

The day in review

- Equity market declined 20bps
- Interbank rates closed higher
- Bond yields closed flat
- Naira depreciated at the NAFEX window

Looking forward

CPI and Inflation Report Nov 2021- NBS

Daily Insight

Oil prices: Uncertainties linger amid Omicron variant

After coming under intense pressure in recent weeks, the oil market has somewhat rebounded, and oil prices have regained upward momentum. Notably, Brent crude, the global oil benchmark, saw a significant drawdown of 20.2% from the 2021 high of \$86.40/b set on 26th Oct 2021 to a trough of \$68.87/b on 1st Dec 2021. Brent has recovered 8.0% MTD, closing at \$74.39 on 13th Dec 2021.

Brent crude is still up 43.6% YTD but began its bearish trend in Nov-2021 when the United States and other major oil consuming nations agreed to release millions of barrels from their strategic reserves in a bid to cushion gasoline prices and combat inflationary pressures. Furthermore, oil prices came under further pressure at the close of Nov-2021, on the back of the discovery of new Covid-19 variant, tagged Omicron, which led to introduction of travel restrictions/bans. As a result, a significant downturn was witnessed largely on the back of worries over the potential severity of the variant.

Looking forward, Omicron remains a headwind which could weigh on oil demand. Recent reports of the variant causing the death of an individual in the UK have emerged. Also, the rapid spread of the variant in South Africa points to high transmissibility. Furthermore, reports suggest the variant is evasive against existing vaccines, and this could drive further need for travel bans and movement restrictions. There could also be the need for vaccine manufacturers to come up with additional/booster vaccine shots to help provide further protection against the new variant. However, while demand for oil could be constrained in the near term, said demand will only be pushed forward into Q1-2022 when there is more clarity on Omicron infection and fatality rates, which will be supportive of higher prices.

Headline	Level	1 day	YTD
NGX ASI	42,317.5	▼ -0.2%	▲ 5.1%
Mkt. Cap (N'bn)	22,081.2	▼ -0.2%	
Mkt. Cap (\$'mn)	53,233.4	▼ -0.2%	
Value (N'mn)	2,299.3	▼ -30.1%	
Value (\$'mn)	5.5	▼ -30.2%	
Volume	270.1	▲ 17.6%	
Deals	3,753.0		
Market Breadth	0.8x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.00	3.00	0.00
6 months	3.74	3.74	0.00
12 months	5.63	5.64	-0.01

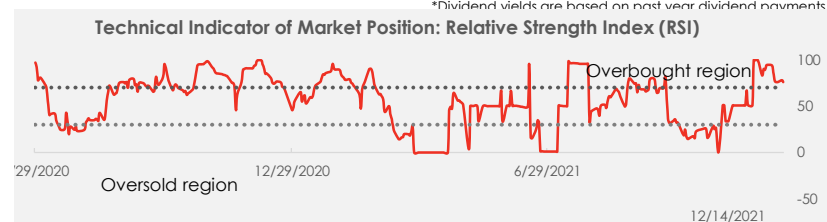
Bonds Yields	Current	Previous	% Δ
3 years	9.29	9.29	0.00
5 years	11.28	11.28	0.00
7 years	12.48	12.48	0.00
10 years	12.56	12.56	0.00

Currencies	Current	Previous	% Δ
NAFEX	414.80	414.06	▼ -0.2%

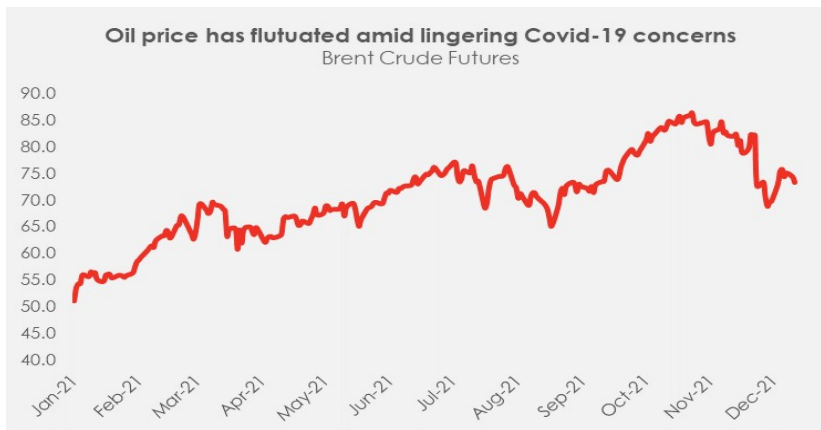
Other Key indices	Current	Previous	% Δ
OBB	13.8	13.5	▲ 0.25
OVN	14.3	14.0	▲ 0.25
Brent	73.4	74.4	▼ -1.36

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	43.3%	na	na
Banks	1.8%	-0.8%	-1.4%	2.8	8.9%
Consumer	0.6%	-0.4%	-4.9%	22.3	3.8%
Industrial	0.1%	-0.2%	6.6%	17.8	3.7%
Insurance	0.6%	0.4%	-0.5%	2.0	3.1%
Oil & Gas	1.1%	-5.3%	51.3%	8.2	4.4%
Mkt. Avg. P/E	10.0		Mkt. Avg. Div. Yid	4.8%	

*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	196.3	▼ -0.3%	▲ 35.0%	10.2	5.5%
Egypt	11,514.9	▲ 1.0%	▲ 6.2%	8.7	1.5%
Kenya	159.1	▼ -0.6%	▲ 4.6%	11.7	3.7%
Mauritius	2,024.5	▲ 0.7%	▲ 22.8%	na	3.0%
Morocco	345.0	▼ 0.0%	▲ 13.2%	25.5	3.4%
MSCI FM	656.7	▼ -0.8%	▲ 14.9%	14.8	2.7%
South Africa	70,896.9	▲ 0.1%	▲ 19.3%	11.8	4.3%
Tunisia	6,980.9	▼ -0.6%	▲ 1.4%	21.8	2.3%
Zimbabwe	289,876.2	▲ 3.0%	▲ 525.7%	18.5	0.9%



Source: Bloomberg, United Capital Research

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