United Capital
The Intelligent Choice

Monday, April 4, 2022

The day in review

- Equity market declined by 59bps
- Interbank rates closed lower
- Bearish activity in bonds market
- Naira appreciated at the NAFEX window

Looking forward

March CPI Report - NBS

Daily Insight

Global Oil update- OPEC+ sticks to output agreement

Last Thursday, OPEC+ ministers met for their 27th OPEC and non-OPEC Ministerial Meeting amid tensions in Russia and Ukraine and rising energy prices. OPEC + agreed to stick to its existing agreement of a 5% output increase, continuing its firm stance on output held since Dec-2020. At the meeting, OPEC+ agreed to ease cuts by 432,000 Bpd In May. After the meeting on Thursday, the US announced it would be releasing 1mbpd for the next six months to ease supply constraints. On Thursday, Brent oil futures declined by 4.9% to close at $107.9/bbl. (previously Wednesday 30-Mar, $113.5/bbl.).

At the meeting, OPEC held firm as it had in previous months and ignored calls from several other countries—including the United States—to boost production as higher energy prices weighed on consumers. It highlighted that the oil market remained "a well-balanced market" and that recent volatility in prices was not caused by fundamentals but by ongoing geopolitical developments. Following OPEC+'s announcement, the Biden administration revealed that it would release 180mbpd crude oil to calm oil prices.

Going forward, we remain bullish on oil prices, especially as OPEC+ *(Russia included)* cartel looks increasingly comfortable doing business together with current market fundamentals. Major high output producers within OPEC, such as Saudi and UAE, have opted not to cover supply shortages. Other market players, such as shale producers, which would have been a threat at higher prices, seem focused on shareholder growth instead of a grab for market share, a strategy adopted since the pandemic. For Nigeria, new the increased OPEC agreement output expansion means that our quota for the month increases to 1.7mbpd for May, although fiscal, operational, and structural constraints will mean that the NNPC and its JVs will struggle to meet this quota.

Headline	Level	1 day	YTD
NGX ASI	46,687.9	-0.6%	9.3%
Mkt. Cap (₦'bn)	25,169.9	-0.6%	
Mkt. Cap ($'mn)	61,270.0	-0.6%	
Value (N'mn)	1,930.9	-32.6%	
Value ($'mn)	4.6	-32.6%	
Volume	219.5	-14.7%	
Deals	5,168.0	12.7%	
Market Breadth	1.1x		

T-Bills Yields	Current	Previous	%Δ
3 months	2.49	2.49	0.00
6 months	3.15	3.04	0.11
12 months	4.48	4.48	0.00

Bonds Yields	Current	Previous	% Δ
3 years	8.89	8.90	-0.01
5 years	10.60	10.32	0.28
7 years	10.90	10.66	0.24
10 years	11.18	10.87	0.31

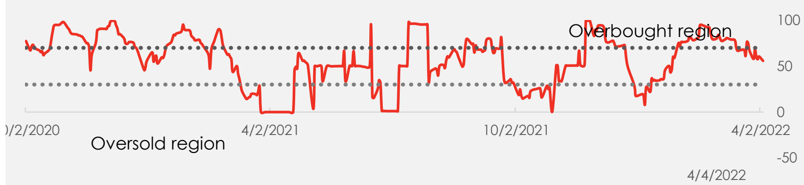
Currencies	Current	Previous	% Δ
NAFEX	416.60	416.63	0.0%

Other Key indices	Current	Previous	% Δ
OBB	7.0	10.2	-3.17
OVN	7.3	10.7	-3.42
Brent	107.6	104.4	3.04

	1 day	MTD	YTD	P/E (x)	Div. Yld.
Agriculture	0.0%	-2.6%	25.5%	na	na
Banks	-1.0%	-1.0%	-0.2%	2.3	9.4%
Consumer	0.2%	0.2%	-5.8%	22.5	4.0%
Industrial	-0.4%	-0.5%	4.9%	17.3	3.6%
Insurance	-0.3%	-0.9%	-6.9%	2.8	3.1%
Oil & Gas	0.3%	-2.8%	24.1%	8.0	3.7%
Mkt. Avg. P/E	9.9		Mkt. Avg. Div. Yld	4.3%	

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

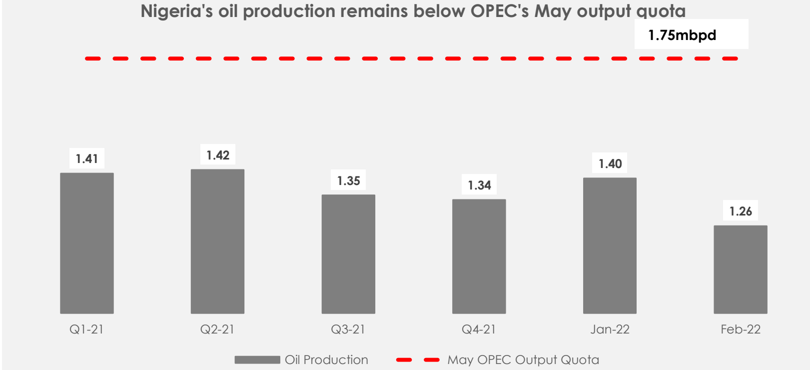
Technical Indicator of Market Position: Relative Strength Index (RSI)



Pan African Market Monitor as at today

Equities	Level	1 day	YTD	P/E (x)	Div. Yld.
BRVM	217.6	-0.6%	7.6%	8.8	4.9%
Egypt	11,529.2	-0.3%	-3.5%	8.6	1.5%
Kenya	158.2	1.4%	-4.9%	9.0	4.1%
Mauritius	2,208.7	0.2%	5.3%	na	3.0%
Morocco	328.6	0.2%	-5.5%	21.0	2.9%
MSCI FM	609.3	0.2%	-8.5%	12.6	3.2%
South Africa	75,835.1	-0.1%	2.9%	11.4	3.8%
Tunisia	7,092.6	0.0%	0.7%	23.3	2.3%
Zimbabwe	454,492.6	0.0%	54.0%	25.4	0.6%

Nigeria's Oil Production vs OPEC Output Quota
Nigeria's oil production remains below OPEC's May output quota



Source: OPEC, United Capital Research

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