

Monday, April 15, 2019

The day in review

- Bears resurface after 3-day winning streak
- A bullish theme in the FI space
- System liquidity remained tight

Looking forward

- Mar-19 CPI and Inflation Report - (NBS)

Daily insight

Why you should consider investing in Eurobond Funds?

Last week, the IMF/World Bank annual spring meeting for 2019 was concluded. Apart from increased flexibility, the harmonization of the multiple exchange rate system and removal of FX restrictions were some of the key recommendations made for Nigeria. If historical trend is anything to go by, we know that the CBN often hold FX rates above its fair value till unbearable pressure builds up to necessitate a devaluation. Hence, investment in a dollar-denominated instrument such as Eurobonds often makes economic sense over the medium to long term.

Currently, Nigeria is the third largest issuer of Eurobond in Africa. Large corporate issuers are also tapping into Eurobond market, with Ecobank Transnational Incorporation joining the fray last week with a \$450.0mn issue at 9.75%. For retail investors, investing in a Eurobond Fund is, perhaps, the easiest way to benefit. Typically, a Eurobond Fund is a mutual fund designed to pool fund from different individuals - ordinarily unable to directly invest in a Eurobond- to benefit from same at a competitive return on investment rather than holding dollar savings in a domiciliary account which yield little or no interest.

Beside capital gain, additional benefits of investing in a Eurobond Fund include: Portfolio diversification into relatively stable dollar asset; provides an avenue to hedge investment against currency risk and the tax advantage that mutual funds offer as returns are not subjected to withholding tax.

Headline	Level	1 day	YTD
NSE ASI	29,495.9	▼ -0.2%	▼ -6.2%
Mkt. Cap (N'bn)	11,078.9	▼ -0.2%	▼ -5.5%
Mkt. Cap (\$'mn)	36,093.5	▼ -0.2%	▼ -5.5%
Value (N'mn)	1,785.3	▼ -13.2%	
Value (\$'mn)	5.8	▼ -13.2%	
Volume	223.8	▼ -4.7%	
Deals	3,175.0	▲ 18.1%	
Market Breadth	1.5		

T-Bills Yields	Current	Previous	%Δ
3 months	10.79	10.80	▼ -0.01
6 months	13.81	13.83	▼ -0.02
12 months	14.70	14.71	▼ -0.01

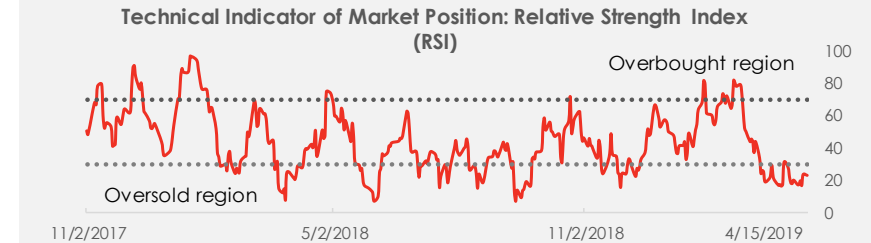
Bonds Yields	Current	Previous	% Δ
3 years	14.02	14.20	▼ -0.18
5 years	14.00	14.03	▼ -0.03
7 years	14.38	14.39	▼ -0.01
10 years	14.43	14.62	▼ -0.19

Currencies	Current	Previous	% Δ
Official	306.95	307.00	▲ 0.02%
Parallel	359.00	359.00	▲ 0.00%
NAFEX	360.30	360.32	▲ 0.01%

Other Key indices	Current	Previous	% Δ
OBB	40.00	20.3	▲ 19.71
OVN	42.93	21.6	▲ 21.36
Brent	71.2	71.6	▼ -0.56

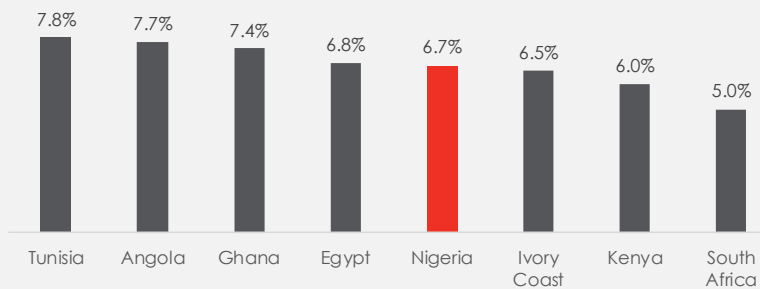
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	0.0%	1.9%	4.1	3.5%
Banks	-0.1%	-6.4%	-5.3%	4.1	8.1%
Consumer	1.3%	-6.9%	-11.6%	24.0	3.4%
Industrial	0.6%	-6.6%	-6.5%	na	7.1%
Insurance	0.2%	-6.6%	-7.0%	4.1	7.7%
Oil & Gas	-0.1%	-2.2%	-6.0%	7.2	7.5%
Mkt. Avg. P/E	7.5			Mkt. Avg. Div. Yid	5.7%

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



Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	173.2	▼ -0.4%	▲ 0.6%	8.7	7.1%
Egypt	15,055.4	▼ -0.1%	▲ 15.5%	16.7	2.1%
Ghana	2,369.4	▼ -1.5%	▼ -5.2%	21.2	-
Kenya	157.3	▼ -0.4%	▲ 12.0%	12.3	4.7%
Mauritius	2,169.7	▼ 0.0%	▼ -2.2%	19.5	2.1%
Morocco	298.8	▲ 0.3%	▼ -3.6%	19.0	3.9%
MSCI FM	552.5	▲ 0.3%	▲ 7.0%	10.7	3.7%
South Africa	58,249.4	▼ -0.3%	▲ 10.5%	17.7	4.0%
Tunisia	6,948.3	▼ -0.1%	▼ -4.4%	17.4	2.1%
Zimbabwe	4865.36	▼ -2.1%	▲ -21.4%	8.6	-

Current average YTM on Sovereign Eurobond across Africa



Sources: Bloomberg

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