

Monday, February 22, 2021

The day in review

- Equities market closed negative
- Financial system liquidity remained tight
- Bearish activity in Bond market
- Naira was stable at the NAFEX window

Looking forward

NTB Primary Market Auction - CBN
FY-2020 Earnings Publications - NSE

Daily Insight

Nigeria's painful and fragile recovery

Last week, the National Bureau of Statistics (NBS) released the GDP report for Q4-2020 reporting the country's exit from its prior two-quarter slump, as real GDP growth printed at 0.1%. Evidencing further recovery, the economy expanded 9.7% q/q in Q4-2020, reflecting the sustained momentum generated by relaxing of Covid-19 restrictions. Despite the recovery, the fragility of the state of the economy was reflected in the fact that only 7 sectors (previously 9 sectors) expanded in Q4-2020 while 12 sectors (previously 10 sectors) contracted.

Looking ahead, we remain optimistic on economic recovery for 2021, albeit we note the fragility of the recovery. Our optimism builds on sustained pace of expansion in Non-oil GDP premised on the low base for 2020, particularly Q2-2021 and Q3-2021. In addition, we expect continued return to normality as people continue to regain confidence in conducting pre-pandemic activities. This will support expansion in Services GDP. That said, we note that growth in Agriculture has been volatile in recent quarters, thus considering its huge contribution to the recent recovery, slower growth in the sector could be a potential trigger to derail the recovery.

In the oil sector, we expect improved performance in FY-2021 considering the low base for oil production in 2020. While the country's production continues to be capped under the OPEC+ quota, we expect a recovery in production as OPEC+ gradually returns production level back to pre-pandemic levels following recent price gains and positive sentiments from increased rate of vaccinations which could spur demand for travel and consequently oil. Overall, we maintain our base case scenario GDP growth forecast of 1.7% for FY-2021 with a bull case forecast of 2.1% premised on faster than expected recovery in oil sector GDP.

Headline	Level	1 day	YTD
NSE ASI	40,154.1	▼ -0.1%	▼ -0.3%
Mkt. Cap (₦bn)	21,008.8	▼ -0.1%	▼ -0.2%
Mkt. Cap (\$'mn)	55,432.2	▼ -0.1%	▼ -0.2%
Value (N'mn)	3,574.0	▲ 23.0%	
Value (\$'mn)	9.4	▲ 23.0%	
Volume	289.3	▼ -6.0%	
Deals	4,953.0	▲ 12.7%	
Market Breadth	0.8x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.76	0.76	0.00
6 months	1.43	1.94	-0.51
12 months	2.07	2.07	0.00

Bonds Yields	Current	Previous	% Δ
3 years	7.40	7.42	-0.02
5 years	9.60	9.60	0.00
7 years	10.45	9.96	0.49
10 years	10.79	10.79	0.00

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	477.50	476.00	-0.31%
NAFEX	410.00	410.00	0.00%

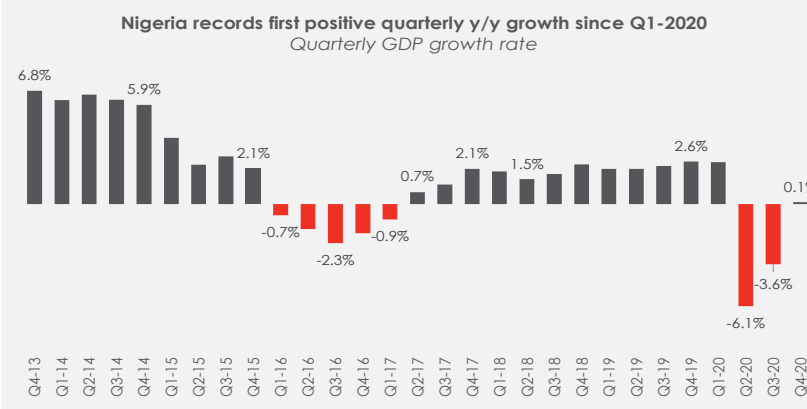
Other Key indices	Current	Previous	% Δ
OBB	15.0	20.0	-5.00
OVN	15.3	20.5	-5.25
Brent	65.7	62.9	4.48

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.3%	3.8%	0.0	0.0%
Banks	1.8%	-9.2%	-2.1%	4.0	9.0%
Consumer	-0.3%	-4.4%	2.3%	216.2	3.8%
Industrial	2.6%	-3.3%	-1.9%	21.1	4.8%
Insurance	-2.9%	-12.1%	14.0%	5.4	2.5%
Oil & Gas	-0.9%	-1.3%	10.9%	112.2	5.4%
Mkt. Avg. P/E		15.7		Mkt. Avg. Div. Yid	4.4%

*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	135.8	▼ -0.3%	-6.6%	8.5	6.9%
Egypt	11,523.1	▼ -0.7%	6.2%	12.8	2.5%
Ghana	2,055.0	0.0%	5.8%	n/a	n/a
Kenya	157.1	0.0%	4.1%	11.4	4.3%
Mauritius	1,631.5	▼ 0.0%	-1.0%	n/a	1.1%
Morocco	314.2	▼ -0.4%	3.1%	31.5	3.4%
MSCI FM	551.1	▲ 0.4%	2.5%	12.8	3.3%
South Africa	65,059.2	▲ 1.2%	7.9%	29.7	2.4%
Tunisia	6,609.7	▼ -0.2%	-4.0%	20.0	0.6%
Zimbabwe	87,150.0	▲ 5.3%	88.1%	1.8	1.2%



Sources: NBS, United Capital Research

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