



Equities

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One-off event in May magnifies decline in activity level in June

The Nigerian equities market witnessed bearish sentiments in the month of June as the All-Share Index (ASI) lost 3.4%, the second monthly loss in H1 2022. This pushed the ytd gain to 21.3% in June from 25.6% in May. In same vein, the total value traded on the local bourse decreased by 74.2% m/m to N156.5bn (US\$371.5m) from N607.5bn (US\$1.45bn) in May. The merger between Titan Trust Bank and Union Bank of Nigeria (UBN) which happened in May caused increased activities in May, hence the significant decline in transaction value between May and June. That said, June's total traded value of N156.5bn (US\$371.5m) was the lowest value traded in H1 as profit taking activities dominated the local bourse in the month of June.

Domestic investors' share of total transactions reduced to 73.0% in June from 92.5% in May (ytd-85.4%), while foreign investors' share was up to 26.96% in June from 7.5% in May (ytd-14.7%). The decrease in total transaction value was broad-based as both domestic (-79.7% m/m) and foreign investors (-6.9% m/m) decreased participation level. On the domestic front, the decrease in activity level to N114.3bn (US\$271.4m; -391.7% m/m) was on the back of significant decline in transactions by both institutional investors (-85.6% m/m to N70.2bn; US\$166.7m), and retail investors (-40.5% m/m to N44.1bn; US\$104.7m). On the other hand, unlike in May, when foreign investors increased their activity level (+67.3% m/m), the reverse was the case in June, as they reduced activity level by 6.9% m/m. However, like the net inflow position of N5.8bn (US\$13.7m) achieved in May, foreign investors retained a net inflow position of N7.1bn (US\$16.8m) in June. The stronger decrease in foreign outflows (-6.9% m/m) compared to the decrease in inflows (-3.5% m/m), led to the net inflow position.

Despite the poor outing in the month of June (-3.4% m/m), the domestic equities market closed positive in H1 2022 with ytd gain of 21.3%. Going by the sustained foreign investors' apathy towards Naira assets and the possible movement of funds into the fixed income market in H2, given CBN's hawkish stance, the direction of the equities market for the rest of the year will likely depend on internal factors such as, corporate actions and announcements, and earnings performance.

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	38,667.90	42,716.44	51,979.92
Naira / US\$	411.50	435.00	430.00
Brent, US\$/bbl	74.10	77.78	103.20
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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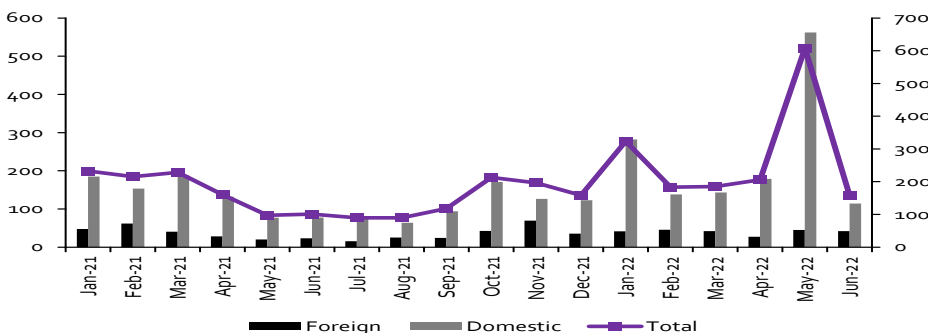
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Foreign vs Domestic Investors Activity Level



Source: NGX, CSL Research



Today's news headlines:

Blackout looms as electricity workers join NLC-ASUU protest: Nigeria may witness another round of blackouts beginning from Tuesday as electricity workers on Sunday insisted that they would join the solidarity protest of the Nigeria Labour Congress/Academic Staff Union of Universities. Power sector workers under the aegis of the National Union of Electricity Employees made their position known in a letter issued by the General Secretary, NUEE, Joe Ajaero, to the vice presidents of states and administrative councils chapter secretaries of the union. The letter with reference, NUEE/NS/2022/008, titled, "Nigeria Labour Congress/ASUU Solidarity Protest," and dated July 22, 2022, stated that electricity workers would join in the protest to kick against the prolonged closure of tertiary institutions in Nigeria. Source: punchng.com

<https://punchng.com/blackout-looms-as-electricity-workers-join-nlc-asuu-protest/>

As CBN Tackles Inflation, Currency in Circulation Dips by N72.5bn in June: Following the Central Bank of Nigeria (CBN) to manage exchange rate, currency in circulation dropped by N72.5billion or 2.2 per cent from N3.33trillion as at the end of May to N3.26trillion at the end of June 2022, the latest statistics from the CBN has revealed. This is on the back of several monetary policies adopted by the apex bank to mop-up liquidity in the economy to tackle inflationary pressure. The CBN defined currency in circulation as currency outside the vaults of the apex bank; that is, all legal tender currency in the hands of the general public and in the vaults of the Deposit Money Banks (DMBs). Source : thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/07/25/as-cbn-tackles-inflation-currency-in-circulation-dips-by-n72-5bn-in-june/>

Financial crisis: NCAA audits distressed airlines: The Nigerian Civil Aviation Authority have begun an economic and financial audit of some domestic airlines passing through what industry stakeholders have described as financial challenges. Already, the aviation industry regulator had audited Dana Air and development had led to the withdrawal the operating licence of the carrier by the agency. Top industry sources close to the development said the regulator was currently auditing at least two other domestic carriers to ascertain their financial health. "NCAA DG has mandated a team to audit three domestic airlines to ascertain if they can still continue operation. Dana Air is one of them. Source: punchng.com

<https://punchng.com/financial-crisis-ncaa-audits-distressed-airlines/>

Insecurity: Agric imports exceed exports by N443.35bn: The value of agricultural goods imported into the country exceeded exports by N443.35bn in the first quarter of 2022 amid rising security challenges that have continued to affect the fortunes of the sector, according to figures obtained by our correspondent Data obtained from the National Bureau of Statistics revealed that "the value of total trade in agricultural goods in Q1, 2022 stood at N644.94bn of which exports were valued at N201.59bn in Q1, 2022." The banking industry had decried the effect on insecurity on several interventions introduced for the agricultural sector. Source: punchng.com

<https://punchng.com/insecurity-agric-imports-exceed-exports-by-n443-35bn/>

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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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