

**The day in review**

- Equity market down by 2bps
- Interbank rates ficked downwards
- Bearish activity in Bonds market
- Naira appreciated at the NAFEX window

**Looking forward**

CPI and Inflation Report Nov-2021 - NBS

**Daily Insight**

**NTB auction: Stop rates on 364-day paper moderates by 61bps**

Yesterday, the Central Bank of Nigeria (CBN) conducted an NTB Primary Market Auction (PMA), rolling over N118.7bn worth of bills. In line with the recent trend in the market, investors' appetite for treasury paper remained strong, as the auction was oversubscribed by 3.5x. 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 for the fourth consecutive auction by 61bps to close at 5.89%.

At the auction, the CBN oversold, allotting N215.7bn worth of bills (as against N118.7bn on offer). The increased demand for treasury bills continues to be aided by the cautious investor stance towards the bonds market.

Looking ahead, we expect to observe some buying interest in the secondary NTB market as unmet bids get filled. For our near-term equities market outlook, we do not expect the sustained moderation in short term rates to lead to an asset switch, due to a confluence of factors. Firstly, we believe institutional investors will continue to find yields in the fixed income space attractive. Also, we expect the market to continue its side-ways trend, with sell pressures dominating as investors book profits following recent rallies in some blue-chip tickers. However, should stop rates continue to moderate in the medium term, recent valuations may provide some respite for the market, which is relatively undervalued at a P/E ratio of 9.7x, significantly lower than its five-year historical average of 13.7x. We believe the emergence of some positive broad-based macroeconomic fundamentals such as continued disinflation, improved oil prices and modest GDP recovery could provide support for a mild bullish rally towards the end of the year and early in 2022, as investors position themselves for FY-2021 earnings.

Headline	Level	1 day	YTD
NGX ASI	43,245.0	▼ 0.0%	▲ 7.4%
Mkt. Cap (N'bn)	22,565.2	▼ 0.0%	
Mkt. Cap (\$'mn)	54,364.8	▼ 0.0%	
Value (N'mn)	3,746.7	▲ 28.9%	
Value (\$'mn)	9.0	▲ 29.1%	
Volume	243.2	▲ 11.6%	
Deals	3,777.0		
Market Breadth	1.2x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.20	4.20	0.00
6 months	5.29	5.29	0.00
12 months	6.56	6.56	0.00

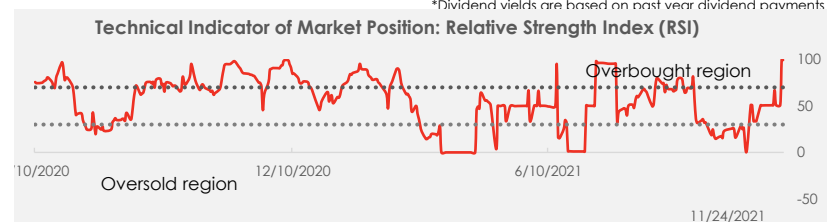
Bonds Yields	Current	Previous	% Δ
3 years	9.60	9.60	0.00
5 years	11.56	11.56	0.00
7 years	12.01	11.91	0.10
10 years	12.29	12.17	0.12

Currencies	Current	Previous	% Δ
NAFEX	415.07	415.80	0.2%

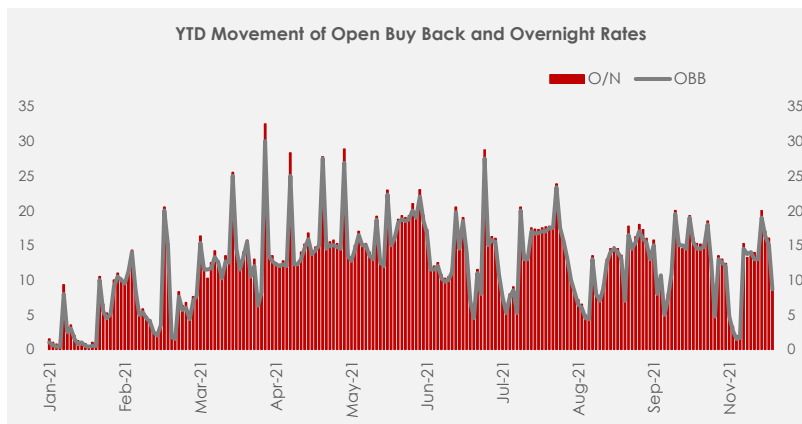
Other Key indices	Current	Previous	% Δ
OBB	8.7	15.0	-6.33
OVN	9.5	16.0	-6.52
Brent	82.2	82.3	-0.11

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	▲ 3.1%	43.9%	na	na
Banks	0.8%	▼ -3.9%	0.4%	3.1	8.7%
Consumer	0.0%	▼ -1.5%	-2.2%	40.7	3.7%
Industrial	-0.1%	▲ 0.6%	6.8%	17.8	3.6%
Insurance	0.9%	▼ -0.9%	-5.9%	2.7	3.2%
Oil & Gas	1.3%	▼ -4.7%	64.8%	8.9	4.0%
<b>Mkt. Avg. P/E</b>	<b>N/A</b>	<b>Mkt. Avg. Div. Yid</b>	<b>4.7%</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	193.0	▼ 0.0%	▲ 32.9%	10.0	5.6%
Egypt	11,352.6	▼ -0.1%	▲ 4.5%	8.5	1.4%
Kenya	161.8	▼ -0.4%	▲ 11.4%	12.0	3.6%
Mauritius	2,108.7	▲ 0.0%	▲ 30.0%	na	2.8%
Morocco	348.6	▲ 0.2%	▲ 14.4%	25.9	3.3%
MSCI FM	668.3	▼ -0.1%	▲ 18.5%	14.3	2.7%
South Africa	70,558.9	▲ 0.1%	▲ 19.1%	11.8	4.2%
Tunisia	7,056.6	▲ 0.0%	▲ 2.1%	22.1	2.3%
Zimbabwe	245,727.2	▼ -5.8%	▲ 430.4%	1.8	1.3%



Source: FMDQ, United Capital Research

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