

Tuesday, February 23, 2021

The day in review

- Equities market climbed marginally
- Financial system liquidity was buoyant
- Bearish activity in Bond market
- Naira appreciated at the NAFEX window

Looking forward

NTB Primary Market Auction - CBN
FY-2020 Earnings Publications - NSE

Daily Insight

The telecommunications sector remains a bright spot

The Telecommunications sector remains a bright spot in an otherwise sluggish Nigerian economy. In 2020, the Nigerian economy recorded a decline of -1.9% as key sectors of the economy fell victim to the devastating effect of the Covid-19 pandemic. However, the Telecommunications sector grew by a whopping 16.0%, vastly outpacing other key sectors such as Financial Services (+9.4%), Agriculture (+2.2%), Manufacturing (-1.5%), Trade (-8.5%), Transportation (-22.3%) and Oil Refining (-62.2%).

The performance of the Telecoms sector is anything but surprising. Prior to the pandemic, the digital transformation of the Nigerian economy was largely underway, albeit at a slower pace compared to advanced economies (which speaks to a massive growth headroom). According to the National Communications Commission (NCC), broadband penetration increased from 6.0% in 2015 to 45.0% as at Dec-2020, with 85.9mn Nigerians now connected on 3G and 4G networks. The pandemic accelerated this transformation, as evidenced by the necessitated shift in day-to-day business and individual activities to a virtual environment, with heavy reliance on Telecoms providers to bridge the gaps left by the lockdowns.

Over two decades since the Nigerian Communications Commission (NCC) opened Nigeria's spectrum to private investment and GSM technology, the Nigerian telecoms sector remains a high growth market, primarily due to Nigeria's demographics and low mobile penetration. The sector will continue to observe substantial growth in smartphone and broadband penetration, mostly due to the influx of cheaper smartphones from China and the increased digitalization of businesses. As such, we expect the sector in 2021 to pick up from 2020's performance. Again, we anticipate listed industry players (MTN Nigeria Plc and Airtel Africa Plc) to report strong Q4-2020 numbers and sustained growth in data, fintech and voice segments.

Headline	Level	1 day	YTD
NSE ASI	40,164.9	▲ 0.0%	▼ -0.3%
Mkt. Cap (₦bn)	21,014.5	▲ 0.0%	▼ -0.2%
Mkt. Cap (\$'mn)	55,447.1	▲ 0.0%	▼ -0.2%
Value (N'mn)	3,845.1	▲ 7.6%	
Value (\$'mn)	10.1	▲ 7.6%	
Volume	338.0	▲ 16.8%	
Deals	5,232.0	▲ 5.6%	
Market Breadth	0.6x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.76	0.76	0.00
6 months	1.42	1.43	-0.01
12 months	2.07	2.07	0.00

Bonds Yields	Current	Previous	% Δ
3 years	7.39	7.40	-0.01
5 years	9.60	9.60	0.00
7 years	10.33	10.45	-0.12
10 years	10.79	10.79	0.00

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	477.50	477.50	0.00%
NAFEX	408.60	410.00	0.34%

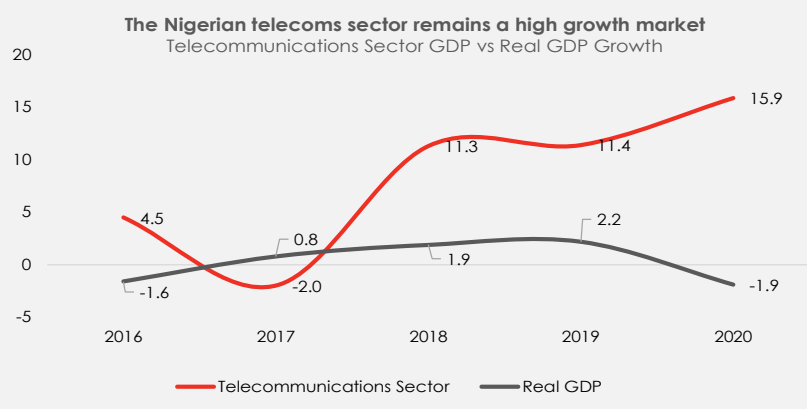
Other Key indices	Current	Previous	% Δ
OBB	1.8	15.0	-13.25
OVN	2.0	15.3	-13.25
Brent	65.4	65.2	0.26

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	0.0	0.0%
Banks	1.7%	-8.7%	-1.5%	4.0	8.9%
Consumer	-1.6%	-6.7%	-0.1%	305.2	3.9%
Industrial	0.0%	-8.8%	-7.5%	20.7	4.9%
Insurance	-0.9%	-14.5%	11.0%	5.3	2.4%
Oil & Gas	0.0%	3.4%	16.3%	111.1	5.5%
Mkt. Avg. P/E		15.2		Mkt. Avg. Div. Yid	4.6%

*P/E's 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	133.0	▲ 0.9%	▼ -8.5%	8.3	7.1%
Egypt	11,416.7	▼ -1.2%	▲ 5.3%	13.0	2.6%
Ghana	2,177.4	0.0%	▲ 12.3%	n/a	n/a
Kenya	165.9	▲ 0.0%	▲ 9.1%	12.0	4.1%
Mauritius	1,606.2	▼ -0.2%	▼ -2.6%	n/a	1.1%
Morocco	305.4	▼ -0.3%	▲ 0.2%	24.3	3.5%
MSCI FM	551.1	▲ 0.1%	▲ 3.3%	12.8	3.2%
South Africa	65,921.6	▼ -2.1%	▲ 11.0%	26.0	2.3%
Tunisia	6,695.4	▼ 0.0%	▼ -2.8%	20.3	0.6%
Zimbabwe	82,833.7	0.0%	▲ 78.8%	1.7	1.3%



Sources: NBS, United Capital Research

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