

The day in review

- Equity market declined by 1bp
- Interbank rates closed lower
- Bullish activity in Bonds market
- Naira appreciated at the NAFEX window

Looking forward

FY-2021 Earnings Season-NGX

Daily Insight

OPEC+ keeps firm amid current geopolitical developments

Last week, OPEC and OPEC + members held their joint technical and ministerial meeting. The monthly meetings were held amid strong recovery in global demand, tightening markets and undersupply owing to disrupted Russian oil sales amid the intensifying conflict between Russia and Ukraine, and increased pressure on OPEC+ to soften its output caps. OPEC+ agreed to stick to its existing output adjustment agreement for April 2022 at 0.4mb/d. After the meeting, Oil prices rose by 7.6%, settling near \$112.9 p/b for Brent crude on 02-Mar. Prices have since increased by 5.4%, closing Friday at \$118.1p/b.

OPEC+ shrugged off calls for increased production and pumping following rising oil demand at the meeting, even as the geopolitical conflict between Russia and Ukraine has seen oil price spike to its highest levels since 2012. In the group's judgement, the consensus on its outlook and the current oil market fundamentals point to a well-balanced market. It deems that changes in market fundamentals do not cause current price volatility. Moreover, OPEC+ reluctance to pump more oil into the market could be resulting from the increasing prospects of an Iran nuclear deal which saw prices fall -2.2% on 03-Mar. The U.S. is also set to join a 30-country agreement to release 60 million barrels to temper prices.

Going forward, we expect oil prices to remain elevated in the short term, following the ongoing conflict in Russia and Ukraine. Also, the continued sanctions on Iran's output should keep Iranian oil off the market at least in the near term. Lastly, we suspect that more prominent output players within OPEC+ will stay happy with elevated prices, which could support their fiscal balances, considering the expectations of capital flights from emerging and frontier market players in 2022. However, we will be watchful of the space considering the recent struggles for OPEC+ members to meet output quotas. Another potential downside risk to prices is the recent surge in US production. Higher cost wells have less incentive to focus on CAPEX discipline considering the 15th week, rise in total rig count now sits at 813, a +112 change from last year.

Headline	Level	1 day	YTD
NGX ASI	47,262.6	0.0% ▲	10.6%
Mkt. Cap (N'bn)	25,472.0	0.0%	
Mkt. Cap (\$'mn)	61,139.5	0.0%	
Value (N'mn)	2,855.3	34.5%	
Value (\$'mn)	6.9	34.5%	
Volume	291.9	62.8%	
Deals	4,792.0	3.0%	
Market Breadth	1.0x		

T-Bills Yields	Current	Previous	%Δ
3 months	3.21	3.21	0.00
6 months	3.56	3.56	0.00
12 months	3.97	3.97	0.00

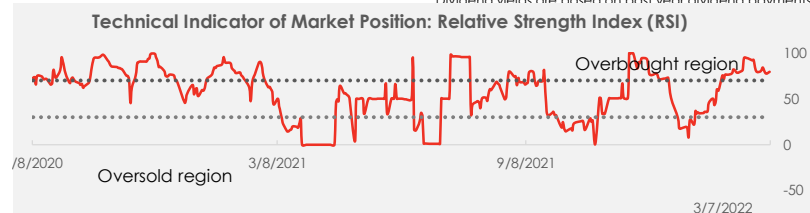
Bonds Yields	Current	Previous	% Δ
3 years	7.50	7.52	-0.02
5 years	9.97	9.91	0.06
7 years	10.14	10.30	-0.16
10 years	10.26	10.72	-0.46

Currencies	Current	Previous	% Δ
NAFEX	416.50	416.67	0.0%

Other Key indices	Current	Previous	% Δ
OBV	8.8	13.3	-4.50
OVN	9.5	13.8	-4.33
Brent	123.6	118.1	4.64

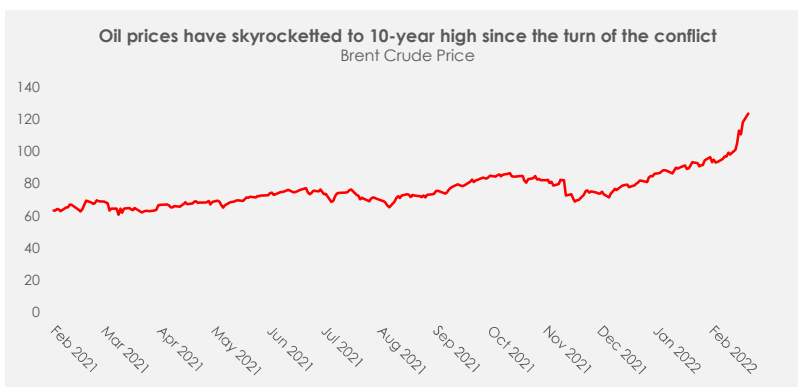
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	na	na
Banks	0.7%	-2.6%	8.8%	2.5	7.8%
Consumer	0.2%	-1.8%	-2.1%	23.4	3.7%
Industrial	0.0%	-0.8%	5.4%	16.9	3.6%
Insurance	0.2%	-0.9%	-4.5%	2.3	3.0%
Oil & Gas	-2.4%	8.2%	33.1%	8.7	3.5%
Mkt. Avg. P/E		10.1		Mkt. Avg. Div. Yid	4.2%

*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	215.7	0.0% ▲	6.6%	8.8	4.9%
Egypt	10,701.1	-3.5% ▼	-10.4%	7.9	1.6%
Kenya	162.4	-1.4% ▼	-2.5%	10.7	3.7%
Mauritius	2,126.0	-1.3% ▲	1.3%	na	3.1%
Morocco	327.0	-0.4% ▼	-6.0%	21.3	2.9%
MSCI FM	597.5	-1.5% ▼	-10.2%	12.2	3.0%
South Africa	73,295.9	-1.9% ▼	-0.6%	11.4	3.7%
Tunisia	7,117.5	0.0% ▲	1.0%	23.2	2.3%
Zimbabwe	444,876.9	-0.2% ▲	50.8%	24.9	0.8%



Source: Bloomberg, United Capital Research

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