



AXA MANSARD

Market Review

Portfolio Management
Feb 2018 – Mansard Place

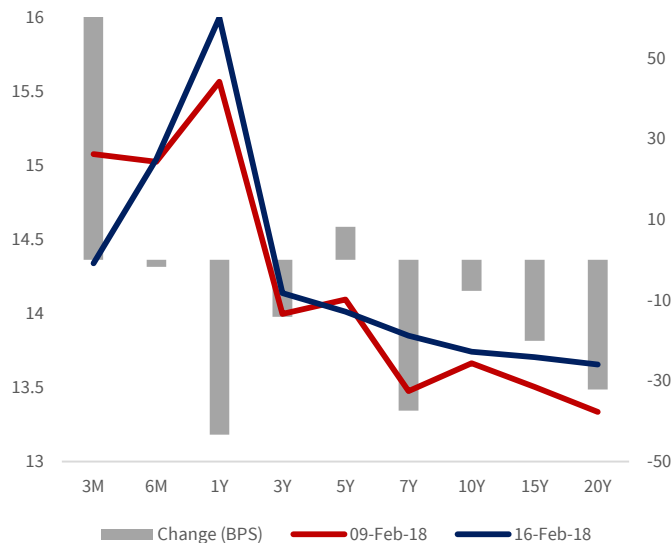


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1 Macro Review and Outlook

Market Review and Outlook

Yield Curve Evolution



- Short term yields were higher during the week as a result of tight market liquidity
- Jan inflation printed at 15.13% (24bps drop m/m)
 - Core inflation remained stable at 12.1%
 - Food inflation remain high (18.92%) but continued downward trend (down 0.5% m/m)
- Treasury bill yields are expected to trend lower next week as monthly FAAC credit hit the system.
- Bond auction should provide some stability to yields
 - New 10yr papers will be issued with expected yields of 13.5-13.7%
 - 5yr paper is also expected to close at marinal yield of 13.7-14%
- We also expect daily OMO auction and fx intervention by the CBN to continue to support mid tenored yields

Market Review and Outlook

Global and Domestic Market Indices

		WTD	MTD	QTD	YTD
GLOBAL	MSCI World	3.90	(3.72)	1.31	1.31
MSCI	Emerging Markets	5.23	(4.14)	3.81	3.81
	Frontier Markets	2.79	(2.58)	3.00	3.00
	ASIA EX. Japan	4.49	(5.14)	2.01	2.01
NSE SECTORS	NSE 30	(0.83)	(4.11)	10.88	10.88
	Banking 10	(0.57)	(3.05)	19.53	19.53
	Oil & Gas 5	(1.05)	(3.03)	7.38	7.38
	Food & Bev.	(0.89)	(4.72)	0.81	0.81
	Insurance 10	(1.70)	(2.03)	10.67	10.67
	Industrials	(1.07)	(3.61)	16.37	16.37

Key Movers

Security	% Chg.	Price (N)	Security	% Chg.	Price
NESTLE NL	1.98	1400.00	DANGCEM NL	-1.92	259.90
STANBIC NL	2.11	46.00	GUARANTY NL	-5.10	46.50
UNILEVER NL	2.94	49.00	NB NL	-4.66	131.00
PZ NL	4.17	25.00	UBN NL	-9.09	7.50
BETAGLA NL	10.16	72.10	INTBREW NL	-2.12	57.75

- Mixed trading session in the local bourse during the week
- WoW: **-1.31**; YTD moderate to 11.49%
- Bearish sentiments more than offset the renewed buying interest witnessed by mid-week.
- Notwithstanding, market showed some resilience to the softness experienced as stocks recovered from loss positions
- Banking and industrial sector suffered the most losses even as sentiment was split among consumers
- We expect investors to take position ahead of earnings release even as global proceedings may continue to have some impact on the market
- Foreign Portfolio Investment hits N1.208 Trillion in 2017
- Significant jump of 131% YoY from N518 billion in 2016
- Domestic transactions also increased significantly by 111% from N634 billion

What should we be advising our clients?

	EQUITY	FIXED INCOME
SHORT TERM	<ul style="list-style-type: none"> • Stay underweight equities 	<ul style="list-style-type: none"> • Take position in Money Market Fund
MEDIUM TERM	<ul style="list-style-type: none"> • Invest in the Equity Income Fund 	<ul style="list-style-type: none"> • Buy one year treasury bill at yield of 15.5-16% • Buy commercial papers issued by FSDH(16.20-16.67%) and Access Bank(16.05%)
LONG TERM	<ul style="list-style-type: none"> • Buy the Vetiva Banking ETF and Vetiva 30 ETF 	<ul style="list-style-type: none"> • Stay underweight bonds