

# The Nigerian Equities Market Bulletin- February 2019

## Impact Analysis of Elections on the NSE ASI

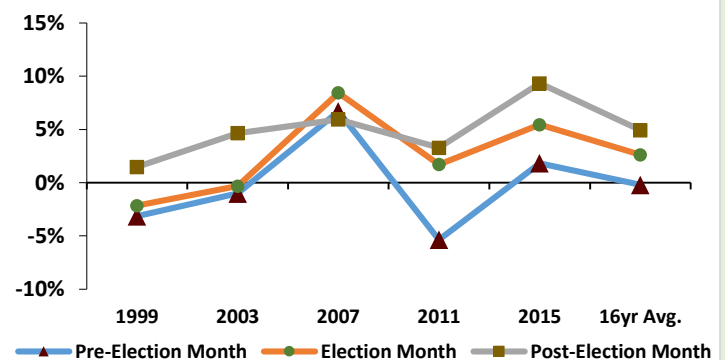
Domestically, February witnessed the late postponement of the general elections by a week from February 16 to February 23, 2019. The market rallied in the week leading to the election as uncertainties and fears of violence tapered off, followed by a slump as investors took profits.

The ASI returned 3.80% in February, correcting the -2.77% return recorded in January. We expect investors that have remained on the sidelines to re-enter the market as the election cycle winds down. Historically, the ASI has maintained a positive trend in the month of Nigeria Presidential election, recording an average monthly return of 2.63% across the elections between 1999 and 2015.

**Table. 1 NSE ASI Trend in Election Periods Since 1999**

Year of Election	Pre-Election Month	Election Month	Post-Election Month
1999	-3.14%	-2.15%	1.48%
2003	-1.01%	-0.32%	4.65%
2007	6.69%	8.44%	5.95%
2011	-5.36%	1.71%	3.29%
2015	1.83%	5.45%	9.33%
16yrs Avg.	0.20%	2.63%	4.94%

**Fig. 1 NSE ASI Trend in Election Periods Since 1999**

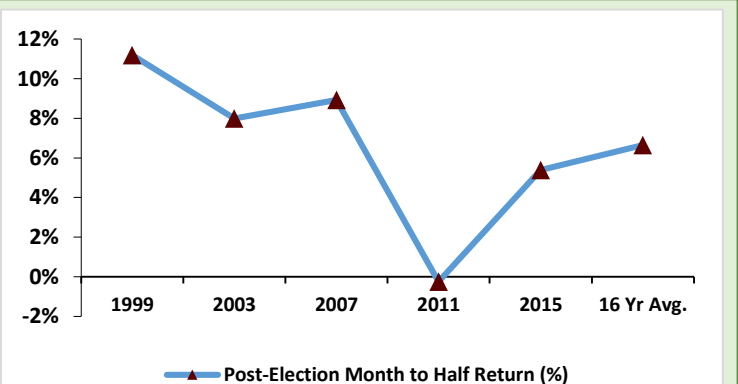


Post-election months were also consistently positive. An analysis of the post-election performance of the ASI showed that the ASI consistently showed positive trends except in 2011 when there was widespread post-election violence around the country. The ASI returned an average of 6.65% from the month after the election to mid-year of the election year as seen in the table below.

**Table. 2 Post-Election Month to Half Year Return (%)**

Year of Election	Post-Election Month to Half Year Return (%)
1999	11.19%
2003	7.99%
2007	8.93%
2011	-0.25%
2015	5.39%
16yrs Avg.	6.65%

**Fig. 2 Post-Election Month to Half Year Return (%)**

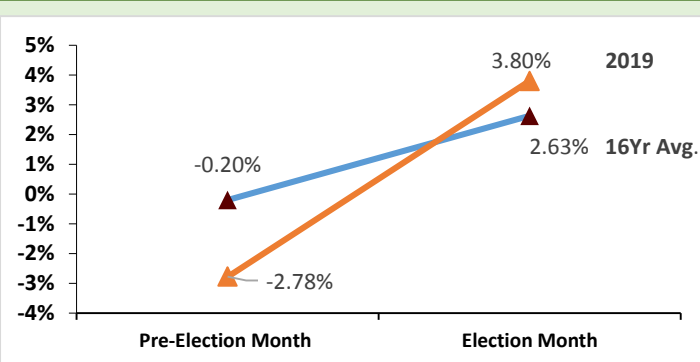


In January 2019, the preceding month to the 2019 general elections, NSEASI lost 2.77% while in the election month (February 2019) it gained 3.80%. See the table and chart below. This year the ASI looks to be replicating similar trend patterns observed in Pre-election and election months of the past 16 years (1999-2015).

**Table. 3 Election Period: NSEASI 16Yr Avg vs 2019 Return**

Year of Election	Pre-Election Month	Election Month	Post-Election Month
1999 – 2015 (Avg.)	-0.20%	2.63%	4.94%
2019	-2.78%	3.80%	TBD

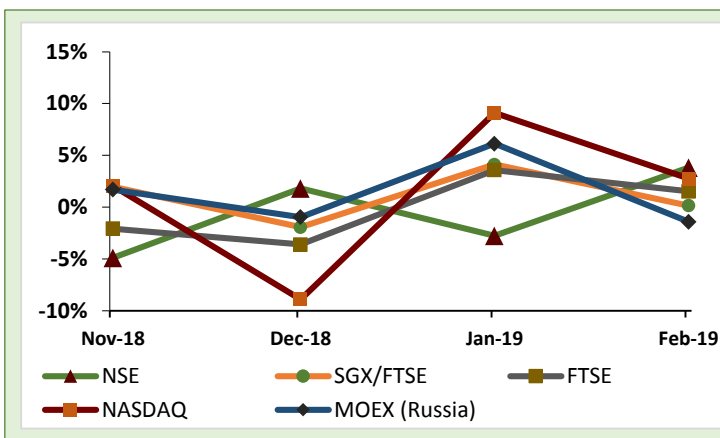
**Fig. 3 Election Period: NSEASI 16Yr Avg vs 2019 Return**



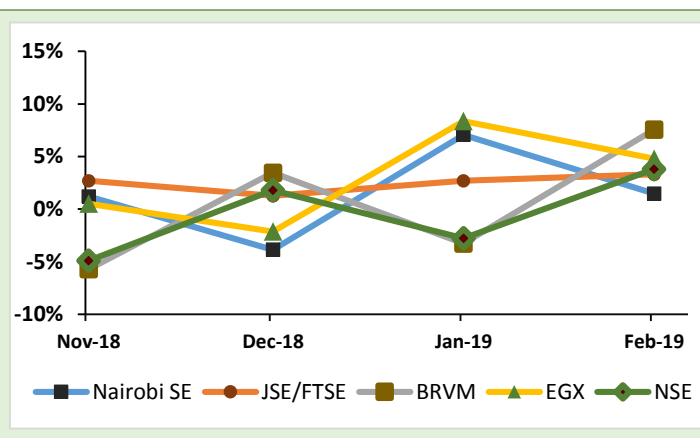
## Global & Domestic Market Commentary

Optimism in the global markets grew, driven by easing trade tensions and improvements in the global economy, consequently, the equity markets in the US, Euro area, and Asia all ended the month positive.

**Fig. 4 Global Markets Performance (%)**

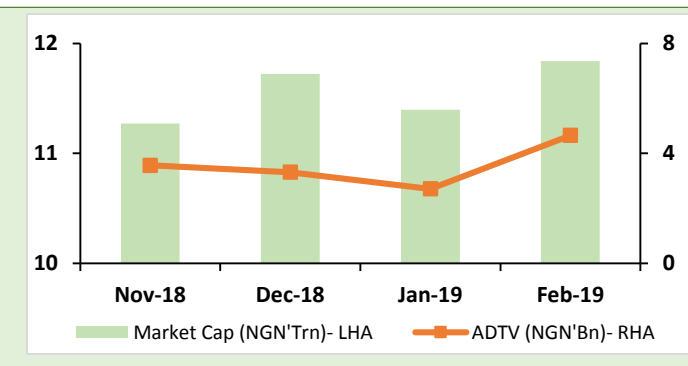


**Fig. 5 African Markets Performance (%)**

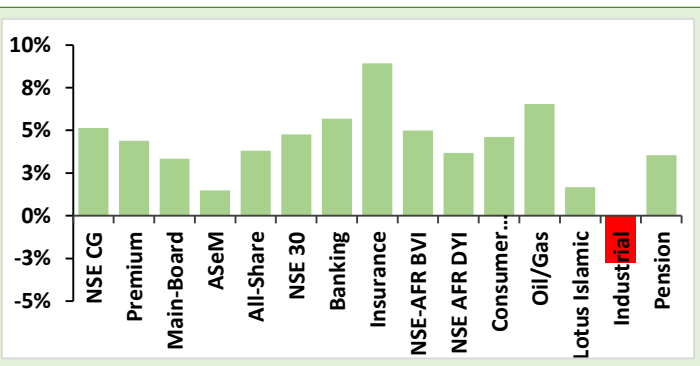


In February, total value traded rose by 56.07% month-on-month (MoM), from N59.6Bn to N93.01Bn. All the NSE indices except the industrial index closed in positive territory. The Insurance sector index led market performance with a return of 8.92% in the month while the oil and gas and the banking indices closed the month in 2<sup>nd</sup> and 3<sup>rd</sup> with 6.55% and 5.68% respectively.

**Fig. 6 NSE Turnover and Market Capitalization**



**Fig. 7 NSE Indices Performance (%)**



**Table 4 Market Indicators**

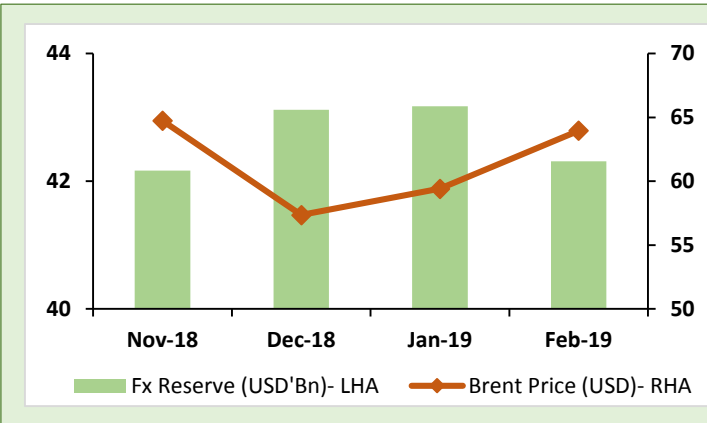
Indicators	Feb-19	Jan-19
Turnover (NGN'Bn)	93.01	59.6
Market Depth	9.43%	6.28%
Breadth	2.34	0.60
Market Cap (NGN'Trn)	11.84	11.39
DAVT (NGN'Bn)	4.65	2.71
Trading Days	20	22

**Table 5 Top Gainers and Losers**

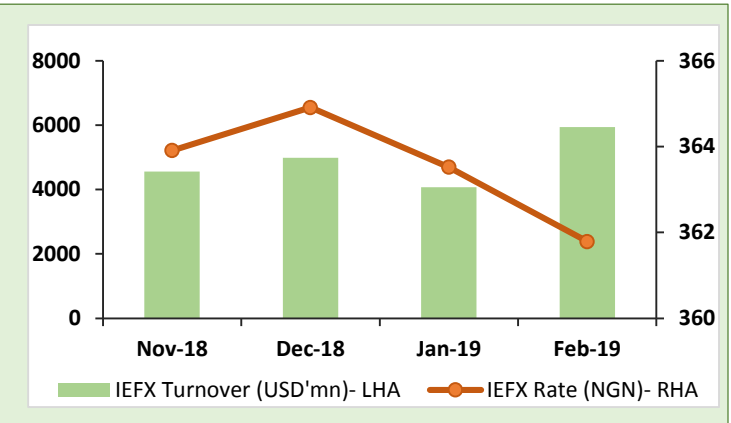
Top Losers	% Loss	Top Gainers	% Gain
CILEASING	-26.88	DANGFLOUR	87.93
VITAFOAM	-16.49	ABCTRANS	50.00
TOTAL	-14.91	IKEJAHOTEL	42.00
INTBREW	-13.22	MCNICHOLS	41.67
GUINEAINS	-13.04	BETAGLAS	31.67

Crude oil prices rose by 7.66% while the nation’s FX reserves declined marginally by 2% to N42.34Bn. The FX reserve level still remains strong enough to ensure stability in the exchange rates and sufficient liquidity to support Foreign Portfolio Investor (FPI) flows. FX Turnover on the I&E FX window stood at \$5.9Bn, the highest since September 2018, due to increasing momentum in FPI activity in the fixed income space.

**Fig. 8 Crude Oil Price & FX Reserves**

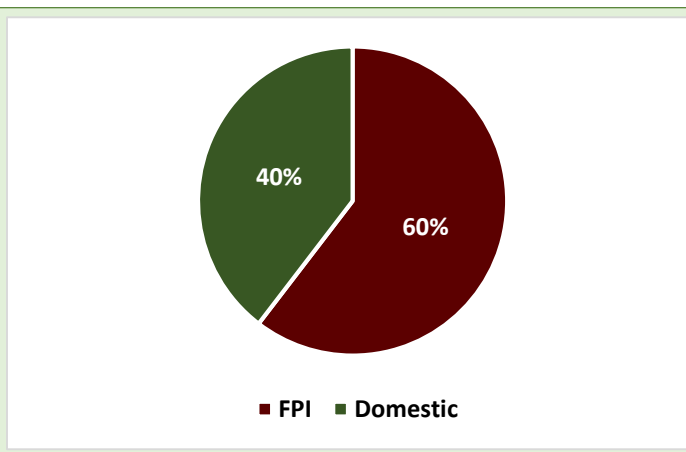


**Fig. 9 CBN IEFX Market**

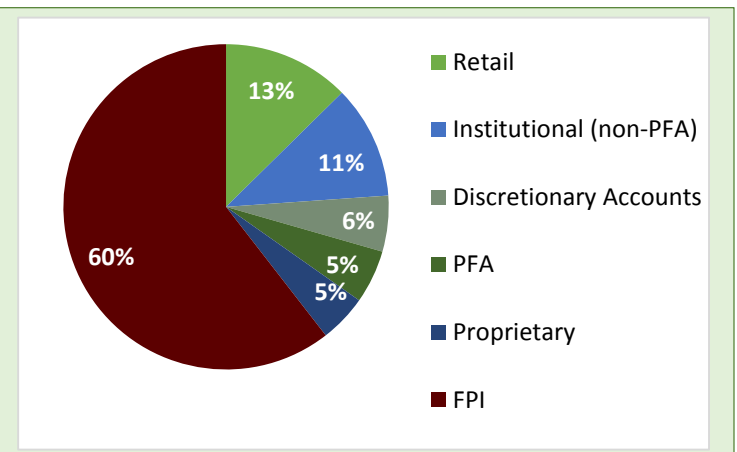


Foreign participation continued to lead market activity accounting for 60% of market transactions in February, up from 55% in January. Retail (mainly HNIs) and Institutional investors including PFAs largely drove trades in the domestic space.

**Fig. 10 Foreign vs Domestic Participation**



**Fig. 11 Investors’ Classification Breakdown**



\* This data excludes all trades that are below NGN50,000 in transaction size

\*Retail Investors include HNIs

The prominent sectors within the month included the Financial Services sector, Building Materials and Food Product sectors. These sectors accounted for approximately 88% of total value traded. Trading activity was dominated by GUARANTY, NESTLE, DANGCEM and ZENITHBANK as shown in Table 7 below.

**Table 6 Top 5 Sectors**

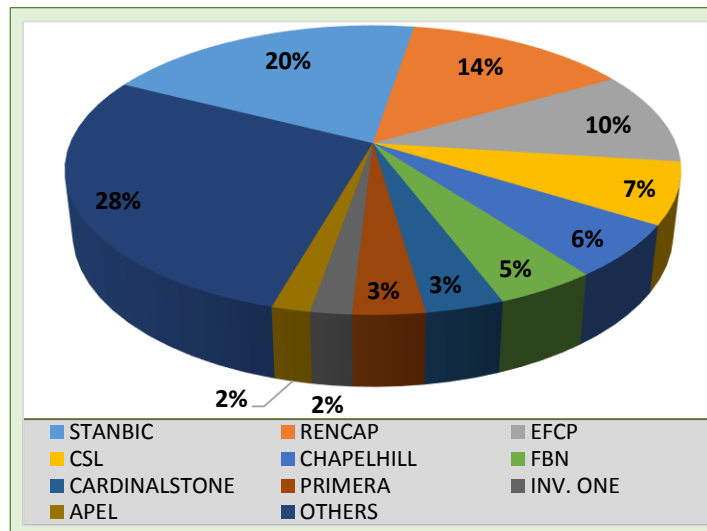
Sector	Volume	Value (NGN)	Val (%)
Banking	4,611,989,224	54,817,222,897.75	58.93
Building Mat.	119,564,978	9,024,799,225.07	9.70
Other Fin. Inst.	963,544,615	6,592,382,678.75	7.08
Food Products	7,617,583	6,051,726,773.40	6.50
Beverages	90,611,151	5,702,806,962.34	6.13
<b>Total</b>	<b>7,889,924,728</b>	<b>82,188,938,537.31</b>	<b>88.36</b>

**Table 7 Top 10 Securities**

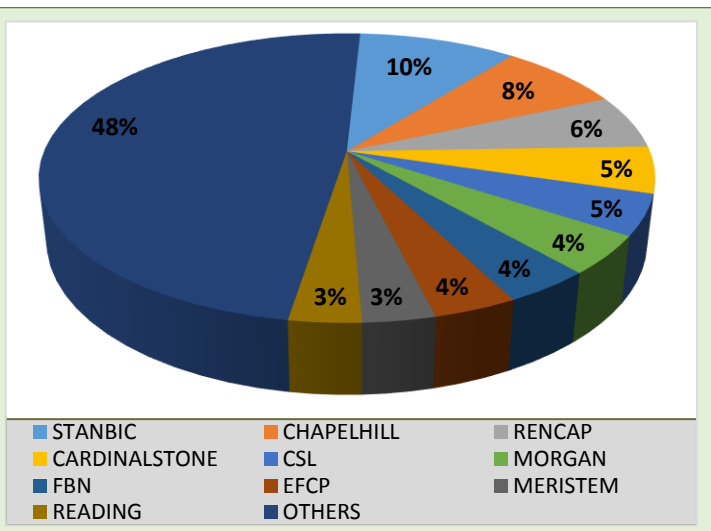
Security	Volume	Value (NGN)	Val (%)
GUARANTY	44,622,715	1,643,224,760.20	31.20
NESTLE	641,681	946,680,933.30	17.98
DANGCEM	3,223,806	634,696,298.60	12.05
ZENITHBANK	22,113,139	536,988,948.90	10.20
UBN	27,575,518	193,024,731.80	3.67
UBA	24,889,479	187,678,218.30	3.56
ACCESS	29,710,366	177,643,814.90	3.37
FBNH	19,433,012	149,008,211.85	2.83
ETI	10,304,973	144,261,584.95	2.74
NB	1,556,618	124,263,598.15	2.36
<b>Total</b>	<b>184,071,307</b>	<b>4,737,471,100.95</b>	<b>89.96</b>

Top ten brokers drove 72% of total transaction value and 52% of total volumes traded in February 2019.

**Fig. 12 Top Brokers by Transaction Value (%)**



**Fig. 13 Top Brokers by Volume (%)**



## Acronyms and Abbreviations

ASI	All Share Index
BN	Billion
BVRM	BVRM Composite Index
CBN	Central Bank of Nigeria
DAVT	Daily Average Value Traded
EGX	EYGPT 30 Index
FPI	Foreign Portfolio Investors
FX	Foreign Exchange
FTSE	FTSE All Share Index
FY	Full Year
HNI	High Net worth Investors
IEFX	Investors and Exporters Foreign Exchange Window
JSE/FTSE	FTSE/JSE All Share Index
MOEX	Moscow Exchange Russia Index
Nairobi SE	Nairobi Stock Exchange All Share Index
SGX/FTSE	FTSE Strait Times Singapore Index
FY	Full Year
9M	Nine Months
Q1	First Quarter

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