

Monday, March 15, 2021

The day in review

- Equities closed southward
- Interbank rates remain in double digit
- Mixed performance in the fixed income market
- Naira appreciated at the NAFEX window

Looking forward

Feb 2021 CPI - NBS

Daily Insight

Currency Market: Is "Naira 4 Dollar" the way out?

Recently, the Central Bank of Nigeria introduced the "Naira 4 Dollar Scheme", a policy that rewards senders and receivers of overseas money transfers with Naira. The strategy aims to increase dollar liquidity in the country at a time when the country is facing a foreign exchange crisis that has prompted the central bank to devalue the naira more than once in the last year. Specifically, the scheme seeks to capture unaccounted remittances into the system.

According to the World Bank, remittances into Nigeria from abroad equal more than \$20.0 billion a year. Recipients of diaspora remittances sent through the CBN's International Money Transfer Operators (IMTOs) can now get N5 for every \$1 in remittance inflow.

In our view, a N5.0 premium for each dollar deposit from remittances results in a deposit expense of 1.2%, less expensive compared to the stop rate on OMO auctions to FPIs, which is intended to accomplish the same goal. With \$34.7bn in dollar reserves (as of March 12th), the CBN needs at least \$6.0bn in foreign reserves to be comfortable enough in increasing dollar. This, if this scheme succeeds, the strategy brings about the much-needed convergence of rates in the currency market. The downside, though, is the parallel market, where the currency continues to trade at a significant premium to the official rate.

Headline	Level	1 day	YTD
NSE ASI	38,561.8	▼ -0.2%	▼ -4.2%
Mkt. Cap (N'bn)	20,175.7	▼ -0.2%	▼ -4.2%
Mkt. Cap (\$'mn)	53,234.1	▼ -0.2%	▼ -4.2%
Value (N'mn)	2,517.6	▼ -33.2%	
Value (\$'mn)	6.6	▼ -33.2%	
Volume	184.5	▼ -37.2%	
Deals	3,527.0		
Market Breadth	1.3x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.94	▼ 3.44	-2.50
6 months	3.62	▬ 3.62	0.00
12 months	4.16	▬ 4.16	0.00

Bonds Yields	Current	Previous	% Δ
3 years	7.70	▲ 6.78	0.92
5 years	9.70	▲ 8.67	1.03
7 years	10.10	▬ 10.10	0.00
10 years	10.30	▬ 10.30	0.00

Currencies	Current	Previous	% Δ
Official	379.00	▬ 379.00	0.00%
Parallel	485.00	▼ 481.00	-0.82%
NAFEX	408.90	▲ 410.00	0.27%

Other Key indices	Current	Previous	% Δ
OBB	12.5	▼ 13.3	-0.80
OVN	12.8	▼ 14.2	-1.45
Brent	68.9	▲ 16.2	324.60

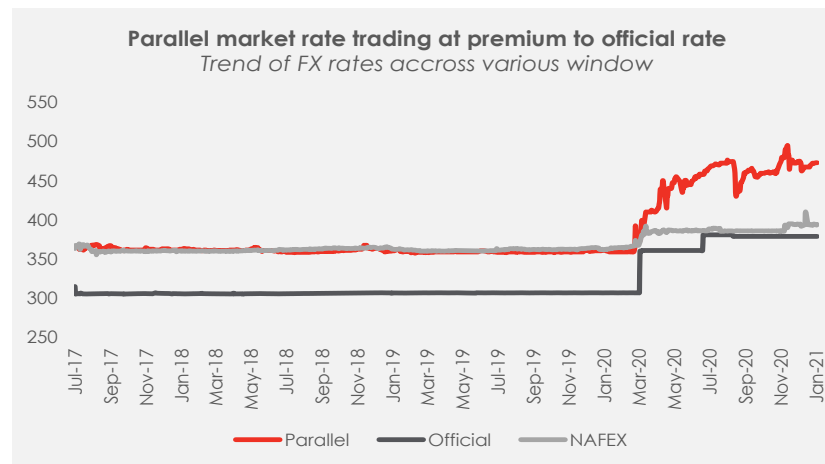
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▼	-1.8% ▲	0.0%	0.0	0.0%
Banks	-1.0% ▼	-8.5% ▼	-10.9%	3.4	10.1%
Consumer	-1.5% ▼	-5.7% ▼	-7.3%	1023.6	3.9%
Industrial	0.0% ▲	1.3% ▼	-6.3%	21.0	4.8%
Insurance	2.0% ▼	-0.4% ▲	6.3%	4.3	2.6%
Oil & Gas	0.7% ▼	-0.9% ▲	16.2%	na	5.5%
Mkt. Avg. P/E		14.5	Mkt. Avg. 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	138.5	▲ 0.1%	▼ -4.7%	8.7	6.8%
Egypt	11,222.3	▼ -0.6%	▲ 3.5%	13.4	2.6%
Ghana	2,214.9	▬ 0.0%	▲ 14.2%	n/a	n/a
Kenya	162.5	▲ 0.3%	▲ 6.8%	11.9	2.4%
Mauritius	1,550.9	▼ -1.8%	▼ -5.9%	n/a	1.0%
Morocco	304.4	▲ 0.5%	▼ -0.1%	24.1	3.5%
MSCI FM	551.1	▲ 0.1%	▲ 0.4%	12.8	3.1%
South Africa	67,588.0	▼ -0.9%	▲ 13.8%	26.1	2.4%
Tunisia	6,828.6	▼ 0.0%	▼ -0.8%	18.8	0.6%
Zimbabwe	89,228.9	▼ -3.4%	▲ 92.6%	1.7	1.3%



Sources: FMDQ, United Capital Research

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