

Tuesday, April 20, 2021

The day in review

- NSE-ASI climbed 0.4%
- Interbank rates remained stable
- Mixed performance in NTB market
- Naira appreciated at the Parallel window

Looking forward

Bond Primary Market Auction - DMO

Daily Insight

Can Nigeria achieve sugar self-sufficiency?

Nigeria's sugar industry dates back to the 1960s. Domestic production, however, only supplied about c.2.8% of national sugar consumption in 2019, according to the National Sugar Development Council (NSDC). In order to limit unrestricted importation and facilitate domestic production, the Nigerian Sugar Master Plan (NSMP) was approved in 2012. Despite the fact that the NSMP spawned sugar refineries by forcing private sector players to participate in backward integration programs, restricting importation by quotas, and providing fiscal incentives, Nigeria remains heavily dependent on imports. According to the NSDC, sugar importation cost an average of c.\$505.6mn a year over the last decade (2010-2019).

Recently, the Central Bank of Nigeria (CBN) indicated that sugar (and wheat) will be added to the FX restriction list when the country's production capacity increases to the point of self-sufficiency, insisting that the CBN is happy to work together with Nigerian businesses to ensure that these items are produced locally. This is in line with the NSMP and the Backward Integration Policy (BIP) of the Federal Government to make Nigeria self-sufficient in sugar production.

The implementation of the NSMP has been hindered by structural bottlenecks, including land acquisition and shortage of skilled labour. However, we believe that the current backward integration programs can bring about the desired results. Dangote Sugar Refinery Plc, the industry leader, has confirmed that it would invest over \$700mn in its sugar projects in Nasarawa and Adamawa to support the BIP, whilst BUA Group has announced that its 10,000 tons cane per day (tcb) sugar refinery will commence operations in Q1-2022. We are optimistic about these developments and expect Nigeria's progress toward sugar self-sufficiency to accelerate.

Headline	Level	1 day	YTD
NSE ASI	39,015.6	▲ 0.4%	▼ -3.1%
Mkt. Cap (₦bn)	20,418.7	▲ 0.4%	
Mkt. Cap (\$'mn)	53,875.1	▲ 0.4%	
Value (N'mn)	2,703.2	▼ -91.6%	
Value (\$'mn)	7.1	▼ -91.6%	
Volume	339.0	▼ -33.3%	
Deals	4,203.0		
Market Breadth	2.0x		

T-Bills Yields	Current	Previous	%Δ
3 months	2.50	2.43	▲ 0.07
6 months	4.12	3.89	▲ 0.23
12 months	7.50	7.50	0.00

Bonds Yields	Current	Previous	% Δ
3 years	9.93	9.94	▼ -0.01
5 years	11.93	11.93	0.00
7 years	12.38	12.04	▲ 0.34
10 years	12.18	12.17	▲ 0.01

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	486.00	482.00	▼ -0.82%
NAFEX	410.67	411.00	▲ 0.08%

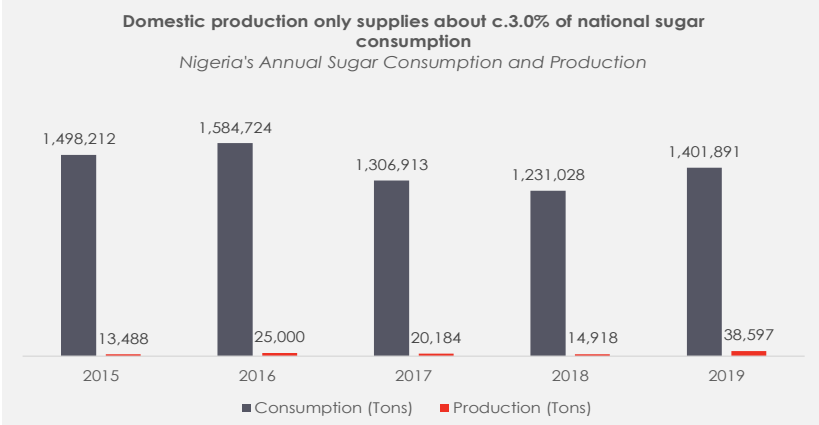
Other Key indices	Current	Previous	% Δ
OBB	12.3	12.3	0.00
OVN	12.5	12.5	0.00
Brent	66.3	67.1	▼ -1.16

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	-3.8%	0.0	0.0%
Banks	0.3%	-7.2%	-12.7%	3.3	10.1%
Consumer	0.5%	-4.3%	-3.6%	103.9	4.0%
Industrial	0.1%	1.6%	-7.8%	19.1	4.9%
Insurance	-0.4%	-1.4%	2.0%	3.6	3.2%
Oil & Gas	-0.1%	0.7%	17.1%	na	5.4%
Mkt. Avg. P/E	14.1			Mkt. Avg. Div. Yid	4.8%

*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	144.7	▼ 0.0%	-1.1%	9.0	6.5%
Egypt	10,441.0	▲ 0.8%	-6.5%	11.4	2.8%
Ghana	2,311.4	▲ 0.0%	18.9%	n/a	n/a
Kenya	163.7	▼ -1.4%	8.0%	12.4	2.4%
Mauritius	1,631.3	▲ 0.1%	-1.5%	n/a	0.9%
Morocco	310.8	▼ -0.1%	2.0%	30.0	3.4%
MSCI FM	551.1	▲ 0.0%	5.5%	12.8	2.7%
South Africa	68,094.3	▲ 0.4%	14.2%	26.8	2.5%
Tunisia	7,001.2	▼ -0.4%	2.9%	20.0	0.6%
Zimbabwe	80,071.6	▲ 0.0%	72.8%	4.3	2.0%



Source: National Sugar Development Council United Capital Research

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