

Capital Importation

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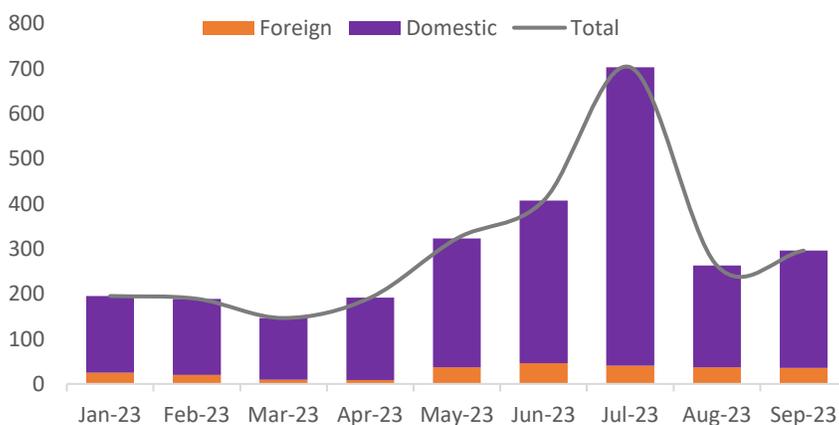
Foreign portfolio investment inflows down 46.9% y/y.

According to the Nigerian Exchange Limited (NGX) report on domestic and foreign portfolio participation in equities for September 2023, Foreign Portfolio Investments (FPI) in the stock market declined further due to lingering difficulties around the ability of foreign investors to repatriate dividends and profits caused by a significant decline in FX supply. Total Participation by foreign investors (both inflow and outflow) was down 24.4% y/y from N321.04bn to N258.02. Details of the report showed that foreign investments represented 9.51% of total equity transactions of N2.71trn during the period compared with 16.30% a year ago.

FPI inflow declined by 46.9% y/y to N108.93bn from January to September 2023 from N160.05bn (Jan - Sept 2022) while outflow declined 7.98% to N149.09bn, from N160.99bn in the corresponding period of 2022. On a m/m basis, the total foreign investments fell to N35.24bn in September, a 5.2% reduction compared to N37.16bn in August. Participation by foreign investors in the equities market also declined to 11.91% in September compared with 14.15% participation level in August.

The initial frenzy which heralded the inauguration of President Bola Tinubu in May 2023 and the pronouncement of some market-friendly policies by the new president began to wane in July as a result of a lack of clear economic plans on how to increase the supply of FX. Meanwhile, interest rates in advanced economies have been on the rise with more rate hikes anticipated later this year. With higher domestic interest rates for foreign investors, there is less incentive for them to invest in risky developing markets. Domestic investors, whose transactions made up 88.09% (Institutional & retail) of total transactions within the review period continue to sustain the local bourse. We do not expect to see increased foreign investor participation in the near term until there are clear signals that sustainable solutions to the FX crisis have been found.

Domestic & Foreign Portfolio Participation YTD (Nbn)



Source: NGX, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	44,269.43	51,251.06	70,196.77
Naira / US\$	440.53	461.50	776.14
Brent, US\$/bbl	97.92	85.91	84.89
MPR %	15.50	16.50	18.75

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

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News headlines:

Stock market listings rise to N6.23trn in October: Listings done at the Nigerian Exchange Limited (NGX) crossed the N6 trillion mark at the end of October amid the uptick in capital market activity in the second half of 2023. According to the X-Compliance report of NGX Regulation Limited (NGX RegCo), total equity, fixed income, exchange traded funds and mutual funds listed on NGX year-to-date as of October ending totaled N6.23 trillion. This was majorly because of fixed income listings by the Federal Government of Nigeria which rose dramatically in October. FGN fixed income listings consist of FGN Bonds, FGN Savings Bonds and Sukuk bonds. This amounted to N6.08 trillion year-to-date (YTD).. Source : The Sun
<https://sunnewsonline.com/stock-market-listings-rise-to-n6-23trn-in-october/>

Nigerians groan over rising cost of cooking gas: Consumers of Liquefied Petroleum Gas (LPG), popularly called cooking gas have raised the alarm over the skyrocketing price of the commodity which seems to have defied all solutions. They equally lamented that the rising cost of the product was pushing the product out of the reach of many Nigerians. Expressing their anger in separate interviews with Daily Sun at the weekend, a frustrated consumer who identified herself as Mrs. Esther Aboyede, said the average cost of 12.5kg of cooking gas had risen from N10, 000 to N12,500. Another consumer, Mr. Tunji Adekola, said the galloping cost of cooking gas in recent months has left much to be desired. Adekola said despite Nigeria having more gas than oil, the citizens have been further impoverished with more Nigerians pushed below the poverty net and cannot afford to use gas anymore for cooking.
Source : The Sun
https://sunnewsonline.com/nigerians-groan-over-rising-cost-of-cooking-gas/?expand_article=1

Devaluation Pushes Nigeria's Debt to N89.2trn: The devaluation of the naira has increased Nigeria's debt profile by N20.6trn trillion in five months, Daily Trust can report. A data analysis by Daily Trust indicates that the new borrowing plans by the federal government will see the total debt level hit N89.2 trillion before the end of the year. If shared to Nigeria's 213 million people, each citizen will be owing N418,779 to the outside world. The country's total debt, both domestic and external, stood at \$113.4 billion or N87.4 trillion as of June 30, according to a data sourced from the website of the Debt Management Office (DMO).
source: Daily Trust
https://dailytrust.com/devaluation-pushes-nigerias-debt-to-n89-2trn/#google_vignette

Manufacturers in N166bn loss as borrowing costs surge seven-fold: Six out of 10 fast-moving consumer goods (FMCG) firms in Nigeria posted losses in the first nine months of this year as their borrowing costs swelled on the back of rising interest rates and naira devaluation, a BusinessDay analysis of data from their financial statements shows. Nestle Nigeria, Cadbury Nigeria, Dangote Sugar Refinery, Nigerian Breweries, International Breweries and Champion Breweries suffered a combined loss of N166.3 billion in the nine months of this year. In the same period of last year, five of them reported a total profit of N83.9 billion, while International Breweries posted a loss of N2.81 billion.
Source: Business Day <https://businessday.ng/news/article/manufacturers-in-n166bn-loss-as-borrowing-costs-surge-seven-fold/>

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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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Hold:	The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
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Not Rated:	The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when CSL Capital UK or the Group is acting in an advisory capacity in a merger or strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.
Benchmark:	The benchmark is the trailing three-year average yield of the 12-month T-Bill plus one standard deviation rounded to the nearest %.
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Asset allocation:	Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

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