



Inflation expectation for November 2014 - The National Bureau of Statistics will release its November inflation figures on December 16, 2014. We anticipate an increase of 20bps in inflation figures to 8.30 percent from 8.10 percent in October due to election related spending and increased consumer demand as we approach the festive season.

Effects of the recent devaluation of the local currency on general prices is likely to be muted for November but we expect prices to trend upwards in December seeing that Nigeria’s economy is import dependent.

Oil Price Watch - In the review week, Oil prices slumped further by 7.38 percent to close at \$60.50 as at Thursday Dec 11, 2014 compared to its previous week close of \$65.32.

Reserve Movement – The country’s foreign reserve lost \$490million to close at \$35.81billion as at Dec 11, 2014 representing a decline of 1.35 percent when compared to its previous week close of \$36.30billion. When compared to \$43.61billion as at December 31, 2013 reserves plunged by 17.87 percent. year-to-date.

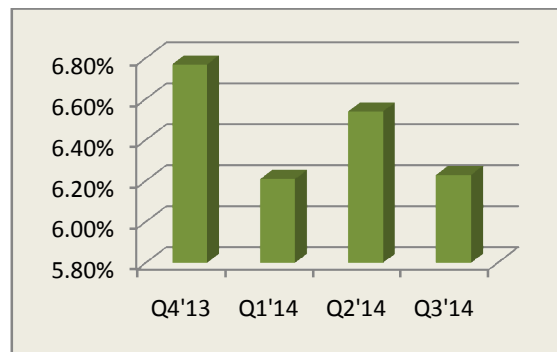
Exchange rate - The local currency weakened by 0.83 percent against the US dollar to settle at N181.60/\$ compared to its previous week close of N180.10/\$.

Interbank rate – Interbank lending rates firmed up to an average of 19.33 percent, representing an increase of 1.01 percent when compared to its previous close of 18.32%.

Inflation trend

| Month | Rate (%) |
|-----------|----------|
| April | 7.90 |
| May | 8.00 |
| June | 8.20 |
| July | 8.30 |
| August | 8.50 |
| September | 8.30 |
| October | 8.10 |

GDP growth rate



Key Highlights

- MPR increased by 100bps to 13%.
- CRR on Public Sector Deposits retained at 75%.
- CRR on Private Sector Deposits increased by 500bps to 20%.
- Liquidity ratio held constant at 30%.
- October Inflation rate down 20bps to 8.10%.
- Interbank lending rates firmed up to an average of 19.33 percent for the week.

FIXED INCOME REPORT

- **Money Market**

Mixed trading was witnessed at the Nigerian interbank market; rates surged north owing to strained liquidity levels. Open Buy Back and Over Night rates opened at a record high of 59.67% and 61.92% however, eased to close at 18.17% and 19.08% respectively owing to the redemption of Nigeria Treasury Bills and Open Market Operation bills (₦151.63billion) which boosted market liquidity.

- **Bond/Treasury Bill**

At the OTC market, the bear trend continued amid sell-off on short end of the curve owing to the interbank rates. Yields on the 15-day bills traded at a high of 18.65% while 5-year and 7-year FGN instrument traded to close at an average of 14.43%.

- **Outlook for the coming week**

In the week ahead, we expect the redemption of treasury bills worth ₦190.92 billion to improve market liquidity. However, the Debt Management Office on behalf of the Federal Government is expected to reopen 3-year, 10-year and 20-year bond totalling ₦65 billion.

Closing Prices

| Money Market | |
|--------------|----------|
| Tenor | Rate (%) |
| OBB | 18.17 |
| O/N | 19.08 |



| Description | Maturity Date | Bid Yield (%) | Offer Yield (%) | Bid Price | Offer Price |
|---------------------|---------------|---------------|-----------------|-----------|-------------|
| 4.00 23-APR-2015 | 23-Apr-15 | 13.49 | 13.04 | 96.70 | 96.85 |
| 13.05 16-AUG-2016 | 16-Aug-16 | 14.75 | 14.64 | 97.50 | 97.65 |
| 15.10 27-APR-2017 | 27-Apr-17 | 14.54 | 14.46 | 101.05 | 101.20 |
| 9.85 27-JUL-2017 | 27-Jul-17 | 14.53 | 14.46 | 90.04 | 90.19 |
| 9.35 31-AUG-2017 | 31-Aug-17 | 14.53 | 14.45 | 88.67 | 88.82 |
| 10.70 30-MAY-2018 | 30-May-18 | 14.49 | 14.37 | 89.93 | 90.23 |
| 16.00 29-JUN-2019 | 29-Jun-19 | 14.45 | 14.37 | 105.00 | 105.30 |
| 7.00 23-OCT-2019 | 23-Oct-19 | 14.42 | 14.31 | 74.67 | 74.97 |
| 16.39 27-JAN-2022 | 27-Jan-22 | 14.31 | 14.25 | 109.05 | 109.35 |
| 14.20 14-MAR-2024 | 14-Mar-24 | 14.19 | 14.13 | 100.00 | 100.30 |
| 15.00 28-NOV-2028 | 28-Nov-28 | 12.90 | 12.85 | 113.44 | 113.74 |
| 12.49 22-MAY-2029 | 22-May-29 | 12.77 | 12.72 | 98.16 | 98.46 |
| 8.50 20-NOV-2029 | 20-Nov-29 | 12.64 | 12.58 | 72.50 | 72.80 |
| 10.00 23-JUL-2030 | 23-Jul-30 | 13.41 | 13.35 | 77.90 | 78.20 |
| 12.1493 18-JUL-2034 | 18-Jul-34 | 13.30 | 13.26 | 92.00 | 92.30 |

Treasury Bills

| Maturity | Bid Discount (%) | Offer Discount (%) |
|-----------|------------------|--------------------|
| 25-Dec-14 | 18.42 | 18.17 |
| 1-Jan-15 | 16.50 | 16.25 |
| 8-Jan-15 | 16.80 | 16.55 |
| 15-Jan-15 | 15.50 | 15.25 |
| 22-Jan-15 | 13.90 | 13.65 |
| 29-Jan-15 | 14.80 | 14.55 |
| 5-Feb-15 | 15.00 | 14.75 |
| 12-Feb-15 | 14.45 | 14.20 |
| 19-Feb-15 | 14.40 | 14.15 |
| 26-Feb-15 | 13.20 | 12.95 |
| 5-Mar-15 | 13.40 | 13.15 |
| 12-Mar-15 | 13.50 | 13.25 |
| 26-Mar-15 | 14.10 | 13.85 |
| 2-Apr-15 | 13.75 | 13.50 |
| 9-Apr-15 | 14.00 | 13.75 |
| 16-Apr-15 | 13.80 | 13.55 |
| 23-Apr-15 | 13.45 | 13.20 |
| 30-Apr-15 | 12.52 | 12.27 |
| 7-May-15 | 12.55 | 12.30 |
| 14-May-15 | 11.62 | 11.37 |
| 6-Aug-15 | 14.00 | 13.75 |
| 3-Sep-15 | 12.50 | 12.25 |

The Equities Market

High cap stocks drag index down 7.42%.....

Equity transactions on the Local bourse closed the week on a negative note as sell pressure from high cap stocks like Dangote Cement, Seplat and Zenith bank Plc dragged the benchmark indicator further southwards by 7.42% to close at 30,763.38 compared to a loss of 3.81% seen last Friday. In the same vein, market capitalization declined N813.79billion to settle at N10.16trillion.

Increase in level of activity.....

Market turnover by way of volume traded for the week rose 18.30% as investors exchanged 1.81billion shares valued at N28.92billion in 20,677 deals against 1.53billion shares worth N24.99billion traded last week. The financial services sector emerged the most active, accounting for 70.00% of market volume while FBN Holding and GTBank Plc boosted activity in the sector.

All sector indices closed lower.....

All the sector indices under our coverage universe closed in the negative territory. The NSE-CON.GOODS index posted the highest loss by 10.08% on sell pressure from the shares of Guinness and Dangote Flour Plc; the NSE-INSURANCE index was down 9.64% while the NSE-OIL&GAS index, the NSE-BANKING index and the NSE-IND.GOODS index lost 7.72%, 7.23% and 5.37% respectively.

Market breadth sustains negative posture.....

Market breadth closed negative for the week with 7 advancers and 64 decliners. AIRSERVICE led stock performance with 9.70%, WEMABANK 5.26%, ACADEMY 4.63%, ETERNA 3.67% and ETI 3.47%. Conversely, TRANSCORP led the losers chart with a decline of 23.56%, CHAMPION 22.40%, MANSARD 22.04%, GUINNESS 17.74% and CCNN 14.95% being market year to date return to -24.82%.

Weekly Statistics

| | 12/12/2014 | 05/12/2014 | Change |
|--------|------------|------------|-------------|
| ASI | 30,763.38 | 31,062.03 | (7.42%) |
| CAP | ₦10.16tn | ₦10.26tn | (₦813.79bn) |
| VOLUME | 1.81bn | 1.53bn | 18.30% |
| VALUE | ₦28.92bn | ₦24.99bn | 15.73% |
| DEALS | 20,677 | 21,344 | (3.13%) |

Top Gainers

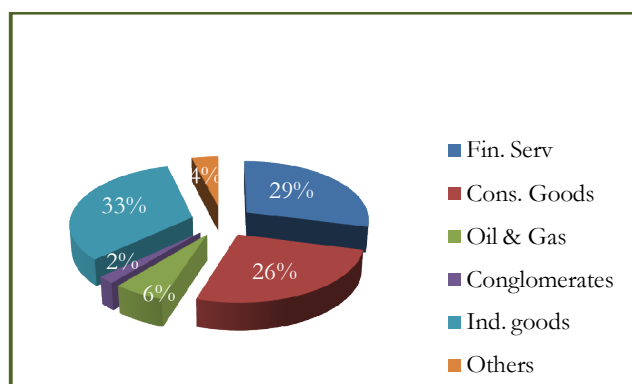
| Symbol | Current | Previous | Return |
|------------|---------|----------|--------|
| AIRSERVICE | ₦1.81 | ₦1.65 | 9.70% |
| WEMABANK | ₦1.00 | ₦0.95 | 5.26% |
| ACADEMY | ₦1.13 | ₦1.08 | 4.63% |
| ETERNA | ₦3.11 | ₦3.00 | 3.67% |
| ETI | ₦18.21 | ₦17.60 | 3.47% |
| 7UP | ₦153.85 | ₦152.70 | 0.75% |
| CAP | ₦36.22 | ₦36.10 | 0.33% |
| AGLEVENT | ₦1.31 | ₦1.31 | 0.00% |
| ASHAKACEM | ₦24.60 | ₦24.60 | 0.00% |
| CILEASING | ₦0.50 | ₦0.50 | 0.00% |

Top Losers

| Symbol | Current | Previous | Return |
|-----------|---------|----------|----------|
| TRANSCORP | ₦3.05 | ₦3.99 | (23.56%) |
| CHAMPION | ₦6.93 | ₦8.93 | (22.40%) |
| MANSARD | ₦2.90 | ₦3.72 | (22.04%) |
| GUINNESS | ₦122.61 | ₦149.06 | (17.74%) |
| CCNN | ₦9.27 | ₦10.90 | (14.95%) |
| NB | ₦145.59 | ₦170.99 | (14.85%) |
| SEPLAT | ₦324.83 | ₦380.00 | (14.52%) |
| UBA | ₦4.08 | ₦4.76 | (14.29%) |
| UBN | ₦7.60 | ₦8.85 | (14.12%) |
| DANGFLOUR | ₦4.84 | ₦5.63 | (14.03%) |

| | 12/12/2014 | 05/12/2014 | Change |
|-----------------------------|------------|------------|----------|
| NSE-30 | 1,397.45 | 1,516.67 | (7.86%) |
| NSE-Banking | 323.95 | 349.18 | (7.23%) |
| NSE-Insurance | 141.23 | 156.30 | (9.64%) |
| NSE-Consumer goods | 788.45 | 876.83 | (10.08%) |
| NSE-Oil&Gas | 378.80 | 410.47 | (7.72%) |
| NSE-Industrial goods | 1,854.92 | 1,960.18 | (5.37%) |

Market cap by sectors



Global Markets

| Market | Current | Previous | week rtn |
|----------|-----------|-----------|----------|
| DJIA | 17,520.69 | 17,958.79 | -2.44% |
| FTSE | 6,376.15 | 6,742.84 | -5.44% |
| NIKKEI | 17,371.58 | 17,920.45 | -3.06% |
| S.AFRICA | 48,043.19 | 49,506.59 | -2.96% |
| BRAZIL | 48,778.50 | 51,992.89 | -6.18% |
| INDIA | 8,224.10 | 8,538.30 | -3.68% |

BUY RECOMMENDATION

| SYMBOL | CLOSE | WK RTN | PAT (N'm) | PERIOD | CHANGE | TARGET PRICE | EPS | 52wk high |
|------------------|--------|----------|-----------|--------|---------|--------------|--------|-----------|
| TRANSCORP | ₦3.05 | (23.56%) | ₦8,263 | 9M'14 | 130.78% | N/A | ₦13.01 | ₦6.50 |
| GTBANK | ₦22.49 | (6.29%) | ₦66,743 | 9M'14 | -4.00% | N/A | ₦2.35 | ₦31.60 |
| UBA | ₦4.08 | (14.29%) | 33,628 | 9M'14 | -10.02% | ₦9.33 | ₦1.02 | ₦9.41 |
| FBNH | ₦8.63 | (3.90%) | 55.626 | 9M'14 | -5.85% | ₦15.86 | ₦1.70 | ₦16.77 |
| CCNN | ₦9.27 | (14.95%) | 1,729 | 9M'14 | 56.75% | N/A | ₦1.38 | ₦15.75 |
| DANGSUGAR | ₦5.42 | (13.97%) | 9,147 | 9M'14 | -5.01% | ₦12.58 | ₦0.76 | ₦12.27 |
| ETI | ₦18.21 | 3.47% | 52,491 | 9M'14 | 31.33% | ₦25.00 | ₦3.29 | ₦19.00 |
| ASHAKACEM | ₦24.60 | (0.00%) | 4,365 | 9M'14 | 103.40% | ₦38.00 | ₦1.95 | ₦34.17 |
| AFRIPRUD | ₦2.74 | (0.00%) | 828 | 9M'14 | 35.47% | ₦4.27 | ₦0.40 | ₦4.10 |
| ZENITH | ₦17.25 | (8.10%) | 71,046 | 9M'14 | 5.60% | ₦30.98 | ₦2.26 | ₦27.40 |

Earnings Update

| Symbol | Period | Turnover (₦'m) | | | Profit (₦'m) | | | Corp. Action |
|------------------------|--------|----------------|----------|---------|--------------|----------|----------|--------------|
| | | Present | Previous | %change | Present | Previous | %Change | |
| ELLAHLAKES | Q1'14 | 12 | 15 | -15.61% | (4) | (2) | 60.71% | |
| FTNCOCOA | 9M'14 | 166 | 224 | -25.59% | (403) | (336) | 20.14% | |
| NIGERINSURE | 9M'14 | 8,285 | 10,443 | -20.66% | 365 | 794 | -53.97% | |
| CUTIX | H1'14 | 1,143 | 1,118 | 2.25% | 48 | 84 | -42.55% | |
| MULTI-TREX | FY'13 | 1,434 | 3,264 | -56.05% | -3,019 | -1,247 | 142.02% | |
| NIGERIANENAM | FY'14 | 2,569 | 2,516 | 2.13% | 86 | 73 | 16.47% | |
| HONYFLOUR | H1'14 | 26,871 | 27,858 | -3.54% | 1,095 | 1,005 | 8.96% | |
| DANGFLOUR | 9M'14 | 41,268 | 29,960 | 37.74 | (6,112) | (7,217) | 15.31% | |
| MRS | 9M'14 | 69,243 | 69,713 | -0.67% | 346 | 55 | 528.84% | |
| OANDO | 9M'14 | 338,105 | 386,251 | -12.46% | 10,698 | 6,092 | 75.61% | |
| OKOMUOIL | 9M'14 | 6,899 | 6,787 | 1.65% | 2,077 | 1,612 | 28.85% | |
| ACADEMY | H1'14 | 1,158 | 1,084 | 6.84% | (32) | 80 | -140.77% | |
| C&I LEASING | H1'14 | 6,343 | 6,112 | 3.78 | 369 | 174 | 110.96% | |

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