

The day in review

- Equity market climbed 0.1%
- Interbank rates ficked downwards
- Bearish activity in T-bills market
- Naira depreciated at the NAFEX window

Looking forward

T-Bills Auction - CBN

Daily Insight

Pre-MPC Note: To maintain status quo?

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) will conclude its final scheduled meeting for the year 2021 today (23/11/21). Since the last meeting in Sep-2021, domestic macroeconomic indices have shown considerable improvement. On a global scale, inflationary pressures have continued unabated, owing to a recovery-driven rebound in demand which has largely outpaced production, and forcing central banks across developed and emerging markets to commence or at least indicate near-term commencement of rate hikes. Additionally, the threat from the Covid-19 pandemic has largely subsided as vaccination levels have continued to improve, driving recovery in trade and travel.

At the meeting, we expect the recent statistics on Gross Domestic Product (GDP), Inflation and the trend of oil prices to serve as the core base upon which deliberations will be made. Recently released Q3-GDP estimates revealed a sustained economic expansion of 4.0% y/y, compared to a contraction of 3.6% y/y in Q3-2020 and a 5.0% y/y expansion in Q2-2021. Furthermore, headline inflation for Oct-2021 moderated to 16.0%, the 7th consecutive month of disinflation. In the oil market, Brent has largely continued to ascend, albeit retreating in recent weeks on account of a potential increase in supply from US and China petroleum reserves.

Looking ahead, we expect the committee will find solace in the declining inflation rate and modest output growth as indicators that its policy of maintaining interest rates at current levels is succeeding. Thus, our view is that the MPC will probably keep policy rates unchanged, rather than begin a hiking cycle, in order to reap the full benefits of lower interest rates on economic growth. Lastly, we expect the CBN to continue to implement unorthodox measures to control system liquidity in the economy.

| Headline | Level | 1 day | YTD |
|------------------|----------|-----------|--------|
| NGX ASI | 43,260.1 | ▲ 0.1% | ▲ 7.4% |
| Mkt. Cap (N'bn) | 22,576.0 | ▲ 0.1% | |
| Mkt. Cap (\$'mn) | 54,390.7 | ▲ 0.1% | |
| Value (N'mn) | 16,467.2 | ▲ 405.7% | |
| Value (\$'mn) | 39.7 | ▲ 404.9% | |
| Volume | 2,402.1 | ▲ 1103.9% | |
| Deals | 4,811.0 | | |
| Market Breadth | 1.1x | | |

| T-Bills Yields | Current | Previous | %Δ |
|----------------|---------|----------|---------|
| 3 months | 4.20 | 4.04 | ▲ 0.16 |
| 6 months | 5.29 | 5.12 | ▲ 0.17 |
| 12 months | 6.56 | 6.57 | ▼ -0.01 |

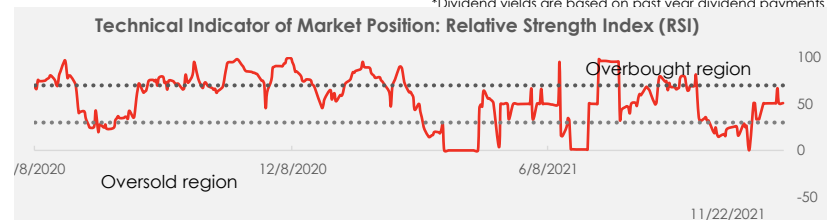
| Bonds Yields | Current | Previous | % Δ |
|--------------|---------|----------|---------|
| 3 years | 9.61 | 9.62 | ▼ -0.01 |
| 5 years | 11.56 | 11.56 | 0.00 |
| 7 years | 11.91 | 11.92 | ▼ -0.01 |
| 10 years | 12.15 | 12.16 | ▼ -0.01 |

| Currencies | Current | Previous | % Δ |
|------------|---------|----------|---------|
| NAFEX | 415.07 | 414.40 | ▼ -0.2% |

| Other Key indices | Current | Previous | % Δ |
|-------------------|---------|----------|---------|
| OBB | 16.3 | 19.0 | ▼ -2.67 |
| OVN | 17.0 | 20.0 | ▼ -3.00 |
| Brent | 79.8 | 78.9 | ▲ 1.09 |

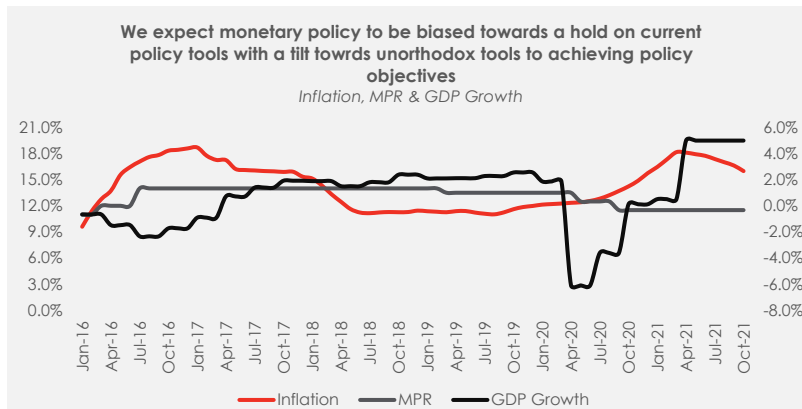
| | 1 day | MTD | YTD | P/E (x) | Div. Yid. |
|----------------------|------------|---------------------------|-------------|---------|-----------|
| Agriculture | 0.0% | 3.1% | 43.9% | na | na |
| Banks | 0.8% | -3.9% | 0.4% | 3.1 | 8.7% |
| Consumer | 0.0% | -1.5% | -2.2% | 40.7 | 3.7% |
| Industrial | -0.1% | 0.6% | 6.8% | 17.8 | 3.6% |
| Insurance | 0.9% | -0.9% | -5.9% | 2.7 | 3.1% |
| Oil & Gas | 1.3% | -4.7% | 64.8% | 8.9 | 4.0% |
| Mkt. Avg. P/E | N/A | Mkt. Avg. Div. Yid | 4.7% | | |

*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 | 193.2 | ▼ 0.0% | 32.9% | 10.0 | 5.6% |
| Egypt | 11,359.0 | ▲ 0.8% | 4.5% | 8.6 | 2121.7% |
| Kenya | 164.8 | ▼ -0.4% | 11.4% | 12.4 | 3.6% |
| Mauritius | 2,110.3 | ▼ -1.6% | 30.0% | na | 1.9% |
| Morocco | 348.2 | ▲ 0.3% | 14.2% | 25.8 | 3.3% |
| MSCI FM | 669.1 | ▼ -0.1% | 18.5% | 14.2 | 2.6% |
| South Africa | 70,865.9 | ▲ 0.1% | 19.1% | 12.4 | 4.2% |
| Tunisia | 7,035.8 | ▲ 0.0% | 2.1% | 22.0 | 2.3% |
| Zimbabwe | 279,837.2 | ▼ -3.5% | 504.0% | 2.1 | 1.2% |



Source: CBN Statistical Bulletin, United Capital Research

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