



THE Nigerian STOCK EXCHANGE

CAPITAL MARKET UPDATE *of the Nigerian Stock Exchange*

Presented by

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Capital Markets Committee Meeting

August 15, 2017

1

- Q2'17 Briefing – Overview of Operating Environment

2

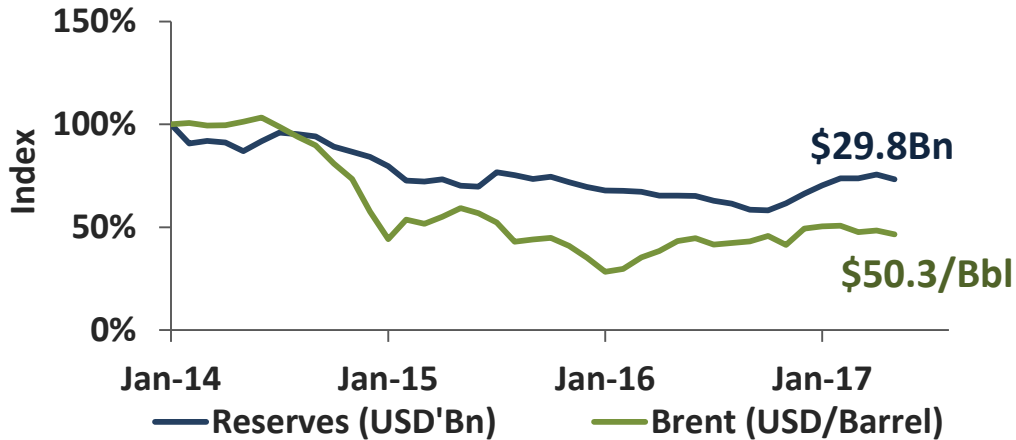
- NSE Market Statistics

3

- NSE Initiative Updates

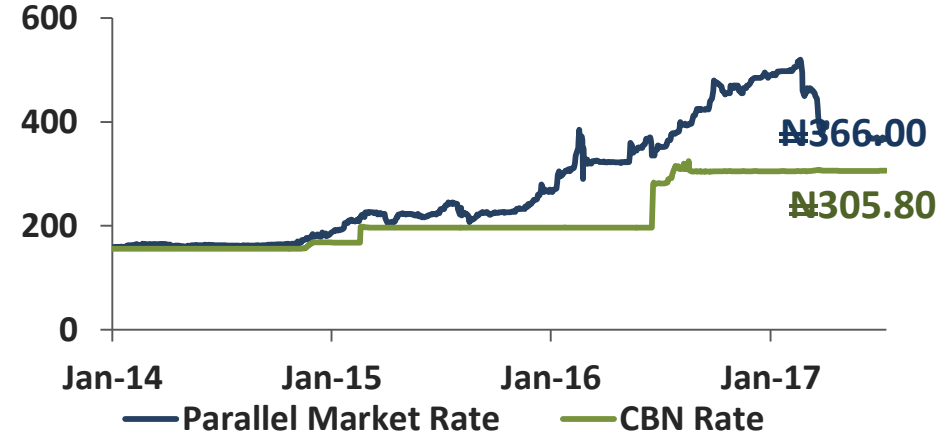


1 CRUDE PRICES VS. MOVEMENT IN RESERVES



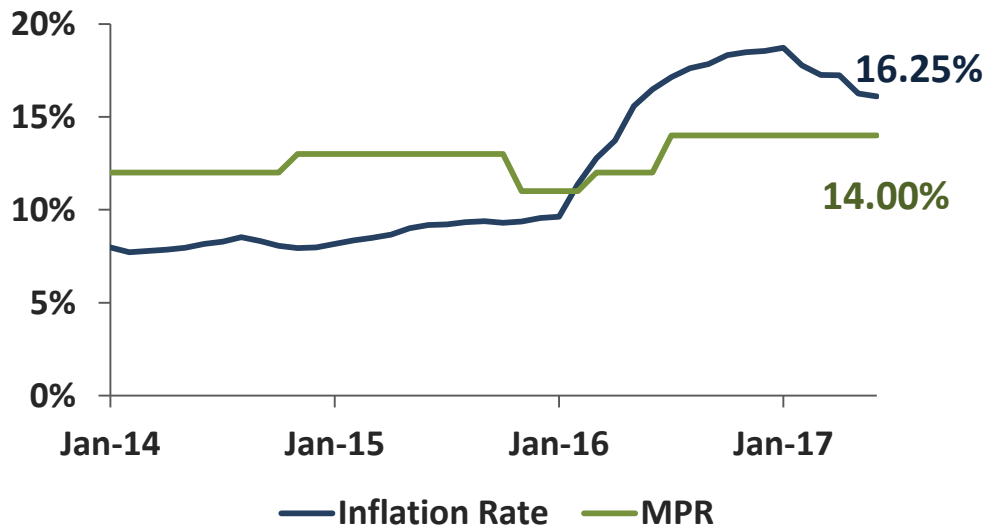
Sources: US Energy Information Administration (Jun'17); CBN (May'17)

2 CBN VS. PARALLEL MARKET RATES



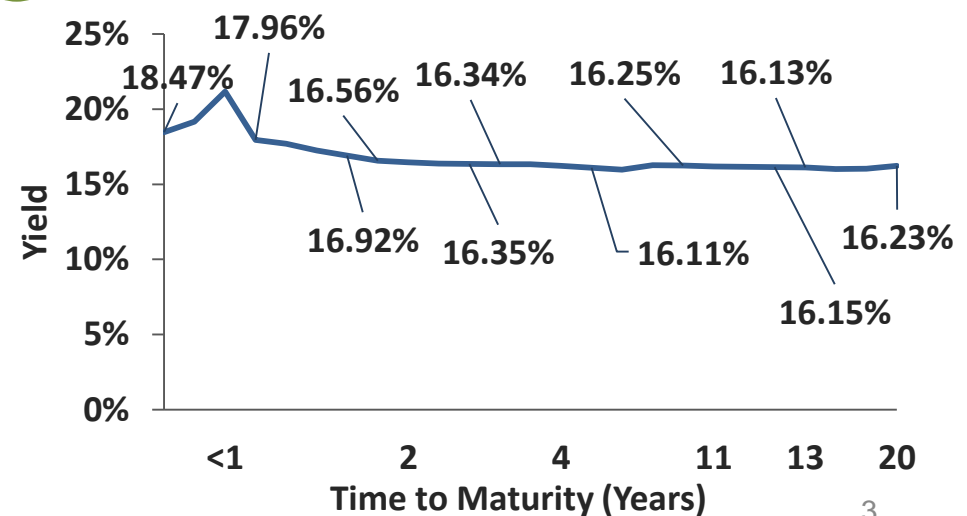
Sources: CBN, AbokiFX as at 20/07/17

3 INFLATION VS. MPR



Source: CBN as at June 2017

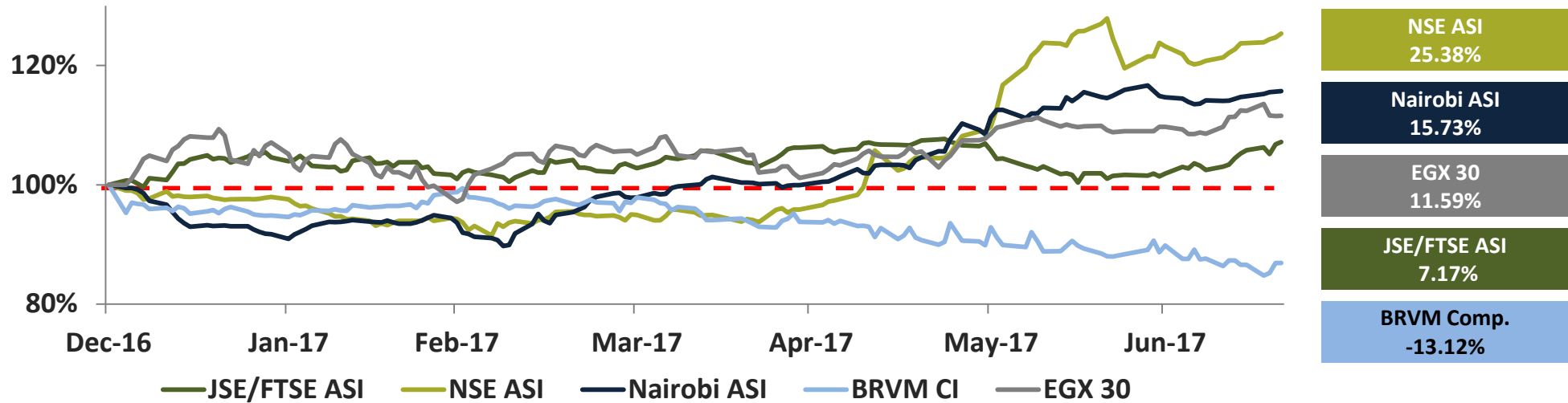
4 FGN INDICATIVE YIELD CURVE



Source: FMDQ as at 13/07/17



1 NO. 1 BENCHMARK INDEX IN AFRICA



2 MARKET TRENDS

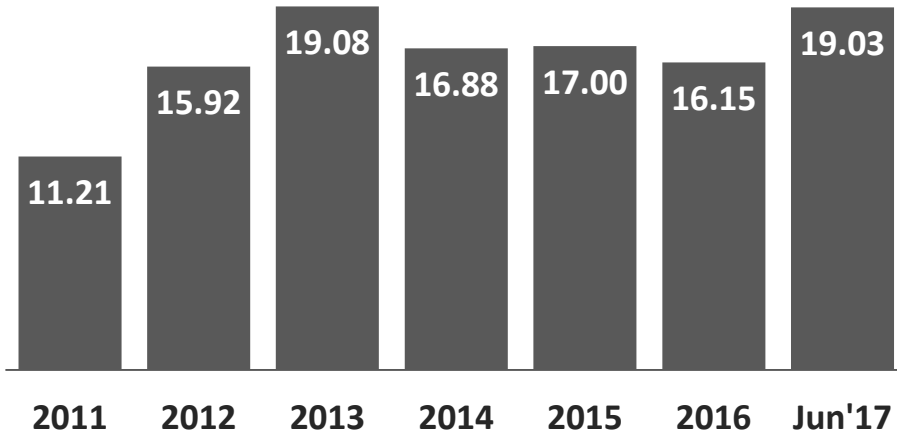
- Positive economic data releases¹ fueled bullish sentiments that began in Q1. As at July 20, 2017, the NSE ASI had gained 25.38% YTD outperforming the Nairobi ASI (15.73%), EGX 30 (11.59%) and JSE/ FTSE ASI (7.17%)
- Conversely, bond yields moderated in Q2'17 amidst easing inflation and greater FX stability. Yields on 10-year FGN bonds averaged 16.24% in Q2'17 from 16.63% in Q1'17; while 5-year FGN bonds averaged 16.16% from 16.56%. 20-year FGN bond yields fell to 16.25% from 16.68%.²
- At its June 2017 Index review, MSCI retained Nigeria in its Frontier Market Index³. The positive decision is largely due to optimism over CBN's Investor & Exporter window which launched in April. Subsequent to its launch, net FPI flow in May totaled N51.11Bn (\$16.71Mn) marking the highest monthly inflow since 2013.

July 2017

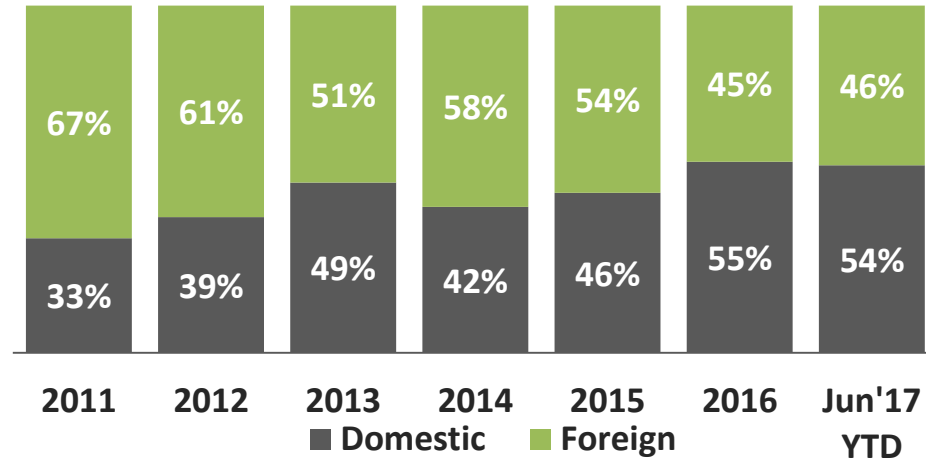
¹ I.e. NBS Q1 2017 GDP Report, monthly Consumer Price Index (CPI) reports, monthly Purchasing Managers Index (PMI); ² Source: JP Morgan Emerging Market Bond Index Series Q2 2017; ³ Nigeria remains on a watchlist until MSCI's November 2017 index review.



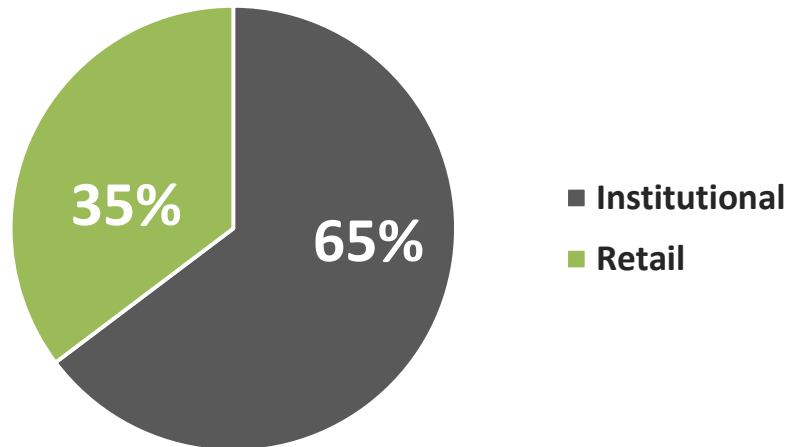
1 NSE TOTAL MARKET CAPITALIZATION (N'Trn)



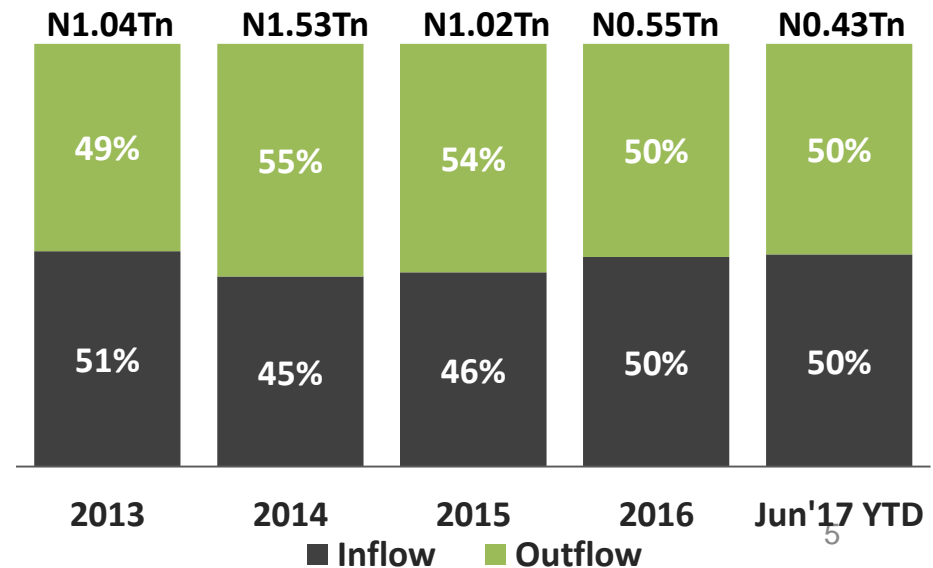
2 EQUITY VALUE TRADED: DOMESTIC VS. FOREIGN



3 DOMESTIC INVESTOR ACTIVITY: YTD Jun'17



4 TOTAL FOREIGN PORTFOLIO FLOW (EQUITY)

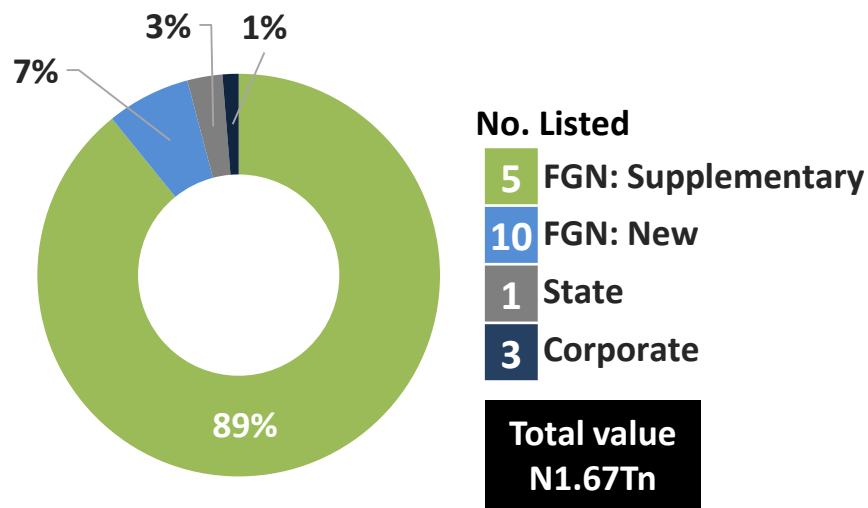




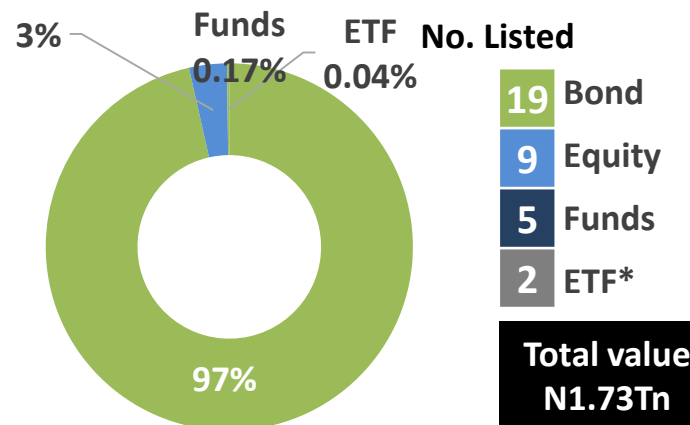
1 FACTS AND FIGURES

- As at July 20, 2017, the total value of new listings in 2017 amounted to N1.73Tn (\$5.64Bn).
- Total new equity listings were valued at N57.53Bn (\$188.00Mn).
- 89% of bonds raised in 2017 were FGN bonds – N1.60Tn (\$5.22Bn); state gov'ts raised N47bn (\$153.59Mn).
- Corporate entities raised a total of N21.47Bn (\$70.15Mn).

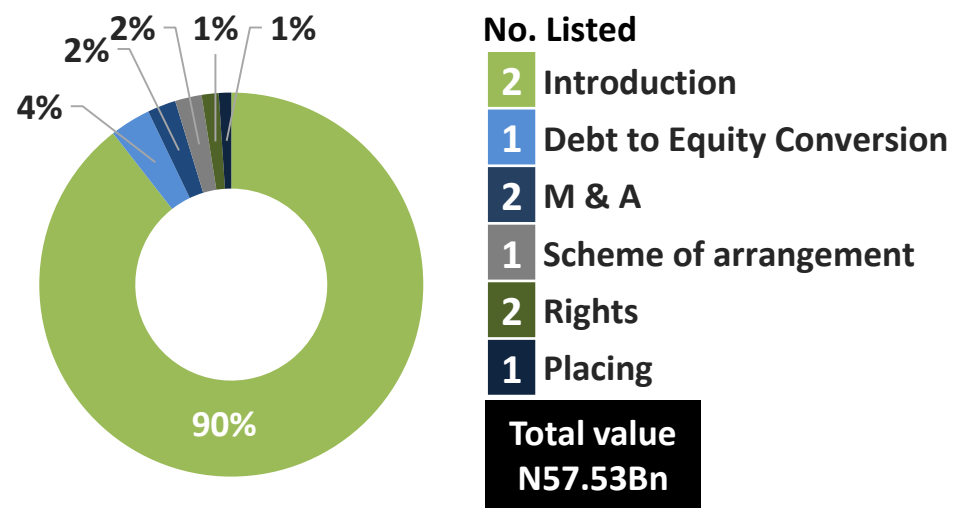
3 BOND ISSUES BY ISSUER



2 NEW ISSUES BY ASSET CLASS (BY VALUE)



4 NEW EQUITY ISSUES BY METHOD OF ISSUE





Key Updates for Q2' 2017

- Progressed on Demutualization
 - ✓ Stakeholder engagement, EGM, 1st, 2nd Reading
- Exchange-Traded Derivatives (ETDs)
 - ✓ Rules; stakeholder engagement on liquidity provision & market-making services; and market-wide training on the legal aspects of ETDs/CCP
- Listings drive/ stakeholder engagement
 - ✓ BPP, AMCON, others
- Various market development and capacity-building initiatives
 - ✓ Launched X-Academy; Held inaugural Sub-Saharan REITs conference; Signed MoUs

Ongoing Q3' 2017

- Demutualization
 - Public Hearing
- ETDs
 - Business & fund management applications of ETDs
- Engagement on new listings
 - FGN Green Bond, Sukuk, Diaspora Bond; more in view
- On-going work towards implementation of SEC/NSE pricing recommendations
- Introduction of Sustainability Disclosure Guidelines

Focus for Q4' 2017

- Continuing work on:
 - Demutualization
 - ETDs
 - NSE/ MSCI co-branded indices
 - Implementation of Competitive Pricing Recommendations
 - Roll out of Corporate Governance Rating System (CGRS) to all listed companies



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