

Tuesday, January 4, 2022

The day in review

- Equity market edged higher by 0.7%
- Interbank rates closed lower
- Bullish activity in NT bills market
- Naira appreciated at the NAFEX window

Looking forward

Dec 2021 CPI and Inflation Report - NBS

Daily Insight

2022 Appropriation Bill Series 1: Key Highlights

Last week, the President of Nigeria penned into law the 2022 appropriation bill after successful passage through the two chambers of the National Assembly. According to the bill, aggregate national expenditure for 2022 was raised by 4.5% to N17.1tn, from the previously proposed N16.4tn, representing a 17.4% increase from 2021's N14.6tn expenditure estimate. Correspondingly, the oil benchmark was raised by 8.8% from \$57/b to \$62/b while the exchange rate was retained at N410.15/\$. On the other hand, estimated aggregate revenue for 2022 was increased from N10.1tn at N10.7tn.

Disaggregating the components of the aggregate national expenditure, N869.7bn is earmarked for statutory transfers, N3.9tn set aside for debt servicing (18.2% higher than N3.3tn in 2021), while Recurrent (Non-debt) and Capital Expenditure (CAPEX) were both ascribed N6.9tn (24.2% lower than N9.1tn in 2021) and N5.5tn (10.0% higher than N5.0tn in 2021), respectively. On the revenue side, the National Assembly revised revenue projections higher by 5.9% to N10.7tn, from the initially proposed N10.1tn. The increase is expected to be financed by higher independent revenue generation (up by N400.0bn), and upward adjustment to projected oil revenue evidenced by increase in oil price benchmark to \$62.0/bbl. from \$57.0/bbl., previously. Overall, c.35.0% of total projected revenue will come from oil sources while c. 65.0% will come from non-oil sources.

The revised budget implies a budget deficit of N6.4tn, equivalent to 37.4% of total expenditure and c.3.5% of total GDP. Noteworthy to mention, the budget deficit-to-GDP ratio is above the Fiscal Responsibility Act's (FRA) limit of 3.0% which the President justified as necessary to tackle existing security challenges and help foster accelerated post-recession growth. To finance the deficit, the FG intends to raise additional funding through new borrowings (79.6%), asset sales/privatization proceeds (1.6%), and a drawdown on loans secured for specific projects (18.8%).

Headline	Level	1 day	YTD
NGX ASI	43,026.2	0.7% ▲	0.8%
Mkt. Cap (N'bn)	23,183.8	0.7% ▲	
Mkt. Cap (\$'mn)	54,850.7	0.7% ▲	
Value (N'mn)	1,515.7	-84.7% ▼	
Value (\$'mn)	3.6	-84.2% ▼	
Volume	216.7	-52.4% ▼	
Deals	4,080.0		
Market Breadth	0.6x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.00	3.82 ▼	-0.82
6 months	3.73	4.32 ▼	-0.59
12 months	5.23	5.24 ▼	-0.01

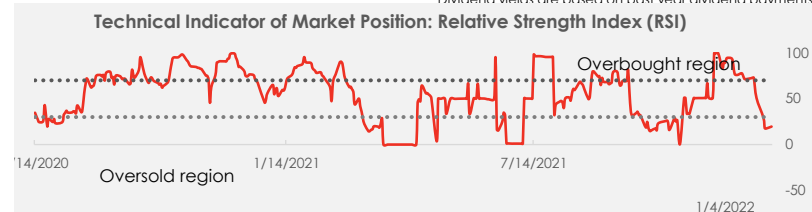
Bonds Yields	Current	Previous	% Δ
3 years	9.12	9.14 ▼	-0.02
5 years	11.27	11.27	0.00
7 years	12.40	12.48 ▼	-0.08
10 years	12.61	12.60 ▲	0.01

Currencies	Current	Previous	% Δ
NAFEX	422.67	435.00 ▲	2.8%

Other Key indices	Current	Previous	% Δ
OBB	6.7	10.0 ▼	-3.33
OVN	7.5	10.5 ▼	-3.00
Brent	80.2	77.8 ▲	3.12

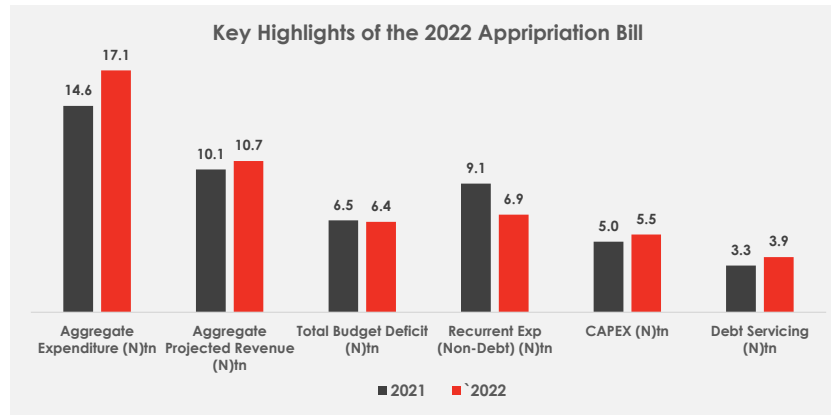
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▼	0.0% ▼	0.0%	na	na
Banks	0.4% ▲	0.4% ▲	0.4%	2.4	8.4%
Consumer	-0.9% ▼	-0.9% ▼	-0.9%	27.1	3.6%
Industrial	3.0% ▲	3.0% ▲	3.0%	17.3	3.6%
Insurance	-0.4% ▼	-0.4% ▼	-0.4%	2.1	2.9%
Oil & Gas	-0.5% ▼	-0.5% ▼	-0.5%	9.3	4.6%
Mkt. Avg. P/E	9.7			Mkt. Avg. Div. Yid	4.7%

*P/Es are based on the last twelve months trailing earnings
*Dividend yields are based on past year dividend payments



Pan African Market Monitor as at today

Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	201.3 ▼	-0.4% ▼	-0.5%	9.2	5.4%
Egypt	11,982.6 ▲	0.7% ▲	0.3%	9.1	1.4%
Kenya	169.2 ▲	1.3% ▲	1.7%	11.3	3.4%
Mauritius	2,099.1 ▲	0.1% ▲	0.1%	na	3.0%
Morocco	345.8 ▼	-0.6% ▼	-0.6%	23.0	3.1%
MSCI FM	665.3 ▼	0.0% ▼	0.0%	14.6	2.7%
South Africa	75,052.1 ▲	1.8% ▲	1.8%	12.6	4.1%
Tunisia	6,960.3 ▼	-0.2% ▼	-1.2%	22.9	2.3%
Zimbabwe	287,639.6 ▼	-2.5% ▼	-2.5%	18.4	1.1%



Source: Federal Budget Office, United Capital Research

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