

The day in review

- Equities market selloff persisted
- Financial system liquidity remained tight
- NTB market performance was largely flat
- Naira depreciated at the NAFEX window

Looking forward

FY-20 Earnings Publications - NSE

Daily Insight

Banking remains resilient

The Nigerian banking sector dynamics continued to change in 2020. By the NBS's estimates, the financial services sector came through as one of the best performing sectors in the economy despite the recession. The sector printed a 6.89% growth in Q3-2020 (Vs. -3.1% expansion for the broader economy). Notably, total assets for banks saw double-digit growth, thanks to massive expansion in cash & cash equivalents, amid increased system liquidity and exchange rate devaluation.

With pressure from the CBN on banks to lend, Nigerian banks expanded their loan books by a massive N4.0trn while interest rates on lending and deposits fell to record levels. While previous episodes of aggressive increase in loan growth appear to have been associated with a surge in Non-Performing loans ratios, it is interesting to note that industry NPLs sustained a downtrend so far in 2020, sliding from 9.3% in Q2-2019 to 5.7% as at Q3-2020, despite the threat of Covid-19 pandemic on asset quality across the sector. Notably, this number was partly moderated by the CBN's stance for banks to grant a forbearance period to customers at the start of the pandemic.

Going forward, we imagine that banks will be compelled to sustain credit expansion to the real sector with the main beneficiary being the Manufacturing, General Commerce, Agric and Forestry, Construction and ICT sectors considering the CBN's increased efforts to reduce credit expansion to the oil & gas sector while expanding credit to other sectors. Nevertheless, we think asset quality concerns in the sector would possibly worsen as the loan book continues to expand. As such, NPL ratios are likely to retrace northwards.

Headline	Level	1 day	YTD
NSE ASI	42,043.8	▼ -0.7%	▲ 4.4%
Mkt. Cap (N'b'n)	21,993.6	▲ 0.8%	▲ 4.4%
Mkt. Cap (\$'mn)	58,030.5	▲ 0.8%	▲ 4.4%
Value (N'mn)	4,785.4	▼ -20.6%	
Value (\$'mn)	12.6	▼ -20.6%	
Volume	556.0	▼ -5.2%	
Deals	7,110.0	▼ -6.6%	
Market Breadth	0.2x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.43	0.43	0.00
6 months	1.00	1.00	0.00
12 months	2.93	2.93	0.00

Bonds Yields	Current	Previous	% Δ
3 years	5.93	5.27	▲ 0.66
5 years	7.50	7.40	▲ 0.10
7 years	8.44	8.50	▼ -0.06
10 years	9.00	8.98	▲ 0.02

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	477.00	477.00	0.00%
NAFEX	395.00	394.00	▼ -0.25%

Other Key indices	Current	Previous	% Δ
OBB	9.5	10.0	▼ -0.50
OVN	9.7	10.3	▼ -0.58
Brent	57.5	56.4	▲ 2.04

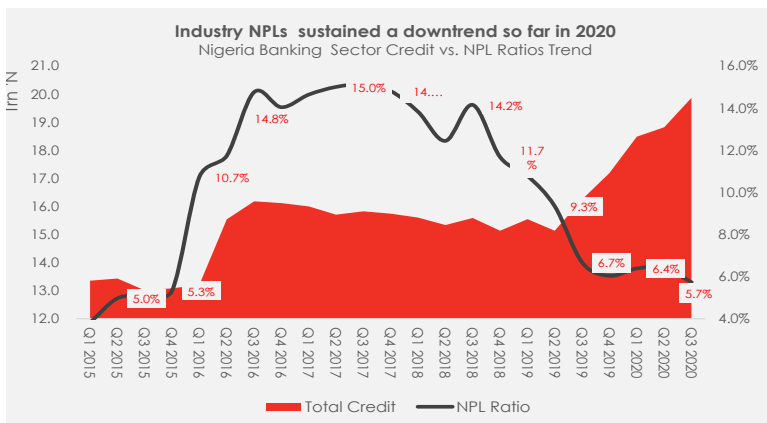
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	▲ 3.5%	▲ 3.5%	0.0	0.0%
Banks	0.3%	▲ 5.1%	▲ 5.1%	4.3	8.3%
Consumer	0.2%	▲ 5.7%	▲ 5.7%	228.2	3.7%
Industrial	0.5%	▲ 1.3%	▲ 1.3%	23.1	4.5%
Insurance	1.5%	▲ 29.3%	▲ 29.3%	6.8	2.2%
Oil & Gas	-0.1%	▲ 13.7%	▲ 13.7%	97.7	5.6%
Mkt. Avg. P/E		16.1		Mkt. Avg. Div. Yid	4.4%

*P/E's 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	133.8	▼ -0.3%	▼ -7.9%	8.4	7.0%
Egypt	11,546.2	▼ -0.3%	▲ 6.5%	12.3	2.8%
Ghana	2,027.1	▲ 0.0%	▲ 4.5%	n/a	4550.0%
Kenya	155.6	▼ -0.6%	▲ 2.3%	11.3	4.3%
Mauritius	1,638.0	▼ -0.2%	▼ -0.6%	n/a	1.2%
Morocco	312.5	▼ -0.5%	▲ 2.5%	31.4	3.4%
MSCI FM	551.1	▲ 1.1%	▲ 0.3%	12.8	3.3%
South Africa	62,472.1	▼ -1.2%	▲ 5.2%	28.5	2.5%
Tunisia	6,657.8	▲ 0.1%	▼ -3.3%	20.1	0.6%
Zimbabwe	62,595.2	▲ 4.6%	▲ 35.1%	1.2	1.8%



Sources: CBN, NBS, United Capital Research

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