

The day in review

- Equity market shed 0.4%
- Interbank rates closed lower
- Mixed activity in Bonds market
- Naira depreciated at the NAFEX window

Looking forward

FY-2021 Earnings Season - NGX

Daily Insight

Non-interest income to come under pressure?

Our previous publications highlighted the possibility of non-interest income for banks coming under pressure due to the new non-banking entrants in the banking space. In Q4-2021, those concerns further strengthened after the CBN granted an approval in principle to the two largest telecoms service providers, MTN and Airtel.

Looking closely, we do not see this as a threat in 2022 but rather a long-term concern. In the short term, due to the reduced adoption in the early stages and interoperability of these platforms, we see e-banking income for banks returning modest growth even in the face of price competition between fintechs and new entrants in 2022 for consumers. However, as the Payment Service Banks (PSBs) begin to integrate operations and rollout their services, e-banking income of banks may come under significant threat in the long term.

Secondly, trading gains are unlikely to see an uptick due to the relatively higher yield environment in 2020 and 2021. Also, we note that the introduction of trading fees and other associated charges could have the double whammy impact of weaker transaction volume & value and reduced capital gains (due to the impact of the fees).

Headline	Level	1 day	YTD
NGX ASI	46,930.7	-0.4%	9.9%
Mkt. Cap (N'bn)	25,289.2	-0.4%	
Mkt. Cap (\$'mn)	60,754.9	-0.4%	
Value (N'mn)	6,260.3	69.5%	
Value (\$'mn)	15.0	69.3%	
Volume	434.9	27.4%	
Deals	5,878.0		
Market Breadth	0.8x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.04	4.04	0.00
6 months	4.38	4.38	0.00
12 months	5.21	5.21	0.00

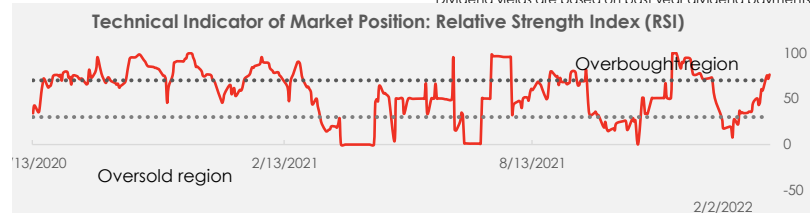
Bonds Yields	Current	Previous	% Δ
3 years	8.75	8.75	0.00
5 years	11.24	11.00	0.24
7 years	11.78	11.78	0.00
10 years	11.98	12.11	-0.13

Currencies	Current	Previous	% Δ
NAFEX	416.25	415.75	-0.1%

Other Key indices	Current	Previous	% Δ
OBB	1.0	2.0	-1.00
OVN	1.3	2.3	-1.00
Brent	88.5	89.2	-0.70

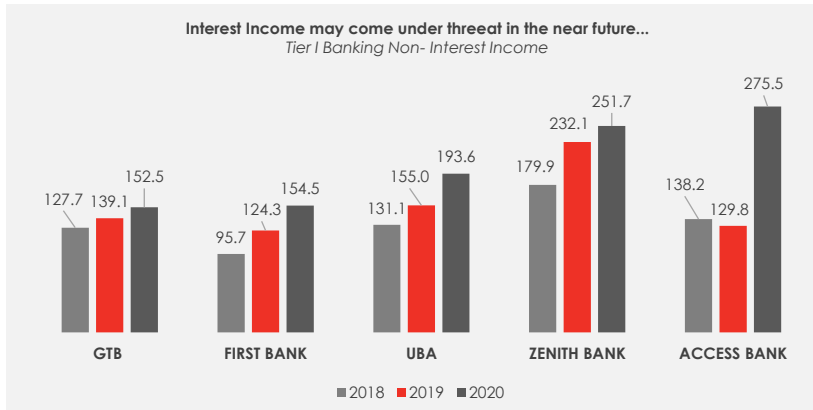
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	3.8%	8.6%	na	na
Banks	-1.4%	0.7%	9.5%	2.6	7.7%
Consumer	0.0%	0.2%	-2.3%	24.3	3.7%
Industrial	-0.2%	0.2%	3.6%	17.5	3.6%
Insurance	-1.9%	-1.0%	-6.9%	2.3	3.1%
Oil & Gas	0.6%	6.1%	21.1%	11.3	3.8%
Mkt. Avg. P/E		10.3		Mkt. Avg. Div. Yid	4.2%

*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	204.0	-0.3%	0.8%	9.0	5.2%
Egypt	11,691.8	0.8%	-2.2%	9.2	1.5%
Kenya	165.9	0.4%	-0.3%	11.2	3.5%
Mauritius	2,136.6	0.1%	1.8%	na	3.0%
Morocco	356.6	-0.5%	2.5%	23.7	2.7%
MSCI FM	647.1	0.8%	-2.8%	14.0	2.8%
South Africa	75,190.7	0.4%	2.0%	12.6	3.1%
Tunisia	7,117.3	0.1%	1.0%	23.4	2.3%
Zimbabwe	354,143.9	3.0%	20.0%	22.6	0.9%



Source: CBN, United Capital Research

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