

**The day in review**

- Equity market rose by 0.1%
- Interbank rates closed lower
- Bullish activity in Bonds market
- Naira depreciated at the NAFEX window

**Looking forward**

FY-2021 Earnings Season-NGX

**Daily Insight**

**Agricultural Sector: Beyond monetary interventions**

In the recently released Q4-2021 GDP report, the agricultural sector real output grew by 3.6% y/y, an increase of 16bps over Q4-2020's expansion of 3.4%, bringing FY-2021 growth to 2.1% y/y. Also, the sector continues to remain the single largest contributor to real GDP after it contributed c.26.8% to total real GDP in Q4-2021, albeit lower than the contribution seen in Q4-2020 and Q3-2021 which stood at 27.0%, and 29.9% respectively. The growth in the agricultural sector was driven by strong food demand from the Nigerian populace and improved agricultural exports.

In recent years, the Emeffiele-led Central Bank of Nigeria (CBN) has displayed significant interest in the non-oil sector, particularly in the agriculture sector through its various monetary interventions through several development finance initiatives (e.g. Anchors Borrowers Programme), and more recently FX policy tools (FX import restriction list & RT200 FX Programme). However, despite several facilities provided by the CBN to support farmers in the expansion and production of agricultural products, the sector's growth remains uninspiring. For context, in the prior seven years (2015 – 2021) when the CBN began its aggressive interventions in the agriculture sector, the sector's average growth prints at 2.9%, 211bps lower than the prior seven-year average of 5.0%. In addition, the growth of the sector in the past four years remains below the recent seven-year average of the governor's tenure. Thus, it can be safely established that the CBN's multiple monetary interventions and policy frameworks have done little to accelerate the sector's growth.

Clearly, the sector is still faced with challenges such as inadequate infrastructure (transport & storage), unfavorable climate conditions, failure to adopt advanced farming methods, absence of value addition & supply linkages, unclear land laws, and insecurity concerns which have continued to undermine the performance of the sector. From our perspective, we see traditional strong food demand (locally & internationally) will continue to sustain the sector's growth. Also, the success of the RT200 FX Programme introduced by the CBN will be a critical factor to watch. That said, the federal government needs to introduce fiscal measures which would combat existing bottlenecks which has eroded the sector's growth in recent times.

Headline	Level	1 day	YTD
NGX ASI	47,394.5	0.1% ▲	11.0%
Mkt. Cap (N'bn)	25,543.1	▲	0.1%
Mkt. Cap (\$'mn)	61,316.0	▲	0.1%
Value (N'mn)	2,771.0	▲	0.6%
Value (\$'mn)	6.7	▲	0.5%
Volume	300.8	▲	18.7%
Deals	5,433.0	▲	27.4%
Market Breadth	1.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.21	3.21	0.00
6 months	3.56	3.56	0.00
12 months	5.07	5.07	0.00

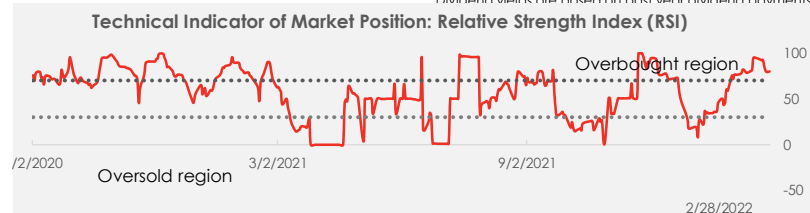
Bonds Yields	Current	Previous	% Δ
3 years	8.18	8.20	-0.02
5 years	10.05	10.06	-0.01
7 years	11.02	11.18	-0.16
10 years	12.25	12.25	0.00

Currencies	Current	Previous	% Δ
NAFEX	416.67	416.00	-0.2%

Other Key indices	Current	Previous	% Δ
OBV	11.7	14.8	-3.08
OVN	12.3	15.0	-2.67
Brent	97.9	97.9	-0.08

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▲	0.9% ▲	5.8%	na	na
Banks	0.6% ▲	2.8% ▲	11.7%	2.6	7.6%
Consumer	0.3% ▲	2.3% ▼	-0.2%	23.9	3.6%
Industrial	0.2% ▲	2.8% ▲	6.3%	17.6	3.5%
Insurance	1.0% ▲	2.5% ▼	-3.6%	2.3	3.0%
Oil & Gas	-0.2% ▲	7.8% ▲	23.0%	11.5	3.7%
<b>Mkt. Avg. P/E</b>		<b>10.3</b>		<b>Mkt. Avg. Div. Yid</b>	<b>4.2%</b>

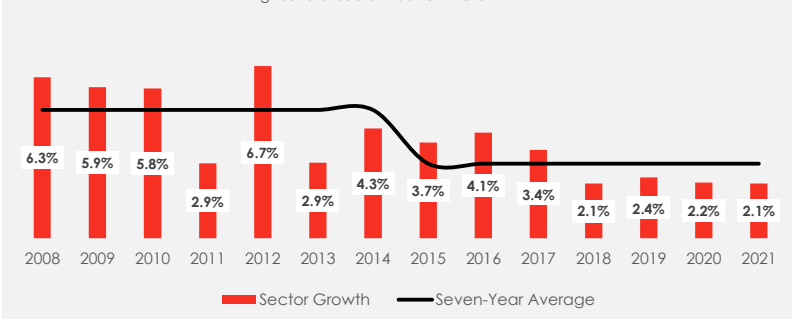
\*P/Es are based on the last twelve months trailing earnings  
\*Dividend yields are based on past year dividend payments



**Pan African Market Monitor as at today**

Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	219.6	1.1% ▲	8.6%	9.5	4.8%
Egypt	11,138.9	-0.3% ▼	-6.8%	8.4	1.5%
Kenya	160.3	0.1% ▼	-3.7%	10.6	3.6%
Mauritius	2,159.5	-0.2% ▲	2.9%	na	3.0%
Morocco	335.7	1.6% ▼	-3.5%	21.9	2.8%
MSCI FM	619.9	1.2% ▼	-6.9%	12.8	2.9%
South Africa	76,090.5	2.5% ▲	3.2%	11.9	3.6%
Tunisia	7,079.9	0.1% ▲	0.5%	23.1	2.3%
Zimbabwe	446,819.1	0.0% ▲	51.4%	28.5	0.7%

Despite CBN's aggressive monetary interventions in 2015 - 2021, the agricultural sector's average growth remains below the prior seven-year average while recent growth numbers underperform recent average  
Agricultural Sector Real GDP Growth



Source: NBS, United Capital Research

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