

Tuesday, October 12, 2021

## The day in review

- Equity market gained 0.5%
- Interbank rates ficked downwards
- Flattish activity in fixed income market
- Naira closed flat at NAFEX

## Looking forward

NT-Bills Primary Market Auction - CBN

### Daily Insight

### A review of the FGN's 2021 Revenue framework thus far

The 2021 Budget Appropriation Act was passed and signed into law on Dec-2020. However, In H2-2021, an additional supplementary budget of N982.7bn was passed resulting in a total appropriated expenditure of N14.57tn. The 2021 Appropriation Act was projected to be funded by an aggregate revenue of N8.1tn, of which Oil revenue, accounts for 24% of total projected revenue, whilst Non-oil Revenue accounts for 76% of total projected revenue. The remainder of the fiscal balance is mainly projected to be funded by N6.6tn in debt and other financings.

A review of the performance of the Budget Office of Federation implementation report (January-August 2021) shows that actual revenue has underperformed in comparison to projected revenue. Total revenue generated is at N6.1tn, against a prorated figure of N8.4tn, representing a 67.8% return against projections. Non-Oil tax revenue which includes VAT, CIT and Customs revenue has the main driver, outperforming pro-rata figures, returning 120%, 148% and 100% of what was budgeted in the 2021 Appropriation Act. In comparison, Oil revenue performance has performed poorly, even amid rising oil prices, returning just 56%. However, its underperformance could be attributed to the ongoing OPEC+ output caps, as the 2021 Appropriation Act, as average production including condensates sums up to 1.57mbpd vs 1.8mbpd projected in the budget.

Looking forward to the rest of 2021, we expect the fiscal authority's revenue collection drive to be sustained. With regards to Oil revenue, we expect a slight uptick in oil revenue for the last four months of 2021, following the expected gradual output ease by OPEC by 400,000 BPD monthly until April -2022.

| Headline         | Level    | 1 day    | YTD    |
|------------------|----------|----------|--------|
| NGX ASI          | 40,897.0 | ▲ 0.4%   | ▲ 1.6% |
| Mkt. Cap (N'bn)  | 21,310.8 | ▲ 0.4%   |        |
| Mkt. Cap (\$'mn) | 51,438.1 | ▲ 0.4%   |        |
| Value (N'mn)     | 5,095.7  | ▲ 96.7%  |        |
| Value (\$'mn)    | 12.3     | ▲ 96.8%  |        |
| Volume           | 563.9    | ▲ 194.7% |        |
| Deals            | 4,253.0  |          |        |
| Market Breadth   | 1.0x     |          |        |

| T-Bills Yields | Current | Previous | %Δ      |
|----------------|---------|----------|---------|
| 3 months       | 4.00    | 3.96     | ▲ 0.04  |
| 6 months       | 4.10    | 4.12     | ▼ -0.02 |
| 12 months      | 7.00    | 6.98     | ▲ 0.02  |

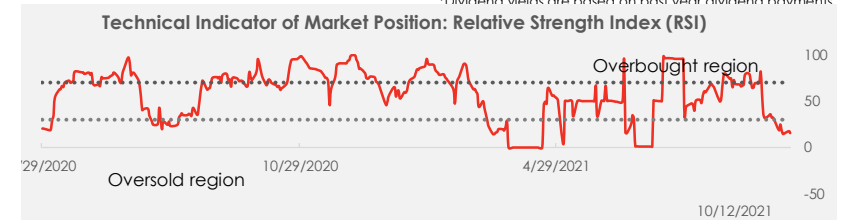
| Bonds Yields | Current | Previous | % Δ     |
|--------------|---------|----------|---------|
| 3 years      | 9.20    | 9.20     | 0.00    |
| 5 years      | 11.70   | 11.65    | ▲ 0.05  |
| 7 years      | 11.80   | 11.82    | ▼ -0.02 |
| 10 years     | 11.82   | 11.82    | 0.00    |

| Currencies | Current | Previous | % Δ  |
|------------|---------|----------|------|
| NAFEX      | 414.30  | 414.30   | 0.0% |

| Other Key indices | Current | Previous | % Δ     |
|-------------------|---------|----------|---------|
| OBB               | 5.0     | 10.7     | ▼ -5.67 |
| OVN               | 5.5     | 10.0     | ▼ -4.50 |
| Brent             | 83.6    | 83.6     | ▼ -0.08 |

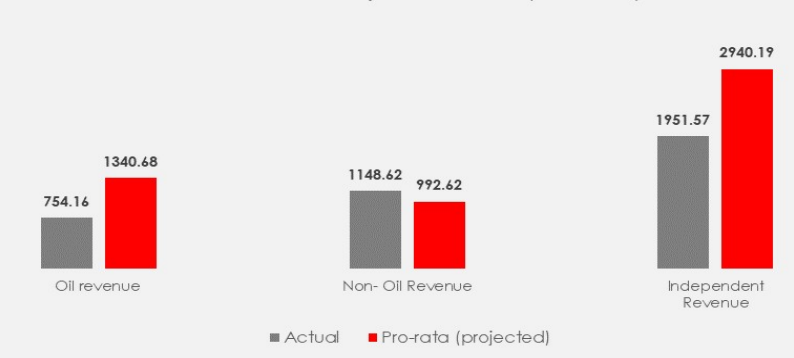
|                      | 1 day       | MTD                       | YTD         | P/E (x) | Div. Yid. |
|----------------------|-------------|---------------------------|-------------|---------|-----------|
| Agriculture          | 0.0%        | 3.9%                      | 23.8%       | na      | na        |
| Banks                | 1.0%        | 4.7%                      | -1.2%       | 3.1     | 8.7%      |
| Consumer             | 0.1%        | -0.5%                     | -1.6%       | 82.8    | 3.7%      |
| Industrial           | 0.5%        | 0.1%                      | 1.9%        | 17.7    | 4.5%      |
| Insurance            | 1.0%        | -1.5%                     | -10.1%      | 8.6     | 3.2%      |
| Oil & Gas            | -0.7%       | 0.2%                      | 62.8%       | 10.5    | 4.1%      |
| <b>Mkt. Avg. P/E</b> | <b>10.9</b> | <b>Mkt. Avg. Div. Yid</b> | <b>5.1%</b> |         |           |

\*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                                   | 187.6     | ▲ 0.4%  | 29.1%  | 9.7     | 5.7%      |
| Egypt                                  | 10,783.9  | ▲ 0.6%  | -0.6%  | 9.5     | 1.5%      |
| Kenya                                  | 176.1     | ▲ 0.2%  | 15.6%  | 13.4    | 3.4%      |
| Mauritius                              | 2,078.4   | ▲ 0.1%  | 26.1%  | na      | 1.9%      |
| Morocco                                | 345.2     | ▼ -0.5% | 13.2%  | 25.6    | 3.3%      |
| MSCI FM                                | 669.3     | ▲ 0.0%  | 17.1%  | 15.3    | 2.6%      |
| South Africa                           | 65,988.1  | ▼ -0.2% | 11.1%  | 11.9    | 4.4%      |
| Tunisia                                | 7,241.1   | ▼ -0.2% | 5.2%   | 22.6    | 2.2%      |
| Zimbabwe                               | 219,663.3 | ▲ 2.7%  | 374.2% | 1.9     | 1.3%      |

Oil revenue has been a laggard in 2021  
Actual revenue vs Projected revenue (in BN NGN)



Source: Budget Office of the Federation, United Capital Research

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