



## Inflation expectation for May 2014

The National Bureau of Statistics will release May inflation figures next week and we anticipate a slight moderation given our observation of price movements over a five year period. Food prices have trended upwards in April owing to the Easter celebrations and moderate shortly after. In line with this, we forecast a month-on-month decline of 10bps.

## Reserve Movement

During the course of the week, the country's external reserve firmed up by \$212.22million to \$37.03 billion as at June 9, 2014 representing an increase of 0.58% when compared to \$36.82billion recorded the previous Friday. When compared to its close as at Dec 31, 2013 at \$43.61billion, the reserve has declined by 15.08%.

## Exchange Rate

The Naira weakened by 10bps to close at N163.10/US\$ as against N162.93/US\$ seen in the previous week.

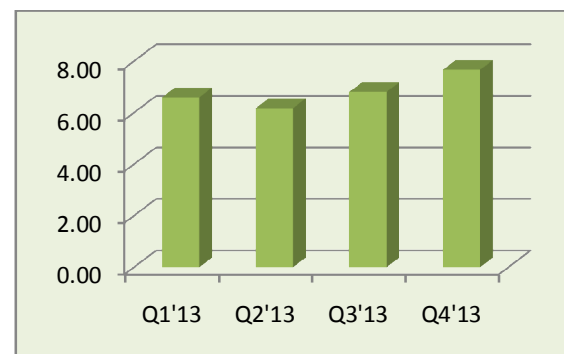
## Highlights of the Press briefing by the New CBN Governor

- Pursue a gradual reduction in key interest rates and include the unemployment rate in monetary policy decisions
- Maintain exchange rate stability and aggressive shore up of foreign exchange reserves.
- Strengthen risk-based supervision mechanism of Nigerian banks to ensure overall health and banking system stability.
- Build sector-specific expertise in banking supervision to reflect loan concentration of the banking industry.
- Abolish fees associated with limits on deposits and reconsider ongoing practice in which all fees associated with limits on withdrawals accrue to banks alone.

## Inflation trend

| Month    | Rate (%) |
|----------|----------|
| October  | 7.8      |
| November | 7.9      |
| December | 8.0      |
| January  | 8.0      |
| February | 7.7      |
| March    | 7.8      |
| April    | 7.9      |

## 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%.
- April Inflation rate up 10bps to 7.9%.
- Interbank rates firmed up across all tenor buckets except the one month rate that declined.

## FIXED INCOME REPORT

- **Local Currency**

Interbank open buy back (OBB) and over night (O/N) rates opened at an average rate of 10.46% and 10.67% respectively but edged up owing to bond issuance during the week to close at the average rate of 10.83% and 11.04%.

- **Bonds/Treasury Bills**

Bull sentiments continued at the early part of this week's bond OTC market as investors anticipate the result of the FGN monthly primary auction. However, the market witnessed a sell off as investors take advantage of the rise in prices.

At the FGN monthly primary auction, the total subscription stood at ₦204.53billion as against ₦239.03billion at the previous auction. ₦70billion worth of 13.05% FGN AUG 2016 (3year Re-opening) and 14.20% FGN MAR 2024 (10year Re-opening) were offered and ₦80billion were sold at marginal rates of 11.36% and 12.25% against 11.999% and 12.5499% at the previous auction. However, ₦5.17billion of 14.2% March 2024 was allotted on non competitive basis

### Outlook

In the week ahead, we expect FACC to be allocated to the three tiers of government as well as NTB and OMO redemption totalling ₦402.88billion to improve market liquidity. However, the Apex bank plans to issue 91,182 and 364 day treasury bills worth ₦168.28billion

## AUCTION RESULTS FOR THE WEEK

|                          | <b>13.05% FGN AUG 2016</b> | <b>14.20% FGN MAR 2024</b> |
|--------------------------|----------------------------|----------------------------|
| <b>Auction Date:</b>     | June 11, 2014              | June 11, 2014              |
| <b>Settlement Date:</b>  | June 13, 2014              | June 13, 2014              |
| <b>Maturity Dates:</b>   | August 16, 2016            | March 14, 2024             |
| <b>Tenors:</b>           | 3-Year                     | 10-Year                    |
| <b>Term-To-Maturity:</b> | 2 Years, 2 Months          | 9 Years, 9 Months          |
| <b>Amount Offered:</b>   | N35.00 billion             | N35.00 billion             |
| <b>Total Bids:</b>       | 83                         | 118                        |
| <b>Successful Bids:</b>  | 46                         | 61                         |
| <b>Subscription:</b>     | N71.45 billion             | N133.08 billion            |
| <b>Amount Allotted:</b>  | N30.00 billion             | N50.00 billion             |
| <b>Range of Bids:</b>    | 10.0000% – 13.7500%        | 10.0000% - 14.2400%        |

| FGN Bonds         |               |               |                 |           |             |
|-------------------|---------------|---------------|-----------------|-----------|-------------|
| Description       | Maturity Date | Bid Yield (%) | Offer Yield (%) | Bid Price | Offer Price |
| 9.20 29-JUN-2014  | 29-Jun-14     | 7.68          | 4.40            | 100.05    | 100.20      |
| 9.25 28-SEP-2014  | 28-Sep-14     | 11.13         | 10.60           | 99.41     | 99.56       |
| 4.00 23-APR-2015  | 23-Apr-15     | 11.00         | 10.35           | 94.39     | 94.89       |
| 13.05 16-AUG-2016 | 16-Aug-16     | 11.59         | 11.51           | 102.70    | 102.85      |
| 15.10 27-APR-2017 | 27-Apr-17     | 11.70         | 11.64           | 108.05    | 108.20      |
| 9.85 27-JUL-2017  | 27-Jul-17     | 11.66         | 11.54           | 95.34     | 95.64       |
| 9.35 31-AUG-2017  | 31-Aug-17     | 11.67         | 11.55           | 93.89     | 94.19       |
| 10.70 30-MAY-2018 | 30-May-18     | 11.73         | 11.64           | 96.78     | 97.08       |
| 16.00 29-JUN-2019 | 29-Jun-19     | 11.90         | 11.83           | 115.20    | 115.50      |
| 7.00 23-OCT-2019  | 23-Oct-19     | 11.88         | 11.79           | 81.04     | 81.34       |
| 16.39 27-JAN-2022 | 27-Jan-22     | 12.26         | 12.20           | 120.05    | 120.35      |
| 14.20 14-MAR-2024 | 14-Mar-24     | 12.28         | 12.23           | 110.70    | 111.00      |
| 15.00 28-NOV-2028 | 28-Nov-28     | 12.75         | 12.71           | 114.67    | 114.97      |
| 12.49 22-MAY-2029 | 22-May-29     | 12.80         | 12.76           | 97.92     | 98.22       |
| 8.50 20-NOV-2029  | 20-Nov-29     | 12.86         | 12.80           | 71.04     | 71.34       |
| 10.00 23-JUL-2030 | 23-Jul-30     | 12.99         | 12.93           | 80.00     | 80.30       |

| **Treasury Bills |                  |                    |
|------------------|------------------|--------------------|
| Maturity         | Bid Discount (%) | Offer Discount (%) |
| 26-Jun-14        | 9.80             | 9.55               |
| 3-Jul-14         | 10.20            | 9.95               |
| 10-Jul-14        | 8.00             | 7.75               |
| 17-Jul-14        | 10.15            | 9.90               |
| 24-Jul-14        | 10.20            | 9.95               |
| 31-Jul-14        | 10.20            | 9.95               |
| 7-Aug-14         | 10.30            | 10.05              |
| 14-Aug-14        | 10.25            | 10.00              |
| 21-Aug-14        | 10.10            | 9.85               |
| 28-Aug-14        | 10.30            | 10.05              |
| 4-Sep-14         | 10.55            | 10.30              |
| 11-Sep-14        | 10.70            | 10.45              |
| 18-Sep-14        | 10.45            | 10.20              |
| 25-Sep-14        | 10.50            | 10.25              |
| 2-Oct-14         | 10.60            | 10.35              |
| 9-Oct-14         | 10.80            | 10.55              |
| 16-Oct-14        | 10.70            | 10.45              |
| 20-Nov-14        | 10.50            | 10.25              |
| 4-Dec-14         | 10.50            | 10.25              |
| 8-Jan-15         | 10.50            | 10.25              |
| 22-Jan-15        | 10.50            | 10.25              |
| 5-Feb-15         | 10.55            | 10.30              |
| 19-Feb-15        | 10.45            | 10.20              |
| 5-Mar-15         | 10.50            | 10.25              |
| 9-Apr-15         | 10.30            | 10.05              |
| 23-Apr-15        | 10.35            | 10.10              |

## The Equities Market

### **Halt in bullish momentum.....index down 3bps**

The four week gaining streak came to a halt at the close of the week's trading as the NSE's ASI shed 3bps to settle at 41,517.10 in contrast to a gain of 13bps recorded last week. In the same manner, market capitalisation declined by N3.95billion to settle at N13.71trillion..

### **Conglomerates sector boost market volume.....**

Market turnover by way of volume traded rose 45.59% as investors exchanged 2.73billion shares valued at N22.18billion in 26,073 deals as against 1.88billion shares worth N32.90billion traded the previous week. Driven by activity in the shares of Transnational Corporation plc, the conglomerates sector emerged the most traded for the week by 1.20billion shares, representing 44.09% of total market volume.

### **Oil&Gas index leads the trail.....**

Positive posture in the shares of Consolidated Oil and Eterna Plc improved the NSE-OIL&GAS index by 2.99%; the NSE-BANKING index firmed up by 2.44% while the NSE-INSURANCE index rose 1.87%. Conversely, the NSE-IND. GOODS index declined 3.22% on losses in Lafarge Wapco while the NSE-CON.GOODS index shed 0.62%.

### **Positive sentiments favour Conoil.....**

Market breadth for the week closed positive with 44 equities recording price appreciations while 31 others declined. CONOIL led the gainers chart for the week rising by 39.87%, ETERNA 26.80%, CAVERTON 12.93%, UBA 7.55% and PZ 6.94%. On the contrary, IKEJAHOTEL emerged the highest loser for the week shedding 13.33%, NASCON 11.74%, NPFMCRFBK 8.93%, WAPCO 6.78% and NCR 4.94%. Market ytd return now stands at 0.45%.

## Weekly Statistics

|               | 13/06/2014 | 06/06/2014 | Change    |
|---------------|------------|------------|-----------|
| <b>ASI</b>    | 41,517.10  | 41,529.11  | (0.03%)   |
| <b>CAP</b>    | N13.71tn   | N13.71tn   | (N3.95bn) |
| <b>VOLUME</b> | 2.73bn     | 1.88bn     | 45.59%    |
| <b>VALUE</b>  | N22.18bn   | N32.90bn   | (32.59%)  |
| <b>DEALS</b>  | 26,073     | 28,408     | (8.22%)   |

## Top Gainers

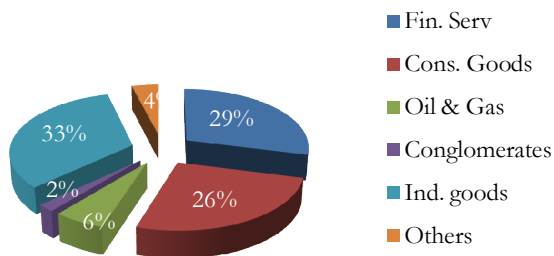
| Symbol            | Previous | Current | return |
|-------------------|----------|---------|--------|
| <b>CONOIL</b>     | N52.00   | N72.73  | 39.87% |
| <b>ETERNA</b>     | N3.47    | N4.40   | 26.80% |
| <b>CAVERTON</b>   | N4.41    | N4.98   | 12.93% |
| <b>UBA</b>        | N7.55    | N8.12   | 7.55%  |
| <b>PZ</b>         | N36.00   | N38.50  | 6.94%  |
| <b>AIRSERVICE</b> | N2.31    | N2.45   | 6.06%  |
| <b>PRESTIGE</b>   | N0.51    | N0.54   | 5.88%  |
| <b>NEIMETH</b>    | N1.20    | N1.27   | 5.83%  |
| <b>WAPIC</b>      | N0.72    | N0.76   | 5.56%  |
| <b>CUSTODYINS</b> | N3.36    | N3.53   | 5.06%  |

## Top Losers

| Symbol            | Previous | Current | return   |
|-------------------|----------|---------|----------|
| <b>IKEJAHOTEL</b> | N0.90    | N0.78   | (13.33%) |
| <b>NASCON</b>     | N13.03   | N11.50  | (11.74%) |
| <b>NPFMCRFBK</b>  | N1.12    | N1.02   | (8.93%)  |
| <b>WAPCO</b>      | N118.00  | N110.00 | (6.78%)  |
| <b>NCR</b>        | N15.99   | N15.20  | (4.94%)  |
| <b>JOSBREW</b>    | N2.93    | N2.79   | (4.78%)  |
| <b>VONO</b>       | N1.51    | N1.44   | (4.64%)  |
| <b>DNMEYER</b>    | N1.11    | N1.06   | (4.50%)  |
| <b>CUTIX</b>      | N2.00    | N1.92   | (4.00%)  |
| <b>UBCAP</b>      | N2.50    | N2.40   | (4.00%)  |

|                             | 13/06/2014 | 06/06/2014 | Change  |
|-----------------------------|------------|------------|---------|
| <b>NSE-30</b>               | 1,902.04   | 1,898.08   | 0.21%   |
| <b>NSE-Banking</b>          | 448.71     | 438.02     | 2.44%   |
| <b>NSE-Insurance</b>        | 144.33     | 141.68     | 1.87%   |
| <b>NSE-Consumer goods</b>   | 1,033.36   | 1,039.82   | (0.62%) |
| <b>NSE-Oil&amp;Gas</b>      | 439.16     | 426.41     | 2.99%   |
| <b>NSE-Industrial goods</b> | 2,570.85   | 2,656.44   | (3.22%) |

### Market cap by sectors



### Global Markets

| Market   | Current   | Previous  | week rtn |
|----------|-----------|-----------|----------|
| DJIA     | 16,777.57 | 16,924.28 | -0.87%   |
| FTSE     | 6,781.46  | 6,858.21  | -1.12%   |
| NIKKEI   | 15,097.84 | 15,077.24 | 0.14%    |
| S.AFRICA | 49,933.99 | 50,694.30 | -1.50%   |
| BRAZIL   | 54,682.81 | 53,128.66 | 2.93%    |
| INDIA    | 7,583.40  | 7,554     | 0.39%    |

### TOP TEN BUY RECOMMENDATION

| SYMBOL           | CLOSE  | WK RTN  | PAT (N'm) | PERIOD | CHANGE | TARGET PRICE | EPS  | 52wk high |
|------------------|--------|---------|-----------|--------|--------|--------------|------|-----------|
| <b>ACCESS</b>    | N9.80  | 0.51%   | 11,626    | Q1'14  | 25.02% | N11.65       | 0.51 | N11.79    |
| <b>DIAMOND</b>   | N6.70  | (1.47%) | 8,446     | Q1'14  | 34.30% | N10.85       | 0.58 | N7.95     |
| <b>AFRIPRUD</b>  | N3.19  | (1.24%) | 213       | Q1'14  | 22.04% | N/A          | 0.11 | N4.10     |
| <b>BERGER</b>    | N9.00  | 4.53%   | 48        | Q1'14  | 59.44% | N9.86        | 0.17 | N11.38    |
| <b>DANGSUGAR</b> | N9.50  | (0.52%) | 3,758     | Q1'14  | 8.83%  | N12.58       | 0.31 | N12.85    |
| <b>UACPROP</b>   | N18.00 | 0.78%   | 429       | Q1'14  | 9.99%  | N21.40       | 0.31 | N26.00    |
| <b>ZENITH</b>    | N25.30 | 1.20%   | 23,677    | Q'14   | 1.15%  | N30.98       | 0.75 | N27.40    |
| <b>UACN</b>      | N59.00 | (1.67%) | 1,970     | Q1'14  | 48.68% | N/A          | 1.03 | N71.20    |
| <b>CCNN</b>      | N10.63 | 0.76%   | 699       | Q1'14  | 85.61% | N11.33       | 0.56 | N12.80    |
| <b>UBCAP</b>     | N2.40  | (4.00%) | 503       | Q1'14  | 0.22%  | N/A          | 0.08 | N2.91     |

### Earnings Update

| Symbol         | Period | Turnover (N'm) |          |         | Profit (N'm) |          |         | Corp. Action |
|----------------|--------|----------------|----------|---------|--------------|----------|---------|--------------|
|                |        | Present        | Previous | %change | Present      | Previous | %Change |              |
| EllahLakes     | Q3'14  | 66             | 4        | 1389.93 | (9)          | (6)      | -52.02  |              |
| NCR            | Q1'14  | 1,474          | 1,640    | -10.15  | 89.3         | 17.9     | 398.66  |              |
| NCR            | FY'13  | 6,107          | 6,463    | -5.51   | (19.37)      | (1,068)  | 98.18   |              |
| UnionDicon     | FY'13  | N/A            | N/A      | N/A     | 12           | (20)     | 157.86  |              |
| UnionDicon     | FY'12  | N/A            | N/A      | N/A     | (20)         | (42)     | 51.64   |              |
| EkoCorp        | Q1'14  | 305            | 277      | 10.17   | 58           | 36       | 59.91   |              |
| EkoCorp        | FY'13  | 1,215          | 1,124    | 8.08    | 152          | 130      | 16.85   |              |
| NationalSalt   | Q1'14  | 2,694          | 2,781    | (3.13)  | 553          | 686      | (19.44) |              |
| AustinLaz      | FY'13  | 667            | 686      | (2.85)  | 7            | 60       | (87.41) |              |
| Dangflour      | Q1'14  | 18,583         | 19,125   | -2.80   | (4,139)      | (1,844)  | -124.5  |              |
| NationalSalt   | FY'13  | 10,837         | 13,414   | -19.21  | 2,699        | 2,766    | -2.42   |              |
| Dangsugar      | Q1'14  | 25,884         | 27,644   | -6.36   | 3,757        | 3,453    | 8.82    |              |
| African Paints | Q1'14  | 1              | 3        | -56.83  | (2)          | (7)      | 70.72   |              |

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