United Capital Research | Daily Market Commentary

Monday, March 7, 2022

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

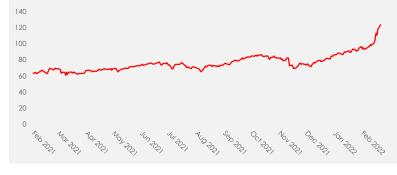
Last week, OPEC and OPEC + members held their joint technical and ministerial meeting. The monthly meetings were held amid strong recovery in global demand, tightening markets and undersupply owing to disrupted Russian oil sales amid the intensifying conflict between Russia and Ukraine, and increased 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%	Agricultu
Mkt. Cap (Ħ'bn)	25,472.0 🔻	0.0%		Banl
Mkt. Cap (\$'mn)	61,139.5 🔻	0.0%		Consum
Value (N'mn)	2,855.3 🔺	34.5%		Industri
Value (\$'mn)	6.9 🔺	34.5%		Insuranc
Volume	291.9 🔺	62.8%		Oil & Go
Deals	4,792.0 🔺	3.0%		
Market Breadth	1.0x			
T-Bills Yields	Current	Previous	%∆	Tech
3 months	3.21	3.21 💻	0.00	
6 months	3.56	3.56 💻	0.00	m h
12 months	3.97	3.97 💻	0.00	
Bonds Yields	Current	Previous	%Δ	/8/2020
3 years	7.50	7.52 🔻	-0.02	Ove
5 years	9.97	9.91 🔺	0.06	
7 years	10.14	10.30 🔻	-0.16	
10 years	10.26	10.72 🔻	-0.46	Equities
				BRVM
Currencies	Current	Previous	%Δ	Egypt
				Kenya
NAFEX	416.50	416.67 📥	0.0%	Mauritius
				Morocco
Other Key indices	Current	Previous	%Δ	MSCI FM
OBB	8.8	13.3 🔻	-4.50	South Africa
OVN	9.5	13.8 🔻	-4.33	Tunisia
Brent	123.6	118.1 🔺	4.64	Zimbabwe

Oil prices have skyrocketted to 10-year high since the turn of the conflict Brent Crude Price



Source: Bloomberg, United Capital Research

United Capital

The Intelligent Choice

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	0.0%	na	na
Banks	▲ 0.7% [*]	-2.6%	a 8.8%	2.5	7.8%
Consumer	▲ 0.2%	-1.8%	-2.1%	23.4	3.7%
Industrial	V 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%	a 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

11.4

23.2

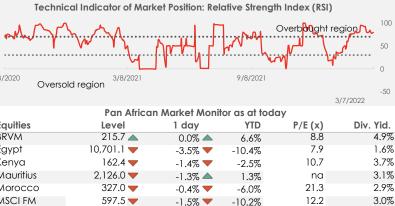
24.9

3.7%

2.3%

0.8%

*Dividend vields are based on past year dividend payments



-1.9% 🔻

0.0% 📥

-0.2% 📥

Contact us

73,295.9 🔻

444,876.9 🔫

7,117.5 🔻

Research | +234-1-631-7898 research@unitedcapitalplcgroup.com

Trustees | +234-1-631-7877 trustees@unitedcapitalplcgroup.com

Securities Trading | +234-1-631-7891 securities@unitedcapitalplcgroup.com

Investment Banking |+234-1-631-7883 investmentbanking@unitedcapitalplcgroup.com

-0.6%

1.0%

50.8%

Asset Management | +234-1-631-7876 assetmanagement@unitedcapitalplcgroup.com

United Capital Plc Research (UCR) notes are prepared with due care and diligence based on publicly available information as well as analysts' knowledge and opinion on the markets and companies covered; albeit UCR neither guarantees its accuracy nor completeness as the sole investment guidance for the readership. Therefore, neither United Capital (UCAP) nor any of its associates or subsidiary companies and employees thereof can be held responsible for any loss suffered from the reliance on this report as it is not an offer to buy or sell securities herein discussed. Please note this report is a proprietary work of UCR and should not be reproduced (in any form) without the prior written consent of Management. UCAP is registered with the Securities and Exchange Commission and its subsidiary, UBA Securities Limited is a dealing member of the Nigerian Slock Exchange. For enquiries, contact United Capital Plc.3rd and 4th Floor. Afriland Towers, 97/105 Broad Street, Lagos. © United Capital (220.*