

The day in review

- Equity market strengthened by 5bps
- Interbank rates closed higher
- Bullish activity in bonds market
- Naira closed flat at the NAFEX window

Looking forward

FY-2021 Earnings Season - NGX

Daily Insight

FY-2021 Foreign Trade Statistics: Trade deficit widens in 2021

Extracts from the recently published report on Nigeria's FY-2021 foreign trade statistics by the National Bureau of Statistics (NBS) revealed a rebound in Nigeria's trading activities in the aftermath of the Covid-19 pandemic underpinned by an ease in travel bans & general movement restrictions, amid improved global vaccination rates. In addition, we note that higher price levels globally also impacted on value of total trade. For context, FY-2021 total trade value printed at N39.8tn, indicating a 57.6% y/y climb from N25.2tn in FY-20.

Providing further perspective, total exports grew 51.0% y/y to N18.9tn, driven by higher crude exports as demand for crude oil recovered in 2021 following reopening of the global economy which encouraged traveling and increased energy consumption. In addition, higher crude prices contributed to the growth in export value. Interestingly, crude oil exports contributed 76.2% of total export bill as Nigeria made N14.4tn from crude oil exports, 52.6% higher than 2020's N9.4tn. Similarly, import bill expanded 64.1% y/y to N20.8tn, largely due to improved local demand for imported goods as consumer income recovered following the reopening of the economy which led to recovery in wages. In addition, we note that the global inflationary environment was broadly higher impacting the nominal value of trade activities and consequently Nigeria's imports.

Nigeria's trade deficit widened to print at N1.9tn (from N0.2bn in 2020) on the back of faster growth in import bills. We note that this is significantly concerning for the economy's external balance as the trade deficit of N1.9tn (\$4.7bn) is c.12.0% of the country's external reserves. In 2021, the CBN was able to survive the onslaught by using the Eurobond proceeds to further defend the naira. Looking forward, we expect trading activities to remain upbeat. Import receipt is expected to climb as crude oil prices continue to trend higher, although weaker oil output could reduce the growth momentum. However, import bills are expected to outpace export receipts particularly as the global inflationary environment remains elevated across all commodity categories (Food, and Energy). Thus, we expect Nigeria's current account to remain in deficit position with external capital flows unlikely. This raises prospect of another naira devaluation in 2022.

Headline	Level	1 day	YTD
NGX ASI	47,364.5	0.0% ▲	10.9%
Mkt. Cap (N'bn)	25,526.9	▲	0.0%
Mkt. Cap (\$'mn)	61,258.4	▲	0.0%
Value (N'mn)	2,535.3	▲	2.4%
Value (\$'mn)	6.1	▲	2.4%
Volume	145.8	▼	-20.4%
Deals	4,113.0	▲	8.8%
Market Breadth	1.4X		

T-Bills Yields	Current	Previous	%Δ
3 months	1.88	3.27 ▼	-1.39
6 months	3.54	3.54	0.00
12 months	4.02	3.95 ▲	0.07

Bonds Yields	Current	Previous	% Δ
3 years	7.25	7.26 ▼	-0.01
5 years	9.93	10.11 ▼	-0.18
7 years	10.14	10.14	0.00
10 years	10.42	10.42	0.00

Currencies	Current	Previous	% Δ
NAFEX	416.50	416.50	0.0%

Other Key indices	Current	Previous	% Δ
OBB	4.8	4.8 ▲	0.08
OVN	5.2	5.0 ▲	0.17
Brent	98.8	99.9 ▼	-1.16

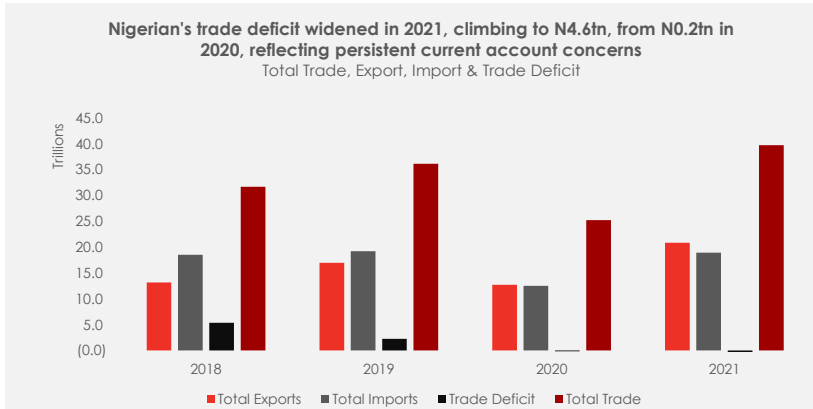
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0% ▲	11.7% ▲	19.8%	na	na
Banks	-0.1% ▼	-1.0% ▲	10.6%	2.6	7.7%
Consumer	0.2% ▼	-2.7% ▼	-3.0%	22.4	3.9%
Industrial	0.0% ▼	-0.8% ▲	5.4%	16.9	3.6%
Insurance	-1.9% ▼	-2.3% ▼	-5.8%	2.3	3.1%
Oil & Gas	-1.6% ▲	6.3% ▲	30.7%	8.4	3.5%
Mkt. Avg. P/E		10.1		Mkt. Avg. 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	213.7 ▼	-0.5% ▲	5.7%	8.7	5.0%
Egypt	10,423.1 ▲	0.0% ▼	-12.8%	7.6	1.6%
Kenya	159.5 ▲	0.2% ▼	-4.2%	10.5	2.9%
Mauritius	2,114.0 ▼	-0.4% ▲	0.8%	na	3.1%
Morocco	321.7 ▲	0.3% ▼	-7.5%	21.0	3.0%
MSCI FM	594.3 ▼	-0.4% ▼	-10.7%	12.0	3.1%
South Africa	70,123.5 ▼	-2.5% ▼	-4.9%	10.7	3.9%
Tunisia	7,153.8 ▲	0.2% ▲	1.5%	23.4	2.3%
Zimbabwe	414,761.7 ▼	-3.1% ▲	40.6%	23.2	0.8%



Source: NBS, United Capital Research

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