

The day in review

- Equity market gained 1.2%
- Interbank rates ficked lower
- Bullish activity in T-bills market
- Naira depreciated at NAFEX window

Looking forward

Sep-2021 Inflation Report - NBS

Daily Insight

A review of Nigeria's public debt stock

According to the Debt Management Office (DMO), Nigeria's total public debt stood at N35.5tn in Jun-2021. This represents a 7.1% q/q increase compared to N33.1tn recorded in Q1-2021. On a y/y basis, total public debt rose by 14.4% compared to N31.0tn in Q2-2020. The external debt from the international debt market increased by 9.9% q/q to N13.7tn in Q2-2021 (Q1-2021: N12.5tn) while domestic debt from the local debt market rose by 5.4% q/q to N21.8tn from N20.6tn in Q1-2021. In the face of dwindling revenue and devaluations in the Nigerian economy, the country's debt burden continues to rise.

On a broader perspective, Nigeria's debt to GDP ratio has risen over the past five years (2015-2020). As at Dec-2020, the ratio stood at 20.0%, up by 70bps compared to 13.0% as at Dec-2015. This reiterates the pressure on the government to depend on borrowings as economic growth has remained stagnated as the government continues to borrow to finance its budget. According to DMO, the Federal Government of Nigeria (FGN) spent N1.5tn on debt servicing payments for the first half of the year. In Q1-2021, the country spent N1.0tn on both domestic and external debt servicing, while spending a total of N445.5bn in Q2-2021.

Looking forward, we see no respite for the FGN and we ascertain that Nigeria debt stock will continue to spike, given the current fiscal imbalance driven by the revenue shortfall reported in H1-2021 (where only 63% of the budget revenue target was achieved). Also, the continued subsidy programme by the NNPC will also continue to drive the FGN appetite to seek funding via the debt market to solve its liquidity shortages as recent reports from the NNPC showed that the FGN has spent circa N905bn on fuel subsidy in 2021.

Headline	Level	1 day	YTD
NGX ASI	40,716.7	▲ 1.2%	▲ 1.1%
Mkt. Cap (N'bn)	21,216.7	▲ 1.2%	
Mkt. Cap (\$'mn)	51,211.1	▲ 1.2%	
Value (N'mn)	3,125.2	▲ 67.6%	
Value (\$'mn)	7.5	▲ 67.3%	
Volume	433.0	▲ 114.0%	
Deals	4,377.0		
Market Breadth	1.7x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.37	4.14 ▼	-0.77
6 months	4.10	4.10 ▬	0.00
12 months	7.49	7.49 ▬	0.00

Bonds Yields	Current	Previous	% Δ
3 years	8.80	8.81 ▼	-0.01
5 years	10.24	10.24 ▬	0.00
7 years	11.55	11.55 ▬	0.00
10 years	11.92	11.83 ▲	0.09

Currencies	Current	Previous	% Δ
NAFEX	414.30	413.55 ▼	-0.2%

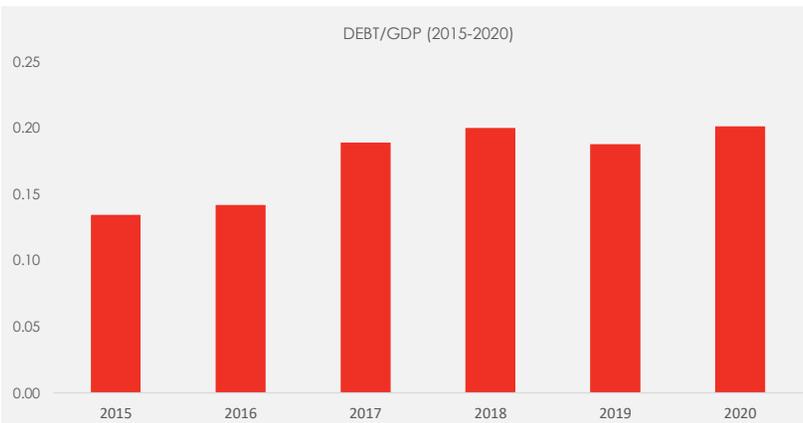
Other Key indices	Current	Previous	% Δ
OBB	6.2	8.0 ▼	-1.83
OVN	6.8	8.8 ▼	-1.92
Brent	83.0	81.4 ▲	1.87

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▼	-0.7% ▲	18.6%	na	na
Banks	2.5% ▲	2.5% ▼	-3.3%	3.1	9.1%
Consumer	-0.4% ▼	-0.4% ▼	-1.5%	82.9	3.7%
Industrial	0.0% ▼	0.0% ▲	1.8%	17.7	4.5%
Insurance	-1.1% ▲	0.4% ▼	-8.4%	8.8	3.2%
Oil & Gas	0.8% ▲	0.4% ▲	63.0%	10.6	4.1%
Mkt. Avg. P/E	10.8	Mkt. Avg. Div. Yid	5.2%		

*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	185.2	▲ 0.2%	▲ 27.4%	9.6	5.8%
Egypt	10,427.4	▲ 0.6%	▼ -3.9%	9.2	1.6%
Kenya	181.9	▲ 0.4%	▲ 19.6%	13.8	3.3%
Mauritius	2,029.3	▲ 0.4%	▲ 23.1%	na	1.9%
Morocco	345.7	▼ -0.6%	▲ 13.4%	25.6	3.3%
MSCI FM	662.8	▲ 0.0%	▲ 15.9%	15.3	2.6%
South Africa	64,129.0	▲ 0.7%	▲ 7.9%	11.6	4.5%
Tunisia	7,284.0	▼ -0.1%	▲ 5.8%	22.5	2.2%
Zimbabwe	202,902.5	▲ 1.4%	▲ 338.0%	16.3	1.4%



Source: Debt Management Office, United Capital Research

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