

Tuesday, January 11, 2022

**The day in review**

- Equity market declined 10bps
- Interbank rates closed higher
- Flattish activity in NT bills market
- Naira closed flat at the NAFEX window

**Looking forward**

Dec-2021 CPI and Inflation Report - NBS

**Daily Insight**

**Pipeline Vandalism: A hiccup in Nigeria's oil sector progress**

Over time, Nigeria's crude oil production has experienced disruptions on the back of noteworthy factors such as community interference, industrial actions by oil workers, Covid-19 outbreak at terminals, among others. A recent highlight from TotalEnergies EP Nigeria Limited, in a letter to the Niger Delta Power Holding Company Limited (NDPHC), reflected the incessant occurrence of pipeline vandalism in Nigeria, as its NOPL pipeline (a 24 inch, 50km long pipeline under construction by TotalEnergies in a joint venture with the NNPC) got caught in the crossfire.

A quick examination of the magnitude of disruptions experienced in the oil sector thus far can be seen in the numbers extracted from different previously released FAAC reports from the crude oil marketing division of the NNPC in 2021. The report disclosed crude oil leakages at the different terminals printed at 10.9mmbbl, 14.8mmbbl and 20.3mmbbl in Q1-2021, Q2-2021 and Q3-2021, respectively, to give an aggregate of 46.0mmbbl of crude oil volumes that were shut-in in the first three quarters of 2021. These amounted to a total of N1.3tn cumulative loss in crude-oil production value, using \$61.32/bbl, \$69.08/bbl, \$73.22/bbl average prices of Brent crude for Q1, Q2 and Q3-2021, at an official exchange rate of N411.95/\$.

In 2022, the FG budget assumes oil production of 1.88mbpd at a benchmark price of \$62.00/b. However, given security challenges in the oil sector, as well as underinvestment, Nigeria is unlikely to reach such lofty production levels. Nonetheless, given the low base from 2021, we expect a modest improvement in oil production in 2022, as technical difficulties at oil fields get resolved.

Headline	Level	1 day	YTD
NGX ASI	43,859.3	-0.1% ▲	2.7%
Mkt. Cap (N'bn)	23,630.6	-0.1%	
Mkt. Cap (\$'mn)	56,736.1	-0.1%	
Value (N'mn)	6,768.3	-21.7%	
Value (\$'mn)	16.3	-21.7%	
Volume	294.5	-5.4%	
Deals	4,501.0		
Market Breadth	0.7x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.43	3.43	0.00
6 months	4.32	4.32	0.00
12 months	5.23	5.23	0.00

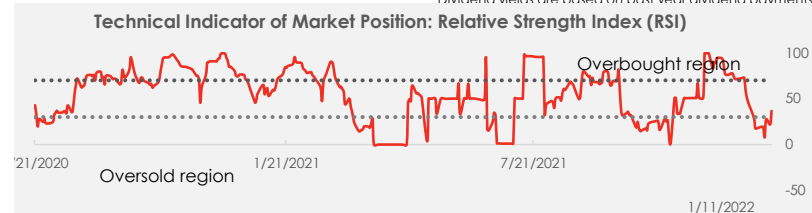
Bonds Yields	Current	Previous	% Δ
3 years	9.09	9.09	0.00
5 years	11.29	11.35	-0.06
7 years	12.44	12.44	0.00
10 years	12.61	12.61	0.00

Currencies	Current	Previous	% Δ
NAFEX	416.50	416.50	0.0%

Other Key indices	Current	Previous	% Δ
OBB	15.5	13.8	▲ 1.75
OVN	16.3	14.5	▲ 1.75
Brent	82.2	80.9	▲ 1.63

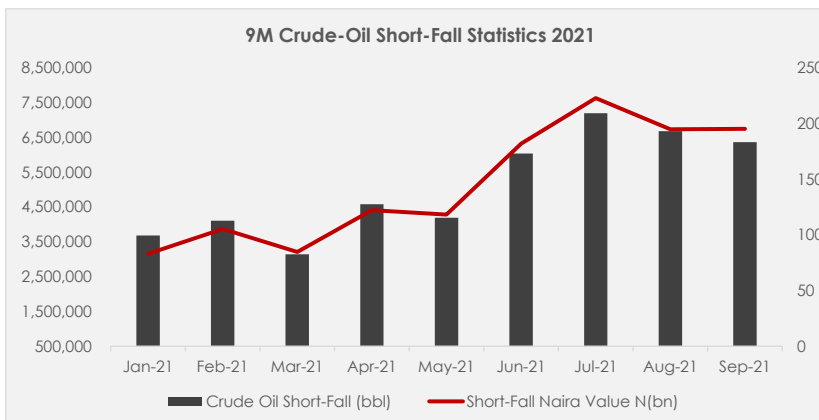
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	na	na
Banks	0.4%	0.8%	0.8%	2.4	8.4%
Consumer	-0.1%	-1.1%	-1.1%	27.1	3.6%
Industrial	-0.4%	0.1%	0.1%	16.9	3.7%
Insurance	-1.3%	-0.9%	-0.9%	2.1	2.9%
Oil & Gas	-0.9%	1.7%	1.7%	9.5	4.5%
<b>Mkt. Avg. P/E</b>	<b>9.8</b>	<b>Mkt. Avg. Div. Yid</b>	<b>4.6%</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	201.8	0.7% ▼	-0.1%	9.2	5.3%
Egypt	12,043.4	0.5% ▲	0.8%	9.1	1.4%
Kenya	171.7	0.7% ▲	3.2%	11.5	3.4%
Mauritius	2,107.6	0.2% ▲	0.3%	na	3.0%
Morocco	347.5	0.7% ▼	-0.1%	23.1	2.7%
MSCI FM	659.6	-2.0% ▼	-1.0%	14.5	2.7%
South Africa	73,939.7	-1.2% ▲	0.6%	12.4	4.2%
Tunisia	6,984.9	0.3% ▼	-1.2%	23.0	2.3%
Zimbabwe	289,062.5	0.5% ▼	-2.0%	18.4	1.1%



Source: NNPC FAAC Reports, United Capital Research

**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