

Wednesday, March 10, 2021

The day in review

- Equities closed northwards
- Interbank rates climb on tight liquidity
- Bullish activities in the fixed income market
- Naira appreciated at the NAFEX window

Looking forward

FY-2020 Earnings Publications - NSE

Daily Insight

Global oil demand to recover in 2021

According to OPEC's recently released Monthly Oil Market Report (MOMR) for Feb-2021, global oil demand is estimated to have declined by 9.7% y/y (or by 9.7mb/d) to 90.3mb/d in FY-2020 from 99.9mb/d in FY-2019. On the positive, oil demand continued to recover from the Q2-2020 slump, climbing to 92.1mb/d and 94.0mb/d in Q3-2020 and Q4-2020, respectively from 82.8mb/d in Q2-2020. The overall contraction in FY-2020 was clearly due to the demand destruction caused by the restrictive measures put in place to control the spread of the Covid-19 in 2020.

Furthermore, the MOMR for Feb-2021 paints an optimistic picture for oil demand, with OPEC forecasting oil demand to grow by 5.8mb/d y/y to 96.1mb/d in FY-2021. However, demand is not expected to recover to pre-pandemic levels of 99.9mb/d according to OPEC's forecasts for FY-2021. OPEC's forecasts are driven by the recovery in demand for transportation fuels, albeit weak in H1-2021 as Covid-19 cases remain elevated while the rollout of vaccinations is slower than anticipated. That said, OPEC expects the recovery to be sharper in H2-2021 as vaccinations garner momentum and increase transportation fuels demand. OPEC's expectations are reflected in its H1-2021 forecast oil demand of 94.6mb/d compared to 97.5mb/d in H2-2021.

The recovery in demand bodes well for Nigeria's economy regarding economic growth, government revenue and FX inflows. The improved demand for crude oil would give OPEC further headroom to raise production quotas, which is significant for Nigeria's oil production. The improved output consequently supports increased FX flows as well as boosting the Federal government's revenue base.

Headline	Level	1 day	YTD
NSE ASI	38,931.3	▲ 0.6%	▼ -3.3%
Mkt. Cap (N'bn)	20,369.0	▲ 0.6%	▼ -3.3%
Mkt. Cap (\$'mn)	53,744.1	▲ 0.6%	▼ -3.3%
Value (N'mn)	4,909.8	▼ -48.8%	
Value (\$'mn)	13.0	▼ -48.8%	
Volume	368.2	▼ -32.6%	
Deals	4,437.0		
Market Breadth	0.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.94	0.94	0.00
6 months	1.85	1.87	-0.02
12 months	4.00	4.16	-0.16

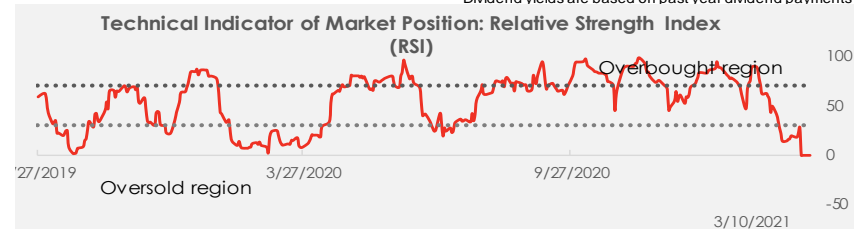
Bonds Yields	Current	Previous	% Δ
3 years	6.51	7.90	-1.39
5 years	8.55	9.96	-1.41
7 years	10.10	10.10	0.00
10 years	10.47	10.40	0.07

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	484.00	484.00	0.00%
NAFEX	411.13	412.00	0.21%

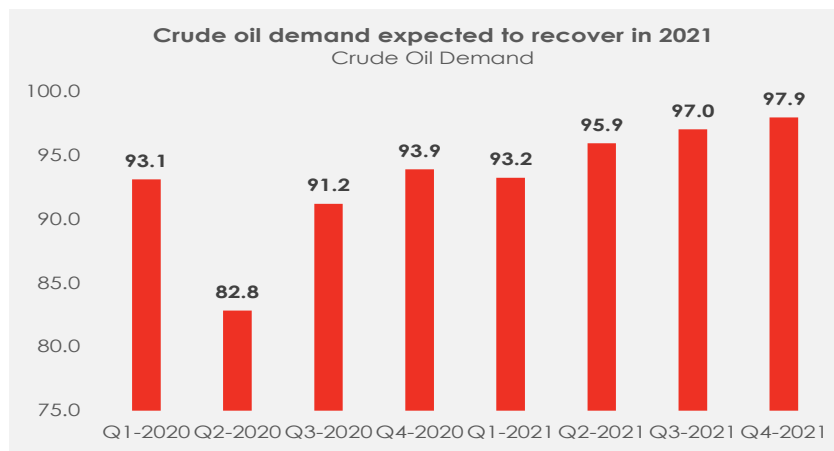
Other Key indices	Current	Previous	% Δ
OBB	11.7	11.5	▲ 0.17
OVN	12.5	10.3	▲ 2.25
Brent	67.2	67.5	▼ -0.47

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	0.0	0.0%
Banks	0.8%	-1.9%	-4.5%	3.8	8.8%
Consumer	-0.3%	-6.3%	-7.9%	1134.1	3.9%
Industrial	0.2%	1.4%	-6.2%	21.0	4.9%
Insurance	-1.9%	-5.0%	1.3%	4.1	2.6%
Oil & Gas	0.8%	-2.2%	14.8%	na	5.4%
Mkt. Avg. P/E	15.2		Mkt. Avg. Div. Yid	4.6%	

*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	133.0	▲ 0.9%	▼ -8.5%	8.3	7.1%
Egypt	11,416.7	▼ -1.2%	▲ 5.3%	13.0	2.6%
Ghana	2,177.4	0.0%	▲ 12.3%	n/a	n/a
Kenya	165.9	▲ 0.0%	▲ 9.1%	12.0	4.1%
Mauritius	1,606.2	▼ -0.2%	▼ -2.6%	n/a	1.1%
Morocco	305.4	▼ -0.3%	▲ 0.2%	24.3	3.5%
MSCI FM	551.1	▲ 0.1%	▲ 3.3%	12.8	3.2%
South Africa	65,921.6	▼ -2.1%	▲ 11.0%	26.0	2.3%
Tunisia	6,695.4	▼ 0.0%	▼ -2.8%	20.3	0.6%
Zimbabwe	82,833.7	0.0%	▲ 78.8%	1.7	1.3%



Sources: OPEC, United Capital Research

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