



THE Nigerian STOCK EXCHANGE

CAPITAL MARKET UPDATE *of the Nigerian Stock Exchange*

Presented by

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Capital Market Committee (CMC) Meeting

November 2019

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- NSE Market Performance

2

- NSE Market Snapshot

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- NSE Activity Update

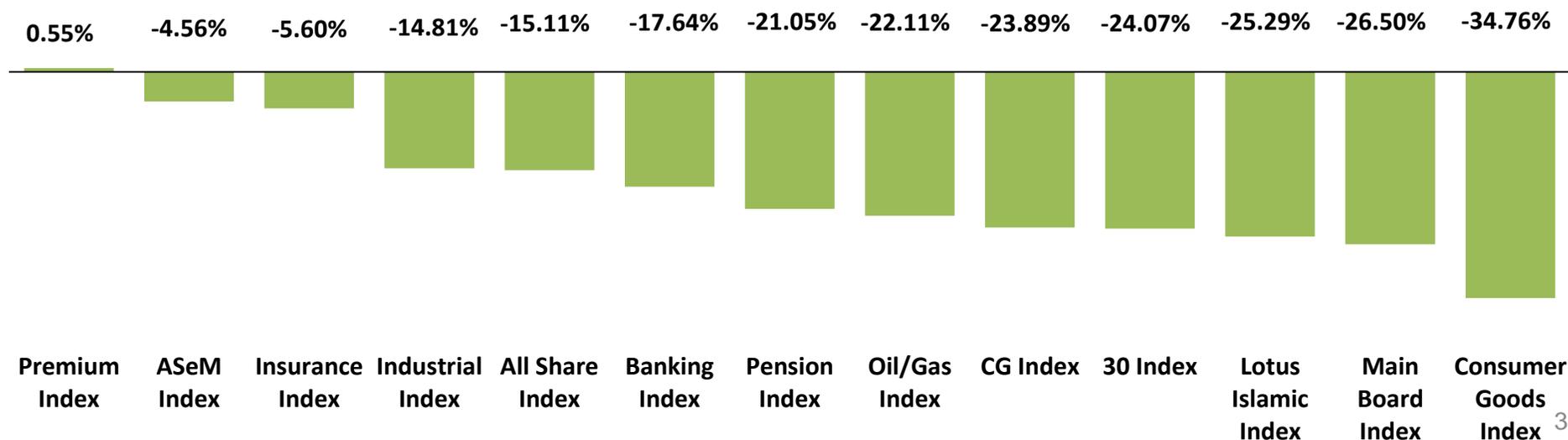
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- Capital Market Issues

SUMMARY OF MARKET PERFORMANCE

- The bearish trend, witnessed in Q2, continued in Q3 as turnover decreased by 41.69% Q/Q from N331 billion recorded in Q2 to N193 billion in Q3. Total market capitalization grew, however, by 2.18% from N25.73 trillion recorded in Q2 to N26.29 trillion in Q3 largely due to the listing of Airtel Africa Plc which added over N1.3 trillion to the market capitalization.
- The NSE ASI experienced a continual downward trend as a result of continued drop in prices recording a negative return of 15.11% YTD* as the bourse continues to lag behind its peers on the continent. The Nairobi ASI (16.07%) was the best performing among the selected benchmark indices, followed by EGX 30 (12.01%) and FTSE/JSE (11.67%). BRVM Composite also posted a negative return of 18.04%.
- The Nigerian capital market continues to be weighed down by current pace in economic performance and depressed growth in corporate earnings especially the non-banking sector.

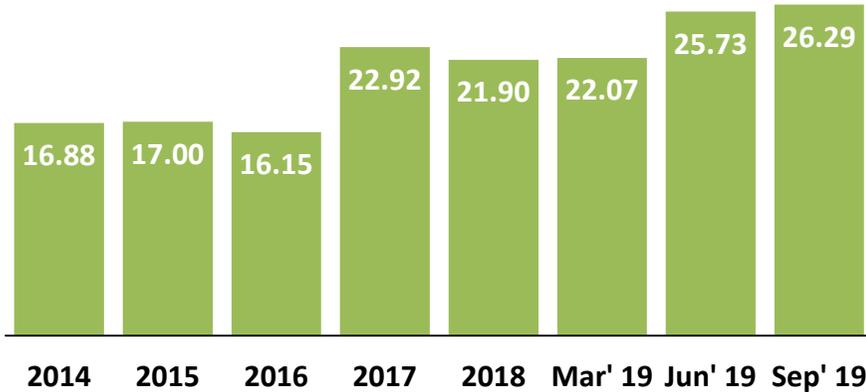
NSE INDICES OVERVIEW*



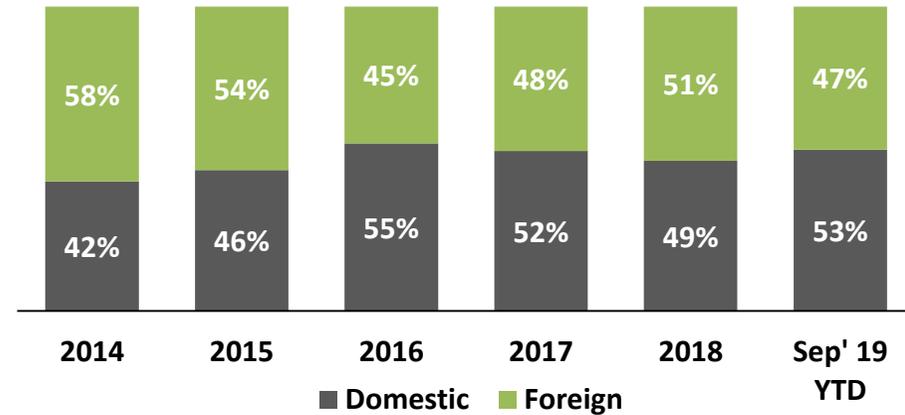
*As at 5th November, 2019



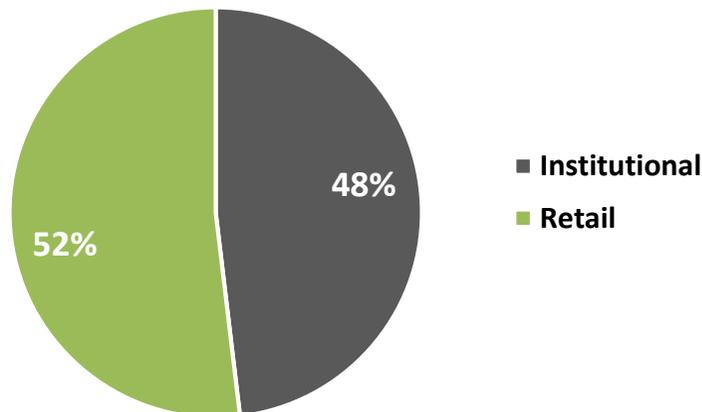
1 NSE TOTAL MARKET CAPITALIZATION (₦'Trn)*



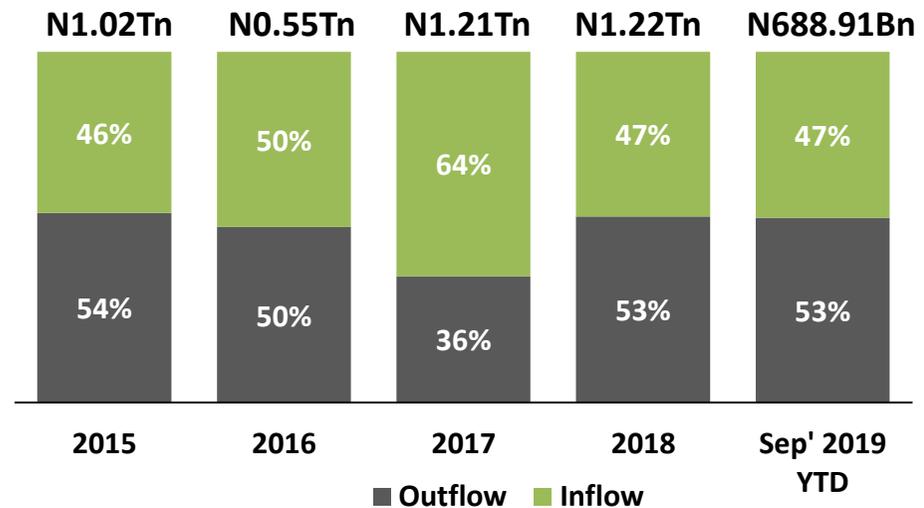
2 EQUITY VALUE TRADED: DOMESTIC VS. FOREIGN



3 DOMESTIC INVESTOR ACTIVITY: Sep' 2019 YTD



4 TOTAL FOREIGN PORTFOLIO FLOW (EQUITY)



*As at 30th September, 2019

Market Development

- **Green Bonds:** The Nigerian Stock Exchange (NSE or The Exchange) and the Luxembourg Stock Exchange (LuxSE) have announced the signing of a Memorandum of Understanding (MoU) to cooperate in promoting cross-listing and trading of green bonds in Nigeria and Luxembourg. The MoU further establishes an agreement for the two Exchanges to collaborate with a view to sharing best practices and organizing joint initiatives in their respective markets.
- **X-Kathon:** In a bid to drive up millennial participation in the capital market, the NSE held its first Hackathon (titled: X-Kathon) in October 2019 which was designed to encourage Tech enthusiasts to develop innovative Fintech solution leveraging the 4th Industrial Revolution in order to make it easier for millennials to gain access to the market. The competition received over 100 applications from which the top 10 teams were selected. Team Requid emerged the overall winner of the competition and went home with the grand prize of Five Million Naira (N5,000,000) while Teams Trove and Investors Masterclass were first and second runners up, winning the sum of Three Million (N3,000,000) and Two Million (N2,000,000) Naira respectively.
- **X-Mobile:** The Exchange has launched X-Mobile (Beta), a dynamic and user-friendly mobile app, to enhance investors' participation in the Nigerian capital market. The NSE mobile app which is currently in its Beta state was launched at the 2019 NSE Market Data Workshop that took place on Wednesday, September 11, 2019, in Lagos.
- **Rules on Pricing Methodology:** The NSE has announced the amendment to the rules on Pricing Methodology; price movements of equity securities traded on The Exchange. The revised pricing methodology is expected to ensure overall market stability and efficiency and fairness in pricing NSE securities.

Community Development

- **Financial Literacy:** The Nigerian Stock Exchange joined The World Federation of Exchanges (“WFE”) and International Organization of Securities Commissions (“IOSCO”) in the inaugural “Ring the Bell for Financial Literacy” initiative, using its Closing Gong ceremony to further draw attention to the importance of financial literacy. The Closing Gong ceremony which held on Friday, October 4, 2019, at the Exchange in Lagos, was part of World Investor Week (WIW), which took place from Monday 30 September to Friday 4 October 2019.
- **Essay Competition:** The NSE recently announced the commencement of the 2019 edition of the NSE Essay Competition with a call for entries from students in Senior Secondary Schools in Nigeria, on Monday, August 26, 2019. This year, each student will write on the topic, “How can the capital market create a better future for all”. The NSE Essay Competition is one of The Exchange’s financial literacy and inclusion initiatives aimed at bridging the gap in classroom learning with the practical knowledge required for long-term personal financial planning.

Sustainability Development

- **Capacity Development:** The Nigerian Stock Exchange in partnership with Dangote Cement Plc and Global Reporting Initiative (GRI) held a capacity development workshop on sustainability value proposition and reporting for accountants, financial analysts and communication practitioners in September 2019. The workshop, driven by the need to demonstrate the relationship between financial and non-financial functions and the strong synergy between the two in achieving business continuity, brought together over 70 participants from the media, accounting and investment communities.

Tax Matters

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

Operational Matters

- **FinTech:** The emergence of FinTechs in the Nigerian Capital Market and broader Financial system is developing at an alarming rate. CMOs are encouraged to familiarize themselves with the SEC's FinTech Roadmap for the Capital Market and to embrace innovation as part of their core business activities.
- **Margin Lending:** We have observed that some CMOs currently engage in margin lending. There are ongoing engagements with the CBN and SEC to review the current regulatory framework. However, in the interim CMOs should ensure that all margin lending activities are conducted within the scope of the prescribed rules and regulations.

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For more information on this presentation, please contact Tinuade Awe, Executive Director, Regulation at tawe@nse.com.ng or Okon Onuntuei, Head, Strategy & Research at oonuntuei@nse.com.ng.

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