

Tuesday, January 5, 2021

The day in review

- Equities took a bearish turn, declined -1.8%
- Financial system liquidity remained elevated
- Muted activity in NTB market
- Naira appreciated at the NAFEX window

Looking forward

- CBN MPC Meeting 271 - 20th Jan

Daily Insight

Global Oil Market: Vaccine news is good, but Oil rebound is expected to be mellow in 2021

The oil market witnessed another downturn in 2020, with oil prices bottoming at \$20 in April amid a fallout between OPEC+ giants, Saudi Arabia and Russia. Prices, however, recovered to \$30 in May-2020 after OPEC+ and non-OPEC countries all reach an agreement to cut production by 9.7mbpd, about 10% of global supply. With the announcement of the vaccine in Nov-2020, oil price recovered further to \$50/b to close the year 20% down YTD.

The recent surge in global coronavirus caseloads and reintroduced lockdowns continues to be a worry for OPEC. Vaccine news, nonetheless, is positive for the market and for the industry. The IEA and OPEC expect that any vaccine-related effects will only impact demand in the second half. However, the uncertainty about the distribution and efficiency of vaccines and rising production in Libya (production is up 0.9mbpd since August 2020), does pose a potential issue for market balance.

On the plus side, it is expected that shale production in 2021 which has been one of the biggest threats of OPEC's goal to achieve market stability in the last decade will decline. The lower pricing environment is anticipated to trigger producers high-cost wells to shut down, as they remain unprofitable in the lower pricing environment, judging by recent events. OPEC estimated global oil demand to rise 5.9mbpd to 95.9mbpd, higher than 90.01mbpd forecasted to be consumed in 2020. Overall, we expect the oil market to see marginal improvement as demand recovers to bring prices to a range of \$45-\$55/b in 2021.

Headline	Level	1 day	YTD
NSE ASI	40,396.1	-1.8%	0.3%
Mkt. Cap (₦bn)	21,122.3	-1.8%	0.3%
Mkt. Cap (\$'mn)	55,585.1	-1.8%	0.3%
Value (N'mn)	5,117.9	263.6%	
Value (\$'mn)	13.5	262.6%	
Volume	465.7	119.7%	
Deals	7,573.0	120.3%	
Market Breadth	0.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.35	0.35	0.00
6 months	0.38	0.38	0.00
12 months	0.72	0.72	0.00

Bonds Yields	Current	Previous	% Δ
3 years	3.49	3.50	-0.01
5 years	5.44	5.42	0.02
7 years	6.34	6.42	-0.08
10 years	7.27	7.27	0.00

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	467.50	467.50	0.00%
NAFEX	393.83	394.30	0.12%

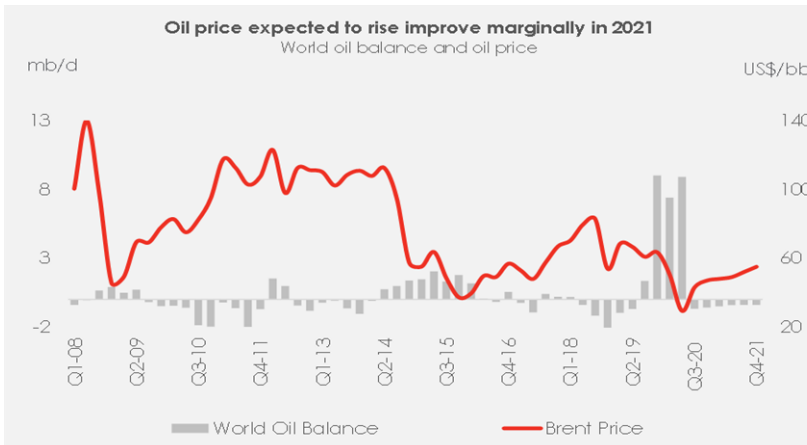
Other Key indices	Current	Previous	% Δ
OBB	0.6	1.0	-0.37
OVN	1.0	1.5	-0.50
Brent	53.6	51.1	4.91

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	0.0	0.0%
Banks	3.7%	3.7%	3.7%	4.2	8.5%
Consumer	1.4%	1.4%	1.4%	863.6	3.8%
Industrial	4.7%	4.7%	4.7%	na	0.0%
Insurance	4.4%	4.4%	4.4%	3.0	2.3%
Oil & Gas	0.1%	0.1%	0.1%	83.1	6.1%
Mkt. Avg. P/E	15.5			Mkt. Avg. Div. Yid	4.5%

*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	141.6	-2.6%	-2.6%	8.7	6.7%
Egypt	10,813.8	-0.3%	-0.3%	11.6	2.9%
Ghana	1,941.6	0.1%	0.1%	n/a	4750.4%
Kenya	152.0	0.0%	0.0%	11.3	4.4%
Mauritius	1,644.1	-0.3%	-0.3%	n/a	2.3%
Morocco	304.9	0.8%	0.0%	30.6	3.1%
MSCI FM	551.1	0.0%	0.0%	12.8	3.4%
South Africa	60,479.4	1.8%	1.8%	27.6	2.6%
Tunisia	6,808.1	-1.1%	-1.1%	20.6	0.6%
Zimbabwe	46,327.4	0.0%	0.0%	0.9	2.4%



Sources: IEA, Bloomberg, United Capital Research

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