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REPORT ON PRICE INDICES OF ORDINARY SHARES QUOTED ON THE NIGERIAN STOCK EXCHANGE (NSE) FOR THE SECOND QUARTER OF 1986

This report highlights developments in share trading on the Nigerian Stock Exchange during the second quarter of 1986. Accordingly, Section I discusses the volume of transactions in

equity trading, while Section II focusses on the sectoral and sub-sectoral price indices.¹ Fluctuations in actual prices are treated in Section III, while Section IV summarises the report.

I. Volume of transactions

Equity trading on the Nigerian Stock Exchange (NSE) during the second quarter of 1986, witnessed the exchange of 3,115,515 shares in 5,483 deals. This represents decreases of 21.3 and 7.0 per cent below the respective levels of 3,959,209 shares which changed hands in 5,384 deals during the first quarter of 1986, and 3,350,505 shares which changed hands in 5,313 deals during the second quarter of 1985. The unexpected decrease in the volume of transactions is attributable to the public holidays (i.e. Good Friday, Easter Monday, May Day and the Id-El-Fitri) which featured in the quarter under review.

All the securities on the NSE, except Nigercem were traded in, during the review period. While some securities were

actively traded in, others attracted block sales. Companies which fell in the first category included UACN (209,766 shares), Westex (172,160 shares), Flour Mills (164,914 shares), Nigerian Bottling Company (139,922 shares), Guinness (134,699 shares), Lever Brothers (117,698 shares) and R.T. Briscoe (107,218 shares). Those in the second category were SCOA (96,000 shares) Blackwood Hodge (93,750 shares) Flour Mills (81,147 shares) and Westex (77,100 shares).

On the whole, UACN was the volume leader during the quarter under review due to the huge profit before tax for 1985 declared by the company.

II. Sectoral and sub-sectoral indices

In spite of the recession in the economy, the all sectors share price index in the second quarter of 1986, recorded increases of 3.2 and 24.9 per cent over its levels in the first quarter of 1986 and the second quarter of 1985 respectively (see Table 1 and Chart 1). The increases reflect improved performance of the quoted companies listed under the NSE.

The share price index of the financial sector which has been on the increase since the fourth quarter of 1984, recorded a marginal decrease of 0.4 per cent below its previous quarter's level, while an increase of 13.3 per cent was noticed when compared with the corresponding quarter of 1985 (see Table 1 and Chart 1). The decrease is traceable to a drop of 6 kobo in the share price of Benthworth Finance Ltd.

The share price index of the manufacturing sector was 138.3, representing increases of 3.9 and 29.7 per cent over the levels in the preceding quarter of 1986 and the corresponding quarter of 1985. Except the breweries, the share price indices of all the sub-sectors under the manufacturing recorded increases vis-à-vis the preceding quarter and the corresponding quarter of 1985 (see Table 2). The drop in the share price index of the breweries sub-sector was due mainly to declaration of dividend and issuance of scrips. The Cosmetics and Toiletries sub-sectors boosted the share price index of the manufacturing sector with an increase of 8.4 per cent above the level in the preceding quarter, following good trading results as announced by most of the companies listed under the sub-sector. The textiles sub-sector also picked up significantly over the level a

year ago, as evidenced by the increase of 76.3 per cent recorded over the level in the second quarter of 1985 (see Table 2). This indicates that the ban placed on imported textiles has continued to have affect on the local textile industries.

The commercial sector recorded a share price index of 144.3, representing increases of 1.4 and 32.3 per cent. over the levels in the first quarter of 1986 and the second quarter of 1985 respectively. All the sub-sectors under the commercial sector performed better than the previous year's position, as evidenced from their various share price indices. However, compared with the preceding quarter, only the share price indices of Footwear and Pharmaceuticals (marketing) sub-sectors declined, due to dividend declaration. The petroleum sub-sector performed well, vis-à-vis the level in the first quarter of 1986 and the second quarter of 1985 respectively (see Table 2), contrary to expectation in view of persistent falling oil prices in the world market. The prevailing low index level of 78.0 in the services sector, represents declines of 0.6 and 14.2 per cent, below the levels in the first quarter of 1986 and the second quarter of 1985 respectively. The factor responsible has been the continued lull in the level of investment in the construction activity. Although there was improvement in the activities of the Publishing and Machinery (Marketing) sub-sectors, the impact has not been sufficiently strong to affect the overall services sector (see Table 2 and Appendix 1).

¹For further details on the methodology, see Appendix 3.

III. Price movement

Price increases ranging from 1 kobo to 26 kobo were experienced by 45 companies compared with 1 kobo to 43 kobo for 72 companies in the first quarter of 1986, and 1 to 25 kobo for 45 companies in the second quarter of 1985. The highest price gain of 26 kobo was recorded by Union Bank of Nigeria (Financially), followed closely by Chemical and Allied Products (Chemical & Paints) and Nigerian Bottling Company (Food, Beverages and Tobacco), with price increases of 25 and 24 kobo respectively. Other companies with remarkable price gains of 16, 15 and 15 kobo respectively are C.F.A.O. (Conglomerates), P.Z. Industries (Cosmetics and Toiletries), and First Bank of Nigeria (Financial), Seven-up Bottling Company and Tate & Lyle (both of Food, Beverages and Tobacco) had gains of 14 and 12 kobo respectively, while Agip (Petroleum-marketing) and UBA (Financial) gained 11 and 9 kobo respectively (see Appendix 1).

Price drops ranging from 1 kobo to 20 kobo were noticed in the shares of 27 companies, compared with 1 kobo to 9 kobo

for 10 companies, during the first quarter of 1986, and 1 kobo to 25 kobo for 29 securities during the second quarter of 1985. Nigerian Breweries (Breweries) lost 20 kobo during the period, while some of the other companies namely: Pharma-Deke (Pharmaceuticals — marketing), Mobil (Petroleum — marketing), Lennards (Footwear) and Texaco (Petroleum — marketing) also experienced price drops of 17, 15, 14 and 14 kobo respectively, due to the dividend declaration.

A few others namely: Benthworth Finance (Financial) and Costain (Construction) however, lost 6 kobo each, due to poor financial results.

The shares of 20 companies were selling below par, as at the end of the second quarter of 1986, compared with 21 companies, as at the end of the first quarter of 1986. Eight of these companies fell under the services sector, while the Commercial, Manufacturing and Financial sectors recorded 6, 5 and 1 Securities, respectively.

IV. Summary

This paper has discussed developments in the Stock Exchange market during the second quarter of 1986. The analysis has shown that despite the continuing economic recession, trading activity on the NSE was fair during the period under review. Although the volume of transactions was low, vis-à-vis the first quarter of 1986 and the second quarter of 1985, about 45 securities out of the listed 96 securities on the NSE recorded price increases. While 27 companies recorded decreases, about 20 others maintained the previous quarter's price levels. Reasons for the lower and stable prices

included poor trading results, declaration of dividends and issuance of scrips, while price increases were attributed to good trading results. With a good number of shares recording increases, it appeared public companies are striving hard, despite the fact that they are still operating below their production capacities.

GENERAL ECONOMIC STATISTICS OFFICE,
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Table 1

**SUMMARY OF PRICE INDICES OF SHARES LISTED ON THE NIGERIAN STOCK EXCHANGE
FOR THE SECOND QUARTER OF 1986
(DECEMBER 1984 = 100)**

Sectors	2nd Qtr. 1985	1st Qtr. 1986	2nd Qtr. 1986	Percentage changes between	
	(1)	(2)	(3)	(1) & (3) (4)	(2) & (3) (5)
Financial	104.1	118.4	117.9	+13.3	-0.4
Manufacturing	106.6	133.1	138.3	+29.7	+3.9
Commercial	109.1	142.3	144.3	+32.3	+1.4
Services	90.9	78.5	78.0	-14.2	-0.6
All-Sectors	105.2	127.3	131.4	+24.9	+3.2

Table 2

**PRICE INDICES OF SECURITIES LISTED ON THE NIGERIAN STOCK EXCHANGE
FOR SECOND QUARTER 1986
(DECEMBER 1984 = 100)**

Sectors/Sub-sectors	2nd Qtr. 1985	1st Qtr. 1986	2nd Qtr. 1986	Percentage changes between	
	(1)	(2)	(3)	(1) & (3) (4)	(2) & (3) (5)
FINANCIAL	104.1	118.4	117.9	+13.3	-0.4
MANUFACTURING	106.6	133.1	138.3	+29.7	+3.9
Breweries	108.7	109.4	107.5	-1.1	-1.7
Building Materials	101.0	110.5	116.8	+15.6	+5.7
Chemicals and Paints	103.7	111.7	115.4	+11.3	+3.3
Cosmetics and Toiletries	106.9	143.8	155.9	+45.8	+8.4
Food, Beverages and Tobacco	110.0	145.4	152.1	+38.3	+4.6
Industrial/Domestic					
Products	107.2	136.2	142.0	32.5	+4.6
Packaging	101.6	129.5	136.2	+34.1	+5.2
Pharmaceuticals and Animal					
Feeds	106.2	118.5	122.4	+15.3	+3.3
Textiles	109.5	186.7	193.0	+76.3	+3.4
COMMERCIAL	109.1	142.3	144.3	+32.3	+1.4
Automobile and Tyre	100.0	123.0	127.1	+27.1	+3.3
Commercial	101.5	129.0	133.4	+31.4	+3.4
Computer and Office					
Equipment	127.9	221.7	227.6	+78.0	+2.7
Conglomerates	113.7	150.7	155.7	+36.9	+3.3
Footwear	96.1	226.3	142.7	+48.5	-36.9
Machinery	88.0	108.0	108.0	+22.7	NIL
Petroleum (Marketing)	119.4	141.4	149.3	+25.0	+5.6
Pharmaceuticals (Marketing)	113.4	138.0	131.5	+16.0	-4.7
SERVICES	90.9	78.5	78.0	-14.2	-0.6
Construction	95.8	75.4	73.6	-23.1	-2.4
Publishing	61.4	93.2	94.0	+53.1	+0.9
Machinery (Marketing)	89.9	92.6	103.7	+15.4	+12.0
ALL-SECTORS	105.2	127.3	131.4	+24.9	+3.2

APPENDIX 1
SUMMARY OF PRICE MOVEMENTS ON THE NIGERIAN STOCK
EXCHANGE FOR SECOND QUARTER OF 1986

Price gains (kobo)		(40) Wiggins Teape	7
Financial Sector		(41) A. G. Leventis	1
(1) John Holt Investment	1	(42) S.C.O.A	1
(2) First Bank of Nigeria	15	(43) Agip	11
(3) U.B.A	9	(44) African Petroleum	2
(4) U.B.N	26	SERVICES SECTOR	
(5) Savannah	1	(45) Blackwood Hodge	3
Manufacturing Sector		Price drops (kobo)	
(6) Golden Guinea	4	Financial Sector	
(7) WAPCO	1	(1) Bentworth Finance	6
(8) Nigerian Ropes	7	Manufacturing Sector	
(9) Chemical & Allied	25	(2) Guinness	3
(10) International Paints	6	(3) Nigerian Breweries	20
(11) P.Z. Industries	15	(4) Cross River State Brew	2
(12) Tate & Lyle	12	(5) Nigerian Wire Ltd	4
(13) Lever Brothers	4	(6) Berger Paints	18
(14) Nigerian Tobacco Coy	5	(7) Hagemeyer	9
(15) Nigerian Bottling Coy	24	(8) Nigerian Hoechst	2
(16) 7-Up Bottling Coy	14	(9) Food Specialities	4
(17) Alumaco	2	(10) Cadbury	3
(18) Vitafoam	1	(11) A. C. Christlieb	3
(19) Vono Products	1	(12) Ovaltine	2
(20) Berec (Nig) Ltd	5	(13) Foremost Dairies	1
(21) Industrial Gases	4	(14) Bata	7
(22) Thomas Wyatt	8	(15) Nigerian Enamelware	1
(23) Metal Box	3	(16) Nigerian Sewing Machine	1
(24) Studio Press	3	(17) Glaxo	4
(25) Van Leer	3	(18) Sterling Products	8
(26) Beecham	2	Commercial Sector	
(27) Pfizer Products	8	(19) National Cash Register	1
(28) Livestock Feeds	7	(20) John Holt Ltd	5
(29) United Nigerian Textiles Ltd	4	(21) Lennards	14
(30) Westex	7	(22) Texaco	14
COMMERCIAL SECTOR		(23) Total	3
(31) Leventis Motors	1	(24) Mobil	15
(32) R. T. Briscoe	2	(25) Pharmadeko	17
(33) Bewac	2	(26) Costain	6
(34) J. L. Morrison	1	(27) Taylor Woodrow	1
(35) K. Chellerams	2	Volumes of Transaction/No of deals	
(36) Leventis Technical	4	2nd Qtr 1985: 3,350,505 equities/5,313 deals	
(37) University Press	1	1st Qtr 1986: 3,959,209 equities/5,384 deals	
(38) CFAO	16	2nd Qtr 1986: 3,115,515 equities/5,483 deals	
(39) U.A.C.N	3		

APPENDIX 2
NAMES OF COMPANIES ON NIGERIAN STOCK EXCHANGE SELLING BELOW PAR
DURING THE SECOND QUARTER OF 1986

Financial Sector	Services Sector
1. Mercantile Bank	13. Arbico
Manufacturing Sector	14. Costain
2. Nigercem	15. Roads
3. Vono Products	16. Cappa & Alberto
4. Nigerian Enalmerware	17. Taylor Woodrow
5. Nigerian Sewing Machine	18. Dumez
6. West African Glass	19. Daily Times
Commercial Sector	20. Blackwood Hodge
7. Incar	
8. Intra Motors	
9. Bewac	
10. Berec International	
11. J.L. Morison	
12. Stokvis	

APPENDIX 3
METHODOLOGY FOR COMPUTING THE CENTRAL BANK OF NIGERIA
ORDINARY SHARE PRICE INDICES

The official daily list issued by the Nigerian Stock Exchange is the main source of data. For each month, Friday prices of quoted shares are collected and the average for the month or for the quarter is taken as the month's or quarter's share prices. The computation of the indices is done by using the Geometric Average Index denoted by the formula:—

$$Mg = N \sqrt[N]{\left(\frac{P_1}{P_{01}} \times \frac{P_2}{P_{02}} \times \dots \times \frac{P_n}{P_{0n}} \right)} \times 100$$

Where,

Mg = Index Value

N = Number of Securities in the Series or total number of listed securities

P_i = Price of the ith share in the series where i = 1, 2, n P₀₁, P₀₂, P_{0n} = base period prices.

CHART I
PRICE INDICES OF ORDINARY SHARES QUOTED ON THE NIGERIAN
STOCK EXCHANGE FROM 2ND QUARTER 1984 TO 2ND QUARTER 1986
(DECEMBER 1984=100)

