

The day in review

- The All Share Index (ASI) edged lower by -0.4%
- Underpinned by sector-wide profit-taking
- System liquidity eased (OBB: 15.2%, O/N: 16.2%)
- OMO mop-up c. 75.5bn (94-day & 192-day tenors)
- Naira depreciated to 360.7 at the I & E Window

Looking forward

- FGN Bond Auction on Wednesday
- OMO maturity c. 64.4bn on Thursday

Daily insight

Equity outlook for 2018: Faster, Higher, Stronger?

The Nigerian equities market broke-out from the 43,000point resistant level last witnessed in Jul-14 within the first two weeks of 2018. This prompted a few questions, such as: Is a further uptrend likely for Nigerian equities in 2018? If so, how high can the benchmark index climb? And, what are the fundamental factors that will drive this uptrend?

We are of the view that recent rally, as observed in the last three weeks, has been partly driven by bandwagon effect. Hence, a short-term correction is highly probable due to profit taking. Yet, we maintain that fundamental justifications for a sustained bull run in the Nigerian equities market are very compelling. These include improvement in global and domestic macroeconomic environment which should drive assumptions for cost of equity should lower as risk-free rate and equity risk premium moderate. An improving oil market outlook, stable currency market environment, lower interest rate expectation, and solid earnings outlook, all point to minimal negative volatility and robust return, especially in H1-18. The only downside risk is the on-set of uncertainties associated with a pre-election, especially in H2-18, as the build-up to be 2019 election takes center stage.

Overall, we expect the equities market to sustain uptrend in 2018 albeit, at a moderating pace.

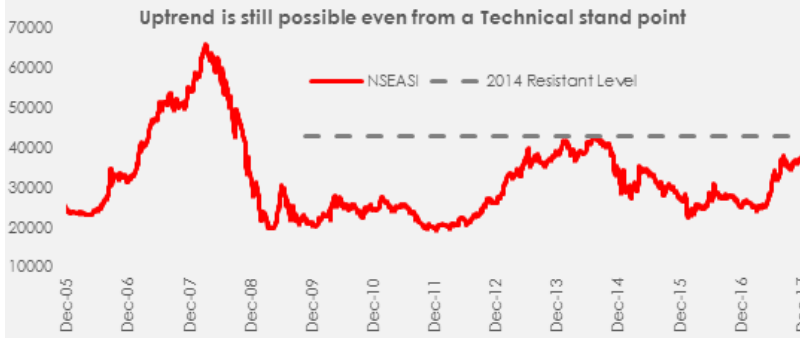
Headline	Level	1 day	YTD
NSE ASI	44,912.5	▼ -0.4%	▲ 17.4%
Mkt. Cap (N'bn)	16,089.9	▼ -0.4%	▲ 18.2%
Mkt. Cap (\$'mn)	52,641.4	▼ -0.4%	▲ 18.4%
Value (N'mn)	15,927.6	▲ 84.6%	
Value (\$'mn)	52.1	▲ 84.6%	
Volume	4,436.8	▲ 231.2%	
Deals	8,572.0	▼ -5.3%	
Market Breadth	1.0		

T-Bills	Current	Previous	% Δ
3 months	15.7	13.9	▲ 1.8%
6 months	14.5	15.4	▼ -0.9%
12 months	15.4	15.6	▼ -0.2%

Bonds	Current	Previous	% Δ
3 years	13.3	13.7	▼ -0.4%
5 years	13.3	13.3	▲ 0.0%
7 years	13.4	13.4	▲ 0.0%
10 years	13.4	13.4	▲ 0.0%

Currencies	Current	Previous	% Δ
Official	305.7	305.7	▲ 0.0%
Parallel	363.5	362.5	▼ -0.3%
NAFEX	360.7	360.1	▼ -0.2%

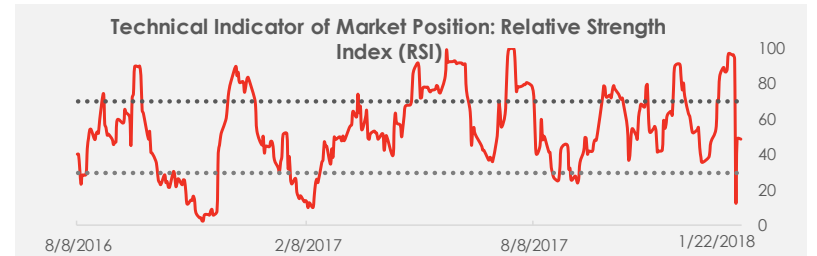
Other Key indices	Current	Previous	% Δ
OBB	15.2	16.7	▼ -1.5
OVN	16.2	17.7	▼ -1.5
Brent	69.3	68.6	▲ 0.0



	Agriculture	Financials	Consumer	Oil & Gas	Industrial
1 day	▼ 0.0%	▼ -0.7%	▼ -0.5%	▼ -0.2%	▼ 0.0%
YTD	▲ 3.3%	▲ 33.5%	▲ 4.2%	▲ 10.0%	▲ 18.8%
P/E (x)	4.8	9.6	52.1	33.3	22.1
Div. Yld.	0.4%	3.1%	2.3%	1.7%	2.6%

Market Average P/E	14.5x	Market Average Div. Yld	2.9%
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*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. Yld.
BRVM	230.2	▼ -0.5%	▼ -5.3%	84.7	2.0
Egypt	15,243.2	▼ -0.6%	▲ 1.5%	11.5	2.6
Ghana	2,883.7	▲ 0.4%	▲ 11.8%	na	0.6
Kenya	179.8	▼ -0.2%	▲ 5.0%	14.2	3.7
Mauritius	2,261.4	▲ 0.2%	▲ 2.7%	20.3	2.3
Morocco	351.4	▲ 0.6%	▲ 4.4%	22.6	4.0
MSCI FM	677.7	▼ 0.0%	▲ 6.3%	15.8	2.8
South Africa	61,168.4	▲ 0.4%	▲ 2.8%	20.8	2.7
Tunisia	6,339.9	▼ -0.3%	▲ 0.9%	18.8	2.2
Zimbabwe	2550.7	▲ 0.1%	▼ -13.2%	25.7	2.5

Contact us

Research | +234-1-280-7334
research@unitedcapitalplcgroup.com

Trustees | +234-1-280 7853
trustees@unitedcapitalplcgroup.com

Securities Trading | +234-1-280-8919
securities@unitedcapitalplcgroup.com

Investment Banking | +234-1-280-7395
investmentbanking@unitedcapitalplcgroup.com

Asset Management | +234-1-280-7822
assetmanagement@unitedcapitalplcgroup.com