

**The day in review**

- Equity market lost 0.1%
- Interbank rates trended higher
- Bullish activity in NTbills market
- Naira closed flat at the NAFEX window

**Looking forward**

CPI and Inflation Report Nov-2021 - NBS

**Daily Insight**

**Rising cooking gas price; any hope in sight?**

Liquefied Petroleum Gas (LPG), popularly known as cooking gas, has soared in price during the last four months. According to the National Bureau of Statistics' (NBS) Liquefied Petroleum Gas Price Watch report, the cost of refilling the 5kg cooking gas cylinder rose by 9.6% m/m to N2,627.9 in Oct-2021 from N2,397.6 and by 34.5% y/y from N1,953.7 in Oct-2020. Similarly, the average price for refilling the 12.5kg cooking gas cylinder increased by 7.7% m/m to N6,638.3 in Oct-2021 from N6,165.0 in Sep-2021 and 62.8% y/y from Oct-2020. However, our market survey research showed that the cost of refilling a 12.5kg cylinder prints at N10,000 as of Oct-2021.

To put things in context, the price increase in cooking gas is due to demand pressures outweighing supply due to acute production shortages. The Nigeria Liquefied Natural Gas (NLNG) has denied being responsible for the shortage, citing gas marketers' inability to procure its total gas production of 450,000MT (due to logistical and infrastructural setbacks) as the cause of the supply deficit. Furthermore, the recently imposed VAT of 7.5% on imported gas in Aug-2021 contributed to the increase as imported gas accounts for the bulk of Nigeria's gas consumption. However, a crucial contributing factor has been the recent surge in gas prices from Europe (up 77.5% YTD). In addition, foreign exchange pressures resulting from naira devaluation further worsens the situation.

On the strength of NLNG's policy decisions to enhance production and hence improve supply to meet domestic demand, we expect prices of LPG to moderate in the medium and long-term. To accommodate the increased demand in the domestic market, the company recently announced that it would reduce its export of cooking gas. The NLNG has also commenced the construction of its Train 7 project, which is aimed at expanding its capacity by 35.0%. In addition, supply is expected from private gas stations which are being developed by downstream oil & gas producers such as ARDOVA.

Headline	Level	1 day	YTD
NGX ASI	43,248.1	▼ -0.1%	▲ 7.4%
Mkt. Cap (N'bn)	22,566.8	▼ -0.1%	
Mkt. Cap (\$'mn)	54,368.6	▼ -0.1%	
Value (N'mn)	3,708.3	▲ 57.2%	
Value (\$'mn)	8.9	▲ 57.2%	
Volume	224.9	▲ 5.5%	
Deals	4,331.0		
Market Breadth	0.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	2.46	2.46	0.00
6 months	3.35	3.35	0.00
12 months	5.42	6.55	-1.13

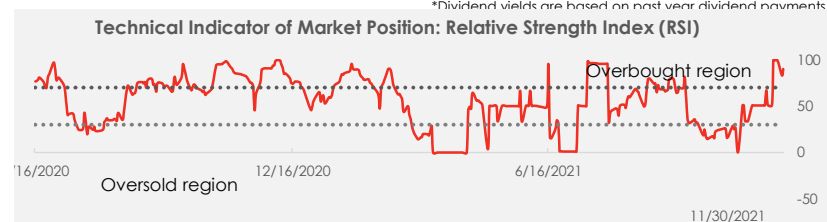
Bonds Yields	Current	Previous	% Δ
3 years	9.32	9.32	0.00
5 years	11.64	11.64	0.00
7 years	11.96	12.08	-0.12
10 years	12.24	12.24	0.00

Currencies	Current	Previous	% Δ
NAFEX	415.07	415.07	0.0%

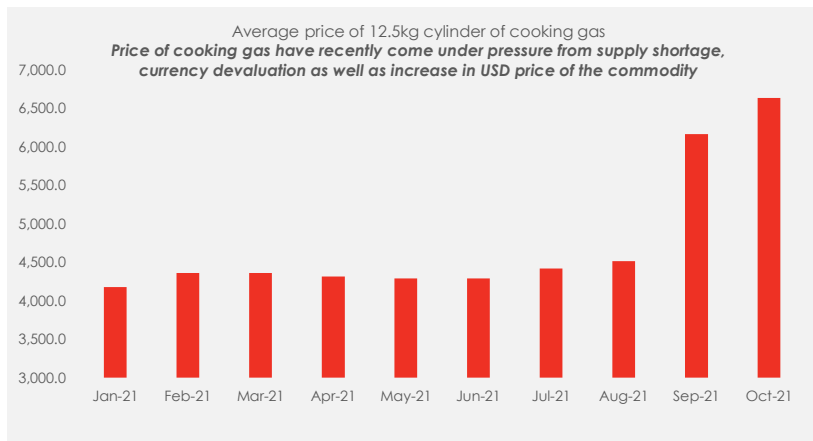
Other Key indices	Current	Previous	% Δ
OBB	17.3	15.0	▲ 2.25
OVN	17.8	15.3	▲ 2.50
Brent	71.0	73.4	▼ -3.36

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	▲ 3.1%	▲ 43.9%	na	na
Banks	0.3%	▼ -4.8%	▼ -0.6%	3.1	8.8%
Consumer	▼ -0.2%	▼ -3.9%	▼ -4.6%	39.7	3.8%
Industrial	0.0%	▲ 0.7%	▲ 6.9%	17.8	3.6%
Insurance	▲ 1.6%	▲ 4.3%	▼ -1.0%	2.0	3.1%
Oil & Gas	▼ -0.4%	▼ -7.6%	▼ 59.7%	8.6	4.2%
<b>Mkt. Avg. P/E</b>	<b>10.5</b>	<b>Mkt. Avg. Div. Yid</b>	<b>4.7%</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	196.6	▲ 0.6%	▲ 33.5%	10.2	5.5%
Egypt	11,212.3	▼ -0.6%	▲ 3.5%	8.4	1.4%
Kenya	164.8	▲ 0.2%	▲ 8.3%	12.2	3.6%
Mauritius	2,019.4	▼ -2.7%	▲ 27.2%	na	3.0%
Morocco	344.7	▼ -0.8%	▲ 13.1%	25.6	3.3%
MSCI FM	666.6	▲ 0.3%	▲ 16.9%	14.2	2.7%
South Africa	70,008.5	▼ -0.1%	▲ 16.7%	11.6	4.3%
Tunisia	7,067.3	▼ -0.1%	▲ 2.6%	22.1	2.3%
Zimbabwe	265,559.3	▲ 5.4%	▲ 473.2%	2.0	1.0%



Source: NBS, United Capital Research

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