



# CAPITAL MARKET BULLETIN

A monthly report and analysis of activities in the Nigerian capital market and the economy produced by the Office of the Chief Economist and Research Division, Research and Planning Department, Securities and Exchange Commission, Nigeria

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2013

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## FOREWORD

Dear Reader,

We bring to you this FIRST EDITION of our revised monthly Publication “CAPITAL MARKET BULLETIN”. The publication has been restructured to capture recent developments in the capital market. Unlike Previous Editions, the publication now captures information on global markets and the core activities of the Commission. Another newly introduced segment is the “*Company Focus*” where we will be discussing a special company at random, so watch out! Other areas such as transaction activities on the Nigerian Stock Exchange and review of the primary market were retained but now with more insight.

Therefore, this Edition features activities that took place in the Nigerian capital market and some developments in other jurisdictions. It highlights the overview of the Nigerian capital market with Nigeria compared to other frontier markets in Africa. The Primary Market segment throws more light on new issuances in the Capital Market while the *Secondary Market* segment keeps one abreast of activities on the Nigerian Stock Exchange (NSE) and the Over-The-Counter (OTC) Bond Market.

The market sustained a positive momentum considering the volume and value of trades both on the NSE and the OTC Bond market. We hope to venture into other area of the market such as transactions on the two new OTC markets (i.e. FMDQ Plc and NSAD) as they evolve.

This publication will keep you up-to-date with developments in the capital market and also to enable know your rights as an investor/stakeholder in the market. As the saying goes “The beautiful thing about learning is that no one can take it away from you.”

The publication is packaged to meet the information need of regulators, operators, students, investors and all other stakeholders in the capital market. You can also engage your family in the crossword puzzle, so no one will be left out. Make sure you do not fall off your seats as you read the jokes on our Laugh Zone.

So, relax and enjoy every bit of this edition.

## OVERVIEW OF THE NIGERIAN CAPITAL MARKET

**A** new Board of the Commission, headed by Dr. Suleiman Ndanusa (a former Director General of the Commission), was inaugurated on January 15, 2013 by the Coordinating Minister of the Economy and Honourable Minister of Finance. The board Chairman also served as Chief Executive Officer and Managing Director of Spring Bank Plc. until December 2008. From 1993 to 1996, he served as Group Managing Director of Empire Group Limited, a financial services holding company with five subsidiary companies covering finance & investment; stock broking; insurance broking; savings & loan and commodities trading. After his tenure as the Director General of the SEC, he served as a Lead Consultant of the Central Bank of Nigeria Bank Consolidation Monitoring Team. He is also a lawyer, certified stockbroker and an Advanced Management Programme graduate of Harvard Business School, USA.

His qualification would as holder of a Doctorate degree from St. Clements University, UK, Economics graduate of Ahmadu Bello University, Zaria gives the market the assurance of a rebound as he is considered capable to, together with his team, make proactive decisions that would sustain the recovery being witnessed in the market.

The other members of the board have vast knowledge and experience in capital market. They are:

- |                                 |  |
|---------------------------------|--|
| 1. Ms. Arunma Oteh              | -Director General                                  |
| 2. Mrs. Sa'adatu Mohammed Bello | - Executive Commissioner, Legal and Enforcement    |
| 3. Mal. Mounir H. Gwarzo        | - Executive Commissioner, Operations               |
| 4. Rt. Hon. Zakawanu Garuba     | - Executive Commissioner, Finance & Administration |
| 5. Barr. Adefunke Abiodun       | - Non Executive Commissioner                       |
| 6. Mr. Ugochukwu Ikemba         | - Non Executive Commissioner                       |
| 7. Mr. Daniel I. Kifasi         | -Representative of the Federal Ministry of Finance |
| 8. Mr. Ifeanyi T. Nwaoha        | -Representative of the Central Bank of Nigeria     |

The market indices sustained the upbeat performance from the previous year. Transactions statistics during the month surpassed the averages in 2012 by over 50% in terms of number of deals, volume and value respectively as shown on Table 1.

**TABLE 1: TRANSACTION STATISTICS**

	Deals	Volume (units)	Value (Naira)
December 2012	81,097	7,429,530,260	54,813,953,265.11
January 2013	130,528	11,190,111,385	83,293,394,452.42
<b>% Difference</b>	<b>60.95%</b>	<b>50.62%</b>	<b>51.96%</b>

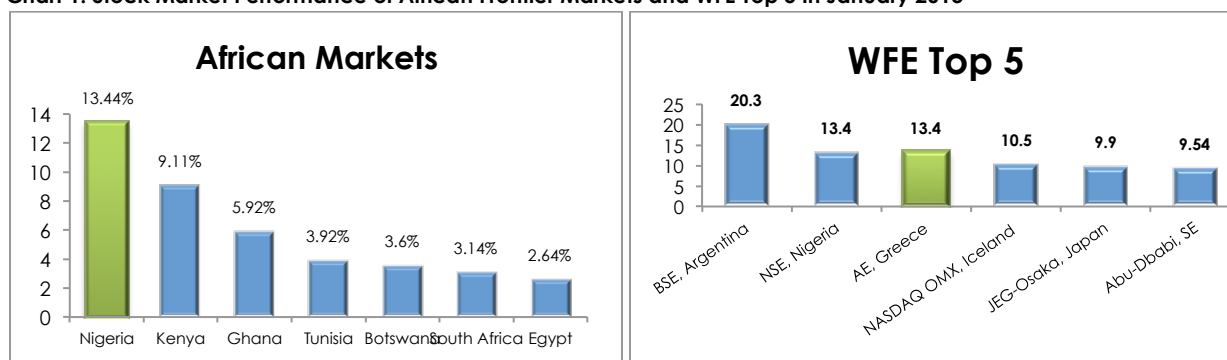
Source: Compiled from NSE reports

Also, the All-share Index (ASI) appreciated by 13.44% as 79 equities recorded price gains in January 2013. With this development, equities market capitalization rose to N10.2 trillion. The market may have been driven by the anticipation of positive 2012 corporate financial results and the activities of market makers introduced in the last quarter of 2012.

Compared to other frontier markets in Africa, the Nigerian capital market was outstanding in January 2013. The Nigerian market alongside, Athens' Exchange ranked among the World Federation of Exchanges' top 5 in January 2013, precisely behind Argentina's Buenos Aires' Stock Exchange which recorded 20.3% in broad stock price index. Nigerian Stock Exchange and Athens' Exchange both closed with an impressive 13.4%.

When comparing the performance of African capital markets, Nigeria ranked first in terms of returns with a 13.44% gain in the value of its All Share Index. Egypt which was recently displaced by Nigeria as the second largest stock market by size of market capitalisation, recorded a performance that placed her on the seventh position on the Chart, while South Africa, which is still the largest exchange in the African continent recorded a growth of 3.14% to settle at the fourth position behind Botswana (5<sup>th</sup>), Tunisia (4<sup>th</sup>), Ghana (3<sup>rd</sup>) and Kenya (2<sup>nd</sup>). Chart 1 below shows the performance of some frontier markets in January 2013.

**Chart 1: Stock Market Performance of African Frontier Markets and WFE Top 5 in January 2013**



Source: Extracted from Bloomberg Market Data

Source: World Federation of Exchanges (WFE)

However, in the primary market segment, only one (1) new equity issue was floated. The main transactions in the primary market came from the monthly domestic bond issuance by the Federal Government of Nigeria (FGN) where three (3) bonds were issued by the Debt Management Office (DMO). The developments in the market during the month are discussed in details below.

## THE PRIMARY MARKET

### NEW ISSUES

New issues market was expected to flourish in 2013 given the renewed interest of investors in the last four months of 2012 and improved prices of equities. The lull in the market in the last four months was mainly driven partly by the introduction of Securities Lending and market making by the Nigerian Stock Exchange which improved liquidity in the market. Another cause was the forbearance package for stockbrokers by the Federal Government which showed government interest in capital market activities. As a result, most investors started to take position in the market therefore creating more demands for stock which were already considered undervalued compared to their corporate results.

The activity in the last four months was however, not witnessed in January 2013 as only one (1) equity placement valued at N370 million was recorded. The issuing company, **Guinea Insurance Plc**, floated the issue to enable it remedy a deficiency in its solvency margin in 2010. Details of the utilisation of the proceeds were for:

- Opening of new branches – 5.07%
- Fixed Assets – 8.30%
- Upgrading of information technology infrastructure of all its branches – 5.53%
- Investments – 81.10%

**TABLE 2: NEW ISSUES JANUARY 2013 (EQUITIES)**

Issuer	Issue Type	Offer Price	Volume	Value(N)	Offer Opening Date
Guinea Insurance Plc	Placement	0.50	740,000,000	370,000,000.00	29/01/13

*Source: Securities and Exchange Commission (SEC)*

In the **bonds segment**, the Federal Government of Nigeria (FGN) auctioned three (3) bonds worth N110 billion. The bonds, which were the extension of 2012 tranche of the FGN bonds, comprised of a 5-year tenured bond worth N35.00 billion, a 7-year bond worth N30.00 billion and a 10-year tenured bond worth N45.00 billion.

Therefore, a total of three (3) FGN bonds and one (1) equity placement worth N110.37 billion were floated during the period under review.

The Commission also gave approval for the International Financial Corporation (IFC) to commence Book Building of its planned bond issuance in the Nigerian market. Table 3 highlights the details of bonds auctioned in January 2013.

Table 3: AUCTION SUMMARY FOR FGN BONDS IN JANUARY 2013

Issue	Tenor	Amount Auctioned (N'Bn)	Subscriptions (N'Bn)	Level of Subscription	Amount Allotted (N'Bn)	Marginal Rate (%) Applied	Date Auctioned
April 27, 2017(9th Issue)	5	35.00	96.10	274.57	35.00	15.10	23/01/13
June 29, 2019(8th Issue)	7	30.00	55.91	186.37	30.00	16.00	23/01/13
January 27, 2022(12th Issue)	10	45.00	71.04	157.87	45.00	16.39	23/01/13
<b>Total</b>		<b>110.00</b>	<b>223.05</b>		<b>110.00</b>		

Source: Extracted from DMO reports

## ALLOTMENT CLEARANCE

In January 2013, the Commission cleared three (3) allotment proposals involving one (1) rights offer and two (2) state government bonds which were floated in September, October and November 2012 respectively. The offers, as indicated in the level of subscription on Table 4 were all successful. Hence, Fan Milk Plc with the rights offer capitalized about N1.35 billion while Gombe State and Lagos State governments received N20 billion and N80 billion respectively from investors.

TABLE 4: ALLOTMENTS APPROVED IN JANUARY 2013

S/N	Issuer by Offer Type	Volume of Securities	Offer Price (N)	Value (Naira)	Level of Subscription	Amount capitalized (Naira)	Approval Date
	<b>Right</b>						
1	Fan Milk Plc	449,917,132	3.00	1,349,751,396	100.00	1,349,751,396	09/01/13
	<b>Bonds</b>						
2	Gombe State Government	20,000,000	1000	20,000,000,000.00	100.00	20,000,000,000.00	15/01/13
3	Lagos State Government	80,000,000	1000	80,000,000,000.00	100.00	80,000,000,000.00	14/01/13
	<b>Total</b>			<b>101,349,751,396.00</b>		<b>101,349,751,396.00</b>	

Source: Securities and Exchange Commission (SEC)

## THE SECONDARY MARKET

### TRANSACTIONS ON THE NIGERIAN STOCK EXCHANGE (NSE)

Trading activities on the floor of the Exchange rebounded in January 2013 as a total of 11.19 billion units of securities valued at N83.298 billion were traded in 130,548 deals. These were inclusive of 1,698 units of NewGold ETF worth N4.31 million traded in 20 deals.

In comparison with the figures in December 2012, when 5.152 billion units of securities worth N46.549 billion exchanged hands, the volume and value of securities traded in January 2013 were higher by 117.17% and 78.94% respectively. Similarly, the figures also surpassed the trading volume and value of 4.09 billion and N31.76 billion in January 2012 by 173.70% and 162.29% respectively.

### TRANSACTIONS BY SECTOR

Major transactions recorded during the month were from the Main Board of the exchange. The Financial Services sector remained the most active of the Main Board, accounting for 62.62%, 77.17% and 68.04% of the month's total deals, volume and value respectively. As shown in Table 5 below, over 8 billion shares worth N56.68 billion of equities classified under the financial services were traded in 81,755 deals.

By **volume** of shares traded, the Conglomerate and Consumer Goods sectors occupied the second and third positions respectively with 8.14% and 5.43% control of the month's total units traded respectively. The second and third sectors in terms of trading **value** were Consumer Goods (18.47%) and Industrial Goods (4.24%).

TABLE 5: TRADING STATISTICS BY SECTOR JANUARY 2013

Sector	Deals	Volume (units)	Value (Naira)
<b>ASEM</b>			
CONSTRUCTION/REAL ESTATE	1	1,200	1,776.00
CONSUMER GOODS	19	110,500	85,085.00
INDUSTRIAL GOODS	2	50,000	77,500.00
OIL AND GAS	4	5,600	2,800.00
SERVICES	3	2,000	3,070.00
<b>Sub-total</b>	<b>29</b>	<b>169,300</b>	<b>170,231.00</b>
<b>MAIN BOARD</b>			
AGRICULTURE	2,163	117,648,850	1,016,960,224.54
CONGLOMERATES	4125	910,981,044	1,831,095,811.14
CONSTRUCTION/REAL ESTATE	1,264	21,476,438	523,072,953.09
CONSUMER GOODS	21,737	607,152,780	15,388,011,450.40



FINANCIAL SERVICES	81,755	8,635,564,736	56,677,443,969.78
HEALTHCARE	2,009	80,561,930	163,449,639.39
ICT	142	27,285,916	18,937,930.54
INDUSTRIAL GOODS	5,848	224,837,408	3,529,838,665.62
NATURAL RESOURCES	77	6,890,421	7,718,018.81
OIL AND GAS	7,220	233,500,807	2,242,249,426.48
SERVICES	4,159	324,041,755	1,894,446,131.63
<b>Sub-total</b>	<b>130,499</b>	<b>11,189,942,085</b>	<b>83,293,224,221.42</b>
Equities (Total)	<b>130,528</b>	<b>11,190,111,385</b>	<b>83,293,394,452.42</b>
<b>EXCHANGE TRADED FUND (ETF)</b>			
<b>NEWGOLD ETF</b>	20	1,698	4,314,085.00
<b>Overall</b>	<b>130,548</b>	<b>11,190,113,083</b>	<b>83,297,708,537.42</b>

Source: Compiled from NSE reports

## MOST ACTIVE EQUITIES BY VOLUME

One hundred and sixty two (162) equities were traded on NSE in January 2013. The companies with the top-10 volume of trades controlled about 58% of the total trading during the month. The league, as shown on Table 6, was led by Unity Bank Plc which accounted for 9.77% of the units of securities traded during the month. All the top 10, except Transnational Corporation (a conglomerate company), FBN Holdings Plc and Abbey Building Society Plc (a mortgage institution), were banks.

Table 6: TOP 10 EQUITIES BY VOLUME IN JANUARY 2013

Equity	Volume Traded		Equity Price Status					Sector
	Units	% of Total	Closing	Month Gain/Loss Naira	% Gain/Loss	High	Low	
Unity Bank Plc	1,093,693,765	9.77	0.65	+0.15	30.00	0.79	0.50	Financial Services
U B A Plc	939,305,446	8.39	6.87	+2.31	50.66	6.87	4.56	Financial Services
Transnational Corporation Plc	888,502,299	7.94	1.30	+0.25	23.81	1.30	1.03	Conglomerates
Fidelity Bank Plc	598,549,744	5.35	3.16	+0.87	37.99	3.45	2.35	Financial Services
Diamond Bank Plc	546,425,508	4.88	6.84	+1.90	38.46	6.84	5.10	Financial Services
FBN Holdings Plc	517,880,347	4.63	18.16	+2.44	15.52	18.20	16.38	Financial Services
Ecobank Trans. Incorporated	492,073,344	4.40	13.00	+1.71	15.15	13.09	11.14	Financial Services
Sterling Bank Plc.	491,321,039	4.39	2.89	+1.16	67.05	3.05	1.85	Financial Services
Zenith Bank Plc	452,549,811	4.04	20.50	+1.01	5.18	21.25	19.40	Financial Services
Abbey Building Society Plc	420,976,400	3.76	1.43	+0.06	4.38	1.57	1.37	Financial Services
<b>Top 10 total</b>	<b>6,441,277,703</b>	<b>57.56</b>						
<b>Total Securities Traded</b>	<b>11,190,111,385</b>							

Source: Compiled from NSE reports

## LISTINGS/DE-LISTING

As a result of the scheme of arrangement for the restructuring of United Bank of Africa (UBA) Plc, two (2) subsidiaries of UBA Plc were listed by introduction on the 11<sup>th</sup> of January 2013 on the Daily Official List. The two companies, UBA Capital Plc and Africa Prudential Registrars Plc with total number of 4 billion and 1 billion outstanding shares, were listed at N1.16 and N1.59 per share respectively. Consequently, the number of listed equities stood at two hundred (200) from one hundred and ninety eight in December 2012. There were no company was delisted during the month.

## SUPPLEMENTARY LISTING

A total of 2,897,207,843 additional shares of Linkage Assurance Plc were listed on the 18<sup>th</sup> of January, 2013. The shares listed were those capitalized in the company's placement of December 2012.

## PRICE MOVEMENTS

By percentage gains, the top 20 equities recorded appreciations ranging from 35% to 144.72% are shown on Table 7 below. The unit prices of the first two companies doubled as they appreciated by 144.72% and 116.43% respectively. The unit prices of Cement Company of Northern Nigeria Plc and Julius Berger Nigeria Plc (on the 3<sup>rd</sup> and 4<sup>th</sup> positions respectively) also appreciated by over 90%.

TABLE 7: TOP 20 PRICE GAINERS (BY PERCENTAGE) IN JANUARY 2013

S/N	Equity	Closing Price		Gain		Highest Price	Lowest Price
		Dec	Jan	Naira	%		
1.	Eterna Plc	1.99	4.87	2.88	144.72	4.87	2.08
2.	Forte Oil Plc	7.73	16.73	9.00	116.43	16.73	7.73
3.	Cement Co. Of Northern Nigeria Plc	5.30	10.22	4.92	92.83	10.75	5.35
4.	Julius Berger Nigeria Plc	34.65	66.50	31.85	91.92	66.50	33.48
5.	Academy Press Plc	1.62	2.82	1.20	74.07	2.82	1.62
6.	Livestock Feeds Plc	1.44	2.49	1.05	72.92	2.49	1.42
7.	WAPIC Insurance Plc	0.58	0.98	0.40	68.97	0.98	0.58
8.	Sterling Bank Plc	1.73	2.89	1.16	67.05	3.05	1.85
9.	Wema Bank Plc	0.52	0.86	0.34	65.38	0.86	0.50
10.	Presco Plc	17.00	26.00	9.00	52.94	28.79	18.50
11.	United Bank for Africa Plc	4.56	6.87	2.31	50.66	6.87	4.56
12.	Nigerian Aviation Handling Company Plc	5.39	7.99	2.60	48.24	8.79	5.47
13.	Honeywell Flour Mill Plc	2.09	3.04	0.95	45.45	3.27	2.09
14.	International Breweries Plc	16.20	22.71	6.51	40.19	28.00	16.20
15.	Diamond Bank Plc	4.94	6.84	1.90	38.46	6.84	5.10
16.	Flour Mills Nigeria Plc	65.00	89.90	24.90	38.31	89.90	65.00
17.	N.E.M Insurance Company Nigeria Plc	0.55	0.76	0.21	38.18	0.79	0.53

18.	Fidelity Bank Plc	2.29	3.16	0.87	37.99	3.45	2.35
19.	Custodian and Allied Insurance Plc	1.30	1.77	0.47	36.15	1.96	1.37
20.	Ikeja Hotel Plc	0.80	1.08	0.28	35.00	1.08	0.83

Source: Compiled from NSE reports

However, in absolute monetary terms it was different as some blue-chip companies with significant appreciation in terms of Naira value could not make it to the top 20 table as the gains recorded were lower in percentage terms. For instance, Nestle Nigeria Plc's share price was up by N140 (20%) to close January at N840 per share. Also, as shown on Table 8 below, Total Nigeria Plc gained N18.43 (15.29%), Guinness Nigeria Plc was up by N18.00 (6.55%) and Nigerian Breweries appreciated by N13.80 (9.39%). The other three equities on Table 8 recorded price appreciations of above N11.00 each, which was far higher than the Naira gains recorded by the majority of equities captured on Table 7.

TABLE 8: MAJOR GAINERS (IN TERMS OF NAIRA VALUE) IN JANUARY 2013

S/N	Equity	Closing Price		Gain		Highest Price	Lowest Price
		Dec	Jan	Naira	%		
1.	Nestle Nigeria Plc.	700.00	840.00	140.00	20.00	840.10	700.00
2.	Total Nigeria Plc.	120.57	139.00	18.43	15.29	139.00	120.57
3.	Guinness Nig Plc	275.00	293.00	18.00	6.55	293.00	273.00
4.	Nigerian Brew. Plc.	147.00	160.80	13.80	9.39	160.80	145.65
5.	Dangote Cement Plc	128.10	139.90	11.80	9.21	150.00	125.00
6.	Mobil Oil Nig Plc.	109.25	120.44	11.19	10.24	120.44	109.25
7.	Okomu Oil Palm Plc.	42.50	53.60	11.10	26.12	53.60	42.50

Source: Compiled from NSE reports

On the flip side, a total of fifteen (15) equities shed their prices in January 2013 as shown in Table 9 below. Leading the chart was John Holt Plc, which recorded a depreciation of N1.70 (50%). The second and third equities on the losers table were Morison Industries Plc (25.65%) and NPF Microfinance Bank Plc (19.49%). Also on the losers' table was African Prudential Registrar Plc, a newly listed company (11<sup>th</sup> January, 2013) on the 7<sup>th</sup> position as it closed at N1.45 as against N1.59 that it was listed.

TABLE 9: PRICE LOSER (BY PERCENTAGE) IN JANUARY 2013

S/N	Equity	Closing Price		Loss		Highest Price	Lowest Price
		Dec	Jan	Naira	%		
1.	John Holt Plc.	3.40	1.70	1.70	50.00	3.23	1.70
2.	Morison Industries Plc.	3.47	2.58	0.89	25.65	3.30	2.58
3.	NPF Microfinance Bank Plc	1.18	0.95	0.23	19.49	1.18	0.95
4.	DN Meyer Plc.	1.55	1.26	0.29	18.71	1.55	1.26
5.	Jos International Breweries Plc.	1.53	1.33	0.20	13.07	1.46	1.33
6.	Pharma-Deko Plc.	2.60	2.30	0.30	11.54	2.60	2.24
7.	Africa Prudential Registrars Plc	Not Listed	1.45	0.14*	8.81*	1.75	1.28
8.	E-Tranzact International Plc	3.84	3.65	0.19	4.95	3.84	3.65
9.	Beta Glass Co Plc.	10.50	10.00	0.50	4.76	10.50	9.98
10.	Unilever Nigeria Plc.	46.50	44.90	1.60	3.44	47.15	42.90
11.	Neimeth Int'l Pharmaceuticals Plc	0.98	0.95	0.03	3.06	1.02	0.91

12.	Paints And Coatings Manufactures Plc	1.96	1.90	0.06	3.06	1.96	1.90
13.	Portland Paints & Products Nigeria Plc	4.36	4.30	0.06	1.38	4.40	4.00
14.	Cutix Plc.	1.53	1.52	0.01	0.65	1.60	1.45
15.	MRS Oil Nigeria Plc.	23.76	23.70	0.06	0.25	23.76	22.58

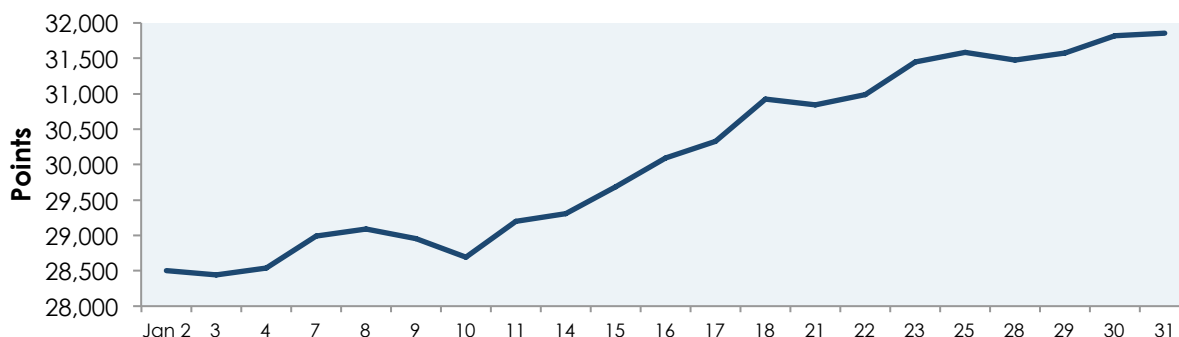
Source: Compiled from NSE reports \*Change from the Date of listing (Jan 11, 2013)

In summary, more gainers were recorded in January 2013 as seventy-nine (79) equities made the gainers list compared to fifty-eight (58) in December 2012. The number of equities with losses reduced significantly from thirty-one (31) in December 2012 to fifteen ((15) in January. Equities with static prices stood at one hundred and six (106) in January from one hundred and nine (109) in December 2012.

### ALL-SHARE INDEX

The All share index which measures the movement of prices of equities quoted on the Nigerian Stock Exchange, closed the month at 31,853.19 points recording an appreciation of 13.44% from 28,078.81 points attained in December 2012. While the index gained 5.98% in the preceding month, it appreciated by a margin of 0.70% in January 2012.

CHART 2: NSE ALL-SHARE INDEX MOVEMENT IN JANUARY 2013

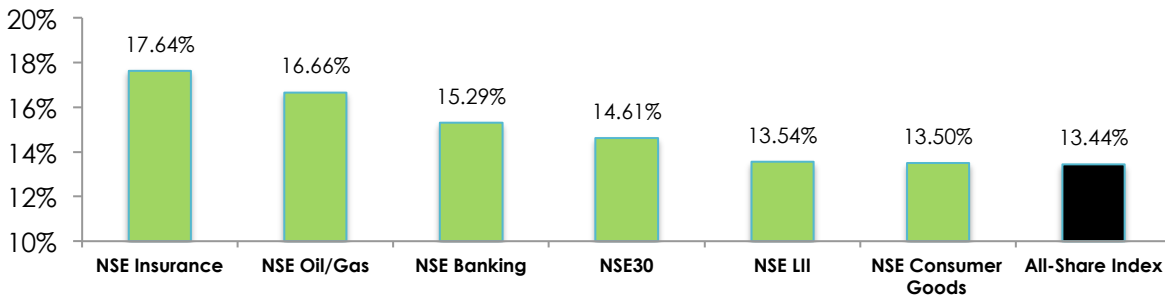


Source: Compiled from NSE reports

### SECTOR INDICES

All the Sector Indices outperformed the Main All-Share Index (ASI) with NSE Insurance leading by a 17.64% appreciation, followed by NSE Oil and Gas with a 16.66% growth. Next in line was the NSE Banking with 15.29%, NSE-30 (14.61%), NSE-LII (13.54%) and finally NSE Consumer goods stood at 13.50%. Chart 2 shows the details.

CHART 3: SECTOR INDICES PERFORMANCE VS ALL-SHARE INDEX (JANUARY 2013)

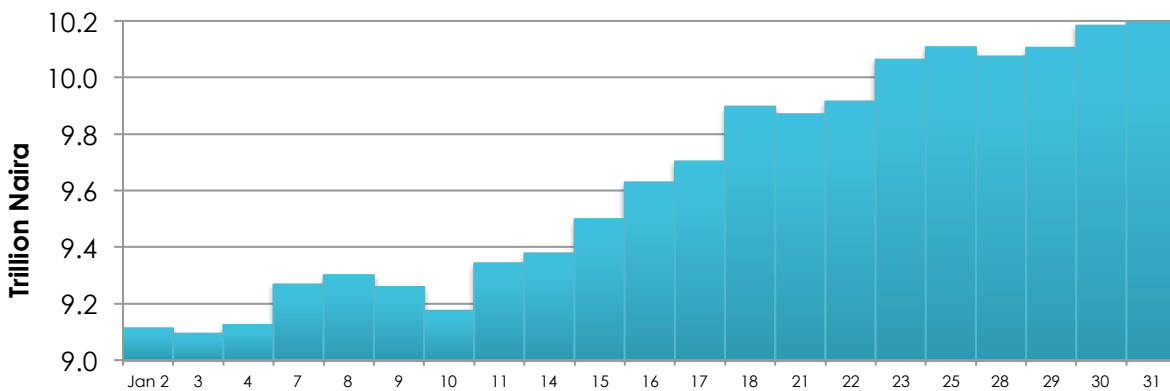


Source: Compiled from NSE reports

## MARKET CAPITALIZATION

Market capitalization of equities closed at N10.195 trillion in January 2013 to record an appreciation of 13.55% from N8.978 trillion in December 2012. The indicator, as shown on chart 4 below, registered consistent growth of about 0.61% daily except for the five days during the month that it declined.

CHART 4: GROWTH IN EQUITIES MARKET CAPITALIZATION (JANUARY 2013)

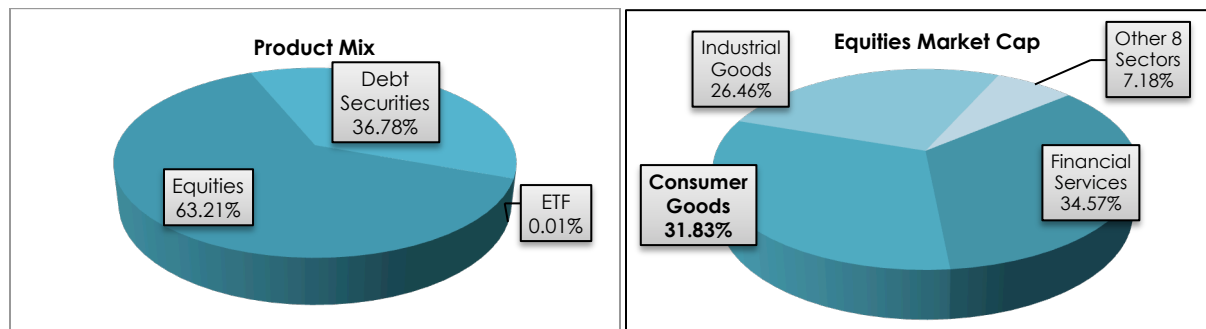


Source: Compiled from NSE reports

The capitalization of debt securities and Exchange Traded Fund (ETF) also inch-up by 1.89% and 1.07% to close at N5.931 trillion and N1.023 billion respectively. Consequently, total Market Capitalization for equities and fixed-income securities stood at N16.127 trillion, which was an 8.97% gain over the total of N14.80 trillion in December 2012.

As at January 2013, the equities market capitalization account for 63.21% of the total market capitalization while the capitalization of debt securities and ETF amounted to 36.78% and 0.01% of total market capitalization. Of the eleven (11) segment of the equities market, the three (3) dominant sectors by market capitalization remained, Financial Services (34.57%), Consumer Goods (31.83%) and Industrial Goods (26.46%). The capitalization of the other eight (8) sectors represents 7.18% of the equities market capitalization.

CHART 5: MARKET CAPITALIZATION BY PRODUCTS AND SECTORS



Source: Compiled from NSE reports

The 20 most capitalized equities controlled N8.677 trillion i.e. 85.11% of aggregate equities market capitalization. Market value of the other 180 equities stood at N1.518 trillion, representing 14.89% of equities market capitalization.

As shown in Table 10 below, Dangote Cement Plc was the most capitalized with N2.383 trillion to account for 23.38% of total equities market capitalization. Nigerian Breweries Plc followed at a distance second with capitalization of N1.216 trillion, representing 11.93% of equities market capitalization.

TABLE 10: TOP 20 EQUITIES BY MARKET CAPITALIZATION IN JANUARY 2013

S/N	Equity	Market Cap. (Naira)	% of Equities Mkt. Cap
1	Dangote Cement Plc	2,383,966,985,959.50	23.38
2	Nigerian Breweries Plc	1,216,082,872,665.60	11.93
3	Guaranty Trust Bank Plc	723,124,073,533.68	7.09
4	Nestle Nigeria Plc	665,831,251,680.00	6.53
5	Zenith Bank Plc	643,628,122,613.00	6.31
6	FBN Holdings Plc	592,598,651,904.96	5.81
7	Guinness Nigeria Plc	432,153,177,067.00	4.24
8	Access Bank Plc	254,059,591,405.80	2.49
9	United Bank for Africa Plc	226,582,132,578.42	2.22
10	Flour Mills Nigeria Plc	209,896,442,321.10	2.06
11	Lafarge WAPCO Plc	196,604,800,262.00	1.93
12	Ecobank Transnational Incorporated Plc	172,099,357,157.00	1.69
13	Unilever Nigeria Plc	169,870,001,625.00	1.67
14	Union Bank Nigeria Plc	142,260,774,356.40	1.40
15	P Z Cussons Nigeria Plc	134,996,219,530.00	1.32
16	Stanbic IBTC Holdings Plc	131,100,000,000.00	1.29
17	Cadbury Nigeria Plc	100,134,021,120.00	0.98
18	Diamond Bank Plc	99,010,662,838.20	0.97
19	First City Monument Bank Plc	91,688,168,056.80	0.90
20	Fidelity Bank Plc	91,560,358,592.68	0.90
	<b>Top 20 total</b>	<b>8,677,247,665,267.14</b>	<b>85.11</b>

	<b>Other 180 equities</b>	<b>1,518,073,574,111.25</b>	<b>14.89</b>
	<b>Equities Market Capitalization</b>	<b>10,195,321,239,378.40</b>	<b>100.00</b>

Source: Compiled from NSE reports

## OVER-THE-COUNTER BOND MARKET ACTIVITIES

Trading on the Over-The-Counter (OTC) Bond Market commenced on a positive note with the number of deals, volume and value of transactions appreciating by 59.82%, 47.91% and 57.48% over their respective positions in the previous month.

The number of deals which stood at 3,029 in December 2012 appreciated to 4,841 while the volume and value of trades appreciated from 520.02 million units and N557.59 billion to 769.16 million units and N878.08 billion respectively.

The 16.39% coupon tag on the FGN Jan 2022 bond may have caught investors' interest as it recorded the highest volume of transactions of over 200 million units sold in 1,468 deals. The bond was also the most priced at N1,339.46 per unit.

Although FGN Nov. 2028 bond had a coupon rate of 15%, it was the least traded in January 2013. That may have been attributed to the price which stood at N1,000 per unit and maturity date which was six (6) years longer than the most traded bond. The total number of deals on the bond was three (3).

## COLLECTIVE INVESTMENT SCHEMES

There was an increase in the Net Asset Value (NAV) of registered funds in January 2013. The value which closed the previous month at N104.85 billion, appreciated by 5.71% to close January 2013 at N110.84 billion. This development was attributable to the favourable trend in the market, appreciations in the values of stocks and attractive interests on money market instruments.

The number of unit holders however, declined marginally by 0.04% from 202,059 in December 2012 to 201,970 in January 2013. *(It should be noted that the NAV and number of unit holders of two (2) funds were reported as at February and September 2012 respectively as a result of the technical suspension placed on them).*

## **BUSINESS COMBINATIONS**

**T**he Commission received two (2) new applications for acquisition and one (1) transaction for “noting” in January 2013. These new applications are being processed alongside fourteen (14) other outstanding applications received in the previous months.

However, three (3) applications were granted approval. They include two (2) merger applications and one (1) application for acquisition.

## **ENFORCEMENT AND COMPLIANCE**

**T**here were twenty two (22) complaints earmarked for enforcement action by the Commission during the month. Out of these cases, one (1) was concluded with the restitution of over N13 million to an investor whose investment was mismanaged by a market operator. The operator was compelled to reconstitute the investor. Other cases are still being reviewed.

## **MONITORING AND INVESTIGATION ACTIVITIES**

**T**he number of complaints received against market operators increased from thirty two (32) in the previous month to fifty two (52) during the month under review. Stockbrokers had twenty six (26) new complaints while Registrars and other market operators recorded eighteen (18) and eight (8) complaints respectively against them.

Majority of the complaints were in respect of illegal transfer and sale of investors' shares while others were on non-receipt of dividend warrants/bonuses, non-receipt of sales proceeds, falsification and manipulation of clients' accounts.

A total of sixteen (16) complaints hitherto handled by the Commission were resolved and closed in January 2013. The closed cases included five (6) against Stockbrokers, nine (9) against Registrars and one (1) against other market operator.

## **REGISTRATION OF CAPITAL MARKET OPERATORS**

**S**ix (6) applications for various functions in the capital market were received from prospective market operators. The functions applied for were Solicitor (1), Issuing House (1), Reporting Accountants (3) and Venture Capital (1).



## INTERNATIONAL ENGAGEMENTS

The Commission concluded modalities for the signing of a Memorandum of Understanding with Capital Market Authority, Oman. The objective of the MoU was to formalize relationship between the agencies with regard to mutual assistance, cross-border co-operation and exchange of information for the purpose of enforcing and securing compliance with respective laws and regulations of the signing authorities. The ultimate goal is to strengthen and engender confidence in the financial markets, and to stimulate international capital inflows.

The World Bank, in conjunction with the International Organisation of Securities Commissions (IOSCO), is developing ways to identify the hindrances to the development of the mutual fund industries in emerging markets, having identified it as a driving force in most of the developed economies. Consequently, a survey on the constraints of mutual funds development in Nigeria commenced during the month. It is expected that recommendations on how to develop the sector would be drawn from the outcome of the survey.

## COMPANY FOCUS

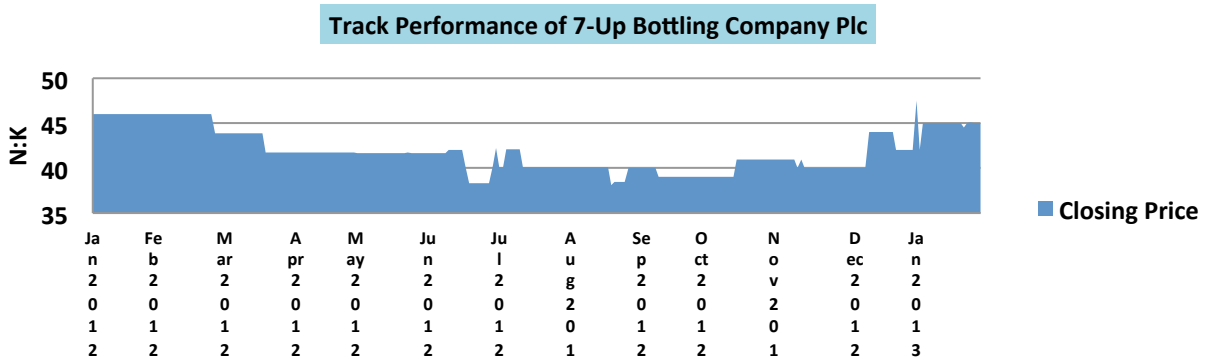
The stock under review this month is 7-up Bottling Company Nigeria Plc. It is the only listed company in the "Beverages (non-Alcoholic) sub-sector of the "Consumer Goods" sector of the Daily Official List after Nigerian Bottling Company got delisted in 2011. Established on 1<sup>st</sup> October, 1960, the company currently has nine (9) bottling plants and over 200 distribution centers across the country with a workforce of about 3500 employees. The 7-Up bottling company Plc is one of the largest independent manufacturers and distributors of the well-known and widely consumed brands of soft drinks in Nigeria.

The Company's performance on The Nigerian Stock Exchange has been impressive over time as the unaudited financial statement of the company for 2012 revealed total net operating revenue of N80.62 billion as against N51.10 billion recorded in 2011 with an increase of 57.78%. Return on equity (Net income/Total equity) went from 26.55% to 20.26%, the Return On Asset (Net income/Total Asset) went from 5.66% to 4.67% and the Net Profit Margin (Net Income/Net Sales) went from 4.46% to 2.57% when compared to the same period of last year. The Debt to Equity Ratio (Total Liabilities/Equity) was 334.20% compared to 369.05% of last year. Finally, the Current Ratio (Current Assets/Current Liabilities) went from 0.57 to 0.52 when compared to the previous year<sup>1</sup>.

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<sup>1</sup> Source: Emerging Market Information Service website

CHART 6: MARKET VALUE OF 7-UP BOTTLING COMPANY PLC (JANUARY 2012 TO JANUARY 2013)



Source: Central Securities Clearing System Plc

In the month under review, the company posted a percentage gain of 7.26% from N42.00 in December 2012 to N45.05. Using the figure of the Book value of the Company released in the 2012 unaudited accounts, the intrinsic value of the company at N42.18 per share is lower but close to the market price of N45.05 as at January 2013.

## LAUGH ZONE

Three guys bunked exam coz they didn't read.  
 Came up with a plan. They Got themselves very dirty using grease then went to see the Dean.

Sir we are sorry we couldn't make it for the exam. We attended a wedding on our way back the car broke down thus we're so dirty.

The Dean understood and gave them 3 days to prepare. After 3days they went to the Dean very ready for the exam coz this time they studied. The Dean put them in 3 separate classes.

There were only 4 questions on the exam paper.

1. Who was getting married? (25mrks)
2. Where was the reception? (25mrks)
3. What colour was the groom's suit? (25mrks)
4. What type of a car broke down? (25mrks)

Good luck!!!

Your answers should be the same...



CROSSWORD PUZZLE

TERMINOLOGIES IN THE CAPITAL MARKET (Includes one Secret word)

- 1. MARKET CAPITALISATION
- 2. PROFIT TAKING
- 3. GROSS DOMESTIC PRODUCT
- 4. NSE
- 5. ETF
- 6. STOCKBROKER
- 7. MERGER
- 8. COLLECTIVE INVESTMENT
- 9. NEW ISSUES
- 10. **SECRET WORD** (the value of an entity's assets less the value of its liabilities, often in relation to open-end or mutual funds)

C	N	G	M	F	S	S	E	R	C	R	E	W	O	R	F	H	I	L	P	L
O	G	A	O	R	T	A	G	N	S	E	P	O	F	I	K	R	E	I	R	N
L	A	R	N	E	O	S	L	O	H	K	S	R	B	R	O	K	N	K	O	O
L	P	U	O	G	C	O	P	E	R	O	A	N	T	O	C	E	E	I	F	S
E	N	O	P	S	B	R	E	G	I	R	S	E	T	R	A	R	T	F	I	N
C	N	A	F	E	S	G	L	O	O	B	N	W	S	E	F	A	A	R	T	E
T	F	E	B	I	E	D	B	I	B	K	E	W	G	R	S	E	S	A	A	W
I	E	N	T	W	T	Q	O	S	D	C	D	O	M	I	S	T	S	V	K	I
V	T	S	E	A	Q	E	H	M	K	O	A	S	L	E	D	U	E	B	I	S
E	G	I	N	G	S	S	D	N	E	T	P	A	N	E	G	O	T	U	N	S
I	N	E	G	E	Z	S	I	C	T	S	T	A	F	A	K	I	V	K	G	U
N	M	A	R	K	E	T	C	A	F	I	I	L	I	S	A	T	A	I	O	E
V	M	E	R	G	E	R	R	K	P	L	M	C	M	A	N	A	L	G	E	D
E	T	A	L	I	H	M	C	A	H	U	W	E	P	N	I	S	U	S	E	E
S	I	U	M	N	B	A	C	V	G	G	P	O	W	R	E	F	E	L	E	G
T	Q	U	I	P	O	T	F	I	T	T	A	K	E	R	O	C	H	I	K	E
M	E	R	G	N	E	T	A	S	S	E	T	V	A	L	U	E	S	T	L	H
E	T	R	Q	K	E	T	K	D	O	M	E	S	T	I	C	P	U	D	T	C
N	Z	L	R	T	T	O	L	U	L	I	O	N	V	M	I	L	K	C	A	X
T	H	A	T	G	S	T	O	C	K	B	A	B	Y	F	O	O	D	S	T	E
D	M	C	O	R	L	L	W	R	O	P	E	N	F	I	T	Y	L	L	O	C
M	E	G	E	T	G	S	E	U	S	S	I	W	E	N	T	A	K	I	N	G

## MAJOR MACRO ECONOMIC AND CAPITAL MARKET INDICATORS

	2007	2008	2009	2010	2011	2012	January 2013
GDP at 1990 basic prices (N'N)	634.3	672.2	717.0	776.3	833.4	n/a	n/a
GDP (at 1990 basic prices) growth rate (%)	6.45	5.98	6.96	7.98	7.36	n/a	n/a
GDP at current basic prices (N'N)	20 657.3	24 296.3	24 794.2	33 984.8	37 303.4	n/a	n/a
Inflation rate (%)	6.6	15.1	13.9	11.8	10.3	12.0	9.0
Exchange Rate (N = US\$1.00) (Average)	125.83	118.57	148.90	150.30	153.86	155.43	155.24
Average Lending Rate %							
Prime	16.94	15.14	18.99	17.59	16.02	16.79	16.57
Maximum	18.36	18.70	22.62	22.51	22.39	23.79	24.54
Monetary Policy Rate (%) / MRR (Average)	8.75	9.81	7.44	6.13	9.19	12.00	12.00
New Issues:							
Equities (B'N)	1 338.34	901.06	31.24	120.34	1 069.84	80.15	0.37
Pref. Shares (B'N)	0.24	38.00	0.00	0.00	8.44	0.00	0.00
Corporate Bonds (B'N)	0.00	5.17	13.17	77.29	87.88	3.20	0.00
Sub-national Bonds (B'N)	0.00	50.00	41.50	157.50	119.00	130.00	0.00
FGN bonds (B'N)	596.50	515.00	614.44	1 073.12	791.27	865.16	110.0
<b>Total New Issues (B'N)</b>	<b>1 935.08</b>	<b>1 509.23</b>	<b>700.35</b>	<b>1 428.25</b>	<b>2 076.43</b>	<b>1 078.51</b>	<b>110.37</b>
Equity listings (Ordinary & Pref. Shares)	215	216	218	219	201	198	200
Debt Securities listing/ETF	95	85	47	45	48	57	56
Exchange Traded Fund (ETF)	-	-	-	-	1	1	1
<b>Total Listing</b>	<b>310</b>	<b>301</b>	<b>265</b>	<b>264</b>	<b>250</b>	<b>256</b>	<b>257</b>
Volume of Equities Trans. (B' Shares)*	138.08	193.13	102.69	93.42	89.58	89.15	11.19
Value of Equities Transactions (B'N)	2,083.42	2,375.61	684.04	797.58	634.90	657.77	83.29
Market Capitalisation (B'N)							
Main Board Securities Mkt.	10,293.48	6,984.79	4,991.83	7,938.35	6,532.59	8,974.44	10,191.31
Alternative Securities Mkt. (ASeM)	7.84	2.89	4.79	4.15	4.07	4.01	4.01
ETF Capitalization	-	-	-	-	0.98	1.01	1.02
Debt Market Capitalisation (B'N)	2,993.26	2,575.29	2,034.22	2,382.95	3,737.70	5,821.48	5,931.48
<b>Total Market Capitalisation (B'N)</b>	<b>13,294.58</b>	<b>9,562.97</b>	<b>7,030.84</b>	<b>10,325.45</b>	<b>10,275.34</b>	<b>14,800.94</b>	<b>16,127.82</b>
Stock Index (1984=100)	57,990.22	31,450.78	20,827.17	24,770.52	20,730.63	28,078.81	31,853.19
% Change in Index	74.73	-45.77	-33.78	18.93	-16.31	35.45	13.44
Market Cap. As % of GDP	64.36	39.36	28.36	30.38	27.55	n/a	n/a
Turnover Ratio % (Equity)	20.22	34.00	13.69	10.04	9.71	7.33	0.82
Source:	NBS	CBN	SEC	NSE			