



EQUITY REPORT

NOVEMBER, 2015

1st December 2015

Monthly Market Wrap*

Gbolahan Taiwo

Gbolahan.taiwo@stanbicibt.com

Market Summary

Indicator	2014: End	30-Nov	30-Oct	Month-on-month (%)	Year-to-date (%)
NSE ASI INDEX	34,657.15	27,385.69	29,190.54	-6.18%	-20.98%
Market Cap (N'bn)	11,477.66	9,415.81	10,032.18	-6.14%	-17.96%
Volume traded (mn)	233.81	319.72	205.53	55.56%	36.74%
Value traded (N'mn)	4,228.75	3,010.64	3,377.01	-10.85%	-28.81%

- The NSE Index dropped **6.18%** in November; recorded a **-20.98%** year-to-date performance.
- The Nigerian bourse remained fairly unloved in November as bearish sentiments yet persisted. In fact, the NSE index remained consistently below the 30,000 points psychological resistance level all through the month and as such dropped to a three-year low on 30th November, 2015.
- The NSE banking index was the worst performer amongst the 12 sub-indices on the bourse in November. The index dipped **9.51%** in the period. (See figure 1). Ecobank (ETI) led the losers chart in that space with **17.50%** price depreciation below its October close. Skye and Guaranty Trust bank followed, as their respective share prices dropped by **15.6%** and **13.4%** over the same period. (See table 1).
- Investor sentiments in the oil and gas were largely dampened as oil prices remained around sub \$45 per barrel levels for most of the period. The NSE oil and gas index was down by **7.93%** in November; making it the second worst performing sub-index during the period. (See figure 2). Mobil Nigeria was the largest loser in that space with an **18.2%** drop in price. Forte oil came in at a distant second, with a **9.7%** drop in its share price. No oil and gas stock experienced a month-on-month price appreciation (See table 1).
- The Consumer goods index declined by **7.07%** in November. Tiger branded Consumer goods Plc. (formerly Dangote Flour) was unavoidably the biggest laggard; dropping **39.6%** of its share price after the South African parent withdrew funding from the Nigerian outfit (See table 1).

ECONOMIC CALENDAR		
DATE	DOMESTIC MARKET	CURRENT
DECEMBER	November Inflation figures	9.30%
	November Federal Allocation	N473.8billion
	GLOBAL MARKET	
1st December	Euro-Zone Unemployment rate	10.80%
4th December	US Unemployment Rate	5.00%
8th December	Euro-zone GDP Growth Rate 2nd Est. (Q/Q and Y/Y)	0.4% and 1.5%
9th December	China Inflation Rate (Year-on-Year)	1.30%
10th December	Bank of England Interest Rate Decision	0.50%
16th December	US Federal Reserve Interest Rate Decision	0.25%
18th December	Bank of Japan Interest Rate Decision	0.00%

Domestic and Global Update

- President Buhari finally inaugurates his ministers; remains Minister for Petroleum while Ibe Kachukwu is minister of State for Petroleum. Babatunde Fashola (Power, works and housing), Kemi Adeosun (Finance), Rotimi Ameachi (Transportation), Senator Udoma U. Udoma (Budget and National Planning) and Okechukwu En-lamah (Industry, Trade and Investment)
- MTN Nigeria fined \$5.2 billion (N1.04 trillion) for failing to disconnect about 5.2million unregistered subscribers (N200,000 for each subscriber); the group CEO, Sifiso Dabengwa resigned.
- Barclays to cut Nigeria from its Emerging Markets local bond index by February 1, 2016; stating lack of liquidity and currency restrictions for the action.
- First bank, UBA and Skye bank all got fined by the Central bank of Nigeria, **N1.88billion**, **N2.8billion** and **N4billion** respectively for concealing Treasury Single account (TSA) funds. Guinness Nigeria Plc. also got fined **N1billion** by NAFDAC for violation of NAFDAC rules.
- The Central bank directed banks to increase their loan loss reserves to 2% from 1% previously.
- Headline Inflation declined to **9.30%** in October; Food and Core Inflation were **10.1%** and **8.70%** respectively.
- Nigeria’s distributable Revenue increased by about **N83.9billion** as the Federal government, States and Local governments shared **N473.8billion** in November (October allocation). Though oil revenues (N187.23billion-for October) were at its lowest since the current administration took office, non-oil revenue recorded significant improvement. Excess Crude account totalled **\$2.258billion** (unchanged from the previous month).
- Nigeria’s External Reserves stood at \$30.01 billion as at 27th November; down slightly from \$30.19billion in October. Oil price (according to the CBN website) stood at \$44.27 per barrel as at 30th November, 2015.
- Nigeria’s Monetary Policy Committee (MPC) employed some easing techniques at their last meeting of the year during the period in order to stimulate growth. The Monetary Policy rate (MPR) was reduced to 11% from 13% while the corridor around the benchmark rate was changed to asymmetric (previously symmetric) +2%/-7%. Furthermore, the cash reserve ratio (CRR) was further reduced by 500 basis points to 20%.
- The U.S. Bureau of economic analysis reported a revised US GDP estimate of 2.1% for the third quarter; up from 1.5% reported previously.
- Economic growth in the Euro-zone came in lower in the third quarter of 2015, at 0.3% from 0.4% recorded during the second quarter. Furthermore, concerned about inflation risks, the European Central bank (ECB) president, Mario Draghi said the central bank could consider further stimulus.
- Annual inflation rate in the China was printed at 1.3% in October; down from 1.6% recorded in September. China’s economic growth rate figure came in at 1.80% for the third quarter (same as the revised figure for the second quarter).
- Major African/Global Equity indices followed the upward trajectory during the month, led by Japan’s Nikkei 225 index which surged by **3.48%** (See table 2). While most global Equity indices seem poised to end the year with positive returns, African Equity indices, majorly Nigeria and Ghana do not seem likely to achieve such feat. Both indices (as at the end of November) have recorded **-20.98%** and **-12.67%** YTD returns respectively.
- Brent Crude prices oscillated during the month; closing at **\$44.61** per barrel; down from **\$49.56** per barrel recorded at the end of October.

OUTLOOK FOR DECEMBER 2015

The Nigerian bourse is set to record negative yearly returns for the second consecutive year in 2015. From **35.45%** positive returns in 2012 to **47.19%** positive returns in 2013, the tide seems to have turned for Nigerian Stock market. This is largely driven by a lot of factors; ranging from the tapering of the \$85 billion of the US asset purchase program at the beginning of last year to the crash in oil prices towards the twilight of the year 2014. Hence, sentiments towards Nigerian Equities have been largely dampened owing majorly to the broader challenging macro-economic environment. Investors are still waiting on a clearer policy direction from the current administration even after the ministers have been sworn in.

Going into the last month of the year (December), we do not expect any shift in the current bearish trend as sell-offs are expected to continue. However, some investors and portfolio managers could begin to see value in some tier 1 stocks that have experienced significant price depreciation in recent times. Furthermore, we expect end-of-year portfolio re-balancing from portfolio managers and that could really drive the index either way, depending on their strategies. Nevertheless, we expect bargain hunters to drive market activities in December as investors continue to cherry pick listed stocks on the Nigerian bourse. On the international scene, there are increased speculations that the US Federal Reserve is likely to raise interest rates at its December meeting.

Conclusively, we speculate the Nigerian All Share index would end the year around **-20%** levels in terms of annual return for the year 2015.

Table 1: Sectoral Stock Performance

Sector/Industry	Ticker	Close	1MO	YTD
Basic Materials		Naira	%	%
Specialty Chemicals				
Chem.& Allied products Plc.	CAP NL EQUITY	37.95	-0.1%	1.2%
Consumer goods				
7UP Plc.	7UP NL EQUITY	184.00	-6.1%	11.2%
Cadbury Plc.	CADBURY NL EQUITY	19.66	-2.4%	-50.9%
Champion Breweries Plc.	CHAMPION NL EQUITY	3.79	-12.9%	-45.7%
Tiger branded consumer goods	TIGERBRA NL EQUITY	1.54	-39.6%	-66.2%
Dangote Sugar Refinery	DANGSUGA NL EQUITY	6.00	-13.3%	-5.5%
Flourmill Nigeria Plc.	FLOURMILL NL EQUITY	20.00	-5.5%	-48.7%
Guinness Nigeria Plc.	GUINNESS NL EQUITY	121.00	-3.2%	-28.0%
Nigerian Breweries Plc	NB NL EQUITY	120.00	-12.3%	-27.4%
Nestle Nigeria Plc.	NESTLE NL EQUITY	810.01	-1.8%	-19.9%
Okomu Oil	OKOMUOIL NL EQUITY	26.90	-7.3%	6.1%
Presco Plc	PRESCO NL EQUITY	31.00	1.6%	26.5%
PZ Cussons Plc.	PZ NL EQUITY	25.46	6.1%	7.0%
Unilever Plc.	UNILEVER NL EQUITY	38.06	-1.6%	6.3%

Sector/Industry	Ticker	Close	1MO	YTD
Financials		Naira	%	%
Banks				
Access Bank Plc.	ACCESS NL EQUITY	4.95	7.6%	-25.0%
Diamond Bank Plc.	DIAMONDBNK NL EQUITY	2.29	-12.6%	-59.0%
ETI Bank	ETI NL EQUITY	15.35	-17.5%	-11.9%
Fidelity Bank Plc.	FIDELITY NL EQUITY	1.40	-1.4%	-13.6%
First Bank Holding Plc.	FBNH NL EQUITY	5.34	4.7%	-33.3%
First City Monument Bank Plc.	FCMB NL EQUITY	1.96	0.0%	-21.3%
Guaranty Trust Bank Plc.	GUARANTY NL EQUITY	20.00	-13.4%	-20.6%
Skye Bank Plc.	SKYEBANK NL EQUITY	1.68	-15.6%	-33.7%
Stanbic-IBTC Bank Plc.	STANBIC NL EQUITY	16.50	-12.7%	-38.6%
Sterling Bank Plc.	STERLNBANK NL EQUITY	1.99	-2.9%	-21.7%
UBA Bank Plc.	UBA NL EQUITY	3.80	8.6%	-11.6%
United Bank Nigeria Plc.	UBN NL EQUITY	5.80	0.0%	-31.8%
Wema Bank Plc.	WEMABANK NL EQUITY	0.96	-1.0%	0.0%
Zenith Bank Plc.	ZENITHBANK NL EQUITY	15.60	-11.4%	-15.3%
INSURANCE				
AllCO Insurance Plc.	AIICO NL EQUITY	0.90	5.9%	11.1%
Axa-Mansard Insurance Plc.	MANSARD NL EQUITY	2.70	1.9%	-15.6%
Wapic Insurance Plc.	WAPIC NL EQUITY	0.50	0.0%	-21.9%
Industrials				
Building Materials & Fixtures				
Ashaka Cement Plc.	ASHAKACEM NL EQUITY	23.01	0.0%	5.1%
Cement Co of North. Nig. Plc	CCNN NL EQUITY	7.41	-6.6%	-28.7%
Dangote Cement Plc.	DANGCEM NL EQUITY	157.01	-3.7%	-21.5%
Julius Berger Plc.	JBERGER NL EQUITY	37.44	-3.5%	-38.3%
Lafarge Africa Plc.	WAPCO NL EQUITY	89.03	-7.3%	10.6%

Sector/Industry	Ticker	Close	1MO	YTD
Oil and Gas		Naira	%	%
Integrated Oil & Gas				
Forte Oil Plc.	FO NL EQUITY	261.73	-9.7%	37.8%
Mobil Nigeria Plc.	MOBIL NL EQUITY	126.01	-18.2%	-20.2%
Oando Plc.	OANDO NL EQUITY	5.93	-1.3%	-63.2%
Seplat Petroleum Dev. Co. Plc.	SEPLAT NL EQUITY	217.00	-5.7%	-41.5%
Total Nigera Plc	TOTAL NL EQUITY	145.07	-3.3%	1.8%
Others				
Transcorp Hotels Plc.	TRANSCORP NL EQUITY	1.69	-6.6%	-48.0%
UAC Property Dev. Company Plc.	UACPROP NL EQUITY	6.05	-13.9%	-36.3%

NIGERIAN STOCK EXCHANGE (NSE) SUB-INDEXES PERFORMANCE

Figure 1: NSE BANKING

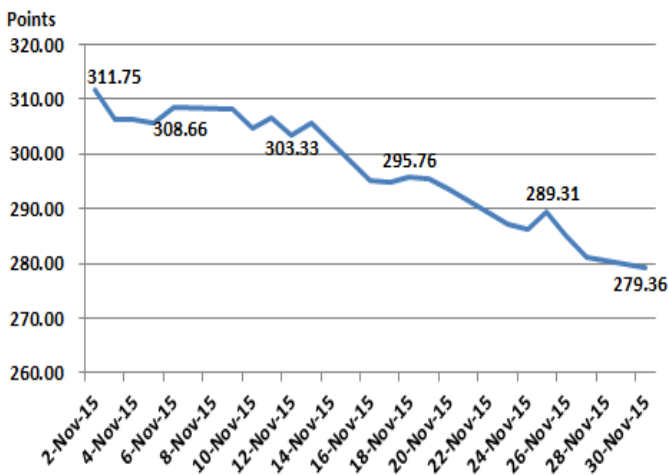


Figure 2: NSE OIL AND GAS

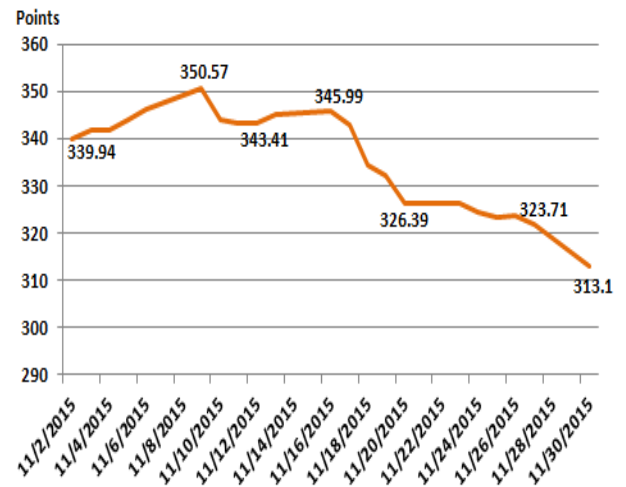


Figure 3: NSE CONSUMER GOODS

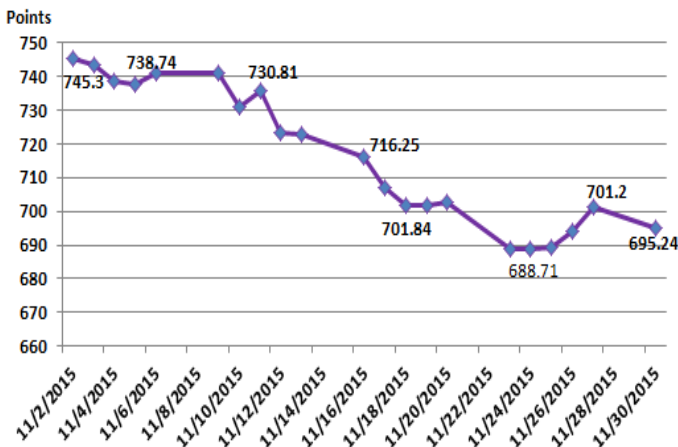
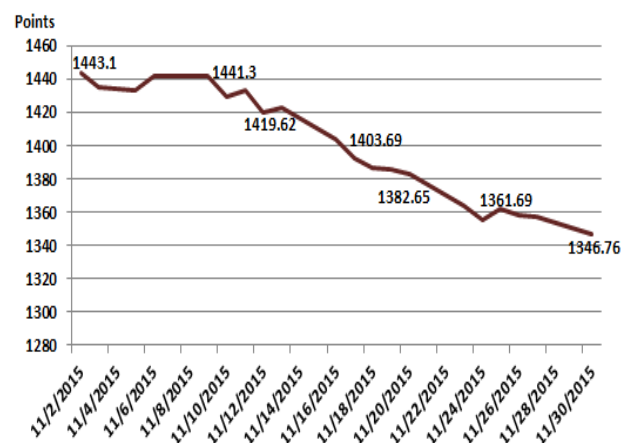


Figure 4: NSE 50



*Sources– Nigerian Stock Exchange (NSE), Bloomberg, Stanbic IBTC Stockbrokers

NSE INDEX Vs SELECT AFRICAN/GLOBAL INDICES

Figure 5: NSE INDEX Vs JSE INDEX

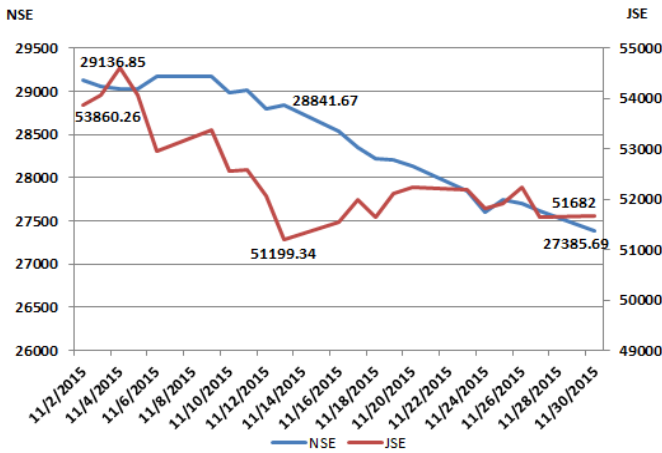


Figure 6: NSE INDEX Vs GHANA (GSE)

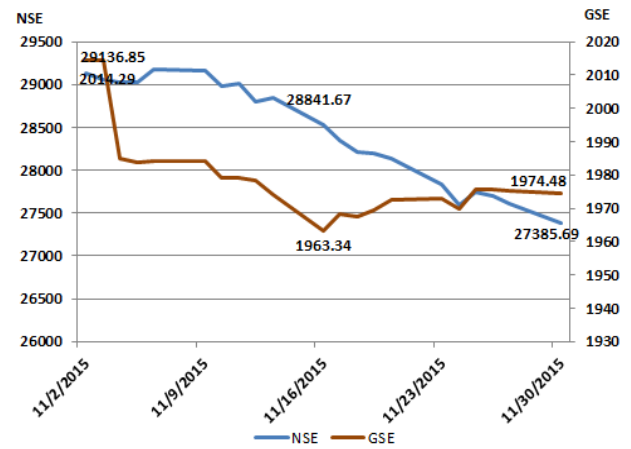


Table 2:

INDICES	2014:CLOSE	30-Nov	30-Oct	Month-on-month change (%)	Year-to-date change (%)
DOW JONES (US)	17,383.07	17,719.92	17,663.54	↑ 0.32%	↑ 1.94%
S&P 500 (US)	2,058.90	2,080.41	2,079.36	↑ 0.05%	↑ 1.04%
NASDAQ (US)	4,736.05	5,108.67	5,053.75	↑ 1.09%	↑ 7.87%
FTSE 100 (UK)	6,566.09	6,356.09	6,361.09	↓ -0.08%	↓ -3.20%
CAC 40 (FRANCE)	4,272.75	4,957.60	4,897.66	↑ 1.22%	↑ 16.03%
NIKKEI 225 (JAPAN)	17,450.77	19,747.47	19,083.10	↑ 3.48%	↑ 13.16%
SHANGHAI COMP (CHINA)	3,234.68	3,445.41	3,382.56	↑ 1.86%	↑ 6.51%
JSE (SOUTH AFRICA)	49,770.60	51,682.00	53,793.74	↓ -3.93%	↑ 3.84%
GSE (GHANA)	2,261.02	1,974.48	2,012.29	↓ -1.88%	↓ -12.67%

Figure 7: NSE INDEX Vs OIL PRICE

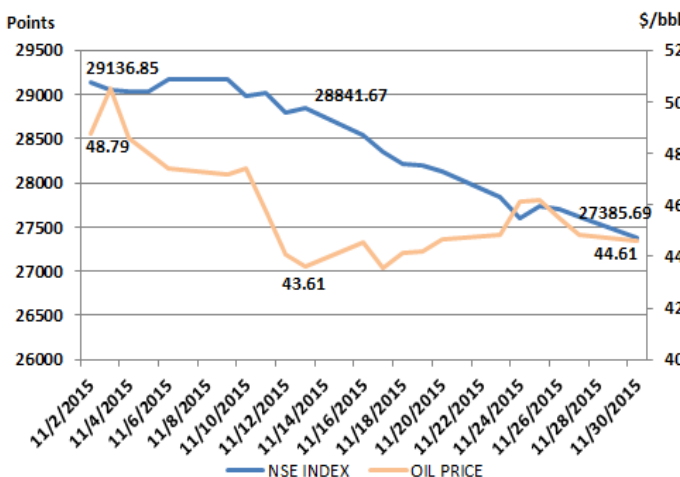
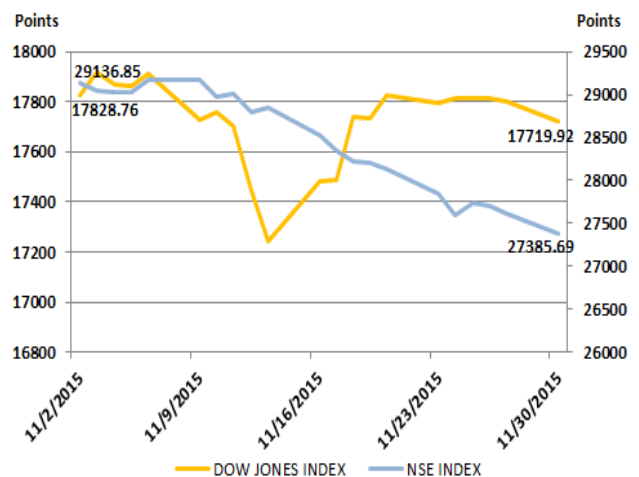


Figure 8: NSE INDEX Vs DOW JONES



*Sources– Nigerian Stock Exchange (NSE), Bloomberg, Stanbic IBTC Stockbrokers

DISCLAIMER

***NOT INVESTMENT RESEARCH**

The material in this document has been prepared by individual sales and/or trading personnel employed by Stanbic IBTC Stockbrokers and not by the Equities Research department of SBGS. It is not an investment research or a research recommendation nor should it be regarded as such. The information provided is by no means intended to provide a sufficient basis on which to make an investment decision. It is intended only to provide observations and views of the said individual sales and/or trading personnel, which may be different from, or inconsistent with, the observations and views of Stanbic IBTC Stockbrokers. Observations and views of the said salesperson or trader may change at any time without notice. Information and opinions presented in this material have been obtained or derived from sources believed by Stanbic IBTC Stockbrokers to be reliable, but Stanbic IBTC Stockbrokers make no representation as to their accuracy or completeness thereof. Stanbic IBTC Stockbrokers accept no liability whatsoever and howsoever incurred, or suffered, resulting, or arising, from the use of information contained in this document.

The information and opinions stated in this document are of a general nature, have been prepared solely for information purposes and do not constitute any advice or recommendation to conclude any transaction or enter into any trade or agreement. It is strongly recommended that every recipient seek appropriate professional advice before acting on any information contained herein as the information and opinions expressed herein do not take account of each individual's financial situation, personal and investment objectives. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or representations. All information contained herein is subject to change after publication at any time without notice. The past performance of any investment product is not an indication of future performance.

These views, unless expressed to the contrary, are the opinion of a trader or sales person only and necessarily do not reflect the official views of Stanbic IBTC Stockbrokers, nor should these views be considered as investment advice. This is not a Research Report under SEC rules or Investment Research as defined by FCA rules as it has not been prepared in accordance with legal requirements to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.