



# **THE Nigerian STOCK EXCHANGE**

## THE NSE CMC PRESENTATION: H1 '15 *Our Market Performance at a Glance*

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For

Capital Markets Committee – Nigeria

July 28, 2015

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The Nigerian Stock Exchange

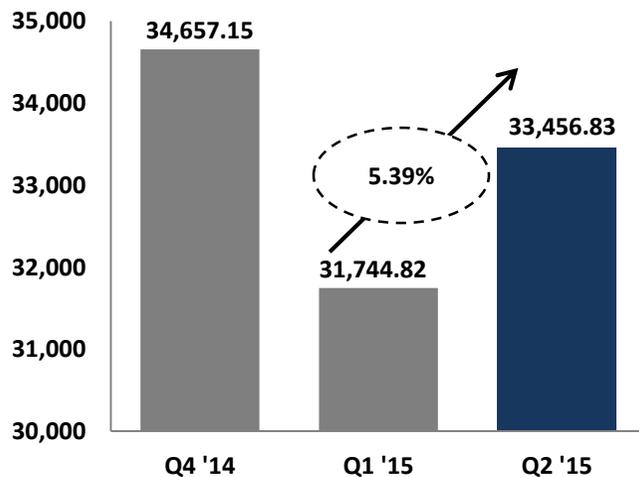
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- H1 '15 Briefing

## Market Performance Summary

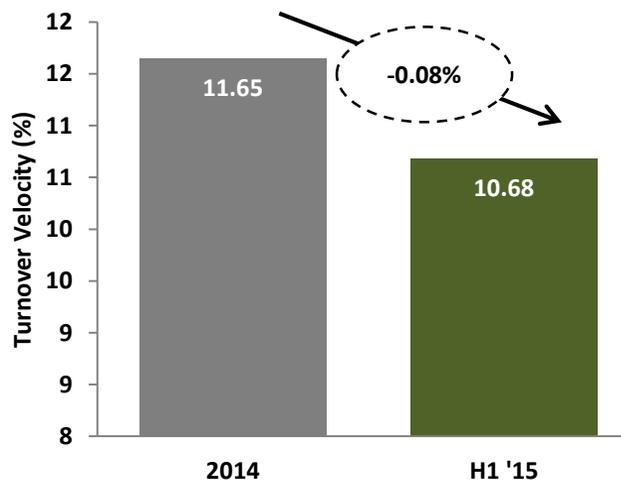
- Despite downward pressure on equities, there were a few positive trends in the market:
  - The value of the NSE ASI climbed 5.39% from 31,744.82 at the end of Q1 '15 to 33,456.83 at the end of Q2 '15.
  - Turnover velocity stayed relatively flat, with a slight slippage of 0.08% when comparing Q2'15 with 2014's turnover ratio.
  - The market also saw a foreign and local participation rate of 52.87% and 47.13%, respectively, in total value traded.

### NSE ASI Value



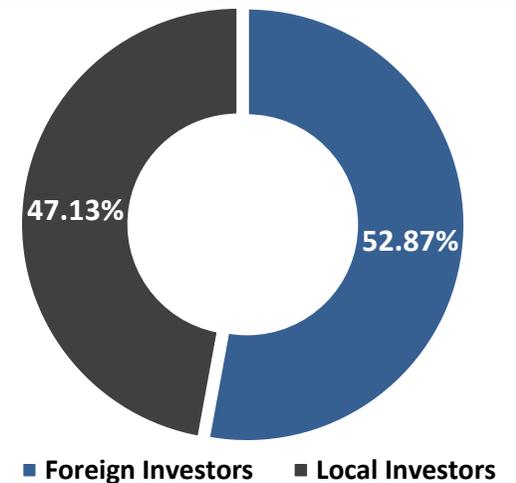
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### Turnover Velocity



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### Foreign/Local Traded Value (%)



# Our Market Capitalization at a Glance

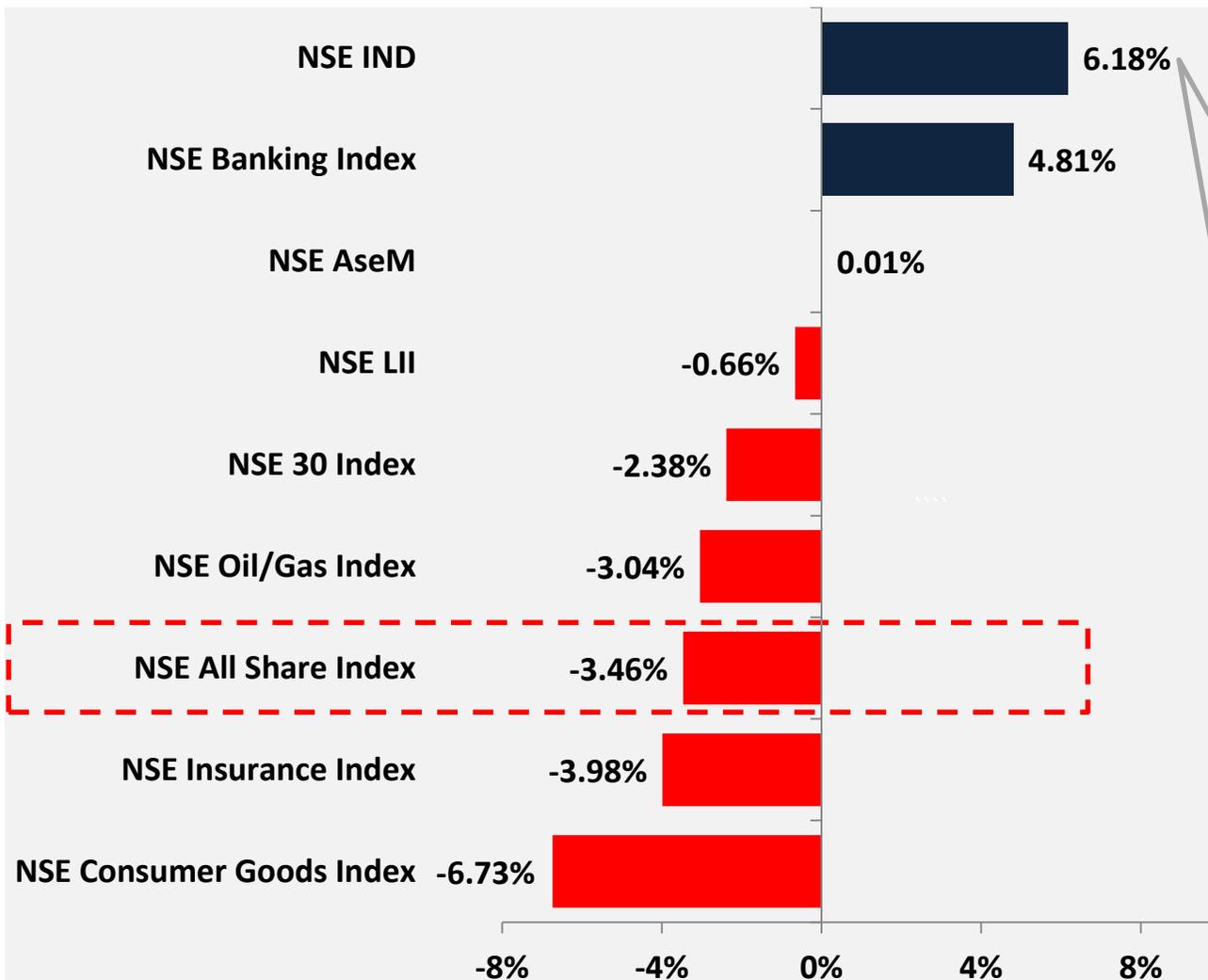


## NSE Market Capitalization Statistics (2<sup>nd</sup> Jan 2015 vs. Jun 30<sup>th</sup> 2015)

Category	Market Cap Dec 31 <sup>st</sup> 2014 (NGN)	Market Cap Jun 30 <sup>th</sup> 2015 (NGN)	Variance (%)
<b>Equities - Main Board</b>	11,477,661,174,487	11,421,022,446,812.40	-0.49%
<b>Equities – AseM</b>	8,572,994,302	8,676,246,006.00	1.20%
<b>Exchange Traded Products</b>	4,520,358,000	4,524,929,000.00	0.10%
<b>FGN Bonds</b>	4,702,719,451,583	4,793,379,526,433.74	1.93%
<b>Corporate Bonds</b>	144,957,900,238	220,390,000,000.00	52.04%
<b>State and Municipal Bonds</b>	524,670,822,400	544,431,062,400.00	3.77%
<b>Supranational Bonds</b>	12,000,000,000	24,950,000,000.00	107.92%
<b>Total</b>	<b>16,875,102,701,010</b>	<b>17,017,374,210,652.10</b>	<b>0.84%</b>

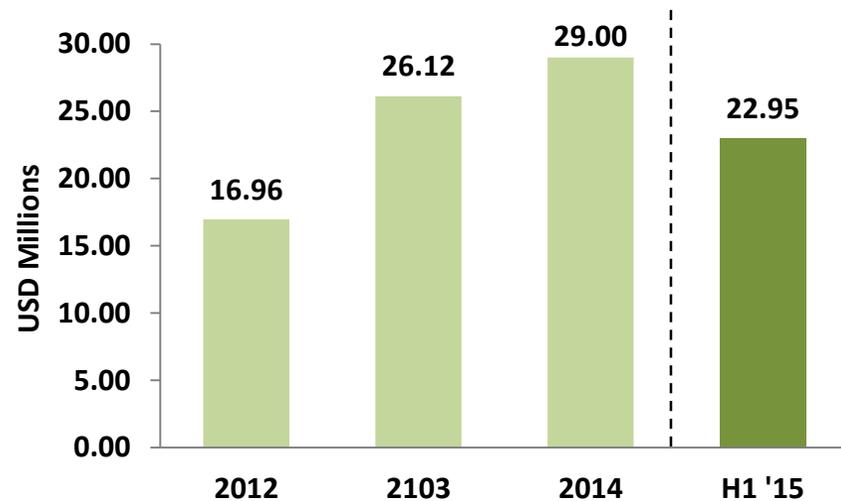


## NSE Index Performance (H1'15)

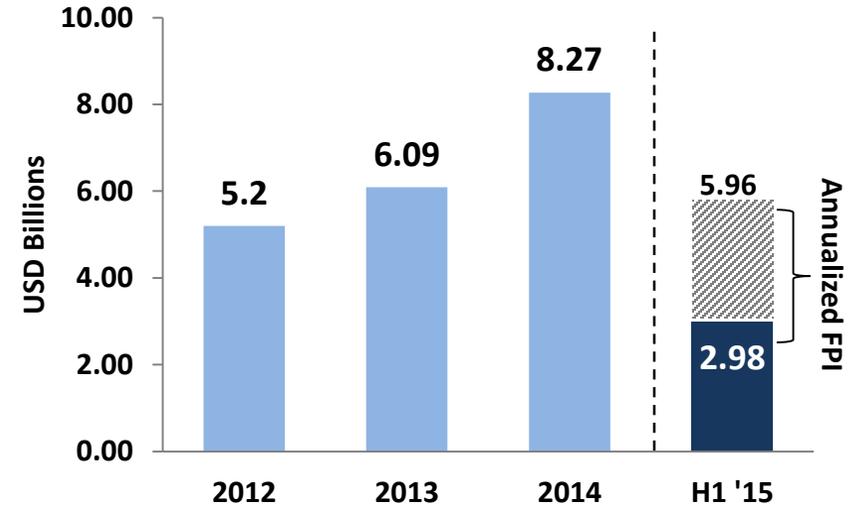


- Albeit negative compared to year end statistics, several NSE's sectorial indices continued on the recovery track that started at the end of Q1 '15, with the NSE Industrial Index soaring 6.18% YTD as at June 30<sup>th</sup>, compared to the 9.82% drop recorded in Q1 '15.
- The decline in the performance of the NSE Oil/Gas Index speculated to be due to the crash in global crude oil prices has been exacerbated by the shortage crisis hitting the domestic downstream Oil/Gas sector.
- However, the positive trajectory of the NSE Banking index was sustained through the second quarter with a growth of 4.81%. As at Q1'15 the NSE Banking index had grown by 3.63%.
- The NSE Consumer index which has recovered slightly, still continues to lag behind at -6.73% perhaps due to reduced consumer spending.

## NSE VALUE TRADED – DAILY AVERAGE



## FPI MARKET ACTIVITY



- Total market activity for H1 2015 was N1,113.99 billion (\$5.64 billion); Annualized FPI projected at \$5.96 billion for 2015, a potential decline of 27.93% over the previous year.
- Average daily value traded at \$22.95 million per day for H1'15, a decline of 20% over the previous year.
- NSE is working to ensure fiscal discipline to maintain profitability, while developing appropriate market structure for market reversal.

# The NSE's Strategic Initiatives for 2015



## 2013

- ASeM Re-Launch ✓
- X-Issuer Portal ✓
- Delivery of X-Gen ✓
- Automation of Transaction Lifecycle ✓
- Derivatives Feasibility Study ✓
- Transaction Cost Analysis ✓
- Whistle Blowing Program ✓



## 2014

- Co-Hosting ✓
- Disaster Recovery Services ✓
- Min. Standards for Market Operators ✓
- Direct Market Access (DMA) ✓
- Operation of the IPF ✓
- Risk-Based Supervision Framework ✓
- WFE Membership ✓
- Corp. Governance Rating Sys. (CGRS) ✓
- Enhanced Rulebook ✓



## 2015

- Nigerian Depository Receipts (NDRs)
- Competitive Fee Structure
- Premium Board
- Growth Board
- Data Center
- Market Surveillance Software and Tools
- Project BROMIS
- Rules Portal
- Minimum Operating Standards



Item	Description
1. <b>Pension Index Launch</b>	The NSE launched its Pension Index on Thursday July 2, 2015. The Index provides a tracking mechanism for pension fund administrators (PFAs), custodians to the PFAs (CPFA) and others that follow the National Pension Commission (PENCOM) guidelines.
2. <b>Product Awareness Seminar on ETP</b>	As part of a series of seminars aimed at creating awareness and encouraging the use of Exchange Traded Products (ETPs) in asset allocation, the Exchange, in partnership with three (3) local ETF Providers, organized a two-session seminar themed “Exchange Traded Funds in Portfolio Construction”.
3. <b>Premium Board Launch</b>	As part of our increased value proposition to issuers, the NSE is preparing to launch a Premium board that is dedicated to large cap companies with the highest level of Corporate Governance. The Board is scheduled to launch by August 2015.
4. <b>Emerging Market Taskforce</b>	The Emerging Capital Markets Taskforce (Report by The <i>Law Society of England &amp; Wales</i> in collaboration with the <i>Nigerian Capital Markets Solicitors Association</i> ) has been finalized, and a visit by the London working group headed by Sir Roger Clifford is expected on July 28-30, 2015 to launch the report with the co-chair President of Council, Mr Aig-Imoukhuede, CON.

Item	Description
<b>5. NSE/LSEG Capital market event</b>	<p>The NSE and LSE partnered to host a capital market event in London on June 22, 2015. The event was in furtherance of the agreement signed in November 2014 between both bourses to strengthen cooperation, and promote dual listing, liquidity and order flow in both markets. The event was well attended, with 23 profiled speakers, and over 150 participants. The next event is scheduled for the second week of October 2015 in Lagos.</p>
<b>6. Private Equity Forum</b>	<p>The NSE will be holding a high profile corporate event focused on the Private Equity industry on September 16, 2015 at the Lagos Oriental Hotel. The objective is to promote dialogue between Public Equity &amp; Private Equity eco-systems to promote increased synergy (via exit and entry transactions) between both markets.</p>
<b>7. NSE/Bloomberg CEO's Round Table</b>	<p>On 25 June, 2015, the Exchange in collaboration with Bloomberg LP hosted CEOs/representatives of CEOs from the Banking and Oil &amp; Gas sectors at the NSE Event Centre. The maiden edition focused on: i) <i>The Nigerian Banking Environment in a Low Oil Price World</i>; and (ii) <i>The New OPEC Strategy: Implications for African Member Nations</i>.</p>
<b>8. Financial Literacy and Inclusion</b>	<p>The NSE hosted the 2015 Global Money Week in partnership with the Financial Literacy Steering Committee anchored by the Central Bank of Nigeria (CBN). During the week which took place on March 9 – 17, 2015, the NSE hosted over 600 young secondary school students on excursions, talk-shops and interactive sessions.</p>

## Capital Market

### Capital Market Outlook

- Govt policy uncertainty priced into market due to pending cabinet formation
- Volatility of the naira causing slight reduction in FPI as investors will need to achieve high gains in the market to beat potential currency devaluation
- In overall terms, weak Corporate performance in H1 as a result of slowing economic growth

## Gov't & Fiscal Policy

### Staying the Course

- Govt committed to maintaining fiscal stability, however diversification of the economy to reduce the reliance on oil is imperative
- Improved financial intermediation by banks and other financial institutions
- Foreign reserve concerns, down to \$29Bn in Jun'15 vs. \$34.5Bn in Dec '14

## Inflation and Currency

### Focus on Low Inflation

- Central Bank focus on maintaining single digit inflation (9.2)%, however challenges of naira devaluation and insurgency in the north to make imports/food products more expensive which could raise prices for the consumer
- Increased Govt intervention in critical economic sectors is expected

## Moderate Economic Growth

### Moderate Growth

- Outlook for H2'15 is moderately optimistic
- Announcement of Gov't's agenda is anticipated to spur growth
- Focus will be on inclusive growth, diversification of economy, ongoing anti-graft focus, and budgetary discipline



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# THANK YOU

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