

**The day in review**

- Equity market declined 10bps
- Interbank rates ticked downwards
- Bullish activity in T-Bills market
- Naira appreciated at the NAFEX window

**Looking forward**

Oct Inflation Report - NBS

**Daily Insight**

**Implication of recent NT-bills auction for investors**

Yesterday, the Central Bank of Nigeria (CBN) held an NT-bills primary market auction offering N150.8bn worth of treasury bills to the market. Investor appetite for government paper remained strong, although most of the bids at the auction came in for the longer tenor paper, as the 91-day and 182-day bills posted subscription rates of 0.2x and 0.5x. However, demand for the long-tenor bill continues to remain strong as it was oversubscribed by 4.1x, in line with the recent trends at recent NTB auctions. The strong subscription level was unsurprising considering the strong liquidity level within the banking system.

Stop rates for the 91-day, and 182-day bills remained unchanged at 2.5%, 3.5%, respectively. However, rates on the longer tenor paper, dipped by 49bps to close at 6.5%. Stop rates closed in line with our expectations, as we anticipated strong investor demand coupled while investors continue to take a cautious approach towards the bonds market with a preference for short term bills, driving rates at the short end of the curve lower. In addition, the CBN oversold the auction as expected, allotting N196.2bn worth of bids compared to the N150.8bn it intended to offer, but well below total subscription of N574.9bn.

Looking ahead, in the NT-bills secondary market, a confluence of yesterday's auction results, the large volume of unmet bids, and continued investors' standoffish approach to the bonds market will continue to spur demand for NT-bills, driving further moderation on short term yields (particularly mid to long tenor bills). For the equities market, we do not expect the recent and sustained moderation in short term rates to lead to an asset switch. PFAs who are the group of investors sensitive to yield movements will continue to find bonds attractive, compared to the equities market, despite a volatile yield terrain. In addition, the recent rally in the equities market would mean traders would be in profit-taking mode over the next weeks as they look at locking profits for the year. These sell pressures could create attractive price points to enter the equities market towards the end of the year ahead of FY-2021 earnings season.

Headline	Level	1 day	YTD
NGX ASI	43,707.3	▼ -0.1%	▲ 8.5%
Mkt. Cap (N'bn)	22,809.3	▼ -0.1%	
Mkt. Cap (\$'mn)	54,998.0	▼ -0.1%	
Value (N'mn)	5,627.2	▲ 61.9%	
Value (\$'mn)	13.6	▲ 62.0%	
Volume	270.7	▼ -3.6%	
Deals	3,861.0		
Market Breadth	1.0x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.04	4.04	0.00
6 months	5.18	5.55	-0.37
12 months	6.84	7.14	-0.30

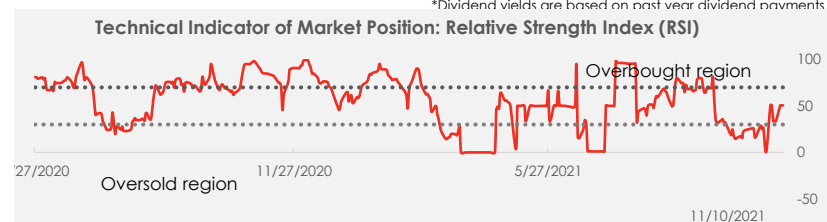
Bonds Yields	Current	Previous	% Δ
3 years	10.58	10.58	0.00
5 years	11.55	11.56	-0.01
7 years	11.67	11.67	0.00
10 years	11.90	11.90	0.00

Currencies	Current	Previous	% Δ
NAFEX	414.73	415.07	▲ 0.1%

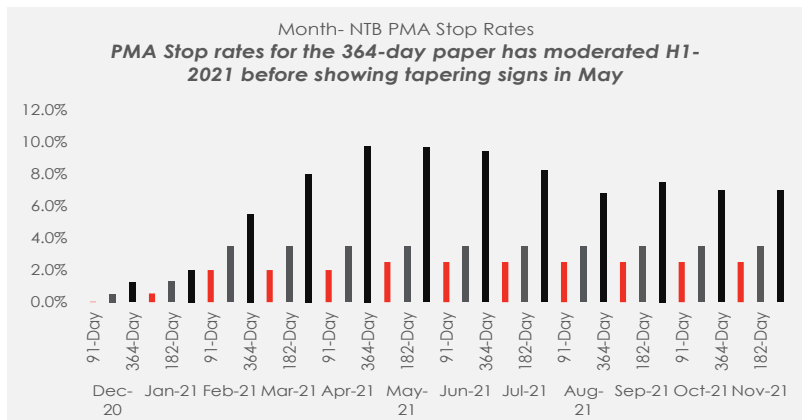
Other Key indices	Current	Previous	% Δ
OBB	1.5	2.7	▼ -1.17
OVN	2.0	3.3	▼ -1.33
Brent	84.9	83.8	▲ 1.36

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	3.1%	43.9%	na	na
Banks	▼ -1.0%	▲ -2.7%	1.6%	3.2	8.6%
Consumer	▲ 0.1%	▼ -0.2%	-0.8%	41.3	3.6%
Industrial	▼ -0.2%	▲ 1.0%	7.1%	17.9	3.4%
Insurance	▼ -0.3%	▼ -1.1%	-6.1%	2.5	3.1%
Oil & Gas	▼ -0.2%	▼ -2.3%	68.8%	9.2	3.9%
<b>Mkt. Avg. P/E</b>	<b>#N/A</b>	<b>N/A</b>	<b>Mkt. Avg. Div. Yid</b>	<b>4.5%</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	191.3	▲ 0.9%	31.6%	9.9	5.6%
Egypt	11,480.5	▼ -0.9%	5.9%	10.0	1.4%
Kenya	172.5	▲ 0.8%	13.4%	13.2	3.4%
Mauritius	2,115.2	▼ -0.2%	28.3%	na	1.9%
Morocco	349.9	▼ -0.5%	14.8%	26.0	3.3%
MSCI FM	686.6	▼ -0.1%	20.1%	15.0	2.5%
South Africa	68,279.4	▲ 0.4%	14.9%	12.3	4.4%
Tunisia	7,035.0	▲ 0.2%	2.2%	22.0	2.3%
Zimbabwe	297,726.3	▲ 3.5%	542.7%	2.4	1.1%



Source: CBN Statistical Bulletin, 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