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Stock Market Report for the Fourth Quarter of 1987

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STOCK MARKET REPORT FOR THE FOURTH QUARTER OF 1987

Volume of Transactions

A total of 5.9 million shares were traded in 4,752 deals in the period under review. This represents a decline of 0.6 million shares, or 9.2 per cent over the preceding quarter. The bearishness of the stock market during the review quarter emanated from the liquidity squeeze in the economy coupled with the deregulation of interest rates. Actively traded were the securities of Nigerian Breweries Ltd.: (1,204,379 shares), G. Cappa Ltd.: (793,100 shares), Lever Brothers Nigeria Ltd.: (399,586 shares), Guinness Nigeria Ltd.: (345,465 shares) and Beecham Ltd.: (323,418 shares).

The industrial/preference stock witnessed relatively dormant transactions during the period as only 0.3 million shares changed hands, as against 8.6 million traded in the last quarter. The deregulation of interest rates in August, 1987 caused an astronomical 791.9 per cent rise in the units of Federal Government stock traded during the review quarter as 76.7 million units were exchanged compared to 8.6 million units traded in the preceding quarter. Corporate investors disinvested in this category of stock in preference for the 25th Federal Government stock with higher coupon rates which was marketed during the period, and also partly, in money market instruments with more attractive interest rates. The Second-tier Securities Market (SSM) traded 27,777 shares compared with 32,326 equities sold in the last quarter.

Sectoral and Sub-sectoral Share Price Indices

The impact of profit taking and scrip issues as well as poor trading results forced the all-sectors' share price index down by 2.3 per cent, from 139.8 in the preceding quarter to 136.6 during the quarter under review. This contrasted with an increase of 1.9 per cent recorded in the corresponding quarter of 1986. Excess supply of securities in the secondary market also contributed to the decline (see Table 1 and Chart).

Investors' confidence in the financial blue chips increased its index by 2.3 per cent to 139.7 when compared to the third quarter of 1987. This also compares favourably with the noticeable increase of 27.8 per cent over its level in the fourth quarter of 1986. However, the performance of the manufacturing sector was not impressive, as it shedded 5.7 points to close at 139.7. All the indices of the sector declined except soap/toiletries, and packaging that recorded increases of 5.5 and 7.4 per cent respectively over their respective levels in the preceding quarter (see Tables 1, 2 and Chart). The decline in this sector's index was traceable to the rising cost of imported raw material input and general decline in demand.

The commercial sector did not fare better, as its index fell by 3.4 per cent, from 153.8 in the third quarter to 148.5 in the fourth quarter of 1987. The decline was however, moderated by increases of 7.0, 5.6 and 2.4 per cent in the respective indices of petroleum marketing, automobile & tyres and commercial sub-sectors. Conversely, the price index of the services sector rose by 7.0 per cent during the quarter due mainly to an increased tempo in the construction activities during the review quarter.

Price Movements

Continued pessimism in the economy was reflected in the movement of share prices on the Exchange during the quarter as prices of 42 equities depreciated by between 1 and 41 kobo. This compared with losses of the same range in the share prices of 49 companies in the last quarter. The equities of Nigerian

Bottling Company, UBN, Thomas Wyatt and N.T.C. declined by 41, 38, 36 and 32 kobo respectively. Others were First Bank (30 kobo), UBA (30 kobo) and Guinness (25 kobo) (see Appendix 1). The substantial declines recorded during the last two quarters were largely attributed to the artificial revaluation of stock prices in June 1987. However, 37 companies gained between 1 and 17 kobo, compared with the substantial increases of between 1 and 171 kobo recorded for 57 equities in the third quarter. A total of 10 companies declared dividends of between 3.4 and 40 kobo per share while 5 of them gave bonus shares ranging between 1 share per 5 shares to 1 share per 1 share held. The highest dividend of 40 kobo per share was paid by P.Z. Industries while N.T.C. took the lead in giving a bonus share of 1 share to every share held by shareholders (see Appendix 2).

General Economic Statistics Office
Statistics & Econometrics Division
Research Department.

SUMMARY OF PRICE INDICES OF ORDINARY SHARES LISTED ON THE NIGERIAN STOCK EXCHANGE FOR 4th QUARTER 1987

Table 1

(December 1984 = 100)

Sector	4th Qtr.	3rd Qtr.	4th Qtr.	Percentage Change Between	
	1986	1987	1987	(1) & (3)	(2) & (3)
	(1)	(2)	(3)	(4)	(5)
Financial	116.2	145.1	148.5	27.8	2.3
Manufacturing	139.5	145.4	139.7	0.1	-3.9
Commercial	153.0	153.8	148.5	-2.9	-3.4
Services	83.9	84.1	90.0	7.3	7.0
All Sectors	134.0	139.8	136.6	1.9	-2.3

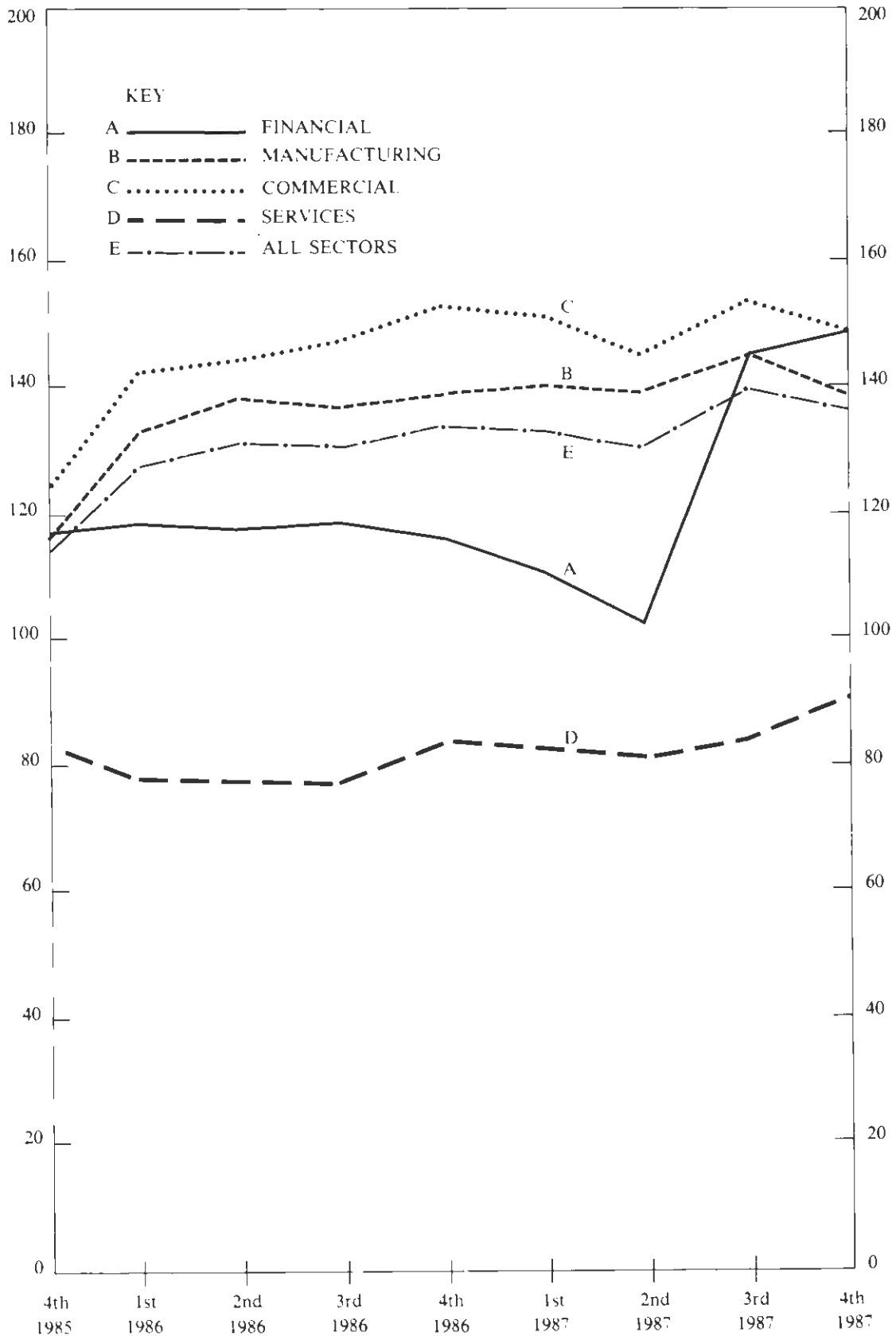
PRICE INDICES OF ORDINARY SHARES LISTED ON THE NIGERIAN STOCK EXCHANGE FOR 4th QUARTER 1987

Table 2

(December 1984 = 100)

Sectors/Sub-sectors	4th Qtr.	3rd Qtr.	4th Qtr.	Percentage Change Between	
	1986	1987	1987	(1) & (3)	(2) & (3)
	(1)	(2)	(3)	(4)	(5)
Financial	116.2	145.1	148.5	27.8	2.3
Manufacturing	139.5	145.4	139.7	0.1	-3.9
Breweries	107.5	84.8	68.2	-36.6	-19.6
Building Materials	108.0	122.3	119.7	10.8	-2.1
Chemical & Paints	110.4	122.3	118.5	7.3	-3.1
Soap & Toiletries	169.4	196.1	206.8	22.1	5.5
Food, Beverages & Tobacco	146.3	139.3	131.9	-9.8	-5.3
Industrial/Domestic Products	157.5	176.8	164.3	4.3	-7.1
Packaging	131.8	100.3	107.7	-18.3	7.4
Pharmaceutical/Animal Feeds	133.4	181.1	180.1	35.0	-0.6
Textiles	187.4	267.0	258.3	37.8	-3.3
Commercial	153.0	153.8	148.5	-2.9	-3.4
Automobile & Tyres	153.7	169.0	178.5	16.1	5.6
Commercial	169.8	165.8	169.8	0.0	2.4
Computer & Office Equipment	249.3	318.8	257.6	3.3	-19.2
Conglomerates	166.8	145.6	130.7	-21.6	-10.2
Footwear	105.3	173.9	172.5	63.8	-0.8
Machinery (Marketing)	100.0	76.0	73.2	-26.8	-3.7
Petroleum (Marketing)	134.5	149.0	159.5	18.6	7.0
Pharmaceutical (Marketing)	106.8	120.9	109.5	2.5	-9.4
Services	83.9	84.1	90.0	7.3	7.0
Construction	77.1	78.0	85.1	10.4	9.1
Publishing	177.2	113.5	112.4	-4.1	-1.0
All Sectors	134.0	139.8	136.6	1.9	-2.3

CHART I
PRICE INDICES OF ORDINARY SHARES LISTED ON THE
NIGERIAN STOCK EXCHANGE
4th QUARTER 1985 — 4th QUARTER 1987 (DECEMBER 1984 = 100)



APPENDIX I

VOLUME OF TRANSACTIONS

4th Quarter 1987 : 5.9 million shares traded in 4,752 deals
3rd Quarter 1987 : 6.5 million shares traded in 4,811 deals
4th Quarter 1986 : 5.0 million shares traded in 6,543 deals

COMPANIES DECLARING DIVIDEND AND SCRIP ISSUES

Cappa & D'Alberto — 4 kobo per share and a scrip of 1 to 5 shares
Nigerian Bottling Co. — 10 kobo per share and a scrip of 1 to 5 shares
Thomas Wyatt — 20 kobo per share and a scrip of 1 to 2 shares
Beecham — 17 kobo per share and a scrip of 3 to 4 shares
N.T.C. — 27 kobo per share and a scrip of 1 to 1 shares
P.Z. Industries — 40 kobo per share
Intra Motors Ltd. — 3.4 kobo per share
K. Chellarams — 4 kobo per share
Wiggins Teape — 11.9 kobo per share

APPENDIX 2

**SUMMARY OF EQUITY PRICE MOVEMENTS ON THE NIGERIAN STOCK EXCHANGE
FOR 4th QUARTER, 1987**

	Sector/Security	Price Gain (Kobo)		Sector/Security	Price Drops (Kobo)
	Financial			Financial	
1.	Bentworth Finance	17	1.	First Bank	30
2.	Savannah	10	2.	U.B.A.	30
	Manufacturing		3.	U.B.N.	38
3.	Nigerian Breweries Ltd	3		Manufacturing	
4.	Nigerian Wire Ltd.	2	4.	Guinness	25
5.	Berger Paints	8	5.	Golden Guinea	17
6.	International Paints	11	6.	Cross River Breweries	7
7.	Hagemeyer	1	7.	Nigerian Ropes	1
8.	Lever Brothers	3	8.	Chemical & Allied	7
9.	Food Specialities	8	9.	Nigerian Hoechst	1
10.	Cadbury	2	10.	P.Z. Industries	13
11.	Flour Mills	5	11.	A.C. Christlieb	17
12.	Bata	2	12.	Ovaltine	14
13.	Alumaco	6	13.	Tate & Lyle	18
14.	Nigeria Enamel ware	1	14.	Foremost Dairies	1
15.	Industrial Gases	2	15.	Northern Nigerian Flour Mills	3
16.	Metal Box	3	16.	N.T.C.	32
17.	Studio Press	4	17.	Nigerian Bottling Co.	41
18.	Van Leer	5	18.	7 Up	5
19.	Glaxo	17	19.	Vita Foam	5
20.	Pfizer Products	6	20.	Vono Products	2
21.	Sterling Products	1	21.	Berec Nigeria	7
22.	Livestock Feeds	9	22.	Thomas Wyatt	36
23.	Afprint	2	23.	Nigeria Sewing Machine	8
	Commercial		24.	Poly Products	1
24.	Bewac	3	25.	Beecham	5
25.	Berec International	1	26.	Enpee	19
26.	K. Chellarams	5	27.	UNTL	3
27.	N.C.R.	6	28.	Westex	12
28.	Stokvis	2		Commercial	
29.	Texaco	13	29.	Incar	7
30.	Agip	12	30.	Intra Motors	1
31.	Total	7	31.	J.L. Morrison	2
32.	African Petroleum	8	32.	Leventis Technical	10
33.	Mobil	15	33.	University Press	1
	Services		34.	U.T.C.	13
34.	Arbico	1	35.	C.F.A.O.	7
35.	Roads	9	36.	U.A.C.N.	13
36.	Cappa & D'Alberto	7	37.	A.G. Leventis	4
37.	Taylor Woodrow	4	38.	Lennards	1
			39.	Pharma Deko	9
			40.	Boots	2
				Services	
			41.	Costain	1
			42.	G. Cappa	7