

The day in review

- Equities gained 0.4%
- Interbank rates remain in double digit
- Mixed performance in the fixed income market
- Naira depreciated at the NAFEX window

Looking forward

NTB Primary Market Auction - CBN

Daily Insight

U.S. \$1.9tn stimulus...positive for Nigeria?

On 6th March 2021, Joe Biden signed a \$1.9tn COVID-19 relief bill (the 3rd major stimulus package passed in the U.S. since the start of the pandemic). The bill aims to act as a catalyst to spur U.S economic recovery to pre-pandemic levels by 2022. Due to the U.S economic influence globally (it accounts for 20% of global demand,) the stimulus program could also spur global economic growth.

First, the \$1.9tn stimulus is expected to bolster consumption spending in the US, with a multiplier effect on global demand, potentially supporting a faster improvement in manufacturing activities in China as well as demand for commodities in many African countries. As such, this would boost energy demand, driving oil prices higher in the short term amid OPEC cap agreement. Notably, oil prices rebounded, climbing above \$70/b for the first time since the advent of Covid-19 after the U.S. House of Representatives passed the most recent stimulus package. Oil contributes c. 8.0% of Nigerian GDP and c. 85.0% of export revenue. Therefore, sustained improvement in the oil market would support Nigeria's economic recovery.

However, on the downside, investor's expectation of recovery in the U.S. economy has put upward pressure on bond yields. U.S. 10-year treasury yields rose to 1.6%, its highest level since the pandemic. Rising bond yields may trigger investors to flee from emerging markets, as seen in the selloffs in African Eurobond markets. Lastly, investor demand for the Fed to hike bond yields in the medium term could potentially strengthen the greenback, causing FPI outflows from E.M.s and making U.S. exports more expensive in the medium term.

Headline	Level	1 day	YTD
NSE ASI	38,720.8	▲ 0.4%	▼ -3.8%
Mkt. Cap (₦bn)	20,258.9	▲ 0.4%	▼ -3.8%
Mkt. Cap (\$mn)	53,453.6	▲ 0.4%	▼ -3.8%
Value (N'mn)	4,205.8	▲ 67.1%	
Value (\$mn)	11.1	▲ 67.1%	
Volume	220.9	▲ 19.7%	
Deals	4,192.0		
Market Breadth	0.6x		

T-Bills Yields	Current	Previous	%Δ
3 months	0.94	0.94	0.00
6 months	3.55	3.62	-0.07
12 months	4.00	4.16	-0.16

Bonds Yields	Current	Previous	% Δ
3 years	7.64	7.70	-0.06
5 years	9.88	9.70	0.18
7 years	10.10	10.10	0.00
10 years	10.34	10.30	0.04

Currencies	Current	Previous	% Δ
Official	379.00	379.00	0.00%
Parallel	485.00	485.00	0.00%
NAFEX	409.75	408.90	-0.21%

Other Key indices	Current	Previous	% Δ
OBB	10.3	12.5	-2.25
OVN	10.5	12.8	-2.25
Brent	68.4	68.9	-0.71

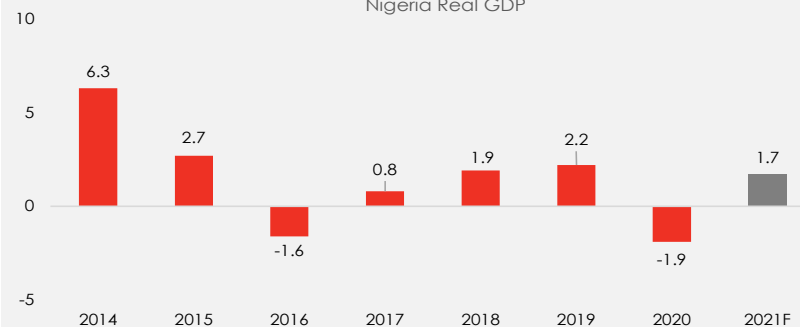
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	-1.8%	0.0%	0.0	0.0%
Banks	-1.0%	-8.5%	-10.9%	3.4	10.1%
Consumer	-1.5%	-5.7%	-7.3%	1023.6	3.9%
Industrial	0.0%	1.3%	-6.3%	21.0	4.8%
Insurance	2.0%	-0.4%	6.3%	4.3	2.6%
Oil & Gas	0.7%	-0.9%	16.2%	na	5.5%
Mkt. Avg. P/E		14.5		Mkt. Avg. Div. Yid	4.8%

*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	138.5	▲ 0.1%	▼ -4.7%	8.7	6.8%
Egypt	11,222.3	▼ -0.6%	▲ 3.5%	13.4	2.6%
Ghana	2,214.9	▲ 0.0%	▲ 14.2%	n/a	n/a
Kenya	162.5	▲ 0.3%	▲ 6.8%	11.9	2.4%
Mauritius	1,550.9	▼ -1.8%	▼ -5.9%	n/a	1.0%
Morocco	304.4	▲ 0.5%	▼ -0.1%	24.1	3.5%
MSCI FM	551.1	▲ 0.1%	▲ 0.4%	12.8	3.1%
South Africa	67,588.0	▼ -0.9%	▲ 13.8%	26.1	2.4%
Tunisia	6,828.6	▼ 0.0%	▼ -0.8%	18.8	0.6%
Zimbabwe	89,228.9	▼ -3.4%	▲ 92.6%	1.7	1.3%

Additional US stimulus can potentially support Nigeria's economic recovery from 2020 lows
Nigeria Real GDP



Sources: NBS, 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