

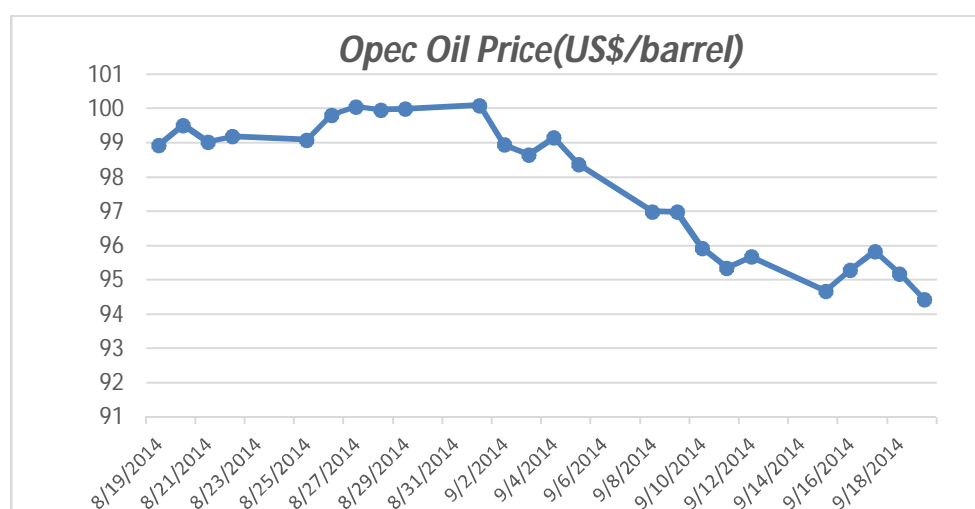
Global Economic Summary

The key event that set the tune of the global financial market as noted in our earlier report for the week ended September 19, 2014 was the outcome of the September 16-17, 2014 meeting of the US Federal Reserve as the Federal Open Market Committee (FOMC) decided to cut further another US\$10billion from its stock of monthly bond purchase programme bringing the total monthly bond purchase to US\$15billion from October as opposed to the US\$25b in September. The Committee also confirmed its commitment to keep interest rates near zero for a "considerable time" after the completion of the asset purchases insisting that the US economy is expanding at a moderate pace but inflation still below its goal. The Federal Reserve also reaffirmed its view that to support continued progress towards maximum employment and price stability, a high accommodative monetary policy stance remains appropriate, thus its decision on future rates hike would be guided by continuous assessment of a wide range of information including labour market conditions, indicators of inflation pressures and inflation expectations, and readings on financial market developments. The information of maintaining low interest rates for a considerable time which beat market expectation of an earlier than expected interest rate hike coupled with the release of lower jobless claims data in US for the latest weekly record prompted rally in global equities market especially in America, Europe and Asia .

Whereas the US Federal Reserve is preparing for a winding up of stimulus package, monetary authorities in Euro zone and China are in the process of unveiling another dose of monetary stimulus; this in our view will not only stimulate their economies but will also be a relief to the impacts of a US exit of its quantitative easing sometimes in the last quarter of the year. The European Central Bank is moving towards launching its economic stimulus in October while the people's bank of China as the apex banking sector regulator is set to inject CNY 500b (US\$81b) into its banking system via a three-month standing lending facility operation to five largest banks in China aiming to support credit and growth.

Continuous release of positive data on US economic and business activities as the world's largest economy continued strengthening the US dollar, thus impacting negatively on energy and precious metals that have some degrees of correlation with currency as reserved asset. Crude oil prices continued declining as supply from US and OPEC member countries keep saturating the market, as the threat to global supply from Middle East tension completely eased off and expectations of lower demand from China on the back of uneven growth prospect of Chinese economy since the beginning of this year. The OPEC basket price dropped from US\$95.68 a barrel on Friday September 12 to US\$94.44 a barrel on September 19, 2014. Similar downward trend was observed with Nigeria's Bonny Light Crude which also came down from US\$97.9 a barrel on September 12 to US\$97.3 a barrel to close the week ended September 19, 2014.

Gold and silver were not spared from the free fall as investors assessed the outlook on US economic prospects and strengthening dollar in the wake of easing tension in Ukraine and anticipated low demand due to weak Chinese industrial output. Silver and gold lost the safe haven appeal crashing to another all-time low. The price of gold hit this year record low of US\$1215.70 an ounce on September 19, 2014 from US\$1229.652 an ounce on September 12, 2014. Similar downward trend was observed with silver. The declining energy prices contributed to lower inflation rate in major oil consuming nations especially US, UK and Euro zone as annual inflation rate dropped in August as compared to the preceding month of July.



NIGERIA'S BASIC ECONOMIC INDICATORS

Parameters	Current	Previous	
GDP Growth Rate (Y-o-Y)	6.54%(Q2'14)	6.21%(Q1'14)	↑
Crude Oil Production (mbpd)	2.360(July-14)	2.355(June-14)	↑
Nigeria's Bonny Light (US\$/Barrel)	97.30(19/9/14)	97.90(12/9/14)	↓
OPEC Basket Price (US\$/Barrel)	94.44(19/9/14)	95.68(12/9/14)	↓
Inflation Rate (Y-o-Y)	8.5%(Aug-14)	8.3% (July-14)	↑
Benchmark Interest Rate (MPR)	12.0%(19-Sept)	12.0%(12-Sept)	↔
91-Day Treasury Bill (%)	9.58%(17-9-14)	9.79%(3-9-14)	↓
External Reserve (US\$'bn)	39.593(19-9-14)	39.543(12-9-14)	↓
Exchange Rate(N/\$)-Official	155.75(19/9/14)	155.74(12/9/14)	↓
Exchange Rate(N/\$)-Interbank	163.9725(19/9/14)	162.9700(12/9/14)	↑

Domestic Economy

National Bureau of Statistics reported that Nigeria's annual inflation rate edged higher again in August of 2014 by 20 basis points to 8.5% from 8.3% recorded in July of 2014. The increase was mainly due to increases in food prices especially cereals as the mild but sustained underlying inflationary pressures since May were attributable mainly to food production and distribution challenges posed by the insurgency activities the North- Eastern and Central States of the nation where the current security challenges remain prevalent where farmers were displaced by the activities of insurgents thus forcing a switch from domestic to imported food to meet domestic shortfall with huge impact on external reserves; however, the current level of inflation is still within the single digit target for the economy in 2014.

At its September 18, 2014 meeting, Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) decided to hold the benchmark interest rate at 12% with a corridor of +/- 200 basis points around the MPR. The Committee also kept the Cash Reserves Requirement (CRR) on public sector deposits at 75 percent and the Cash Reserves Requirement on private sector at 15 percent, Liquidity Ratio was also retained at 30%. The Committee expressed satisfaction with the relative stability in the economy while also noting the risks that lie ahead. The key risks include: the possibility of capital reversals as the Fed's Quantitative Easing in the US finally ends in October, amidst dwindling oil output and declining oil prices, domestic security challenges and upward trending headline inflation.

The Committee further expressed concern about high banking system liquidity and its potential effects on inflation and the exchange rate. The policy challenges, the Committee noted, would include sustaining the stability of the naira exchange rate, managing the vulnerability to capital flow reversal, building fiscal buffers to insure against global shocks, managing inflation and exchange rate expectations and safeguarding the financial system stability as well as a buildup in election related spending.

In light of the foregoing and consideration of other key risk factors, the Committee was of the view that the direction for policy in the short- to medium term would be either to retain the current tight stance of monetary policy or further tighten monetary policy. The Committee welcomed the efforts by government to address some of the constraints and risks to economic activity like the insurgency in the North-East and the Ebola Virus Disease epidemic. It noted that as progress is made in these areas and in respect of other constraints like power and improving SME financing, the outlook for growth appears bright and prospects for upward price pressure would be moderated.

EXCHANGE RATES AS AT SEPT 19, 2014

CURRENCY	YEAR START OFFER JAN 2, 2014	LASTWEEK (12-09-14)	THISWEEK (19-09-14)	Δ (N)	Δ (%)	
NGN/USD	155.7000	155.7400	155.7500	0.01	0.006	↓
NGN/GBP	257.2320	252.8127	254.6045	1.79	0.71	↓
NGN/EUR	213.0132	201.4964	200.2634	1.23	0.61	↑
INTERBANK(N/\$)	158.6000	162.9700	163.9725	1.00	0.62	↓

NIBOR AS AT SEPT 19, 2014

NIBOR TENOR	SEPT 12, 2014	SEPT 19, 2014	MOVEMENT
OVERNIGHT	11.0833	11.0000	↓
30-DAY	12.0130	12.4644	↑
90-DAY	12.8438	13.2812	↑
180-DAY	13.8080	14.2049	↑

Central Bank of Nigeria (CBN) offered US\$650million via its bi-weekly Retail Dutch Auction System (RDAS). The Apex Bank then sold US\$649.74million at a marginal rate of N155.75/\$ as it increased supply of the greenback by N50million over the amount offered the previous week. Pressure is beginning to mount on the nation's currency as crude oil prices declined steadily over the past few weeks given that crude oil still remain major source of foreign revenue for the government, low prices in the long run could translate to the naira weakening against the dollar. The legal tender lost N1.00 at the interbank market segment, weakening by 0.62% to close at N163.97 per dollar at the end of the week. The naira equally lost one kobo at the official window trading at N155.75/\$. Against the Euro, the naira strengthened to N200.2634 per dollar as it appreciated by 0.61%, gaining N1.23 but, it slipped by 0.71% against the British pound sterling losing N1.79 to close at N254.6045/£.

Nigeria Interbank Offered Rate (NIBOR) which signal financial system liquidity closed mixed during the week under review in response to periods of liquidity injection via statutory allocation and debt instrument maturity, and liquidity withdrawal via bond auction, T-bill auction and purchase of foreign currency via CBN bi-weekly currency auction programme as the net outflow of funds outweigh inflow towards the end of the week which translated to hike in rates. NIBOR closed higher than the previous week across various tenor buckets except Call Rates which moderated to 11.0000% from 11.0833% the previous week. 30-Day rose by 3.76% to 12.4644% on Friday September 19, 2014 while 90-Day and 180-Day NIBOR increased by 3.41% and 2.87% respectively to close at 13.2812% and 14.2049%.

Capital Market Report

The performance of equities globally was impressive during the week ended September 19, 2014 as all indices under our review closed green except Hang Seng Index of Hong Kong which shed points. The bearish trend experienced in preceding week was reversed on optimism of the outcome of the U.S Federal Reserve meeting held on September 16-17, 2014 in which the Fed reaffirmed its commitment to maintain lower interest rates in US for a considerable time after the exit of its monthly monetary stimulus contrary to market expectations of an earlier rates hike.

Equities on Wall Street reacted positively to this hint as Dow Jones Industrial Average (DJIA) advanced by 1.72% after it slipped by 0.87% the previous week. Standard & Poor's 500 index appreciated by 1.25% erasing a loss of 1.10% recorded the preceding week. NASDAQ inched up by 27 basis points to close in green while its year-to-date return stood at 9.65%. BOVESPA index (Brazil) was up by 1.51% after it sank 6.19% the previous week.

In Europe, equities closed higher in various bourses as British market rallied with the rest of European markets following suit as Scotland decided to remain in United Kingdom which doused another tension of a possible break up of UK and the likelihood of weakening the European Union. FTSE 100 (UK) added 0.45% to close at 6837.92 points. CAC 40 (France) and DAX 30 (Germany) appreciated by 0.44% and 1.53% respectively.

GLOBAL STOCK INDICES AS AT SEPT 19, 2014

	WEEKLY % Δ SEPT 05-12, 2014	WEEKLY % Δ SEPT 12 - 19, 2014	YTD % Δ JAN – SEPT 19, 2014
AFRICA			
NSEASI (NIGERIA)	(1.18)	0.93	(0.68)
JSE ASI (S. AFRICA)	(1.05)	0.42	11.26
GSE CI (GHANA)	0.74	2.37	6.59
EGX 30- CASE 30	(1.81)	2.67	43.44
NSE ASI (KENYA)	(0.01)	2.11	19.14
AMERICA			
DJIA (USA)	(0.87)	1.72	4.24
S & P 500 (USA)	(1.10)	1.25	8.77
NASDAQ (USA)	(0.33)	0.27	9.65
BOVESPA INDEX	(6.19)	1.51	12.20
EUROPE			
FTSE 100 (UK)	(0.70)	0.45	1.32
CAC 40 (FRANCE)	(1.00)	0.44	3.85
DAX 30 INDEX (GER)	(0.98)	1.53	2.59
SMI (SWITZERLAND)	0.08	0.50	7.77
EURO STOXX 50	(1.23)	1.18	5.28
ASIA/PARCFIC			
NIKKEI 225 (JAPAN)	1.78	2.34	0.18
BSE 30 INDEX (INDIA)	0.13	0.11	27.96
HSI (HONG KONG)	(2.55)	(1.18)	4.28

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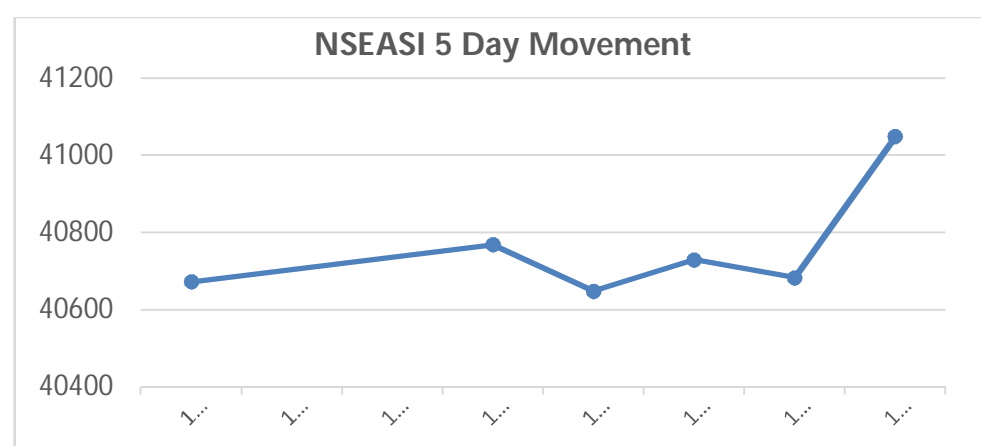
The Swiss Market Index (SMI) inched up by 50 basis points while Eurostoxx-50 gained 1.18%. The announcement of European Central Bank (ECB) of its plan to purchase asset-backed securities and covered bonds in its latest stimulus move to stimulate economic growth and stem deflation in Euro zone boosted investors' confidence of sustenance of global financial system liquidity just as the US quantitative easing is on its exit window.

Asian and African equities also closed on a bright note over the week. NIKKEI 225 (Japan) was up by 2.34% while BSE30 index (India) inched up by 11 basis points. Hang Seng Index (Hong Kong) lost 1.18% as the only loser for the week among the list of selected indices. In Africa, NSEASI (Nigeria) advanced by 0.93%. JSEASI (S. Africa) GSE-CI (Ghana) and NSEASI (Kenya) went up by 0.42%, 2.37% and 2.11% respectively. EGX30 index (Egypt) gained the most during the week appreciating by 2.67% while year-to-date return was 43.44%

Nigerian market

The Nigerian Stock Exchange All Share Index (NSEASI) closed on a positive note for week ended Friday 19 September, 2014. The gauge added 376.33 points (0.93%) to close at 41,049.27. The index gained in three out of five trading days during the week under review compared to a loss in three trading days and overall weekly loss of 1.18% recorded the previous week. Market capitalization added N124.26billion, to close at N13.554trillion. Market activities measured by value and volume of transaction indicated that a total of 3.752billion shares worth N62.116billion were traded in 22,109 deals the week. Volume of transaction increased by 23.14% but value of transaction declined by 41.78% compared to the previous week.

Sectoral indices performance was mixed during the week. NSE Insurance index and NSE Consumer Goods index appreciated by 1.05% and 1.23% respectively while NSE Industrial Goods index advanced by 4.80%. Conversely, NSE Banking Index declined by 1.26% while NSE Oil & Gas Index dropped 4.81%. At the end of the week, Thirty-two (32) equities appreciated in prices during the week while Fifty-one (51) equities depreciated and one hundred and seventeen (117) equities remained unchanged.



FGN BOND AS AT SEPT 19, 2014

BOND	TEN OR (YR)	COUPON (%)	YIELD		PRICE	
			THIS.WEEK 19-SEPT-14	LAST.WEEK 12-SEPT-14	THIS.WEEK 19-SEPT-14	LAST.WEEK 12-SEPT-14
9.25% FGN 28-SEPT 2014	7YR	9.25	4.90	7.20	100.10	100.08
4.00% FGN 23-APR 2015	5YR	4.00	10.76	10.72	96.21	96.11
13.05% FGN 16-AUG 2016	3YR	13.05	11.60	11.32	102.40	102.90
15.10% FGN 27-APR 2017	5YR	15.10	11.49	11.38	107.90	108.20
9.35% FGN 31-AUG 2017	10YR	9.35	11.52	11.43	94.70	94.87
16.00% FGN 29-JUN 2019	7YR	16.00	11.53	11.53	116.00	116.05
16.39% FGN 27-JAN 2022	10YR	16.39	12.15	12.05	120.20	120.75
14.20% FGN 14-MAR 2024	10YR	14.20	12.26	12.15	110.70	111.35
15.00% FGN 28-NOV 2028	20YR	15.00	12.48	12.42	116.49	116.96
12.49% FGN 22-MAY 2029	20YR	12.49	12.48	12.42	100.05	100.41
10.00% FGN 23-JULY 2030	20YR	10.00	12.30	12.22	84.20	84.60

During the week under review Debt Management Office (DMO) on behalf of Federal Government of Nigeria at its monthly bond issuance programme on Wednesday September 17, 2014 raised N100billion worth of FGN bonds in three issues as follows: N15billion worth of 13.05% FGN AUG 2016 (3-year reopening) at 11.490% higher than 11.123% in the previous auction; N50billion worth of 14.20% FGN MAR 2024 (10-year

re-opening) at 12.232% higher than 12.22% in the previous auction and N35billion worth of 12.1493% FGN JUL 2034 (20-year re-opening) at 12.299% lower than 12.389% in August auction. All the bonds were oversubscribed but at higher rates except the 20-year debt instrument compared to the preceding month's auction.

Activities at the OTC secondary market for FGN bonds closed the week on a bearish note as investors engaged on a cautious trading in anticipation of the outcome of the US Fed meeting, MPC meeting of Nigeria's CBN as well as the primary bond auction and Treasury bill issues during the week. Almost all the bonds with term to maturity of greater than two years witnessed downward trend in prices with yields climbing higher again to within a range of 11.49%-12.48% up from the previous week closing band of 11.32%-12.42%. We expect an increase in activities in the coming weeks as the expected policy decisions from within and outside the nation came as expected and the current range of yields still remain relatively attractive. DMO will redeem N100b worth of 9.25%FGN 28-SEPT 2014 bond on September 28, 2014 and the last coupon will also be paid same date.

TOP 5 GAINERS FOR THE WEEK

STOCK	12-SEPT-14	19-SEPT-14	GAIN(N)	Δ (%)
IKEJAHOTEL	1.42	2.15	0.73	51.41
VONO PRODUCT	1.05	1.44	0.39	37.14
PREM BREW	4.22	5.12	0.90	21.33
RTBRISCOE	0.89	0.97	0.08	8.99
CHAMPION	8.29	9.00	0.71	8.56

TOP 5 LOSERS FOR THE WEEK

STOCK	12-SEPT-14	19-SEPT-14	LOSS (N)	Δ (%)
ROADS	8.46	6.29	-2.17	-25.65
A.G LEVENTIS	1.52	1.32	-0.20	-13.16
ROYALEX	0.58	0.51	-0.07	-12.07
FTNCOCOA	0.57	0.51	-0.06	-10.53
CONOIL	53.16	47.99	-5.17	-9.73

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