

## Review

### Weekly News Wrap

The progress report on monetary and exchange rate policies and the financial system presented recently by the Governor of the Central Bank Nigeria (CBN), Prof Charles Soludo highlighted some of the progress made by the ongoing banking and economic reforms in Nigeria. The report shows that all the 25 banks in the country are healthy and sound as against the 11 unsound banks as at December 2003. Consequently, the banking public has demonstrated increased confidence to the soundness in the industry. The CBN figure shows that the deposit liabilities of the banking industry grew by 101.21% from N1.41trillion in December 2003 to N2.84trillion as at March 2006. Bank's support for the economy, measured by the total credits to the economy increased by 76.72% from N1.16trillion to N2.06trillion over the same period while shareholders' fund increased by 177.74% from N292billion to N811billion over same period of time. These are some of the indices that *The Bankers Magazine*, an arm of the Financial Times Group reviewed and brought in 9 Nigeria banks into the list of 1,000 world banks in its 2006 ranking. This is an improvement over the 4 Nigerian banks that made it to the list in 2005 ranking. The banks that made it to the list are: First Bank, Union Bank, Zenith Bank, IBTC Chartered Bank, Intercontinental Bank, Spring Bank, GT Bank, First Inland and Oceanic Bank. The report says that the rise in the number of Nigerian banks in this global 1,000 listing is due to the consolidation that has taken place in the banking sector in Nigeria since 1st January 2006 and the creation of larger banking institutions with a minimum capital requirement of N25 billion. On the performance of the economy, the CBN said the external reserves stood at a favourable position of \$36.628billion at the end July, 2006 from a meager figure of \$4.99billion in 1999. The inflation figure (year on year) stood at 10.5% as at May 2006 an improvement over 12.6% recorded in the month of April, 2006. The CBN said it would not devote more than 10% of its efforts on banking regulation/supervision to enable it concentrate on its core mandate of macroeconomic management to ensure non-inflationary economic growth and efficient payments system. As the nation moves toward another political transition, it is necessary that the ongoing reforms in different sectors of the economy be sustained to return the lost glory of the giant of Africa.

### Money Markets

The money market experienced liquidity last week in spite of the total outflow of N42.71billion from both the primary and the secondary market segments of the government securities. Stop rate however dropped marginally during the week when compared to the preceding week. At the primary market for the federal government securities, a total of N10billion worth of 182-day Nigerian Treasury Bill (NTB) was offered and sold, N16.02billion was subscribed while N623million was repaid. The amount subscribed was 160.15% of the amount offered. A total of N10billion worth of 91-day NTB was offered and sold, N15.17billion was subscribed while N9.996billion was repaid. The amount subscribed was 152.68% of amount offered. The stop rate

July 10, 2006

### Equity Market Indicators

| As at July 07, 2006  | Value     | NGN             |                 | USD              |                 |
|----------------------|-----------|-----------------|-----------------|------------------|-----------------|
|                      |           | 1 week % Change | 1 year % Change | 1 week % Change  | 1 year % Change |
| NSE All-Share Index  | 26,701.97 | 2.07            | 2.08            | 24.43            | 28.75           |
| Coral Growth Fund    | 1,255.26  | 0.70            | 0.71            | 30.45            | 34.77           |
| Market Cap. (₦'bn)   | 3,012.32  | 1.81            | 1.83            | 60.49            | 64.81           |
| CTSL 40 NEMI         | 256.53    | 2.00            | 2.02            | 35.94            | 40.26           |
| CTSL 20 NEGI         | 264.43    | 1.50            | 1.51            | 36.16            | 40.47           |
| CTSL Banking Index   | 273.45    | 2.21            | 2.22            | 52.22            | 56.54           |
| CTSL Ins. Index      | 243.30    | (4.01)          | (3.99)          | 14.71            | 19.02           |
| CTSL Man. Index      | 222.39    | 2.07            | 2.08            | 34.46            | 38.78           |
| CTSL Pet. Mktg Index | 283.44    | 0.15            | 0.17            | (4.01)           | 0.31            |
|                      |           | Last week       |                 | Week before last |                 |
| Volume Traded (m)    |           | 621.98          |                 | 699.18           |                 |
| Value Traded (₦'m)   |           | 7,873.53        |                 | 8,388.54         |                 |

### Money Market Indicators

| Interest Rates           | As at July 07 | 1 week ago | 12 months ago |
|--------------------------|---------------|------------|---------------|
| Min. Rediscount Rate (%) | 14.00         | 14.00      | 13.00         |
| NIBOR 7 days (%)         | 5.9688        | 2.7083     | 6.7500        |
| NIBOR 90 days (%)        | 13.1438       | 8.0833     | 10.5833       |

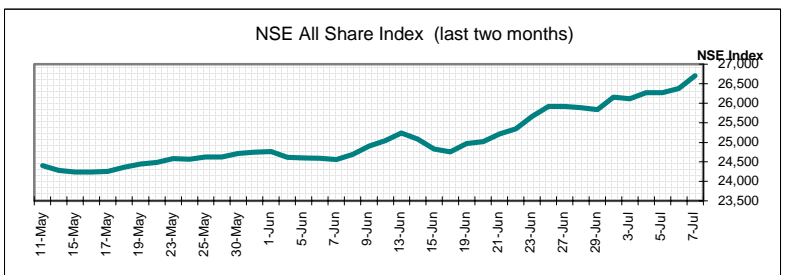
### CBN Treasury Bill Auction Results

|                           | 91-day T-Bills | 182-day T-Bills |
|---------------------------|----------------|-----------------|
| Tenor (days)              | 91             | 182             |
| Total Offer (₦'bn)        | 10.00          | 10.00           |
| Total Subscription (₦'bn) | 15.16          | 16.01           |
| Total Allotment (₦'bn)    | 10.00          | 10.00           |
| Stop Rate (%)             | 8.00           | 11.75           |

| OMO                | July 3        | July 4 | July 5    | July 6    | July 7    |
|--------------------|---------------|--------|-----------|-----------|-----------|
| Tenor (days)       | 91, 182 & 364 | 364    | 182 & 364 | 182 & 364 | 182 & 364 |
| Total Bids (₦'bn)  | 17.52         | 7.97   | 20.23     | 37.76     | 17.35     |
| Total Sales (₦'bn) | -             | 1.52   | 13.70     | 16.61     | 17.23     |
| Stop Rate (%)      | -             | 13.00  | 13.00     | 12.94     | 12.9      |

### Exchange Rate (NGN/USD)

|          | As at July 07 | 1 week ago | 12 months ago |
|----------|---------------|------------|---------------|
| Official | 127.15        | 127.17     | 132.89        |
| Banks    | 128.45        | 128.45     | 135.30        |
| Parallel | 133.40        | 134.00     | 138.40        |



**First Securities Discount House Limited (FSDH)** is a specialised financial services provider, engaged in both funding and investment services for a select clientele. FSDH offers a wide range of services that including Financial Advisory, Asset Management as well as providing access to specific investment outlets in the money and capital markets. We offer access to investments in the highest grade of money market securities, including those issued by the Federal Government (such as Treasury Bills) as well as Commercial Bills issued by reputable corporates and highly rated banks operating in Nigeria. We also provide funding services for true blue asset companies operating in Nigeria.

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for the 182-day NTB was reviewed down to 11.75% from 11.99% in the preceding week while the stop rate for 91-day NTB was reviewed to 8.00% from 9.00% in the preceding week. At the secondary segment of the market, a total of N39.93billion worth of 364-day non-rediscoutable bill was subscribed, a total of N32.01billion was sold while N10.75billion was repaid, resulting to a subscription level of 81.15%. A total of N37.07billion worth of 182-day non-rediscoutable bill was subscribed, N17.07billion was sold while N5.00billion was repaid resulting to a subscription level of 46.05%. The stop rate on the 364-day closed at 12.90% from 14% in the preceding week, stop rate on 182-day closed the week at 11.95% from 13% in the preceding week. The interbank rates also followed the same trends as 7-day NIBOR closed the week at 6.75% from 10% in the preceding week while 90-day NIBOR closed at 10.58% from 13.41% in the preceding week. At the foreign exchange market, the CBN offered \$130million while it sold \$29.49million. The amount sold was 22.68% of the amount offered during the week. The value of the naira appreciated in the two segments of the market while it remained stable in one segment. At the official market, it appreciated by 2kobo to close the week at N127.15/US\$1 from N127.17/US\$1 in the preceding week. At the parallel market it gained 60kobo to close the week at N133.40/US\$1 from N134.00/US\$1 in the preceding week, while at the autonomous market, the naira remained stable to close the week at N128.45/US\$1.

### Equities Market

The **NSE All-Share Index** gained **2.07%** last week to close at 26,701.97 from 26,161.15 in the preceding week. As a result, the appreciation in the year-to-date of the **NSE All Share Index** was 10.86%. In a similar development, the market capitalization appreciated by 1.81% to close the week at N3,012.32billion from N2,958.62billion in the preceding week. All the **CTSL Indices** appreciated last week except the **CTSL Insurance Index**. The **CTSL 40 NEMI** appreciated by 2.00% to close the week at 256.53 from 251.49 in the preceding week. The **CTSL 20 NEGI** also appreciated by 1.50% to close the week at 264.43 against 260.53 in the preceding week. The **CTSL Banking Index** recorded the highest appreciation of 2.21% on the strength of appreciation in the share prices of **First Bank** (Up 7.83% to N57.69), **Oceanic Bank** (Up 14.38% to N8.35), **Intercontinental Bank** (Up 2.37% to N10.80) and **Zenith Bank** (Up 4.83% to N21.50). The **CTSL Manufacturing & Allied Index** appreciated by 2.07% on the heels of appreciation in the share prices of **Guinness** (Up 6.30% to N115.76), **Nigerian Breweries** (Up 0.29% to N35.01), **Ashakacement** (Up 5.82% to N38.20), **WAPCO** (Up 7.14% to N30.00), **Flourmills** (Up 4.07% to N39.60), **UACN** (Up 2.76% to N20.50) and **PZ** (Up 2.24% to N21.49). The **CTSL Petroleum Marketing Index** added 0.15% to its value due to gain recorded in the share prices of **Mobil** (Up 2.51% to N164.02), **Total** (Up 0.36% to N193.20) and **Texaco** (Up 0.06% to N99.06). Meanwhile, the value of the **CTSL Insurance Index** depreciated by 4.01% to close the week at 243.30 from 253.46 in the preceding week. Decline in the share prices of **Niger Insurance** (Down 15.69% to N2.74) and **Cornerstone Insurance** (Down 4.35%) were responsible for the depreciation in the value of The **CTSL Insurance Index**. Other top gainers during the week include **Eterna Oil** (Up 26.02% to N2.47), **Afroil** (Up 21.74% to N0.56), **CAP Plc** (Up 20.82% to N14.80), **Evans Medical** (Up 18.61% to N3.25), and **WAPIC** (Up 18.31% to N3.36). Top losers during the week include **INCAR** (Down 66.67% to N1.12), **Law Union and Rock** (Down 43.64% to N0.93), **First Assurance** (Down 24.37% to N0.90), **Chellarams**

(Down 19.42% to N0.83) and **R.T. Briscoe** (Down 16.91% to N5.06).

| Top Gainers<br>(% terms) | Price (N)<br>07- July | %<br>chg | Top losers<br>(% terms) | Price (N)<br>07- July | % chg |
|--------------------------|-----------------------|----------|-------------------------|-----------------------|-------|
| Eterna Oil               | 2.47                  | 26.02    | Incar                   | 1.12                  | 66.67 |
| Afroil                   | 0.56                  | 21.74    | Law Union & Rock        | 0.93                  | 43.64 |
| Cap Plc                  | 14.8                  | 20.82    | First Assurance         | 0.90                  | 24.37 |
| Evans Medical            | 3.25                  | 18.61    | Chellarams              | 0.83                  | 19.42 |
| WAPIC                    | 3.36                  | 18.31    | RT Briscoe              | 5.06                  | 16.91 |

A total of 622 million shares worth N7.9billion were traded in 32,235 deals during the week as against 699.2million shares valued at N8.4billion traded in 30,997 deals in the preceding week. The volume of share traded represents a decrease of 11.04% over the volume traded in the preceding week. As usual, the **Banking sub-sector** was the most actively traded during the week accounting for 63.83% of the market turnover. The banking sub-sector was driven by trading in the shares of **United Bank For Africa Plc**, **Access Bank Plc** and **Ecobank Nigeria Plc** which accounted for 184.55million. The three companies represent 46.5% of the banking sub-sector and 29.67% of the total market turnover. The gainers and losers table revealed that 38 stocks appreciated while 36 stocks witnessed a reduction in their share prices.

### Comparison Between CGF and Selected Mutual Funds

|   | Mutual Fund           | YTD (%) | Week on Week Chg (%) |
|---|-----------------------|---------|----------------------|
| 1 | Coral Growth Fund     | 11.24   | 0.70                 |
| 2 | IBTC Nig. Equity Fund | 15.25   | 0.77                 |
| 3 | *Discovery Fund       | 2.00    | (1.49)               |

\*The Discovery Fund has Exposure to Real Estate.

### Company Results

| Company | Period Ended       | T/O<br>(N/m)     | %<br>Change | PAT<br>(N/m) | %<br>Change |            |
|---------|--------------------|------------------|-------------|--------------|-------------|------------|
| 1       | First Assurance    | FY Dec. 2005     | 92.74       | 158.67       | 14.06       | 138.50     |
| 2       | Cornerstone        | FY Dec. 2005     | 1,597.00    | 5.5          | 206.69      | 19.10      |
| 3       | NEM Insurance      | FY Dec. 2005     | 628.48      | 20.89        | (9.63)      | (117.62)   |
| 4       | Interlinked        | 9 Mth Mar.2006   | 79.00       | 249.71       | 9.94        | 1,199.48   |
| 5       | Oceanic Bank       | 9 Mth Jun.2006   | 29,385.00   | 81.09        | 8,704.00    | 90.92      |
| 6       | Presco             | 3 Mth. Mar. 2006 | 655.46      | 8.6          | 175.41      | 35.90      |
| 7       | DN Meyer           | 3 Mth. Mar. 2006 | 543.51      | 89.72        | 4.33        | 110.22     |
| 8       | GT Bank            | 3 Mth. May. 2006 | 10,992.00   | 45.34        | 2,085.00    | 20.10      |
| 9       | Prestige Assurance | 3 Mth. Mar. 2006 | 329.00      | 20.1         | 59.00       | 25.5       |
| 10      | Tourist Co.        | 3 Mth. Mar. 2006 | 265.94      | 17.53        | (43.64)     | (1,101.38) |
| 11      | REAN               | 3 Mth. Mar. 2006 | 637.20      | 30.7         | (9.56)      | (429.7)    |
| 12      | UNIC               | 3 Mth. Mar. 2006 | 393.40      | 60.5         | 72.10       | 25.2       |

### Company Dividend and Bonus Announcements

| Company | I/F* | DPS(N) | BONUS | C/D* | P/D* |
|---------|------|--------|-------|------|------|
|         |      |        |       |      |      |

### Primary Market Equities

| Issuer         | No of<br>shares | Offer<br>price (N) | Opening<br>date | Closing<br>date |
|----------------|-----------------|--------------------|-----------------|-----------------|
| Unic Insurance | 2,000,000,000   | 1.10               | 3rd July        | 31st July       |

## Outlook and Analysis

### Money Market

CBN will float N20billion worth of 91and 182-day NTB; N30billion worth of NTB from 91 and 182 day will mature from the primary market while N14.35billion non-rediscoutable bill will mature from the open market operation. The total inflow into the market through the federal government securities will be N44.35billion causing a net-inflow of N24.35billion. Meanwhile, we expect Nigerian National Petroleum Corporation's (NNPC) debit to hit the system. The NNPC debit coupled with the funding of foreign exchange in the week ahead will help to mop up the liquidity in the money market. At the foreign exchange market, we expect that the naira will appreciate marginally as a result of the favorable external reserve position. We also note that the CBN will launch a new framework for implementing monetary policy this month.

### Equities Market

We encourage short term investors to consider profit taking as the share prices of some companies whose year-end results are due in July are already at their all year high. The companies include: First Bank of Nigeria Plc, Union Bank Nigeria Plc, Flourmills Nigeria Plc and Zenith Bank Plc. Although speculations of impressive cash and scrip dividend payment by these companies have already been factored into the current share prices, we expect to see some marginal

appreciation when the results are finally announced. We recommend the following stocks, which possess good fundamentals and prospects for growth over the long term:

### Recommended Stocks

|    | Securities       | Target Price | PE Ratio |
|----|------------------|--------------|----------|
| 1  | FBN              | 50.00        | 16.46    |
| 2  | GTB              | 13.00        | 11.63    |
| 3  | UBA              | 14.50        | 14.92    |
| 4  | Zenith Bank      | 19.64        | 11.87    |
| 5  | IBTC             | 4.00         | 10.62    |
| 6  | Guinness         | 100.00       | 17.43    |
| 7  | Ashakacem        | 36.50        | 12.05    |
| 8  | WAPCO            | 25.00        | 13.35    |
| 9  | Cadbury          | 54.00        | 19.94    |
| 10 | Flour Mills      | 35.00        | 15.03    |
| 11 | Nestle           | 185.00       | 17.44    |
| 12 | UACN             | 18.20        | 14.31    |
| 13 | Total            | 180.00       | 16.91    |
| 14 | Glaxo Smithkline | 9.10         | 8.93     |
| 15 | Mobil            | 160.00       | 15.88    |
| 16 | UPDC             | 9.21         | 12.16    |

### Selected Foreign Stock Market Indices

|                               | YTD Change % | Weekly Change % |
|-------------------------------|--------------|-----------------|
| <b>North/Latin America</b>    |              |                 |
| DJIA (U.S.A.)                 | 4.04         | 1.47            |
| S & P 500 Index (U.S.A.)      | 1.76         | 2.07            |
| NASDAQ (U.S.A.)               | (1.51)       | 2.39            |
| Bovespa Index (Brazil)        | 3.60         | 0.00            |
| <b>Europe</b>                 |              |                 |
| SMI (Switzerland)             | 0.90         | 2.22            |
| FTSE 100 Index (UK)           | 3.82         | 2.48            |
| CAC 40 Index (French)         | 5.32         | 3.08            |
| DAX Index (Germany)           | 5.09         | 2.78            |
| MSI Index (Spain)             | 8.34         | 2.32            |
| <b>Africa</b>                 |              |                 |
| NSE All-Share Index (Nigeria) | 8.62         | 1.92            |
| JSE All-Share Index (S/A)     | 17.36        | 3.60            |
| GSE All-Share Index (Ghana)   | 1.35         | (0.27)          |
| Cairo SE Gen (Egypt)          | (24.21)      | (0.62)          |
| <b>Asia/Pacific</b>           |              |                 |
| NIKKEI 225 Index (Japan)      | (3.76)       | 2.52            |
| BSE 30 Index (India)          | 12.89        | 2.00            |
| Hang Seng Index (Hong Kong)   | 9.35         | 2.90            |

\*CTSL NEGI – CTSL Nigerian Equity Growth Index

\*CTSL NEMI – CTSL Nigerian Equity Market Index

\*NIBOR – Nigerian Inter Bank Offered Rates

\*Symbols for tables

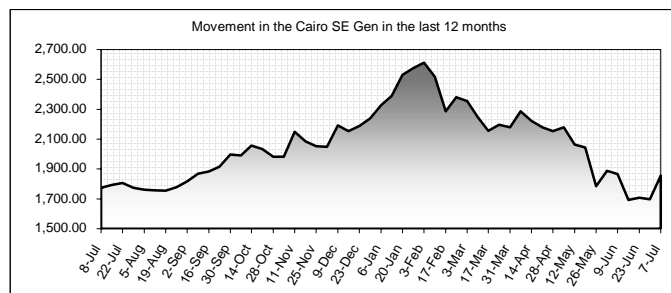
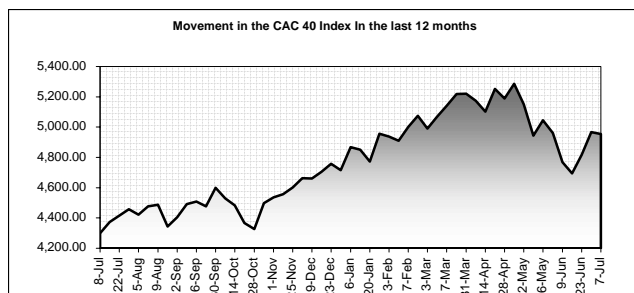
\*I/F- Interim/Final, \*C/D-Closure Date

\*P/D-Payment Date

“N/A” means Not Available; “-” means Not Applicable

**The following reports are available on CTSL website:**

- ✓ Clients Account Statement
- ✓ Clients Portfolio Report
- ✓ Clients Portfolio Value
- ✓ Share Certificates Verification Status
- ✓ Monthly CSCS Statement for May
- ✓ CGF Clients' Online Account Statements



All enquires to First Securities Discount House Limited and Counters Trust Securities Limited, 1/5 Odunsi Street, P.M.B. 12913 Lagos. (Website) www.fsdh-82.com, www.counterstrust.com (Email) research@counterstrust.com (Tel) 234-1- 2640160-9 (Fax) 234-1-2640173-4

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