

**The day in review**

- Equity market climbed 10bps
- Interbank rates closed lower
- Bullish activity in Bonds market
- Naira depreciated at the NAFEX window

**Looking forward**

Dec-2021 CPI and Inflation Report - NBS

**Daily Insight**

**Capital Importation in Q3-2021: An improvement on Q2-2021**

The National Bureau of Statistics (NBS) recently published Nigeria's Capital Importation report for Q3-2021. Accordingly, we observed that on a q/q basis, the total capital imported grew 97.7% to \$1.7bn in Q3-2021, beating \$875.6m in Q2-2021, albeit lagging \$1.9bn inflows recorded in Q1-2021. Furthermore, on a y/y basis, capital importation during the period exceeded Q3-2020 by 18.5%.

A deeper dive into the numbers showed FPI inflows, which accounted for over 70.3% of total capital imported, increased by 120.8% q/q and 198.9% y/y to \$1.2bn. FDI inflows improved 38.3% q/q to \$107.8m but declined 74.0% on a y/y basis. Meanwhile, the other investments category rose by 65.0% q/q and declined 36.5% y/y to \$406.4m. Notably, the bulk of the FPI inflows remained concentrated in money market instruments (65.4% of inflows), albeit less so than in the preceding quarter (81.9% of inflows). In comparison, the much-needed FDI stayed underwhelming - contributing a paltry 6.2% to gross inflows. We note that foreign exchange liquidity concerns, insecurity and a chronic lack of enabling infrastructures, such as electricity and a good road network, continues to discourage long-term commitments into the country through FDI. However, we attribute the increase in FDI and FPI inflows to increased FX liquidity in Q3-2021 amid higher oil prices, the FG Eurobond issuance and SDR inflows from IMF.

Looking ahead, with bold reforms necessary to create an enabling environment still lacking, we expect to FDI to remain on the sidelines. For FPIs, despite renewed optimism from higher oil prices and improved FX liquidity, the direction of capital funds will primarily depend on the monetary policy direction of the CBN as major central banks in 2022 are expected to adopt hawkish policies. The return of monetary policy normalisation in advanced economies will reduce the interest spread on domestic fixed-income securities, making fixed income securities less attractive in the absence of a rate hike. Exchange rate risks and uncertainties around the upcoming election year are downside risks that could further deter capital importation in 2022.

Headline	Level	1 day	YTD
NGX ASI	43,897.1	▲ 0.1%	▲ 2.8%
Mkt. Cap (N'bn)	23,651.0	▲ 0.1%	
Mkt. Cap (\$'mn)	56,785.0	▲ 0.1%	
Value (N'mn)	8,642.4	▼ -30.3%	
Value (\$'mn)	20.8	▼ -30.4%	
Volume	311.3	▼ -21.2%	
Deals	5,159.0		
Market Breadth	1.6x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.43	3.81	▼ -0.38
6 months	4.32	4.32	0.00
12 months	5.23	5.23	0.00

Bonds Yields	Current	Previous	% Δ
3 years	9.09	9.11	▼ -0.02
5 years	11.35	11.50	▼ -0.15
7 years	12.44	12.44	0.00
10 years	12.61	12.61	0.00

Currencies	Current	Previous	% Δ
NAFEX	416.50	416.00	▼ -0.1%

Other Key indices	Current	Previous	% Δ
OBB	13.8	14.0	▼ -0.25
OVN	14.5	14.8	▼ -0.25
Brent	81.1	81.8	▼ -0.81

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	na	na
Banks	0.4%	0.8%	0.8%	2.4	8.4%
Consumer	-0.1%	-1.1%	-1.1%	27.1	3.6%
Industrial	-0.4%	0.1%	0.1%	16.9	3.7%
Insurance	-1.3%	-0.9%	-0.9%	2.1	2.9%
Oil & Gas	-0.9%	1.7%	1.7%	9.5	4.5%
<b>Mkt. Avg. P/E</b>	<b>9.8</b>	<b>Mkt. Avg. Div. Yid</b>	<b>4.6%</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	201.8	▲ 0.7%	▼ -0.1%	9.2	5.3%
Egypt	12,043.4	▲ 0.5%	▲ 0.8%	9.1	1.4%
Kenya	171.7	▲ 0.7%	▲ 3.2%	11.5	3.4%
Mauritius	2,107.6	▲ 0.2%	▲ 0.3%	na	3.0%
Morocco	347.5	▲ 0.7%	▼ -0.1%	23.1	2.7%
MSCI FM	659.6	▼ -2.0%	▼ -1.0%	14.5	2.7%
South Africa	73,939.7	▼ -1.2%	▲ 0.6%	12.4	4.2%
Tunisia	6,984.9	▲ 0.3%	▼ -1.2%	23.0	2.3%
Zimbabwe	289,062.5	▲ 0.5%	▼ -2.0%	18.4	1.1%

**Contact us**

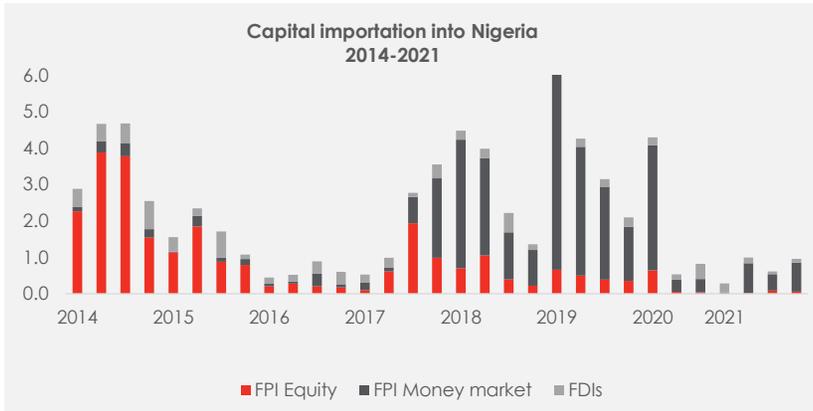
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Source: National Bureau of Statistics, United Capital Research