

**The day in review**

- Equity market shed 1bp
- Interbank rates ticked lower
- Bullish activity in T-bills market
- Naira appreciated at NAFEX window

**Looking forward**

NT-Bills Primary Market Auction - CBN

**Daily Insight**

**Oil price sustains momentum: All that glitters...**

Brent crude futures briefly soared past the psychological \$80.0/b mark on Tuesday, rising to an eye-watering \$80.20/b, before edging below that mark (at the time of writing). Improved and resolute demand, amid tight supply and depleted stockpiles, continues to sustain the rally, which has seen Brent futures rise 50.7% YTD. Hurricanes Ida and Nicholas, which hit the US Gulf of Mexico in August and September, caused significant production and refining capacity disruptions in the US. Underinvestment and maintenance bottlenecks in Nigeria and Angola have kept supply underwhelming, despite relaxation of OPEC quotas.

Oil's current price strength is likely to continue in the short term, owing to factors such as strong winter consumption, improved travel demand, and broader speculation that the sector isn't investing enough to close the demand gap amid a push for energy diversification and emission reduction. The persistent surge, however, has put enormous inflationary pressure on the global economy, as other energy commodity prices are skyrocketing. For instance, European Natural Gas is at an all-time high of €71.7/MWh, having surged 274.9% YTD, with no signs of retreat in sight. Furthermore, while OPEC+ has begun to ease its quotas, supply is likely to remain restricted.

In Nigeria, rising oil prices remain a double-edged sword. On the one hand, Nigeria will receive much needed USD inflows from higher oil prices, while on the other hand, the country is incurring higher petroleum importation costs and, by extension, landing costs and subsidy expenses. The NNPC has recently postponed its previous plans to begin fuel subsidy elimination in 2021 to 2022 due to potential social agitation and inflationary impacts. As a result, an increase in the already untenable subsidy costs is unavoidable. Thus, increase in fuel subsidy payments will always remain a dark point associated with higher oil prices, eroding potential gains in FX inflows, a perfect illustration of "all that glitters, is not necessarily gold".

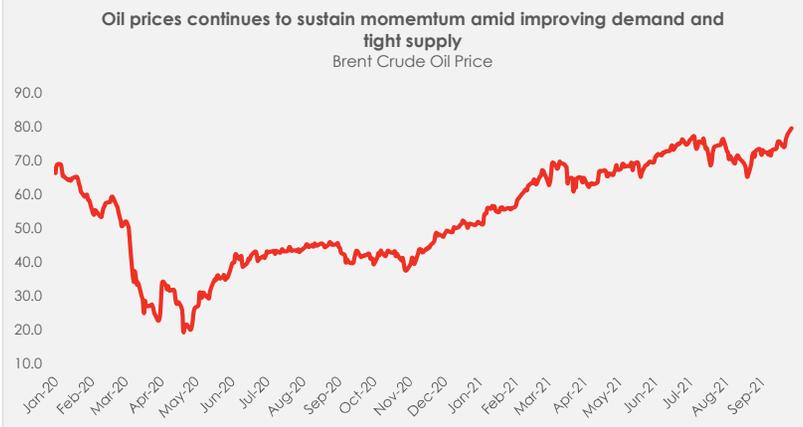
Headline	Level	1 day	YTD
NGX ASI	38,859.0	▼ 0.0%	▼ -3.5%
Mkt. Cap (N'bn)	20,245.8	▼ 0.0%	
Mkt. Cap (\$'mn)	48,843.9	▼ 0.0%	
Value (N'mn)	3,044.6	▲ 77.8%	
Value (\$'mn)	7.3	▲ 77.9%	
Volume	526.3	▲ 277.4%	
Deals	3,535.0		
Market Breadth	0.9x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.14	▼ 4.15	-0.01
6 months	5.20	▲ 5.20	0.00
12 months	7.50	▼ 8.29	-0.79

Bonds Yields	Current	Previous	% Δ
3 years	8.84	▲ 8.84	0.00
5 years	10.25	▲ 9.97	0.28
7 years	11.55	▲ 11.22	0.33
10 years	12.02	▲ 11.96	0.06

Currencies	Current	Previous	% Δ
NAFEX	414.50	▲ 414.83	0.1%

Other Key indices	Current	Previous	% Δ
OBB	13.0	▼ 15.3	-2.33
OVN	13.8	▼ 16.0	-2.25
Brent	78.7	▼ 79.5	-1.02



Source: Bloomberg, United Capital Research

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	▲ -3.4%	13.5%	na	na
Banks	▼ -0.3%	▼ -2.1%	▼ -6.1%	3.0	9.3%
Consumer	▲ 0.1%	▼ -0.3%	▼ -4.0%	70.3	3.7%
Industrial	▲ 0.0%	▼ -0.5%	▼ -5.6%	16.4	4.8%
Insurance	▼ -3.4%	▼ -7.5%	▼ -6.8%	11.2	2.0%
Oil & Gas	▲ 0.0%	▲ 0.0%	▲ 62.9%	10.7	4.1%
<b>Mkt. Avg. P/E</b>	<b>10.4</b>	<b>Mkt. Avg. Div. Yid</b>	<b>5.4%</b>		

\*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	183.2	▲ 0.3%	▲ 26.0%	9.5	5.9%
Egypt	10,446.8	▼ -0.5%	▼ -3.7%	9.1	1.6%
Kenya	177.2	▼ -0.5%	▲ 16.5%	13.2	3.4%
Mauritius	1,979.1	▲ 0.0%	▲ 20.1%	na	2.0%
Morocco	345.2	▲ 0.0%	▲ 13.2%	27.3	3.3%
MSCI FM	658.8	▼ -0.6%	▲ 15.3%	15.2	2.6%
South Africa	63,784.4	▼ -0.6%	▲ 7.4%	11.8	4.4%
Tunisia	7,246.6	▼ -0.5%	▲ 5.3%	22.4	2.2%
Zimbabwe	198,359.1	▼ -3.4%	▲ 328.2%	11.3	1.3%

**Contact us**

**Research** | +234-1-631-7898  
research@unitedcapitalplcgroup.com

**Trustees** | +234-1-631-7877  
trustees@unitedcapitalplcgroup.com

**Securities Trading** | +234-1-631-7891  
securities@unitedcapitalplcgroup.com

**Investment Banking** | +234-1-631-7883  
investmentbanking@unitedcapitalplcgroup.com

**Asset Management** | +234-1-631-7876  
assetmanagement@unitedcapitalplcgroup.com