



Equities

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Improvement in total activity level in April

The recently released NGX Domestic & Foreign Investment report for April 2022 showed that the total value traded increased by 11.1% m/m to N205.9bn (US\$494.3m) in April from N185.26bn (US\$445.25m) in March 2022. Unlike in the previous month (March), where the All Share Index (ASI) returned a m/m loss of 0.9%, the reverse was the case in April as the ASI gained 5.7% m/m, further pushing the ytd gain to 16.2% in April from 9.9% in March. The release of favourable Q1 results ignited investors' interest, which was already waning from the post-publication of FY results in February and March. Among the recent drivers of the recent market upbeat was the strong performance of stocks in the consumer goods and oil palm sectors, which led to renewed buying interest in those names. Domestic investors' share of total transactions improved to 86.9% in April from 77.2% in March (YTD-82.6%), while foreign investors' share was down to 13.2% in April from 22.8% in March (YTD-17.4%).

The increase in activity level of domestic investors (+25.0% m/m) drove the increase in total activity level, as foreign investors further reduced participation on the local bourse by 35.8% m/m. On the local front, the increase in activity level to N178.8bn (US\$429.2m; +25.0% m/m) was broad-based, riding on increased transactions by institutional investors (+34.1% m/m to N110.6bn; US\$265.5m) and retail investors (+12.6% m/m to N68.2bn; US\$163.7m). On the other hand, Similar to March, when foreign investors reduced their activity level (-7.2% m/m), the narrative was still the same in April and at this time was faster (-35.8% m/m). However, the foreign investors reversed to a net inflow position of N2.96bn (US\$7.1m) in April from a net outflow position of N9.43bn (US\$22.7m) in March. The stronger decline in foreign outflows (-53.3% m/m) compared to the decline in inflows (-8.2% m/m), led to the reversal from the net outflow position.

In contrast to the bearish trend in the global equities market driven by increasing interest rates, the positive direction in the domestic equities market extended into Q2 as the YTD gain improved to 16.2% in April from 9.9% in March. Considering the trend so far, we expect the activity level in May will remain high. However, if market rates begin to rise significantly following the recent hike in the MPR to 13.0%, we may begin to see less interest in the equities market in subsequent months.

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	38,056.21	42,716.44	54,085.30
Naira / US\$	411.00	435.00	419.50
Brent, US\$/bbl	69.46	77.78	119.43
MPR %	11.50	11.50	11.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. *Nigerian Stock Exchange All-Share Index

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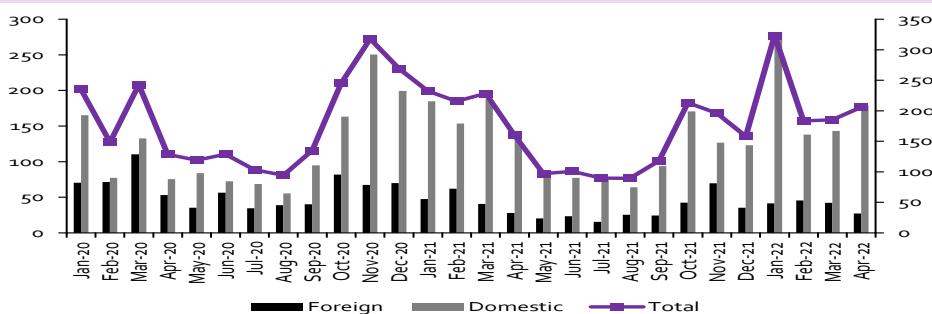
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Foreign vs Domestic Investors Activity Level



Source: NGX, CSL Research



Today's news headlines

Banks tighten forex access as reserves hit seven-month low: The country's external reserves hit a seven-month low after falling to \$38.57bn as of May 25, 2022, figures obtained from the Central Bank of Nigeria have revealed. Findings have shown that the continuous decline in the country's external reserves used to defend the naira value is making the banks tighten access to foreign exchange to travellers and other legitimate users as scarcity bites harder. According to figures obtained from the CBN on movement in external reserves, the reserves which had been fluctuating for weeks now, experienced its lowest of \$39.01bn and \$38.39bn on October 10 and 8, 2021 respectively. Due to scarcity, many banks are extending waiting period to access forex for foreign trips, thereby denying travellers with urgent trips access to apply for Personal Travel Allowance or the Business Travel Allowance requests.

Source: punchng.com

<https://punchng.com/banks-tighten-forex-access-as-reserves-hit-seven-month-low/>

CBN visits Eko DisCo, pledges support for power sector: Telecommunication subscribers are kicking against a new Federal Government directive to impose a tax on telephone calls in the nation to fund free healthcare for the vulnerable. The telecom tax in the equivalent of a minimum of one kobo per second for phone calls is a part of the sources of funds required to finance free healthcare for the Vulnerable Group in Nigeria, according to the National Health Insurance Authority Bill 2021 signed by the President, Major General Muhammadu Buhari (retd.), last week. According to the Nigerian Communications Commission, Nigerians made 150.83 billion minutes of calls in 2020. This translates to 9.05 trillion seconds of calls, meaning the new tax will generate 9.05 trillion kobo, which converts to N90.49bn, yearly.

Source: punchng.com

<https://punchng.com/cbn-visits-eko-disco-pledges-support-for-power-sector/>

Shippers have poor knowledge of AfCFTA, says NSC: The Nigerian Shippers Council has said that one of the challenges with the implementation of the African Continental Free Trade Area is that the Nigerian Shippers have poor knowledge of the content of the agreement. Speaking in Lagos on Tuesday, the Export Desk Officer, NSC, Juliana Saka, said that the Council had commenced sensitisation, especially at the borders post, to encourage more women and youths to go into exportation. Saka also said that most shippers still preferred an analogue system of trade to automation, noting that automation was faster, safer and more convenient. Source: punchng.com

<https://punchng.com/shippers-have-poor-knowledge-of-afcfta-says-nsc/>

SEC: Efficient Capital Markets In W'African Demands Regular Assessments: The Director-General of the Securities and Exchange Commission (SEC), Mr. Lamido Yuguda, has said efficient functioning of capital markets in the West African Region demands a regular assessment of policies and programs to fit current realities, and address the region's peculiar challenges. He stated this at the West African Capital Markets Conference with the theme: "Deepening and Strengthening the Capital Markets Across West Africa through Effective Regulation," held in Accra, Ghana. The conference was organised by the West Africa Securities Regulators Association (WASRA). Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/05/30/sec-efficient-capital-markets-in-wafrican-demands-regular-assessments/>

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	Buy	Hold	Sell	Not Rated	Total
Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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