

Equities

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A further decline in activity level in July

The bearish sentiments in the Nigerian equities market extended into the month of July as the All-Share Index (ASI) lost 2.8%, the third monthly loss year to date. This pulled the ytd gain to 17.9% in July from 21.3% in June and 25.6% in May 2022. In the same vein, the total value traded on the local bourse decreased by 35.4% m/m to N101.2bn (US\$236.9m) in July from N156.5bn (US\$371.5m) in June. The continued uptick in the fixed income yields amid tight system liquidity ensured persistent selloffs in the equities market. Although there were favourable results released by some sector bellwethers in the period, they were insufficient to boost investors' sentiments. That said, July's total traded value of N101.2bn (US\$236.9m) is the lowest monthly value traded year to date.

Domestic investors' share of total transactions reduced to 70.7% in July from 73.0% in June (ytd-84.5%), while foreign investors' share was up to 29.3% in July from 26.96% in June (ytd-15.5%). The decrease in total transaction value was broad-based as both domestic (-37.5% m/m) and foreign investors (-29.7% m/m) decreased participation level. On the domestic front, the decrease in activity level to N71.5bn (US\$167.4m; -37.5% m/m) was on the back of significant decline in transactions by both institutional investors (-4.18% m/m to N40.9bn; US\$95.6m), and retail investors (-30.5% m/m to N30.7bn; US\$71.8m). On the other hand, similar to June, when foreign investors decreased their activity level (-6.9% m/m), the narrative was the same in July and at this time, significantly reduced activity level by 29.7% m/m. However, unlike the net inflow position of N7.1bn (US\$16.8m) achieved in June, the reverse was the case as foreign investors retained a net outflow position of N2.3bn (US\$5.4m) in July. The stronger decline in foreign inflows (-44.5% m/m) compared to the decrease in outflows (-8.9% m/m), led to the net outflow position.

The domestic equities market started H2 2022 on a negative note, with YTD gain moderating to 17.9% in July 2022. Currently, the YTD gain stands at 15.6%, and we expect the bearish sentiments to persist, especially through Q3 2022 on the back of the CBN's hawkish monetary stance. The continued rise in yields will fuel more movement of funds into the fixed income market. We, however, note that the selloffs in the equities market continue to create attractive entry points for investors, particularly on fundamentally sound names.

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	39,670.29	42,716.44	49,370.62
Naira / US\$	411.67	435.00	429.05
Brent, US\$/bbl	66.45	77.78	96.72
MPR %	11.50	11.50	14.00

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

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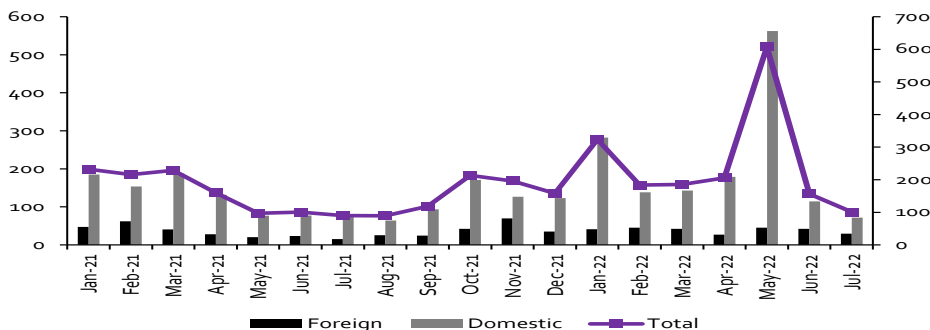
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Foreign vs Domestic Investors Activity Level



Source: NGX, CSL Research



Today's news headlines:

Striking workers crashed power generation to 43MW – FG: The recent one-day strike by workers of the Transmission Company of Nigeria crashed Nigeria's power generation from a peak of 4,829.5 megawatts to as low as 43MW, data obtained from the Federal Ministry of Power on Sunday showed. Staff of the transmission company, under the aegis of the National Union of Electricity Employees, shut down the country's power grid last Wednesday, throwing businesses and other power consumers into darkness. They went on strike in protest against a compulsory promotion interview for principal managers, unpaid entitlement, among other issues, and crippled the country's power supply for several hours before the intervention of the Federal Government. Latest figures obtained in Abuja on Sunday on the country's power grid performance indicated that peak power generation on Tuesday before the workers' strike was 4,829.5MW. Source: punchng.com

<https://punchng.com/striking-workers-crashed-power-generation-to-43mw-fg/>

Audit Query: House Probes NIPC over N1bn Extra Budgetary Expenditure: The House of Representatives Committee on Public Accounts (PAC) has commenced investigation into how the Nigeria Investment Promotion Commission (NIPC), a federal government agency under the Federal Ministry of Industry, Trade and Investment engaged in extra budgetary expenditure of N1.19 billion in the 2018 and 2019. According to a report from the office of the Auditor General of the Federation, the NIPC had a budget of N194 million in 2018, and N180.6 million in 2019, but spent N700 million and N871 million respectively. A study of the 223-page document presented to the Committee by the Commission showed a line item suggesting that the Commission may have spent its internally generated revenue for 2019 to service its recurrent and capital budget. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/08/22/audit-query-house-probes-nipc-over-n1bn-extra-budgetary-expenditure-2/>

5G: New operator to miss August rollout date: Mafab Communications Limited is set to miss the Nigerian Communications Commission 5G rollout commencement date of August 24, 2022. This is as the Commission grants it a five-month extension to roll out 5G services in the nation following delays in receiving its Unified Access Service Licence and Numbering plan, which was not granted until the end of July. While speaking at the 90th Edition of Telecom Consumer Parliament, the Executive Vice Chairman, NCC, Prof. Umar Danbatta has declared the commencement date. He said, "The final letters of award have been issued to MTN and Mafab Communications, which emerged winners of the 3.5GHz Spectrum auction conducted on Dec. 13, 2021. Source: punchng.com

<https://punchng.com/5g-new-operator-to-miss-august-rollout-date/>

IEA Raises 2022 Global Oil Demand Estimates to 99.7m bpd: The International Energy Agency (IEA) has raised its forecast for world oil demand in 2022 to 99.7 million barrels per day in 2022 and 101.8 million bpd in 2023. In its latest Oil Market Report (OMR), the organisation which provides data, forecasts and analysis on the global oil market, stated that the projection was hinged on soaring oil use for power generation and gas-to-oil switching by many countries. On the back of skyrocketing gas prices, many countries have found a veritable alternative in the deployment of crude oil products, raising the consumption of the black gold. "World oil demand is now forecast at 99.7 million bpd in 2022 and 101.8 million bpd in 2023," the IEA report stated. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/08/22/iea-raises-2022-global-oil-demand-estimates-to-99-7m-bpd/>

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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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