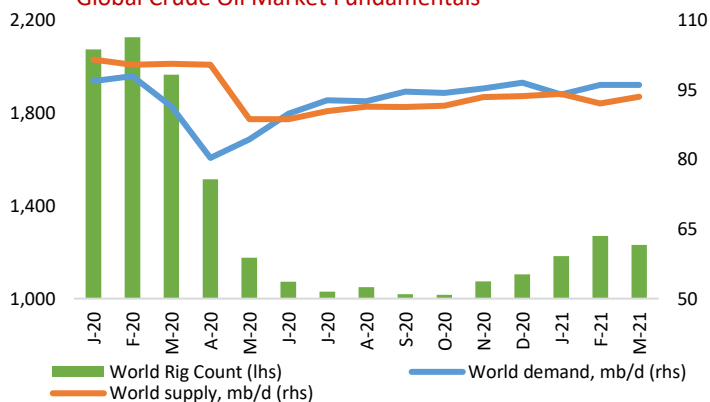
Source: Trading Economics, Cowry Research

Key Short term Interest Rates of Major Economies



Source: Trading Economics, Cowry Research

Global Crude Oil Market Fundamentals



Source: US Energy Information Administration, Opec, Cowry Research

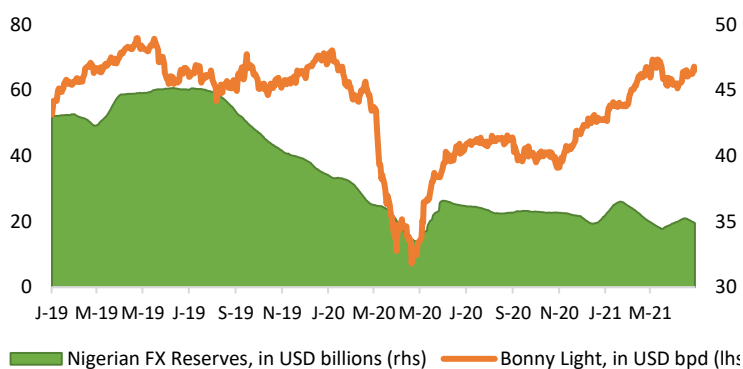
Inflation rates in major economies generally increased amid expansionary economic policies, increased consumer and business confidence and stronger demand for inputs.

Inflation rate in the United States spiked to 2.6% in March (from 1.7% in March) amid a relatively stronger 9.8% m-o-m increase in retail sales and a 2.7% m-o-m increase in building permits to 1.77 million in March. The US 10-year bond yield and 1-year T-Bill yield fell to 1.64% and 0.05% respectively at the end of April (from 1.74% and 0.06% at the end of March). In Germany, Inflation climbed to 2% in April (from 1.70% in March) amid a relatively stronger 7.7% m-o-m increase in retail sales. German 10-year bond yields rose to -0.19% at the end of April (from -0.29% at the end of March) while the 1-year yield was flat -at 0.65%. China recorded an inflation rate of 0.4% in March (from -0.2% in February) amid a stronger 1.75% m-o-m rise in retail sales. Its 10-year bond yield fell to 3.19% at the end of April (from 3.23% at the end of March); however, its 1-year bond yield rose to 2.6% from 2.54%.

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Nigerian Economy

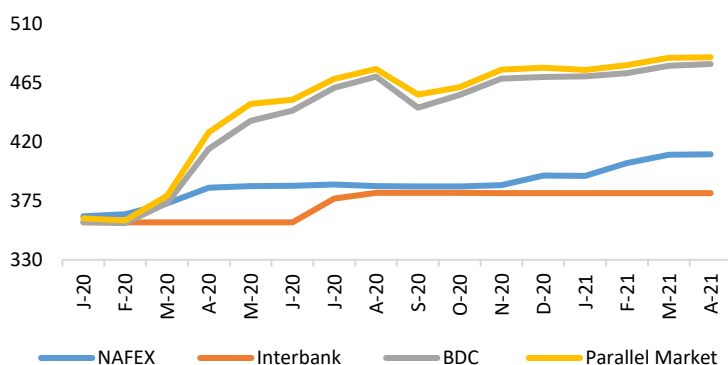
Evolution of Nigerias FX Reserves



Source: Central Bank of Nigeria, Cowry Research

Nigeria's foreign exchange reserves rose m-o-m by 0.2% to USD34.88 billion at the end of April despite decline in average price of Bonny Light crude oil over the same period (Bonny Light softened m-o-m by 2.06% to USD64.27 a barrel). However, Naira depreciated, on average, against the greenback in most forex market segments in April – Naira weakened at the NAFEX, BDC and Parallel markets by 0.07%, 0.27% and 0.09% to N410.36/USD, N479.10USD and N484.25/USD respectively but was flat at N380.69 at the Interbank FX segment.

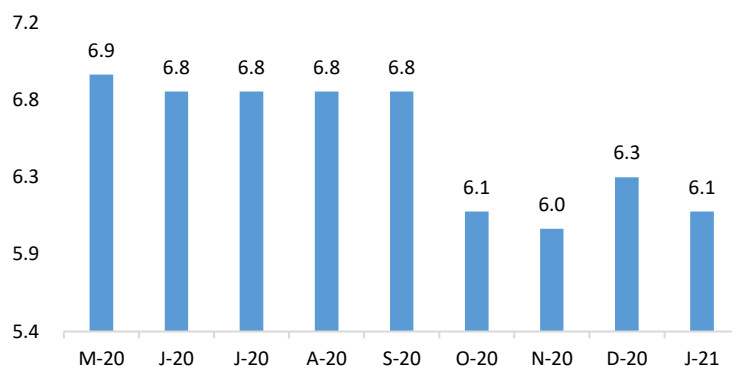
Evolution of Naira/USD Exchange Rates



Source: FMDQ, Abokifx.com, Cowry Research

Latest data showed that goods and services import cover moderated to 6.1 months in January 2021 from 6.3 months in December while external debt to external reserves ratio rose to 95.8% as at December from 89.5% as at September.

Goods and Services Import Cover (months)



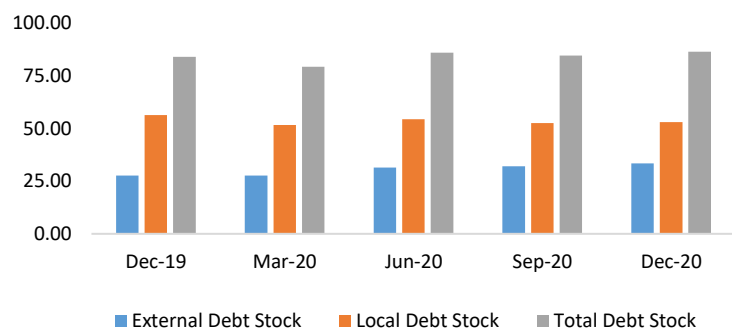
Source: Central Bank of Nigeria Economic Report, Cowry Research

External Debt to Reserves Ratio

	External Debt (1)	External Reserves (2)	(1) as %age of (2)
Mar-20	27.67	35.16	78.7%
Jun-20	31.48	36.19	87.0%
Sep-20	31.99	35.75	89.5%
Dec-20	33.35	34.82	95.8%

Source: Debt Management Office, Central Bank of Nigeria, Cowry Research

National Debt Stock (USD Bn)



Source: Debt Management Office, Cowry Research

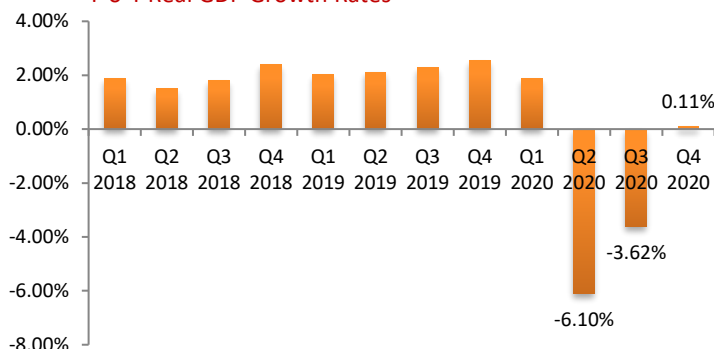
Nigeria's Debt Rises to N32.92 Trn in FY 2020 on Foreign Debt

Nigeria's total public debt stock surged by 20.12% to N32.92 trillion as at December 2020 (from N27.40 trillion as at December 2019). The increase in the country's total debt stock was chiefly due to a 40.82% rise in external debt to N12.71 trillion (or USD33.35 billion at N381.00/USD) as at December 2020 from N9.02 trillion (or USD27.68 billion at N326.00/USD) in December 2019 – essentially multilaterals. However, implicit interest rate on total borrowings fell to 7.41% in 2020 amid increased concessionary loans (especially from IMF and AfDB) and low domestic interest rate environment in 2020.

Nigerian Economy Exits Recession in Q4 2020

Nigeria's real Gross Domestic Product expanded y-o-y by 0.11% to N19.55 trillion in Q4 2020 (or USD122.44 billion) as households and businesses resumed economic activities amid economic stimulus packages provided by the monetary and fiscal authorities. The non-oil sector rose y-o-y by 1.69%; however, the oil & gas sector fell y-o-y by 19.76% as average daily oil production fell q-o-q by 6.6% to 1.56 million barrels per day (mbpd) amid production cuts imposed by Opec+.

Y-o-Y Real GDP Growth Rates

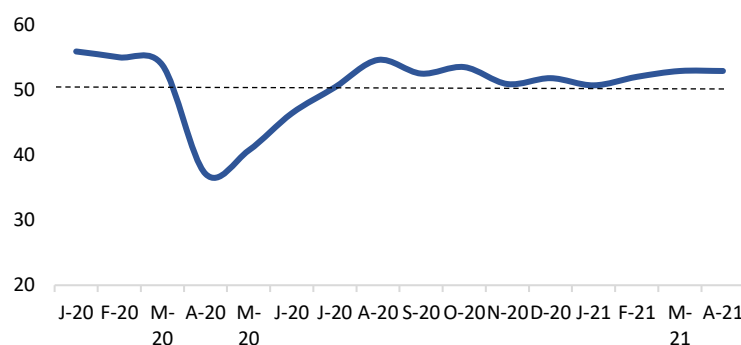


Source: National Bureau of Statistics, Cowry Research

Purchasing Managers' Index Hints at Sustained Growth

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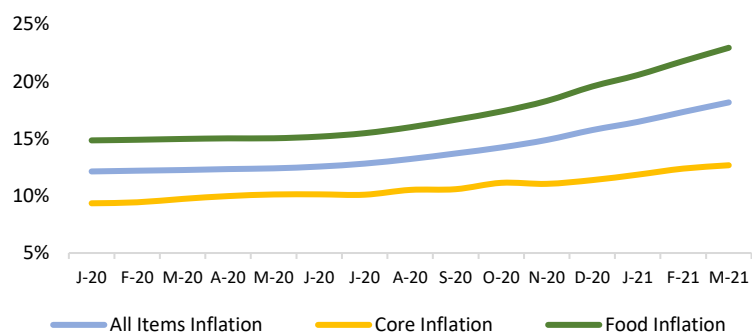
Nigeria Headline PMI



Source: IHS Markit-Stanbic IBTC, National Bureau of Statistics, Cowry Research

Meanwhile, annual inflation (consumer price) rate continued to trek northwards, having risen to 18.17% in the month of March (from 17.33% recorded in February).

Consumer Price Inflation



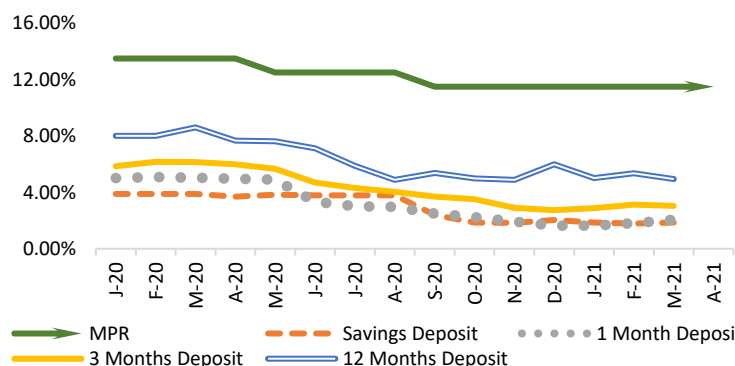
Source: National Bureau of Statistics, Cowry Research

Persistent rise in the food prices continue to exert pressure on the annual inflation rate even as the Core Index also climbed higher in the month of March. Structural challenges, the ongoing planting season and rising insecurity challenges in the food producing areas of the country continued to impact negatively on the food basket.

Net Savers Earn Little as Prime Borrowers Remain Most Favoured

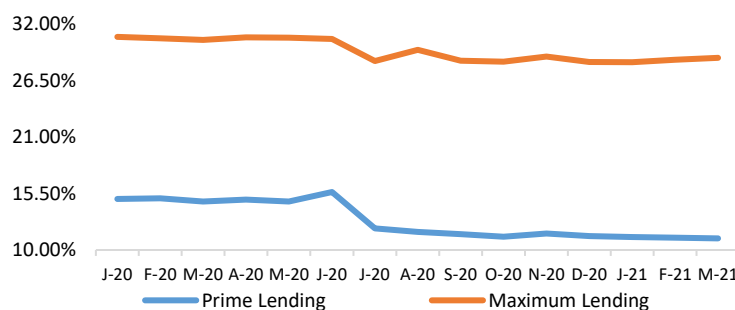
Meanwhile, despite the aggressive rise in inflation rate, net savers earned little as average savings deposit rate remained less than 2% while 3- and 12-month deposit rates fell to 3.03% and 4.94% (from 3.13% and 5.36% in February) respectively.

Interest Rates on Commercial Bank Deposits



Source: Central Bank of Nigeria, Cowry Research

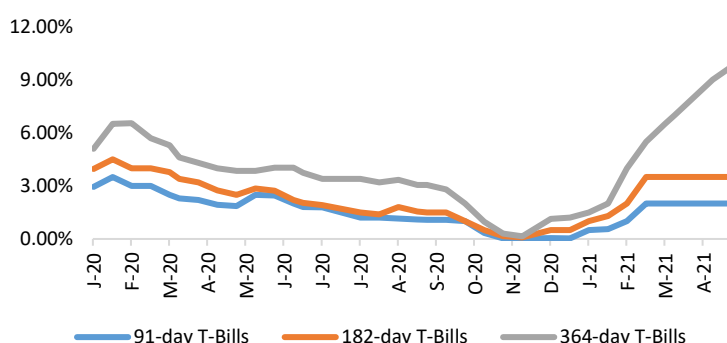
Lending Rates of Commercial Banks



Source: Central Bank of Nigeria, Cowry Research

In contrast, prime borrowers continued to benefit from a sustained decline in interest rates as average prime lending rate fell for the fourth straight month to 11.13% (from 11.21% in February). The banks were however compensated by an increase in maximum lending rates to 28.74% (from 28.54%).

Nigerian Treasury Bill Stop Rates



Source: Central Bank of Nigeria, Cowry Research

Meanwhile, stop rates of auctioned 364-day T-Bill rose for the eighth consecutive month to 9.75% (from 9% in March); however, stop rates for the 91-day and 182-day bills were flat at 2% and 3.50% respectively. At the secondary market, investors in T-bills remained bearish, driving NITTY higher. Notably, 12 months and 6 months NITTY rose by 2.33ppt and 0.63ppt to 8.81% and 4.28% respectively in April.

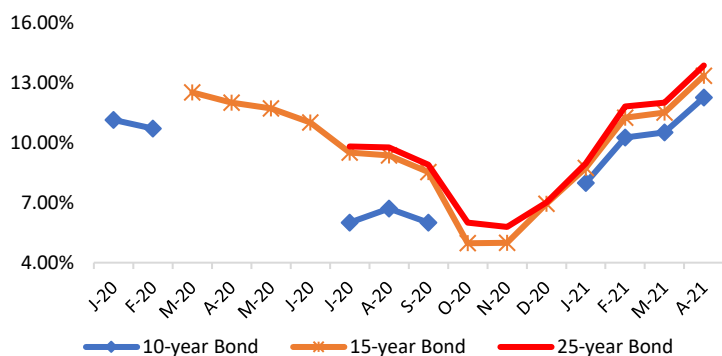
Monthly NITTY Performance

Tenor	Apr 2021 Close	Mar 2021 Close	PPT
1 Month	2.0854%	1.8650%	0.22
3 Months	2.7756%	2.4297%	0.35
6 Months	4.2856%	3.6584%	0.63
12 Months	8.8138%	6.4845%	2.33

Source: FMDQ, Cowry Research

In April, FGN bonds were auctioned at higher stop rates for the 10-year, 15-year and 25-year maturities as investors continued to demand for higher yields. Stop rates for the 10-year, 15-year and 25-year bonds rose to 12.25% (from 10.50% in March), 13.34% (from 11.50% in March) and 13.85% (from 12.00% in March) respectively.

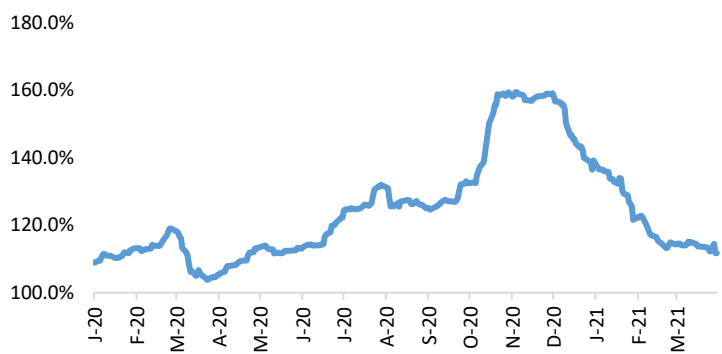
FGN Bond Stop Rates



Source: Debt Management Office, Cowry Research

In the secondary market, FGN bonds generally traded at relatively lower premia in April relative to March as Market Capitalization to outstanding value ratio fell, on average, to 104.67% in April from 113.85% in March.

Market Cap/Outstanding Value (%)



Source: FMDQ, Cowry Research

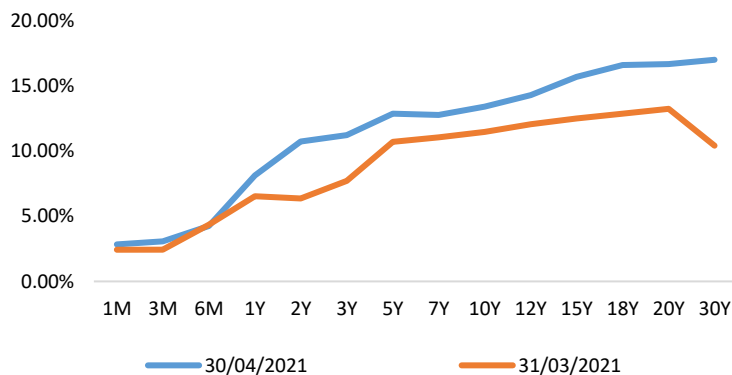
FGN bond prices declined across maturities and product variants. The 7-year, 13.53% FGN March 2025 plain vanilla paper shed N8.68; the 7-year, 11.20% FGNSK June 2027 sukuk bond shed N8.46; while the 7-Year, 14.50% FGNGB JUN 2026 green bond lost N9.23. However, the 7-year, 7.62% FGNEUR NOV 2025 Eurobond gained USD1.08.

FGN Bonds	30-Apr-21 Price (₦)	M-o-M ₦ Δ	31-Mar-21 Yield	M-o-M PPT Δ
5-Year, 12.75% FGN APR 2023	103.91	(8.35)	10.52%	4.18
7-Year, 13.53% FGN MAR 2025	106.29	(8.86)	11.47%	2.55
10-Year, 16.29% FGN MAR 2027	115.60	(9.66)	12.46%	1.98
30-Year, 14.80% FGN APR 2049	106.22	(17.81)	13.91%	2.08
7-Year, 11.20% FGNSK JUN 2027	94.72	(8.46)	12.45%	1.97
7-Year, 14.50% FGNGB JUN 2026	107.79	(9.23)	12.39%	2.20
7-Year, 7.62% FGNEUR NOV 2025	USD113.71	USD1.08	4.28%	(0.29)

Source: FMDQ, Cowry Research

The normal yield curve at the end of April was relatively higher than the yield curve as at the end of March, – especially at the long end, as stop rates at the primary market trended higher – amid increased inflationary pressure as well as sustained pressure on the foreign exchange rate.

Spot Yield Curve of FGN Bonds



Source: FMDQ, Cowry Research

Evolution of NSE ASI and Market Cap (N Trn)



Source: Nigerian Stock Exchange, Cowry Research

NSE Indices	Apr. Close	Mar. Close	%age Δ	YTD %age Δ
NSE ASI	39,834.42	39,045.13	2.0%	-1.1%
Market Cap (N trillion)	20.85	20.43	2.0%	-1.0%

Source: Nigerian Stock Exchange, Cowry Research

Sector Indices	Apr. Close	Mar. Close	%age Δ	YTD %age Δ
NSE Banking	352.07	369.67	-4.8%	-10.4%
NSE Insurance	201.49	204.54	-1.5%	6.3%
NSE Consumer Goods	558.32	542.94	2.8%	-2.6%
NSE Oil/Gas	269.11	265.87	1.2%	19.0%
NSE Industrial	1,947.64	1,889.76	3.1%	-5.1%

Source: Nigerian Stock Exchange, Cowry Research

Market Activity	Apr-21	Mar-21	%age Δ
Deals	81,383	99,109	-17.9%
Volume (million)	5,432	8,844	-38.6%
Value (N million)	75,292	110,591	-31.9%

Source: Nigerian Stock Exchange, Cowry Research

The local bourse rebounded in April amid a number of positive first quarter financial performance announcements by corporates as well as cum-div purchases based on 2020 corporate actions. This was also against the backdrop of the rising yield environment (stop rates of auctioned government securities trended higher) which continued to allure “risk-off” investors. The NSE ASI and market capitalization each drooped m-o-m by 1.1% to 39,834.42 points and N20.85 trillion respectively. Nevertheless, year-to-date performance dipped by one per cent.

The consumer goods, oil/gas and industrial subsectors closed in the green amid bargain hunting activity. NSE Industrial index rose the most by 3.1% as shares of Meyer and BUA Cement gained 16% and 6% respectively while NSE Consumer Goods index rose by 2.8% as shares of Nigerian Breweries and Nestle Nigeria gained 13% and 3% respectively. Similarly, NSE Oil/Gas index buoyed by 1.2% as shares of Eternal and Seplat Petroleum Development Company rose by 10% and 4% respectively.

However, NSE Banking index declined by 4.8% as shares of Access Bank and Guaranty Trust Bank shed 9% and 8% respectively. Also, NSE Insurance Index fell by 1.5% as shares of Mutual Benefits Assurance and NEM Insurance weakened by 15% and 12% respectively.

Market activity was weaker as total deals, transacted volumes and Naira votes declined by 17.9%, 38.6% and 31.9% to 81,383 deals, 5.4 billion shares and N75.3 billion respectively.

Top Gainers and Top Losers

Top 10 Gainers	Prices (N)		
	30-Apr-21	31-Mar-21	%age Δ
SYMBOL			
ROYALEX [MRF]	0.53	0.30	77%
JAPAUFGOLD [MRF]	0.60	0.41	46%
LINKASSURE	0.85	0.66	29%
CHIPLC	0.39	0.32	22%
MEYER	0.52	0.45	16%
UACN	10.30	9.00	14%
NB	54.80	48.50	13%
FIDSON	5.28	4.75	11%
OKOMUOIL	100.00	90.00	11%
TRANSCORP	0.90	0.81	11%

Source: Nigerian Stock Exchange, Cowry Research

Bottom 10 Losers	Prices (N)		
	30-Apr-21	31-Mar-21	%age Δ
SYMBOL			
NCR	2.27	3.12	-27%
PORTPAINT [DIP]	2.74	3.50	-22%
GUINNESS	27.10	33.90	-20%
CAVERTON [BLS]	1.76	2.20	-20%
AFRINSURE [MRF]	0.20	0.25	-20%
UNITYBNK	0.62	0.75	-17%
NNFM	5.95	7.02	-15%
MBENEFIT [MRF]	0.39	0.46	-15%
CUSTODIAN	5.80	6.60	-12%

Source: Nigerian Stock Exchange, Cowry Research

Full Trading Suspension

11 Plc: The Nigerian Exchange Limited notified that trading in the shares of 11 Plc (the Company) was suspended on Monday, 12 April 2021 to prevent trading in the shares of 11 Plc following bourse's approval of the Company's voluntary delisting application and preparatory to its eventual delisting.

Supplementary Listing (Equities)

eTranzact Plc: The Nigerian Exchange Limited notified that 2,434,566,483 ordinary shares of eTranzact Plc (the Company) were listed on the Daily Official List of the Exchange on Monday, 12 April 2021. The additional shares arose from the Company's Rights Issue of 4,666,666,667 ordinary shares of 50 kobo each at N1.50 Kobo per share on the basis of ten new ordinary shares for every nine ordinary shares held as at Wednesday, 25 March 2020. This brought the total issued and fully paid-up shares of eTranzact Plc to 6,634,566,483 ordinary shares of 50 kobo each. The Rights Issue was 52.17% subscribed.

New Listing (Bond)

Fidelity Bank Plc: The Company's N41,213,000,000, 10 years 8.5% subordinated unsecured fixed rate series one Bonds due January 07, 2031 under its N100 Billion debt issuance program were listed on Tuesday, 20 April 2021 on the Nigerian Exchange Limited.

FBNQuest Merchant Bank SPV Funding Plc: The Company's N8 billion 6.25% Series two Subordinated Unsecured Bond due December 16, 2030 under the N50 Billion Bond Issuance Program was listed on Tuesday, 20 April 2021 on the Nigerian Exchange Limited.

Emzor Pharma Funding SPV Plc: The Company's N13,729,000,000, 5 years 10% Senior Unsecured Fixed Rate Series One Bond due January 2026 under the N50 Billion Bond Issuance Program was listed on Wednesday, 21 April 2021 on the Nigerian Exchange Limited.



Cowry Monthly Economic Digest: April 2021

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