



**Inflation expectation for June 2014.....**

The National Bureau of Statistics will release June inflation figures on the 17<sup>th</sup> of July, 2014. We reiterate our position that rates are likely to edge higher in the coming months on election related spending as we approach the 2015 election season. Sustained unrest in the north eastern parts of the country has also fuelled the uptick in food inflation. We therefore forecast a hike to 8.2% for June. The resurgence of inflationary pressures has seen a steady rise in inflation from 7.7% in February to 7.8% in May, 2014.

**Exchange Rate.....**

During the course of the week, the Naira appreciated by 22bps at the interbank market to N162.40/\$ when compared to its previous close of N162.75/\$.

**Interbank rates.....**

Nigeria’s interbank offer rates firmed up marginally to an average of 12.60% for the week despite inflow of maturing bills worth N194.87billion paid into the system. The overnight and one month rate increased to 10.62% and 12.31% from 10.50% and 12.18% respectively, while the three months and six months rate declined to 13.19% and 14.26% from 13.33% and 14.30% respectively.

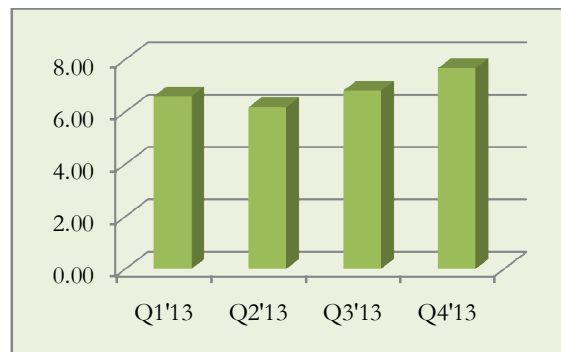
**Reserve Movement.....**

The country’s external reserve firmed up by \$238.65million to \$38.14billion as at July 10, 2014 representing an increase of 0.63% when compared to \$37.89billion recorded the previous Friday. When compared to its close as at Dec 31, 2013 at \$43.61billion, the reserve has declined by 12.55%

**Inflation trend**

Month	Rate (%)
November	7.9
December	8.0
January	8.0
February	7.7
March	7.8
April	7.9
May	8.0

**GDP growth rate**



**Key Highlights**

- MPR retained at 12%.
- CRR on Public Sector Deposits retained at 75%.
- CRR on Private Sector Deposits sustained at 15%.
- Liquidity ratio held constant at 30%.
- May Inflation rate up 10bps to 8.00%.
- Interbank lending rates firmed up to an average of 12.60% for the week.

## **FIXED INCOME REPORT**

- **Local currency**

Interbank open buy back (OBB) and over night (O/N) rates opened at an average rate of 10.25% and 10.50% respectively, However, the interbank rates inched owing to monetary tightening by the Apex bank as well as FX RDAS settlement. Redemption of Treasury and OMO instrument reversed interbank OBB and O/N rates to close at 10.25% and 10.5% respectively

- **Bonds/Treasury bills**

Subscription levels fell at the Treasury Bills Primary auction suggests investor's interest in long term treasury bills with demand seen at the treasury bills OTC space. However muted market was witnessed as investors awaited the result of the NTB PMA.

At the Treasury bills Primary Market Auction, ₦20.16billion worth of the 91day-bill was offered and sold at the same marginal discount stop rate of 9.95% at the previous auction; however 182day bill was offered and sold at discount rate of 10.2499% as against 10.25% at the previous auction. Total subscription at ₦ 102.65billion

At the OMO auction window, ₦70billion of 129day bill was offered while ₦244.15billion was sold at a discount stop rate of 10.8%.

- **Outlook for the coming week**

In the week ahead, we expect OMO redemption worth ₦114.86billion to improve market liquidity. However, DMO is expected in its monthly FGN bond auction to reopen 3 year and 10 year instrument while a new 20 year bond will be issued.

## **AUCTION RESULTS FOR THE WEEK**

<b>Auction Date</b>	<b>07/07/2014</b>
<b>Tenor</b>	129 Day
<b>Auction</b>	OMO
<b>Maturity Date</b>	13/11/2014
<b>Total Subscription</b>	244147.77
<b>Total Successful</b>	244147.77
<b>Range Bid</b>	10.7900 - 10.8000
<b>Successful Bid Rates</b>	10.7900 - 10.8000
<b>Rate</b>	10.8
<b>True Yield</b>	11.2286
<b>Amt offered</b>	70000

FGN Bonds					
Description	Maturity Date	Bid Yield (%)	Offer Yield (%)	Bid Price	Offer Price
9.25 28-SEP-2014	28-Sep-14	10.71	10.02	99.63	99.78
4.00 23-APR-2015	23-Apr-15	10.82	10.11	94.99	95.49
13.05 16-AUG-2016	16-Aug-16	11.47	11.39	102.85	103.00
15.10 27-APR-2017	27-Apr-17	11.44	11.38	108.50	108.65
9.85 27-JUL-2017	27-Jul-17	11.39	11.26	96.13	96.43
9.35 31-AUG-2017	31-Aug-17	11.39	11.27	94.72	95.02
10.70 30-MAY-2018	30-May-18	11.41	11.31	97.79	98.09
16.00 29-JUN-2019	29-Jun-19	11.52	11.44	116.60	116.90
7.00 23-OCT-2019	23-Oct-19	11.50	11.41	82.51	82.81
16.39 27-JAN-2022	27-Jan-22	11.99	11.93	121.46	121.76
14.20 14-MAR-2024	14-Mar-24	12.21	12.16	111.05	111.35
15.00 28-NOV-2028	28-Nov-28	12.19	12.15	118.84	119.14
12.49 22-MAY-2029	22-May-29	12.19	12.14	102.02	102.32
8.50 20-NOV-2029	20-Nov-29	12.19	12.14	74.62	74.92
10.00 23-JUL-2030	23-Jul-30	12.24	12.19	84.40	84.70

#### Treasury Bills

Maturity	Bid Discount (%)	Offer Discount (%)	Bid Yield (%)
24-Jul-14	10.05	9.80	10.09
31-Jul-14	10.45	10.20	10.51
7-Aug-14	10.20	9.95	10.28
14-Aug-14	10.35	10.10	10.45
21-Aug-14	10.40	10.15	10.52
28-Aug-14	10.40	10.15	10.54
4-Sep-14	10.40	10.15	10.57
11-Sep-14	10.70	10.45	10.90
18-Sep-14	10.70	10.45	10.92
25-Sep-14	10.70	10.45	10.94
2-Oct-14	10.65	10.40	10.91
9-Oct-14	10.35	10.10	10.62
16-Oct-14	10.70	10.45	11.01
23-Oct-14	10.65	10.40	10.98
30-Oct-14	10.70	10.45	11.06
6-Nov-14	10.65	10.40	11.03
13-Nov-14	10.80	10.55	11.21
20-Nov-14	10.60	10.35	11.02
4-Dec-14	10.50	10.25	10.96
8-Jan-15	10.35	10.10	10.91
22-Jan-15	10.45	10.20	11.07
5-Feb-15	10.40	10.15	11.06
19-Feb-15	10.35	10.10	11.05
5-Mar-15	10.40	10.15	11.15
9-Apr-15	10.30	10.05	11.16
23-Apr-15	10.10	9.85	10.97
7-May-15	9.95	9.70	10.84

## The Equities Market

### **Bellwether stocks drag index down 46bps.....**

Bearish sentiments returned to the equities market after two straight weeks of gains as sell pressure from heavy weights like Dangcem and Zenith bank Plc pushed the index into the negative territory. Specifically, the index lost 0.46% to settle at 42,832.82 compared to a 2.00% return witnessed the previous week. In the same vein, market capitalization shed N65.70billion to close at N14.14trillion.

### **Decline in activity level.....**

Market turnover by way of volume traded for the week declined 19.38% as investors exchanged 1.83billion shares worth N19.39billion in 26,521 deals as against 2.27billion shares valued at N28.62billion traded previously. The financial services sector remained the most active for the week, accounting for 71.70% market volume.

### **Mixed sector performance.....**

For the sector performance, the NSE-OIL&GAS index posted the highest return by a 4.99% for the week primarily on gains in the shares of Forte Oil plc; the NSE-CON.GOODS index was up 0.73% while the NSE-BANKING index rose 0.17%. On the contrary, the NSE-IND.GOODS index declined 0.69% on sell pressure from the shares of Dangote Cement Plc and while the NSE-INSURANCE index lost 0.55%.

### **Market breadth closed flat.....**

Investors traded cautiously this week; 35 stocks moved northwards while 34 others moved southwards. Top gainers include NPFMCRFBK 14.29%, TRANSCORP 13.55%, LEARNAFRCA 12.26%, Forte Oil 10.21% and DNMEYER 8.62%. On the flip side, FIDSON led the losers chart by 7.69%, CUTIX 7.61%, NEIMETH 7.58%, UNILEVER 6.36% and UACN 5.45%. Market year-to-date return now 3.64 %.

## Weekly Statistics

	11/07/2014	04/0/2014	Change
ASI	42,832.82	43,031.81	(0.46%)
CAP	₦14.14tn	₦14.21tn	(₦65.70bn)
VOLUME	1.83bn	2.27bn	(19.38%)
VALUE	₦19.39bn	₦28.62bn	(32.25%)
DEALS	26,521	26,730	(0.78%)

## Top Gainers

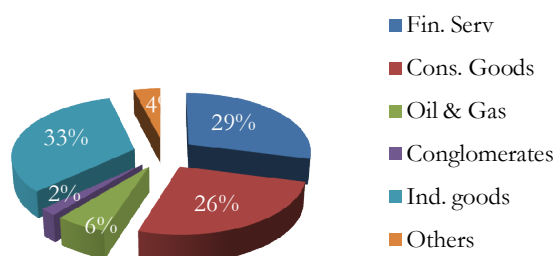
Symbol	Previous	Current	return
NPFMCRFBK	₦0.84	₦0.96	14.29%
TRANSCORP	₦5.24	₦5.95	13.55%
LEARNAFRCA	₦1.55	₦1.74	12.26%
FO	₦200.08	₦220.50	10.21%
DNMEYER	₦1.16	₦1.26	8.62%
RTBRISCOE	₦1.07	₦1.16	8.41%
CONTINSURE	₦1.09	₦1.18	8.26%
ROYALEX	₦0.50	₦0.54	8.00%
ASHAKACEM	₦29.00	₦31.00	6.89%
VITAFOAM	₦4.10	₦4.38	6.83%

## Top Losers

Symbol	Previous	Current	return
FIDSON	₦3.25	₦3.00	(7.69%)
CUTIX	₦1.97	₦1.82	(7.61%)
NEIMETH	₦1.32	₦1.22	(7.58%)
UNILEVER	₦55.00	₦51.50	(6.36%)
UACN	₦66.00	₦62.40	(5.45%)
FCMB	₦4.36	₦4.15	(4.82%)
AIRSERVICE	₦2.45	₦2.34	(4.49%)
CUSTODYINS	₦4.03	₦3.86	(4.22%)
MANSARD	₦2.70	₦2.59	(4.07%)
CILEASING	₦0.52	₦0.50	(3.85%)

	11/07/2014	04/07/2014	Change
<b>NSE-30</b>	1,945.69	1,945.15	0.03%
<b>NSE-Banking</b>	438.08	437.35	0.17%
<b>NSE-Insurance</b>	148.19	149.01	(0.55%)
<b>NSE-Consumer goods</b>	1,053.69	1,046.03	0.73%
<b>NSE-Oil&amp;Gas</b>	477.63	454.93	4.99%
<b>NSE-Industrial goods</b>	2,705.31	2,724.03	(0.69%)

### Market cap by sectors



### Global Markets

Market	Current	Previous	week rtn
DJIA	16,873.89	17,068.26	-1.14%
FTSE	6,672.37	6,866.05	-2.82%
NIKKEI	15,164.04	15,437.13	-1.77%
S.AFRICA	51,160.84	52,060.03	-1.73%
BRAZIL	54,846.68	54,055.90	1.46%
INDIA	7,459.60	7,751.60	-3.77%

### TOP TEN BUY RECOMMENDATION

SYMBOL	CLOSE	WK RTN	PAT (N'm)	PERIOD	CHANGE	TARGET PRICE	EPS	52wk high
ETI	₦17.22	(0.57%)	14,922	Q1'14	15.74%	₦25.00	0.78	₦17.99
ASHAKACEM	₦31.00	6.89%	1,919	Q1'14	69.45%	₦38.00	0.86	₦29.93
ACCESS	₦9.80	0.92%	11,626	Q1'14	25.02%	₦11.65	0.51	₦11.79
AFRIPRUD	₦3.37	2.74%	213	Q1'14	22.04%	₦4.27	0.11	₦4.10
BERGER	₦9.00	0.00%	48	Q1'14	59.44%	₦9.86	0.17	₦11.38
DANGSUGAR	₦9.11	(2.04%)	3,758	Q1'14	8.83%	₦12.58	0.31	₦12.85
ZENITH	₦25.30	0.79%	23,677	Q'14	1.15%	₦30.98	0.75	₦27.40
UACN	₦62.40	(5.45%)	1,970	Q1'14	48.68%	N/A	1.03	₦71.20
UBCAP	₦2.27	(3.40%)	503	Q1'14	0.22%	N/A	0.08	₦2.91

### Earnings Update

Symbol	Period	Turnover (₦'m)			Profit (₦'m)			Corp. Action
		Present	Previous	%change	Present	Previous	%Change	
NigerIns	FY'13	10,443	10,330	1.09	4,759	3,488	36.45	3.5kobo
Continsure	Q1'14	4,079	3,259	25.14	606	632	(4.00)	
NPFMCRFBK	H1'14	1,013	841	20.41	338	252	33.93	
Continsure	FY'13	13,848	11,946	15.92	1,586	1,732	(8.46)	11kobo
UnivPress	FY'14	2,438	2,312	5.43	233	260	(10.27)	35kobo
UnityBank	H1'14	30,851	30,174	2.24	7,108	3,702	92.00	
SmartProducts	FY'13	47	40	19.36	12	11	3.09	
FTNCocoa	FY'13	491	278	76.83	(286)	(405)	29.53	
RedStar	FY'14	6,416	5,393	18.96	403	304	32.55	
FTNCocoa	FY'12	278	836	(66.76)	(405)	(244)	66.52	
AvonCrown	FY'14	13,556	11,713	15.73	129	(105)	223.08	
7Up	FY'14	77,888	64,088	21.53	6,434	2,856	125.26	
AiicoIns	Q1'14	8,811	5,837	50.95	914	746	22.52	

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