

Tuesday, June 8, 2021

The day in review

- Equities market gained 0.5%
- System liquidity remained flat
- Brent upward trend continues
- Naira falls marginally on the I&E window

Looking forward

NTB PMA- CBN

Daily Insight

OPEC adjustments keep prices favourable and maintain the cartels' relevance

On the 1st of June 2021, the Joint Ministerial Meeting of OPEC and its allies, OPEC+ agreed to extend its Apr-2021 commitment to ease production constraints that will see OPEC+ states boost output by 2.0mbpd from May to July 2021. Following the outbreak of the pandemic, OPEC+ members had to adhere to various output adjustments in the face of aggregate demand and supply shocks.

Other notable outcomes included the swing producer decision Saudi Arabia to continue to take its cuts of 1.0mbpd as it plans to keep markets tight. The newly agreed production output aims to address the increased demand on the back of global economic recovery while also looking to rebalance the market following concerns of a potential supply glut from non-OPEC parties. There are also relatable concerns towards OPEC+ members like Iran, possibly flooding the market following the potential lifting of sanctions.

With regards to Nigeria, although our current output quota will be capped at 1.5mpd, condensate production estimated at 200kpd – 300kpd would provide support to achieving the FG's benchmark output of 1.8mbpd. In addition, oil prices are expected to remain well above the FG's benchmark of \$40.0/b. This will boost post-Covid recovery efforts and support the FGN's fiscal obligations while strengthening our foreign reserves, currency markets, and economic output.

Headline	Level	1 day	YTD
NSE ASI	38,881.7	▲ 0.5%	▼ -3.4%
Mkt. Cap (N'bn)	20,266.0	▲ 0.5%	
Mkt. Cap (\$'mn)	49,001.2	▲ 0.5%	
Value (N'mn)	1,590.4	▲ 6.0%	
Value (\$'mn)	3.9	▲ 5.9%	
Volume	218.5	▲ 3.7%	
Deals	3,630.0		
Market Breadth	0.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.70	4.70	0.00
6 months	6.19	6.19	0.00
12 months	9.49	8.75	0.74

Bonds Yields	Current	Previous	% Δ
3 years	11.71	11.93	-0.22
5 years	12.16	12.16	0.00
7 years	12.72	12.72	0.00
10 years	12.94	12.94	0.00

Currencies	Current	Previous	% Δ
Parallel	502.00	502.00	0.00%
NAFEX	411.50	411.07	-0.10%

Other Key indices	Current	Previous	% Δ
OBB	14.4	14.3	0.04
OVN	14.7	14.5	0.17
Brent	73.4	72.9	0.64

	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	2.5%
Tunisia	7,373.5	▲ 0.1%	7.1%	25.6	1.8%
Zimbabwe	124,102.6	▲ 0.2%	167.9%	6.7	1.3%

Brent price has recovered after bottoming out during the pandemic
Brent prices since Feb-2020 (in USD)



Source: Bloomberg, United Capital Research

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