



Planet Capital Research – April, 2016



GLOBAL MARKETS

The International Monetary Fund (IMF) projected global growth at 3.4 percent this year and 3.6 per cent in 2017, slightly lower than October 2015 forecast. The Fund also projected a growth of 6.8 percent in 2015 and 6.3 percent in 2016 for China. In the United States, growth has remained relatively stable with 2015 third quarter growth rate revised to 2.1 per cent from an earlier estimate of 1.5 per cent. The country's overall growth in 2015 is expected to be the strongest since the post crisis recovery began in 2010. Likewise, 2016 growth rate has been projected at 2.6 per cent.

Concerns over declining oil price and devaluation of the China's Yuan currency led World stocks into the negative territory. The MSCI-World index posted a -6.05 percent return; the S&P 500 and DJIA indices came in lower by 5.07 percent and 5.50 percent respectively. The FTSE-100 index was down 2.98 percent while German's DAX and France's CAC-40 indices slumped 13.92 percent and 4.75 percent respectively.

Emerging markets also felt the impact as China remains a strategic trade partner as slower growth in China's economy could spell doom for exporting countries in the sub-region. The MSCI-EM index was down 6.52 percent; China's SHCOMP index was off 22.65 percent, Russia's MICEX index 0.46 percent, Brazil's IBOV index was down 6.79 percent while India's NIFTY index and South Africa's JALSH closed lower by 4.82 percent and 3.06 percent respectively

Brent crude oil price slipped to its 10-year low at \$29.11 a barrel at the end of the month from \$37.28 per barrel a month ago, representing a decline of 6.81 percent.

STOCK MARKET RETURN – US & EUROPE

MARKET	29/04/2016	31/03/2016	31/12/2015	MARCH RTN(%)	YTD RTN (%)
US S&P	2,065.30	2,059.74	2,043.94	0.27%	1.50%
DJIA	17,773.64	17,685.09	17,425.03	0.50%	2.00%
GERMAN XETRA DAX	10,038.97	9,965.51	11,382.23	0.74%	(11.80%)
FRANCE CAC 40	4,428.96	4,385.06	4,637.06	1.00%	(4.49%)
LONDON FTSE-100	6,241.39	6,174.90	6,242.32	1.08%	(0.01%)

Source: Bloomberg, Planet Capital Research

STOCK MARKET RETURN - BRICS

MARKET	29/04/2016	31/03/2016	31/12/2015	MARCH RTN(%)	YTD RTN (%)
BRAZIL: IBOV	53,910.51	50,055.27	43,349.96	7.70%	24.36%
RUSSIA:MICEX	1,953.05	1,868.30	1,761.36	4.54%	10.88%
INDIA:NIFTY	7,849.80	7,738.40	7,946.35	1.44%	(1.22%)
CHINA:SHCOMP	2,938.32	3,003.92	3,39.18	(2.18%)	%
SOUTH AFR: JALSH	52,957.32	52,250.28	50,693.76	1.35%	-4.47%

Source: Bloomberg, Planet Capital Research

Contact

Analysts:

Ibinabo Princewill
iprincewill@planetcapitaltd.com

Wale Ojo
Ojo@planetcapitaltd.com

Email:
informationalservices@planetcapitaltd.com

Phone: 07098006835; 012702296

Domestic Economy

The International Monetary Fund (IMF) reviewed Nigeria's 2016 growth projection by 0.2 per cent to 4.1 per cent, hinging the projection on tilting economic risks towards emerging markets. A further projection of 4.2 per cent is expected in 2017 as against the earlier projected 4.5 per cent.

Data from the Central Bank of Nigeria indicated sluggish growth in the manufacturing sector as captured by the CBN Manufacturing PMI Index for the month of December 2015. Production levels and new orders were seen to be growing at a slower pace while raw material inventories (unused raw materials) increased at a faster rate; supplier delivery time also declined at a faster tempo, and employment levels decreased at a slower rate. As a result of lower oil prices in the international market, Nigeria is set to increase borrowing to support revenue shortfalls, looking to the international bond market to fund its budget deficit estimated at N2.30trillion for 2016.

Exchange Rate

The naira continues to weaken against the dollar at the parallel market, deprecating by 9.64 percent to settle at N307/\$ compared to its previous month's close at N280/\$. In a bid to stem further depreciation of the local currency, the apex bank is grooming Travelex, a global foreign

exchange (FOREX) dealer to replace Bureaux De Change operators (BDCs) in the country. CBN's FX restriction have yet to yield the desired effect, giving room for policy inconsistency, leading to lower investor confidence.

The widening gap between the official and parallel rates creates a large market distortion and encourages round tripping.

Monetary Policy Committee meeting

In consideration of the headwinds in the domestic economy and uncertainties in the global environment, the Monetary Policy Committee held its meeting on the 25th and 26th of January and decided to retain: the CRR at 20.0 per cent; MPR at 11.0 per cent; Liquidity Ratio at 30 per cent and the asymmetric corridor at +200 basis points and -700 basis points.

Inflation Watch

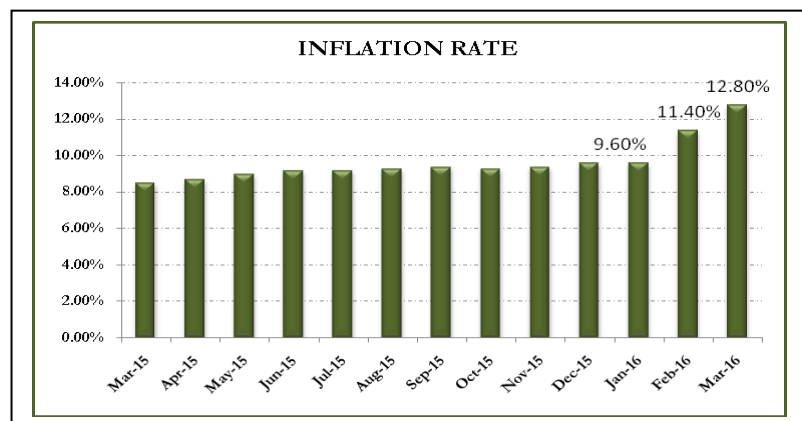
Consumer Price Index (CPI) which measures inflation increased for the second consecutive month, recording a 9.60 percent (y-o-y) increase and 0.2 percent higher when compared to 9.40 percent in November. The increase in the Headline index was attributed to higher prices within key divisions which contribute to the index. As a result of PMS supply shortage in December, imported food items within the Food & Non-Alcoholic Beverages Divisions, Alcoholic Beverage, Tobacco and Kola, Clothing and Footwear and Transportation divisions all impacted the index.

Average composite CPI for the year 2015 was 9.02 percent, higher by 1.04 percent from 8.06 percent in 2014.

Reserve movement

Nigeria's external reserves declined 3.13 percent or \$910million in January to \$28.16billion from \$29.07billion in December 31, 2015

One –year inflation trend



The Equities Market

Bearish sentiments pervaded the market all through January owing to panic selling. Weakening economic indicators and falling oil price triggered huge outflow of foreign portfolio investors from the market. The ASI slumped 16.50 percent within the review period to settle at 23,916.15, falling almost as far as it did over the entirety of 2015. Market closed positive in 13 sessions and recorded losses in 7 sessions. Likewise, YTD return now stands at -16.50 percent.

Market breadth closed negative with 17 advancers and 47 decliners. Top gainers include: LEARNAFRICA 21.13 percent, AGLEVENT 11.29 percent, VONO 11.11 percent, CADBURY 10.79 percent and TIGERBRANDS 10.62 percent. FCMB was the worst hit by 42.01 percent, UNITYBNK 33.04 percent, OANDO 32.20 percent, HONYFLOUR 28.79 percent and SKYEYBANK 26.55 percent.

Total transactions at the local bourse decreased by 41.72% from N189.72 billion in January to N110.56 billion in December 2015. This represents a decrease of 13.49% from N127.8 billion recorded in November. Total foreign transactions decreased by 33.39% from N1.54 trillion recorded at the end of 2014 to N1.03trillion at the end of 2015 while total domestic transactions decreased by 22.53% from N1.14billion recorded at the end of 2014 to N880.56 billion recorded at the end of 2015.

All sector indices closed lower.....

All the sector indices under our coverage universe closed in the negative territory. The NSE-IND.GOODS index was down 19.82 percent; the NSE-CON.GOODS index trailed with a decline of 16.81 percent while the NSE-BANKING index and the NSE-OIL&GAS index shed 11.02 percent and 10.10 percent respectively.

Market Capitalization falls to N8.23 trillion

Investors lost a total of N1.62trillion as market capitalization in January slips to N8.23trillion.

Decline in activity level

Turnover for the month dipped by 21.58 percent to 5.67billion from 7.23 billion traded in January. Total value of traded stocks was N42.05billion compared to N55.24billion recorded last month.

Outlook for February

We expect moderation in market volatility in February as corporate earnings of companies drive investor's appetite for stocks but the market is unlikely to rebound in the first quarter unless global oil producing nations agree to cut production. Our top pick for the month are: Zenith bank, Guaranty Trust Bank, CCNN, United Capital, African Prudential and Dangote Sugar Plc

Monthly Statistics

	APRIL	MARCH	CHANGE
ASI	25,062.41	25,306.22	(0.96%)
MARKET CAP	N8.62trillion	N8.70trillion	(N83.86billion)
VOLUME	11.47bn	16.63bn	(31.03%)
VALUE	N33.48bn	N48.16bn	(30.48%)
DEALS	62,747	73,155	(14.43%)

Source: NSE, Planet Capital Research

Sector Analysis

INDEX	29/04/2016	31/03/2016	APRIL RETURN(%)	YTD RETURN(%)
NSE-30	1,098.20	1,108.60	(0.94%)	(14.71%)
NSE-BANKING	235.50	215.47	9.30%	(12.36%)
NSE-INSURANCE	132.69	127.01	4.47%	(6.96%)
NSE-CON.GOODS	611.05	615.49	(0.72%)	(0.72%)
NSE-OIL&GAS	317.26	352.55	(10.01%)	(10.01%)
NSE-IND.GOODS	1843.99	1,961.00	(5.97%)	(24.32%)

Source: NSE, Planet Capital Research

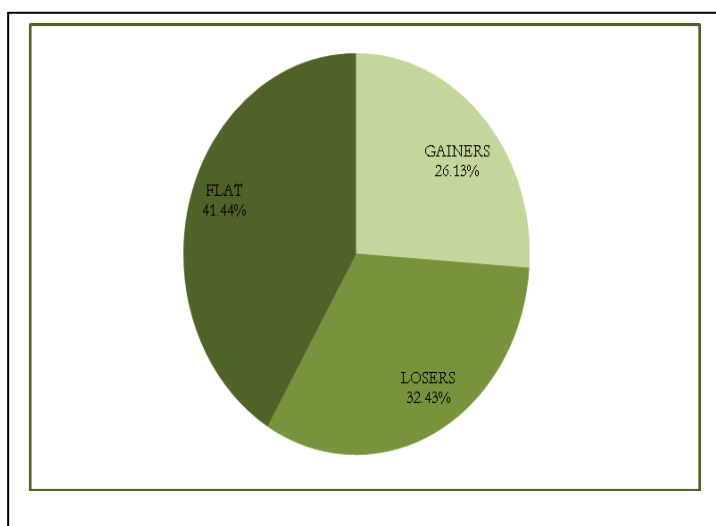
Top ten gainers

Symbol	29/04/2016	31/03/2016	Change (%)
TIGERBRANDS	₦3.03	₦2.32	30.60%
AGLEVENT	₦0.94	₦0.74	27.03%
CAVERTON	₦1.73	₦1.40	23.57%
DIAMONDBNK	₦1.39	₦1.15	20.87%
NASCON	₦8.70	₦7.25	20.00%
MANSARD	₦2.24	₦1.87	19.79%
ZENITHBANK	₦12.70	₦10.75	18.14%
GUARANTY	₦16.77	₦14.30	17.27%
UCAP	₦1.65	₦1.43	15.38%
FBNH	₦3.60	₦3.15	14.29%

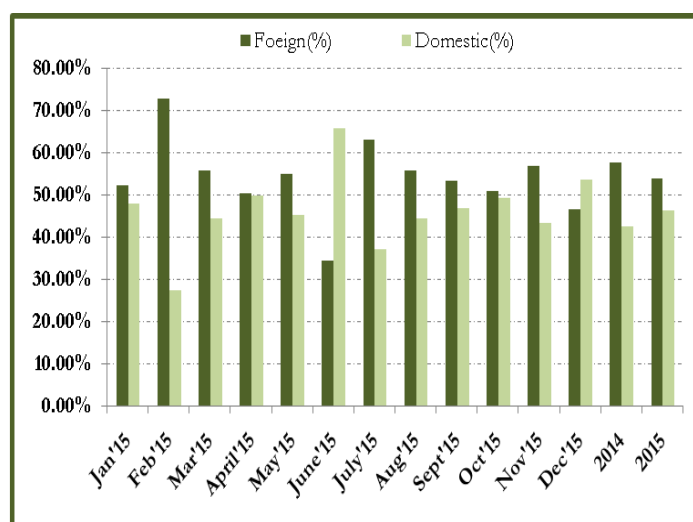
Top ten losers

Symbol	29/04/2016	31/03/2016	Change (%)
LAWUNION	₦0.50	₦0.73	(31.51%)
AIRSERVICE	₦1.47	₦2.08	(29.33%)
FO	₦214.35	₦293.23	(26.90%)
LIVESTOCK	₦0.81	₦1.07	(24.30%)
CONOIL	₦16.45	₦20.10	(18.16%)
UBN	₦4.60	₦5.60	(17.86%)
FIDSON	₦2.14	₦2.60	(17.69%)
UAC-PROP	₦3.85	₦4.61	(16.49%)
ASHAKACEM	₦19.41	₦22.80	(14.87%)
STERLNBANK	₦1.41	₦1.62	(12.96%)

Gainers Vs Losers percentage distribution



Foreign Vs Domestic Participation



Period	Foreign(%)	Domestic(%)
Jan'15	52.24%	47.76%
Feb'15	72.61%	27.39%
Mar'15	55.73%	44.27%
April'15	50.25%	49.75%
May'15	54.84%	45.16%
June'15	34.24%	65.76%
July'15	62.91%	37.09%
Aug'15	55.69%	44.31%
Sept'15	53.36%	46.64%
Oct'15	50.73%	49.27%
Nov'15	56.81%	43.19%
Dec'15	46.45%	53.55%
2014	57.52%	42.48%
2015	53.79%	46.21%

Analysts:

Ibinabo Princewill

Email: iprincewill@planetcapitaltd.com

Wale Ojo

Email: oojo@planetcapitaltd.com

Office Address:

Planet Capital Limited

3rd Floor, St. Peter's House

3 Ajele Street, off Broad Street, Lagos

Tel: 07098006835

Email: research@planetcapitaltd.com

Analyst Disclosure

Investments discussed in this report may not be suitable for all investors and the reader(s) should independently determine their suitability and evaluate the investment risks associated with such investments. All investors are solely responsible for their investment decisions. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report. Planet Capital, through business units other than Planet Capital Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented in this report. Such ideas or recommendations reflect the different time frames, assumptions, views and analytical methods of the persons who prepared them, and Planet Capital is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report. To the extent that this report discusses any legal proceeding or issue, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Information relating to the tax status of companies whose securities are discussed in this report is not intended to provide tax advice or to be used by anyone to provide tax advice. By accepting this research report, you agree to be bound by the foregoing limitations. Planet Capital Limited is registered with the Securities & Exchange Commission as an issuing house, underwriter and financial adviser. This document is for information purposes only and for private circulation. No portion of this document may be reprinted, sold or redistributed without the written consent of Planet Capital Limited. Planet Capital research report is disseminated and available primarily electronically, and, in some cases, in printed form.