

Q2 2021 Nigerian Market Wrap-up

The NGX ASI shed **-2.91%** in Q2 2021 with a corresponding value of the index at **37,907.28** as at 30th June 2021. For Q2, 2021, the Banking Index was down **-0.87%**, the Consumer Index was up **10.67%**, the Oil & Gas Index was up **17.76%** and the Industrial Goods Index was down **-0.11%**. Best performers included EUNISELL, ROYALEX, CHIPLC, VITAFOAM and MORISON. Worst performers included CWG, BOCGAS, UNITYBANK, SUNUASSUR and FTNCOCOA. We summarize the performance of the market for Q2 2021 below and present some of the major highlights in the quarter.



Fig 1: Q2 2021 NGX ASI Performance

PERFORMANCE INDICATORS				
INDICATOR	2021: OPEN	30-Jun-21	31-Mar-21	Change
NGX All-Share Index	40,270.72	37,907.28	39,045.13	-2.91%
Market Capitalisation (N'bn)	21,057	19,760	20,429	-3.27%
NGX BANKING	393.02	366.47	369.67	-0.87%
NGX PENSION	1,388.64	1,479.77	1,362.60	8.60%
NGX CONSUMER GOODS	573.35	600.88	542.94	10.67%
NGX OIL & GAS	226.2	313.08	265.87	17.76%
NGX 50	1658.56	1625.78	1574.76	3.24%
NGX INDUSTRIAL GOODS	2,052.33	1,887.76	1,889.76	-0.11%
NGX PREMIUM	3,470.77	3,527.67	3,242.52	8.79%
NGX 30	1,640.11	1,594.87	1,555.92	2.50%
Total Volume for the Quarter Ended ('m)		14,509.52	31,472.87	-53.90%
Total Value for the Quarter Ended (N'm)		179,682.32	339,612.49	-47.09%

Table 1: Performance Indicators for Q2 2021

What Happened in Q2 2021?

The 2nd quarter can be described as 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.

Best Performers

S/N	Stock	30-Jun-21	31-Mar-21	Change
1	EUNISELL	2.91	0.50	482.00%
2	ROYALEX	0.61	0.30	103.33%
3	CHIPLC	0.60	0.32	87.50%
4	VITAFOAM	15.40	8.30	85.54%
5	MORISON	1.40	0.86	62.79%
6	UPL	1.67	1.07	56.07%
7	REGALINS	0.46	0.30	53.33%
8	HONYFLOUR	1.67	1.18	41.53%
9	ETERNA	7.50	5.45	37.61%
10	CUTIX	2.80	2.04	37.25%
11	MEYER	0.59	0.45	31.11%
12	BERGER	8.40	6.50	29.23%
13	LINKASSURE	0.84	0.66	27.27%
14	FIDSON	6.00	4.75	26.32%
15	SEPLAT	690.00	550.00	25.45%
16	NB	60.00	48.50	23.71%
17	ABCTRANS	0.37	0.30	23.33%
18	OKOMUOIL	110.00	90.00	22.22%
19	JAPAUFGOLD	0.50	0.41	21.95%
20	IKEJAHOTEL	1.33	1.10	20.91%

Worst Performers

S/N	Stock	30-Jun-21	31-Mar-21	Change
1	CWG	1.15	2.54	-54.72%
2	BOCGAS	8.55	13.61	-37.18%
3	UNITYBNK	0.53	0.75	-29.33%
4	SUNUASSUR	0.47	0.66	-28.79%
5	FTNCOCOA	0.33	0.46	-28.26%
6	AIRTELAFRI	667.70	930.00	-28.20%
7	ACADEMY	0.32	0.41	-21.95%
8	STANBIC	40.25	51.25	-21.46%
9	NCR	2.27	2.79	-18.64%
10	ENAMELWA	16.20	19.90	-18.59%
11	JULI	1.23	1.51	-18.54%
12	SCOA	1.95	2.38	-18.07%
13	AIICO	1.04	1.25	-16.80%
14	NEM	1.92	2.30	-16.52%
15	GUINNESS	29.00	33.90	-14.45%
16	CAP	19.00	22.20	-14.41%
17	COURTVILLE	0.20	0.23	-13.04%
18	NEIMETH	1.70	1.95	-12.82%
19	ALEX	7.20	8.10	-11.11%
20	GLAXOSMITH	6.05	6.80	-11.03%

Table 2: Best and Worst Performers for Q2 2021**TOP HEADLINE:****NGX Group Launches New Brand Identity and Website – Proshare**

Nigerian Exchange Group (NGX Group) Plc, a leading integrated market infrastructure Group in Africa, has announced the launch of its new corporate brand identity and website today, 13 April 2021. The launch of the new identity follows the demutualisation of The Nigerian Stock Exchange and the resulting creation of the non-operating holding company NGX Group Plc and its subsidiaries: Nigerian Exchange (NGX) Limited, the operating exchange; NGX Regulation (NGX RegCo) Limited, the independent regulatory arm of the Exchange; and NGX Real Estate (NGX RelCo) Limited, the real estate company.

Outlook for Q3 2021

We expect the 3rd quarter of the year to also be relatively quiet for the equities market. Looking at the different sectors, we like the Cement and Telcos sector. We are not overly optimistic about the banks primarily due to the high CRR environment. Results from banks which typically release audited half year numbers would be delayed as they would need to be audited. Half year corporate actions are expected to be a potential trigger for the market.

We expect the returns in the fixed income space to continue to challenge the performance of equities for the quarter. We however note the drop in yields due to aggressive maturities in July of about NGN 1 trillion. If yields stay lower for an extended period, there is half a chance that locals may start looking at equity markets again. External reserves are currently at \$33.3

billion and the CBN has been selling \$25m twice weekly in a combination of spots and forwards in an effort to clear the FX backlog. On a daily basis, we expect market activities to be driven by block transactions and for local participants to remain dominant players in the market.