

Daily Market Flash

A Publication of the MARKET & LIQUIDITY RISK MANAGEMENT DEPARTMENT OF FIRSTBANK NIGERIA LTD.

26-May-2016

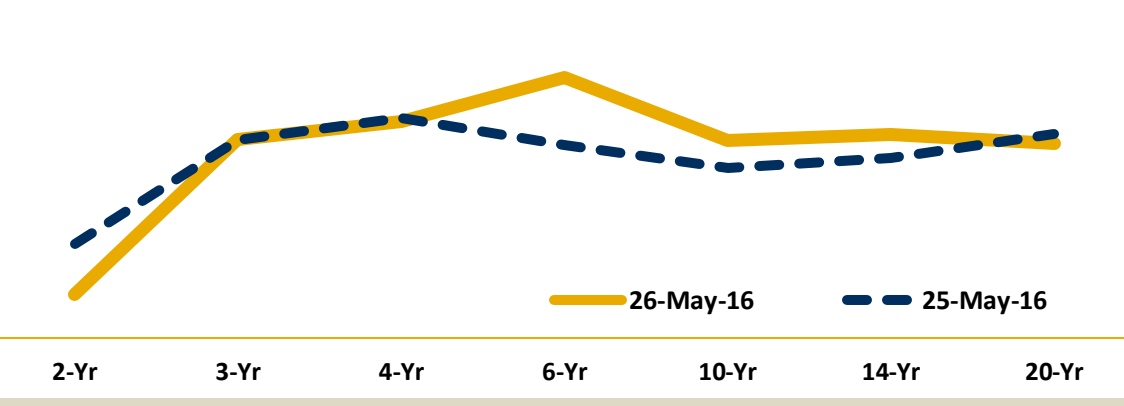
FIXED INCOME MARKET

FBN HOLDINGS STOCK (N) ⇒ 4.37 9.52% ↑

YIELDS ON FEDERAL GOVERNMENT BONDS

Approx. Year to Maturity	Nomenclature	Yield as @ 2015 Close	Yield as @ 26-May-16	Yield as @ 25-May-16	Mid Price as @ 26-May-16	1day change (bps)	Year-to-Date (bps)	%
2-Yr	10.70% FGN MAY 2018	8.57	12.27	12.58	96.74	(31.5000)	370.00	14.00
3-Yr	16.00% FGN JUNE 2019	9.23	13.23	13.23	106.83	0.0000	400.00	13.80
4-Yr	15.54% FGN FEB 2020	10.73	13.34	13.36	106.16	(2.0000)	261.50	13.60
6-Yr	16.39% FGN JAN 2022	10.94	13.62	13.20	112.42	42.0000	267.50	13.40
10-Yr	14.20% 14-MAR-2026	12.16	13.22	13.05	97.00	17.0000	106.00	13.20
14-Yr	10.00% FGN JUL 2030	11.03	13.26	13.12	80.14	14.5000	223.50	13.00
20-Yr	12.40% FGN JUL 2036	11.04	13.21	13.27	93.95	(6.0000)	216.50	12.80

FGN BOND YIELDS



NIGERIAN INTER-BANK OFFERED RATE (NIBOR)

Tenor	2015 Close	26-May-16	25-May-16	change in basis point	Today's Direction	YTD change
O/N	1.0000	7.9717	8.2567	(29)	↓	697
1M	8.9539	10.2490	10.3205	(7)	↓	130
3M	10.6781	12.0284	12.2209	(19)	↓	135
6M	12.7629	13.5277	13.6975	(17)	↓	76

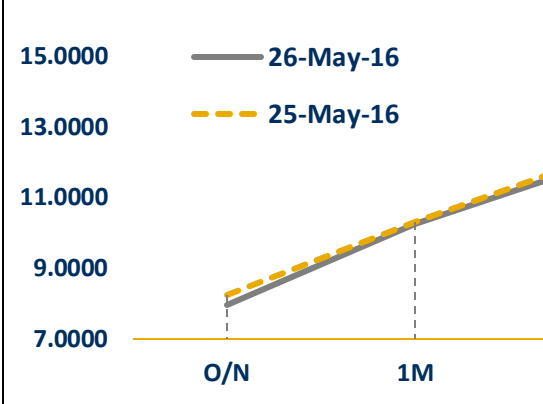
BENCHMARK T.BILLS DISCOUNTS

Tenor	2015 Close	26-May-16	25-May-16	Today's Direction	1day change in Bps	YTD change
1M	0.71	6.515	6.555	↓	(4.00)	5.81
3M	3.19	7.295	7.585	↓	(29.00)	4.11
6M	6.74	8.875	9.035	↓	(16.00)	2.14
12M	7.67	10.345	10.885	↓	(54.00)	2.68

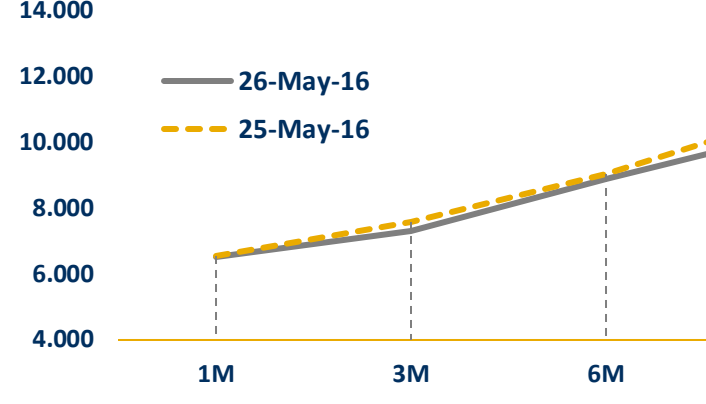
LONDON INTER-BANK OFFERED RATE (USD LIBOR)

Tenor	2015 Close	26-May-16	25-May-16	change in basis point	Today's Direction	YTD change
O/N	0.2745	0.3861	0.3861	-	↑	11
1M	0.4293	0.4545	0.4497	0.475	↑	3
3M	0.6182	0.6741	0.6666	0.750	↑	6
6M	0.8636	0.9771	0.9756	0.150	↑	11
12M	1.1283	1.3207	1.3227	(0.200)	↓	19

NIBOR RATES



Treasury Bills Benchmark- Discounts



Investors remained drawn to the treasury bills at the short end of the yield curve, as the buy activities magnified on Thursday. Much more, the longer term bills garnered more activity than those closest to maturity, despite the apparent negative real returns on the bills. Average Discount across our benchmarked bills lowered to 8.258%, from its prior position of 8.515% on Wednesday.

Speaking of inflation, the already feared risk of hyperinflation was highlighted on the trading day. Presently at 13.72% (for the month of April), with no signs of slowing down, investors have continued to price in these risks in their investment positions. The CBN Governor in an address on Thursday mentioned that the implementation of the country's N6trillion budget over the next 7-months, may lead to hyperinflation in the economy; although the budget is expected to run for a 12-month cycle, well into 2017. We believe that refreshed concerns on the rate of inflation as stressed by the Governor of the Apex Bank may have contributed to the mixed convictions witnessed at the Bond market. Our 2-yr, 4-yr and 20-yr benchmarks were the only notes that were patronized during the session in view, with the others featuring an evident sell bias. In fact, the 3-yr note was shunned over the trading day. At the close of the recorded trading activities, mean Bond Yield settled at 13.16%, moderately higher than the 13.11% recorded erstwhile.

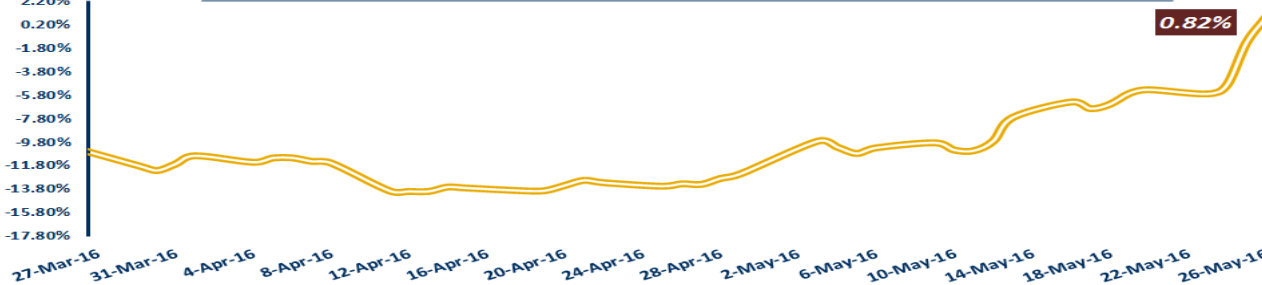
Meanwhile, oil benchmark Brent prices soared higher on Thursday, reaching \$50/bbl. at some point during the trading day, amid the continued outages in local oil production. As a matter of fact, militants in the Niger Delta region again, blew up another gas pipeline on the trading day. While Nigeria's BonnyLight prices in agreement with Brent also soared to \$49.64/bbl. on the trading day (well above the budget oil benchmark price of \$38/bbl.), we expect investor concerns to brew on the insecurity surrounding the production and distribution of the Nation's money maker. Be that as it may, Naira liquidity at the interbank segment remains atop, with mean NIBOR shutting off at 10.944% below the 11.124% previously recorded.

EQUITY MARKET

EQUITY	2015 Close	26-May	25-May	1 Day Change %	Today's Movement	YTD % Change
NSE Index (points)	28,642.25	28,877.47	28,260.61	2.18%	↑	0.82%
Market Cap (N'b)	9,850.61	9,917.95	9,706.09	2.18%	↑	0.68%
Volume Traded (m)	252.16	651.00	474.40	37.23%	↑	158.17%
Value (N'm)	3,854.74	5,020.74	3,503.96	43.29%	↑	30.25%

The NSE recorded a total of 49 gainers and 6 losers on Thursday, 26th of May, 2016

YTD Performance of the Nigerian Stock Exchange



TOP GAINERS		TOP LOSERS	
COMPANY	26-May CHG (PRICE)	COMPANY	26-May CHG (PRICE)
NESTLE	787.50 37.50	7UP	138.50 -2.50
GUINNESS	110.08 10.23	DANGCEM	175.08 -1.92
SEPLAT	360.00 10.00	FIDSON	2.12 -0.08
NB	140.68 6.69	JBERGER	45.00 -0.05
WAPCO	83.01 2.16	AGLEVENT	0.95 -0.05

Finally, Year-to-date losses of the Nigerian stock market were erased as the All Share Index hit the year's high on optimistic market breadth. The NSE's ASI rounded off the session on Thursday at a laudable 28,877.47 gaining 2.18% day-on-day and 0.82% year-to-date. Market cap as well rose to a high of 9,917.95, nudging on a long time high of 10,000. Bargain hunting activities buoyed by refreshed investor appetite reigned further at the equity market, yet on the back of the FX decision taken by MPC, despite unrevealed details of the dynamics. Investors though perturbed by the steep decline in the nation's economic growth keenly look forward to the positive potentials bound to accompany the implementation of the 2016 budget, alongside a better structured FX market. We expect to see improved foreign patronage at the Bourse in the near term. The additions in the stock prices of Nestle, Guinness and Seplat, among others contributed primarily to the gains added on to the index. The share price for FBN Holdings was as well buffered significantly as the coy approved a dividend of N5.38bn proposed by the board for the year 2015. The dividend, which translates to 15 kobo per share, was paid in spite of the marked decline in the profit of the bank. On the other hand, FIDELITYBK was downgraded by analysts from Neutral to Underperform as its Q1 2016 results came in weaker than anticipated, as a result of the huge dip in non-interest income by 35% y/y.

GLOBAL EQUITY INDICES

INDICES	2015 Close	26-May	25-May	1 Day Change %	Today's Movement	YTD % Change
GSE (Ghana)	1994.91	1,771.92	1,771.92	-100.00%	↓	-100.00%
JSE (S. Africa)	50693.76	54,096.04	54,096.04	-100.00%	↓	-100.00%
DOW JONES	17425.03	17,851.51	17,851.51	-100.00%	↓	-100.00%
S&P 500	2043.94	2,090.54	2,090.54	-100.00%	↓	-100.00%
NASDAQ	5007.41	4,894.89	4,894.89	-100.00%	↓	-100.00%
FTSE 100 (UK)	6242.32	6,269.37	6,269.37	-100.00%	↓	-100.00%
CAC 40 (France)	4637.06	4,487.93	4,487.93	-100.00%	↓	-100.00%
Nikkei 225	18450.98	16,772.46	16,772.46	-100.00%	↓	-100.00%

MACRO-INDICATORS

Indicators	Current	Last	Change	Last Change	Frq
Headline Inflation (Monthly) (%) - Apr.	13.72	12.77	0.95	↑	Monthly
Monetary Policy Rate (MPR) (%)	12.00	11.00	1.00	↑	NA
Standing Lending Facility (SLF) (%)	14.00	13.00	1.00	↑	NA
Standing Deposit Facility (SDF) (%)	7.00	4.00	3.00	↑	NA
Cash Reserve Requirement (%)	22.50	20.00	2.50	↑	NA
External Reserve (Bn Dollars) 23rd May.	26.51	26.57	(0.06)	↓	Daily
Debt/GDP (2014 GDP estimates)	12.30%	12.02%	0.003	↑	Quarterly
GDP Growth Rate (1st Qtr'16/4th Qtr'15)	-0.36%	2.11%	(0.025)	↓	Quarterly

GENERAL MARKET INFORMATION NEWS - For More Details Visit - <http://firstportal/group/riskmgctrl/marketliquidity/FirstAnalytics>

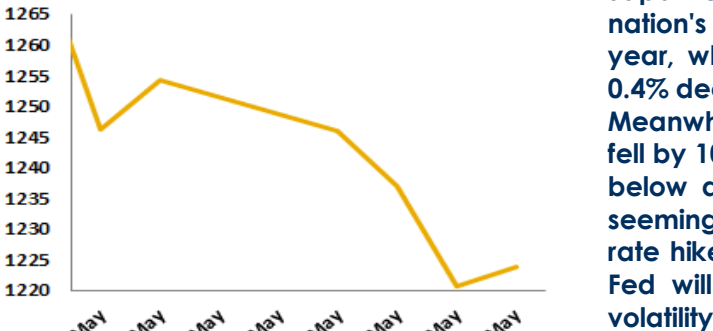
Oil price hits \$50 amid Nigeria outages THSDAY MAY 27, 2016
Global oil benchmark, Brent crude, on Thursday traded above \$50 per barrel for the first time in 2016 as supply disruptions and increased global demand continue to fuel a recovery. Brent, against which Nigeria's oil is priced, hit \$50.14 per barrel early on Thursday, the highest level in seven months, data from Energy Intelligence showed. The rise followed United States data showing that oil inventories had fallen, largely due to supply disruptions as a result of fires in Canada and renewed militant attacks on oil installations in Nigeria's Niger Delta.
Adesun: 2016 Budget Implementation Depends on Revenue Targets THSDAY MAY 27, 2016
The full implementation of the N6.03 trillion 2016 budget will depend on the ability of the federal government to meet its revenue targets, the Minister of Finance, Mrs. Kemi Adesun, has said. The minister spoke yesterday at the House of Representatives sectoral debate on economic diversification and said: "I cannot promise that every single agency would receive every money appropriated for them (because) the budget is an estimate and funds would be released based on revenue."

FOREIGN EXCHANGE MARKET

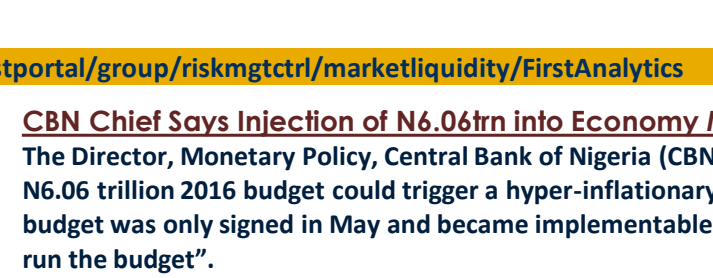
Rates	2015 Close	26-May	25-May	1 Day Change (N)	Today's Direction	YTD Change %
Inter-Bank	199.35	197.43	197.43	0.00	↔	0.96%
BDC	260.00	347.00	347.00	0.00	↔	-33.46%
Parallel	265.00	350.00	350.00	0.00	↔	-32.08%

CBN Intervention rate N/US\$ 197.00

USD/NGN Parallel Exchange Rates



Premium within Parallel and Interbank Markets (N/US\$)

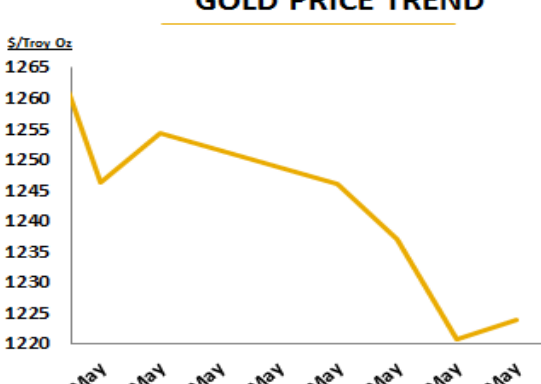


The anxiety-driven activities featured at the Nigerian FX market on Wednesday sequel to the MPC meeting, calmed a bit at the session on Thursday. As the market players digested the implications or supposed effects as might be presented, the rampant demand for the FX moderated slightly. The rate at the parallel market rounded off at N350/\$ same level featured at the previous session. Likewise the BDC/ Naira exchange to the dollar held back the losses recorded in the penultimate session to sit at the previous close of N347/\$. The interbank FX rate, which is widely discussed these days following the decision of the MPC to adopt a flexible exchange rate, has remained unmoved for 21 days at N197.43/\$. The rates have neither been swayed by the continued intervention of the CBN or in fact, dollar sales by the Oil companies. The highly regulated rate is however likely to waver in coming sessions after the CBN reveals its plans on the implementation of the flexible exchange rate regime. The shift from the rigid fixed rate enables a truer posture for the Nigerian local currency. The Naira will exchange with the dollar at a non-superficial rate, such that foreign investors are more certain of the values of their investments, as opposed to the ambiguities that obtained when the rates were controlled by the CBN. Naturally, this should influence an increased dollar inflow in the near term, as the CBN clarifies the dynamics of the new system.

COMMODITY MARKET

Commodity	2015 Close	26-May	25-May	1 day change	Price Change	Change YTD
Energy						
Brent Crude (\$/bbl)	37.28	49.59	49.74	(0.15)	↓	33.02%
Metal						
Gold (\$/Troy Oz)	1060.00	1223.85	1220.60	3.25	↑	15.46%
Silver (\$/Troy Oz)	13.82	16.46	16.21	0.25	↑	19.10%
Copper (\$/tonne)	4715.00	4705.50	4636.00	69.50	↑	-0.20%

GOLD PRICE TREND



Gold Prices Buoyed on Improved Japanese CPI
Gold prices rode significantly higher on Thursday as consumer prices in Japan came in slightly better than expected on the core measure. The nation's CPI for April fell 0.3%, in line with the 0.3% drop seen year-on-year, while national core CPI also dropped 0.3%, below the expected 0.4% decline year-on-year. Japan is one of the major consumers of Gold. Meanwhile, the U.S. Labor Department reported that initial jobless claims fell by 10,000 for the week ended on May 20 to 268,000, putting the metric below analysts' expectations of 275,000. The market looks ahead. The seemingly fair report adds to the support that pitches the Fed towards a rate hike in June. Over the last two months, Yellen has reiterated that the Fed will raise rates in bits in the next few months, amid widespread volatility in global financial markets and persistently low inflation.

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