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Monthly Market Wrap*

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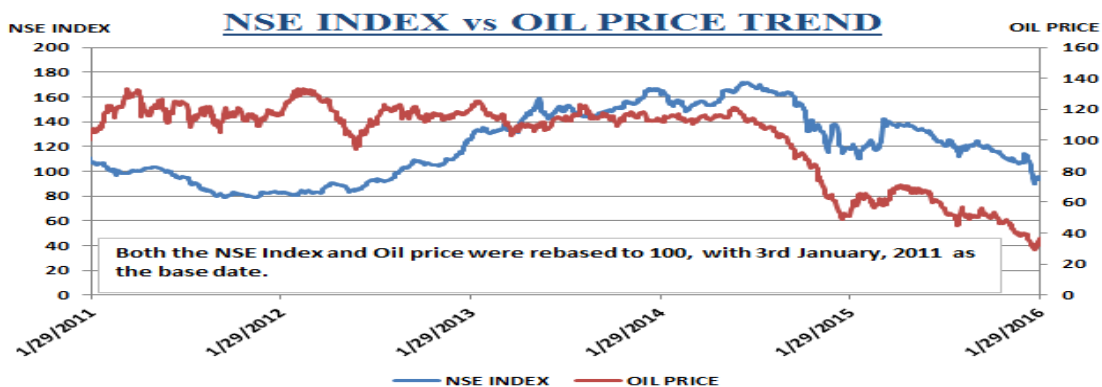
EQUITY MARKET REPORT

JANUARY, 2016

Market Summary

Indicator	2015: End	29-Jan	31-Dec	Month-on-month (%)	Year-to-date (%)
NSE ASI INDEX	28,642.25	23,916.15	28,642.25	-16.50%	-16.50%
Market Cap (N'bn)	9,850.61	8,225.21	9,850.61	-16.50%	-16.50%
Volume traded (mn)	252.16	241.37	252.16	-4.28%	-4.28%
Value traded (N'mn)	3,854.74	2,002.53	3,854.74	-48.05%	-48.05%

- The NSE Index declined significantly by **16.50%** in January, 2016 as bearish sentiments amongst investors persisted. The outlook for growth in Africa's largest economy remain slightly depressed, backed by relatively low oil prices.
- Whilst there was no gainer amongst all the 12 market sub-indices, the NSE Industrial index was the worst performer amongst the major segment sub-indices on the bourse during the month. The index dipped **19.82%** in the period. (See figure 4). The loss in that segment was largely driven by Dangote Cement (**-24.2%**) and Lafarge WAPCO (**-17.4%**). (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 **11.02%** in January (See figure 1). FCMB Plc led losses in that space; its price declined by **42%**. This is not surprising as the bank issued a profit warning earlier in the period before eventually releasing its results which showed an **87%** drop in its 9-months Profit After Tax. Skye bank's Stock price was also beaten during the period; down **26.6%**. (See table 1).
- In the Consumer goods space, Nigerian Breweries (**-26.5%**) and Unilever Plc (**-18.5%**) amongst others took some significant beating from investors in January (See table 1).
- Investor Sentiments towards oil and gas stocks was dampened in January as oil prices remain relatively low. Oando Plc (**-32.2%**) and Mobil Nigeria Plc (**-12.2%**) led losses in that space. (See table 1).



Domestic and Global Update

Domestic

- Nigeria’s Monetary Policy Committee (MPC) held its first meeting of the year during the review period. The Monetary Policy rate (MPR) was retained at **11%** with the asymmetric corridor around the benchmark rate also maintained at **+2%/-7%**. The Cash reserve ratio and the Liquidity ratio were also left unchanged at **20%** and **30%** respectively.
- Headline Inflation rose to **9.60%** in December; up by 20 basis points from 9.4% previously. While Core inflation remained flat at **8.7%**, Food inflation jumped by 30 basis points to **10.6%**.
- Nigeria’s distributable Revenue increased by about **N17.9billion** as the Federal government, States and Local governments shared **N387.8billion** in January, 2016 (December, 2015 allocation). There was a revenue loss of \$143.9 million as a result of reduction in federation export sales and drop in average price of Crude, the Finance minister said. Excess Crude account totalled **\$2.258billion** (unchanged since July, 2015).
- Nigeria’s External Reserves stood at **\$28.19 billion** as at 28th January, 2016; down slightly from \$29.07billion in December, 2015. Oil price (according to the CBN website) stood at **\$28.95** per barrel as at 29th January, 2016.

Global

- Following a hike in December, the U.S. Federal Reserve left its Fed funds rate unchanged at 0.5% . The US economic growth rate for the fourth quarter of 2015 came in much lower at 0.7%; from 2% recorded during the previous quarter. The US economy advanced by 2.4% in 2015; same as 2014.
- The European Central bank left its benchmark refinancing rate unchanged at a record low of 0.05%. However, the ECB president, Mario Draghi acknowledged that downside risks have increased again amid heightened uncertainty about emerging market economies’ growth prospects. To this end, he hinted that it would be necessary to review and possibly reconsider the current Monetary Policy stance at its next meeting slated for March, 2016.
- China’s central bank injected CNY 130 billion (USD 19.9 billion) into the financial system via seven-day reverse repos at an interest rate of 2.25 percent on January 5th 2016. It is the biggest cash injection since September aiming to calm markets. The move was necessitated after Chinese Stocks slumped nearly 7% during the first trading day of the year. The Chinese economy grew by 6.9% in 2015; the lowest yearly growth rate recorded in about 25 years (since 1990). China’s GDP growth was at 7.3% in 2014.
- Major Global Equity indices slumped in January, 2016 as outlook for global economic growth remains fairly dampened. China’s Shanghai Composite index was the worst performer amongst our selected global indices. The index plummeted by **22.65%** despite some easing techniques engaged by the People’s Bank of China during the period. Japan’s Nikkei 225 was down by **7.96%**. It is however worthy to note Ghana’s index surged slightly by **0.46%**. (See table 2).
- Brent Crude prices were persistently pressured for most of the period, particularly after Iran’s output was set to add to the global glut, following the lifting of the US sanctions. However, prices picked up towards the end of the period as speculations of an agreement between Russia and OPEC to cut output grew. Saudi-Arabia has since debunked the notion. The oil price closed at **\$34.74** per barrel; from \$37.28 per barrel in December, 2015.

Earnings Update

COMPANY/ RESULTS		H1: 2015 N'million	H1: 2014 N'million	% change	Q2: 2015 N'million	Q1: 2015 N'million	% change	Corporate Actions
PZ CUSSONS PLC	Revenue	30.62	31.66	-3.28%	15,667	14,953	4.77%	NIL
	Profit After Tax	779	1441	-45.94%	352	428	-17.76%	
SEVEN UP BOTTLING COMPANY PLC		9M: 2015 N'million	9M: 2014 N'million	% change	Q3: 2015 N'million	Q2: 2015 N'million	% change	NIL
	Revenue	60.23	59.83	0.67%	20.66	16.42	25.80%	
	Profit After Tax	2,230	4,542	-50.90%	410	-138.0	397.10%	
FORTE OIL PLC		FY: 2015 N'million	FY: 2014 N'million	% change				Proposed dividend of N3.45k
	Revenue	124.62	170.13	-26.75%				
	Profit After Tax	5,794	4,457	30.00%				
HONEYWELL FLOUR MILLS PLC		9M: 2015 N'million	9M: 2014 N'million	% change	Q3: 2015 N'million	Q2: 2015 N'million	% change	NIL
	Revenue	39.78	37.64	5.68%	13.58	13.40	1.38%	
	Profit After Tax	1,485	969	53.25%	582	620	-6.13%	
FIRST CITY MONUMENT BANK (FCMB) PLC		9M: 2015 N'million	9M: 2014 N'million	% change	Q3: 2015 N'million	Q2: 2015 N'million	% change	NIL
	Revenue	109	107	2.43%	31.94	38.07	-16.10%	
	Profit After Tax	1,866	14,224	-86.88%	-6,435	3,023	-312.87%	
GUINNESS NIGERIA PLC		H1: 2015 N'million	H1: 2014 N'million	% change	Q2: 2015 N'million	Q1: 2015 N'million	% change	NIL
	Revenue	49.84	55.27	-9.82%	28.09	22	29.21%	
	Profit After Tax	1,172	3,399	-65.52%	809	362	123.48%	
* 9M- 9-months	* Q3- Quarter 3	* Q1- Quarter 1						
* Q2- Quarter 2	* H1- Half Year							

OUTLOOK FOR FEBRUARY, 2016

The Nigerian bourse has endured a rocky start to the year and very much in line with our expectations. The deteriorating macro-economic fundamentals still remain largely the fulcrum driving the bearish sentiments amongst investors. Foreign investors were persistently on the sell-side of most executed trades during the month of January. For one, the significant foreign exchange risk and the somewhat illiquidity of the foreign exchange market remains a paramount source of concern, not to mention the rather pessimistic earnings expectation from the listed companies. The NSE has declined by **16.5%** this year vs **14.70%** dip during the same period last year and that clearly depicts the recent investor apathy towards Emerging and frontier market Equities like Nigeria.

Whilst one can argue that this could be an encouraging entry point for investors (due to the way most stocks on the Nigerian bourse have been battered in recent times), the continuous bearish outlook for the Nigerian economy at least in the very short term could dampen those positive sentiments. However, long term investors could see some value at current levels.

The Earnings season has officially kicked off and we expect this to continue all through the month of February. We expect weak earnings from most companies save a few Tier 1 and quality companies across the different sectors. We could again see the NSE Index trail the movement in the oil prices in the coming month. At this point, we reiterate our favoritism for quality names and we could see the index improve slightly in February should some results come in slightly better than expected. However, the year-to-date returns could remain largely in negative territory.

Table 1: Sectoral Stock Performance

Sector/Industry	Ticker	Rec	Close	1-MONTH CHANGE	YEAR-TO-DATE
			Naira	%	%
Basic Materials					
	Specialty Chemicals				
	Chem.& Allied products Plc. CAP NL EQUITY	BUY	37.20	-1.1%	-1.1%
Consumer goods					
	7UP Plc. 7UP NL EQUITY		196.00	7.7%	7.7%
	Cadbury Plc. CADBURY NL EQUITY		19.00	10.8%	10.8%
	Champion Breweries Plc. CHAMPION NL EQUITY		3.07	-8.9%	-8.9%
	Tiger branded consumer goods TIGERBRA NL EQUITY		1.25	10.6%	10.6%
	Dangote Sugar Refinery DANGSUGA NL EQUITY		6.05	0.3%	0.3%
	Flourmill Nigeria Plc. FLOURMILL NL EQUITY		18.25	-12.3%	-12.3%
	Guinness Nigeria Plc. GUINNESS NL EQUITY		115.50	-4.1%	-4.1%
	Nigerian Breweries Plc. NB NL EQUITY		100.01	-26.5%	-26.5%
	Nestle Nigeria Plc. NESTLE NL EQUITY	HOLD	739.99	-14.0%	-14.0%
	Okomu Oil OKOMUOIL NL EQUITY	SELL	30.50	0.7%	0.7%
	Presco Plc. PRESCO NL EQUITY	HOLD	33.25	0.8%	0.8%
	PZ Cussons Plc. PZ NL EQUITY	SELL	21.00	-18.3%	-18.3%
	Unilever Plc. UNILEVER NL EQUITY	SELL	35.24	-18.5%	-18.5%
Financials					
	Banks				
	Access Bank Plc. ACCESS NL EQUITY	BUY	4.15	-14.4%	-14.4%
	Diamond Bank Plc. DIAMONDBNK NL EQUITY	BUY	1.79	-22.2%	-22.2%
	ETI Bank ETI NL EQUITY	BUY	14.76	-12.1%	-12.1%
	Fidelity Bank Plc. FIDELITY NL EQUITY	HOLD	1.36	-9.3%	-9.3%
	First Bank Holding Plc. FBNH NL EQUITY	SELL	3.93	-23.4%	-23.4%
	First City Monument Bank Plc. FCMB NL EQUITY	BUY	0.98	-42.0%	-42.0%
	Guaranty Trust Bank Plc. GUARANTY NL EQUITY	BUY	16.79	-7.6%	-7.6%
	Skye Bank Plc. SKYEBANK NL EQUITY	SELL	1.16	-26.6%	-26.6%
	Stanbic-IBTC Bank Plc. STANBIC NL EQUITY		13.60	-17.7%	-17.7%
	Sterling Bank Plc. STERLNBANK NL EQUITY		1.70	-7.1%	-7.1%
	UBA Bank Plc. UBA NL EQUITY	BUY	2.89	-14.5%	-14.5%
	Union Bank Nigeria Plc. UBN NL EQUITY		5.49	-20.4%	-20.4%

Sector/Industry	Ticker	Rec	Close	1-MONTH CHANGE	YEAR-TO DATE
Financials					
	Wema Bank Plc. WEMABANK NL EQUITY		1.02	2.0%	2.0%
	Zenith Bank Plc. ZENITHBANK NL EQUITY	BUY	12.61	-10.2%	-10.2%
INSURANCE					
	AIICO Insurance Plc. AIICO NL EQUITY		0.86	-5.5%	-5.5%
	Axa-Mansard Insurance Plc. In-MANSARD NL EQUITY		2.24	-16.7%	-16.7%
	Wapic Insurance Plc. WAPIC NL EQUITY		0.50	0.0%	0.0%
Industrials					
Building Materials & Fixtures					
	Ashaka Cement Plc. ASHAKACEM NL EQUITY	HOLD	24.80	-0.8%	-0.8%
	Cement Co of North. Nig. Plc. CCNN NL EQUITY	BUY	9.60	2.7%	2.7%
	Dangote Cement Plc. DANGCEM NL EQUITY	HOLD	128.91	-24.2%	-24.2%
	Julius Berger Plc. JBERGER NL EQUITY		43.50	3.6%	3.6%
	Lafarge Africa Plc. WAPCO NL EQUITY	HOLD	80.00	-17.4%	-17.4%
Oil and Gas					
Integrated Oil & Gas					
	Forte Oil Plc. FO NL EQUITY		297.83	-9.7%	-9.7%
	Mobil Nigeria Plc. MOBIL NL EQUITY	SELL	140.50	-12.2%	-12.2%
	Oando Plc. OANDO NL EQUITY	SELL	4.00	-32.2%	-32.2%
	Seplat Petroleum Dev. Co. Plc. SEPLAT NL EQUITY		194.25	-4.3%	-4.3%
	Total Nigera Plc. TOTAL NL EQUITY	HOLD	150.00	2.0%	2.0%
Others					
	Transcorp Hotels Plc. TRANSCORP NL EQUITY		1.23	-19.1%	-19.1%
	UAC Property Dev. Company Plc. UACPROP NL EQUITY		5.20	-14.6%	-14.6%

ECONOMIC CALENDAR		
DATE	DOMESTIC MARKET	CURRENT
FEBRUARY, 2016	January Inflation figures	9.60%
	Q4/ 2015 Gross Domestic Product (GDP) Figures	2.84%
	Stanbic IBTC bank Purchasing Managers Index (PMI)	54.5
	January Federal Allocation	N387.8billion
	GLOBAL MARKET	
2nd February	Euro-Zone Unemployment Rate	10.50%
4th February	Bank of England Interest Rate Decision	0.50%
5th February	US Unemployment Rate	5.00%
12th February	Euro-Zone GDP Growth Rate (Year-on-Year)	1.10%
19th February	US Inflation Rate (Year-on-Year)	0.70%

NIGERIAN STOCK EXCHANGE (NSE) SUB-INDEXES PERFORMANCE

Figure 1: NSE BANKING

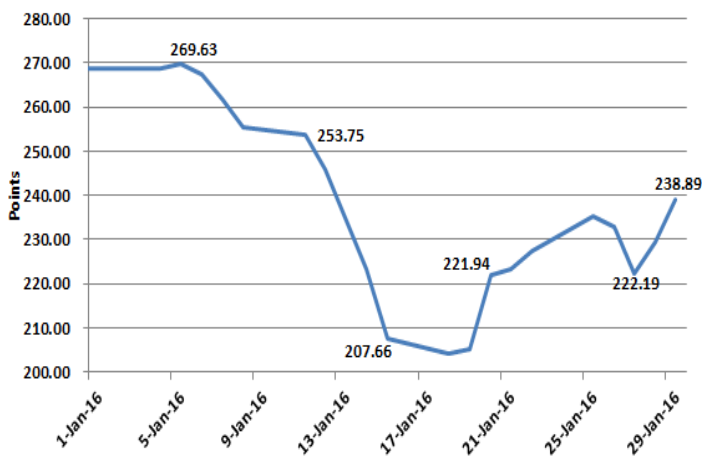


Figure 2: NSE OIL AND GAS

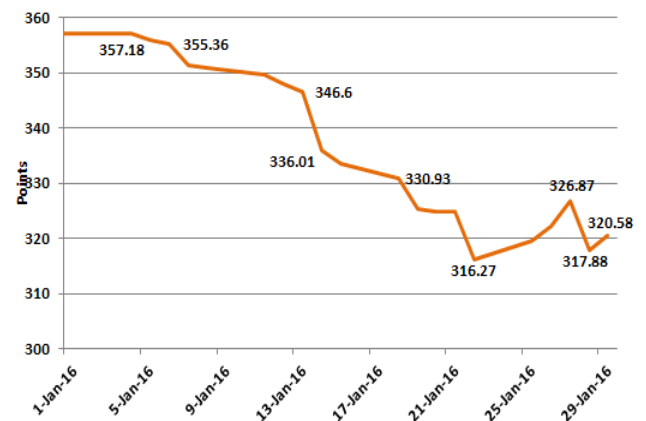


Figure 3: NSE CONSUMER GOODS

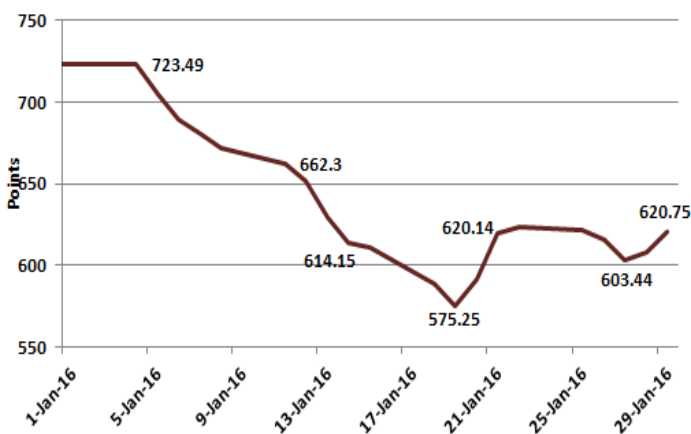
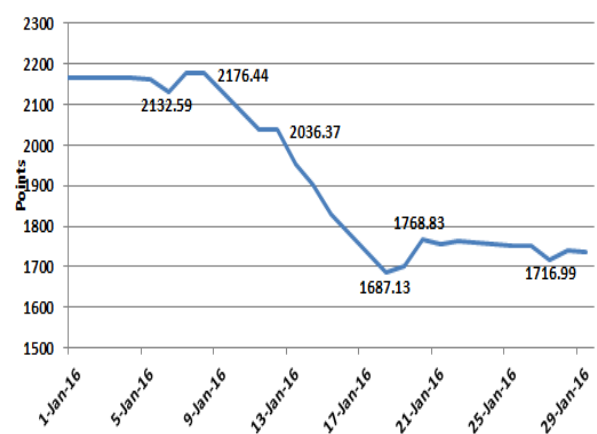


Figure 4: NSE INDUSTRIAL



NSE INDEX Vs SELECT AFRICAN/GLOBAL INDICES

Figure 5: NSE INDEX Vs JSE INDEX

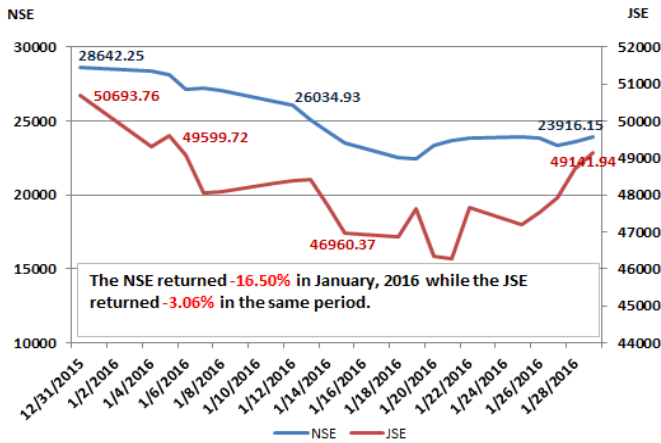


Figure 6: NSE INDEX Vs GHANA (GSE)

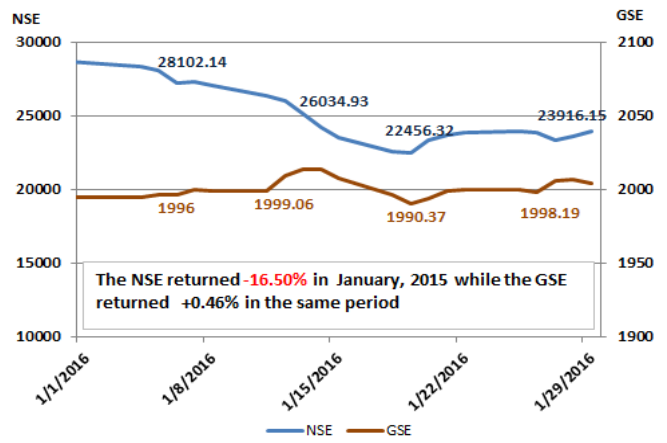


Table 2:

INDICES	2015:CLOSE	29-Jan	31-Dec	Month-on-month change (%)	Year-to-date change (%)
DOW JONES (US)	17,425.03	16,466.30	17,425.03	↓ -5.50%	↓ -5.50%
S&P 500 (US)	2,043.94	1,940.24	2,043.94	↓ -5.07%	↓ -5.07%
NASDAQ (US)	5,007.41	4,613.95	5,007.41	↓ -7.86%	↓ -7.86%
FTSE 100 (UK)	6,242.32	6,083.97	6,242.32	↓ -2.54%	↓ -2.54%
CAC 40 (FRANCE)	4,637.06	4,417.02	4,637.06	↓ -4.75%	↓ -4.75%
NIKKEI 225 (JAPAN)	19,033.71	17,518.30	19,033.71	↓ -7.96%	↓ -7.96%
SHANGHAI COMP (CHINA)	3,539.18	2,737.60	3,539.18	↓ -22.65%	↓ -22.65%
JSE (SOUTH AFRICA)	50,693.76	49,141.94	50,693.76	↓ -3.06%	↓ -3.06%
GSE (GHANA)	1,994.91	2,004.12	1,994.91	↑ 0.46%	↑ 0.46%

Figure 7: NSE INDEX Vs SHANGHAI'S COMP

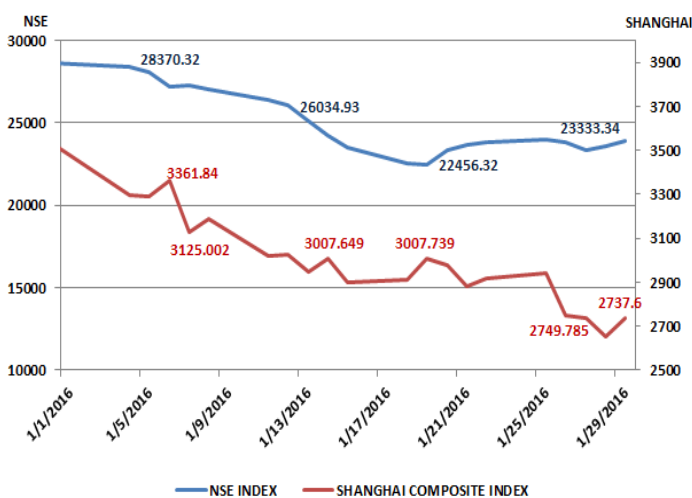
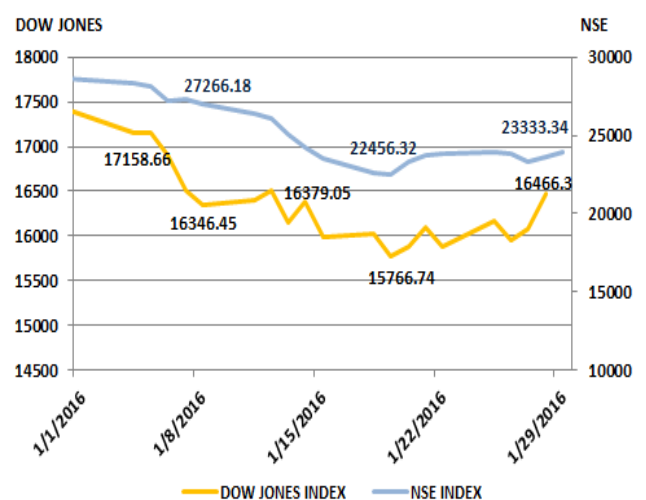


Figure 8: NSE INDEX Vs DOW JONES



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

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