

# Monthly Economic and Financial Market Outlook

*Liquidity to Drive Yields*

*October 2015*

## Executive Summary:

The major highlights of the report are:

- There is still weakness in the global economic recovery. The advanced economies are expected to consolidate growth in 2015 and 2016, while growth is expected to slow down in emerging and developing countries
- The Federal Open Market Committee (FOMC) of the United States Federal Reserves (U.S. Fed) is expected to delay the normalisation of monetary policy in the U.S. because of the weak global economic recovery
- We expect the demand pressure to continue in the foreign exchange market
- The Central Bank of Nigeria (CBN) is expected to maintain the administrative measures put in place to achieve foreign exchange rate stability
- The expected high liquidity in the fixed income market would lead to lower yields in October 2015, compared with September 2015
- The equity market remains attractive for speculative and long term investors. We expect market to react to the release of Q3 2015 results
- The Energy Information Administration (EIA) of the U.S. expects a drop in the oil production in the U.S. for 2016. Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) and other non-OPEC members are discussing production cuts
- Although oil price is recovering lately, the slowdown in the global economic activities will limit the demand for oil
- We expect inflation rate to continue the upward trend till end of the year. This may not have any major impact on fixed income securities yields because of the high liquidity in the market

## 1.0. Global and Domestic Economic Issues:

The prices of bonds moved in different directions in the countries that we monitored in September 2015. The 16.39% January 2022 Nigeria Government Bond recorded the highest price increase of 3.10% to 105.26 in September 2015. This was followed by the 1.75% May 2023 United States Treasury Note, which recorded a price increase of 1.21% to 99.30. The Argentina Bond and the Russia Bond closed the month at negative real yields. The real yield on the Kenyan Bond remains the most attractive amongst the countries we monitored, followed by the Nigerian Bond. We believe that appropriate fiscal policy direction from the government will stimulate demand for the fixed income securities in Nigeria.

*The prices of bonds moved in different directions in the countries that we monitored in September 2015.*

The U.S. unemployment rate was unchanged at 5.1% in September 2015, same as in August 2015. The employment gains occurred in the health care and information sector, while mining employment fell. China's annual inflation rate also stood at 1.6% in September 2015, down from 2% in the previous month and below market forecasts. The Food Price Index increased by 2.7%, while the Non-Food cost rose at a slower 1%.

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S/N	Indicators	Argentina	Brazil	China	Egypt	India	Kenya	Nigeria	Russia	South Africa	Turkey	USA
1	Bond Price	88.50	99.35	101.41	111.97	101.79	93.84	105.26	86.29	97.06	88.85	99.30
2	Bond Yield	7.76%	14.73%	3.30%	14.13%	7.80%	14.14%	15.05%	11.27%	8.29%	10.92%	1.85%
3	Bond Price MoM Change	0.00%	-0.43%	0.50%	0.34%	1.17%	-5.33%	3.10%	0.93%	-0.65%	-4.87%	1.21%
4	Bond Yield MoM Change	0.11%	1.81%	-0.08%	-0.10%	-0.23%	1.25%	-0.80%	-0.18%	0.12%	0.88%	0.17%
5	Bond Price YTD Change	-5.85%	-1.51%	2.50%	3.68%	1.04%	-10.73%	0.73%	18.21%	-2.74%	-15.94%	2.04%
6	Bond Yield YTD Change	1.30%	3.18%	-0.37%	-1.00%	-0.22%	2.48%	-0.27%	-3.47%	0.50%	3.04%	0.25%
7	Volatility	0.00	0.19	0.16	2.16	0.30	1.28	2.26	0.84	0.36	1.23	0.45
8	FX Rate MoM Change*	1.30%	10.22%	-0.37%	-0.03%	-1.07%	0.88%	-0.03%	-1.07%	3.94%	3.93%	-0.37%
9	FX Rate YTD Change*	10.12%	48.54%	2.43%	9.38%	4.04%	15.68%	8.46%	7.90%	20.00%	22.86%	-7.59%
10	Inflation Rate	14.70%	9.53%	1.60%	7.90%	3.66%	5.97%	9.40%	15.80%	4.60%	7.14%	0.20%
11	Policy Rate	22.76%	14.25%	4.60%	8.75%	6.75%	11.50%	13.00%	11.00%	6.00%	7.50%	0.25%
12	Debt to GDP	43.00%	58.91%	41.06%	90.50%	65.50%	49.80%	10.50%	17.92%	39.00%	33.00%	103.00%
13	GDP Growth Rate	2.30%	-2.60%	7.00%	3.00%	7.00%	5.50%	2.35%	-4.60%	1.20%	3.80%	2.70%
14	Nominal GDP (US\$)	540bn	2346bn	1,0360bn	287bn	2,067bn	61bn	569bn	1,861bn	350bn	800bn	1,7419bn
15	Current Acct to GDP	-0.90%	-4.17%	2.10%	-0.44%	-1.40%	-7.50%	2.60%	3.09%	-5.40%	-5.70%	-2.40%

\*-ve means appreciation while +ve means depreciation  
 Sources – Bloomberg, Central Banks, FSDH Research Analysis and Trading Economics

### 1.1 The Global GDP:

The International Monetary Fund (IMF) forecasts global growth at 3.1% for 2015 and 3.6% in 2016. This was contained in the IMF's World Economic Outlook, October 2015 edition. The report added that the global growth declined in Q2 2015, reflecting a further slowdown in the emerging markets and a weaker recovery in advanced economies. In 2015, the growth in advanced economies is expected to pick up slightly, while it is projected to decline in emerging market and developing economies.

In advanced economies, the modest recovery recorded since 2014 is projected to strengthen further in 2015. In emerging market and developing economies, the outlook is projected to decline.

The downside risks to the global growth outlook include declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility.

*Global growth is forecast at 3.1% and 3.6% in 2015 and 2016, respectively.*

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**Table 2: Regional GDP Growth (Actual Vs Forecast) - %**

	2013	2014	2015F	2016F
World	3.4	3.4	3.1	3.6
USA	2.2	2.4	2.6	2.8
Japan	1.6	(0.1)	0.6	1.0
Euro-Area	(0.4)	0.9	1.5	1.6
Emerging & Developing Economies	5.0	4.6	4.0	4.5
China	7.7	7.3	6.8	6.3
India	6.9	7.3	7.3	7.5
Sub-Saharan Africa	5.2	5.0	3.8	4.3
Nigeria	5.4	6.3	4.0	4.3

*Source: IMF World Economic Outlook (WEO) Update, October 2015*

**Table 3: World Trade Growth (Actual Vs Forecast) - %**

	2013	2014	2015	2016
World Trade Volume	3.5	3.3	3.2	4.1
Imports:				
Advanced Economies	2.1	3.4	4.0	4.2
Emerging & Developing Economies	5.2	3.6	1.3	4.4
Exports:				
Advanced Economies	3.1	3.4	3.1	3.4
Emerging & Developing Economies	4.6	2.9	3.9	4.8

*Source: IMF World Economic Outlook (WEO), October 2015*

### 1.2 Inflation Rate:

The inflationary pressure in Nigeria continued in August and also expected to continue in September 2015. The inflation rate was more influenced by the growth in the non-food items that make up the inflation basket. The inflation rate stood at 9.3% in August 2015, up from 9.2% in July 2015. The Food Price Index increased to 10.1% in August, up from 10% in July 2015. The marginal increase in the Food Index was because of the slower pace of growth in fruits, vegetables and tubers.

The inflation rate is expected to increase consistently till the end of the year. This is because of the devaluation effect and the restrictions placed on certain items at the foreign exchange market.

The Consumer Expectations Survey of the CBN, August 2015 edition stated that consumers have a positive outlook in Q4 2015. This could be attributable largely to the relative improvement of economic conditions, expected increase in consumers' disposable income and expectations to save more. The survey added that most consumers expect inflation rate to rise in the next 12 months. The major drivers of the expected upward movement in prices were house rent, education, food and medical care. .

We estimate that the inflation rate would increase to 9.4% in September 2015 as shown in table 4 below.

*The inflationary pressure in Nigeria continued in August and also expected to continue in September 2015.*

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Date	Jan-15 A	Feb-15A	Mar-15A	Apr-15A	May-15A	Jun-15A	Jul-15A	Aug-15A	Sep-15F	Oct-15F	Nov-15F	Dec-15F
FSDH Forecast	8.2%	8.4%	8.5%	8.7%	9.00%	9.2%	9.2%	9.3%	9.4%	9.5%	9.6%	9.7%

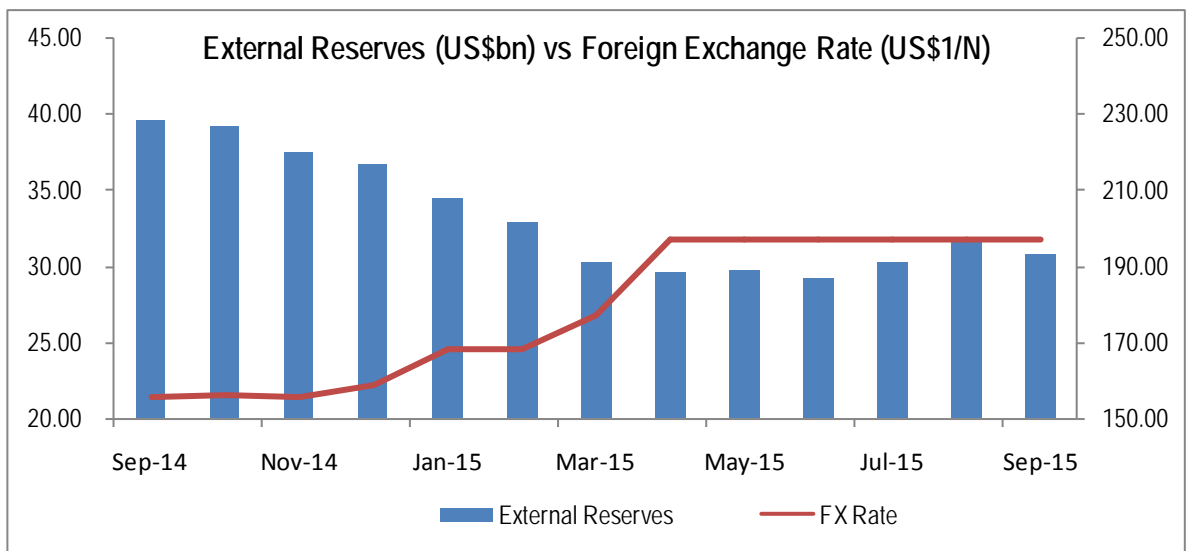
### 1.3 Movement in the External Reserves:

The external reserves dropped by 3.13% to US\$30.34bn at end-September 2015, and can finance 6 months of imports. The CBN used the external reserves to meet the demand for foreign exchange in order to maintain a stable foreign exchange rate.

*The external reserves dropped by 3.13% to US\$30.34bn at end-September 2015.*

The external reserves decreased by 11.98% to stand at US\$30.34bn as at end-September 2015 from US\$34.47bn as at end-December 2014. The average external reserve for the month of September 2015 stood at US\$30.77bn, compared with the average of US\$31.53bn in the month of August 2015.

The insulation of the Nigerian economy from the endless external shock to its revenue stream remains the solution to the build up of the external reserves. The volatility in oil prices has been fuelled by the weak economic growth, the advent of drilling for unconventional oil and fuel switching technology. The Federal Government needs to implement credible policies to diversify the Nigerian economy. This can be achieved by stimulating local production of restricted items at the foreign exchange market, and the improvement in infrastructure to increase the competitiveness of Nigerian manufacturers.



*The daily crude oil production in Nigeria decreased by 1.60% to 1.90mbpd in September 2015, from 1.87mbpd in August 2015.*

### 1.4 Crude Oil Market and Bonny Light Price:

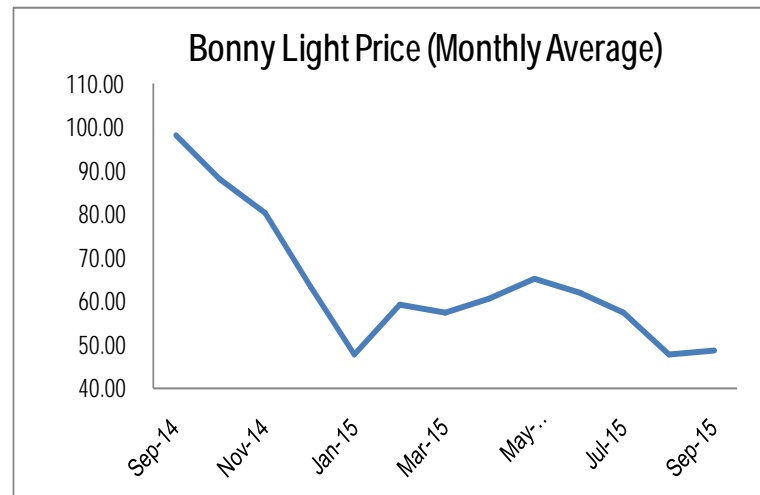
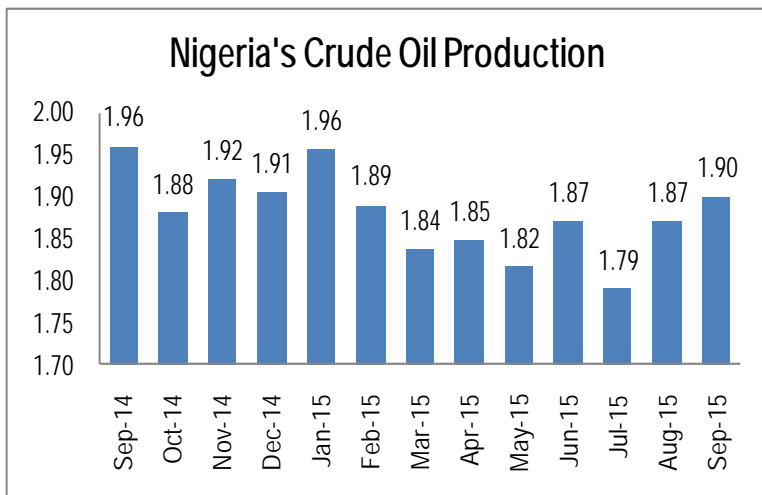
The Organization of the Petroleum Exporting Countries (OPEC) production level remained above the 30mb/d level agreed by its members in September 2015. The OPEC Monthly Report for October 2015 showed that the daily crude oil production in Nigeria increased by 1.60% to 1.90mbpd in September, from 1.87mbpd in August. The total OPEC crude oil production from secondary sources was 31.57mbpd in September 2015, an increase of 0.35% from 31.46mbpd over the previous month. Crude oil production output increased mostly from Iraq, Nigeria, United Arab Emirates, Qatar, Kuwait, and Venezuela; while production dropped in Saudi Arabia, Libya, Ecuador, Iran and Algeria.

*The crude oil production in the U.S. is forecast to decrease through mid-2016 before growth resumes late in 2016.*

The monthly report of the U.S Energy Information Administration (EIA) for October 2015 estimated that the U.S. crude oil production declined by 120,000b/d in September, compared with August. The crude oil production in the U.S. is forecast to decrease through mid-2016 before growth resumes late in 2016. The report added that the projected U.S. crude oil production is to average 9.2 million b/d in 2015 and 8.9 million b/d in 2016. EIA forecasts that Brent crude oil prices will average US\$54/b in 2015 and US\$59/b in 2016, unchanged from the previous month. The West Texas Intermediate (WTI) crude oil prices in 2015 is expected to average US\$4/b less than the Brent price, while US\$5/b lower in 2016.

*EIA forecasts that Brent crude oil prices will average US\$54/b in 2015 and US\$59/b in 2016.*

According to the data from Reuters, the Bonny Light oil price decreased by 2.01% to US\$48.67/b as at September 29, 2015, from end-August 2015. However, the average price of Bonny Light was US\$48.68/b in September 2015, an increase of 2.48% from the average price of US\$47.50b recorded in August 2015.



### 1.5 Exchange Rate:

The demand pressure at the foreign exchange market continued during the month, but the CBN maintained a stable foreign exchange rate at the official window. The demand pressure in the market, led to the CBN drawing down from the external reserve to achieve foreign exchange rate stability in September 2015. There are growing pressures on the CBN to relax the current foreign exchange rate restrictions.

Month-on-month, as at end-September 2015, the Naira appreciated by 1.51% to close at N231.50/US\$1 at the parallel market, compared with August 2015. The Naira closed unchanged at N199.08/US\$1 and N197/US\$1 at the inter-bank and official markets. The average exchange rate at the parallel market depreciated by 0.48% to stand at N231.98/US\$1 in September 2015. The average inter-bank market rate also depreciated by 0.07% to N199.09/US\$1; while at the official market, it closed unchanged at N197/US\$1.

*There are growing pressures on the CBN to relax the current foreign exchange rate restrictions.*

The perception of the long term trend in oil prices remains the critical factor for the determination of the foreign exchange rate in the short-to-medium term. The FGN should continue to channel its economic policies to diversify the Nigerian economy. This can be achieved via the extensive development of the agro-allied industry, solid minerals sector, continuous support for improved and consistent power supply, and an efficient transport system.

The short-term pressure on the Naira would continue because of the downside pressure on oil prices from the weak global economic growth and excess supply of oil. Thus we are inclined to maintain our forecast exchange rates forecasts as shown in table 5 below.

	Jan-A	Feb-A	Mar-A	Apr-A	May-A	Jun-A	Jul-A	Aug-A	Sep-A	Oct-F	Nov-F	Dec-F
Exchange Rate	168.00	177.00	197.07	199.12	199.17	198.96	196.97	199.06	199.08	215.00	215.00	214.00

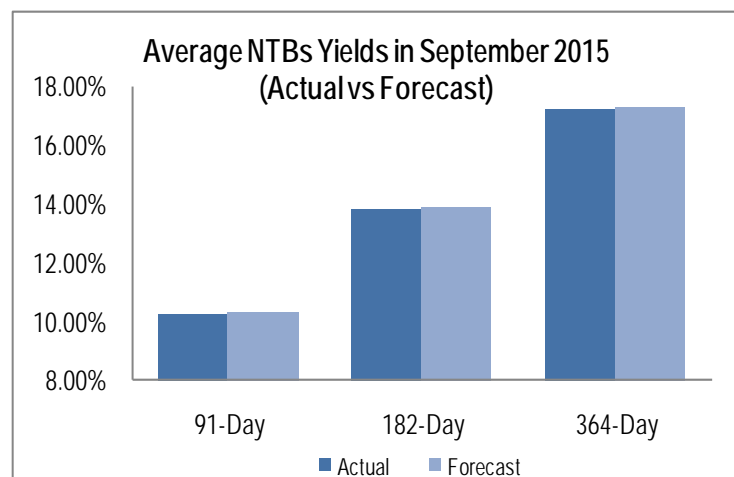
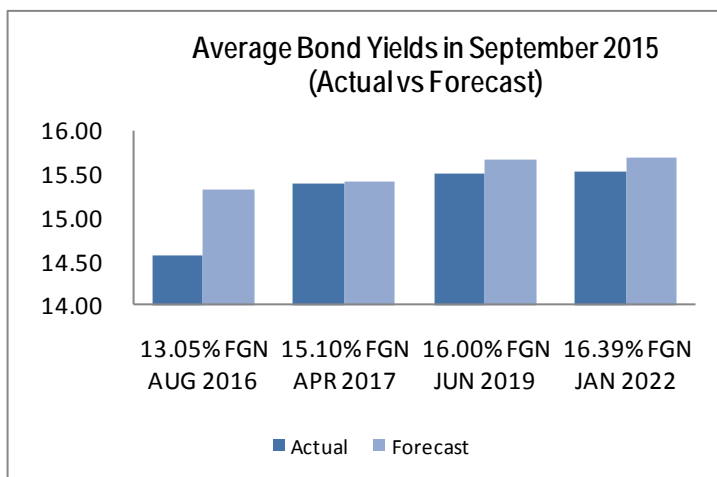


## 2.0 Interest Rate and Yield Analysis:

The fixed income market was more liquid in September 2015, compared to August 2015. The decision of the Monetary Policy Committee (MPC) to lower the Cash Reserve Requirement (CRR) in September released liquidity into the market in addition to maturing bills. The fixed income market analysis for September 2015 shows a net inflow of about N435bn, compared with a net inflow of about N290bn in August 2015. The major outflows in September 2015 were the Treasury Single Account (TSA) of about N850bn, Primary NTB of about N214bn, Open Market Operations (OMO) of about N53bn, and the bond auction of about N45bn. Meanwhile, in August 2015 the major outflow was from the NTB of about N258bn, the OMO of about N73bn, and the bond auction of about N80bn. The major inflows in September were the CRR credit of about N740bn, OMO and REPO Bills of N408bn, matured NTBs of about N249bn, and the Federation Account Allocation Committee injection of about N200bn. In August, the matured NTBs of about N258bn, matured OMO and REPO Bills of N183bn, and the FAAC of N260bn flowed into the market.

*The decision of the MPC to lower the CRR in September released liquidity into the market in addition to maturing bills.*

At the NTBs auction, average yields increased at the 91-day and 182-day tenors, while it decreased marginally at the 364-day tenor in September 2015, compared with August 2015. The average 91-day NTB yield closed at 10.52% in September, up from 10.26% in August. The average 182-day NTB yield closed at 14.47%, up from 13.84% in August; while the average 364-day NTB yield closed marginally lower at 17.23%, from 17.24%. The average 30-day NIBOR closed at 15.52% in September 2015, down from 17.08% in August 2015. The average 90-day NIBOR also decreased to 16.50%, from 18.69% in the preceding month.



*Our average forecast yields on the bonds for the month of September 2015 were moderately higher than the actual.*

Our analysis of the average forecast yields on the bonds for the month of September were moderately higher than the actual. The deviation was due to the higher liquidity in the market than anticipated. There was a decrease in the yields on the shorter dated bond and the longest dated bond monitored in September, compared with August. The other bonds recorded increases.

**Table 6: Average Bond Yields**

	13.05% FGN AUG 2016	15.10% FGN APR 2017	16.00% FGN JUN 2019	16.39% FGN JAN 2022	10.00% FGN July 2030
August	15.26%	15.39%	15.43%	15.37%	15.50%
September	14.57%	15.40%	15.50%	15.53%	15.48%
Change	(0.69%)	0.01%	0.07%	0.16%	(0.02%)

**Table 7: Average Interest Rate and Yields**

	NIBOR				Treasury Bill Yields		
	Call	30 Day	90 Day	180 Day	91-Day	182-Day	364-Day
August	33.41%	17.08%	18.69%	19.77%	10.26%	13.84%	17.24%
September	16.68%	15.52%	16.50%	17.72%	10.52%	14.47%	17.23%
Change	(16.73%)	(1.56%)	(2.19%)	(2.05%)	0.26%	0.63%	(0.01%)

**Table 8: Market Liquidity (N'bn)**

	August 2015			September 2015		
	Total Inflow	Total Outflow	Net flow	Total Inflow	Total Outflow	Net flow
Primary Market: NTB	258	258	-	249	214	35
Open Market Operations (OMO) & Rev Repo	183	73	110	408	53	355
BOND	-	80	(80)	-	(45)	(45)
FAAC	260	-	260	200	-	200
CRR (Debit)/Credit	-	-	-	740	-	740
TSA Implementation	-	-	-	-	850	(850)
<b>Total</b>	<b>701</b>	<b>411</b>	<b>290</b>	<b>1,597</b>	<b>1,163</b>	<b>435</b>

*The existing and expected liquidity in the system would lead to a decrease in yields in October 2015.*

## 2.1 Revised Outlook Going Forward:

We expect a total inflow of about N846bn to hit the money market from the various maturing government securities and FAAC in the month of October 2015. Our expected outflows from the various sources such as government securities and statutory withdrawals are estimated at N578bn, leading to a net inflow of N268bn. This analysis does not include the CBN's interventions at the inter-bank segment of the foreign exchange market. We are of the opinion that the existing and expected liquidity in the system would lead to a decrease in yields in October 2015.

**Table 9: Expected Inflow and Outflow Analysis - October 2015 (N'bn)**

Date	01-Oct-15	08-Oct-15	14-Oct-15	22-Oct-15	29-Oct-15	Others	Total
Inflows	197.97	127.08	-	138.17	155.13	227.84*	846.19
Outflows	-	127.08	90.00	138.17	-	223.10**	578.35
*Statutory Allocation (FAAC), ** CRR Debit							267.83

**Table 10: Revised Yields – Actual Vs Forecast**

	Treasury Bills (Primary Market)			FGN Bonds (Secondary Market)				
	91-Day	182-Day	364-Day	Aug-16	Apr-17	Jun-19	Jan-22	Jul-30
JanA-15	11.52%	15.39%	17.04%	15.00%	15.22%	15.22%	15.26%	14.95%
FebA-15	11.17%	14.82%	17.33%	15.82%	15.99%	15.85%	15.76%	15.85%
MarA-15	11.09%	15.95%	18.51%	15.83%	15.99%	15.83%	15.81%	15.76%
AprA-15	10.78%	15.17%	16.47%	13.97%	14.01%	14.11%	14.09%	15.44%
MayA-15	10.28%	13.70%	15.20%	13.65%	13.74%	13.71%	13.65%	15.46%
JunA-15	10.15%	13.62%	14.94%	13.72%	13.84%	13.97%	13.92%	15.48%
JulA-15	10.26%	13.49%	14.94%	14.59%	14.70%	14.86%	14.86%	15.49%
AugA-15	10.26%	13.84%	17.24%	15.26%	15.39%	15.43%	15.43%	15.50%
SepA-15	10.52%	14.47%	17.23%	14.57%	15.40%	15.50%	15.53%	15.48%
OctF-15	10.50%	14.34%	17.21%	14.55%	14.36%	14.46%	14.49%	15.45%
NovF-15	10.48%	14.32%	17.19%	14.50%	14.34%	14.41%	14.44%	15.40%
DecF-15	10.53%	14.37%	17.25%	14.60%	14.44%	14.51%	14.49%	15.50%

*Yields are expected to trend lower in October 2015.*

The average yields on the fixed income securities are expected to be lower in October 2015, compared with September 2015. The high liquidity existing in the system will drive yields down in the month of October 2015.

## 2.2 Strategies:

- Fund Managers should take a short position in the market, as the liquidity level would lead to lower yields.

The average yields on the FGN Eurobonds were higher in September 2015 than that recorded in August 2015. Consequently, the prices of all the bonds closed lower in the month of September, compared with August 2015. We expect the yields to drop in the month of October because of increased demand.

Date	10year 6.75% FGN Eurobond January 2021		10year 6.375% FGN Eurobond July 2023		5 year 5.125% FGN Eurobond July 2018	
	Price (US\$)	Yield (%)	Price (US\$)	Yield (%)	Price (US\$)	Yield (%)
01-Sep-15	97.664	7.279	92.927	7.584	97.819	5.964
02-Sep-15	97.194	7.387	92.421	7.675	97.580	6.061
03-Sep-15	96.962	7.442	92.047	7.744	97.535	6.079
04-Sep-15	96.783	7.484	91.782	7.793	97.351	6.153
07-Sep-15	96.750	7.492	91.721	7.804	97.286	6.179
08-Sep-15	96.589	7.530	91.563	7.833	97.276	6.184
09-Sep-15	96.215	7.618	91.242	7.893	97.203	6.215
10-Sep-15	96.048	7.658	91.053	7.929	96.742	6.400
11-Sep-15	96.051	7.658	91.142	7.913	96.775	6.388
14-Sep-15	96.042	7.660	91.089	7.923	96.791	6.383
15-Sep-15	96.349	7.588	91.310	7.882	96.791	6.383
16-Sep-15	97.052	7.424	92.164	7.727	97.046	6.282
17-Sep-15	98.496	7.090	94.463	7.316	98.500	5.708
18-Sep-15	99.412	6.881	94.524	7.306	99.304	5.393
21-Sep-15	99.191	6.931	94.276	7.350	99.132	5.460
22-Sep-15	98.101	7.181	92.803	7.613	99.132	5.460
23-Sep-15	97.879	7.233	92.646	7.642	98.463	5.724
24-Sep-15	96.796	7.486	91.283	7.892	98.445	5.733
25-Sep-15	96.844	7.475	91.349	7.88	97.675	6.041
28-Sep-15	95.620	7.766	90.046	8.123	97.896	5.953
29-Sep-15	94.593	8.014	88.784	8.362	96.762	6.412
30-Sep-15	95.321	7.839	89.549	8.217	97.080	6.286

### 3.0 Equity Market:

#### 3.1 The Secondary Market:

The equity market appreciated in the month of September 2015, compared with August 2015. The Nigerian Stock Exchange All Share Index (NSE ASI) appreciated by 5.16% (a gain of 5.16% in US\$) on a month-on-month basis to close at 31,217.77 points. The market capitalisation also gained by 5.10% (a gain of 5.10% in US\$) to close at N10.73trn (US\$54.46bn). Year-to-Date as at end-September the Index has decreased by 9.92%. The market performance was because of the positive outlook for oil prices, as OPEC expressed its willingness to negotiate with other oil producers about cutting of oil production. Other factors driving the rallying of the market include the increasing clarity of the economic policies of the FGN.

*The equity market appreciated in the month of September 2015.*

A cursory look at the movements in the sectoral indices shows that most of the indices recorded a month-on-month gain, except the NSE Oil and Gas Index. The largest month-on-month gain was recorded in the NSE Consumer Goods Index with a gain of 10.40%. The gain in the Index was because of the perceived impact of positive market sentiments linked to the more positive outlook on the Nigerian economy. The Oil/Gas Index was negatively impacted by low oil prices and the inadequate clarity in respect to the subsidy in the Nigerian Oil and Gas sector.

**Table 12: Nigerian Equity Market: Key Indicators**

Month	Volume (bn)	Value (N'bn)	NSEASI	Market Cap. (N'trn)	Banking*	Insurance*	Consumer Goods*	Oil/Gas*	Industrial*
August	10.95	70.58	29,684.84	10.21	299.81	130.21	731.27	351.07	2,198.00
September	6.96	64.97	31,217.77	10.73	319.14	139.11	807.30	343.42	2,228.96
Change	(36.41%)	(7.96%)	5.16%	5.10%	6.45%	6.84%	10.40%	(2.18%)	1.41%
YTD			(9.92%)	(6.52%)	(9.18%)	(7.04%)	(10.65%)	(9.65%)	4.18%

Sources: NSE, FSDH Research. \* NSE Sectoral Indices

Table 13: Major Earning Announcements in September 2015

Company and Result	Turnover (Nm)	Change (%)	PBT (Nm)	Change (%)	PAT (Nm)	Change (%)
<b>CONOIL PLC</b>						
Full Year, Dec. 2014	128,352.67	-19.55	1,532.17	-66.52	834.42	-72.82
6 Months, Jun. 2015	43,027.23	-45.19	528.55	-64.48	359.41	-64.48
3 Months, Mar. 2015	22,363.49	-40.52	-751.48	-240.43	-827.82	-327.49
<b>BECO PETROLEUM PRODUCT PLC</b>						
Full Year Dec 2014	392.20	-43.09	-355.65	-	-344.13	-
Full Year Dec 2013	689.18	-52.96	-114.12	-105.97	-142.31	-108.68
<b>CAPITAL OIL PLC</b>						
Full Year, Dec. 2014	2,106.21	-29.03	-113.24	-	-131.16	-
<b>P Z CUSSONS NIGERIA PLC.</b>						
3 Months, Aug. 2015	14,953.07	-0.44	546.79	-37.32	427.85	-33.33
<b>ARBICO PLC</b>						
Full Year, Dec. 2014	3,717.60	0.00	-252.30	-	-259.65	-
<b>UBA PLC.</b>						
6 Months, June. 2015	166,943.00	20.78	39,046.00	35.14	31,999.00	40.00
<b>STANDARD ALLIANCE INSURANCE PLC</b>						
Full Year. Dec. 2014	4,333.25	14.27	-1,982.61	151.05	-2,080.64	136.18
<b>GUINNESS NIG PLC</b>						
Full Year, June 2015	118,495.88	8.51	10,795.10	7.59	7,794.90	18.58
<b>P S MANDRIDES &amp; CO PLC</b>						
Full Year Sep 2013	71.88	-28.51	-5.70	-	-5.96	-
Full Year Sep 2012	100.54	-42.12	-16.32	-430.14	-16.94	-625.18
<b>SOVEREIGN TRUST INSURANCE PLC:</b>						
Full Year Dec 2014	8,411.79	-1.29	326.02	-62.00	294.94	-68.28
6 Months, June 2015	4,939.52	6.76	702.36	14.05	650.11	17.37

Table 14: Major Benefit Announcements in September 2015

Company	Result	DPS(N)	Bonus Ratio	Closure Date	Payment Date	Interim/final
HONEYWELL FLOUR MILL PLC	Full Year, Mar. 2015	0.05	-	14-Sep-15	25-Sep-15	Final
NIG ENAMELWARE COMP. PLC	Full Year, Apr. 2014	0.45	-	07-Sep-15	02-Oct-15	final
CONOIL PLC	Full Year, Dec. 2014	1.00	-	28-Sep-15	02-Nov-15	Final
UNIVERSITY PRESS PLC	Full Year, Mar. 2015	0.20	-	04-Sep-15	02-Oct-15	Final
UBA PLC	6 Months, June 2015	0.20	-	10-Sep-15	16-Sep-15	Interim

The NSE ASI recorded the highest MoM appreciation of 5.16% but a loss of 9.92% in its YTD performance.

The table 15 below shows the performance of some selected foreign equity markets around the world. All Indices apart from NSE All-Share Index, JSE All-Share Index (South Africa) and Nairobi All Share Index (Kenya) recorded a MoM loss. The NSE All-Share Index (Nigeria) recorded the highest MoM appreciation of 5.16% but a loss of 9.92% in its YTD performance. This is followed by the JSE All-Share Index (South Africa) with a MoM gain of 0.23%, and a gain of 0.64% in its YTD performance. The NIKKEI 225 Index (Japan) recorded the highest MoM depreciation of 7.95% and a loss of 0.36% YTD. This was followed by the SMSI Index (Madrid, Spain), with a loss of 7.06%, and a YTD depreciation of 7.33%.

Table 15: Foreign Equity Market Performance in September			
North/Latin America	YTD Change		Month-on-Month Change
Dow Jones Industrial Average	(8.63%)		(1.47%)
S&P 500 Index	(6.74%)		(2.64%)
NASDAQ Composite	(2.45%)		(3.27%)
Brazil Stock Market Index	(9.89%)		(3.36%)
Europe			
Swiss Market Index	(5.23%)		(3.53%)
FTSE 100 Index (UK)	(7.68%)		(2.98%)
CAC 40 Index (France)	4.27%		(4.25%)
DAX Index (Germany)	(1.48%)		(5.84%)
SMSI Index (Madrid, Spain)	(7.33%)		(7.06%)
Africa			
NSE All-Share Index	(9.92%)		5.16%
JSE All-Share Index (S/A)	0.64%		0.23%
Nairobi All Share Index (Kenya)	(9.80%)		2.89%
GSE All-Share Index (Ghana)	(11.12%)		(6.74%)
Asia/Pacific			
NIKKEI 225 Index (Japan)	(0.36%)		(7.95%)
BSE 30 Index (India)	(4.89%)		(0.49%)
Shanghai Stock Exchange Composite Index (China)	(5.62%)		(4.78%)
Hang Seng Index (Hong Kong)	(11.69%)		(3.80%)

### 3.2. Outlook for the Month of October:

- We expect to see speculative and long term investment activities in the market, as investors take advantage of some oversold positions
- We expect more clarity from the FGN on the focus of its economic policy to have a positive impact on the market
- We expect more Foreign Portfolio Investment (FPIs) to come in as the FGN continues to reveal more of its economic policy
- Impressive Q3 numbers may have positive impact on the market.

### 3.3. Strategies:

- Speculators should take a long position in the market
- Long term investors should take long positions in the stocks with good fundamentals in the consumer goods, industrial goods, agriculture, and banking sectors at the bourse.

Months	YEARS				
	2010	2011	2012	2013	2014
September	23,050.59	20,373.00	26,011.63	36,585.08	41,210.10
October	25,042.16	20,934.96	26,430.92	37,622.74	37,550.24
% Change	8.64%	2.76%	1.61%	2.84%	(8.88%)

The historical performance of the equity market in October on the average followed an upward trend, except for the performance in 2014. We do not expect the market to repeat the 2014 performance because of the possibility of investors taking advantage of oversold positions. The clarity of the economic policy direction of the FGN would also increase market activities.



Asset Class	Fund Allocation
Equities	17%
Fund Placement	10%
Treasury Bills	30%
Real Estate Investment Trust (REIT)	8%
Bonds	25%
Collective Investment Schemes	10%

Stocks	Max Entry Price	52 Week Low	52 Week High	Trailing EPS	Trailing PE Ratio	Target Price
NASCON	7.00	5.2	8.94	0.69	10.14	8.12
UACN	30.59	26.22	44.49	4.31	7.09	35.48
Flour Mills	22.68	21.45	39.80	2.53	8.96	26.31
United Capital	1.38	1.14	1.73	0.33	4.18	1.58
Transcorp	2.26	1.96	3.59	0.02	113.00	2.62
Stanbic IBTC	22.80	18.00	31.61	2.56	8.91	26.45
Julius Berger	40.00	38.08	57.63	6.09	6.57	46.40
Dangote Sugar	6.75	5.10	7.74	0.93	7.29	7.83
Lafarge Africa	98.00	76.00	104.50	8.64	11.34	113.68
Zenith Bank	16.60	13.75	25.05	3.35	4.95	19.26
Nig. Breweries	141.00	110.15	172.00	5.06	27.87	163.56
Nestle	830.01	746.25	1050.00	24.33	34.11	937.29
GT Bank	24.09	17.00	31.88	3.67	6.56	27.94
PZ	25.39	20.87	35.00	1.10	23.14	29.45

S/N	Security Description	Tenor To Maturity	Coupon	Current Price	Current Yield	Modified Duration
1	15.10% FGN Apr 2017	1.54	15.10%	102.15	13.49%	1.25
2	16% FGN Jun 2019	3.71	16.00%	106.55	13.67%	2.66
3	14.20% FGN Mar 2024	8.42	14.20%	102.10	13.76%	4.81
4	12.1493% FGN Jul 2034	18.76	12.1493%	83.50	14.76%	6.30

Table 20: Select Global Bonds Issue		
Country	Bond	TTM*
Brazil	12.50% January 05, 2016	1
China	3.52% February 21, 2023	8
Egypt	17% April 03, 2022	7
India	8.15% June 11, 2022	7
Kenya	12.705% June 13, 2022	7
Nigeria	16.39% FGN JAN 2022	7
Russia	7.60% April 14, 2021	6
South Africa	7.75% February 28, 2023	8
United States	1.75% May 15, 2023	8
*TTM – Tenor to maturity		

For enquiries please contact us at our offices:

**Lagos Office:** 5th-8th floors UAC House, 1/5 Odunlami Street, Lagos. Tel: 234-1-2702880-2; 234-1-2702887.

**Port Harcourt Office:** 2nd Floor, Mainstreet Bank Building (Former Afribank Building) 5 Trans Amadi Road, Port Harcourt. Tel: 234-8024081331.

**Abuja Office:** Leadway House (Ground Floor), Plot 1061 Herbert Macaulay way, Central Business District, Abuja-Nigeria. Tel.: 09-6700535, 09-2731170

Website: [www.fsdhgroup.com](http://www.fsdhgroup.com) email: [research@fsdhgroup.com](mailto:research@fsdhgroup.com)

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