

Wednesday, 3 March 2021

The day in review

- Equities market closed in the red
- Financial system liquidity tightened
- Mixed sentiments in Fixed Income market
- Naira appreciated at the NAFEX window

Looking forward

- Q4-2020 Capital Importation Report - NBS
- FY-2020 Earnings Publications - NSE

Daily Insight

Buying the dip or to stay out?

The local bourse spent most of 2020 on a bullish run closing the year with a record-breaking 50.0% return. The bourse kicked off 2021 with similar sentiment, gaining 5.3% in Jan-2021. However, Nigerian equities have since maintained a southward direction, losing 5.6% in Feb-2021 and has shed 0.7% in March-2021. The question on many investors' minds is largely to know if this is a temporary lull, a correction, or a significant crash.

Firstly, we have reiterated in several publications that the sustained reversal in the yield environment has weakened investors' interest in equities and has led to the active selloffs observed over the past month. The reversal in yields appear some way off its peak. Thus, we anticipate yields will continue to reverse higher in the near to mid-term. Furthermore, the benchmark All Share Index (ASI) has formed a bearish reversal signal as it has crossed its 50-day MA below and closed below it for five trading days. This signal has historically preceded prior major corrections in the market. More concerning is the slump in activity levels which signals reduced appetite for risk assets.

That said, we view the current bearish performance in the market as a correction that is likely to extend through the period when yields in the Fixed income market stabilizes. We recognize this as an opportunity for investors to take advantage of lower prices to buy into stocks forecasted to deliver solid earnings in 2021, employing a patient approach in building up positions.

Headline	Level	1 day	YTD
NSE ASI	39,522.1	▼ -0.4%	▼ -1.9%
Mkt. Cap (N'bn)	20,678.1	▼ -0.4%	▼ -1.8%
Mkt. Cap (\$'mn)	54,559.7	▼ -0.4%	▼ -1.8%
Value (N'mn)	4,128.0	▼ -23.4%	
Value (\$'mn)	10.9	▼ -23.4%	
Volume	244.3	▲ 9.8%	
Deals	4,714.0		
Market Breadth	0.7x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.76	0.76	0.00
6 months	1.85	1.95	-0.10
12 months	2.03	2.03	0.00

Bonds Yields	Current	Previous	% Δ
3 years	6.96	6.82	▲ 0.14
5 years	9.97	9.97	0.00
7 years	10.10	10.33	▼ -0.23
10 years	10.40	10.40	0.00

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	480.00	480.00	0.00%
NAFEX	411.00	411.63	▲ 0.15%

Other Key indices	Current	Previous	% Δ
OBB	7.0	4.3	▲ 2.67
OVN	7.6	4.8	▲ 2.77
Brent	0.0	64.7	▼ -100.00

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	▲ 0.9%	▲ 2.7%	0.0	0.0%
Banks	0.0%	▲ 0.1%	▼ -2.5%	3.9	9.0%
Consumer	▼ -0.5%	▼ -4.8%	▼ -6.3%	1152.3	4.2%
Industrial	▼ -0.4%	▲ 0.6%	▼ -6.9%	20.9	4.8%
Insurance	▼ -0.9%	▲ -1.8%	▲ 4.8%	4.2	2.7%
Oil & Gas	▲ 5.0%	▲ 4.0%	▲ 22.0%	n/a	5.2%
Mkt. Avg. P/E		15.2		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

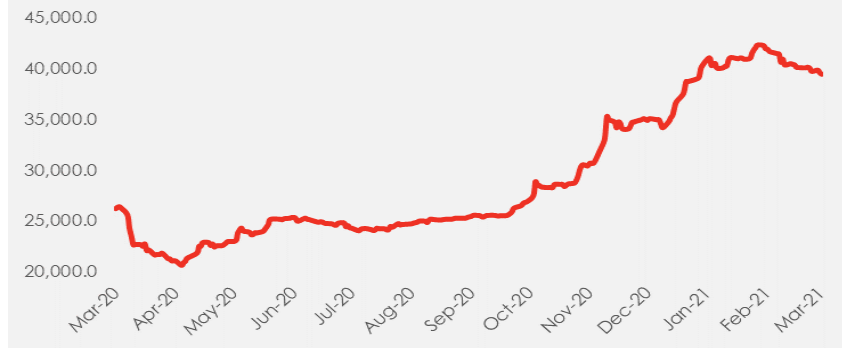


Pan African Market Monitor as at today

Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	139.6	▲ 0.1%	▼ -4.0%	8.8	6.8%
Egypt	11,393.3	▼ -0.7%	▲ 5.1%	13.2	2.6%
Ghana	2,207.3	▲ 0.1%	▲ 13.8%	n/a	n/a
Kenya	163.4	▼ -0.9%	▲ 7.4%	12.0	4.1%
Mauritius	1,582.0	▼ -1.0%	▼ -4.0%	n/a	1.1%
Morocco	303.0	▲ 0.2%	▼ -0.6%	24.0	3.5%
MSCI FM	551.1	▼ -0.2%	▲ 0.7%	12.8	3.2%
South Africa	68,326.8	▼ -0.3%	▲ 15.0%	25.6	2.2%
Tunisia	6,684.6	▲ 0.3%	▼ -2.9%	20.3	0.6%
Zimbabwe	91,531.6	▲ 0.5%	▲ 97.6%	1.9	1.2%

The All Share Index closed southwards in February after a strong rally till January

1-Year Chart of the NSEASI



Sources: NSE, Bloomberg, United Capital Research

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