


 2nd November 2015

Monthly Market Wrap*

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EQUITY REPORT

OCTOBER, 2015

Market Summary

Indicator	2014: End	30-Oct	30-Sep	Month-on-month (%)	Year-to-date (%)
NSE ASI INDEX	34,657.15	29,190.54	31,217.77	-6.49%	-15.77%
Market Cap (N'bn)	11,477.66	10,032.18	10,728.90	-6.49%	-12.59%
Volume traded (mn)	233.81	205.53	416.95	-50.71%	-12.10%
Value traded (N'mn)	4,228.75	3,377.01	5,237.41	-35.52%	-20.14%

- The NSE Index dropped **6.49%** in October; recorded a **-15.77%** year-to-date performance.
- The Nigerian bourse was largely dominated with bearish sentiments from investors even as listed companies released their 9-months and third quarter results. While the market responded to some of the results, market response to others were muted as they were within consensus expectations.
- Stocks in the banking space were generally unloved during the period as only two banking stocks (Zenith and ETI) recorded a month-on-month appreciation in price. The NSE banking index was down **3.27%** in the period. (See figure 1).Diamond bank stock led the losers chart in that space with **22.90%** price depreciation below its September close. FBN holdings stock followed, as its share price dropped by **17.70%** over the same period. (See table 1).
- Relatively low oil prices continued to dampen investors' sentiments towards oil and gas stocks during the month. Hence, some oil and gas companies have been forced to take some impairments on their oil assets and that forced Oando into a loss making entity for the period. Oando Plc, whose price dropped by **42.80%** during the month, released its financials which showed some huge losses. The NSE oil and gas index was down slightly by **0.37%** during the period. (See figure 2)
- The tough operating environment has impacted largely on the most consumer companies and that was evident in their financials. The Consumer goods index dipped **7.33%** (See figure 3) with Guinness and Cadbury stocks driving the losses in that sector; both recording **20.10%** and **16%** drop in prices respectively. (See Table 1).

ECONOMIC CALENDAR		
DATE	DOMESTIC MARKET	CURRENT
NOVEMBER	October Inflation figures	9.40%
	October Federal Allocation	N389.9billion
	3rd Quarter GDP growth rate	2.35% (Q2)
	GLOBAL MARKET	
5th November	Bank of England (BOE) Interest Rate Decision	0.50%
6th November	US Unemployment Rate	5.10%
13th November	Euro-zone GDP Growth Rate (Q/Q and Y/Y)	0.4% and 1.5%
15th November	UK Unemployment Rate	5.4
16th November	Euro-zone Inflation Rate	-0.10%
17th November	US Inflation Rate	0.00%
24th November	US GDP growth rate (second estimate)	1.50%

Earnings Releases and Corporate Actions

COMPANY/ RESULTS		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	Corporate Actions
		N'million	N'million		N'million	N'million		
CADBURY PLC	Gross Earnings	21,073	23,31	-9.60%	6,935	7,406	-6.36%	NIL
	Profit After Tax	29	1653	-98.25%	279	53	428.92%	
UBA PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	247,205	210,715	17.32%	80,262	83,845	-4.27%	
	Profit After Tax	48,557	33,628	44.39%	16,558	15,043	10.07%	
TRANSCORP HOTELS PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	10,462	11,442	-8.56%	3,221	4,024	-19.96%	
	Profit After Tax	2,347	2,763	-15.06%	589	1,010	-41.68%	
ACCESS BANK PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	257,590	181,387	42.01%	88,948	91,861	-3.17%	
	Profit After Tax	48,093	34,935	37.66%	16,806	17,619	-4.61%	
GUARANTY TRUST BANK PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	229,372	199,238	15.12%	76,377	73,980	3.24%	
	Profit After Tax	75,160	66,743	12.61%	21,786	26,810	-18.74%	
NIGERIAN BREWERIES PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	214,919	194,739	10.36%	63,246	81,752	-22.64%	
	Profit After Tax	26,181	29,827	-12.22%	4,702	11,373	-58.66%	
MOBIL OIL NIGERIA PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	45,236	60,718	-25.50%	13,498	15,329	-11.94%	
	Profit After Tax	3,650	5,996	-39.13%	739	1,422	-48.03%	
LAFARGE AFRICA PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	168,145	159,396	5.49%	51,435	59,750	-13.92%	
	Profit After Tax	29,550	31,758	-6.95%	3,340	17,641	-81.07%	
CHEMICAL & ALLIED PRODUCTS (CAP) PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	Proposed dividend of N1.15k per 50kobo ordinary share
		N'million	N'million		N'million	N'million		
	Revenue	5,098	5,054	0.87%	1,539	1,750	-12.06%	
	Profit After Tax	1,172	1,128	3.90%	304	383	-20.63%	
SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	Proposed dividend of \$0.04 per ordinary share
		N'million	N'million		N'million	N'million		
	Revenue	83,004	92,007	-9.79%	34,243	26,039	31.51%	
	Profit After Tax	13,579	35,398	-61.64%	5,410	916	490.61%	
ASHAKA CEMENT PLC		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	NIL
		N'million	N'million		N'million	N'million		
	Revenue	14,549	17,287	-15.84%	3,805	6,183	-38.46%	
	Profit After Tax	3,699	4,366	-15.28%	148	2,662	-94.44%	

		9M: 2015	9M: 2014	% change	Q3: 2015	Q2: 2015	% change	
		N'million	N'million		N'million	N'million		
NESTLE NIGERIA PLC	Revenue	107,986	102,665	5.18%	42,062	38,368	9.63%	Proposed dividend of N10 per ordinary share
	Profit After Tax	17,237	16,863	2.22%	8,350	5,933	40.74%	
DANGOTE CEMENT PLC	Revenue	365,450	310,214	17.81%	123,235	127,477	-3.33%	NIL
	Profit After Tax	157,993	140,477	12.47%	36,185	53,188	-31.97%	
SKYE BANK PLC	Revenue	129,238	97,126	33.06%	44,036	42,823	2.83%	NIL
	Profit After Tax	12,613	9,866	27.84%	3,785	3,560	6.32%	
ECOBANK (ETI) GROUP PLC	Revenue	315,834	268,951	17.43%	104,508	106,534	-1.90%	NIL
	Profit After Tax	60,417	52,491	15.10%	12,298	23,639	-47.98%	
UNION BANK NIGERIA PLC	Revenue	84,719	74,772	13.30%	28,761	28,675	0.30%	NIL
	Profit After Tax	9,337	8,084	15.50%	2,879	4,054	-28.98%	
DIAMOND BANK PLC	Revenue	156,543	151,596	3.26%	51,474	53,532	-3.84%	NIL
	Profit After Tax	15,967	20,181	-20.88%	3,813	4,987	-23.54%	
STANBIC IBTC HOLDINGS PLC	Revenue	104,418	94,637	10.34%	36,132	34,558	4.55%	NIL
	Profit After Tax	13,562	25,261	-46.31%	3,867	5,481	-29.45%	
FBN HOLDINGS PLC	Revenue	390,896	333,534	17.20%	119,080	144,846	-17.79%	NIL
	Profit After Tax	50,217	55,627	-9.73%	10,156	17,458	-41.83%	
ZENITH BANK PLC	Revenue	336,853	273,738	23.06%	107,771	115,760	-6.90%	NIL
	Profit After Tax	83,087	71,046	16.95%	29,907	25,500	17.28%	
TOTAL NIGERIA PLC	Revenue	159,299	177,807	-10.41%	47,324	51,932	-8.87%	Proposed dividend of N2 per ordinary share
	Profit After Tax	2,133	2,649	-19.48%	165	1,745	-90.54%	
OANDO PLC	Revenue	95,784	101,335	-5.48%	35,465	27,291	29.95%	NIL
	Profit After Tax	-47,801	10,700	-546.74%	-12,676	-14,161	-10.49%	
FORTE OIL PLC	Revenue	91,615.00	122,580	-25.26%	30,448	28,106	8.33%	NIL
	Profit After Tax	4,285	4,016	6.70%	1,754	1,747	0.40%	
* 9M- 9-months	* Q3- Quarter 3							
* Q2- Quarter 2								

Domestic and Global Update

- The Nigerian Senate screened and confirmed the 36 ministerial nominees submitted by President Muhammadu Buhari.
- Headline Inflation surged further to **9.40%** in September; Food and Core Inflation were **10.17%** and **8.90%** respectively.
- Nigeria's distributable Revenue dropped by **N52.60billion** as the Federal government, States and Local governments shared **N389.90billion** in October (September allocation). The country's revenue continues to be negatively impacted by the low crude oil prices as well as shut-down and shut-ins for maintenance during the period. Excess Crude account totalled **\$2.26billion** (unchanged from the previous month).
- Nigeria's External Reserves stood at \$30.18 billion as at 29th October; down slightly from \$30.37billion in September. Oil price (according to the CBN website) stood at \$47.77 per barrel as at 30th October, 2015.
- The Central bank of Nigeria released a circular during the month; stipulating that all confirmed/unconfirmed letters of credit established before the June 23, 2015 circular (ban on 41 items) could now be paid from the interbank foreign exchange market.
- The Central bank of Nigeria also released a circular that all customers desiring to purchase foreign exchange through all available channels in Nigeria must provide their bank verification numbers (BVN) which shall be validated by the CBN authorised foreign exchange dealer through the Nigerian Interbank Settlement system (NIBBS).
- The International Monetary Fund (IMF) forecast a **4%** GDP (Gross domestic product) growth rate for Nigeria in 2015; from 6.25% projection last year.
- The U.S. Federal Reserve left interest rates unchanged at **0.25%** with hike looking very less likely this year. US GDP growth rate slowed to **1.50%** in the third quarter; from **3.90%** growth recorded in the second quarter of the year.
- The European Central bank left its benchmark refinancing rate unchanged at a record low of 0.05% but hints at further stimulus owing to stress in emerging markets.
- China's economy growth rate figure came in at 1.80% for the third quarter (same as the revised figure for the second quarter). The People's bank of China further lowered its one-year lending rate by 25 basis points to 4.35% in order to bolster the economy (the sixth rate cut since November, 2015).
- Major African/Global Equity indices followed the upward trajectory during the month, led by China's Shanghai Composite index which surged by **10.80%** (See table 2). The period saw renewed interest in Chinese stocks after strings of sell-offs in the previous months. The Peoples bank of China further cut down interest rates in order to further stimulate growth in the Asian economy.
- Brent Crude prices oscillated during the month; closing at **\$49.56** per barrel.

OUTLOOK FOR NOVEMBER 2015

There seems to be no respite for the Nigerian Stock market this year as investors' sentiments towards Nigerian Equities remain dampened owing largely to the deteriorating macro-economic environment. Most listed companies released their third quarter financials during the month and investors remained un-impressed due to the disappointing numbers. However, this was largely expected. Further to the tapering of the \$85 billion asset purchase program by the US Federal Reserve last year (which ignited portfolio flows out of the Equities market), the crash in global oil prices seem to be the bedrock of the macro-economic challenges being faced by the country at the moment. The country's over-dependence on oil revenues has made these periods more trying for the Nigerian economy hence, investors' pessimism towards the market.

Therefore, it is largely apparent that investors would like to see major diversification efforts from the current administration away from the over-reliance on the oil sector. The policy direction of the President Buhari– led administration still remain largely vague. We believe the 2016 budget (when released) would shed some light in this regard and it could be a potential market driver. With the 36 ministerial nominees already confirmed by the Nigerian Senate, we expect to see them being matched to the various portfolios in the coming weeks.

In the coming month (November), we posit the bearish sentiments would be sustained (in fact for the rest of the year) with bargain hunters coming in to price stocks at attractive levels.

Table 1: Sectoral Stock Performance

<u>Sector/Industry</u>	<u>Ticker</u>	<u>Close</u>	<u>1MO</u>	<u>YTD</u>
<u>Basic Materials</u>		Naira	%	%
Specialty Chemicals				
Chem. & Allied products Plc.	CAP NL EQUITY	38.00	2.6%	1.3%
<u>Consumer goods</u>				
7UP Plc.	7UP NL EQUITY	196.00	3.2%	18.5%
Cadbury Plc.	CADBURY NL EQUITY	20.15	-16.0%	-49.6%
Champion Breweries Plc.	CHAMPION NL EQUITY	4.35	-0.2%	-37.7%
Dangote Flour Plc.	DANGFLOUR NL EQUITY	2.55	-5.6%	-44.0%
Dangote Sugar Refinery	DANGSUGA NL EQUITY	6.92	4.8%	9.0%
Flourmill Nigeria Plc.	FLOURMILL NL EQUITY	21.16	-4.7%	-45.7%
Guinness Nigeria Plc.	GUINNESS NL EQUITY	125.00	-20.1%	-25.7%
Nigerian Breweries Plc	NB NL EQUITY	136.85	-6.9%	-17.2%
Nestle Nigeria Plc.	NESTLE NL EQUITY	825.01	-5.2%	-18.5%
Okomu Oil	OKOMUOIL NL EQUITY	29.02	3.6%	14.5%
Presco Plc	PRESKO NL EQUITY	30.50	-0.2%	24.5%
PZ Cussons Plc.	PZ NL EQUITY	24.00	-8.4%	0.8%
Unilever Plc.	UNILEVER NL EQUITY	38.68	-14.3%	8.0%

Sector/Industry	Ticker	Close	1MO	YTD
Financials		Naira	%	%
Banks				
Access Bank Plc.	ACCESS NL EQUITY	4.60	-11.4%	-30.3%
Diamond Bank Plc.	DIAMONDBNK NL EQUITY	2.62	-22.9%	-53.0%
ETI Bank	ETI NL EQUITY	18.60	0.3%	6.8%
Fidelity Bank Plc.	FIDELITY NL EQUITY	1.42	-10.7%	-12.3%
First Bank Holding Plc.	FBNH NL EQUITY	5.10	-17.7%	-36.3%
First City Monument Bank Plc.	FCMB NL EQUITY	1.96	-16.6%	-21.3%
Guaranty Trust Bank Plc.	GUARANTY NL EQUITY	23.09	-3.8%	-8.3%
Skye Bank Plc.	SKYEBANK NL EQUITY	1.99	-15.3%	-21.4%
Stanbic-IBTC Bank Plc.	STANBIC NL EQUITY	18.91	-15.0%	-29.7%
Sterling Bank Plc.	STERLNBANK NL EQUITY	2.05	-3.8%	-19.3%
UBA Bank Plc.	UBA NL EQUITY	3.50	-16.9%	-18.6%
United Bank Nigeria Plc.	UBN NL EQUITY	5.80	-1.5%	-31.8%
Wema Bank Plc.	WEMABANK NL EQUITY	0.97	-3.0%	1.0%
Zenith Bank Plc.	ZENITHBANK NL EQUITY	17.60	4.7%	-4.4%
INSURANCE				
AIICO Insurance Plc.	AIICO NL EQUITY	0.85	-2.3%	4.9%
Axa-Mansard Insurance Plc.	INSUR-MANSARD NL EQUITY	2.65	1.9%	-17.2%
Wapic Insurance Plc.	WAPIC NL EQUITY	0.50	0.0%	-21.9%
Industrials				
Building Materials & Fixtures				
Ashaka Cement Plc.	ASHAKACEM NL EQUITY	23.00	4.5%	5.0%
Cement Co of North Nig. Plc	CCNN NL EQUITY	7.93	-9.2%	-23.7%
Dangote Cement Plc.	DANGCEM NL EQUITY	163.03	-9.4%	-18.5%
Julius Berger Plc.	JBERGER NL EQUITY	38.81	-3.0%	-36.0%
Lafarge Africa Plc.	WAPCO NL EQUITY	96.01	-2.0%	19.3%

Sector/Industry	Ticker	Close	1MO	YTD
Oil and Gas		Naira	%	%
Integrated Oil & Gas				
Forte Oil Plc.	FO NL EQUITY	290.00	16.9%	52.7%
Mobil Nigeria Plc.	MOBIL NL EQUITY	154.00	6.2%	-2.5%
Oando Plc.	OANDO NL EQUITY	6.01	-42.8%	-62.7%
Seplat Petroleum Dev. Co. Plc.	SEPLAT NL EQUITY	230.04	-7.9%	-38.0%
Total Nigera Plc	TOTAL NL EQUITY	150.01	0.0%	5.3%
Others				
Transcorp Hotels Plc.	TRANSCORP NL EQUITY	1.81	-21.0%	-44.3%
UAC Property Dev. Company Plc.	UACPROP NL EQUITY	7.03	-14.0%	-26.0%

NIGERIAN STOCK EXCHANGE (NSE) SUB-INDEXES PERFORMANCE

Figure 1: NSE BANKING

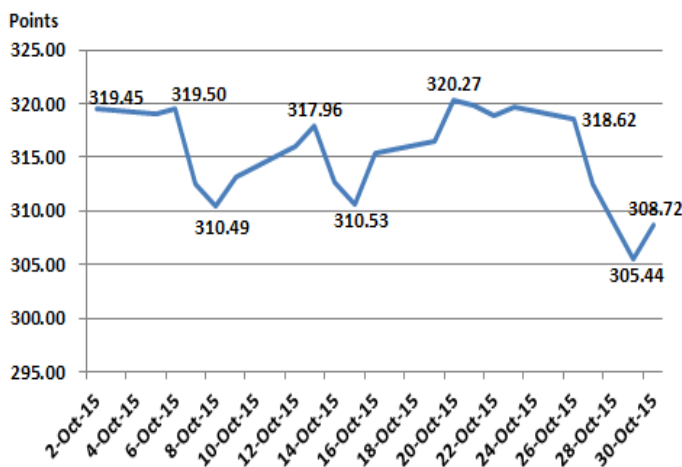


Figure 2: NSE OIL AND GAS

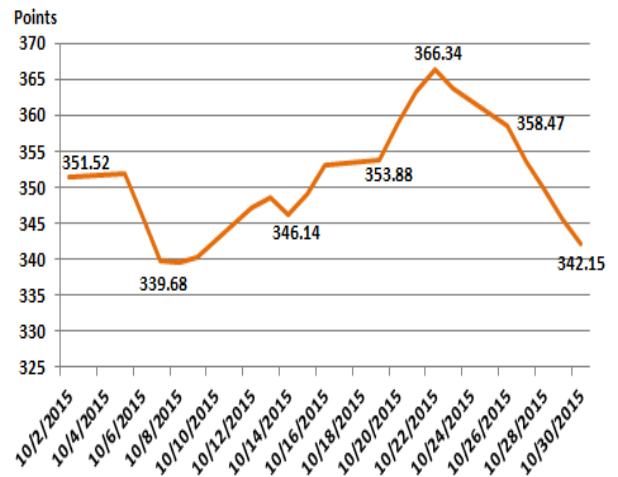


Figure 3: NSE CONSUMER GOODS

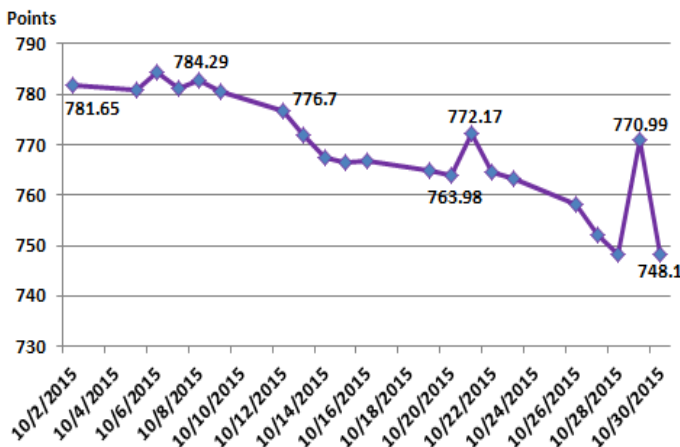
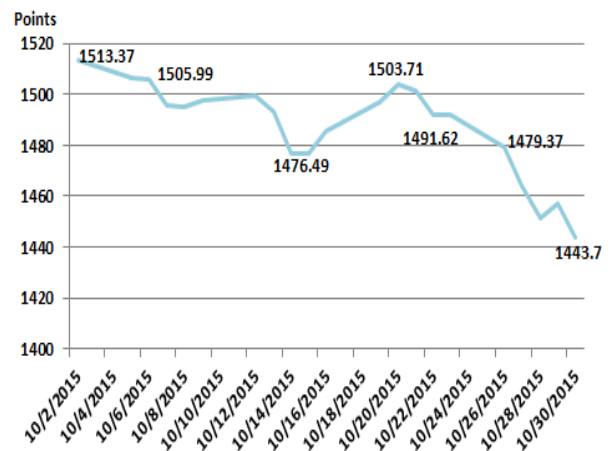


Figure 4: NSE 50



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

NSE INDEX Vs SELECT AFRICAN/GLOBAL INDICES

Figure 5: NSE INDEX Vs JSE INDEX

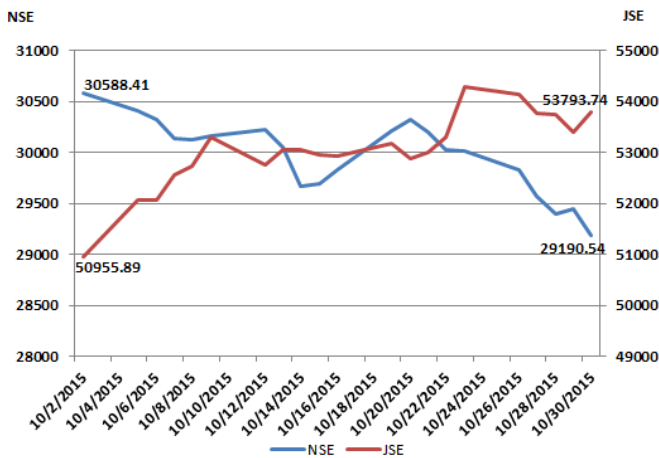


Figure 6: NSE INDEX Vs GHANA (GSE)

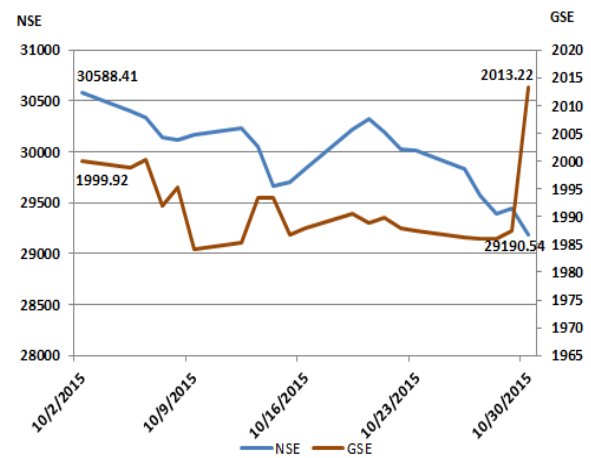


Table 2:

INDICES	2014:CLOSE	30-Oct	30-Sep	Month-on-month change (%)	Year-to-date change (%)
DOW JONES (US)	17,383.07	17,663.54	16,284.70	↑ 8.47%	↑ 1.61%
S&P 500 (US)	2,058.90	2,079.36	1,920.03	↑ 8.30%	↑ 0.99%
NASDAQ (US)	4,736.05	5,053.75	4,620.17	↑ 9.38%	↑ 6.71%
FTSE 100 (UK)	6,566.09	6,361.09	6,061.61	↑ 4.94%	↓ -3.12%
CAC 40 (FRANCE)	4,272.75	4,897.66	4,455.29	↑ 9.93%	↑ 14.63%
NIKKEI 225 (JAPAN)	17,450.77	19,083.10	17,388.15	↑ 9.75%	↑ 9.35%
SHANGHAI COMP (CHINA)	3,234.68	3,382.56	3,052.78	↑ 10.80%	↑ 4.57%
JSE (SOUTH AFRICA)	49,770.60	53,793.74	50,088.86	↑ 7.40%	↑ 8.08%
GSE (GHANA)	2,261.02	2,012.29	2,009.52	↑ 0.14%	↓ -11.00%

Figure 7: NSE INDEX Vs OIL PRICE

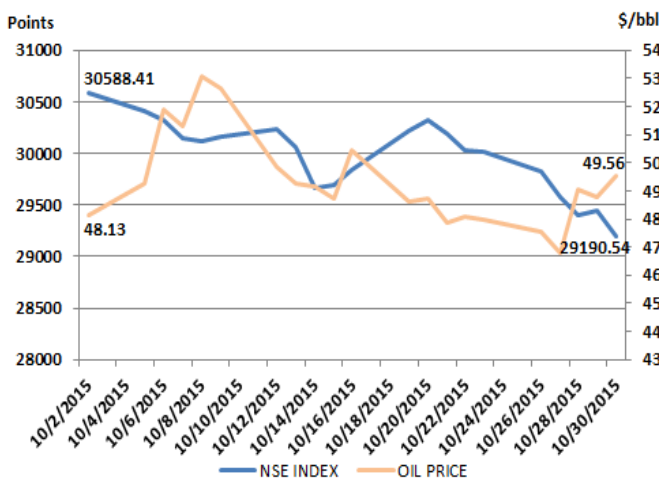
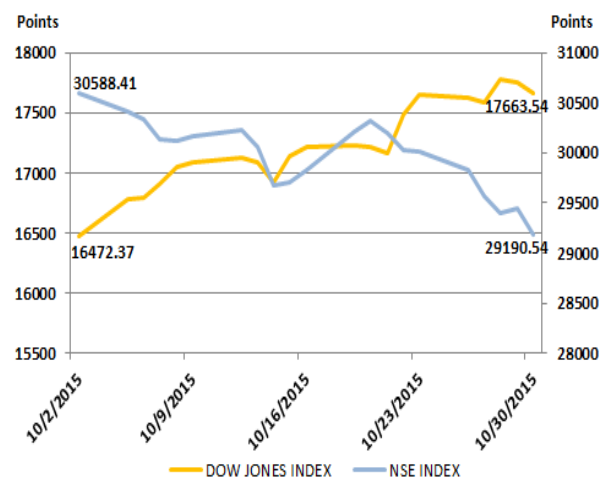


Figure 8: NSE INDEX Vs DOW JONES



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

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