



MPC Meeting:

The Monetary Policy Committee held its third meeting for the year on the 19th and 20th of May 2014. There were no surprises as the committee upheld the MPR at 12% with interest rate corridor of +/- 200bps, while CRR on Public and Private sector deposits was left unchanged at 75% and 15% respectively.

Underlying considerations

The committee considered the potential headwinds in 2014, the ultimate goal of transiting to a truly low-inflation environment and the need to retain portfolio flows. For the domestic market, a robust growth in real GDP of 7.4% for 2013 was noted, higher than 6.6% in 2012 which was driven mainly by the non-oil sector. Inflation was also contained within the target range of 6.0% – 9.0% between January – April, 2014. Exchange rate was stable at the rDAS window but appreciated at the interbank and BDC segments. The committee stressed its determination in sustaining price stability through supportive monetary policy. The new CBN governor Mr Godwin Emefiele will replace Mrs Sarah Alade during the next MPC meeting.

Reserve Movement: Nigeria’s external reserves witnessed a marginal decline of \$130.66million to \$37.37billion at the close of the week, representing a 0.35% drop when compared to \$37.50billion last week. In comparison to \$43.61billion as at December 31st 2013, reserves have declined by 14.31%.

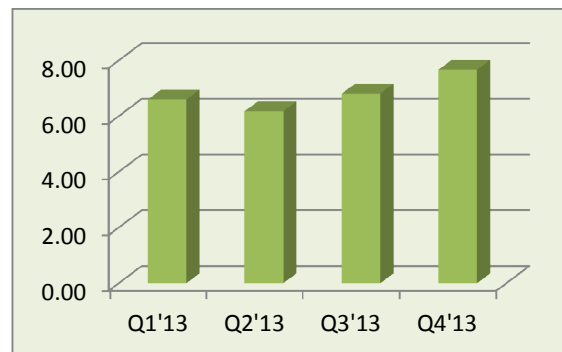
Exchange Rate: The local currency weakened slightly against the dollar by 0.03% W-o-W to close at N162.45 from 162.40 as at May 16, 2014.

Inflation: The Nigerian Bureau of Statistics (NBS) figure for April 2014 CPI was 7.90%, up 10bps from 7.80% in March. Nigeria’s inflation rate has remained at single digit levels for the 16th

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 improved across all tenor buckets.

FIXED INCOME REPORT

- Local Currency

Payment of N634.7billion April FAAC increased market liquidity as Interbank open buy back (OBB) and overnight (O/N) rates opened at 10.25% and 10.50% respectively and closed at 10.46% and 10.71% owing to FX sales at the RDAS auction, monetary tightening by the apex bank as well as primary market auction on treasury bills.

- Bonds/Treasury Bills

Continued interest for Nigeria's treasury instrument was again witnessed at this week's PMA and OMO auctions by both offshore and domestic portfolio investors. At the Treasury bills Primary Market Auction, subscription stood at ₦520.72billion as against ₦813.20billion at the previous auction. ₦40.65billion worth of the 91day-bill was offered and N40.65billion was sold at the rate of 10.0% against 10.24% at the previous auction, however ₦25billion and ₦55.65billion worth of 182day and 364day were offered and sold at the discount rates of 10.015% and 10.125% as against 10.65% and 11.28% respectively.

While at the open market operation window, ₦70billion worth of 119days bills was offered while subscription stood at ₦397.62billion and ₦397.62billion was sold at a discount stop rate of 10.8%.

Outlook

In the week ahead, we expect the redemption of OMO bills worth ₦123.32billion.

AUCTION RESULTS FOR THE WEEK

- OMO Auction

Amount on Offer	N70bn
Tenor	119-day
Total Subscription	N397.62bn
Maturity date	18/09/2014
Range of Bids	9.95-10.8 percent
Stop Rate	10.8 per cent
Total Sale	N397.62bn

PMA NTB

Auction Date	21/05/2014	21/05/2014	21/05/2014
Tenor	91	182	364
Auction	Primary Market	Primary Market	Primary Market
Maturity Date	21/08/2014	20/11/2014	21/05/2015
Total Subscription	65306498	98837416	356575293
Total Successful	40647810	25000000	55683600
Range Bid	8.5000 - 12.0000	9.2000 - 12.0000	9.7000 - 13.0000
Successful Bid Rates	8.5000 - 10.0000	9.2000 - 10.0150	9.7000 - 10.1250
Rate	10	10.015	10.125
True Yield	10.2557	10.5414	11.2622
Amt offered	40647810	25000000	55683600

The Equities Market

Sustained bull parade.....

The Local bourse continued its northwards voyage for the second consecutive week as positive market sentiments dominated trading activity. The index rose significantly by 2.08% to close at 39,831.83 as against an appreciation of 1.20% seen the previous week. Similarly, Market capitalization increased by N300.45billion to settle at N13.15trillion.

Improvement in activity level.....

Market activity for the week improved by 11.39% as investors staked N23.67billion on 1.87billion shares exchanged in 23,554 deals compared to 1.68billion shares worth N20.86billion traded last week. The financial service sector was the most active accounting for 79.46% of the total market volume, boosted by activity in the shares of Zenith and Access Bank Plc.

Renewed Optimism in Oando shares.....

For the sector performance, the NSE-Oil&GAS index posted the highest gain by 15.54% on positive posture in the shares of Oando, Mobil and Forte Oil Plc; the NSE-CON.GOODS index was up 3.53% while the NSE-BANKING index and the NSE-INSURANCE index rose 1.84% and 0.79% respectively.

Sustained positive breadth.....

Market breadth closed positive for the week with 41 gainers and 3 losers. On the price movement chart for the week; IKEJAHOTEL led gainers by 42.86%, OANDO 25.08%, FO 19.61%, and NPFMCRFBK 17.89%. On the flip side, CAVERTON shed 26.11% to lead the losers table, BETAGLASS 14.18%, NEIMETH 12.82%, COURTVILLE 9.52% and MAYBAKER 8.24%

Weekly Statistics

	23/05/2014	16/05/2014	Change
ASI	39,831.83	39,018.34	2.08%
CAP	N13.15tn	N12.85tn	N300.45Bn
VOLUME	1.87bn	1.68bn	11.39%
VALUE	N23.67bn	N20.86bn	13.45%
DEALS	23,554	24,513	(3.91%)

Top Gainers

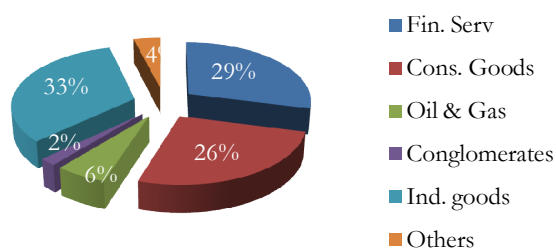
Symbol	Previous	Current	return
IKEJAHOTEL	N0.63	N0.90	42.86%
OANDO	N15.99	N20.00	25.08%
FO	N155.95	N186.54	19.61%
NPFMCRFBK	N0.95	N1.12	17.89%
CUSTODYINS	N2.55	N2.80	9.80%
AVONCROWN	N1.47	N1.61	9.52%
MOBIL	N119.06	N130.00	9.19%
ETI	N14.00	N15.13	8.07%
NB	N163.05	N176.13	8.02%
DANGSUGAR	N9.21	N9.85	6.95%

Top Losers

Symbol	Previous	Current	return
CAVERTON	N9.50	N7.02	(26.11%)
BETAGLASS	N18.90	N16.22	(14.18%)
NEIMETH	N1.17	N1.02	(12.82%)
COURTVILLE	N0.63	N0.57	(9.52%)
MAYBAKER	N1.82	N1.67	(8.24%)
ABCTRANS	N0.88	N0.81	(7.95%)
FCMB	N4.30	N3.96	(7.90%)
AIRSERVICE	N2.42	N2.25	(7.02%)
CUTIX	N2.01	N1.90	(5.47%)
ACADEMY	N1.80	N1.71	(5.00%)

	23/05/2014	16/05/2014	Change
NSE-30	1,817.61	1,772.05	2.57%
NSE-Banking	412.17	404.71	1.84%
NSE-Insurance	143.73	142.61	0.79%
NSE-Consumer goods	1,024.50	989.56	3.53%
NSE-Oil&Gas	374.17	323.85	15.54%
NSE-Industrial goods	2,520.23	2,520.30	0.00%

Market cap by sectors



Global Markets

Market	Previous	Current	week rtn
DJIA	16,446.81	16,598.88	0.92%
FTSE	6,829.99	6,815.75	-0.21%
NIKKEI	14,096.59	14,462.17	2.59%
S.AFRICA	49,202.60	49,952.69	1.52%
BRAZIL	54,255.17	52,794.68	-2.69%
INDIA	6,859	7,367.10	7.41%

TOP TEN BUY RECOMMENDATION

SYMBOL	CLOSE	WK RTN	PAT (N'm)	PERIOD	CHANGE	TARGET PRICE	EPS	52wk high
ACCESS	N9.30	(2.61%)	11,626	Q1'14	25.02%	N11.65	0.51	N11.79
DIAMOND	N6.50	(0.31%)	8,446	Q1'14	34.30%	N10.85	0.58	N7.95
AFRIPRUD	N3.11	(4.30%)	213	Q1'14	22.04%	N/A	0.11	N4.10
CUSTODYIN	N2.80	9.80%	1,120	Q1'14	90.63%	N3.77	0.19	N2.93
DANGSUGAR	N9.85	6.95%	3,758	Q1'14	8.83%	N12.58	0.31	N12.85
UACPROP	N17.80	(1.06%)	429	Q1'14	9.99%	N21.40	0.31	N26.00
ZENITH	N23.41	2.00%	23,677	Q'14	1.15%	N30.98	0.75	N27.40
UACN	N58.00	3.57%	1,970	Q1'14	48.68%	N/A	1.03	N71.20
CCNN	N9.70	4.30%	699	Q1'14	85.61%	N11.33	0.56	N12.80

Earnings Update

Symbol	Period	Turnover (N'm)			Profit (N'm)			Corp. Action
		Present	Previous	%change	Present	Previous	%Change	
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	
African Paints	FY'13	10	23	-55.59	(8)	26	-130.83	
Presco	Q1'14	2,108	2,005	5.14	406	403	0.88	
Airservice	Q1'14	804	873	-7.81	25	95	-73.58	
Multiverse	Q1'14	-	35	-100	(74)	(66)	-11	
Navitus Plc	Q1'14	73	264	-72.13	(20)	16	-220.12	
Anino Plc	Q1'14	99	89	11.08	0.74	0.86	-14.12	
Total Plc	Q1'14	60,595	61,049	-0.74	1,069	1,145	-6.62	

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