

The day in review

- Equities market gained 0.7%
- System liquidity remained flat
- Brent closed lower
- Naira appreciated on the I&E window

Looking forward

May CPI Report - NBS

Daily Insight

NTB primary auction review - Stop rates on 364-day bill down by 1bps

Yesterday, the Central Bank of Nigeria held an NTB primary market auction rolling over N93.1bn worth of maturing treasury bills. Investors' appetite at the auction remained strong, as the 91-day, 182-day and 364-day bills were oversubscribed by 1.4x, 1.5x and 3.9x, respectively.

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 a marginal 1bp to close at 9.64% closing in line with our expectations. The CBN continues to send the signal to the debt markets again that the rate reversal party may be coming to a pause. Interestingly, the CBN sold 1.9x (N179.3bn sold vs N93.1bn offered) of what it initially offered, taking advantage of the huge bids from investors at the auction.

Regarding the NTB secondary market, yesterday's auction coupled with the outcome of the most recent MPC meeting posits that the upward yield reversal in the NTB market has plateaued. In subsequent trading sessions, we expect to observe some buy interest in the secondary NTB market as leftover demand gets filled. We also think yesterday's auction sets a cue for the OMO auction expected later in the week. Lastly, regarding the equity market, we also believe the recent half in the yield environment in the primary market coupled with potential dividend plays before the H1 earnings season could provide some temporary respite for the fight market thus

Headline	Level	1 day	YTD
NSE ASI	39,171.0	▲ 0.7%	▼ -2.7%
Mkt. Cap (N'bn)	20,416.0	▲ 0.7%	
Mkt. Cap (\$'mn)	49,315.0	▲ 0.7%	
Value (N'mn)	3,959.4	▲ 149.0%	
Value (\$'mn)	9.6	▲ 149.3%	
Volume	181.5	▼ -16.9%	
Deals	3,217.0		
Market Breadth	4.4x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.70	4.70	0.00
6 months	6.19	6.19	0.00
12 months	9.48	9.49	-0.01

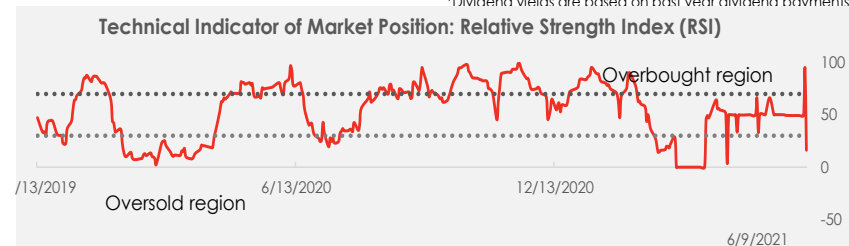
Bonds Yields	Current	Previous	% Δ
3 years	11.71	11.71	0.00
5 years	12.16	12.16	0.00
7 years	12.73	12.72	0.01
10 years	12.94	12.94	0.00

Currencies	Current	Previous	% Δ
Parallel	502.00	502.00	0.00%
NAFEX	410.75	411.50	0.18%

Other Key indices	Current	Previous	% Δ
OBB	14.7	14.4	0.30
OVN	15.2	14.7	0.50
Brent	72.2	73.4	-1.57

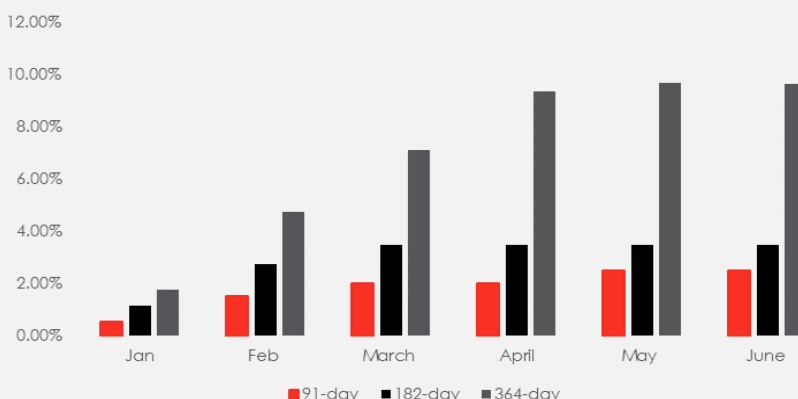
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	6.5%	0.0	0.0%
Banks	-0.9%	-1.1%	-10.3%	3.3	9.9%
Consumer	-0.1%	-0.2%	-2.2%	118.5	3.6%
Industrial	-0.1%	1.4%	-7.1%	17.6	4.9%
Insurance	-1.3%	0.4%	8.3%	4.1	4.9%
Oil & Gas	0.3%	-0.5%	36.0%	na	4.4%
Mkt. Avg. P/E	13.1	Mkt. Avg. Div. Yid	5.1%		

*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	156.5	▲ 0.7%	7.6%	10.4	6.0%
Egypt	10,105.0	▼ -0.2%	-6.8%	10.5	1.7%
Ghana	2,721.3	▲ 4.6%	40.3%	n/a	n/a
Kenya	170.2	▲ 0.2%	11.9%	14.4	2.2%
Mauritius	1,733.6	▲ 0.1%	5.2%	n/a	2.0%
Morocco	326.5	▼ 0.0%	7.1%	29.7	3.1%
MSCI FM	551.1	▼ -0.3%	11.2%	12.8	2.5%
South Africa	67,575.4	▼ -0.4%	13.7%	22.8	2.8%
Tunisia	7,373.5	▲ 0.1%	7.1%	25.6	1.8%
Zimbabwe	124,102.6	▲ 0.2%	167.9%	6.7	1.3%

Average Stop rates have plateaued
Average PMA Stop rates in 2021



Source: CBN, United Capital Research

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