United Capital Research | Daily Market Commentary

Headline

Mith Cause (Miles

NSE ASI

Monday, April 12, 2021

The day in review

• NSE-ASI down 0.4%

United Capital

The Intelligent Choice

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	-5.6% 🔻	-3.8%	0.0	0.0%
Banks	▲ 0.5% ▼	-5.5% 🔻	-7.9%	3.4	9.2%
Consumer	▲ 0.5% ▼	-4.3% 🔻	-5.9%	57.2	4.1%
Industrial	▲ 0.1% ▲	1.6% 🔻	-6.0%	19.4	4.8%
Insurance	-0.4% 🔻	-1.4% 📥	5.2%	4.3	2.7%
Oil & Gas	-0.1% 📥	0.7% 📥	18.2%	na	5.4%
٨	Akt. Avg. P/E	13.9	Mkt. Av	g. Div. Yid	4.6%

*P/Es are based on the last twelve months trailing earnings

12.8

26.5

19.6

5.2

3.1%

2.7%

0.6%

1.2%

*Dividend vields are based on past year dividend payment



Δ	Egypt	10,782.9 🔫	-0.8% 🔻	-0.6%	
)%	Ghana	2,214.3 🔻	0.0% 📥	14.2%	
2%	Kenya	166.5 🔫	-1.4% 📥	9.4%	
3%	Mauritius	1,605.3 🔫	-0.1% 🔻	-2.6%	
	Morocco	306.8 🔻	-0.1% 📥	0.6%	
Δ	MSCI FM	551.1 🔺	0.0% 🔻	0.0%	
25	South Africa	67,102.2 🔺	0.4% 📥	12.5%	

7,101.8

96.623.2 🔺



Research | +234-1-631-7898 research@unitedcapitalplcgroup.com

0.3% 📥

9.8% 🔺

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3.1%

108.6%

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Mkt. Cap (N 'bn)	20,260.1 🔻	-0.4% 🔻	-3.8%	Bar
Mkt. Cap (\$'mn)	53,456.6 🔻	-0.4% 🔻	-3.8%	Consun
Value (N'mn)	1,364.1 🔺	6.5%		Indust
Value (\$'mn)	3.6 🔺	6.5%		Insuran
Volume	194.0 🔺	20.8%		Oil & G
Deals	4,290.0			
Market Breadth	0.8x			
T-Bills Yields	Current	Previous	%∆	Tec
3 months	2.42	2.43 🔻	-0.01	
6 months	3.51	3.57 🔻	-0.06	
12 months	7.40	7.98 🔻	-0.58	N YN
Bonds Yields	Current	Previous	%Δ	/29/2019
3 years	7.21	7.22 🔻	-0.01	Ov
5 years	10.49	10.49 💻	0.00	
7 years	10.94	10.95 🔻	-0.01	
10 years	11.69	11.51 📥	0.18	Equities
				BRVM
Currencies	Current	Previous	%Δ	Egypt
Official	379.00	379.00 💳	0.00%	Ghana
Parallel	482.00	485.00 📥	0.62%	Kenya
NAFEX	409.75	409.00 🔻	-0.18%	Mauritius
				Morocco
Other Key indices	Current	Previous	%Δ	MSCI FM
OBB	12.0	12.3 🔻	-0.25	South Africo
OVN	12.3	12.5 🔻	-0.25	Tunisia
Brent	63.2	63.0 📥	0.46	Zimbabwe

Level

38,712.6 🔻

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1 day

-0.4% 🔻

0 407 -

YTD

-3.9%

2 007



Looking forward

NTB Primary Auction - CBN

Daily Insiaht

Between the devil and the deep blue sea

 Interbank rates remained in single-digits Bearish performance in NTB market Naira depreciated at the NAFEX window

In Mar-2020, the FG announced a reduction in PMS price to N125/litre in a move suggesting the deregulation of the downstream oil & gas sector. At this point, crude prices had plummeted drastically, implying that the landing cost of PMS had also declined significantly. This presented a good opportunity to finally deregulate the sector. In subsequent months, the PPPRA continued to guide petrol price in line with developments in the crude oil market.

Following a rise in oil prices to above \$60/bbl in March 2021, a supposedly leaked PMS pricing template from the PPPRA guided that the PMS should be sold at N212.61/litre. However, it was met with severe backlash from Nigerians in light of prevalent macroeconomic strugales. This forced the advernment to retract, issuing a statement confirming that there will be no hike in fuel prices. Accordingly, President Buhari assured consumers that the Federal Government would continue to subsidize Premium Motor Spirit (PMS) for the next six months, even though the deferred subsidy removal could cost the country a whopping N720.0bn.

Clearly, the government is reverting to a subsidized PMS regime as the landing cost exceeds N180/litre while PMS continues to sell for N162.00/litre. While we recognize that the government is walking a tight rope, as raising PMS price would elicit significant public backlash, failure to increase the price piles further financial burden on the government. For us, the government has clearly chosen the path of retaining the public's goodwill. This, however, could come at a cost of N720.0bn, which is needed to subsidize PMS for the next six months. Sympathetically, the government is trapped between the devil and the deep blue sea. However, we believe the government is justified in deferring fuel price increases until substantial economic recovery is recorded.

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