

The day in review

- Equities lost 4bps
- Interbank rates remain in double digit
- Bearish performance in the fixed income market
- Naira stayed flat at the NAFEX window

Looking forward

Company Earnings Season - NSE

Daily Insight

Nigerian consumers: Light at the end of the tunnel?

The year 2020 provided little respite for Nigerian consumers. At the start of the year, the Federal government implemented a VAT hike of 50.0% to 7.5% in Feb-2020. Shortly after, the Covid-19 pandemic hit, leading to job losses and wage cuts. Following the Covid-19 crisis, the CBN devalued the NAFEX exchange rate twice, at c.12.0%, and adjusted the official rate by c.23.0%. Furthermore, PMS price was revised upwards by c.12.0% and electricity tariffs nearly doubled on average.

Recently, the National Bureau of Statistics (NBS) released unemployment data for Q4-2020, which revealed a surge to a record high of 33.3%. The NBS also reported Feb-2021 inflation data showing that food inflation rose to a 16-year high of 21.8%. To highlight the severity, data from NBS shows that Nigerians spend 56.7% of their income on food. With a misery index of 50.6%, it implies worsened economic woes. These pressures continue to mount amidst stagnant and, in many cases, declining nominal and real wage rate. Unsurprisingly, economic growth remains uninspiring, given household consumption makes up c.60.0% GDP.

Looking ahead, we see little respite for Nigerian consumers. While we believe that increased economic activity will marginally improve household income, cost pressures on household consumer baskets will dampen any growth. A further electricity tariff hike is likely by Jun-2021 and despite the resistance to the PMS price hike, we believe a hike is inevitable in the mid to long term. Also, food prices continue to soar as FX challenges remain. Overall, in the short-term, the outlook looks grim for the Nigeria consumer; however, sometimes it is darkest before the dawn.

Headline	Level	1 day	YTD
NSE ASI	38,706.1	0.0% ▼	-3.9%
Mkt. Cap (N'bn)	20,251.2	0.0% ▼	-3.8%
Mkt. Cap (\$'mn)	53,433.4	0.0% ▼	-3.8%
Value (N'mn)	2,676.9	-36.4%	
Value (\$'mn)	7.1	-36.4%	
Volume	177.4	-19.7%	
Deals	4,103.0		
Market Breadth	1.1x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.94	0.94	0.00
6 months	3.61	3.55	0.06
12 months	4.00	4.00	0.00

Bonds Yields	Current	Previous	% Δ
3 years	8.01	7.64	0.37
5 years	9.88	9.88	0.00
7 years	10.10	10.10	0.00
10 years	10.38	10.34	0.04

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	485.00	485.00	0.00%
NAFEX	409.75	409.75	0.00%

Other Key indices	Current	Previous	% Δ
OBB	12.7	10.3	2.42
OVN	13.5	10.5	3.00
Brent	68.0	68.4	-0.60

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▼	-1.8% ▲	0.0%	0.0	0.0%
Banks	-0.4% ▼	-12.1% ▼	-14.4%	3.3	10.5%
Consumer	0.0% ▼	-5.5% ▼	-7.1%	1025.8	3.9%
Industrial	0.0% ▲	3.1% ▼	-4.7%	21.4	4.7%
Insurance	-1.0% ▼	-2.4% ▲	4.0%	4.2	2.7%
Oil & Gas	1.3% ▲	0.3% ▲	17.7%	na	5.4%
Mkt. Avg. P/E		14.6	Mkt. Avg. Div. Yid	4.8%	

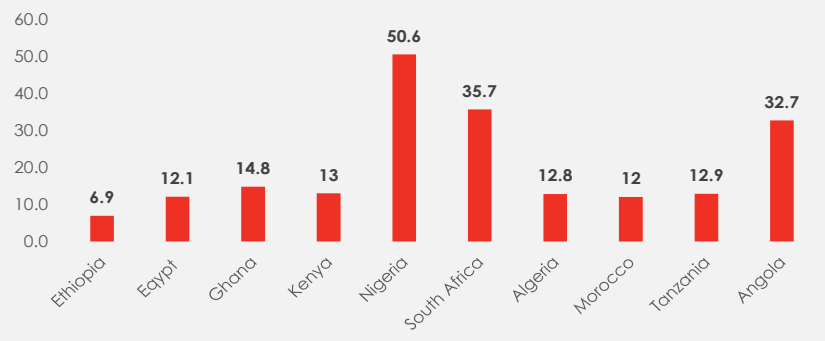
*P/Es are based on the last twelve months trailing earnings
*Dividend yields are based on past year dividend payments



Pan African Market Monitor as at today					
Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	139.2	0.4% ▼	-4.2%	8.7	6.8%
Egypt	11,068.4	-1.1% ▲	2.1%	13.1	2.6%
Ghana	2,223.2	-0.2% ▲	14.6%	n/a	n/a
Kenya	163.3	0.3% ▲	7.4%	12.0	2.4%
Mauritius	1,556.9	0.6% ▼	-5.6%	n/a	1.0%
Morocco	307.3	0.9% ▲	0.8%	24.4	3.4%
MSCI FM	551.1	0.2% ▲	0.5%	12.8	3.1%
South Africa	66,494.5	-1.2% ▲	11.9%	25.6	2.5%
Tunisia	6,797.9	0.1% ▼	-1.3%	18.7	0.6%
Zimbabwe	87,005.4	-4.9% ▲	87.8%	1.7	1.3%

Nigeria proves to be more miserable to live in compared to major African peers

Misery Index of African Peers



Sources: NBS, Bloomberg, Trading Economics, United Capital Research

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