



Equities

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Institutional investors drive activity level in May

The Nigerian equities market sustained its bull run in the month of May as the All-Share Index (ASI) returned a m/m gain of 8.1%, higher than its 5.7% m/m return in April. This pushed the YTD gain to 25.6% in May from 16.2% in April. In same vein, the total value traded on the local bourse increased by 195.1% m/m to N607.5bn (US\$1.45bn) from N205.9bn (US\$494.3m) in April. We opine that the bull run was largely driven by the extended dividend declarations from corporates such as Nahco, Airtel, FBN Holdings and Presco in the month of May in addition to others including Nestle, Seplat, Cadbury, Conoil, Dangote Cement with dividend qualification dates in May, hence investors sentiments remained positive as they positioned for the dividend income. For the significant jump in total value traded, we believe activities around the acquisition between Titan Trust Bank and Union Bank of Nigeria (UBN) drove the significant jump in the total value traded.

Domestic investors' share of total transactions improved to 92.5% in May from 86.9% in April (YTD-86.6%), while foreign investors' share was down to 7.5% from 13.2% in April (YTD-13.4%). The increase in total transaction value was broad-based as both domestic (+214.4% m/m) and foreign investors (+67.3% m/m) increased participation level. On the domestic front, the increase in activity level to N562.2bn (US\$1.34bn; +214.4% m/m) was broad-based, riding majorly on increased transactions by institutional investors (+341.3% m/m to N487.96bn; US\$1.16bn), further supported by retail investors (+8.8% m/m to N74.2bn; US\$176.9m). On the other hand, Unlike in April when foreign investors reduced their activity level (-35.8% m/m), the reverse was the case in May, as they increased activity level by 67.3% m/m. However, similar to a net inflow position of N2.96bn (US\$7.1m) achieved in April, foreign investors retained a net inflow position of N5.76bn (US\$13.7m) in May. The stronger increase in foreign inflows (+70.0% m/m) compared to the increase in inflows (+63.9% m/m), led to the net inflow position.

Heading into the last month of H1 2022, the domestic equities market is poised to close positive as the YTD gain currently stands at 20.3%. Looking into June, we expect activity level to remain high though not up to the level seen in May. Profit taking in the first half of June created an attractive entry point for investors to cherry-pick stocks as the H1 2022 earnings season draws near. Again, 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*	37,847.07	42,716.44	51,377.21
Naira / US\$	410.00	435.00	420.50
Brent, US\$/bbl	74.81	77.78	111.74
MPR %	11.50	11.50	13.00

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

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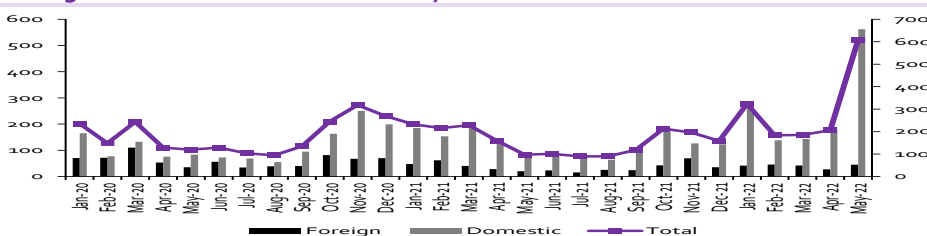
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Foreign vs Domestic Investors Activity Level



Source: NGX, CSL Research



Today's news headlines:

Lagosians await multibillion naira light rail project amid worries: The light rail project of the Lagos State government has suffered several years of delay due to various reasons. It appears Lagosians have waited endlessly and stakeholders are raising questions about how long it will take the state government to deliver the project. Obviously, the state government has made several promises on the timelines for its delivery which did not come to pass. However, the Lagos light rail project has failed to see the light of the day, several years after it was birthed amid high expectations. As a result, Sanwo-Olu's promise that the project would be delivered later this year has been seen as a political statement. But top officials of the Lagos State government insisted that the governor meant what he said.

Source: punchng.com

<https://punchng.com/lagosians-await-multibillion-naira-light-rail-project-amid-worries/>

Mobile Broadband Penetration Hits 83.37m as Impact of Ban on New Sim Wanes: After a drop in mobile broadband penetrating to as low as 75.57 million subscriptions, equivalent to 39.59 per cent penetration in May 2021, following the ban on new sim registration by the federal government, Nigeria's broadband penetration picked up again, one year after, to reach 83.37 million subscriptions, equivalent to 43.67 per cent penetration in May 2022. The mobile broadband penetration data, which THISDAY obtained from the official website of the Nigerian Communications Commission (NCC), showed a rebound in mobile broadband penetration, one year after it dropped in May 2021. Source : [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/06/23/mobile-broadband-penetration-hits-83-37m-as-impact-of-ban-on-new-sim-wanes/>

Fuel scarcity: Marketers rally against NNPC's monopoly: Oil marketers have urged the Federal Government to put an end to the monopolistic privilege enjoyed by the Nigerian National Petroleum Corporation, NNPC. NNPC currently enjoys monopoly on importation and supply of petroleum products into the country. But oil marketers said the market situation was creating more problems for the country. Marketers under the auspices of the Major Oil Marketers Association of Nigeria, MOMAN, during a briefing with newsmen on Thursday, said as part of permanent measures to curb fuel scarcity, other marketers should also be given a free and fair play in the importation of products. Oil marketers have consistently complained about their inability to import products due to forex scarcity, rising inflation, including excess and multiple import charges and taxes by the Customs and relevant government agencies. Source: punchng.com

<https://punchng.com/fuel-scarcity-marketers-rally-against-nnpccs-monopoly/>

MAN, LCCI, economists counter Buhari's claim on economy: The Manufacturers Association of Nigeria, the Lagos Chamber of Commerce and Industry and economists on Wednesday countered the claim made by the President, Major Gen. Muhammadu Buhari, that the economy under him is better than it was in 2015. The Chairman of the Gas Group, the Manufacturers Association of Nigeria, Mr Ola Adebayo, said Buhari's regime's policies have not translated into positive economy growth and real sector development. He faulted the regime's implementation of policies under Buhari, stressing that his regime would not score a pass mark. Adebayo said, "One thing I have observed is that policy formulation is different from implementation. With the recent events, I don't think the government has passed. We only have very good policies on paper, but the implementation has been lacking. Once there is no implementation, it becomes just an idea." Source: punchng.com

<https://punchng.com/man-lcci-economists-counter-buharis-claim-on-economy/>

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% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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