



PRESS RELEASE: VCI West Africa Equity Index rises on Commodities, Energy players

The VCI West Africa Equity Index captures and represents the most capitalized and liquid stocks across West Africa's largest equity markets. The index comprises seventeen stocks across the Nigeria Stock Exchange (NGX), the Ghana Stock Exchange (GSE) and the Bourse Régionale des Valeurs Mobilières (BRVM) - the regional stock exchange serving member states of the West African Economic and Monetary Union (WAEMU). The components of the index account for 47% of the market capitalization of the three exchanges and represent a diversity of sectors.

Vetiva Capital, in conjunction with IC Securities Ghana and CGF Bourse, recently released the Q2'22 performance review of the VCI West Africa Equity Index. The report revealed a modest 0.20% rise in the index, which was driven by gains from players in the Commodities and Energy segments. Amid the backdrop of the Russia-Ukraine crisis, soaring commodity prices, global equities have become even more fragile, due to widespread risk aversion towards risky asset classes. As such, the VCI Index returned a gain of 0.20% in the Q2'22 period, below the 1.53% return seen in Q1, cushioned by resilient sentiment from the Agriculture, Energy and Telecommunication sectors.

On the agricultural sector, the impact of higher demand and pricing boosted the performance of companies in the sector. This phenomenon was widespread across the countries that make up the VCI Index. Nigerian-based OKOMUOIL and Ivorian firm, SOGC were the largest gainers on the index, surging by 44.89% and 6.69% respectively. Another key driver behind the VCI Index was the performance of Seplat Energy, which returned 39.78% in Q2'22, on the back of higher oil prices and increasing investor demand due to its cross-listing on the London Stock Exchange. Finally, in the telecommunications sector, MTN Nigeria rose 7.48% q/q, on the back of stellar Q1'22 results, where the firm recorded strong topline and bottom-line growth, which was driven by increased demand for data services in the country.

However, it was a bearish quarter for the Nigerian banks on the VCI, as they witnessed a downturn in sentiment, as investors continued to divert funds from volatile banking stocks to chase rising yields in the fixed income space. Meanwhile, CFAO was the worst performer in the BRVM, falling 23.43% in the quarter, while in Ghana, a record high-interest rate has put pressure on equities as investors becoming increasingly risk-averse to the space. MTN Ghana saw its share price dip 15.09%, while SCB, UNIL, and EGL closed flat q/q.

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