

The day in review

- The equity market clocked a 0.8% gain
- Performance in the bonds space was dull
- System liquidity tightened
- Brent remained above \$60/bbl
- Naira depreciated at the I & E window

Looking forward

- Q4-18 GDP Report
- January Inflation Report
- FY-18 Earnings scorecard

Daily insight

What is the case for Nigerian equities?

Entering 2019, the biggest concern for investors was that the market could fall further, given that most of the challenging factors that beclouded market performance in 2018 were expected to persist over 2019. However, just as we stated in our outlook report for 2019, there is a better balance of risk for the market; on the domestic macro scene, GDP numbers in 2018 fell short of expectations, meaning that the bar to beat in 2019 has been adjusted lower. Besides, the risk of US rate hikes and dollar strength - which were major pain points in 2018 - looks more subdued this year, considering the Fed's recent dovish language.

Added to this, 2018's sell-off sent the gap in valuations between stocks in developed and developing countries back to near-record levels. The P/E ratio for Nigerian equities (9.2x) are currently significantly below their 5-year long-term average (13.0x) and are trading at a very sharp discount to equities in the rest of the world. Thus, the market clearly looks attractively valued, offering an interesting entry-point to a multi-year recovery story.

In line with the above, the market has recorded a YTD return of 1.1%, driven by renewed investor interest in the wake of upcoming elections and on the backdrop of better dynamics in the global space (US Fed dovishness).

Headline	Level	1 day	YTD
NSE ASI	31,781.9	▲ 0.8%	▲ 1.1%
Mkt. Cap (₦'bn)	11,852.0	▲ 0.8%	▲ 1.1%
Mkt. Cap (\$'mn)	38,643.5	▲ 0.8%	▲ 1.2%
Value (N'mn)	5,649.4	▼ -53.7%	
Value (\$'mn)	18.4	▼ -53.7%	
Volume	551.6	▼ -23.8%	
Deals	5,229.0	▼ -9.1%	
Market Breadth	4.0		

T-Bills Yields	Current	Previous	%Δ
3 months	12.46	12.29	▲ 0.17
6 months	14.20	13.95	▲ 0.25
12 months	17.46	17.53	▼ -0.07

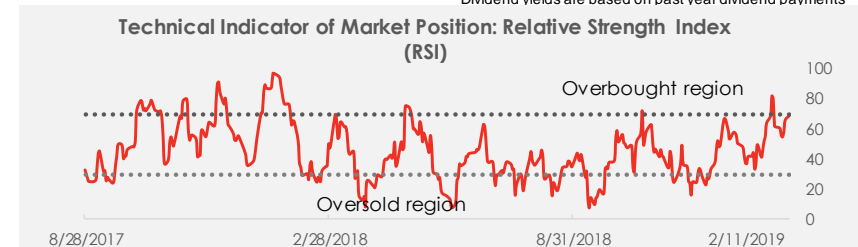
Bonds Yields	Current	Previous	% Δ
3 years	15.02	15.02	0.00
5 years	14.68	14.68	0.00
7 years	14.64	14.64	0.00
10 years	14.79	14.74	▲ 0.05

Currencies	Current	Previous	% Δ
Official	306.70	306.70	0.00%
Parallel	359.50	359.50	0.00%
NAFEX	361.95	361.73	▼ -0.06%

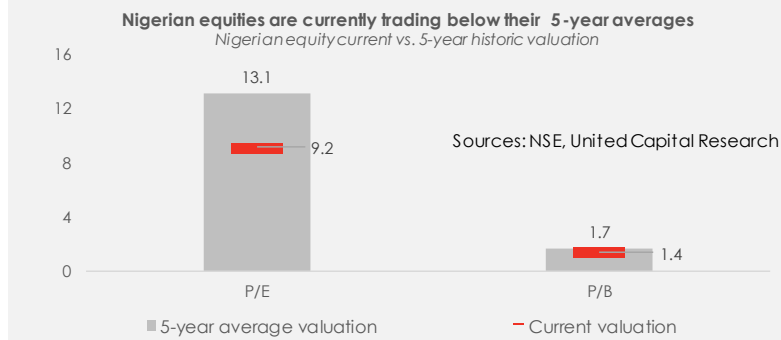
Other Key indices	Current	Previous	% Δ
OBB	43.3	18.7	▲ 24.66
OVN	47.5	19.4	▲ 28.08
Brent	61.2	62.1	▼ -1.45

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.00% ▲	2.1% ▲	4.0%	4.2	3.4%
Banks	1.9% ▲	12.3% ▲	9.5%	4.9	7.1%
Consumer	0.4% ▲	4.3% ▼	-2.7%	21.9	3.5%
Industrial	0.31% ▼	-3.3% ▲	2.3%	na	6.5%
Insurance	1.2% ▲	4.9% ▲	1.5%	4.7	6.9%
Oil & Gas	0.6% ▲	2.7% ▼	-4.8%	3.8	5.8%
Mkt. Avg. P/E 9.2			Mkt. Avg. Div. Yid 5.2%		

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



Pan African Market Monitor					
Equities	Level	1 day	YTD	P/E	Div. Yid.
BRVM	167.4	▲ 0.1%	▼ -2.8%	7.9	7.4
Egypt	14,784.8	▲ 0.1%	▲ 13.4%	14.1	2.0
Ghana	2,421.0	▲ 0.2%	▼ -3.1%	21.2	1,527.2
Kenya	160.4	▲ 0.0%	▲ 14.2%	12.9	4.5
Mauritius	2,205.8	▼ -0.2%	▼ -0.6%	17.7	2.0
Morocco	310.5	▲ 0.2%	▲ 0.2%	19.3	3.7
MSCI FM	545.4	▲ 0.3%	▲ 5.7%	11.4	3.7
South Africa	53,409.1	▲ 0.3%	▲ 1.3%	14.9	4.3
Tunisia	7,141.8	▼ -0.3%	▼ -1.8%	18.4	2.0
Zimbabwe	6621.89	▼ -2.9%	▲ 7.0%	25.4	1.9



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