

The day in review

- Equity market rose by 13bps
- Interbank rates closed higher
- Bearish activity in bonds market
- Naira remained flat at the NAFEX window

Looking forward

FY-2021 Earnings Season - NGX

Daily Insight

Global food scarcity: Imported inflation will bite

The current crisis in Eastern Europe will have substantial long-term effects on global supply chains and trade dimensions for years to come. Rising energy and food prices will derail the largely positive global economy after disruptions in the last 24 months.

Extracts from Nigeria's Q4-21 foreign trade statistics revealed that c.59.1% of Nigeria's agricultural imports stem from Europe, rounding up to a total value of N394.2bn in Q4-21 vs total value of agricultural imports of N667.2bn as of same period. In essence, there exists a direct relationship between the prices of agricultural commodities and economic stability in Europe. A handful of economies in Europe and Central Asia, the Middle East, and Africa are particularly vulnerable to a disruption in the production or transportation of grains and seeds from Russia and Ukraine. For lower-income countries, such as Nigeria, these supply disruptions and higher prices could cause increased hunger and food insecurity. We are already beginning to note these changes. The most recent Feb-22 inflation report showed an uptick in food inflation by 25bps month-on-month, higher than the average 7bps increase in the preceding 12 months. Also, in recent weeks, under the aegis of the Premium Bread-Makers Association of Nigeria (PBMAN), Bakers expressed displeasure regarding the harsh business environment triggered by the rising energy costs and increasing forex rates; global wheat prices have climbed by 37.1% YTD in Q1-2022.

Looking forward, the recent geopolitical tensions in Eastern Europe could provide significant fuel to the current global economic disruption and could lead to a bearish outlook for agricultural imports through FY-22, which is already pressured following the prevailing global inflationary and FX pressures. We expect a continuous rise in general prices of agricultural goods to persist at least through Q2-22. The current crisis will have substantial long-term effects on global supply chains and trade dimensions for years to come as rising energy and food prices will derail the largely positive global economy after disruptions in the last 24 months.

Headline	Level	1 day	YTD
NGX ASI	46,904.5	▲ 0.1%	▲ 9.8%
Mkt. Cap (N'bn)	25,279.0	▲ 0.1%	
Mkt. Cap (\$'mn)	60,541.7	▲ 0.1%	
Value (N'mn)	2,620.8	▲ 46.4%	
Value (\$'mn)	6.3	▲ 46.4%	
Volume	201.3	▼ -6.1%	
Deals	4,017.0	▼ -2.6%	
Market Breadth	1.2x		

T-Bills Yields	Current	Previous	%Δ
3 months	1.88	1.88	0.00
6 months	3.04	3.04	0.00
12 months	4.32	4.02	0.30

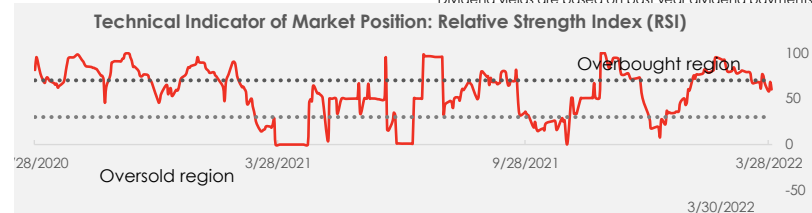
Bonds Yields	Current	Previous	% Δ
3 years	9.07	9.06	▲ 0.01
5 years	10.33	10.26	▲ 0.07
7 years	10.64	10.58	▲ 0.06
10 years	10.94	10.90	▲ 0.04

Currencies	Current	Previous	% Δ
NAFEX	417.00	417.00	0.0%

Other Key indices	Current	Previous	% Δ
OBB	4.8	4.5	▲ 0.30
OVN	5.3	4.8	▲ 0.47
Brent	112.1	105.9	▲ 5.85

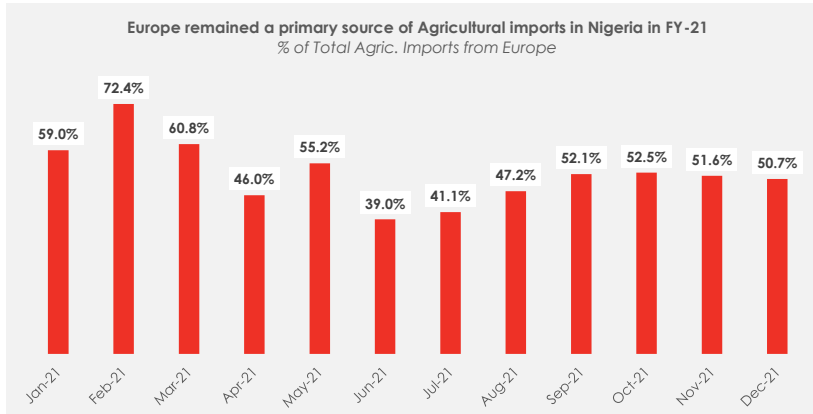
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	▲ 0.0%	▲ 16.9%	▲ 25.9%	na	na
Banks	▼ -0.6%	▲ -8.6%	▲ 2.1%	2.3	9.3%
Consumer	▼ -0.2%	▼ -4.3%	▼ -4.5%	22.1	4.0%
Industrial	▼ 0.0%	▲ -0.8%	▲ 5.4%	16.9	3.6%
Insurance	▲ 0.6%	▼ -2.9%	▼ -6.4%	2.9	3.1%
Oil & Gas	▲ 0.3%	▲ 3.8%	▲ 27.7%	8.3	3.6%
Mkt. Avg. P/E	9.9	Mkt. Avg. Div. Yid	4.3%		

*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	221.0	▲ 1.1%	▲ 9.2%	9.0	4.8%
Egypt	11,239.2	▼ -1.4%	▼ -5.9%	8.3	1.5%
Kenya	157.9	▼ -0.7%	▼ -5.1%	9.0	4.1%
Mauritius	2,181.7	▲ 0.8%	▲ 4.0%	na	3.0%
Morocco	324.5	▲ 0.5%	▼ -6.7%	20.7	2.9%
MSCI FM	608.8	▲ 1.2%	▼ -8.5%	12.3	3.2%
South Africa	75,304.2	▲ 0.7%	▲ 2.2%	11.3	3.8%
Tunisia	7,092.4	▲ 0.2%	▲ 0.7%	23.3	2.3%
Zimbabwe	462,141.9	▼ -0.1%	▲ 56.6%	25.9	0.6%



Source: NBS and United Capital Research

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