

STOCK MARKET REPORT FOR THE THIRD QUARTER OF 1987

Transactions on the Nigerian Stock Exchange during the review quarter were bullish as 6.5 million equities traded in 4,811 deals. This indicated increases of 1.1 million shares or 20.4 per cent and 3.1 million equities or 91.2 per cent over their respective levels in the preceding quarter and the corresponding quarter of 1986. The increase is attributable partly to good corporate results and partly to the growing optimism amongst investors that economic recovery is imminent. Actively traded securities were those of Nigerian Breweries Ltd. (1,034,994 shares), CFAO (535,859 shares), Nigerian Bottling Company (504,386 shares), UTC (494,567 shares) and Guinness Nigeria Ltd. (491,679 shares). The industrial/preference stock transacted 8.6 million shares in 20 deals indicating an increase of 244.0 per cent over the level of 2.5 million traded in 7 deals in the preceding quarter. The Second-Tier-Securities Market (SSM) witnessed the sale of 32,326 shares in 44 deals compared with 27,755 in 29 deals during the preceding quarter, representing an increase of 16.5 per cent. The increases observed were traceable to the current liquidity squeeze in the economic system as investors turned to the market for funds probably to invest in the 25th Development Stock to be floated by the Federal Government. On the other hand, activities in the Federal Government stocks nose dived as 8.6 million units traded in 22 deals as against 105.8 million units exchanged in 52 deals last quarter.

Sectoral and Sub-Sectoral Share Price Index

At 139.8 during the review quarter, the all-sectors share price index rose by 6.8 and 7.0 per cent over its respective levels in the preceding quarter and the comparable quarter of last year. Substantial increases of 41.1, 5.6, 4.1 and 2.9 per cent were recorded in the respective indices of financial, commercial, manufacturing and services sectors. The rise stemmed mainly from SFEM revaluation of assets of quoted companies to reflect international prices of their parent equities abroad.

The financial sector recorded the highest increase as its index rose by 41.1 per cent to 145.1. It registered an increase of 22.8 per cent when compared with the third quarter of 1986. The substantial increase portrayed the sector as the major beneficiary of the revaluation, coupled with the astronomical price gains due to favourable financial results (See Appendix 2).

The share price index of the manufacturing sector at 145.4, increased by 4.1 and 5.9 per cent respectively in the preceding quarter and the corresponding quarter of 1986. All the indices in the sector increased except breweries and packaging subsectors which declined by 10.2 and 4.0 per cent, respectively. The ban on the importation of barley by the government, effective 1988, is responsible for the noticeable decline in the breweries industry.

At 153.8, the commercial sector's stock price index was 5.6 and 4.1 per cent higher than it was in the 2nd quarter of 1987 and 3rd quarter of 1986, respectively. This performance was a reflection of improved prospects especially in the footwear, computer and office equipment, pharmaceutical marketing as well as automobile and tyres subsectors. The services sector did not lag behind as its index also rose by 2.9 per cent compared to the preceding quarter, irrespective of the decline of 1.9 per cent registered in the publishing subsector due to unfavourable half year report and non declaration of dividend by University Press (publishing subsector).

Price Movements

It was a quarter of advances as 57 equities had significant price gains of between 1 kobo and 171 kobo compared with 31 companies that gained between 1 kobo and 37 kobo in the last quarter. Apart from the 152 kobo gained by Sterling Products (manufacturing sector), all other gains exceeding 100 kobo occurred in the financial sector. For instance, United Bank for Africa, First Bank and Union Bank, gained 171, 150 and 147 kobo, respectively. Meanwhile, 24 companies dropped by between 1 kobo and 41 kobo as against 49 equities that shelved between 1 kobo and 89 kobo in the last quarter. Tate and Lyle suffered most as it lost 41 kobo, followed by Foremost Dairies (33 kobo), Nigerian Enamelware (20 kobo), Golden Guinea (19 kobo) and Texaco (18 kobo) (See Appendix 2). The low performance recorded by these manufacturing companies can be attributed to high cost of raw materials and ineffective demand by consumers.

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**SUMMARY OF PRICE INDICES OF ORDINARY SHARES LISTED ON THE
NIGERIAN STOCK EXCHANGE FOR THIRD QUARTER 1987**

Table 1

(DECEMBER 1984 = 100)

Sector	3rd Quarter	2nd Quarter	3rd Quarter	Percentage change between	
	1986 (1)	1987 (2)	1987 (3)	(1) & (3) (4)	(2) & (3) (5)
FINANCIAL	118.2	102.8	145.1	22.8	41.1
MANUFACTURING	137.3	139.7	145.4	5.9	4.1
COMMERCIAL	147.7	145.6	153.8	4.1	5.6
SERVICES	78.1	81.7	84.1	7.7	2.9
ALL SECTORS	130.7	130.9	139.8	7.0	6.8

**PRICE INDICES OF ORDINARY SHARES LISTED ON THE
NIGERIAN STOCK EXCHANGE FOR THIRD QUARTER 1987**

Table 2

(DECEMBER 1984 = 100)

Sectors/Subsectors	3rd Quarter	2nd Quarter	3rd Quarter	Percentage change between	
	1986 (1)	1987 (2)	1987 (3)	(1) & (3) (4)	(2) & (3) (5)
FINANCIAL	118.2	102.8	145.1	22.8	41.1
MANUFACTURING	137.3	139.7	145.4	5.9	4.1
Breweries	104.1	94.4	84.8	-18.5	-10.2
Building Materials ..	108.3	112.6	122.3	12.9	8.6
Chemical and Paints ..	105.6	105.7	122.3	15.8	15.7
Soap and Toiletries ..	163.2	180.4	196.1	20.2	8.7
Food, Beverages and Tobacco	152.1	136.6	139.3	-8.4	2.0
Industrial/Domestic Products	149.1	176.1	176.8	18.6	0.4
Packaging	131.9	104.5	100.3	-24.0	-4.0
Pharmaceutical/ Animal Feeds	126.5	134.1	181.1	43.2	35.0
Textiles	189.2	194.5	267.0	41.1	37.3
COMMERCIAL	147.7	145.6	153.8	4.1	5.6
Automobile and Tyres	144.3	161.2	169.0	17.1	4.8
Commercial	158.0	168.9	165.8	4.9	-1.8
Computer and Office Equipment ..	230.1	250.0	318.8	38.5	27.5
Conglomerates	160.4	142.0	145.6	-9.2	2.5
Footwear	137.3	133.1	173.9	26.7	30.7
Machinery (Marketing)	101.3	77.0	76.0	-25.0	-1.3
Petroleum (Marketing)	133.0	151.5	149.0	12.0	-1.7
Pharmaceutical (Marketing)	109.4	113.7	120.9	10.5	6.3
SERVICES	78.1	81.7	84.1	7.7	2.9
Construction	72.8	74.9	78.0	7.1	4.1
Publishing	97.0	115.7	113.5	17.0	-1.9
ALL SECTORS	130.7	130.9	139.8	7.0	6.8

APPENDIX 1

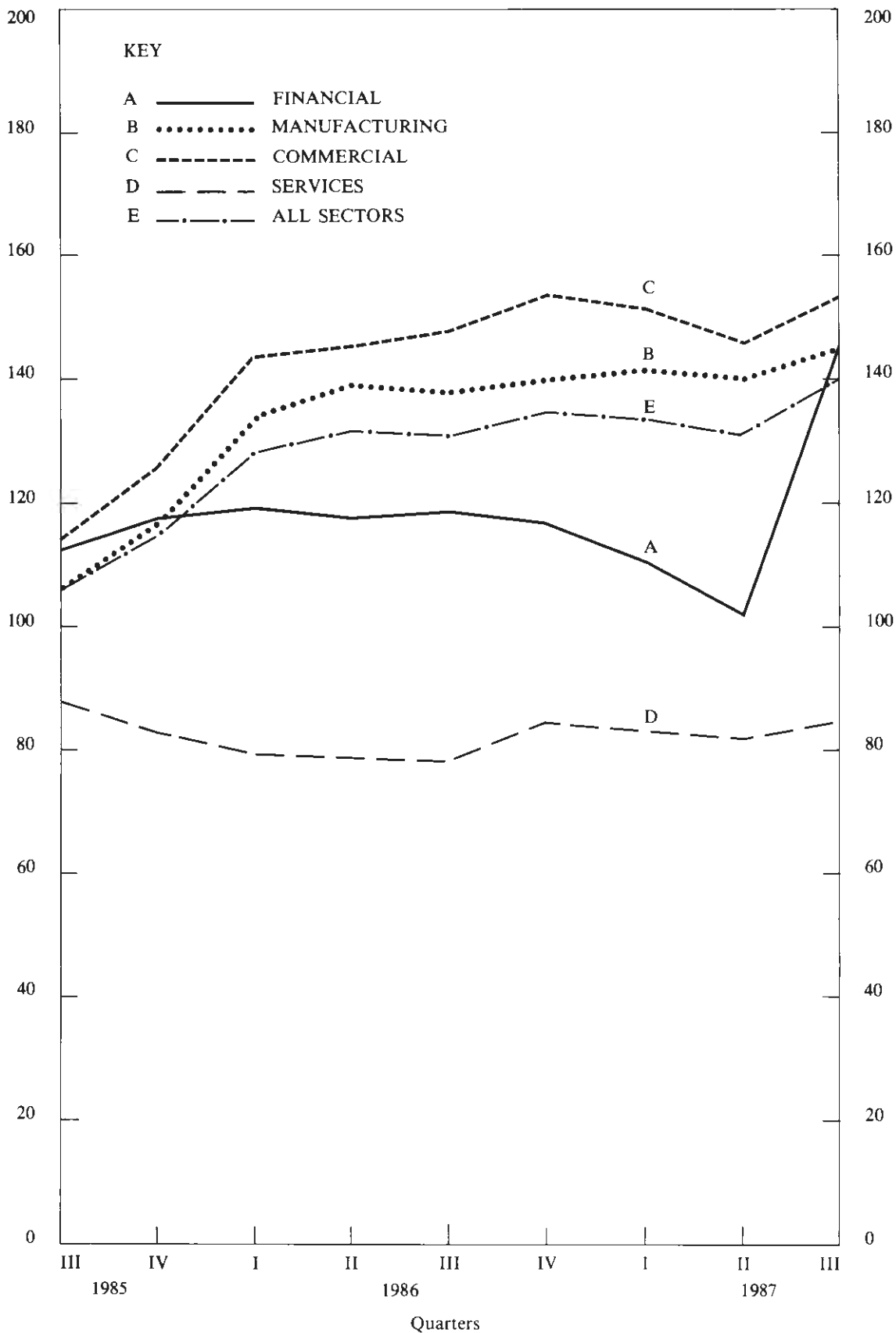
VOLUME OF TRANSACTION

3rd Quarter 1986: 3,427,898 shares exchanged in 7,208 deals.

2nd Quarter 1987: 5,402,826 shares exchanged in 4,605 deals.

3rd Quarter 1987: 6,524,761 shares exchanged in 4,811 deals.

**PRICE INDICES OF ORDINARY SHARES LISTED ON THE
NIGERIAN STOCK EXCHANGE
THIRD QUARTER 1985 — THIRD QUARTER 1987
(DECEMBER 1984 = 100)**



APPENDIX 2
SUMMARY OF EQUITY PRICE MOVEMENTS ON THE
NIGERIAN STOCK EXCHANGE FOR THIRD QUARTER 1987

Sector/Security	Price Gain (Kobo)	Sector/Security	Price Drops (Kobo)
FINANCIAL		FINANCIAL	
1) Benthworth Finance	12	1) Mercantile Bank	1
2) John Holt Investment	41	MANUFACTURING	
3) First Bank	150	2) Guinness	6
4) United Bank for Africa	171	3) Golden Guinea	19
5) Union Bank	147	4) Cross River Breweries	6
6) Savannah Bank	17	5) Nigerian Ropes	8
MANUFACTURING		6) Chemical and Allied	5
7) Nigerian Breweries	14	7) International Paints	11
8) West African Portland Cement Co.	46	8) A.C. Christlieb	8
9) Nigerian Wire Industry	4	9) Tate and Lyle	41
10) Berger Paints	3	10) Foremost Dairies	33
11) Hagemeyer	15	11) Vono Products	1
12) Nigerian Hoechst	32	12) Nigerian Enamelware	20
13) P.Z. Industries	48	13) Studio Press	11
14) Lever Brothers	12	14) Van Leer	6
15) Food Specialities	21	15) Incar	6
16) Cadbury	10	16) J.L. Morrison	16
17) Ovaltine	11	17) U.T.C.	4
18) Flour Mills	10	18) C.F.A.O.	6
19) Northern Nig. Flour Mills	18	19) U.A.C.N.	5
20) N.T.C.	47	20) Texaco	18
21) Nigerian Bottling Company	27	21) Mobil	1
22) Seven Up Bottling Co.	15	SERVICES	
23) Bata Nig. Ltd	44	22) G. Cappa	2
24) Alumaco	26	23) Blackwood Hodge	1
25) Berec Nigeria Ltd	15	24) University Press	2
26) Industrial Gases	15		
27) Thomas Wyatt	12		
28) Dunlop	13		
29) Metal Box	17		
30) Beecham	5		
31) Glaxo	4		
32) Pfizer Nigeria Limited	34		
33) Sterling Products	152		
34) Livestock Feeds	43		
35) Afprint	16		
36) Nigeria Textile	37		
37) Enpee	32		
38) United Nigeria Textile	28		
39) Westex	7		
COMMERCIAL			
40) Intra Motors	1		
41) Bewac	3		
42) K. Chellarams	9		
43) Leventis Technical	3		
44) N.C.R.	8		
45) Wiggins Teape	17		
46) John Holt Ltd.	64		
47) A.G. Leventis	5		
48) S.C.O.A.	1		
49) Lennards	6		
50) Agip	17		
51) Total	29		
52) African Petroleum	10		
53) Boots	7		
SERVICES			
54) Arbico	1		
55) Roads Nig. Ltd.	8		
56) Julius Berger	1		
57) Dumez	6		