



2021 Nigerian Market Wrap-Up

The Nigerian bourse ended the year in positive territory as the ASI closed at **42,716.44** representing a YTD gain of **+6.07%**. Total market volume and value in NGN declined by **-10.14%** and **-12.18%** respectively year on year in 2021. The Banking Index was up **+3.32%**, the Consumer index was up **+2.78%**, the Oil and Gas Index was up **+52.52%** and the Industrial Index was down **-2.15%**. Best Performers by market capitalization in 2021 included MORISON, ROYALEX, VITAFOAM, HONYFLOUR, and CHAMPION. Worst Performers by market capitalization included SCOA, CWG, MANSARD, FTNCOCOA and JAPPAULGOLD. We summarize the 2021 trading year below and highlight some of the major themes in the year.

NGX ASI 2021 Performance



Source: Bloomberg

PERFORMANCE INDICATORS				
INDICATOR	31 Dec 2021	31 Dec 2020	YTD Change (%)	
NGX All-Share Index	42,716.44	40,270.72	↑	6.07%
Market Capitalisation (N'bn)	22,296.84	21,056.76	↑	5.89%
NGX BANKING	406.07	393.02	↑	3.32%
NGX PENSION	1,624.09	1,388.64	↑	16.96%
NGX CONSUMER GOODS	589.28	573.35	↑	2.78%
NGX OIL AND GAS	345.01	226.20	↑	52.52%
NGX 50	1,723.79	1,658.56	↑	3.93%
NGX INDUSTRIAL	2,008.30	2,052.33	↓	-2.15%
NGX PREMIUM	4,167.78	3,470.77	↑	20.08%
NGX 30	1,722.30	1,640.11	↑	5.01%
Total YTD Volume Traded (N'mn)	87,120.58	96,950.93	↓	-10.14%
Total YTD Value (N'mn)	953,903.85	1,086,259.17	↓	-12.18%
Total YTD Value (\$,mn) *	2,298.56	2,649.41	↓	-13.24%

*\$ rate N410 for 2020 & N415 for 2021

What Happened in Q1 2021?

January

The ASI was up **+5.32%** in the month of January whilst trading volumes was mostly driven by block trades. The momentum towards the end of 2020 was minimized going into 2021 as investors tried to assess and understand the direction and outlook for the market. The key question on the mind of the local institutional investor was understanding the outlook of interest rates whilst for Foreign portfolio investors, they were interested in our outlook for the USDNGN and FX liquidity within that space. Our expectation was that interest rates in the fixed income space would correct to the upside by 300/400bps noting that the monetary and fiscal policy makers would prefer to borrow cheap and in single digits in 2021 and potentially look to tap the Eurobond market if borrowing in the local market was getting too expensive. The single largest transaction for the month was a cross of 755m UPDCREIT at N5.50 worth \$21.3m. This was done by locals. International investors continued to remain on the sell side and locals were on both sides. Locals dominated market participation, accounting for about 65% of the flow in our view.

February:

The ASI lost **-6.16%** in February which was motivated by the rapid upward move in interest rates that had not been anticipated. We had expected a correction but not a sharp one. This caused local investors to switch their attention to the Fixed income market. Rates in the fixed income space started to inch higher and we started seeing investors taking profit from some of the positions they had taken in equities to take advantage of the rate correction. Foreign investors remained largely quiet or net sellers in the market. We saw locals taking positions at lower prices ahead of expected dividends but there were no aggressive buyers in the market. Investors continued to wait at the lower end of the market to get stocks via block transactions.

March:

The ASI shed **-1.90%** in March. The downward pressure continued with demand waning in the equity space as investors sought better yields in the fixed income space. We saw some investors switching out of equities to take advantage of fixed income instruments. We also started seeing FY results released by listed companies but reactions from investors were generally muted outside of the likes of ZENITHBANK and STANBIC IBTC who posted impressive corporate actions. Market activities were driven largely by block transactions and these were mostly in the banking space, consumer space and the Oil and gas sector. Post results, there was no new major catalyst and the market was generally bearish and on some other days, flat. We must highlight that generally, corporate actions from listed companies were impressive despite the COVID-19 Pandemic.

What Happened in Q2 2021?

The 2nd quarter was quiet at its best and lackluster at its worst as it was relatively slow for the equities market. The general theme was a continuation of the exit from the equities space into fixed income instruments by mostly local investors, which started in the previous quarter. On the foreign side, the indifference to the Equities market continued - a direct consequence of the inability to transfer funds out of the country as they still had funds trapped on the repatriation queue due to FX illiquidity. After the results season where dividends and bonuses were declared, we saw a few foreign clients reinvest their dividends into the market. This gave the market a slight

boost in April but subsequently, the market went back into its quiet mode and was primarily driven by block transactions.

The NGX ASI gained 2.02% in April 2021 while it shed 3.51% in May 2021. In both April and May, the trend in the daily sessions were similar – It was mostly quiet outside of crosses. The banking sector was the most active sector with the likes of ZENITHBANK and GTCO leading activities on most trading days. The largest trade for the quarter was a cross of 181.60m units of MTN Nigeria shares at N163.30 worth NGN 29.66bn (\$144.66m). This trade was done on 19th April 2021.

The NGX ASI shed 1.38% in June 2021. One of the highlights of the month was in Guaranty Trust Bank, now Guaranty Trust Holding Co. The Nigerian Exchange Limited delisted the entire 29,431,179,224 issued shares of Guaranty Trust Bank Plc on June 18th 2021 and listed the entire issued share capital of 29,431,179,224 ordinary shares of 50 Kobo each of Guaranty Trust Holding Company Plc (GTCO) on the Daily Official List of NGX at N28.55 per share on June 24th 2021. GTCO started rallying after the listing and went as high as N30.00 before profit taking set in again. Seplat Petroleum Development Company also notified the investing public about their change of name to Seplat Energy Plc in June 2021.

In terms of participation, local investors continued to dominate market activities and outside of dividend reinvestment, foreign participation was largely on the sell side. Total volume traded was down **-53%** in Q2 to 14.51bn shares traded while value traded was also down **-47%** to N179.68bn in Q2 2021.

What Happened in Q3 2021?

Q3 remained very quiet as we saw similar themes from previous quarters continue to play out. Foreign investors continued to sit on the fence as FX liquidity remained a concern. Some foreign investors stayed active but they were mostly interested in trading dual listed stocks such as AIRTEL and SEPLAT. There were some decent blocks traded in the market in those names. Some foreign investors also got active in Nestle Nigeria on the sell side of the market.

Local investors remained the key driver of trading activities in the quarter according to data released by the Nigerian Exchange Limited (NGX). Local investors commanded 82.7% and 71.64% of total trades executed in July and August 2021 respectively. This is a deviation from the norm as foreign/ local split has previously been in the region of 50/50 to 60/40. We continued to see a lot of speculative activities driven by corporate action announcements as local investors stayed in the market for interim dividends from key corporates.

In terms of trading volumes, GTCO, ZENITHBANK, FBNH and ACCESS led the charge. We also noted some audited H1 earnings released by the major banks. There were some reactions to the numbers in just a few of the names including ACCESSBANK. Reactions were muted and negative for most of the other banks that released numbers.

The biggest single transaction in the quarter was a cross of 474m FBNH at NGN7.50 worth NGN 3.55bn (\$8.61m). Other notable single clip transactions included a cross of 763,898,306 TRANSCO HOT at NGN3.76 worth NGN2.87bn (\$6.95m) and 401m HONYFLOUR crossed at NGN3.80 worth NGN1.523bn (\$3.69m). These transactions were all done by locals in the month of September 2021.

Outside of FX issues, the quiet trend in the market was also attributed to the lack of potential catalysts in the short term. The ASI gained **+1.69%** in July, **+1.74%** in August and **+2.55%** in September 2021.

What Happened in Q4 2021?

Q4 was a very busy quarter for the Equities market. The entire issued and fully paid 1,964,115,918 ordinary shares of Nigerian Exchange Group Plc (NGX Group) were listed by Introduction on the Main Board of Nigerian Exchange Limited on Friday, 15 October 2021 at N16.15 per share. Following the listing, NGX Group rallied and traded as high as N23.55 (+45.82%) in October 2021.

FBNH was a stock of particular interest in Q4. Early in the quarter (7th October 2021), we saw an off-market cross of 473m FBNH shares at N16.00. This was a premium of +60% to the closing price of N10.00 for that day. After this cross, we saw FBNH trade significant volumes almost daily as an aggressive buyer continued to mop up shares in the market. We would later come to find out that the buying interest was majorly from Mr. Femi Otedola, who disclosed that he had acquired 7.57% of FBN Holdings. In December, FBN Holdings Plc notified the Nigerian Exchange Limited and the investing public of the resignation of Mr. Remi Babalola as a Non-Executive Director and Chairman of the Company effective 17 December 2021. Following the resignation of Mr. Remi Babalola, the Central Bank of Nigeria approved the appointment of Alhaji Ahmad Abdullahi as Non-Executive Director and Chairman of the Company.

Flourmills also announced in November that it had reached an agreement with Honeywell Group to acquire its 71.69% majority shareholding interest in Honeywell Flour Mills Plc (HFMP). In addition, Flourmills also entered into an agreement with the FBN Holdings Group to acquire its 5.06% equity in HFMP. Upon completion of the acquisition, and subject to obtaining all requisite regulatory approvals, Flourmill is set to hold about 76.75% equity interest in HFMP.

Airtel Africa and MTN Nigeria were both granted approval in principle in November 2021 to operate a payment service bank business in Nigeria. Airtel Africa's approval was through their subsidiary SMARTCASH Payment Service Bank Limited while MTN Nigeria's approval was through their subsidiary MoMo Payment Service Bank Limited. Airtel Africa also announced that its subsidiary, Airtel Mobile Commerce Nigeria Ltd had received an approval in principle to operate as a Super-Agent in Nigeria. The payment Service Bank license is required to be able to provide financial services in Nigeria such as accepting cash deposits and carrying out payments and remittances, issuing debit and prepaid cards, operating electronic wallet and rendering other financial services. The Super-Agent license allows for the creation of an agent network that can service the customers of licensed Nigerian banks, Payment service banks and licensed mobile money operators in Nigeria.

MTN Nigeria also announced in November 2021 that it would be proceeding with its public offer for sale of up to 575m shares in MTN Nigeria by way of a bookbuild first to institutional investors and then fixed price to retail investors. This would be the first step in MTN Group's previously communicated statement of intent to sell down approximately 14% of its current shareholding of MTN Nigeria. The offer opened to qualified institutional investors

at a price range of ₦165 - ₦174 per share on 23rd November 2021 and closed on 26th November 2021. The retail offer opened at a fixed price of ₦169.00 on 1st December 2021 and closed on 14th December 2021. There was an incentive of 1 bonus ordinary share for every 20 ordinary shares purchased and allotted, up to a maximum of 250 bonus ordinary shares per investor. This incentive was open to investors who hold (and do not trade) the ordinary shares purchased continuously for 12 months, post the Offer.

In December, Access Bank notified the Exchange of their intention to restructure the Group into a non-operating financial holding company structure. The holding structure is expected to hold the banking group that is, Access Bank and its banking subsidiaries. At the court ordered meeting held December 16th, 2021, the shareholders gave approval to the company for the transfer of the 35,545,225,622 ordinary shares of 50kobo each in the issued and paid-up share capital of the bank held by them to Access Holdco Plc. According to the indicative timetable in the Scheme of Arrangement, the Holdco shares are expected to be listed on the Nigerian Exchange Limited on 15th April 2022.

Sterling Bank also notified the Nigerian Exchange Limited in December 2021 that it had obtained the Central Bank of Nigeria's Approval-in- Principle for a standalone license for its non-interest banking business - the proposed Alternative Bank Limited. The approval was sequel to the approval-in-principle granted to the Bank for the restructuring as a holding company and subject to the fulfillment of conditions as stipulated by the CBN.

Also in December 2021, The Board of Directors of Union Bank of Nigeria Plc announced that it had received a notification from Union Global Partners Ltd. ("UGPL", the holder of majority shareholding in Union Bank) of the execution of a Share Sale and Purchase Agreement between UGPL, certain other existing shareholders of Union Bank (as Sellers) and Titan Trust Bank Limited (as Purchaser) for the sale of an aggregate 89.39% of the issued share capital of Union Bank held by the Sellers, to the Purchaser. Completion of the Transaction is subject to obtaining applicable regulatory approvals and the fulfillment of certain conditions precedent.

Wema Bank Plc also notified the Nigerian Exchange Limited of a court-ordered meeting set to hold on 31 Dec 2021 for the purpose of a share reconstruction of one ordinary share for every three previously held, with the balance canceled. Thereafter the company will hold an extraordinary general meeting for the existing shareholders to approve the injection of fresh N40bn capital by way of a rights issue.

We continued to see buying interests from foreign investors in the likes of SEPLAT and Airtel. Local investors continued to stay largely quiet outside of a few names and market activities were largely quiet outside of cross transactions.

Outside of the FBNH off market cross mentioned above, other off market crosses in the quarter included 794m shares of ETERNA crossed off-market at N13.50 worth N10.72bn (\$25.83m). This was done on 29th October 2021 at a premium of 56.07% to the closing market price of N8.65 for that day. There was also an off-market cross of 1.968bn shares of OANDO at N6.00 worth N11.81bn (\$28.46m). This was done on 22nd November 2021 at a premium of 16.50% to the closing market price of N5.15 for that day.

The ASI gained **+4.52%** in October, **+2.88%** in November and shed **-1.23%** in December 2021.

*Best / Worst Performers for the Year 2021 by Market Capitalization

Best Performers

SN	Security	Cap as at 31/12/2021	Cap as at 31/12/2020	% Change
1	MORISON	1,968,432,131.25	484,689,318.75	306.12%
2	ROYALEX	4,527,925,665.12	1,337,796,219.24	238.46%
3	VITAFOAM	28,143,991,440.00	9,756,583,699.20	188.46%
4	HONYFLOUR	26,962,672,037.20	9,516,237,189.60	183.33%
5	CHAMPION	18,399,316,690.40	6,733,366,959.04	173.26%
6	CHIPLC	8,456,555,000.00	3,425,440,000.00	146.88%
7	REGALINS	3,401,062,500.00	1,467,125,000.00	131.82%
8	UPL	1,268,343,941.76	552,204,165.12	129.69%
9	CUTIX*	9,299,780,297.28	4,051,040,659.80	129.57%
10	MBENEFIT**	6,620,335,391.01	3,016,638,047.16	119.46%
11	UCAP	59,400,000,000.00	28,260,000,000.00	110.19%
12	GUINNESS	85,424,929,941.00	41,617,273,561.00	105.26%
13	TRANSCOHOT	55,104,802,851.18	27,361,454,040.00	101.40%
14	COURTVILLE	1,349,760,000.00	745,920,000.00	80.95%
15	LIVINGTRUST	5,200,000,000.00	3,000,000,000.00	73.33%
16	TOTAL	75,339,895,630.30	44,137,838,810.00	70.69%
17	ACADEMY	302,400,000.00	181,440,000.00	66.67%
18	SKYAVN	7,173,974,000.00	4,331,456,000.00	65.63%
19	NAHCO	6,074,578,125.00	3,735,703,125.00	62.61%
20	SEPLAT	382,488,964,650.00	236,731,246,890.30	61.57%

Worst Performers

SN	Security	Cap as at 31/12/2021	Cap as at 31/12/2020	% Change
1	SCOA	675,818,691.60	1,903,989,198.45	-64.51%
2	CWG	2,827,805,522.08	6,413,058,951.86	-55.91%
3	MANSARD**	20,880,000,000.00	37,800,000,000.00	-44.76%
4	FTNCOCOA	858,000,000.00	1,452,000,000.00	-40.91%
5	JAPAUFGOLD	2,442,453,669.24	3,882,875,063.92	-37.10%
6	VANLEER	232,388,000.00	349,648,000.00	-33.54%
7	DAAR	2,400,000,000.00	3,600,000,000.00	-33.33%
8	ENAMELWA	1,231,718,400.00	1,680,307,200.00	-26.70%
9	STERLNBANK	43,473,531,370.26	58,732,452,977.04	-25.98%
10	LASACO**	1,925,265,147.75	2,563,201,697.35	-24.89%
11	CORNERST	8,356,540,653.50	10,718,171,707.75	-22.03%
12	NEIMETH	3,323,524,939.00	4,235,120,350.84	-21.52%
13	DEAPCAP	300,000,000.00	375,000,000.00	-20.00%
14	GTCCO	765,210,659,824.00	952,098,647,896.40	-19.63%
15	CILEASING	1,697,860,500.00	2,102,113,000.00	-19.23%
16	UPDC	11,873,799,275.00	14,675,482,250.00	-19.09%
17	ABCTRANS	513,887,000.31	629,926,000.38	-18.42%
18	INTBREW	132,967,239,322.50	159,829,307,872.50	-16.81%
19	CAVERTON	5,762,876,770.00	6,868,544,987.50	-16.10%
20	UNITYBNK	6,312,242,488.68	7,481,176,282.88	-15.63%

Source: Bloomberg; *Bonus, **Share Construction, ***Private Placement

Outlook for 2022

We don't expect a major deviation in pattern for the market in 2022 versus 2021. The year 2022 is also a pre-election year so we see elevated risk in the market. Based on the aggressive budget for 2022, we expect that the Government may likely have to borrow more to fund the budget. We also expect interest rates to go up from around the 2nd Quarter. With rising interest rates, we expect local institutionals to remain skewed towards fixed income instruments. International investors were majorly concerned with FX liquidity for most of 2021 and we expect this to remain a concern for them in 2022 if nothing changes from the current stance. We expect participation from international investors to remain low similar to 2021 with a continued focus on dual listed stocks.

On the other hand, we have been seeing economic improvements post the recession from indicators with PMI and GDP numbers improving. This economic improvement may likely have a positive impact on corporate earnings and may be potential catalysts for the market and may also possibly counter the dampened outlook for the market. From a valuation perspective, current prices in the market are also still relatively cheap and attractive. We also expect to see some investors make a play for dividend yields in the first quarter.

Thank you.

Stanbic IBTC Stockbrokers **ITCANBE.**



Disclaimer and Confidentiality note

This message is for the named person's use only. It may contain confidential, proprietary and/or legally privileged information. Please follow the attached hyperlink to an important disclaimer. http://www.stanbicibtcstockbrokers.com/documents/Disclaimer_Sales_Trading.pdf . For published research reports, including disclosures and other information relating to such reports, please visit <http://www.stanbicibtcstockbrokers.com/>

By providing you with this sales and trading commentary, Stanbic IBTC Stockbrokers does not intend to influence your investment firm's behaviour in any way that may be detrimental to the interests of your client. The information in this sales and trading commentary has not been reviewed or approved by or in conjunction with our Research Department and is not a substitute for the economic or fundamental research produced by Stanbic IBTC Stockbrokers Research, and may not be treated as such. At Stanbic IBTC Stockbrokers, we considered this sales and trading commentary to be a minor non-monetary benefit, provided to you, as it: a. is intended to enhance the quality of service provided to you by us; is generic in nature; c. consists of short term market commentary on the latest economic statistics and/or company results and/or information on upcoming releases or events; contains a brief summary of the author's own opinion on such information; is not substantiated nor does it include any substantive analysis; reiterates the Stanbic IBTC Stockbrokers' view on an existing recommendation or substantive research material; and/or is unlikely to impair your investment firm's compliance duty to act in the best interest of the client. Although SBG Securities / Standard Bank Global Markets does not believe that the information provided to you qualifies as research under the relevant inducement rules (as set out above), European Regulation prohibits you from receiving any service from us, including the provision of research, which may be construed as an inducement. You are under an obligation to independently assess and categorise the content of this sales and trading commentary as either a minor non-monetary benefit or as research. Should you, based on your own internal criteria and assessment, consider this sales and trading commentary to be substantive research and you no longer wish to receive it, kindly contact Stanbic IBTC Stockbrokers Compliance Department here Sislcompliance@stanbicibtc.com Should you, based on your own internal criteria and assessment, consider this sales and trading commentary to be substantive research and you wish to enter into the necessary payment arrangements in order to continue receiving it, kindly contact the Research Compliance Department. ResearchCompliance@standardbank.co.za. Should we not receive any such requests from you, we will assume that you agree that this sales and trading commentary does not fall within the ambit of the relevant inducement rules and we will continue providing same.

--

[Click Here](#) to unsubscribe from
this newsletter.

We want to hear from you. For enquiries, requests, suggestions and complaints on Stanbic IBTC products and services, please contact us on:
Pension solutions - 01-2716000 or pensionsolution@stanbicibtc.com and short code-30388
Banking products and services - 0700 CALL STANBIC (0700 2255 7826242), 01- 2709676
or customercarenigeria@stanbicibtc.com Asset management and investment solutions - 01-2801266, 01-2805595, 0700MUTUALFUNDS(0700688825 38637) or
assetmanagement@stanbic.com
Trustees business - 01-2801266, 01-2805595 or SITLAgency@stanbicibtc.com
Stockbroking business - 01-2770937, 4488800 or stockbroking@stanbicibtc.com

Stanbic IBTC Holdings email disclaimer and confidentiality note

This e-mail, its attachments and any rights attaching hereto are, unless the content clearly indicates otherwise, the property of Stanbic IBTC Holdings and its subsidiaries. It is confidential, private and intended for only the addressee.

Should you not be the addressee and receive this e-mail by mistake, kindly notify the sender, and delete this e-mail immediately.

Do not disclose or use it in any way. Views and opinions expressed in this e-mail are those of the sender unless clearly stated as those of Stanbic IBTC Holdings and its subsidiaries.

Stanbic IBTC Holdings and its subsidiaries accept no liability for any loss or damages howsoever incurred, or suffered, resulting or arising, from the use of this email or its attachments.

Stanbic IBTC Holdings and its subsidiaries do not warrant the integrity of this e-mail nor that it is free of errors, viruses, interception or interference, and thus accepts no liability for any damage or loss caused by any issues arising out of the transmission of this mail.