

Wednesday, April 21, 2021

The day in review

- NSE-ASI climbed 0.3%
- Interbank rates increased
- Bearish sentiment in NTB market
- Naira appreciated at the NAFEX window

Looking forward

NSE Q1 corporate earnings release

Daily Insight

External reserves trot higher on stronger crude prices

Following two consecutive months of decline in gross external reserves (down 3.3% or \$1.2bn m/m in Feb-2021 and down 0.8% or \$279.4m in Mar-2021), gross reserves appear to be trotting higher in April, climbing 1.1% MTD or \$398.4m. Year-to-Date, gross external reserves remain down by 0.4% or \$155.1m. The rebound in external reserves reflects the impact of the rally in crude oil prices in recent months, with Brent crude gaining 28.5% YTD. As we have highlighted in our prior communications, the rally in the crude oil market had not filtered into the market's external reserves as the market is a futures market. Thus, the improved dollar inflows are beginning to trickle into the reserves.

Going forward, we expect the impact of higher crude prices to continue over the coming months. In addition, we expect this to be further aided by the FG's plan to issue Eurobonds as part of its debt program for 2021. We recall that as part of the 2021 budget, the FG announced plans to borrow N2.1tn (estimated at \$5.5bn using the official exchange rate) from the international debt market. While we do not anticipate Eurobond issuance of this magnitude, we expect the FG to attempt raising a similar \$3.3bn it planned to raise last year while funding the rest via multilateral sources. In our opinion, it could further strengthen gross reserves in Q3-2021.

Lastly, we think this bodes well for the FX market, thus improving FX liquidity conditions. That said, we believe the CBN will remain reluctant in resuming significant interventions in the FX market until the external reserves cross the \$40.0bn mark.

Headline	Level	1 day	YTD
NSE ASI	39,128.3	0.3% ▲	-2.8% ▼
Mkt. Cap (N'bn)	20,477.7	0.3% ▲	
Mkt. Cap (\$'mn)	49,945.6	0.3% ▲	
Value (N'mn)	1,663.0	-38.5% ▼	
Value (\$'mn)	4.1	-43.1% ▼	
Volume	239.2	-29.4% ▼	
Deals	3,746.0		
Market Breadth	1.1x		

T-Bills Yields	Current	Previous	%Δ
3 months	2.94	2.50 ▲	0.44
6 months	3.89	4.12 ▼	-0.23
12 months	8.06	7.50 ▲	0.56

Bonds Yields	Current	Previous	% Δ
3 years	9.93	9.93	0.00
5 years	11.89	11.93 ▼	-0.04
7 years	12.38	12.38	0.00
10 years	12.30	12.18 ▲	0.12

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	486.00	486.00	0.00%
NAFEX	410.00	410.67 ▲	0.16%

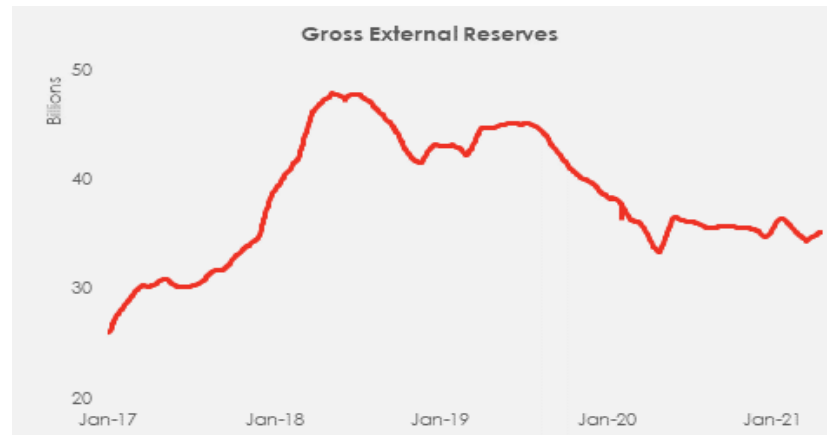
Other Key indices	Current	Previous	% Δ
OBB	13.0	12.3 ▲	0.75
OVN	14.0	12.5 ▲	1.50
Brent	65.8	66.3 ▼	-0.66

	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/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	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: CBN, United Capital Research

Contact us

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

Trustees | +234-1-631-7877
trustees@unitedcapitalplcgroup.com

Securities Trading | +234-1-631-7891
securities@unitedcapitalplcgroup.com

Investment Banking | +234-1-631-7883
investmentbanking@unitedcapitalplcgroup.com

Asset Management | +234-1-631-7876
assetmanagement@unitedcapitalplcgroup.com