



## Views of a Salesman /

### Q3 2019 Nigerian Market Wrap

The NSE ASI lost **-7.80%** in Q3 2019 only with a corresponding value on the index of 27,630.56 as at 30<sup>th</sup> Sept 2019. For Q3, 2019, the Banking Sector was down **-6.24%**, the Consumer Sector was down **-8.82%**, the Oil and Gas Sector was down **-5.48%** and the Industrial Sector was down **-0.41%**. Cornerst, BOCGAS, Wapco, Dangflour and C&I Leasing were among the best performers while FO, UPL, Champion, Intbrow and GSK were among the worst performers. Total value traded was down -43% to N188.21bn (\$522.8m) in Q3 and average daily value traded was down -48% to N2.94bn (\$8.17m). We summarise the performance of the market for Q3 below and present some of the major highlights in the quarter.

Q3 2019 NSE ASI Performance

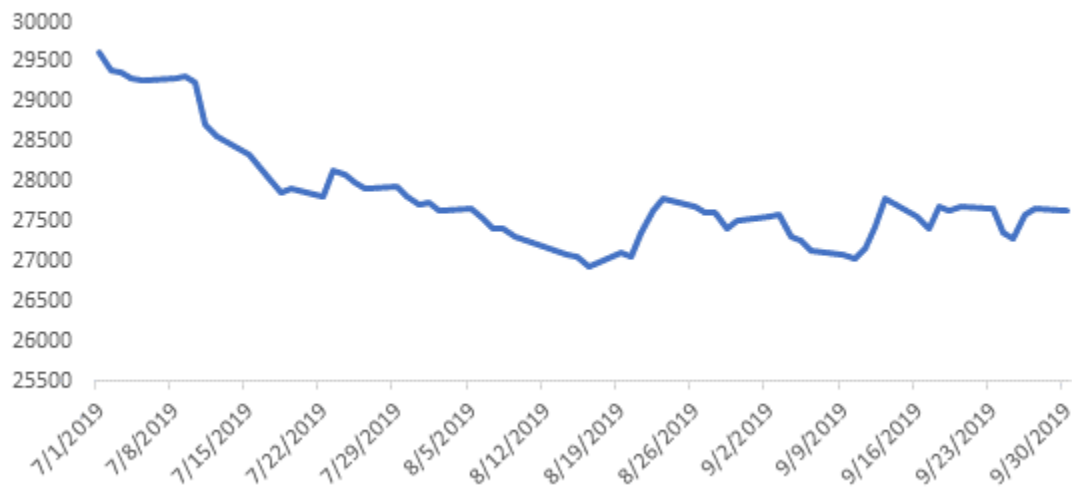


Fig1: NSE ASI Q3 2019 Performance

PERFORMANCE INDICATORS					
INDICATOR	2019: OPEN	30-Sep-19	28-Jun-19	Q3 Change (%)	YTD Change (%)
NSE All-Share Index	31,430.50	27,630.56	29,966.87	-7.80%	-12.09%
Market Capitalisation (N'bn)	11,720.72	13,450.44	13,205.53	1.85%	14.76%
NSE BANKING	398.94	343.99	366.87	-6.24%	-13.77%
NSE PENSION	1,207.46	993.24	1,058.27	-6.14%	-17.74%
NSE CONSUMER GOODS	748.83	567.41	622.33	-8.82%	-24.23%
NSE OIL AND GAS	302.23	239.35	253.23	-5.48%	-20.81%
NSE 50	1,662.06	1,325.23	1,483.01	-10.64%	-20.27%
NSE INDUSTRIAL	1,237.88	1,083.31	1,087.80	-0.41%	-12.49%
NSE PREMIUM	2,195.03	2,271.74	2,396.22	-5.19%	3.49%
NSE 30	1,417.15	1,147.00	1,255.68	-8.66%	-19.06%

### What Happened in Q3 2019?

The month of July was relatively quiet. The market was characterized by block trades and outside of these it was very slow. The highlight of the month was the listing of 3.758bn Airtel Africa Shares at N363, adding N1.36trn to the market capitalization of The Exchange but this didn't inspire or encourage investors and trading in the stock has been next to none. The ASI was down -7.5% in the month of July.

The month of August was also relatively quiet and we saw bearish sentiments throughout the month with international investors as net sellers. Activities were mostly in the banking sector and in names including GTB and Zenith where we saw mostly international buying coming in at certain points to take advantage of cheap prices. The market was primarily driven by block trades. Towards the end of the month, we saw increased participation in MTN as it was included in the MSCI Frontier Markets Index. The ASI was down 69bps Month on month in August.

The market continued its recent trend in September - relatively quiet outside of crosses. Crosses dominated activities and most of these were concentrated in GTB, Nestle and NB. The earlier part of the month was mostly crosses in GTB and we started seeing the NB and Nestle towards the end of the month. Most of these crosses were international (as has mostly been the case). Interest in MTN had been slightly lower than our expectation. Following the inclusion in the MSCI index, we had expected more interest from internationals to drive the price up. However most of the buying interest was around the 130 levels with most of the offers around 145 and higher. The ASI gained 38bps month-on-month in September.

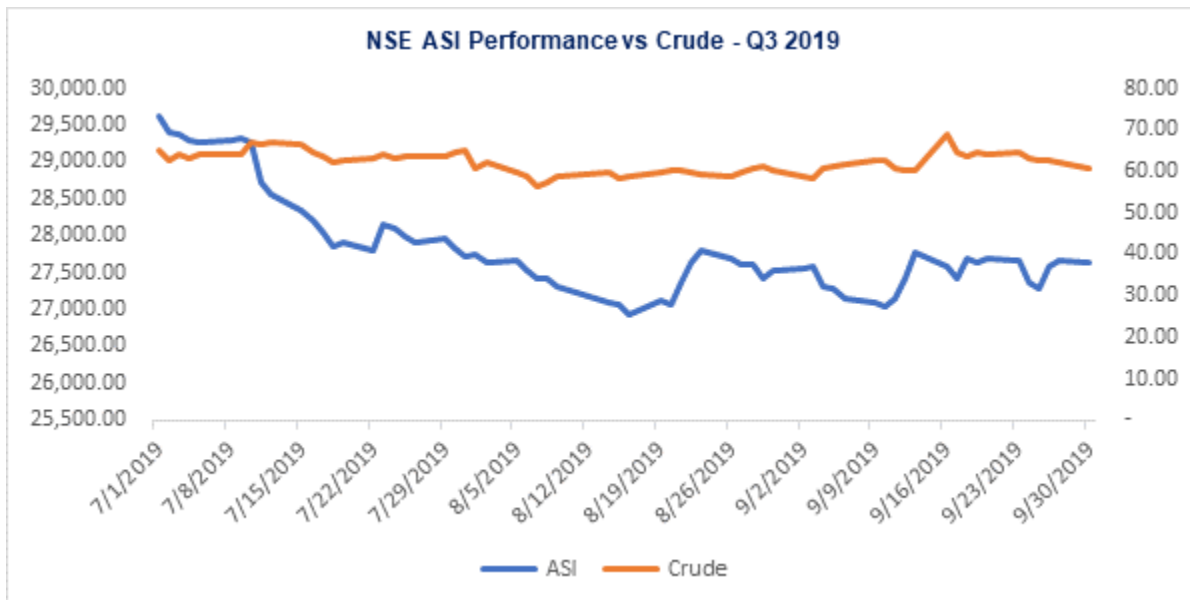


Fig 2: NSE ASI vs Crude Oil – Q3 2019



Fig 3: Graph showing 10 year performance of the NSE ASI

### Major News Headlines

**Airtel Africa Listing on May 16<sup>th</sup> 2019** - The Cross Border Secondary Listing of 3,758,151,504 ordinary shares of Airtel Africa Plc happened on July 9, 2019. The shares were listed at an offer price of N363 per ordinary share on the Main Board of The Exchange.

**President Buhari's Economic Advisory Council** - The list was announced on 16 Sept 2019 and replaces the Economic Management Team and would report directly to the President.

**MTNN's inclusion in MSCI Frontier Market Index** – the inclusion took effect on 27 August 2019.

**UACN And UPDC Jointly Announced Recapitalization And Restructuring Plans** Both companies considered strategic initiatives involving a recapitalization and restructuring of UPDC. These initiatives are still subject to the review and approval of SEC, and The NSE and shareholders of both companies.

**UACN Property Development Company Plc (UPDC) - Proposed Rights Issue** - submitted an application to the NSE for the approval and listing of a Rights Issue of 15,961, 563, 260 ordinary shares of N0.50 each at N1.00 per share, on the basis of 43 new ordinary shares for 7 ordinary shares held. The Qualification Date for the Rights was Monday, 30 September 2019.

**President Busari finally inaugurated his cabinet** three months after he was sworn in for a second term on August 21, 2019.

**2019 West Africa Investors Conference** held on 17 – 20 Sept 2019 with one-on-one meetings on 17 & 18 Sept; NB's Investors Forum on 19 Sept and Site Visit to Intbrew Sagamu factory on 20 Sept 2019.

## Best / Worst Performers

### **Worst performers**

S/N	Symbol	30-Sep-19	28-Jun-19	%Change
1	FO	15.80	26.80	-41.04%
2	UPL	1.15	1.85	-37.84%
3	CHAMPION	1.15	1.69	-31.95%
4	INTBREW	12.60	18.30	-31.15%
5	GLAXOSMITH	7.10	10.20	-30.39%
6	UAC-PROP	1.05	1.50	-30.00%
7	GUINNESS	34.00	47.65	-28.65%
8	LINKASSURE	0.51	0.71	-28.17%
9	ETI	8.05	11.00	-26.82%
10	NAHCO	2.34	3.19	-26.65%
11	REDSTAREX	4.05	5.50	-26.36%
12	LAWUNION	0.39	0.52	-25.00%
13	NEIMETH	0.40	0.52	-23.08%
14	PRESKO	40.35	52.00	-22.40%
15	CONOIL	16.80	21.65	-22.40%
16	WAPIC	0.34	0.43	-20.93%
17	ETERNA	3.15	3.95	-20.25%
18	UNILEVER	26.70	33.00	-19.09%
19	LIVESTOCK	0.43	0.53	-18.87%
20	DANGCEM	151.50	184.00	-17.66%

### **Best performers**

S/N	Symbol	30-Sep-19	28-Jun-19	%Change
1	CORNERST	0.42	0.20	110.00%
2	BOCGAS	6.12	4.13	48.18%
3	WAPCO	15.90	12.00	32.50%
4	DANGFLOUR	23.00	17.50	31.43%
5	CILEASING	7.30	5.60	30.36%
6	ACADEMY	0.35	0.27	29.63%
7	ACCESS	7.70	6.50	18.46%
8	CCNN	15.50	13.20	17.42%
9	JOHNHOLT	0.55	0.47	17.02%
10	CUTIX	1.60	1.40	14.29%
11	NPFMCRFBK	1.20	1.05	14.29%
12	ABCTRANS	0.34	0.30	13.33%
13	UACN	7.50	6.65	12.78%
14	AFRIPRUD	3.91	3.48	12.36%
15	VERITASKAP	0.22	0.20	10.00%
16	ABBEBYBDS	0.99	0.90	10.00%
17	CONTINSURE	2.07	1.91	8.38%
18	CHIPLC	0.28	0.26	7.69%
19	BERGER	7.50	7.00	7.14%
20	TRANSEXPR	0.77	0.73	5.48%

## Q4 2019 Expectations/Outlook

We do not expect a major deviation from current trend in Q4 2019. There is general apathy towards investing in Nigerian equities, with most of the locals still on the sidelines. There is still no major catalyst for the market in the short and medium term. The President announced his cabinet and this did not any way give any sense of direction to the country and its economy. This implies that investors want to hear growth stories and policies, which we believe will subsequently spur market rally. We are yet to see the impact of the newly formed Economic Advisory Committee and we hope this would not lead to the same dead end.

We are also expecting the listing of Interswitch on the Nigerian Stock Exchange this quarter and we expect this to generate some level of interest from investors.

As the year winds down, we expect activities to be slow and we will continue to see block crosses in the quality names with the market remaining generally bearish.