



On the 2014 Budget

President Goodluck Jonathan on Friday 23rd May 2014 signed the budget for the 2014 fiscal year into law. The budget which was tagged ‘Budget of job creation and inclusive growth’ had an aggregate expenditure of N4.695trillion, a 4.26% decline when compared to N4.9trillion in 2013. The budget was premised on an oil benchmark rate of \$77.5/barrel and daily Oil production of 2.39million barrels at an exchange rate of N160/\$. Estimated GDP growth rate was put at 6.75%.

In total, recurrent expenditure came in at N2.455trillion and capital expenditure N1.19trillion representing 52.39% and 25.37% of aggregate expenditure respectively. Education got the highest allocation of N494billion or 15.89% of total expenditure. The breakdown of the 2014 budget will be contained in our full report.

Reserve Movement

In the review week, Nigeria’s external reserves declined \$168.45million to \$37.15billion as at May 27, 2014 representing a decline of 0.45% when compared to \$37.32billion recorded the previous week. When compared to its close as at Dec 31, 2013 at \$43.61billion, reserves have declined 14.82%.

Exchange Rate

The Naira depreciated by 22bps against the dollar to close at N162.80 from N162.40 as at May 23, 2014.

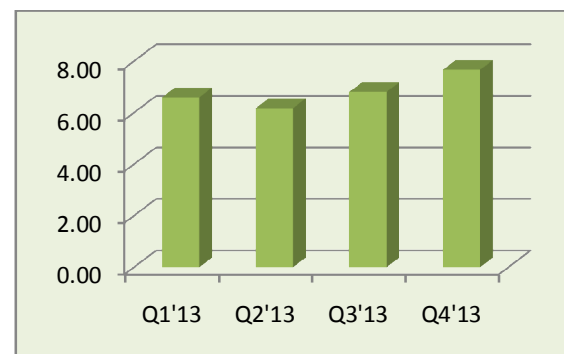
Inflation

The Nigerian Bureau of Statistics (NBS) 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 consecutive month on CBN’s tight monetary policy stance.

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.

FIXED INCOME REPORT

- Local Currency

Market liquidity persisted as Interbank open buy back (OBB) and over night (O/N) rates opened at 10.88% and 11.08% respectively and closed at 10.46% and 10.71%.

- Bonds/Treasury Bills

A muted market was witnessed at this week's bond OTC market although yields inched up slightly across maturities. Similar bear trend were also seen at the treasury bills OTC space owing to the monetary tighten by apex bank through the issuance of OMO bill.

At the open market operation window, ₦100billion worth of OMO bill ranging from 121days to 122days were offered and ₦144.36billion were sold at the same marginal discount rate of 10.8% while subscription stood at ₦237.57billion.

Outlook

In the week ahead, we expect the redemption of treasury bills worth ₦360.09billion however, we also expect CBN to issue 91, 182 and 364day bill worth ₦137.97billion in it primary market auction.

AUCTION RESULTS FOR THE WEEK

- OMO Auction

Auction Date	26/05/2014	27/05/2014
Tenor	122 Day	121 Day
Auction	OMO	OMO
Maturity Date	25/09/2014	25/09/2014
Total Subscription	143080.34	94490.1
Total Successful	56870.51	87490.1
Range Bid	10.7000 - 12.0000	10.7000 - 12.0000
Successful Bid Rates	10.7000 - 10.8000	10.7000 - 10.8000
Rate	10.8	10.8
True Yield	11.2045	11.201
Amt offered	50000	50000

Bond Closing prices

9.20 29-JUN-2014	9.20	29-Jun-14	10.22	8.45	99.88	100.03
9.25 28-SEP-2014	9.25	28-Sep-14	10.87	10.40	99.43	99.58
4.00 23-APR-2015	4.00	23-Apr-15	11.18	10.56	94.01	94.51
13.05 16-AUG-2016	13.05	16-Aug-16	12.26	12.18	101.45	101.60
15.10 27-APR-2017	15.10	27-Apr-17	12.36	12.30	106.50	106.65
9.85 27-JUL-2017	9.85	27-Jul-17	12.32	12.20	93.66	93.96
9.35 31-AUG-2017	9.35	31-Aug-17	12.33	12.21	92.18	92.48
10.70 30-MAY-2018	10.70	30-May-18	12.39	12.29	94.78	95.08
16.00 29-JUN-2019	16.00	29-Jun-19	12.56	12.49	112.60	112.90
7.00 23-OCT-2019	7.00	23-Oct-19	12.51	12.41	78.83	79.13
16.39 27-JAN-2022	16.39	27-Jan-22	12.71	12.65	117.65	117.95
14.20 14-MAR-2024	14.20	14-Mar-24	12.77	12.72	107.80	108.10
15.00 28-NOV-2028	15.00	28-Nov-28	12.88	12.83	113.79	114.09
12.49 22-MAY-2029	12.49	22-May-29	12.89	12.84	97.36	97.66
8.50 20-NOV-2029	8.50	20-Nov-29	12.91	12.85	70.77	71.07
10.00 23-JUL-2030	10.00	23-Jul-30	12.98	12.93	80.00	80.30

**Treasury Bill

DTM	Maturity	Bid Discount(%)	Offer Discount(%)	Bid Yield(%)
20	19-Jun-14	10.00	9.75	10.06
27	26-Jun-14	9.90	9.65	9.97
34	3-Jul-14	10.00	9.75	10.09
41	10-Jul-14	8.00	7.75	8.07
48	17-Jul-14	10.00	9.75	10.13
55	24-Jul-14	9.40	9.15	9.54
62	31-Jul-14	10.00	9.75	10.17
69	7-Aug-14	9.75	9.50	9.93
76	14-Aug-14	10.25	10.00	10.47
83	21-Aug-14	10.10	9.85	10.34
90	28-Aug-14	10.40	10.15	10.67
97	4-Sep-14	10.35	10.10	10.64
104	11-Sep-14	10.80	10.55	11.14
111	18-Sep-14	10.95	10.70	11.33
118	25-Sep-14	10.85	10.60	11.24
132	9-Oct-14	10.50	10.25	10.91
174	20-Nov-14	10.60	10.35	11.16
188	4-Dec-14	10.40	10.15	10.99
223	8-Jan-15	10.50	10.25	11.22
237	22-Jan-15	10.70	10.45	11.50
251	5-Feb-15	10.70	10.45	11.55
265	19-Feb-15	10.60	10.35	11.48
279	5-Mar-15	10.70	10.45	11.65
314	9-Apr-15	10.25	10.00	11.24
328	23-Apr-15	10.60	10.35	11.72
342	7-May-15	10.35	10.10	11.46

The Equities Market

Index posts highest weekly gain.....up 4.12%

A strong rally characterised equities trading on the floor of the exchange as the benchmark indicator firmed up by 4.12%, its highest gain in a single week since the beginning of the year to settle at 41,474.40 as against a 2.08% gain last week. In the same manner, market capitalisation improved N542.37billion to close at N13.69trillion.

Marginal rise in volume.....

Market turnover for the week rose 1.71%; a total of 1.90million shares worth N34.64billion were exchanged in 20,452 deals compared to 1.87million shares valued at N23.67billion traded the previous week. The financial services sector accounted for 74.53% of market turnover, boosted by activity in the shares of Zenith Bank and FBN Holding Plc.

Renewed Optimism in banking stocks.....

Looking at the sector indices for the week, the NSE-BANKING index appreciated by 7.49% on positive posture in the shares of Access, Zenith and Gtbank Plc; the NSE-OIL&GAS index was up 3.42% on strong demand in Forte Oil Plc while NSE-IND.GOODS index rose 3.34%; the NSE-CON.GOODS index and the NSE-INSURANCE index improved 1.49% and 0.08% respectively.

Market year-to-date return turns positive.....

Market sentiment closed positive for the week with 55 equities advancing in price and 17 others declining. CUSTODYINS led gainers by 16.07%; FO 14.66%, ASHAKACEM 12.91%, UACN 12.07% and ETI 11.04%. In contrast, CAVERTON was the worst hit shedding 22.93%; OANDO 8.95%, AIRSERVICE 7.11%, PAINTCOM 6.67% and WEMABANK 6.06%. Market Year-to-Date firms up to 0.35%.

Weekly Statistics

	30/05/2014	23/05/2014	Change
ASI	41,474.40	39,831.83	4.12%
CAP	N13.69tn	N13.15tn	N542.37Bn
VOLUME	1.90bn	1.87bn	1.71%
VALUE	N34.64bn	N23.67bn	44.85%
DEALS	20,452	23,554	(13.17%)

Top Gainers

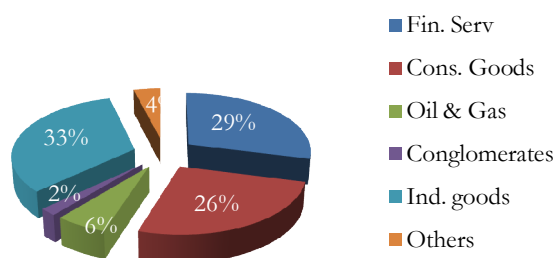
Symbol	Previous	Current	return
CUSTODYINS	N2.80	N3.25	16.07%
FO	N186.54	N213.88	14.66%
ASHAKACEM	N19.90	N22.47	12.91%
UACN	N58.00	N65.00	12.07%
ETI	N15.13	N16.80	11.04%
FBNH	13.90N	N15.30	10.07%
FIDSON	N2.56	N2.80	9.38%
FLOURMILL	N70.50	N76.65	8.72%
ACCESS	N9.30	N10.10	8.60%
FCMB	N3.96	N4.30	8.59%

Top Losers

Symbol	Previous	Current	return
CAVERTON	N7.02	N5.41	(22.93%)
OANDO	N20.00	N18.21	(8.95%)
AIRSERVICE	N2.25	N2.09	(7.11%)
PAINTCOM	N1.50	N1.40	(6.67%)
WEMABANK	N0.99	N0.93	(6.06%)
EVANSMED	N2.70	N2.57	(4.81%)
TRANSEXPR	N2.31	N2.20	(4.76%)
REBRISCOE	N1.09	N1.04	(4.58%)
CUTIX	N1.90	N1.82	(4.21%)
ROYALEX	N0.55	N0.53	(3.64%)

	30/05/2014	23/05/2014	Change
NSE-30	1,896.46	1,817.61	4.33%
NSE-Banking	443.06	412.17	7.49%
NSE-Insurance	143.85	143.73	0.08%
NSE-Consumer goods	1,031.79	1,024.50	1.49%
NSE-Oil&Gas	386.96	374.17	3.42%
NSE-Industrial goods	2,604.43	2,520.23	3.34%

Market cap by sectors



Global Markets

Market	Current	Previous	week rtn
DJIA	16,698.74	16,606.27	0.56%
FTSE	6,856.05	6,815.75	0.59%
NIKKEI	14,632.38	14,462.17	1.17%
S.AFRICA	49,790.32	49,952.69	-0.33%
BRAZIL	51,825.82	52,626.41	-1.52%
INDIA	7,230	7,367.10	-1.86%

TOP TEN BUY RECOMMENDATION

SYMBOL	CLOSE	WK RTN	PAT (N'm)	PERIOD	CHANGE	TARGET PRICE	EPS	52wk high
ACCESS	N10.10	8.60%	11,626	Q1'14	25.02%	N11.65	0.51	N11.79
DIAMOND	N6.70	3.08%	8,446	Q1'14	34.30%	N10.85	0.58	N7.95
AFRIPRUD	N3.23	3.86%	213	Q1'14	22.04%	N/A	0.11	N4.10
CUSTODYIN	N3.25	16.07%	1,120	Q1'14	90.63%	N3.77	0.19	N3.25
DANGSUGAR	N9.99	1.42%	3,758	Q1'14	8.83%	N12.58	0.31	N12.85
UACPROP	N17.93	0.73%	429	Q1'14	9.99%	N21.40	0.31	N26.00
ZENITH	N25.40	8.50%	23,677	Q'14	1.15%	N30.98	0.75	N27.40
UACN	N65.00	12.07%	1,970	Q1'14	48.68%	N/A	1.03	N71.20
CCNN	N10.35	6.70%	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	
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	
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	
Multiverse	Q1'14	-	35	-100	(74)	(66)	-11	

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