

Tuesday, March 9, 2021

The day in review

- Equities closed in the red
- Liquidity levels remained relatively flat
- Investor activity was quiet in the NTB market
- Naira depreciated at the NAFEX window and parallel market

Looking forward

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

Daily Insight

Trade declined in FY-2020, but Q4-2020 growth hints at recovery.

The National Bureau of Statistics (NBS) recently released the Terms of trade report for FY-2020. The report showed that total trade in merchandise declined by 10.4% in FY-2020. The reduction in trade comes as no surprise considering supply and demand shocks that rocked global trade in the early parts of 2020. Overall, Nigeria's trade balance closed at a deficit of N7.3bn, its highest deficit since the last recession in 2016.

On an annual basis, Nigeria's total import value rose by 17.9% in FY-2020, primarily due to a 6.5% rise in the value of manufacturing goods imported (63.6% of import bill). The value of Agricultural (8.6% of import bill) and Other oil products (15.2% of import bill) also increased by 78.5% and 15.1% y/y in 2020. We attribute the increases in the value of imports to global inflationary pressures and currency devaluation in 2020. Regarding exports, the value of exports declined by 34.8% y/y, as demand shocks, output quotas and lower oil prices weakened Nigeria's export earnings from Crude and Other oil exports, which amounted to 85.5% of total exports in 2020. On a quarterly basis, the value of exports showed some improvement in Q4-2020, rising by 6.7% q/q, driven by increases in crude prices and gradual demand recovery.

Our outlook for the Q1-2021 is promising, thanks to sustained uptick in oil prices which should bolster export proceeds despite output cap by OPEC+. Also, improved oil prices observed so far in Q1-2021 is anticipated to reduce the trade deficit going into 2021. Lastly, administrative measures on importations, implemented by the CBN since the beginning of the pandemic, may moderate the pace of increases in the import bill, thus, reducing the size of the deficit going forward.

Headline	Level	1 day	YTD
NSE ASI	38,686.9	-1.8%	-3.9%
Mkt. Cap (N'bn)	20,241.2	-1.8%	-3.9%
Mkt. Cap (\$mn)	53,406.7	-1.8%	-3.9%
Value (N'mn)	9,587.2	203.9%	
Value (\$mn)	25.3	203.9%	
Volume	545.9	83.6%	
Deals	5,307.0		
Market Breadth	0.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.94	0.61	0.33
6 months	1.87	1.87	0.00
12 months	4.16	4.16	0.00

Bonds Yields	Current	Previous	% Δ
3 years	7.90	6.93	0.97
5 years	9.96	9.96	0.00
7 years	10.10	10.10	0.00
10 years	10.40	10.40	0.00

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	484.00	478.50	-1.14%
NAFEX	412.00	411.88	-0.03%

Other Key indices	Current	Previous	% Δ
OBB	11.5	11.5	0.00
OVN	10.3	11.8	-1.50
Brent	67.5	68.6	-1.70

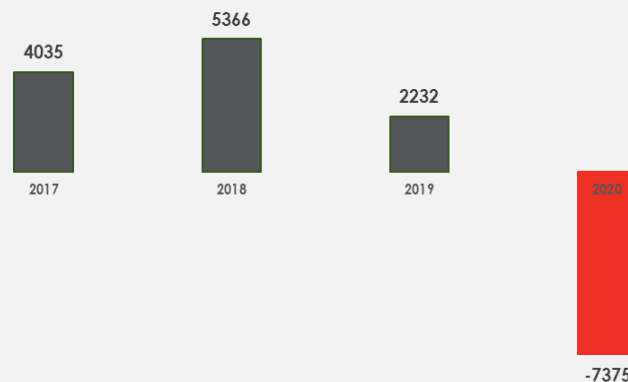
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	0.0	0.0%
Banks	0.8%	-1.9%	-4.5%	3.8	8.8%
Consumer	-0.3%	-6.3%	-7.9%	1134.1	3.9%
Industrial	0.2%	1.4%	-6.2%	21.0	4.9%
Insurance	-1.9%	-5.0%	1.3%	4.1	2.6%
Oil & Gas	0.8%	-2.2%	14.8%	na	5.4%
Mkt. Avg. P/E	15.2	Mkt. Avg. Div. Yid	4.6%		

*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%

Nigeria recorded a trade deficit in 2020
Nigeria's terms of trade (mn' Naira)



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