



# EQUITY MARKET REPORT

2nd March, 2016

Monthly Market Wrap\*

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## Market Summary

Indicator	2015: End	29-Feb	29-Jan	Month-on-month (%)	Year-to-date (%)
<b>NSE ASI INDEX</b>	28,642.25	24,570.73	23,916.15	2.74%	-14.22%
<b>Market Cap (N'bn)</b>	9,850.61	8,450.33	8,225.21	2.74%	-14.22%
<b>Volume traded (mn)</b>	252.16	467.11	241.37	93.52%	85.24%
<b>Value traded (N'mn)</b>	3,854.74	1,489.17	2,002.53	-25.64%	-61.37%

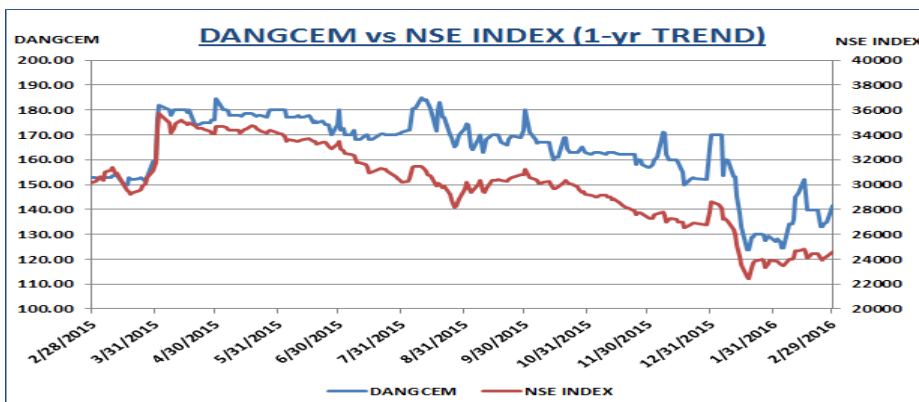
The Nigerian bourse remained slightly volatile in February in the absence of any clear market driver. Market activities were quite mellow during the period as investors were seen to cherry pick stocks at attractive levels. Otherwise, most investors remained on the sidelines amid continued bearish growth outlook in Africa's largest economy.

**Oil and gas Segment** -Despite relatively low oil prices, the NSE oil and gas index was the best performer amongst the sub-indices on the Nigerian bourse. The index grew **19.76%** in the period. (See figure 2). Seplat Plc largely drove the gains recorded in that segment; up **79.7%** (month-on-month) (See table 1).

**The banking segment** was about the most traded segment during the period owing to high liquidity prevalent in that space. The NSE banking index declined by **3.75%** in February (See figure 1). Diamond bank (**-22.9%**) and FCMB Plc (**-22.4%**) drove losses recorded in that space (See table 1). It is also worthy of note that FBNH issued a profit warning during the period, stating that Earnings in 2015 is expected to be materially lower than the previous year.

**Consumer goods** - In the Consumer goods space, Unilever Plc (**-17.7%**) and Dangote Sugar Plc (**-13.6%**) topped the laggards table in the month of February (See table 1). The NSE Consumer goods index declined by **2.70%** during the same period.

**Industrials** -Dangote Cement drove gains in the Industrial segment; up **10%** (month-on-month).



Notice the similarity in the trend of Dangote Cement stock price and NSE index. Dangote cement accounts for about 29% (market capitalization) of the Nigerian bourse.

\*Sources– Nigerian Stock Exchange (NSE), Stanbic IBTC Stockbrokers, Trading Economics

## Domestic and Global Update

### Domestic

- Nigeria’s Headline Inflation remained flat at **9.60%** in January as data from the National Bureau of Statistics showed. Likewise, food inflation remained steady at 10.6% while Core inflation inched up slightly to 8.8% (8.7% previously).
- Nigeria’s distributable Revenue declined by about **N17.4billion** as the Federal , States and Local governments shared **N370.4billion** in February,2016. Statutory revenue for the month totalled N290.9 billion. NNPC refunded N6.3billion to the federation account during the same period. Excess Crude account totalled **\$2.258billion** (unchanged since July, 2015).
- Nigeria’s External Reserves stood at **\$27.82 billion** as at 29th February, 2016; down slightly from \$28.16billion in January, 2016. Oil price (according to the CBN website) stood at **\$32.89** per barrel as at 29th February, 2016.

### Global

- The US Bureau of Economic Analysis released a revised GDP growth rate figure for the last quarter of 2015. The number came in at 1%; higher than the preliminary figure of 0.7%. Inflation figures in the US for January, 2016 also printed higher at 1.4% (year-on-year). Consumer prices accelerated for the fourth straight month, reaching its highest level in about 15 months.
- The European Central bank has said it is ready to ease monetary policy at its March meeting if the financial market turmoil and falling oil prices continue to weigh on inflation expectations. Inflation in Euro Area turned negative for the first time in five months (-0.2% in February). Growth rate in the Euro Area came in at 0.3% in the 4th quarter of 2015.
- The Peoples bank of China (PBOC) has began conducting Open Market Operations on a daily basis in a bid to improve the effectiveness of the operations. China’s Central Bank usually conducted the open market operations twice a week prior to now. In February, the PBOC injected CNY 100 billion (\$ 15.2 billion) into the financial system via reverse repos.
- Major Global Equity indices continued on the downward path in February, 2016 with the exception of the Dow Jones, FTSE 100 and JSE (See table 2). China’s Shanghai Composite index continues to be the worst performer amongst our selected global indices (year-to-date). The index has dipped by **24.05%** this year amid persistent easing techniques engaged by the Peoples Bank of China during the period. Japan’s Nikkei 225 was however the worst performer in February; dipping by **8.51%**.
- Brent Crude prices continued to exhibit its recent volatile trend during the review period. Prices dropped as low as \$30.06 per barrel at some point during the month. Russia and Saudi Arabia came to an agreement during the period to freeze output at January levels. Nevertheless, the decision was not enough to support oil prices over an extended period of time as January levels are still deemed relatively high. The oil price closed at **\$35.97**per barrel; from \$34.74 per barrel in January, 2015.

## Earnings Update

COMPANY/ RESULTS		FY: 2015	FY: 2014	% change	Corporate Actions
		N'million	N'miillion		
<b>NIGERIAN BREWERIES PLC</b>	Revenue	293,906.00	266,372.00	<b>10.34%</b>	Proposed dividend of N3.60k per share.
	Profit before Tax	54,515.00	61,461.00	<b>-11.30%</b>	
	Profit After Tax	38,056.00	42,520.00	<b>-10.50%</b>	
	Net Assets	172,322.00	171,964.00	<b>0.21%</b>	

## OUTLOOK FOR MARCH, 2016

While the Nigerian bourse might have been seen to improve in the month of February (as the All Share index surged 2.74%), we maintain that the market is still largely dominated with bearish sentiments given that the country's macro-economic fundamentals remain unchanged. The uptrend in the index was majorly driven by some buying interest in highly capitalized stocks like Dangote cement Plc and Seplat Plc. Foreign investors were seen to remain largely on the sell side of most of trades executed during the period, while others were on the sidelines.

Going into March, we expected more listed companies to release their full-year 2015 financials and this should spur market activities during the period. On the foreign exchange front, speculations around developing a tier 2 market (where the exchange rate will be somewhat flexible) could be positive for the market if the initiative sees the light of the day. We believe this could attract more foreign investors into the market. However, the downside to this is that foreign outflows could also intensify.

Conclusively, we expect market activities to pick up slightly in March as the Earnings season gets into full swing.

## Table 1: Sectoral Stock Performance

Sector/Industry	Ticker	Rec	Close	1MONTH CHANGE	YEAR-TO DATE
<b>Basic Materials</b>			Naira	%	%
<b>Specialty Chemicals</b>					
Chem.& products Plc.	Allied CAP NL EQUITY	BUY	35.78	-3.8%	-4.8%
<b>Consumer goods</b>					
7UP Plc.	7UP NL EQUITY		170.00	-13.3%	-6.6%
Cadbury Plc.	CADBURY NL EQUITY		17.20	-9.5%	0.3%
Champion Breweries Plc.	CHAMPION NL EQUITY		2.83	-7.8%	-16.0%
Tiger branded consumer goods	TIGERBRA NL EQUITY		1.38	10.4%	22.1%

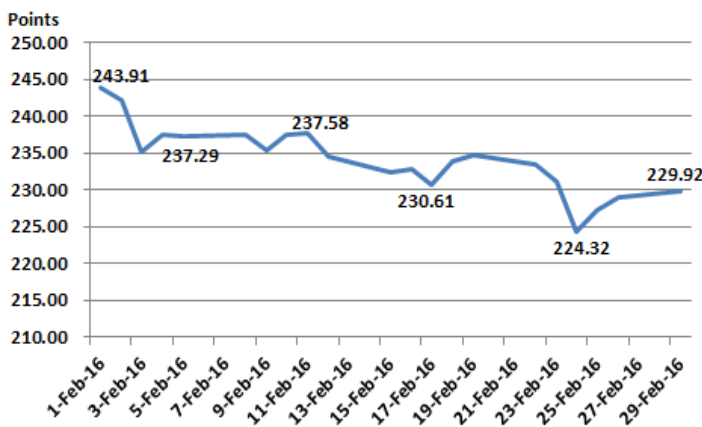
Sector/Industry	Ticker	Rec	Close	1-MONTH CHANGE	YEAR-TODATE
Consumer goods			Naira	%	%
Dangote Sugar Refinery	DANGSUGA NL EQUITY		5.23	-13.6%	-13.3%
Flourmill Plc.	Nigeria FLOURMILL NL EQUITY		17.43	-4.5%	-16.2%
Guinness Plc.	Nigeria GUINNESS NL EQUITY		113.00	-2.2%	-6.1%
Nigerian Breweries Plc	NB NL EQUITY		101.00	1.0%	-25.7%
Nestle Nigeria Plc.	NESTLE NL EQUITY		715.00	-3.4%	-16.9%
Okomu Oil	OKOMUOIL NL EQUITY	SELL	30.00	-1.6%	-1.0%
Presco Plc	PRESKO NL EQUITY	HOLD	34.25	3.0%	3.8%
PZ Cussons Plc.	PZ NL EQUITY	SELL	21.90	4.3%	-14.8%
Unilever Plc.	UNILEVER NL EQUITY	SELL	29.00	-17.7%	-32.9%
<b>Financials</b>					
<b>Banks</b>					
Access Bank Plc.	ACCESS NL EQUITY	BUY	4.05	-2.4%	-16.5%
Diamond Bank Plc.	DIA-MONDBNK NL EQUITY	BUY	1.38	-22.9%	-40.0%
ETI Bank	ETI NL EQUITY		16.75	13.5%	-0.3%
Fidelity Bank Plc.	FIDELITY NL EQUITY	HOLD	1.10	-19.1%	-26.7%
First Bank Holding Plc.	FBNH NL EQUITY	SELL	3.89	-1.0%	-24.2%
First City Monument Bank Plc.	FCMB NL EQUITY	BUY	0.76	-22.4%	-55.0%
Guaranty Bank Plc.	Trust GUARANTY NL EQUITY	BUY	16.00	-4.7%	-12.0%
Skye Bank Plc.	SKYEBANK NL EQUITY	SELL	0.96	-17.2%	-39.2%
Stanbic-IBTC Bank Plc.	STANBIC NL EQUITY		14.25	4.8%	-13.8%
Sterling Bank Plc.	STERLN-BANK NL EQUITY		1.76	3.5%	-3.8%
UBA Bank Plc.	UBA NL EQUITY	BUY	2.88	-0.3%	-14.8%
United Bank Nigeria Plc.	UBN NL EQUITY		5.30	-3.5%	-23.2%
Wema Bank Plc.	WEMABANK NL EQUITY		0.89	-12.7%	-11.0%
Zenith Bank Plc.	ZENITHBANK NL EQUITY	BUY	11.07	-12.2%	-21.2%

Sector/Industry	Ticker	Rec	Close Naira	1-MONTH CHANGE %	YEAR-TO- DATE %
<b>Insurance</b>					
	AIICO Insurance Plc. AIICO EQUITY NL		0.80	-7.0%	-12.1%
	Axa-Mansard Insurance Plc. In- MANSARD NL EQUITY		1.87	-16.5%	-30.5%
	Wapic Insurance Plc. WAPIC EQUITY NL		0.50	0.0%	0.0%
<b>Industrials</b>					
<b>Building Materials &amp; Fixtures</b>					
	Ashaka Cement Plc. ASHAKACE M NL EQUITY	HOLD	24.00	-3.2%	-4.0%
	Cement Co of North. Nig. Plc. of CCNN EQUITY NL	BUY	8.55	-10.9%	-8.6%
	Dangote Cement Plc. DANGCEM NL EQUITY	HOLD	141.75	10.0%	-16.6%
	Julius Berger Plc. JBERGER NL EQUITY		41.50	-4.6%	-1.2%
	Lafarge Africa Plc. WAPCO EQUITY NL	HOLD	84.52	5.7%	-12.7%
<b>Oil and Gas</b>					
<b>Integrated Oil &amp; Gas</b>					
	Forte Oil Plc. FO NL EQUITY		342.00	14.8%	3.6%
	Mobil Nigeria Plc. MOBIL EQUITY NL	SELL	156.97	11.7%	-1.9%
	Oando Plc. OANDO EQUITY NL	SELL	2.97	-25.8%	-49.7%
	Seplat Petroleum Dev. Co. Plc. SEPLAT EQUITY NL		349.00	79.7%	71.9%
	Total Nigera Plc. TOTAL EQUITY NL	HOLD	145.00	-3.3%	-1.4%
<b>Others</b>					
	Transcorp Hotels Plc. TRANSCORP NL EQUITY		1.10	-10.6%	-27.6%
	UAC Property Dev. Company Plc. UACPROP NL EQUITY		5.10	-1.9%	-16.3%

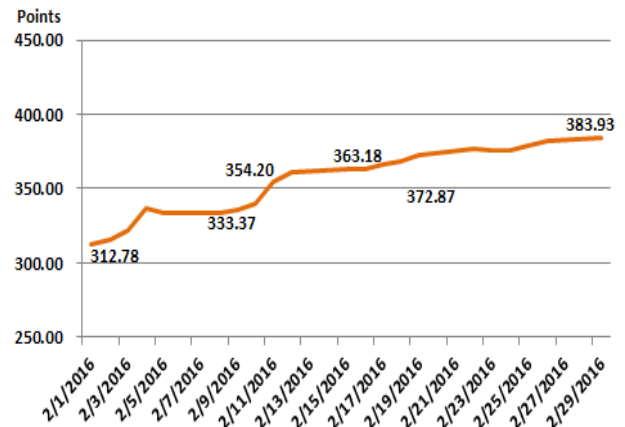
ECONOMIC CALENDAR		
DATE	DOMESTIC MARKET	CURRENT
<b>MARCH,2016</b>	February Inflation figures	9.60%
	Q4/ 2015 Gross Domestic Product (GDP) Figures	2.84%
	Stanbic IBTC bank Purchasing Managers Index (PMI)	51.3
	Nigeria Monetary Policy Rate Decision	11%
	Federal Allocation	N370.4billion
GLOBAL MARKET		
<b>4th March</b>	US Unemployment Rate	4.90%
<b>8th March</b>	Euro-Zone GDP Growth Rate (Year-on-Year)	1.60%
<b>16th March</b>	UK Unemployment Rate	5.10%
<b>16th March</b>	US Federal Reserve Interest Rate Decision	0.50%
<b>17th March</b>	South Africa Interest Rate Decision	6.75%
<b>17th March</b>	Bank of England Interest Rate Decision	0.50%

**NIGERIAN STOCK EXCHANGE (NSE) SUB-INDEXES PERFORMANCE**

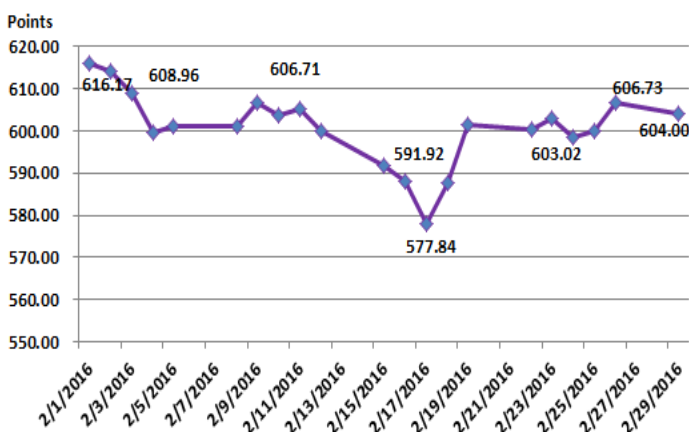
**Figure 1: NSE BANKING**



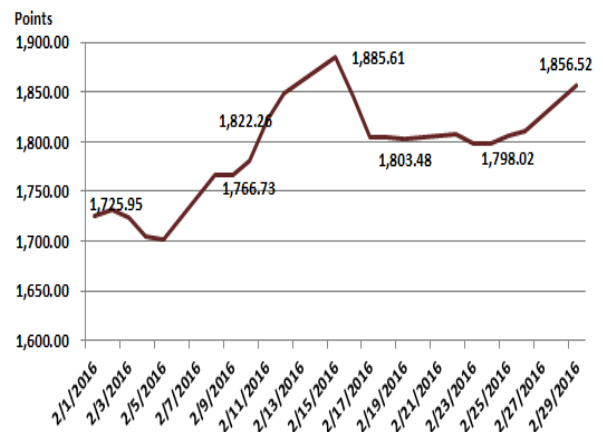
**Figure 2: NSE OIL AND GAS**



**Figure 3: NSE CONSUMER GOODS**



**Figure 4: NSE INDUSTRIAL**

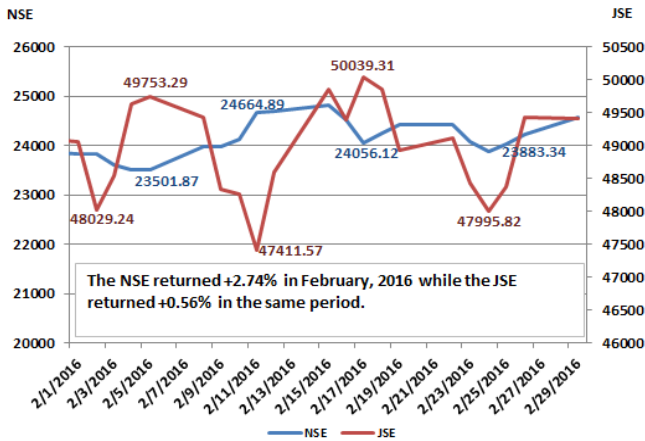


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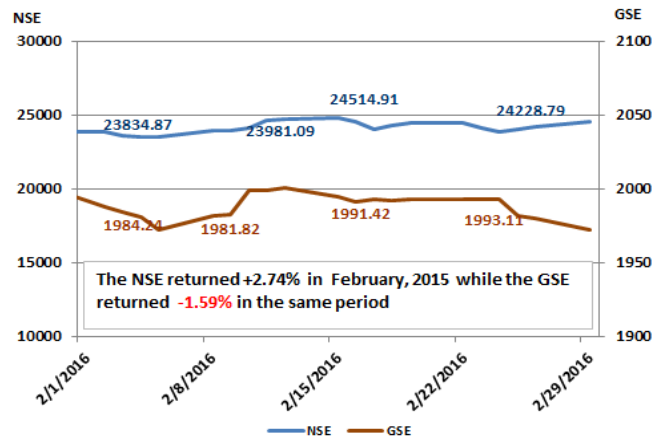


**NSE INDEX Vs SELECT AFRICAN/GLOBAL INDICES**

**Figure 5: NSE INDEX Vs JSE INDEX**



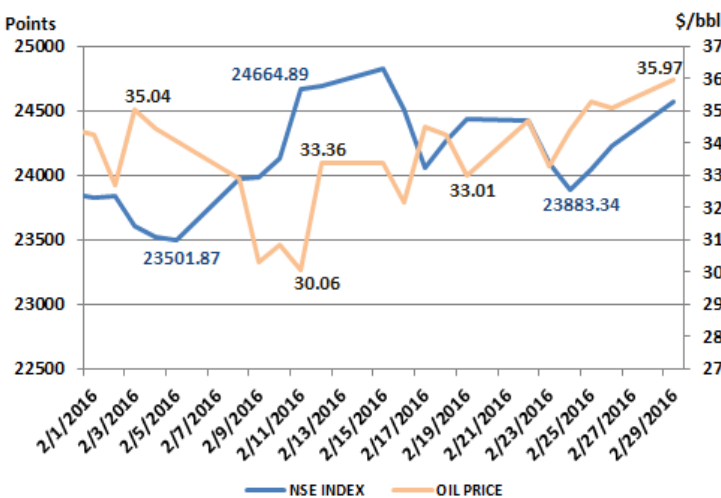
**Figure 6: NSE INDEX Vs GHANA (GSE)**



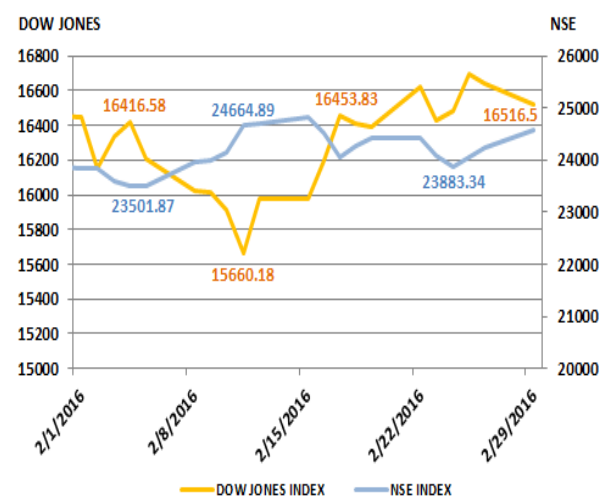
**Table 2:**

INDICES	2015:CLOSE	29-Feb	29-Jan	Month-on-month change (%)	Year-to-date change (%)
DOW JONES (US)	17,425.03	16,516.50	16,466.30	↑ 0.30%	↓ -5.21%
S&P 500 (US)	2,043.94	1,932.23	1,940.24	↓ -0.41%	↓ -5.47%
NASDAQ (US)	5,007.41	4,557.95	4,613.95	↓ -1.21%	↓ -8.98%
FTSE 100 (UK)	6,242.32	6,097.09	6,083.97	↑ 0.22%	↓ -2.33%
CAC 40 (FRANCE)	4,637.06	4,353.55	4,417.02	↓ -1.44%	↓ -6.11%
NIKKEI 225 (JAPAN)	19,033.71	16,026.76	17,518.30	↓ -8.51%	↓ -15.80%
SHANGHAI COMP (CHINA)	3,539.18	2,687.98	2,737.60	↓ -1.81%	↓ -24.05%
JSE (SOUTH AFRICA)	50,693.76	49,415.31	49,141.94	↑ 0.56%	↓ -2.52%
GSE (GHANA)	1,994.91	1,972.18	2,004.12	↓ -1.59%	↓ -1.14%

**Figure 7: NSE INDEX Vs OIL PRICE**



**Figure 8: NSE INDEX Vs DOW JONES**



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

## **DISCLAIMER**

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