

Wednesday, March 13, 2019

The day in review

- Bulls grab the baton
- System liquidity eased
- Mixed theme in the fixed income space

Looking forward

- Feb-19 CPI and Inflation report - (NBS)
- FY-18 Earnings scorecard - (NSE)

Daily insight

Could Nigeria's oil-driven export growth be under siege?

The recent 2018 Foreign Trade in Goods Statistics report, released by the National Bureau of Statistics, showed that Nigeria's total trade grew 39.3% to N32.6tn. Although, there was a 37.7% increase in imports to N13.2tn, a 40.5% spike in exports to N19.1tn more than offset the hike in imports, predicating a positive trade balance of N5.9tn (+47.1% y/y). While the consistent y/y increase in trade balance and exports is cheery, recent reports suggest that the oil-driven trade balance (c. 93.8% of export trade) could be tottering into instability in the medium to long term.

The reasons are not far-fetched as countries that have topped the list of Nigerian export trading partners are unrelenting in their efforts to cut down oil importation. Already, the IEA reported that the US reduced importation of Nigerian crude by as much as 43.4% in 2018 as an increase in shale production provided succour. Additionally, while India's recent reinforcement of its partnership with Saudi Arabia Aramco on the construction of local refineries may not necessarily portend less importation, it could see the Asian nation tilting towards importing more crude from Saudi Arabia relative to other suppliers. Furthermore, South Africa's recent discovery of oil and gas is also set to increase drilling and refining activities in the country.

Overall, it is imperative for the Federal Government to judiciously implement reforms that would spur private sector investments and enhance the ease of doing business in the country in order to diversify the export base.

Headline	Level	1 day	YTD
NSE ASI	31,360.3	▲ 0.1%	▼ -0.2%
Mkt. Cap (N'bn)	11,694.7	▲ 0.1%	▼ -0.2%
Mkt. Cap (\$'mn)	38,099.8	▲ 0.1%	▼ -0.2%
Value (N'mn)	2,261.6	▼ -22.7%	
Value (\$'mn)	7.4	▼ -22.7%	
Volume	377.5	▲ 72.1%	
Deals	3,273.0	▼ -2.2%	
Market Breadth	0.7		

T-Bills Yields	Current	Previous	%Δ
3 months	11.58	11.99	▼ -0.41
6 months	14.16	14.27	▼ -0.11
12 months	14.54	14.83	▼ -0.29

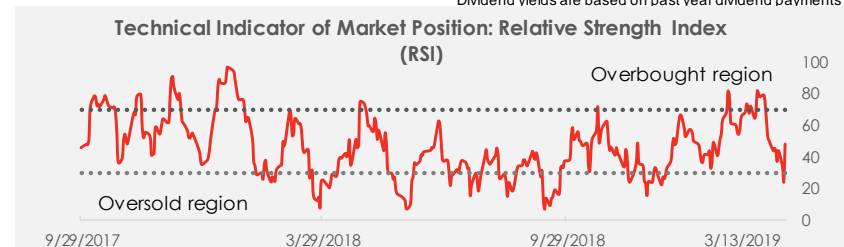
Bonds Yields	Current	Previous	% Δ
3 years	14.61	14.55	▲ 0.06
5 years	14.47	14.47	▲ 0.00
7 years	14.35	14.49	▼ -0.14
10 years	14.26	14.29	▼ -0.03

Currencies	Current	Previous	% Δ
Official	306.95	306.95	▲ 0.00%
Parallel	358.50	358.50	▲ 0.00%
NAFEX	360.29	360.44	▲ 0.04%

Other Key indices	Current	Previous	% Δ
OBB	9.42	9.7	▼ -0.25
OVN	10.00	10.3	▼ -0.33
Brent	0.0	66.8	▼ -100.00

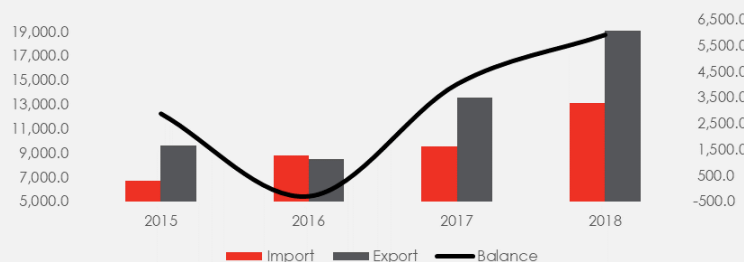
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	▲ 0.6%	▲ 0.0%	▲ 11.0%	4.5	3.2%
Banks	▲ 0.0%	▲ -1.4%	▲ 1.6%	4.6	7.7%
Consumer	▲ 1.6%	▲ -1.3%	▲ -3.8%	22.3	3.1%
Industrial	▲ -0.3%	▲ -2.0%	▲ 0.8%	49.0	6.6%
Insurance	▲ 0.0%	▲ -2.8%	▲ 2.4%	4.7	6.8%
Oil & Gas	▲ 0.0%	▲ -2.6%	▲ -3.8%	49.0	5.8%
Mkt. Avg. P/E 8.1			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	172.9	▲ 0.0%	▲ 0.4%	8.2	7.1
Egypt	15,125.8	▼ -0.1%	▲ 16.0%	16.9	2.0
Ghana	2,418.2	▼ -0.3%	▲ -3.2%	23.2	1,529.1
Kenya	154.5	▼ -0.4%	▲ 10.0%	12.8	4.7
Mauritius	2,191.2	▼ -0.2%	▲ -1.2%	17.4	2.0
Morocco	300.1	▲ 0.1%	▲ -3.2%	18.7	3.9
MSCI FM	547.4	▲ 0.2%	▲ 6.1%	11.0	3.5
South Africa	55,829.1	▲ 0.2%	▲ 5.9%	16.8	4.1
Tunisia	6,894.3	▼ -1.2%	▲ -5.2%	17.7	2.1
Zimbabwe	5549.71	▼ -3.8%	▲ -10.3%	30.4	-

Trend of Nigeria's Foreign Trade in Goods (N'mn)
Import and Export (LHS) & Trade Balance (RHS)



Sources: NBS, United Capital Research

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