



THE Nigerian STOCK EXCHANGE

CAPITAL MARKET UPDATE *of the Nigerian Stock Exchange*

Presented by

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Capital Market Committee (CMC) Meeting

November 2018

1

- NSE Market Performance

2

- NSE Market Snapshot

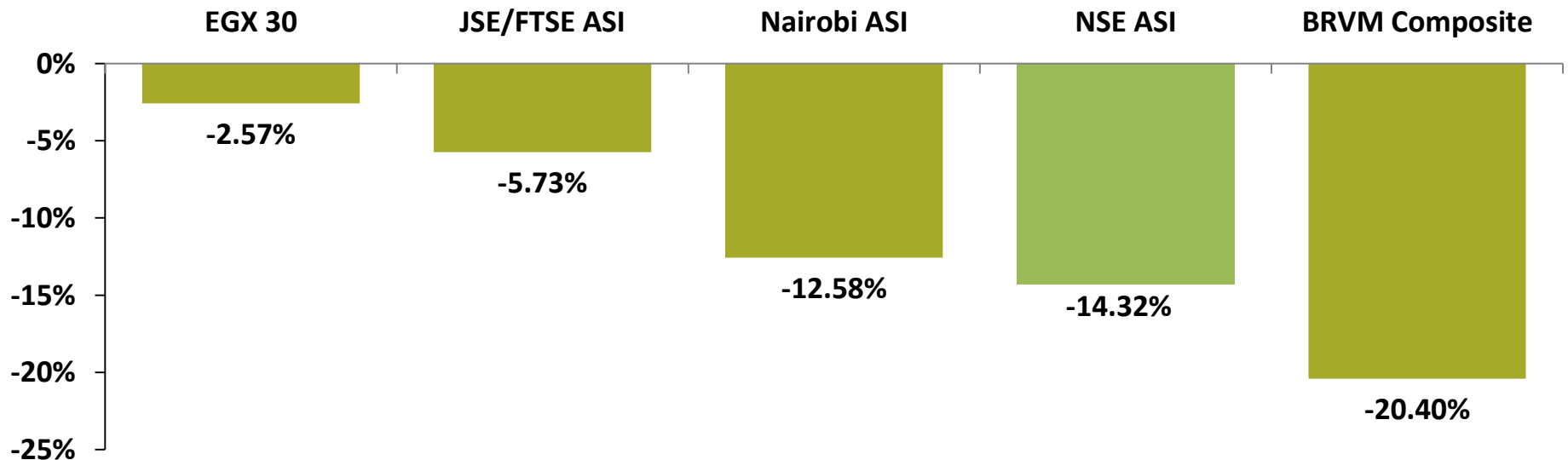
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- Capital Market Issues

SUMMARY OF MARKET PERFORMANCE

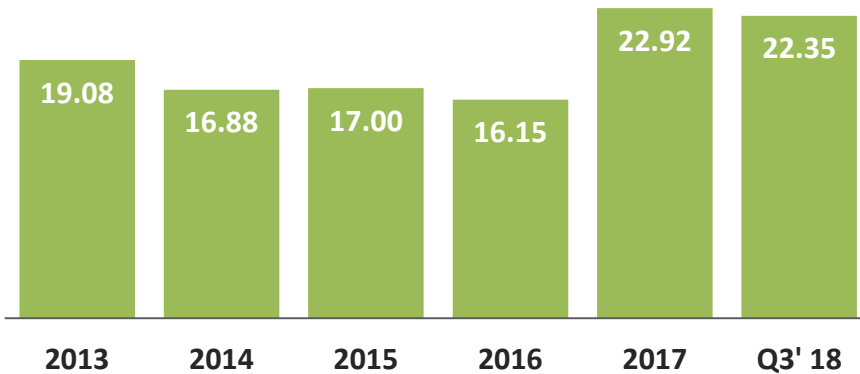
- Monetary policy normalization in the US as well as risk off sentiments have seen sustained portfolio outflows from emerging and developing economies.
- The NSE ASI was down -14.32% YTD as the end of Q3'18 while the BRVM was the worst performing among the selected benchmark indices. The EGX 30 (-2.57%), JSE/FTSE ASI (-5.73%) and Nairobi ASI (-12.58) also suffered losses as foreign portfolio outflows weighed on market performance.
- Fixed income yields rose during the quarter, with the FGN 10yr and 20yr benchmark yields reaching 15.19% and 15.18% respectively from 13.80% and 13.96% in Q2'18.

NSE ASI VS. AFRICAN INDICES

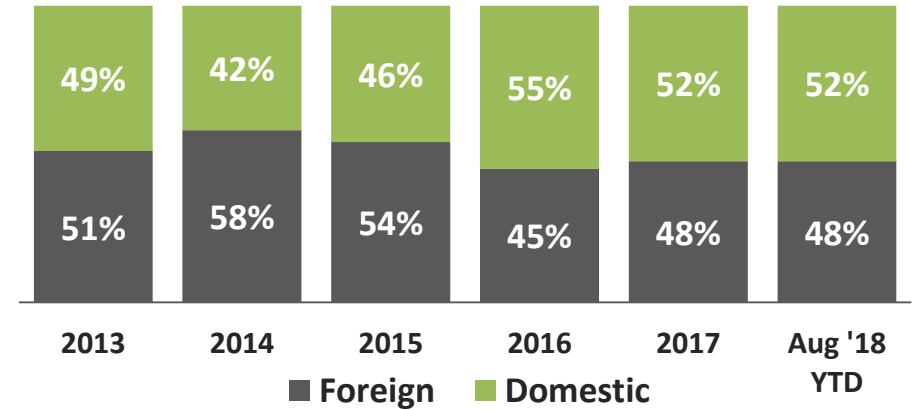




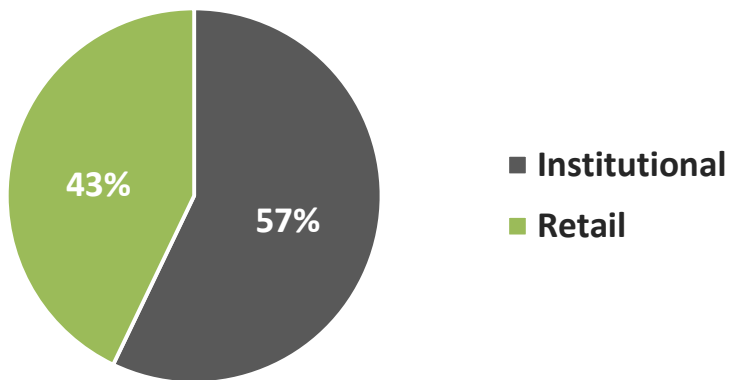
1 NSE TOTAL MARKET CAPITALIZATION (N'Trn)



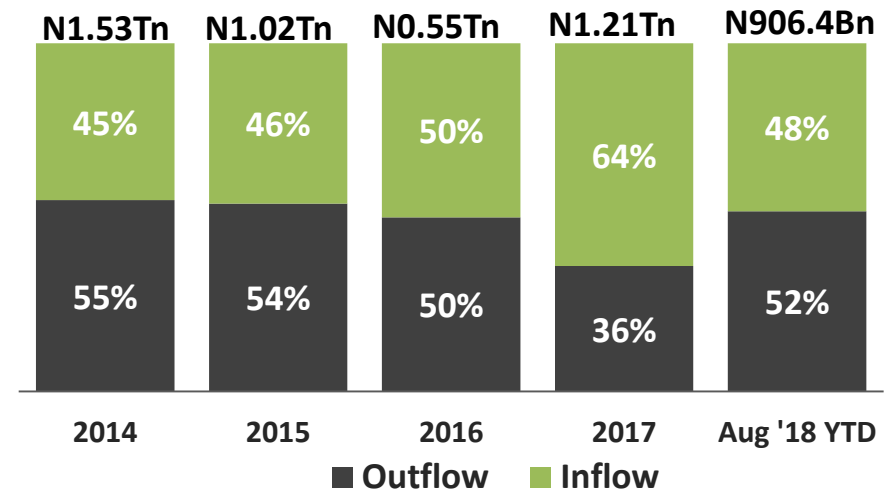
2 EQUITY VALUE TRADED: DOMESTIC VS. FOREIGN



3 DOMESTIC INVESTOR ACTIVITY: Aug'18 YTD



4 TOTAL FOREIGN PORTFOLIO FLOW (EQUITY)



TAX MATTERS

- **Stamp Duty (Contract Stamp) Administration** – We note that the impasse between the FIRS and NIPOST is nearing a resolution. We appeal to SEC/CAMMIC to lead advocacy efforts to include Capital Market transactions on the list of items exempted from stamp duties and/or to amend the Stamp Duties laws to exempt stamp duties on Capital Market transactions.
- **VAT Waiver on Capital Market Transactions** – We appeal to the SEC/CAMMIC to lead advocacy efforts to further extend the waiver, which expires in July 2019, for a period of five (5) years. In the longer term, this should form part of the new national tax policy for Capital Market transactions to be exempted from VAT.

OPERATIONAL MATTERS

- **Financial Action Task Force (FATF) Mutual Evaluation** – In preparation for the mutual evaluation scheduled to hold in September 2019, we kindly appeal to all CMOs and the SEC to ensure they put their best foot forward to ensure a desirable outcome.
- **Guaranteed Investment Products** – We appeal to the SEC to intensify efforts towards addressing the issue of CMOs providing guaranteed investment products without the prescribed authorization/registration.
- **Margin Lending** – We note that some CMOs currently engage in margin lending. We kindly appeal to the SEC to engage the CBN and put in place an operational margin lending framework to govern the operations of participants.
- **Identity Management** – There is a legacy identity management issue in the Capital Market. A significant number of CMOs maintain inadequate KYC records of investors across the Capital Market which exposes the market to inefficiencies and a high risk of identity fraud. A market wide committee/focus group should be constituted to review and proffer solutions to address this challenge. (The committee on E-Dividend and Direct Cash Settlement can be reconstituted for this purpose amongst other issues).

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