United Capital Research | Daily Market Commentary

Headline

NSE ASI

68000

Monday, February 1, 2021

The day in review

- Equities market closed negative
- Financial system liquidity remained tight
- NTB market performance was largely flat
- Naira depreciated at the parrallel market

Following the monumental upsurge in the benchmark

index in 2020, one of the toughest questions our clients

are asking us is whether the market will crash soon, or

rather, can the stock market rally be sustained? Our

prognosis for the Nigerian stock market in 2021 is that

domestic interest, fueled by dividend expectations is likely

to sustain a market rally in Q1-2021. Thus far, the market

has sustained uptrend, extending the rally by 5.3% in

January 2020. We expect this to be sustained in the

month of February. Yet, in the absence of foreign demand and a potential reversal in the yield

environment, our analysis sees a short bear-market from

Q2 to Q3-2021. Potentially, the return of foreign portfolio

inflow in Q3/Q4-2021 if the currency market becomes

active again, as well as renewed local demand may lift

Looking forward

landmark event for the year.

the market in Q4-2020.

 Financial system liquidity remained tight 	Mkt. Cap (₦'bn)	22,157.9 🔺	0.8% 🔺	5.2%
 NTB market performance was largely flat 	Mkt. Cap (\$'mn)	58,464.1 🔺	0.8% 🔺	5.2%
 Naira depreciated at the parrallel market 	Value (N'mn)	6,024.0 🔻	-8.6%	
	Value (\$'mn)	15.9 🔻	-8.6%	
Looking forward	Volume	586.8 🔻	-12.4%	
• Q2-Q4 2020 Telecoms Data - NBS	Deals	7,611.0 🔺	14.2%	
	Market Breadth	1.3x		
	T-Bills Yields	Current	Previous	%Δ
Daily Insight				
Marche Fache Marticle Constitution de la marticle autorite	3 months	0.43	0.43 —	0.00
Nigeria Equity Market: Can the stock market rally be sustained?	6 months	1.00	1.00 💻	0.00
sosiainea ?	12 months	2.93	1.17 📥	1.76
2020 was an exciting year for stock markets around the				
world, as equities defied expectations and maintaining a	Bonds Yields	Current	Previous	%Δ
high level of attractiveness for the most part of the year,	3 years	5.27	5.90 🔻	-0.63
even amid the coronavirus pandemic. In Nigeria, like	5 years	7.40	7.01 📥	0.39
most of the world, a key driver of the market's	7 years	8.50	8.50 💻	0.00
performance was the	10 years	8.98	9.08 🔻	-0.10
unprecedented accommodative monetary policy				
response from the Central Bank which gave rise to	Currencies	Current	Previous	%Δ
low interest rates.	Official	379.00	379.00 💻	0.00%
Contrary to the prior two years where risk-free assets were	Parallel	477.00	476.00 🔻	-0.21%
the toast of local investors - to the detriment of equities -	NAFEX	394.00	394.13 📥	0.03%
due to their attractive yields - appetite for equities				
improved as the local stock market printed a 50.0% YTD	Other Key indices	Current	Previous	%Δ
return, ending the year as the best performing exchange	OBB	10.0	10.5 🔻	-0.50
in the world. Yet, the 20.0% coronavirus-triggered market	OVN	10.3	11.0 🔻	-0.75
crash between March and April 2020 was clearly a	Brent	56.2	55.9 📥	0.64

Level

42,357.9 🔻

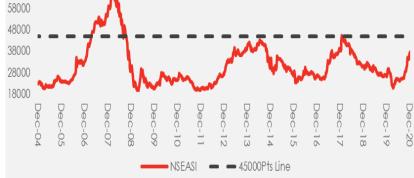
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-0.1% 📥

YTD

5.2%

Technicals suggests sustained uptrend in the near term 15-Year Trend of NSEASI



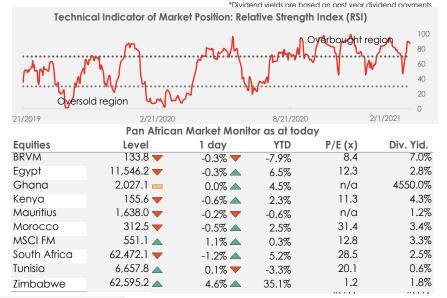
Sources: Bloomberg, United Capital Research

United Capital

The Intelligent Choice

1 day	MTD	YTD	P/E (x)	Div. Yid.
0.0%	3.5% 📥	3.5%	0.0	0.0%
▲ 0.3% ▲	5.1% 📥	5.1%	4.3	8.3%
▲ 0.2% ▲	5.7% 📥	5.7%	228.2	3.7%
▲ 0.5% ▲	1.3% 📥	1.3%	23.1	4.5%
▲ 1.5% ▲	29.3% 📥	29.3%	6.8	2.2%
-0.1% 🔺	13.7% 📥	13.7%	97.7	5.6%
Akt. Avg. P/E	16.1	Mkt. A	vg. Div. Yid	4.4%
	0.0% 0.3% 0.2% 0.5% 1.5% -0.1%	0.0% 3.5% 0.3% 5.1% 0.2% 5.7% 0.5% 1.3% 1.5% 29.3% -0.1% 13.7%	0.0% 3.5% 3.5% 0.3% 5.1% 5.1% 0.2% 5.7% 5.7% 0.5% 1.3% 1.3% 1.5% 29.3% 29.3% -0.1% 13.7% 13.7%	0.0% 3.5% 3.5% 0.0 0.3% 5.1% 5.1% 4.3 0.2% 5.7% 5.7% 228.2 0.5% 1.3% 1.3% 23.1 1.5% 29.3% 29.3% 6.8 -0.1% 13.7% 13.7% 97.7

*P/Es are based on the last twelve months trailing earnings



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