United Capital
The Intelligent Choice

The day in review

- Equity market gained 0.1%
- Interbank rates ticked downwards
- Bullish activity in Bonds market
- Naira remained flattish at the NAFEX window

Looking forward

Q3 Earning season - NGX

Daily Insight

Oil prices extend gains amid tight supply

Last week, Brent crude recorded gains for the ninth consecutive week, its longest streak since 2015. Year-to-date, Brent has returned a whopping 103.5%, with the current bull run attributable to tight market supply and amid improving demand globally.

The recent oil rally is the outcome of a recent global market imbalance caused by oil production constraints (such as outages in US oil infrastructure due to natural disasters), coal shortages and a jump in natural gas prices, as well as OPEC+'s unwillingness to boost output. In the medium term, the upward trend in oil prices appears inevitable. This was affirmed in a recent town hall with US President Biden, in which he stated that energy prices would continue to rise unless OPEC+ and its members increased supply, which OPEC+ and its members are unlikely to do. Also last week, swing producer, Saudi Arabia, reiterated OPEC's plan to maintain its cautious approach to managing global crude supplies amid improving demand, citing the cartel's intent to avoid flooding the market with increase stockpiles ahead of 2022.

Looking ahead, we expect the oil market rally to be sustained, boosted by the continued economic recovery globally. In the short term, we expect rising demand for fossil fuels as a coal substitute to sustain demand for crude. In terms of supply, we expect OPEC+ to maintain its current monthly output increase of 400,000 barrels until April 2022. However, with oil prices at $85 per barrel, there remains some downside, since higher prices could encourage high-cost shale companies to drill more, potentially tipping the market balance. Overall, we expect increased shale production to have a modest impact on oil prices in the near term, as long as OPEC+ output remains within its agreed output agreement.

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Headline	Level	1 day	YTD
NGX ASI	41,814.7	0.1%	3.8%
Mkt. Cap (₦'bn)	21,821.3	0.1%	
Mkt. Cap ($'mn)	52,572.6	0.1%	
Value (N'mn)	7,591.5	29.4%	
Value ($'mn)	18.3	29.4%	
Volume	674.5	32.2%	
Deals	5,432.0		
Market Breadth	1.0x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.29	3.76	0.53
6 months	5.69	5.70	-0.01
12 months	7.16	6.87	0.29

Bonds Yields	Current	Previous	% Δ
3 years	10.22	10.23	-0.01
5 years	11.59	11.79	-0.20
7 years	11.81	11.82	-0.01
10 years	12.04	12.07	-0.03

Currencies	Current	Previous	% Δ
NAFEX	415.07	415.07	0.0%

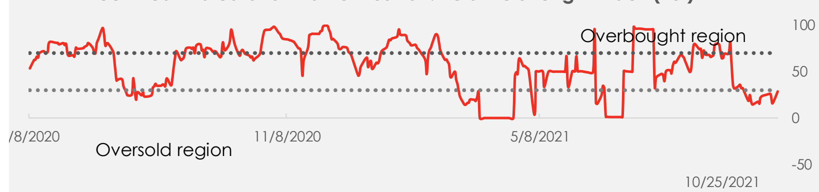
Other Key indices	Current	Previous	% Δ
OBB	15.5	19.0	-3.50
OVN	16.0	19.3	-3.25
Brent	85.5	85.5	-0.02

	1 day	MTD	YTD	P/E (x)	Div. Yld.
Agriculture	0.0%	11.1%	32.5%	na	na
Banks	-0.2%	8.0%	1.9%	3.2	8.6%
Consumer	0.4%	-1.1%	-2.2%	82.3	3.7%
Industrial	-0.1%	3.7%	5.6%	18.4	4.3%
Insurance	1.9%	-1.2%	-9.8%	8.6	3.2%
Oil & Gas	0.4%	2.3%	66.1%	10.8	4.0%
Mkt. Avg. P/E	11.1	Mkt. Avg. Div. Yld	5.0%		

*P/Es are based on the last twelve months trailing earnings

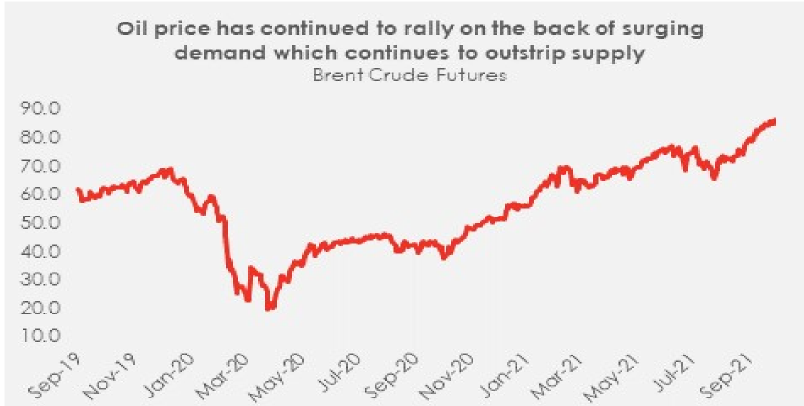
*Dividend yields are based on past year dividend payments

Technical Indicator of Market Position: Relative Strength Index (RSI)



Pan African Market Monitor as at today

Equities	Level	1 day	YTD	P/E (x)	Div. Yld.
BRVM	190.2	0.1%	30.8%	9.9	5.7%
Egypt	11,178.0	-0.1%	3.1%	9.7	1.4%
Kenya	176.6	-1.1%	17.4%	13.5	3.4%
Mauritius	2,111.9	0.0%	28.1%	na	1.9%
Morocco	349.1	0.0%	14.5%	25.9	3.3%
MSCI FM	678.5	0.2%	18.7%	15.7	2.6%
South Africa	67,024.6	0.0%	12.9%	12.1	4.4%
Tunisia	7,003.7	0.0%	1.7%	21.9	2.3%
Zimbabwe	291,828.5	-6.8%	529.9%	2.7	1.0%



Source: Bloomberg, United Capital Research

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