



Thursday, 07 March 2019

The Market Today

CBN imposes forex restriction on textile imports

- Consolidating on the 42-items ineligible for foreign exchange from official channels, the Central Bank of Nigeria yesterday announced forex restrictions on the importation of textile and textile materials into the country. As such, textile importers would no longer be able to access foreign exchange from banks and all other forex dealers. While the CBN Governor, Mr. Godwin Emefiele in his statement stated that the apex bank will adopt strategies to restrain smuggling and simultaneously support domestic textile producers, we expect near-term production constraints to force current textile traders and businesses to source forex from the parallel market which could possibly lead to a higher exchange rate in that market. Depending on the quantum of this demand, we foresee inflationary pressure on this particular sector as well as efficiency losses from a policy that would possibly not put a dent in Nigeria's import bill, noting that textiles currently make up c.1.3% of Nigeria's total imports as at 9M'18.

Bond market turns quiet as sell-offs lessen

- Yesterday, the CBN refrained from conducting an OMO auction. Meanwhile, the Interbank Call rate declined 50bps to 8.83%.
- Despite the improved liquidity levels, the T-bills market was mixed, with bearish sentiments still lingering across the curve. Overall, yields advanced a mere 3bps on average, with notable movements on the 29DTM (yield down 102bps to 10.08%) and 71DTM (yield up 271bps to 15.32%) bills. Meanwhile, sell pressure in the bond market diminished, with benchmark yields advancing 5bps on average. Particularly, the yield on the 16.39% FGN JAN 2022 bond advanced 11bps to close at 14.60%, whilst the yield on the 13.98% FGN FEB 2028 bond declined 1bp to close at 14.28% and the 16.2499% FGN APR 2037 bond remained flat at 14.13%.
- With ₦129 billion expected to hit the system today, we expect the CBN to conduct another OMO auction, driving a tepid T-bills market. Meanwhile, we foresee mild sell-offs in the bond space in accordance with

Latest Indicators	
Call rate	8.83 %'
Brent crude price	\$65.69
January Inflation	11.44%
MPR	14.00%
Q4'18 GDP Growth	2.38%
Gross External Reserves	\$42.40bn

Currency (USD/NGN)	06-Mar	05 Mar	Change
Spot	306.90	306.90	0.00
1 M	362.81	363.26	-0.45
6 M	381.09	381.39	-0.30
1 Y	402.53	403.62	-1.09
Parallel Market*	358.50	358.50	0.00
NAFEX	360.19	360.77	-0.58

*Quotes are mid-prices

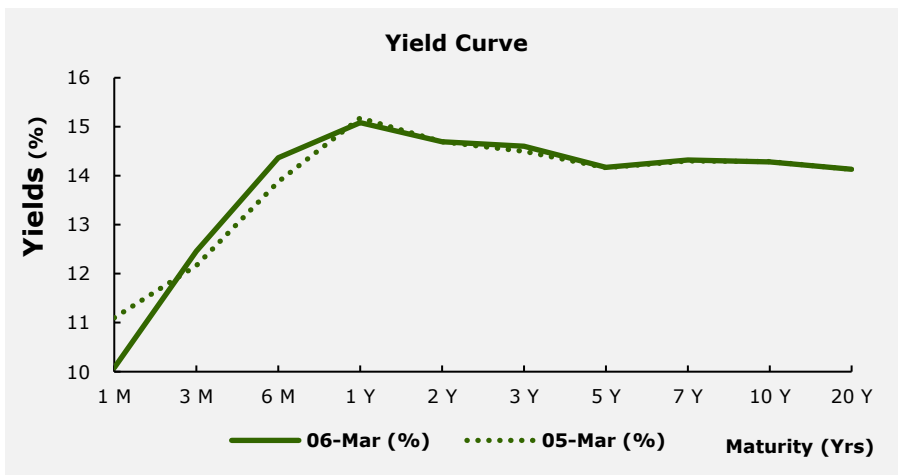
Treasury Bills	06-Mar (%)	05 Mar (%)	Change
1 M	10.08	11.10	-102bps
3 M	12.46	12.17	29bps
6 M	14.37	13.88	49bps
1 Y	15.08	15.18	-9bps

FGN Bonds - Domestic	06-Mar (%)	05 Mar (%)	Change
14.50% 15-JUL-2021	14.69	14.69	0bp
16.39% 27-JAN-2022	14.60	14.50	11bps
14.20% 14-MAR-2024	14.17	14.17	0bp
12.50% 22-JAN-2026	14.32	14.30	1bp
16.2884% 17-MAR-2027	14.23	14.25	-3bps
13.98% 23-FEB-2028	14.28	14.29	-1bp
12.49% 22-MAY-2029	14.26	14.27	-1bp
8.50% 20-NOV-2029	14.25	14.26	-1bp
10.00% 23-JUL-2030	14.24	14.25	0bp
12.1493% 18-JUL-2034	14.20	14.23	-3bps
12.40% 18-MAR-2036	14.16	14.16	0bp
16.2499% 18-APR-2037	14.13	14.13	0bp

FGN Bonds - Eurobonds	06-Mar (%)	05 Mar (%)	Change
6.75% Jan 2021	4.84	4.89	-5bps
5.625% Jun 2022	5.36	5.34	1bp
6.375% Jul 2023	5.70	5.70	0bp
6.50% Nov 2027	6.89	6.93	-4bp
7.143% Feb 2030	7.30	7.34	-4bps
7.875% Feb 2032	7.67	7.74	-6bps
7.696% Feb 2038	7.97	8.02	-5bps
7.625% Nov 2047	8.06	8.12	-6bps

Corporates - Eurobonds	06-Mar (%)	05 Mar (%)	Change
GTB PLC	74.84	79.75	-491bps
6.00% Nov 2018			
DIAMOND BANK	22.98	22.91	7bps
8.75% May 2019			
ZENITH BANK	5.98	5.97	1bp
6.25% Apr 2019			

Source: Bloomberg, FMDQ, Vetiva Research



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Market sheds 14bps after losses in three key sectors

- Posting a negative performance yesterday, the Nigerian Bourse moderated 14bps after recording red closes in three of the four key sectors. Amidst this, market turnover declined on the day with value of trades at ₦2.8 billion.
- Meanwhile, the Banking sector (+3bps) was the only positive sector for the day, gaining marginally after an uptick in GUARANTY (+93bps) erased a loss in ZENITHBANK (-81bps). On the other hand, red closes in the Oil & Gas (-173bps) and Industrial Goods (-135bps) sectors were largely driven by poor performances in SEPLAT (-357bps), and CCNN (-500bps). Finally, the Consumer Goods sector (-5bps) recorded minimal losses despite declines in HONYFLOUR (-370bps) and CADBURY (-192bps).
- Market breadth widened with 8 advances and 19 declines.

Market Outlook

- Notably, yesterday's advances consisted majorly of banking stocks. We expect the positive performance of the banking sector to persist today as investors maintain interest. However, we still foresee another mixed session overall.
- **Stock Watch:** SEPLAT released its FY'18 results yesterday, reporting topline and bottom-line of ₦228.4 billion and ₦44.9 billion respectively (FY'17: ₦138.3 billion and ₦81.1 billion). The stock lost 3.57% yesterday to close at ₦596.90.

Equity Market Indices			
	6-Mar	WtD	YtD
NSE ASI	-0.16%	0.93%	2.20%
NSE30	-0.07%	1.30%	2.07%
Banking	0.03%	3.64%	7.22%
Cons. Goods	-0.05%	0.63%	-1.77%
Ind. Goods	-1.35%	-1.29%	1.79%
Oil & Gas	-1.73%	-1.86%	-2.74%

Market trade	6-Mar	5-Mar	30-day Avg.
Volume ('mil units)	208	401	364
Value (₦mil)	2,785	3,464	4,076

Top 5 trades by volume		Volume
ZENITHBANK		45,371,111
GUARANTY		23,081,262
FIDELITYBK		20,170,591
ACCESS		15,610,877
TRANSCORP		13,859,680

Top 5 trades by value		(₦)
ZENITHBANK		1,112,775,655
GUARANTY		872,940,089
DANGCEM		171,278,431
ACCESS		94,183,388
INTBREW		81,196,119

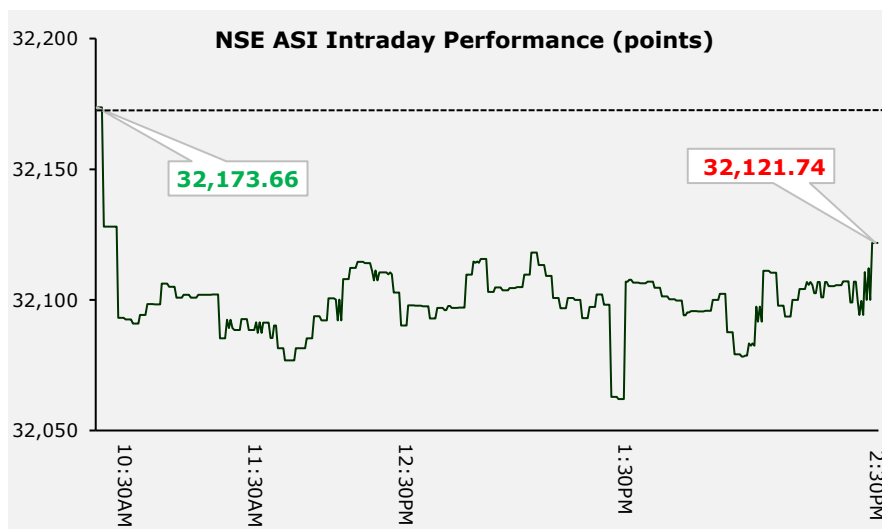
Top gainers	d/d change	Price (₦)
JAIZBANK	5.00%	0.63
ACCESS	1.67%	6.10
UCAP	1.54%	3.30
GUARANTY	0.93%	37.95
NPFMCRFBK	0.68%	1.48

Top losers	d/d change	Price (₦)
ETRANZACT	-9.90%	2.64
CCNN	-5.00%	19.00
SOVRENINS	-3.85%	0.25
REGALINS	-3.70%	0.26
AFRIPRUD	-3.70%	4.69

Foreign Listings	Close	Change	Value (₦)
DIAMONDBNK GDR (USD)	3.40	0.10%	12.27
GUARANTY GDR (USD)	5.10	0.10%	36.81
ZENITHBANK GDR (USD)	2.90	0.10%	20.93
OANDO JSE (ZAR)	0.25	-0.08%	6.37
SEPLAT LSE (GBP)	1.27	2.82%	603.21

	USDNGN	GBPNGN	ZARNGN
Exchange rate applied	360.90	476.85	25.48

Source: Bloomberg, Vetiva Research



Source: Bloomberg, Vetiva Research



Corporate Disclosures

- The Board of Directors and Management of Seplat Petroleum Development Company Plc have announced a final dividend at a rate of US\$0.05 per Ordinary Share subject to shareholders' approval at the 2019 Annual General Meeting; payable to Seplat's shareholders whose names appear in the Register of Members as at the close of business on 20th March 2019.
- The Board of Director of Nestle Nigeria Plc has announced a final dividend of ₦38.50 per 50 kobo ordinary share, (composed of N34.20 from the profit for the year ended 31 December 2018 and N4.30 from the after tax profit for the year ended 31 December 2009) subject to appropriate withholding tax and approval at the Annual General Meeting will be paid to shareholders whose names appear in the Register of Members as at the close of business on the 10 May 2019.

Corporate Earnings

	Period	Revenue (₦million)	y/y change	PAT (₦million)	y/y change
SEPLAT	FY'18	228,391	65%	44,858	-45%
NESTLE	FY'18	266,275	9%	43,008	28%



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