

**The day in review**

- Equity market rose by 30bps
- Interbank rates closed lower
- Flat activity in Bonds market
- Naira depreciated at the NAFEX window

**Looking forward**

Feb-22 CPI Inflation Report - NBS

**Daily Insight**

**Domestic transportation costs hit high waters; the new normal?**

Nigerian oil marketers have in the past week expressed worry over the recent surge in the prices of Automotive Gas Oil (AGO) otherwise known as diesel, JetA1 (otherwise called Aviation fuel), and Premium Motor Spirit (PMS), owing to trickled shocks from recent Russia-Ukraine geopolitical tensions. The tensions have led to rallying oil prices due to weak demand for Russian oil and surging preference for non-Russian oil. As a result, there has been a strong surge in the importation cost of refined petroleum products. For context, the pump price of diesel as of 8-Mar sold between N550.0 – N625.0/litre, and N579.0 – N607.0/litre for JetA1.

The increase in petroleum product prices have led to adjustments in transportation cost particularly for air transport. In recent news headlines, the Nigerian Civil Aviation Authority (NCAA) and Federal Competition and Consumer Protection Commission (FCCPC) instructed airlines to halt implementation of airfares increase. While latest figures for February (where the pressures were evident) have not been published, extracts from the National Bureau of Statistics (NBS) Jan-2022 Transportation Fare watch publication brings to the limelight the gradual increase in transportation costs in Nigeria prior to the renewed upward thrust in crude prices. For context, the average airfare charge for specified routes (single journey) climbed 26bps m/m in Jan-2022 and 5.2% y/y. Similarly, average road fares within city and intercity rose 0.6% m/m and 1.2% m/m in Jan-2022 vs 19.4% y/y and 35.3% y/y increase.

Looking ahead to the next transport fare watch data, we expect the data to paint a grimmer picture of transport cost increases in February which was further exacerbated by the fuel scarcity that triggered a prosperous black market. We expect the most pressure to come from air transportation given aviation fuel price is deregulated which has prompted airlines to hike ticket prices. In addition, we have observed an average of 30.0% - 50.0% increase in intra and inter-city fares for road transport and we expect this to reflect in the NBS' February transport fare watch data. For Nigerians, this may be the case of a new normal as prices are typically upward sticky.

Headline	Level	1 day	YTD
NGX ASI	47,287.1	0.3% ▲	10.7%
Mkt. Cap (N'bn)	25,485.2	0.3% ▲	
Mkt. Cap (\$'mn)	61,090.5	0.3% ▲	
Value (N'mn)	5,860.1	61.1% ▲	
Value (\$'mn)	14.1	60.9% ▲	
Volume	336.3	-55.5% ▼	
Deals	5,248.0	21.2% ▼	
Market Breadth	1.5x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.20	3.20	0.00
6 months	3.56	3.56	0.00
12 months	3.99	3.99	0.00

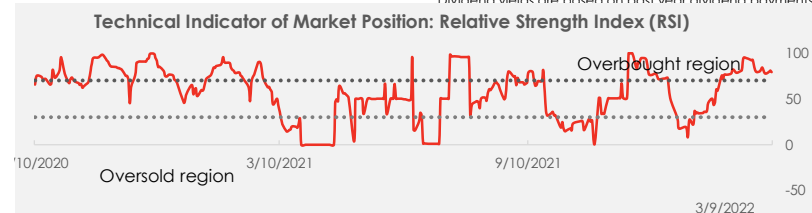
Bonds Yields	Current	Previous	% Δ
3 years	7.31	7.32	-0.01
5 years	10.00	10.00	0.00
7 years	10.12	10.12	0.00
10 years	10.42	10.42	0.00

Currencies	Current	Previous	% Δ
NAFEX	416.50	416.00	-0.1%

Other Key indices	Current	Previous	% Δ
OBB	4.0	4.5	-0.50
OVN	4.8	5.2	-0.42
Brent	112.9	130.8	-13.64

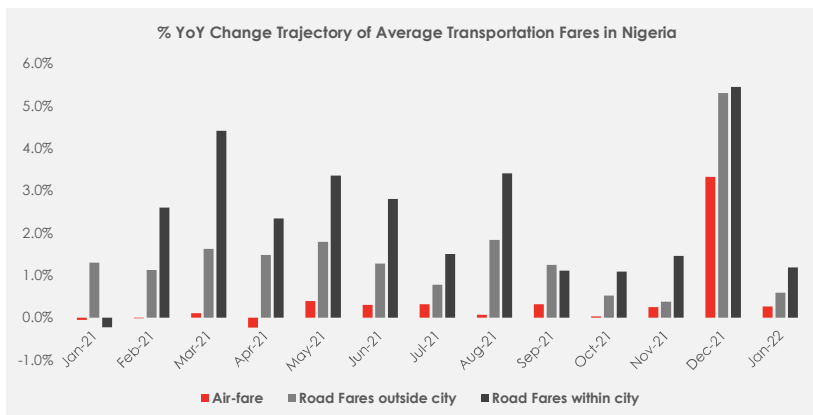
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▲	5.7% ▲	12.6%	na	na
Banks	0.0% ▼	-2.7% ▲	8.7%	2.6	7.8%
Consumer	2.1% ▼	-2.0% ▼	-2.2%	22.6	3.7%
Industrial	0.0% ▼	-1.0% ▲	5.3%	16.9	3.6%
Insurance	3.5% ▲	0.3% ▼	-3.3%	2.3	3.0%
Oil & Gas	0.1% ▲	7.5% ▲	32.2%	8.6	3.5%
Mkt. Avg. P/E	10.1	Mkt. Avg. Div. Yid	4.2%		

\*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	215.0	1.1% ▲	6.3%	8.7	5.0%
Egypt	10,415.7	0.2% ▼	-12.8%	7.7	1.6%
Kenya	157.9	-1.6% ▼	-5.1%	10.4	3.0%
Mauritius	2,116.5	-0.2% ▲	0.9%	na	3.1%
Morocco	323.1	2.3% ▼	-7.1%	21.1	3.0%
MSCI FM	586.2	-0.3% ▼	-11.9%	12.0	3.0%
South Africa	72,636.4	0.3% ▼	-1.5%	11.3	3.7%
Tunisia	7,074.2	-0.4% ▲	0.4%	23.1	2.3%
Zimbabwe	434,081.8	-0.7% ▲	47.1%	24.3	0.8%



Source: NBS, United Capital Research

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