

Weekly Market Update.

July 7, 2023



Equities Report

Commentary

NGX All-Share Index ends the week strong, up 3.40% w/w bringing NGXASI up to 23.0% from 18.96%.

Ending the week, the Lagos bourse maintained the bullish trend as the benchmark index closed 1.65% stronger to settle at 63,040.87 points. Sustained interests in MTNN (+0.36%), DANGCEM (+3.48%) and ZENITHBANK (+0.72%) were the primary drivers of the market performance. Having gained in four (4) out of five (5) trading sessions this week, the ASI recorded a 3.40% w/w gain, up for the seventh straight week.

During the week, strong performances across MTNN (+0.59% w/w), DANGCEM (+5.30% w/w), BUACEMENT (+6.60% w/w) and ZENITHBANK (+1.61% w/w) were sufficient to offset the losses in BUACEMENT (-1.36% w/w), NESTLE (-4.00% w/w) and NB (-2.89% w/w). As a result, the year-to-date (YTD) return rose to 23.00%, while the market capitalization gained ₦1.13trn w/w to close at ₦34.33trn.

Likewise, activity levels mirrored the market's broad gauge as trading volume and value surged by 324.7% w/w and 250.0% w/w, respectively, with FBNH accounting for about 48.6% and 61.5% of the total trading volume and value. From a sectoral standpoint, the Banking (+9.82%), Oil and Gas (+7.18%), Industrial Goods (+2.23%), and Insurance (+0.73%) indices closed in the green while the Consumer Goods (-0.22%) index declined.

The half-year earnings season is on the horizon, we believe investors will look for clues on the sustainability of the decent corporate earnings released for Q1-23. However, we expect mixed market performance in the week ahead as bargain hunting in dividend-paying stocks will be matched by intermittent profit-taking activities. Notwithstanding, we advise investors to take positions in only fundamentally justified stocks as the unimpressive macro story remains a significant headwind for corporate earnings.

Key Market Statistics

Metrics	Outcome
NGX All-Share Index	63,040.41
Friday's return	1.65%
WoW	3.40%
MoM	3.40%
YTD	23.00%
52-week High	63,040.41
52-week Low	43,393.20
Market Capitalisation (N'Trillion)	34.326

NGX-Key Sub-Index

Metrics	Outcome	WoW Chg. (%)	YTD (%)
NGX 30	2,288.19	3.05	24.19
NGXBNK	708.77	9.82	69.77
NGXCNSMRG	892.77	-0.22	51.59
NGXIND	2,546.73	2.23	5.97
NGXINS	279.10	0.73	60.07
NGXOILG	831.59	7.18	79.81
NGXPENSION	2,694.41	4.36	50.31
NGXPREMIUM	6,507.09	4.01	37.99

Top 5 Trades by Volume (7 July 2023)

Ticker	Volume	Market Volume
FBNH	131,774,857	10.73%
WEMABANK	121,034,067	9.86%
FCMB	111,370,713	9.07%
UNIVERSE	101,506,321	8.27%
UBA	98,241,491	8.00%

Top 5 Gainers (7 July 2023)

Ticker	Pclose	Close (NGN)	Change
OMATEK	0.50	0.55	+10.00%
FTNCOCOA	2.90	3.19	+10.00%
PRESKO	200.00	220.00	+10.00%
AFROMEDIA	0.20	0.22	+10.00%
FIDELITYBANK	8.12	8.93	+9.98%

Top 5 Trades by Value

Ticker	Value NGN'000	Market Value
FBNH	2,629,195,926.60	18.99%
ZENITHBANK	1,848,211,011.20	13.35%
UBA	1,384,596,655.40	10.00%
GTCO	910,466,429.90	6.57%
DANGCEM	907,028,821.80	6.55%

Top 5 Losers

Ticker	Pclose	Close (NGN)	Change
MULTIVERSE	3.75	3.38	-9.87%
RTBRISCOE	0.73	0.66	-9.59%
COURTVILLE	0.73	0.67	-8.22%
WAPIC	0.66	0.61	-7.58%
CHAMPION	4.75	4.60	-3.16%

5-Days Market Summary

Date	Days	NSE ASI	% Change	Volume	%Change	Value (NGN)	%Change	Gainers	Losers
3-Jul-23	Monday	61,949.24	1.61	1,205,487,439.00	20.78%	14,039,718,812.50	-12.01%	67	16
4-Jul-23	Tuesday	60,715.04	-1.99	1,107,340,750.00	-8.14%	12,209,640,731.92	-13.04%	33	44
5-Jul-23	Wednesday	61,523.57	1.33	846,323,158.00	-23.57%	10,305,982,239.92	-15.59%	43	30
6-Jul-23	Thursday	62,019.88	0.81	543,829,746.00	-35.74%	95,005,139,646.12	821.84%	54	18
7-Jul-23	Friday	63,040.41	1.65	1,227,686,077.00	125.75%	13,847,537,264.39	-85.42%	66	13

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Money Market, Fixed Income

Commentary

Money Market

During the week, the overnight (OVN) rate dipped by 75bps to 1.3% as the system remain afloat with liquidity. Accordingly, average system liquidity remained at a net long position of NGN782.85 billion this week (vs. NGN874.39 billion in the prior week).

In the new week, barring any significant outflows from the system, we expect the OVN rate to remain depressed in the coming week, given the healthy system liquidity.

Fixed Income Market

Bond

During the week, proceedings in the FGN bonds secondary market remained bullish this week, as the average yield across all instruments contracted by 4bps to 12.95%. Across the benchmark curve, the average yield advanced at the short (+22bps) and mid (+12bps) segments following profit-taking on the MAR-2027 (+115bps) and APR-2032 (+42bps) bonds, respectively. Meanwhile, the average yield contracted at the long (-25bps) end, as investors demanded the APR-2049 (-67bps) bond.

We retain our view that frontloading of significant borrowings for the year by the FG will result in an uptick in bond yields as investors demand higher yields in the face of elevated supply.

Treasury Bills

The Nigerian Treasury bills secondary market remained bullish as the average yield across all instruments contracted by 6bps to 6.3%, supported by the liquidity surfeit in the system. Notably, market participants showed an affinity for instruments at the long spectrum of the curve, particularly the 245DTM (-168bps) and 231DTM (-61bps) bills.

In the new week, we still expect T-bills yields to remain tempered, supported by the buoyant liquidity conditions. Also, we expect market participants to be keen on next week's primary market proceedings, with the CBN expected to roll over NGN141.77 billion worth of instruments at the NTB PMA holding on Wednesday (12 July).

Economic Indicators

	Current	Year Start
MPR	18.50%	16.50%
Inflation (As at May)	22.41%	21.34%
Gross External Reserves*	\$34.06bn	\$37.083bn

* As at 6 July 2023.

Interbank Offered Rate

Ticker	30-June	7-July	Change
O/N	2.00%	1.25%	-0.75%

Benchmark Bonds – Secondary Market

Ticker	30-June	7-July	Change (%)
14-Mar-24	6.79	5.20	(1.59)
23-Mar-25	9.79	10.10	0.31
22-Jan-26	10.21	10.59	0.38
17-Mar-27	10.91	12.06	1.15
23-Feb-28	11.80	12.63	0.83
28-Nov-28	12.13	12.31	0.18
26-Apr-29	12.30	12.14	(0.16)
22-May-29	12.32	12.25	(0.07)
20-Nov-29	12.50	12.45	(0.05)
23-Jul-30	12.74	12.82	0.08
27-Apr-32	13.35	13.77	0.42
18-Jul-34	13.72	13.93	0.21
27-Mar-35	14.06	14.07	0.01
18-Mar-36	14.40	14.40	-
18-Apr-37	14.62	14.63	0.01
21-Jan-42	14.25	14.30	0.05
24-Jul-45	14.50	14.37	(0.13)
26-Apr-49	15.25	14.58	(0.67)
27-Mar-50	15.35	14.59	(0.76)

*NB: A moderation in bond yields means price rose while an increase means prices dropped

Auctions- T.Bills

Ticker	14-June-23	30-June-23
91 days	4.89%	2.87%
182 days	5.12%	4.37%
364 days	8.24%	6.23%
VOLUME(₦'bn)	286.125bn	187.114bn

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Foreign Exchange

Nigeria's green back continued declining again during the week by \$60.27 million w/w, to close at USD34.06billion (6 July 2023). Across the I&E FX windows, the Naira depreciated by (1.0%) to close at ₦776.90/USD at the I&E window (IEW) reflecting the impact of the FX market liberalization. At the I&E window, total turnover (as at 6 July 2023) decreased by 48.1% WTD to USD367.23 million, with trades consummated within the ₦600.00 – ₦820.00/USD band. In the Forwards market, the rate was at the 1-month depreciated (-4.15% to ₦781.22/USD) contracts and also depreciated at the 3-month (-4.3% to ₦820.24/USD) while the 6-months depreciated across (-4.0% to ₦849.13/USD) contracts. The rate also depreciated at the 1-year (-3.5% to ₦910.26/USD) contracts.

In the near term ahead, we expect the re-introduction of the “willing buyer, willing seller” model at the IEW to continue to influence the exchange rate direction. However, while the CBN's abolishment of its multiple FX windows is positive in boosting foreign investors' confidence; we reason they will adopt a wait-and-see approach (more like a due diligence) for now, looking for indications on the CBN's plans to start clearing the FX backlogs and boosting FX supply to support the market in the near term.

News Commentary

VANGUARD

Tinubu suspends Finance Act, halts 5% excise tax on telecoms – In a bid to curb multiple taxations as complained by a cross-section of Nigerians and the business community, President Bola Tinubu has signed four Executive Orders, which include the suspension of the five per cent Excise Tax on telecommunication services as well as the Excise Duty escalation on locally manufactured products. The President also suspended the 2023 Finance Act 2023 deferring the date of its commencement from 28th May, 2023 to 1st of September, 2023. Some of the suspended taxes were issued through Executive Orders by former President Muhammadu Buhari at the twilight of his administration. They include Corporate Income tax, Import duties, Export duties, Excise duties, Rents, Capital Gains tax, Personal Income tax, Value Added tax, Stamp duties, Property tax, Licenses, Motor Parking fee, Motor Vehicle fee, Withholding tax, Land tax, Market License fee, Road tax, Business Premises, dividend tax, NHIS levy, Advert fee, Regulation fees, the new NYSC levy. The Special Adviser to the President on Special Duties, Communications and Strategy, Dele Alake, disclosed this while briefing State House correspondents on Thursday at the Presidential Villa Abuja.

CBN warns banks over Russia, Iran, Cameroon transactions – The Central Bank of Nigeria (CBN) has warned Deposit Money Banks (DMBs) and Other Financial Institutions (OFIs) in the country to be wary of transactions with businesses and persons in the Russian Federation, the Democratic People's Republic of Korea, Iran and Cameroun. The warning was contained in a circular referenced: FPR/AML/PUB/BOF/001/029, which was issued yesterday by the Director, Financial Policy and Regulation, Mr. Chibuzo Efobi. According to circular Nigerian banks and other financial institutions needed to watch transactions with those countries because they had been placed under the high-risk jurisdictions list by the Financial Action Task Force (FATF). The FATF is the global money laundering and terrorist financing watchdog. It sets international standards that aim to prevent these illegal activities and the harm they cause to society. Other countries on the list include: Democratic People's Republic of Korea, Croatia, Vietnam and Myanmar. The CBN said that its action flowed from the decisions taken by members of the FATF at a plenary which was held last month.

THE SUN

Senate to probe Kano, Abuja Airports Concession – The Senate has said that it would probe the concession of Mallam Aminu International Airport, Kano and Nnamdi Azikiwe International Airport, Abuja. The probe, the upper chamber said would commence when the Committee on Aviation is constituted. The Senate's resolution was sequel to a motion moved by Sen. Kawu Sumaila (NNPP-Kano) during Thursday's plenary. The motion was tagged “Urgent Need to Reverse the Concession of Mallam Aminu Kano International Airport, Kano”. Other resolutions by the upper chamber included urging the Federal Government to, if need be, review the entire exercise and give a level playing field to all stakeholders. It also condemned in strong terms, the concession of Mallam Aminu Kano International Airport, Kano and Nnamdi Azikiwe International Airport, Abuja as it was not done in public interest. Moving the motion, Sumaila said that the Federal Executive Council, on May 17 approved the concession of the Kano airport for 30 years, to Messrs Corporación America Airports Consortium. He also said that the Federal Ministry of Aviation does not own, or run, any airport in Nigeria.

We're working with stakeholders to reduce settlement cycle – NGX – With current reforms and competition among exchanges in global financial markets, Nigerian Exchange Limited (NGX) on Thursday revealed that it is working assiduously with the Central Securities Clearing System (CSCS) Plc and other stakeholders to reduce the settlement cycle from T+3 to T+1 over the next few years. This was even as the Exchange said it will continue to seek and explore the use of advanced technological tools such as Straight Through Processing (STP) of equity transactions to enhance transparency in the Nigerian capital market (NCM). The Divisional Head, Capital Markets, NGX, Jude Chiemeka, stated this during the virtual NGX Retail Workshop themed: STP of Equity Transactions, organized in collaboration with Central Securities Clearing System (CSCS) Plc and United Capital in Lagos. Chiemeka, while commending CSCS and United Capital, explained that the equities market is constantly evolving and it is imperative that the Exchange keep up with the latest trends and technologies to ensure that as a platform provider, it provides investors the best possible service. According to him, STP is a mechanism that automates the end-to-end processing of transactions of financial instruments and also provides a means of electronically capturing and processing transactions from the point of first deal to final settlement.

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Fuel import: Nigeria losing \$2000 per barrel – Oil marketers – For failing to fix its ailing 445,000 barrels per day refineries located in Port Harcourt, Kaduna and Warri, Nigeria is losing about \$2000 per barrel of oil imported into the country, according to Major Oil Marketers Association of Nigeria (MOMAN). MOMAN Chairman, Mr. Olumide Adeosun, stated this during a live interview monitored on Channels Television Sunrise Daily, yesterday. In 2016, the Nigerian National Petroleum Company (NNPC) Limited, established the Direct Sale Direct Purchase (DSDP) programme also known as crude swap. Under the DSDP programme, NNPC provides crude oil under a Free on Board (FOB) basis to a supplier while the supplier in return provides petroleum products to the NNPC at a designated port in Nigeria. The products supplied are equivalent of crude oil received by the supplier. "It is criminal what has happened. If we are to sell a barrel of oil at \$71 viz a viz fully extracting and exploiting the full value locally, that same \$71 barrel of oil will give the country \$2000 in terms of value. What we must do is to get those local refineries back on stream. I know there is a lot of work going on in the background."

PUNCH

NNPCL plans another \$8bn international gas pipeline – The Group Chief Executive Officer, Nigerian National Petroleum Company Limited, Mele Kyari, on Thursday, announced that the NNPC would be constructing another international gas pipeline worth about \$8bn. NNPC and its partners are currently working on the construction of the \$25bn Nigeria-Morocco gas pipeline that is to supply gas from Nigeria to about 11 African countries and transport same from Morocco to Europe. Speaking during a panel session at the ongoing 8th Organisation of Petroleum Exporting Countries International Seminar in Vienna Austria, Kyari stated that the proposed \$8bn pipeline would go through Niger Republic to Algeria and then to Europe. He disclosed this in a video clip made available to our correspondent by the NNPC in Abuja. Kyari participated in a roundtable conversation at the seminar titled "Eradicating Energy Poverty." He said, "We are building a \$25bn pipeline from Nigeria to Morocco through 11 West African countries. There's another pipeline we are planning to build through Niger Republic, and through Algeria into Europe also, and the potential is between \$7bn to \$8bn. "We are also expanding our current LNG (Liquefied Natural Gas) facility with another train."

7,000 projects gulp N1.66tn, says NDDC – The Niger Delta Development Commission, on Thursday, said it had so far completed about 7,000 projects valued at over N1.66tn in the Niger Delta region, adding that 6,000 other projects were currently ongoing. It outlined the completed and ongoing projects including roads, bridges, buildings, renewable energy projects, jetties, water supply systems, skill acquisition centres, healthcare and education projects, among others. The NDDC, established on June 5, 2000, by the Niger Delta Development Commission Establishment Act No. 6 of 2000, is a Federal Government agency that has the sole mandate of developing the oil-rich Niger Delta region of Nigeria. The commission also disclosed that the 6,000 ongoing projects in the region were valued at over N1.5tn, adding that the agency had awarded more than N5tn worth of contracts since the establishment of the NDDC. It disclosed this in Abuja at a one-day policy dialogue with development partners and donor agencies organised by the commission in collaboration with the Federal Ministry of Niger Delta Affairs. In a presentation at the event, the Chairman NDDC-Public Private Partnership Committee, Emmanuel Audu-Ohwavorua, said, "The NDDC has completed over 7,000 projects since inception, valued at N1.66tn."

DAILY TRUST

NBS, UN To Conduct First 'Time Use' Survey Nationwide – The National Bureau of Statistics (NBS), in partnership with the United Nations Women, has unveiled plans to conduct the first Time Use survey across the 36 states of the federation and the FCT. Speaking at a stakeholders' event yesterday in Abuja, the Statistician General of the Federation, Prince Adeyemi Adeniran, said the survey would serve as the main statistical source of information on how individuals used their time between paid and unpaid work, including unpaid domestic and care work activities, studies, personal care, family tasks and leisure activities. He said, "It provides valuable insights into the socioeconomic patterns, work-life balance, and gender dynamics within a society and provides essential data that enables government, policymakers, and development practitioners to make informed decisions and design effective policies to address the needs and aspirations of citizens." He noted that in 1998, the then Federal Office of Statistics, which is now known as the National Bureau of Statistics, conducted a pilot survey on Time Use only in five states of the federation: Lagos, Osun, Enugu, Kaduna and Bauchi, and was designed to study how Nigerian households used their time, and that since then no holistic survey had been conducted.