



Planet Capital Research - September, 2015



GLOBAL MARKETS

Compared to the previous month, performance across global markets improved in September though still volatile, owing to initial anxiety over the likely hike in U.S interest rates, unimpressive U.S job data and economic troubles in China. Contrary to speculations, the U.S Federal Reserve left interest rates unchanged, postponing the dooms day event till later this year or early next year. The announcement to ‘stay’ any action triggered a mild rally across emerging markets in the days following the news, particularly because markets within the region are more vulnerable to U.S interest rate movements.

For September, the MSCI-World index posted a 4.66 percent decline; the S&P-500 and DJIA indices came in lower by 2.64 percent and 1.47 percent respectively, the FTSE-100 index was down 2.98 percent while Germany’s DAX and France’s CAC-40 indices slumped 5.84 percent and 4.25 percent respectively.

Emerging markets mirrored the bearish trend as captured by a 3.76 percent loss in the MSCI-EM index; China’s SHCOMP index was off 3.76 percent, Russia’s MICEX index shed 5.20 percent, Brazil’s IBOV index was down 3.36 percent while India’s NIFTY index and South Africa’s JALSH proved resilient, edging higher by 0.47 percent and 0.23 percent respectively.

Brent crude oil price slumped to \$43.37 a barrel at the end of the month from \$53.99 per barrel a month ago.

STOCK MARKET RETURN – US & EUROPE

MARKET	30/09/2015	31/08/2015	31/12/2014	SEPT RTN (%)	YTD RTN(%)
US S&P 500	1,920.03	1,972.18	2,058.90	(2.64)	((6.74)
GERMAN XETRA DAX	9,660.44	10,259.46	9,805.55	(5.84)	(1.48)
FRANCE CAC 40	4,455.29	4,652.95	4,272.75	(4.25)	4.27
LONDON FTSE-100	6,061.61	6,247.94	6,566.09	(2.98)	(7.68)

Source: Bloomberg, Planet Capital Research

STOCK MARKET RETURN - BRICS

MARKET	30/09/2015	31/08/2015	31/12/2014	SEPT RTN (%)	YTDRTN(%)
BRAZIL:IBOV	45,059.34	46,625.52	50,007.41	(3.36)	(9.89)
RUSSIA: MICEX	1,642.97	1,733.17	1,396.61	(5.20)	17.64
INDIA:NIFTY	7,948.90	7,911.35	8,248.25	0.47	(3.63)
CHINA:SHSZ300	3,052.78	3,172.03	3,310.30	(3.76)	(7.78)
SOUTH AFR: JALSH	50,088.86	49,972.33	49,770.60	0.23	0.64

Source: Bloomberg, Planet Capital Research

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Domestic Economy

Perhaps the most debilitating news to hit the financial market in September was the decision by JP Morgan to delist Nigeria from its emerging markets bond index by the end of next month on liquidity concerns following tight foreign exchange restrictions by the CBN. The move triggered a spontaneous reaction across the financial market, causing massive sell-offs in the bond market as yields increased by an average of 80bps across board while the stock market also recorded a sharp fall by 2.98 percent.

According to the National Bureau of Statistics (NBS) in its Foreign Trade statistics for Q2 2015, Nigeria earned N2.12 trillion from crude oil exports in the second quarter of the year from April to June, representing a 26.63% rise from N1.68 trillion recorded in the previous quarter and contributed 73.7% of the value of total exports of N2.88 trillion, an 8% QoQ increase but a 38.5% y/y decline, as a result of the slump in global oil prices. India was the nation's largest importer of crude oil accounting for 16.61% of the total crude exported (N352.32 billion).

The slowdown in china's economy, which has reduced demand for commodities including demand for Nigeria's crude oil has continued to impact negatively on FG's revenue from crude oil exports.

Monetary Policy Committee meeting

The MPC meeting held on the 21st and 22nd of September, 2015. In consideration of the underlying fundamentals of the economy (slower GDP growth rate, rising unemployment and inflationary pressures), the Committee decided to address liquidity constraints following the full implementation of the Treasury Single Account (TSA) on the financial system.

As a result, the Cash Reserve Requirement (CRR) for banks was reduced to 25 percent from 31 percent. The move by the apex bank is expected to spur lending to the real sectors of the economy and also stimulate economic growth. The MPR was retained at 13 percent with symmetric corridor of 200bps and liquidity ratio maintained at 30%.

We anticipate a gradual reduction in MPR to further boost liquidity in the

financial system.

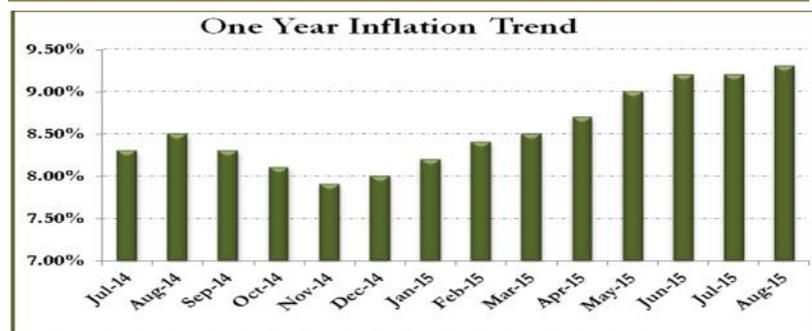
Inflation Watch

The National Bureau of Statistics released August inflation figures and contrary to our expectation, CPI which measures inflation rate rose 10bps to 9.3 percent from 9.2 percent in July. We anticipate a further hike in inflation rate in September owing to upward pressure from increases in food and transportation costs as a result of the Ramadan celebrations. We also note that the uptick in inflation rate is likely to be moderated by improved agricultural output during the harvest season.

Reserve movement

Nigeria's external reserves declined 3.13 percent or \$0.98billion in September to \$30.34billion and 11.98 percent below December figures at \$34.37billion.

One –year inflation trend



The Equities Market

Market performance was upbeat in September, supported by demand for Consumer Goods stocks as indicators reversed losses recorded the previous month. The ASI firmed up by 5.16 percent to 31,217.77 from a 9.79 percent loss position in August. Of the 20 trading days in the month, market closed positive in 13 sessions and recorded losses in 7 sessions. YtD return consequently improved to -9.92 percent.

Market breadth was positive with 51 gainers and 29 losers, led by a 34.44 percent gain in Transexpr and a 29.63 percent gain in Okomu oil Plc. Conoil and Neimeth Plc were the worst hit by sell-offs losing 17.64 percent and 17.07 percent respectively.

The decline in foreign participation in the market has been quite evident at 55.69 percent in August, down from 62.91 percent in July. Local players' lack of adequate liquidity to drive the market has left Nigeria's bourse susceptible to capital flow reversals.

The decision by the U.S Federal Reserve to post-pone any interest rate hike still remains a concern for investors, coupled with exchange rate volatility which has called to question the appropriate value of the Naira to the US dollar. Investors anticipate a further devaluation of the naira and so are waiting on the sidelines until monetary measures become clearer.

Consumer Goods, Banking and Insurance stocks boost performance

In a reversal of fortunes, Consumer Goods and Banking stocks were the most supportive gaining 10.40 percent and 6.45 percent respectively on renewed optimism after months of huge sell pressure. Industrial goods stocks on the other hand witnessed renewed investor apathy losing 0.98 percent in the review month.

Investors' net-worth grows by N520billion in one month

Market capitalization increased by N520billion to N10.73trillion at the end of September, up from N10.21trillion in August. Notwithstanding, year-to-date losses remain at N748.76billion and N1.41trillion from its peak on April 2nd, 2015.

Market decline in activity level

Turnover for the month dipped by 34.34 percent to 6.96billion from 10.60 billion traded in August. Total value of traded stocks was N65.97billion compared to N73.83billion recorded last month.

Outlook for October to year-end

We expect a significant reduction in market volatility in the coming months ahead of third quarter earnings numbers. No rate hike from the U.S Federal Reserve and CRR reduction by the CBN would definitely pose as tail winds for the market, especially as regards liquidity in the banking sector. Our top picks remain the first tier banks in addition to companies like CCNN, Dangote Sugar, Dangote Cement and UACN.

Monthly Statistics

	September	August	Change
ASI	31,217.77	29,684.84	5.16%
MARKET CAP	N10.73trillion	N10.21trillion	N520billion
VOLUME	6.96billion	N10.60billion	(34.34%)
VALUE	N65.97billion	N73.83billion	(10.65%)
DEALS	75,987	84,268	(9.83%)

Source: NSE, Planet Capital Research

Sector Analysis

INDEX	30/09/2015	31/08/2015	Change
NSE-30	1,414.74	1,327.89	6.54%
NSE-BANKING	319.14	299.81	6.45%
NSE-INSURANCE	139.11	130.21	6.84%
NSE-CON.GOODS	807.30	731.27	10.40%
NSE-OIL&GAS	351.52	351.07	0.13%
NSE-IND.GOODS	2,176.52	2,198.00	(0.98%)

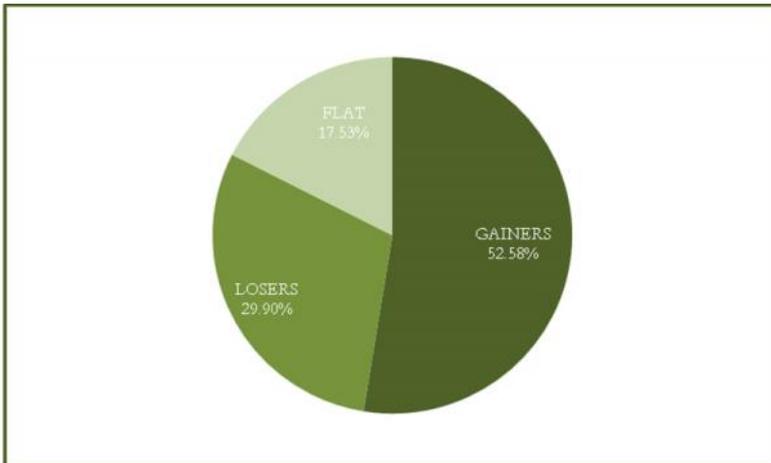
Top ten gainers

Symbol	30/09/2015	31/08/2015	Change (%)
TRANSEXPR	N1.21	N0.90	34.44
OKOMUOIL	N28.00	N21.60	29.63
UBA	N4.21	N3.31	27.19
IKEJAHOTEL	N3.61	N2.84	27.11
BERGER	N10.42	N8.34	24.94
PORTPAINT	N4.10	N3.40	20.59
MANSARD	N2.60	N2.20	18.18
ETRANZACT	N3.00	N2.58	16.28
NPFMCRFBK	N1.08	N0.93	16.13
FIDELITY	N1.59	N1.37	16.06

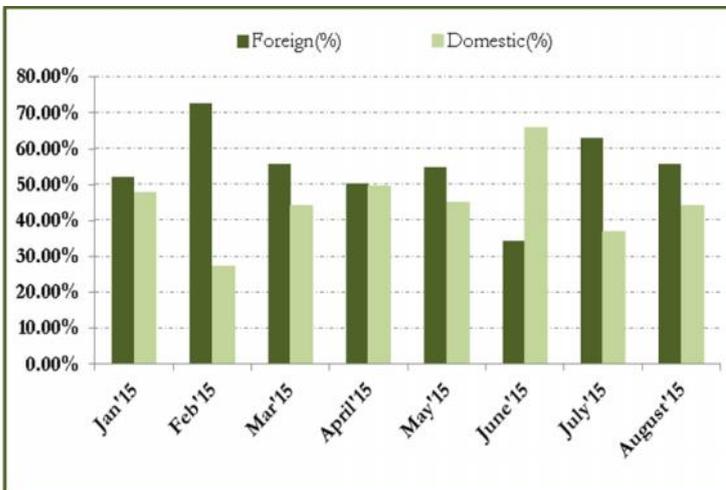
Top ten losers

Symbol	30/09/2015	30/08/2015	Change (%)
CONOIL	N27.41	N33.28	(17.64)
NEIMETH	N1.02	N1.23	(17.07)
CADBURY	N24.00	N28.56	(15.97)
UACN	N31.50	N35.07	(10.18)
UNITYBNK	N1.28	N1.41	(9.22)
DANGSUGAR	N6.60	N7.24	(8.84)
FLOURMILL	N22.21	N24.15	(8.03)
UBN	N5.89	N6.30	(6.51)
OANDO	N10.50	N11.10	(5.41)
CWG	N2.67	N2.81	(4.98)

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%
Apr-15	50.25%	49.75%
May-15	54.84%	45.16%
Jun-15	32.24%	65.76%
Jul-15	62.91%	37.09%
Aug-15	55.69%	44.13%

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