

DEVELOPMENTS IN THE NIGERIAN CAPITAL MARKET IN THE FIRST HALF OF 2018

Economy Research and
Policy Management (ERPM) Team

REPORT OF THE FIRST HALF OF 2018



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Economic Research and Policy Management Division

Contained below is the half-year (Jan. – Jun., 2018) review on the activities of the capital market as regulated by the Commission.

1 Primary Market

The Commission approved ten (10) new securities worth N93.69 billion between January and June 2018. These securities consist of three (3) Right Issues, two (2) Private Placements one (1) Offer for Sale and four (4) Corporate Bonds. When compared with the corresponding records of the previous year, eight (8) right issues, three (3) bonus issues and one (1) debt to equity conversion valued at N79.43 billion were traded. This represents an appreciation of 18.06% in value and decline of 16.67% in the number of securities floated during the period.

A total of twelve (12) Federal Government bonds valued at N511.85 billion were allotted by the Debt Management Office in 2018 half year. The figure was inclusive of allotments done on non-competitive basis. In the corresponding period of the preceding year, the Office allotted eighteen (18) FGN bonds amounted to N849.53 billion. Comparison of both performances indicates declines of 11.11% and 39.75% in number and value of bonds issued respectively in the review period. Aggregate number and value of new issues floated in the country stood at twenty- six (26) and N605.54 billion in the first half of the year, indicating decreases of 13.33% and 34.81% when compared to records of the corresponding period in 2017.

Table 1: SUMMARY OF NEW ISSUES IN JAN – JUN 2017 AND 2018 BY TYPE OF OFFER

Mode of Offer	Number of Issues			Value of Issues (N'b)		
	2018 (Jan – Jun)	2017 (Jan – Jun)	% Change	2018 (Jan – Jun)	2017 (Jan – Jun)	% Change
IPO	0	0	0	-	-	-
Rights	3	8	-62.5	54.36	68.38	-20.51
Private Placement	2	0	-	5.99	0.00	-
Offer for Sale	1	0	-	0.0125	0.00	-
Debt to Equity	0	1	-100	0.00	1.98	-100.00
Bonus Issues	0	3	-100	0.00	9.00	-100.00
TOTAL EQUITIES:	6	12	-50	60.36	79.36	-23.94
Corporate Bonds	4	0	0	33.33	0.00	0
Sub-national Bonds	0	0	0	0.00	0.00	0
Supra-national Bonds	0	0	0	0.00	0.00	0
Sukuk	0	0	0	0.00	0.00	0
FGN Bonds*	16	18	-11.11	511.85	849.53	-39.75
TOTAL DEBT SECURITIES:	20	18	11.11	545.18	849.53	-35.83
OVERALL	26	30	-13.33	605.54	928.89	-34.81

Source: SEC, *Amount allotted by Debt Management Office (DMO) inclusive of bonds allotted on a non-competitive basis.



2 Secondary Market

2.1 Nigerian Stock Exchange

2.1.1 Transactions.

Transactions volume and value of securities in the secondary market of the Nigerian Capital Market experienced consistent declines in the first half of the year under review. The All Share Index and Equities Market Capitalization opened the year at 38,264.79 basis points and N13.63 trillion respectively.

A total of 66.89 billion shares valued at N802.10 billion were sold in the period with an appreciation of 52.14% in volume and 71.33% in value when compared with records of the previous period in 2017 when 43.94 billion shares amounting to N468.17 billion were traded.

The statistics of traded equities' volume and values from the start of the year were 21.71 billion shares and N197.22 billion. These figures depict declines of 67.27% in volume and 52.39% in value of equities traded in the first half of the year when compared with that of the June end.

Transactions volume and value of Exchange Traded Funds (ETF) also fluctuated throughout the first six months of the year. Specifically, 3.19 million units of ETF valued at N119.11 million exchanged ownership in January while it closed the month of June with the sale of 289.60 thousand units at N2.26 million. Comparison of ETF trade statistics in January and June, 2018 showed that trade volume and value fell significantly by 90.92% and 97.80% respectively.

Cumulatively, total numbers of units and value of ETF traded were 7.79 million units and N162.84 million respectively.

Federal Government bonds' trade statistics in the secondary market were not buoyant under the reviewed period. The trading value fell from the height of N30.10 million in January to N29.44 million in June 2018 while the volume sold increased from 30.59 thousand units to 31.75 thousand units in the same period.

The aggregate volume and value of FGN bonds traded in 2018 half year amounted to 223 thousand units valued at N222.31 million. Both traded volume and value appreciated by 4.76% and 10.67% respectively when compared to the corresponding records of 2017 period.

Table 2: Comparative Trading Statistics at the Secondary Market from January – June 2017 and 2018

Securities	Volume (No)	Value (N)	% change	
			Vol	val
EQUITY				
Jan 2018	21,707,164,817	197,220,743,965.55	-	-
Jun 2018	7,104,350,397	93,893,496,482.86	-67.27	-52.39
Jan - Jun 2018	66,859,361,662	802,096,976,629.74	-	-
Jan – Jun 2017	43,945,729,210	468,165,614,974.65	52.14	71.33
ETF				



Jan 2018	3,187,922	119,111,906.11	-	-
Jun 2018	289,600	2,623,326.13	-90.92	-97.80
Jan - Jun 2018	7,792,423	162,841,589.42	-	-
Jan – Jun 2017	56,748,946	400,796,264.59	-86.27	-59.37
FGN BONDS				
Jan 2018	30,591	30,097,084.06	-	-
Jun 2018	31,745	29,442,920.33	3.77	-2.17
Jan - Jun 2018	223,004	222,306,141.97	-	-
Jan – Jun 2017	212,863	200,875,489.98	4.76	10.67

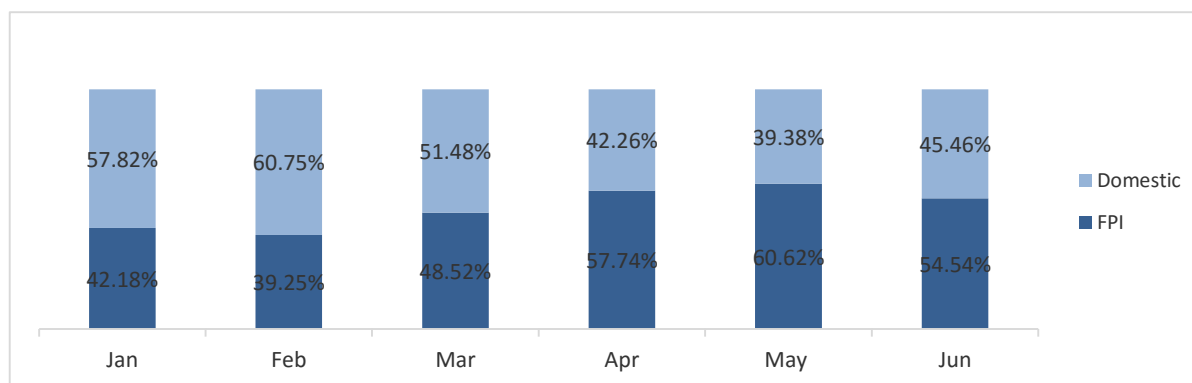
Source: Compiled from NSE reports

2.1.2 Foreign Portfolio Investment (FPI)

The cumulative transaction on The Nigerian Stock Exchange for the half of the year in 2018 was N1,597.25 billion, which indicates an appreciation of 70.78% compared to N953.26 billion recorded in the corresponding period of the preceding year.

The performance of Foreign Portfolio Investment was low as domestic investors consistently outperformed their foreign counterpart in the first three months of the year by 57.82%, 60.75% and 51.48%. The foreign investors subsequently dominated the market for the remaining parts of the half year with higher percentages as indicated in the chart below. From the beginning of the half year to date, Foreign Portfolio Investment in the country declined by 38.45% from N166.39 billion to N102.41 billion at the end of the half year.

Chart 1: Domestic Vs Foreign Participation in the Nigerian Capital Market (Jan – Jun 2018)



2.1.3 Market Capitalization:

At the end of 2018 half year, the total market capitalisation of two hundred and seventy-eight (278) listed securities on the Nigerian Stock Exchange's trading platform was valued at N23.99 trillion as against two hundred and fifty eight (258) listed securities with a market capitalisation of N19.02 trillion in the corresponding period of the preceding year. This resulted in appreciations of 7.75% and 26.13% in the number of listed securities and their market capitalisation respectively.



Market capitalization of Equity, Exchange Traded Funds, FGN and Sub-national Bonds also experienced growth of 21.04%, 21.48%, 38.88% and 0.40% respectively while corporate and supra-national Bonds recorded respective declines of 9.99% and 48.10%.

The debt securities capitalization braced-up to 42.14% of the total market capitalization in the first half of the year from 39.72% attained in the previous year. Equity market capitalization retained dominance of the market with 57.83% of the total market capitalization but a little lower than the 60.25% attained in June 2017 while ETF accounted for the remaining market share of 0.03%.

TABLE 3: MARKET CAPITALIZATION BY TYPE OF SECURITY AS AT JUNE 2018

Type	June 2018	June 2017	% Change
Equities	13,875,523,336,041.09	11,463,387,979,255.61	21.04
Corporate Bonds	267,728,110,000.00	297,438,226,960.00	-9.99
FGN Bonds	9,262,871,678,034.94	6,669,787,435,938.24	38.88
Sub-national Bonds	565,822,507,190.00	563,579,469,400.00	0.40
Supra-national Bonds	12,950,000,000.00	24,950,000,000.00	-48.10
Exchange Traded Funds (ETF)	7,188,446,048.61	5,917,157,254.39	21.48
Total	23,992,084,077,314.64	19,025,060,268,808.23	26.11

Source: Compiled from NSE Reports

TABLE 4: LISTED SECURITIES AND MARKET CAPITALIZATION BY SECTOR AS AT JUNE 29, 2018

Sector	Listed Securities	Market Capitalization (Naira)	% Of Total Capitalization
ASeM			
Conglomerates	1	2,226,609,000.00	0.0093%
Construction/Real Estate	1	24,300,000.00	0.0001%
Consumer Goods	1	320,166,000.00	0.0013%
Financial Services	1	3,550,000,000.00	0.0148%
Oil & Gas	3	1,967,353,106.50	0.0082%
Services	2	1,010,227,336.20	0.0042%
Sub-total	9	9,098,655,442.70	0.0379%
MAIN BOARD			
Agriculture	5	165,990,919,557.68	0.6919%
Conglomerates	5	100,880,152,009.86	0.4205%
Construction/Real Estate	7	82,022,840,062.01	0.3419%
Consumer Goods	20	3,664,365,283,067.77	15.2732%



Sector	Listed Securities	Market Capitalization (Naira)	% Of Total Capitalization
Financial Services	52	2,759,878,263,366.61	11.5033%
Healthcare	10	39,973,362,721.42	0.1666%
ICT	7	30,557,855,407.86	0.1274%
Industrial Goods	12	110,109,454,316.24	0.4589%
Natural Resources	4	4,703,173,149.46	0.0196%
Oil & Gas	8	300,185,204,446.02	1.2512%
Services	23	143,915,246,680.41	0.5998%
Sub-total	153	7,402,581,754,785.34	30.8543%
PREMIUM BOARD			
Financial Services	4	1,823,900,878,990.05	7.6021%
Industrial Goods	2	4,257,453,082,173.00	17.7452%
Oil & Gas	1	382,488,964,650.00	1.5942%
Sub-total	7	6,463,842,925,813.05	26.9416%
EQUITIES (TOTAL)	169	13,875,523,336,041.09	57.83%
ETFs	9	7,188,446,048.61	0.0300%
ETF (Total)	9	7,188,446,048.61	0.0300%
DEBT SECURITIES			
Federal Government Bonds	52	9,262,871,678,034.94	38.6080%
Sub-National Bonds	23	565,822,507,190.00	2.3584%
Corporate Bonds/Debentures	24	267,728,110,000.00	1.1159%
Supra-national Bond	1	12,950,000,000.00	0.0540%
DEBT (TOTAL)	100	10,109,372,295,224.94	42.1363
OVERALL	278	23,992,084,077,314.64	100.00%

Source: Compiled from NSE Reports

2.1.4 Top Twenty Most Capitalized Companies as at June 29, 2018

The market capitalization of top twenty equities in the period under review accounted for 88.60% i.e. N12.29 trillion of the total market value. Of this amount, the first five most capitalized companies in the corresponding period of 2017 retained their respective positions with 65.41% (N8.04 trillion share).

Dangote Cement Plc topped the list with 28.12% of the total market capitalization. Followed by Nigerian Breweries Plc 9.00%, Guaranty Trust Bank Plc 8.59%, Nestle Nigeria Plc 6.58% and Zenith International Bank Plc 5.66%. The remaining one hundred and forty nine (149) equities accounted for the balance of N1.58 Trillion market capitalization.

TABLE 5: TOP TWENTY (20) COMPANIES BY MARKET CAPITALIZATION AS AT JUNE 29, 2018

Rank	Equity	Market Capitalization (Naira)	% of Equity Share
1	Dangote Cement Plc	3,902,276,195,745.00	28.12
2	Nestle Nigeria Plc.	1,248,433,596,900.00	9.00
3	Guaranty Trust Bank Plc.	1,191,962,758,572.00	8.59
4	Nigerian Brew. Plc.	913,246,214,224.20	6.58
5	Zenith International Bank Plc	784,912,344,650.00	5.66
6	Stanbic IBTC Holdings Plc	522,572,218,012.00	3.77
7	Seplat Petroleum Development Company Ltd	382,488,964,650.00	2.76
8	FBN Holdings Plc	380,490,103,595.20	2.74



9	Ecobank Transnational Incorporated	366,991,024,300.00	2.64
10	International Breweries Plc.	364,034,752,989.60	2.62
11	United Bank for Africa Plc	359,093,924,364.00	2.59
12	Lafarge Africa Plc.	355,176,886,428.00	2.56
13	Unilever Nigeria Plc.	301,612,784,392.50	2.17
14	Access Bank Plc.	299,404,506,380.85	2.16
15	Dangote Sugar Refinery Plc	228,000,000,000.00	1.64
16	Guinness Nig Plc	214,109,920,557.25	1.54
17	Union Bank Nig. Plc.	177,636,592,006.80	1.28
18	Flour Mills Nig. Plc.	131,212,147,360.00	0.95
19	Okomu Oil Palm Plc.	87,759,720,000.00	0.63
20	P Z Cussons Nigeria Plc.	82,188,874,831.50	0.59
	Market Capitalization of Top 20	12,293,603,529,958.90	88.60%
	Other 149 Equities	1,581,919,806,082.10	11.40%
	Equity Market Capitalization	13,875,523,336,041.00	100.00%

Source: Compiled from NSE reports

2.2 The Financial Market Dealers' Quotation (FMDQ)

The FMDQ OTC Exchange Plc recorded a total turnover of N5,089 billion in bonds and treasury bills traded in 16,241 deals during the period under review.

The Federal Government Bonds (FGN Bonds) controlled the largest value of traded securities for the period as face value of bonds sold between Jan to June 2018 was N4,970.88 billion accounting for 97.69% of the market share. State/Municipal bonds with 1.40% share of the market followed this, while N46.29 billion Corporate bonds were the least value of debt securities traded for the period. There was no transaction on Agency bonds, Supranational bonds and Sukuk during the period.

Table 6: Summary of Securities Traded between January and June 2018

Bonds	Number of deals	Face value of traded securities (Nbn)	% of Market Share
Federal Government Bonds	16,117	4,970.88	97.69
Agency Bonds	0	0	0
State/Municipal Bonds	73	71.41	1.4
Corporate Bonds	51	46.29	0.91
Supranational Bonds	0	0	0
Sukuk	0	0	0



Total	16,241	5,088.58	100
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Source: FMDQ

2.3 The National Association of Securities Dealers' (NASD)

Transactions on unlisted securities fluctuated over the first six month of the year as indicated in the table below. The market recorded the highest transactions in January when 219.50 million units of unlisted securities valued at N1.87 billion were traded in 216 deals. On the aggregate, a total turnover of 1.02 billion shares amounting to N5.30 billion were traded in 1,471 deals in the first half of the year under review.

Tale 7: Comparative Analysis of Trades Between January 2018 And June 2018

Period	No of Deals	Volume (Units)	Value(N)	% of Market Share
Jan	216	219,500,000	1,872,750,000.00	35.33
Feb	199	59,993,789	1,292,028,541.00	24.38
Mar	228	72,268,000	433,131,000.00	8.17
Apr	201	505,385,000	990,664,000.00	18.69
May	362	160,474,000	332,077,000.00	6.27
Jun	265	4,740,935	379,768,651.98	7.16
Total	1,471	1,022,361,724	5,300,419,192.98	100.00

Source: NASD

2.4 Nigeria Commodity Exchange (NCX)

The Nigeria Commodity Exchange was established in 1998 as Stack Exchange and was converted to a Commodity Exchange in 2001 in order to provide a transparent and orderly market for trading in agricultural products and mineral resources. In preparation for commodities trading, NCX has renovated five (5) warehouses. The Commission would engage the Standards Organisation of Nigeria on conclusion of work on the National Acceptable Commodity Grades and Standards in order to facilitate trading the commodities of acceptable standards.

The Exchange has faced liquidity and operational challenges from inception which should be addressed once the Bureau for Public Enterprises completes the on-going privatization of the Exchange.

2.5 The African Commodities Exchange (AFEX)

African Commodities Exchange (AFEX) serves as a channel through which commodities and agricultural produce are connected to the financial market. For the period under review, a total volume of 9,335 metric tons of the commodities valued at N1.01 billion was traded in 3,792 deals.

Transactions varied on the five major commodities on the Exchange for the period as white maize dominated the trade with 54.00% of the market value. This was followed by ginger with 1,213.50 metric tons sold at N190.11 billion. Other



commodities traded during the period were paddy rice, soybeans and yellow maize. See the table below for their transaction details.

Table 8: Breakdown of Transactions from January to June 2018

Commodities	Number of Deals	Volume (MT)	Value (N'm)	% of Market Share
Ginger	287	1213.50	190.11	18.68
White Maize	1716	5921.77	549.52	54.00
Yellow - Maize	85	417.35	44.39	4.36
Paddy Rice - Long Grain	1335	1238.12	159.86	15.71
Soybeans	549	544.15	73.75	7.25
Total	3,972	9334.89	1017.63	100.00