



Inflation: According to the National Bureau of Statistics (NBS), CPI which measures inflation rate rose marginally by 10bps to 7.9% in April from 7.8% recorded in the preceding month. The hike was attributed mostly to higher food prices. Being a pre-election year, we anticipate continued upside pressure over the coming months on increased election related spending. With this in mind, our average inflation forecast for the year ranges between 9.00-9.50%. Nigeria's inflation rate has remained at single digit levels for the 16th consecutive month on CBN's tight monetary policy stance.

Reserve Movement: Nigeria's external reserves witnessed a slight decline of \$113.38million to \$37.52million as at the close of the week, representing a 0.30% fall from its previous week's close at \$37.63million. When compared to its close of \$43.61billion as at December 31st 2013, reserves have declined by 13.96%. The nation's reserves remain vulnerable to global shocks which has had a negative impact on the foreign exchange market.

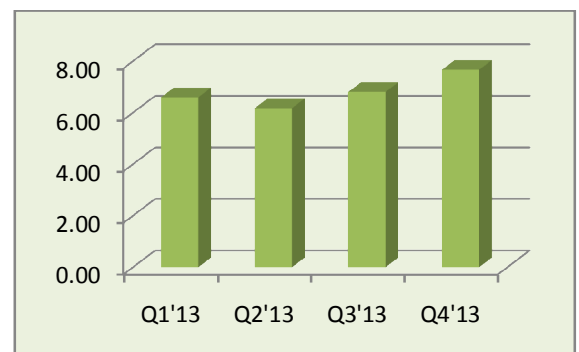
Exchange Rate: The local currency weakened against the dollar by 0.71% to close the week at 162.40 from 161.25 as at May 9, 2014. The CBN has reiterated its commitment in defending the naira by drawing down on reserves whilst making concerted efforts at bridging the gap between the official and parallel market rates.

MPC Meeting: We anticipate a hike in CRR on public sector deposits to 100% in the forth coming MPC meeting which is slated for the 20th and 21st of this month. In our view, the aggressive monetary tightening should be sustained to rein in inflationary pressures and stabilize the local currency. The hike in private sector CRR to 15% during the last MPC meeting was rather conservative and had very little overall impact on the financial market.

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 now 75%.
- CRR on Private Sector Deposits now 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 1 month rate which declined.

FIXED INCOME REPORT

- **Local Currency**

Interbank open buy back (OBB) and over night (O/N) rates opened at 10.25% and 10.50% but inched up to close at 10.58 and 10.75 respectively owing to FX sales at the RDAS auction, monetary tightening by the apex bank as well as FGN bond sales.

- **Bond/Treasury Bills**

At the monthly FGN bond auction, the growing appetite for FGN debt instrument by both foreign portfolio investors as well as local institutional investors surged the total subscription to ₦239.03billion as against ₦183.07billion 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 issued and sold at marginal rates of 11.999% and 12.5499% against 13.149% and 13.1% at the previous auction..

At the open market operation window, ₦50billion worth of 119days was offered while ₦200.56billion was sold at a discount rate of 10.98%.

OUTLOOK

In the week ahead, the market liquidity is expected to increase as a result of FAAC allocation for the month of April as well as redemption of Treasury Bills and OMO bills worth ₦351.82billion. However the Apex bank is expected to issue 91,182 and 364days Treasury bills worth 131.33billion.

Monetary Policy Committee is scheduled to meet on the 20th and 21st.

Interbank rates:

Tenor	16/05/2014	09/05/2014	Week Change
O/N	10.69%	10.50%	0.16%
1 month	12.16%	12.25%	(0.09%)
3 months	13.10%	13.00%	0.10%
6 months	14.25%	14.01%	0.24%

AUCTION RESULTS FOR THE WEEK

- OMO Auction

Amount on Offer	N50.00bn
Tenor	119-day
Total Subscription	N274,432,858,000.00
Maturity date	11/09/2014
Range of Bids	10.5000-11.0000 percent
Stop Rate	10.9800 per cent
Total Sale	N200,559.473.000.00

- FGN Bond Primary Auction

	13.05% FGN AUG 2016	14.20% FGN MAR 2024
Auction Date	May 14, 2014	May 14, 2014
Settlement Date	May 16, 2014	May 16, 2014
Maturity Dates	August 16, 2016	March 14, 2024
Tenors	3-Year	10-Year
Term-To-Maturity	2 Years, 3 Months	9 Years, 10 Months
Amount Offered	N35.00 billion	N35.00 billion
Total Bids	114	98
Successful Bids	17	39
Subscription	N141.04 billion	N97.99 billion
Amount Allotted	N35.00 billion	N35.00 billion
Range of Bids	10.0000% – 13.98380%	10.0000% - 14.2000%
Marginal Rates	11.9990%	12.5499%

The Equities Market

The Nigerian bourse reversed northwards after three consecutive weeks of losses. The benchmark indicator appreciated by 1.20% to settle at 39,018.34 in contrast to a loss of 0.06% recorded last week. Accordingly, market capitalisation firmed up N152.88billion to close at N12.85trillion.

Market turnover for the week declined 2.55%; a total of N19.80billion was invested on 1.65billion shares which exchanged hands in 24,509 deals as against 1.70billion shares worth N17.42billion traded the previous week.

The financial services sector accounted for 72.04% of market turnover for the week, boosted by activity in the shares of Fidelity, Access and GTBank Plc.

All the sector indices posted positive return for the week. The NSE-CON.GOODS index was up 3.59% on gains from Nestle, National Salt Co. and Unilever Plc; the NSE-BANKING index improved by 1.67% on positive postures in the shares of Fidelity, Access and UBA Plc, the NSE-INSURANCE index rose 0.45% while the NSE-IND.GOODS index and the NSE-OIL&GAS index appreciated by 0.53% and 0.27% respectively.

In all, market breadth closed negative for the week with 25 equities advancing and 34 declining.

FCMB led gainers by 16.21%, CUTIX 11.67%, NB 9.42%, IKEJAHOTEL 8.62% and FIDSON 8.47%.

In contrast, UAC-PROP was the worst hit shedding 21.78%, CUSTODYINS 12.97%, MOBIL 12.37%, COURTVILLE 11.27% and LIVESTOCK 9.79%.

Year-to-date return now stands at -5.59%.

Weekly Statistics

	16/05/2014	9/05/2014	Change
ASI	39,018.34	38,554.19	1.20%
CAP	N12.85Tn	N12.69Tn	N152.88Bn
VOLUME	1.65Bn	1.70Bn	(2.55%)
VALUE	N19.80Bn	N17.42Bn	13.68%
DEALS	24,509	22,096	10.92%

Top Gainers

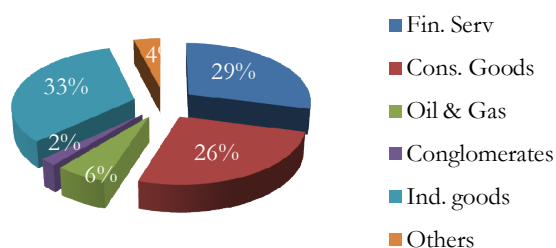
Symbol	Open	Close	return
FCMB	N3.70	N4.30	16.21%
CUTIX	N1.80	N2.01	11.67%
NB	N149	N163.05	9.42%
IKEJAHOTEL	N0.58	N0.63	8.62%
FIDSON	N2.36	N2.56	8.47%
TRANSEXPR	N2.13	N2.31	8.45%
AIRSERVICE	N2.24	N2.42	8.04%
FIDELITYBK	N1.90	N2.05	7.89%
ETI	N13	N14	7.69%
MAYBAKER	N1.70	N1.82	7.06%

Top Losers

Symbol	Open	Close	return
UAC-PROP	N23	N17.99	(21.78%)
CUSTODYINS	N2.93	N2.55	(12.97%)
MOBIL	N135.87	N119.06	(12.37%)
COURTVILLE	N0.71	N0.63	(11.27%)
LIVESTOCK	N3.47	N3.13	(9.79%)
RTBRISCOE	N1.19	N1.08	(9.24%)
ROYALEX	N0.62	N0.57	(8.06%)
SEPLAT	N682.33	N640	(6.20%)
SKYEBANK	N3.66	N3.46	(5.46%)
PRESTIGE	N0.58	N0.55	(5.17%)

	16/05/2014	09/05/2014	Change
NSE-30	1,772.05	1,737.42	1.99%
NSE-Banking	404.71	398.03	1.67%
NSE-Insurance	142.61	141.84	0.54%
NSE-Consumer goods	989.56	955.25	3.59%
NSE-Oil&Gas	323.85	322.97	0.27%
NSE-Industrial goods	2,520.30	2,506.94	0.53%

Market cap by sectors



Global Markets

Market	Open	Close	week rtn
DJIA	16,583.34	16,446.81	-0.82%
FTSE	6,814.57	6,829.99	0.23%
NIKKEI	14,149.52	14,096.59	-0.37%
S.AFRICA	48,852.45	49,202.60	0.72%
BRAZIL	53,100.34	54,255.17	2.17%
INDIA	7,203	6,858.80	-4.78%

TOP TEN BUY RECOMMENDATION

SYMBOL	CLOSE	WK RTN	PAT (N'm)	PERIOD	CHANGE	TARGET PRICE	EPS	52wk high
ACCESS	N9.55	5.18%	11,626	Q1'14	25.02%	N11.65	0.51	N11.79
DIAMOND	N6.52	(0.15%)	8,446	Q1'14	34.30%	N10.85	0.58	N7.95
AFRIPRUD	N3.25	4.84%	213	Q1'14	22.04%	N/A	0.11	N4.10
CUSTODYIN	N2.55	(12.99%)	1,120	Q1'14	90.63%	N3.77	0.19	N2.93
DANGSUGAR	N9.21	0.11%	3,758	Q1'14	8.83%	N12.58	0.31	N12.85
UACPROP	N17.99	(21.78%)	429	Q1'14	9.99%	N21.40	0.31	N26.00
ZENITH	N22.95	1.41%	23,677	Q'14	1.15%	N30.98	0.75	N27.40
UACN	N56.00	0.00%	1,970	Q1'14	48.68%	N/A	1.03	N71.20
CCNN	N9.30	0.00%	699	Q1'14	85.61%	N/A	0.56	N12.80

Earnings Update

Symbol	Period	Turnover (N'm)			Profit (N'm)			Corp. Action
		Present	Previous	%change	Present	Previous	%Change	
Dang sugar	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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