



THE Nigerian STOCK EXCHANGE

CAPITAL MARKET UPDATE *of the Nigerian Stock Exchange*

Presented by

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Capital Market Committee (CMC) Meeting

August 2019

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- NSE Market Performance

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- Capital Market Issues



SUMMARY OF MARKET PERFORMANCE

- Improved FPI flows, listing of MTN shares and subsequent trading in Q2 impacted the trading activities as turnover grew by 59% to N331 billion from N207 billion in Q1.
- Also on a positive trend is the total market capitalization, growing to N25.73 trillion from N22.07 trillion in Q1 supported by MTN Listing with an addition of over N1.8trillion to market capitalization. The NSE ASI, however, experienced a continual downward trend as a result of continued drops in equity prices.
- The NSE ASI recorded a negative return of 13.83% YTD as at mid-August 2019*, ranking 5th among Africa's top ten indexes. The EGX 30 (8.97%) was the best performing among the selected benchmark indices followed by Nairobi ASI (8.46%) and JSE/FTSE ASI (2.45%). BRVM also posted a negative return of 10.69%.
- The average yield on the Treasury Bills and FGN Bonds increased during Q3'19 as opposed to the Q2'19 due to increased sell off for fixed income securities.

NSE INDICES OVERVIEW*



Premium Index ASeM INDEX Industrial Index All Share Index Insurance Index Lotus Islamic Index Pension Index 30 Index Banking Index Main Board Index CG Index Oil/Gas Index Consumer Goods₃ Index

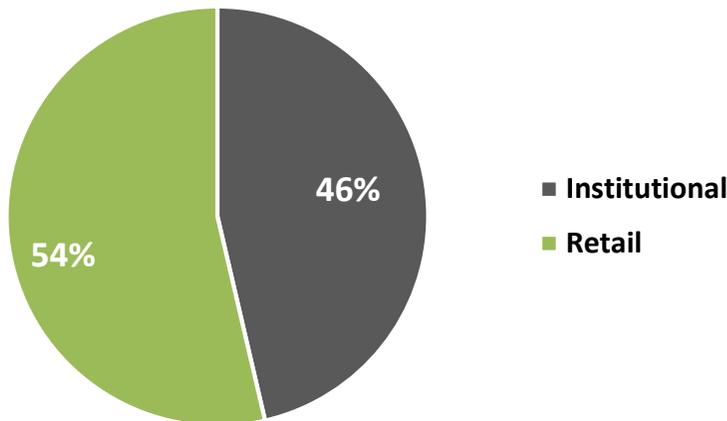
*As at 14th August, 2019



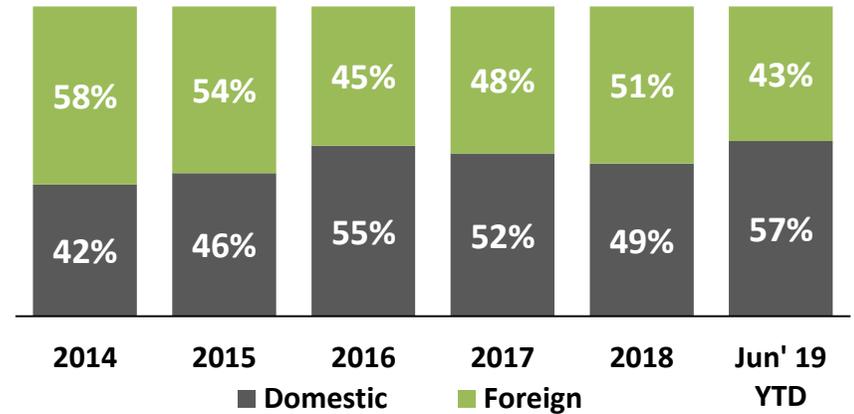
1 NSE TOTAL MARKET CAPITALIZATION (₦'Trn)*



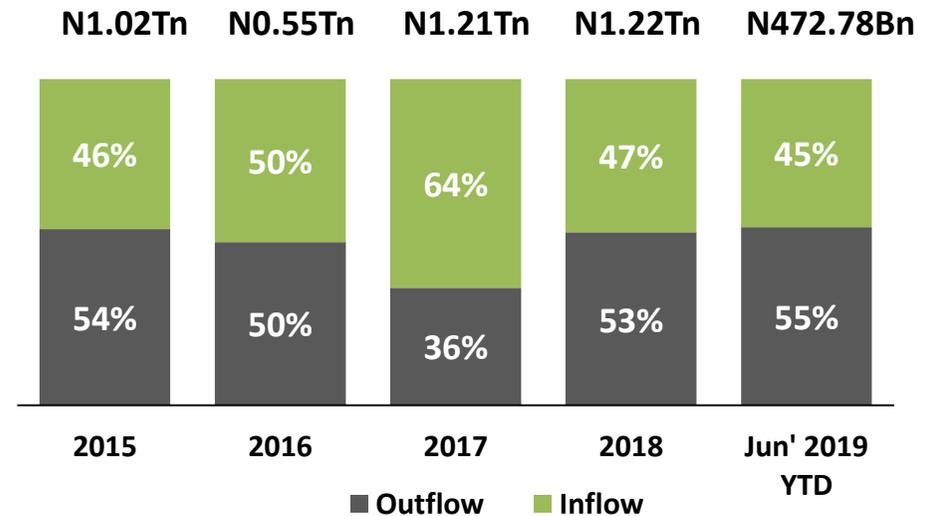
3 DOMESTIC INVESTOR ACTIVITY: Jun' 2019 YTD



2 EQUITY VALUE TRADED: DOMESTIC VS. FOREIGN



4 TOTAL FOREIGN PORTFOLIO FLOW (EQUITY)



Market Development

- **Investor Relations Data Pack:** The NSE has announced the launch of the NSE Investor Relations (IR) Data Pack, an innovative and dynamic webpage integrated with key market data, corporate news and disclosure, for corporate issuers. This has been designed to reduce the burden on issuers by providing them with an intuitive investor relations webpage which can easily be integrated to their existing corporate websites. It is hosted in the cloud and has enhanced interactive functionalities with 99.5 percent uptime. [Link](#)
- **Growth Board:** In an effort to promote participation in the capital market and drive liquidity, the NSE will be launching the Growth Board, for listing small scale businesses with high growth potential of 20% year on year. The rules for the Board were approved by the SEC in May and the Board is scheduled for launch in October 2019. The Exchange is currently engaging various prospective partners to collaborate and provide support services for companies listed on the Board.
- **Alternative Investment Exposure:** In collaboration with Chapel Hill Denham, The Exchange organized a training on alternative investments titled “Listed Real Assets: A Teach-In on Alternative Investments.” The training was held to help participants understand the use and benefits of alternative investments in their portfolio diversification strategies.
- **Islamic Finance Forum:** The NSE in partnership with REDmoney group held the inaugural edition of the Islamic Finance in Nigeria forum themed “Harnessing the Islamic Finance Sector for Infrastructure Development and Economic Growth.” This forum affirms the NSE’s commitment to stimulating non-interest capital market products innovation.

Community Development

- The NSE hosted the 6th edition of the NSE Corporate Challenge, a one-day competitive and fun filled 5 kilometers walk, jog and run event, designed to create awareness on the early detection of cancer and to raise funds to support the fight against cancer in Nigeria. The NSE successfully raised a little over N51million in this year's edition and committed to a N20million donation to bring the total amount to N71million. Participants were also offered free cancer screening at the venue with 113 participants opting for the screening which was provided in partnership with Sebecly Cancer Care Center.
- The NSE organized a Retail Investor Coverage workshop, themed, "Investment Masterclass: Making your Money work." The event was designed to equip existing and prospective investors with the skills needed to effectively manage and grow financial resources at their disposal as well as exposing them to retail investment opportunities in the capital market.

Sustainability Development

- The NSE announced the appointment of internationally renowned award-winning artist, Innocent Ujah Idibia popularly known as Tuface as its Good Cause Ambassador. This appointment is aimed at inspiring accelerated progress towards the advancement of the SDGs.

Tax Matters

- **VAT Waiver on Capital Market Transactions:** We appeal to the SEC/CAMMIC to continue the advocacy efforts to extend the waiver, which expired 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

- **IFRS 9:** CMOs are encouraged to ensure that their financial reporting is in compliance with IFRS 9. This will promote transparency, quality financial reporting and a timely disclosure culture in the capital market.
- **Financial Action Task Force (FATF) Mutual Evaluation:** In preparation for the mutual evaluation scheduled to hold in September 2019, we look forward to collaborating with the entire market to ensure that we have our best foot forward to ensure a desirable outcome.
- **Margin Lending:** We note that some CMOs currently engage in margin lending. CMOs are urged to ensure that all margin lending activities are conducted within the scope of the rules and guidelines prescribed by the regulatory authorities so as not to further damage the emerging confidence in the market.

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