

Wednesday, September 8, 2021

**The day in review**

- Equity market dropped 0.1%
- Interbank rates ticked higher
- Muted activity in T-bills market
- Naira depreciated at NAFEX window

**Looking forward**

H1-2021 Banking-stocks Earnings Season - NBS

**Daily Insight**

**OPEC+ sticks to its plan of gradual increase in oil output**

Last week, the Organization of Petroleum Exporting Countries and its alliances (OPEC+) held its 20th OPEC and non-OPEC ministerial meeting. At the meeting, the alliance agreed to stick with its initial plan to increase oil production by 400,000bpd monthly until phasing out the 5.8mbpd cuts by April-2022. This came despite various speculations and pleas for a possible rise in production level. The President of the United State of America (USA), President Joe Biden, had earlier urged the OPEC+ to boost production rapidly to tackle rising gasoline prices which it saw as a threat to the global economic recovery. However, the group did not believe that the oil market needed more than it already planned to release.

In July, the alliance had agreed to boost production across all member countries starting August-2021 to support demand and cushion rising crude oil prices. Given its decision to stick with the plan, it means that 400,000bpd would be released to the market in October. Oil prices were perturbed by the news, rising slightly by 2.0% on Thursday (2nd Sep) before losing momentum on Friday (3rd Sep). Both the Brent crude and the US West Texas Intermediate (WTI) futures were down and traded at \$71.69/bbl and \$68.35/bbl respectively for the last trading session.

Despite the effects of the covid-19 pandemic casting some uncertainty, we maintain our positive outlook as market fundamentals have strengthened on the back of quick demand-led recovery. In addition, OPEC+ revised its 2022 oil demand growth forecast to 4.2mbpd, up from the previous forecast of 3.3mbpd, potentially building the case for higher output in the future.

Headline	Level	1 day	YTD
NSE ASI	39,204.5	▼ -0.1%	▼ -2.6%
Mkt. Cap (₦'bn)	20,426.2	▼ -0.1%	
Mkt. Cap (\$'mn)	49,638.4	▼ -0.1%	
Value (N'mn)	3,202.6	▲ 11.5%	
Value (\$'mn)	7.8	▲ 11.3%	
Volume	354.1	▼ -0.5%	
Deals	4,095.0		
Market Breadth	1.0x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.51	3.51	0.00
6 months	4.45	4.46	-0.01
12 months	6.67	6.67	0.00

Bonds Yields	Current	Previous	% Δ
3 years	9.89	9.90	-0.01
5 years	10.57	10.57	0.00
7 years	11.21	11.21	0.00
10 years	11.56	11.56	0.00

Currencies	Current	Previous	% Δ
Parallel	535.00	532.00	▼ -0.6%
NAFEX	411.50	410.67	▼ -0.2%

Other Key indices	Current	Previous	% Δ
OBB	8.8	7.0	▲ 1.83
OVN	9.3	7.3	▲ 2.08
Brent	72.4	71.7	▲ 1.00

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	17.1%	na	na
Banks	0.5%	0.4%	-3.7%	3.1	8.9%
Consumer	-0.4%	-1.0%	-4.6%	72.5	3.7%
Industrial	0.0%	0.6%	-4.5%	16.6	4.8%
Insurance	0.0%	0.3%	1.1%	9.7	2.9%
Oil & Gas	0.3%	-1.1%	61.1%	11.1	4.1%
<b>Mkt. Avg. P/E</b>	<b>10.4</b>	<b>Mkt. Avg. Div. Yid</b>	<b>5.3%</b>		

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



Pan African Market Monitor as at today					
Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	176.4	▼ -0.2%	▲ 21.4%	9.7	6.2%
Egypt	11,301.4	▲ 0.2%	▲ 4.2%	9.9	1.4%
Ghana	2,753.6	▲ 0.1%	▲ 42.0%	15.2	4155.3%
Kenya	181.0	▼ -0.7%	▲ 19.0%	13.5	3.3%
Mauritius	1,953.3	▼ -0.2%	▲ 18.5%	na	2.0%
Morocco	332.6	▼ 0.0%	▲ 9.1%	28.4	3.7%
MSCI FM	660.8	▲ 0.1%	▲ 15.6%	15.4	2.6%
South Africa	66,478.9	▼ -0.3%	▲ 11.9%	13.3	3.7%
Tunisia	7,346.5	▲ 0.1%	▲ 6.7%	22.8	2.2%
Zimbabwe	148,974.1	▲ 2.8%	▲ 221.6%	7.7	1.9%

**Oil price has steadied on the back of increased supply and demand-led recovery**  
Brent Crude Oil Price



Source: Bloomberg, United Capital Research

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