

## Review

### Weekly News Wrap

Shell Petroleum Development Company (SPDC) will resume the commencement of oil exploration and exploitation in October. Though the General Manager of SPDC noted that SPDC was yet to gain unfettered access to their facilities to ascertain the extent of damage unleashed by the suspected Ijaw militants, he however made it known that the management of SPDC have secured an understanding with the host communities and all major stakeholders have entered into dialogue. This is an indication that the re-entry process would soon begin. It would be recalled that the activities of the Ijaw militant group which caused extensive damage to the Nembe Creek trunk line in the Niger Delta, have halted production in the last seven months. This has led to a shut down of four flow stations and subsequent reduction in its crude oil output by 0.05mbd. Currently, Nigeria's production cut is estimated at about 0.08mbd, which would negatively impact on the GDP. In other developments, the House of Representatives Committee on Capital Market is to summon the Director General of the Bureau of Public Enterprises (BPE) on account of the controversy trailing the recent sale of the Nigerian Telecommunication Limited (NITEL) to Transnational Corporation of Nigeria (Transcorp). Also summoned are the management of NITEL and Transcorp. It would be recalled that BPE sold NITEL to Transcorp at a sum of \$750million a fortnight ago. Meanwhile some stake holders have alleged that the equity sold to Transcorp was raised to 75% instead of the 51% advertised. The Chairman of the House of Representative noted that the committee would probe the process and ensure that the manner in which the sale was conducted was transparent.

### Money Markets

The level of liquidity in the money market was shored up as maturities from Treasury bills were evident in the financial system. Thus, interest rates remained relatively stable through out the week, 7-day NIBOR closed at 7.00% from 5.97% at the end of the previous week, while 90-day NIBOR closed the week at 13.47% from 13.14% over the same period. The offer of the 91-day Treasury bill by the CBN was 130.1% subscribed, as the participants put in bids for N13.01billion worth of bills while the CBN offered and sold N10billion. Meanwhile, in line with the level of liquidity in the money market, the stop rates applied for the sale of 91-day Treasury bills was dropped from 8.00% in the previous week to 7.50% last week. At the primary market for the 182-day Treasury bill, a total of N10billion bills was offered and sold. Participants at the auction demanded bills

July 17, 2006

### Equity Market Indicators

As at July 14, 2006	Value	NGN		USD	
		1 week % Change	1 year % Change	1 week % Change	1 year % Change
NSE All-Share Index	27,139.63	1.64	1.64	25.61	29.92
Coral Growth Fund	1,274.48	1.53	1.53	32.25	36.55
Market Cap. (₦'bn)	3,086.49	2.46	2.46	63.32	67.63
CTSL 40 NEMI	264.36	1.88	1.88	39.57	43.88
CTSL 20 NEGI	270.45	2.28	2.28	40.21	44.51
CTSL Banking Index	281.88	3.08	3.08	58.14	62.44
CTSL Ins. Index	232.19	(4.57)	(4.57)	15.24	19.54
CTSL Man. Index	225.57	1.43	1.43	37.40	41.71
CTSL Pet. Mktg Index	277.60	(2.06)	(2.06)	(5.86)	(1.56)
		Last week		Week before last	
Volume Traded (m)		1,049.75		621.98	
Value Traded (₦'m)		9,960.06		7,873.53	

### Money Market Indicators

Interest Rates	As at July 14	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	7.0000	5.9688	15.4167
NIBOR 90 days (%)	13.4688	13.1438	14.2500

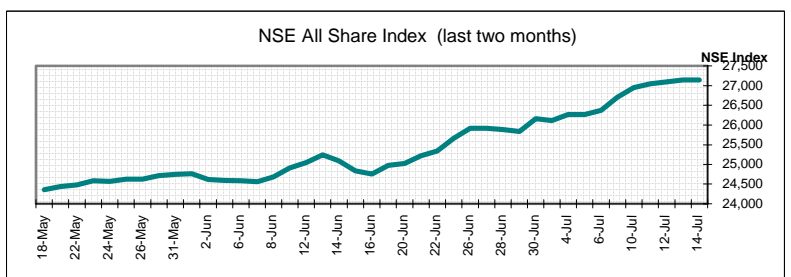
### CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	13.01	27.62
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	7.50	10.90

OMO	July 10	July 11	July 12	July 13	July 14
Tenor (days)	182 & 364	182 & 364	182 & 364	182 & 364	182 & 364
Total Bids (₦'bn)	1,635	13,515	18,130	1,000	15,684
Total Sales (₦'bn)	1,635	7,056	18,130	1,000	15,684
Stop Rate (%)	12.00	12.79	12.78	12.75	12.75

### Exchange Rate (NGN/USD)

	As at July 14	1 week ago	12 months ago
Official	127.15	127.15	132.87
Banks	128.50	128.45	135.90
Parallel	131.50	133.40	138.40



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worth N27.63billion while N19.95million was repaid. The amount demanded represents 276.29% of the amount offered. Due to the oversubscription recorded, the stop rate for the 182-day T-bill was reviewed downward by 85 basis point to 10.90% from 11.75% in the preceding week. Meanwhile, bills worth N29.92million matured and were repaid into the financial system resulting in a net inflow of N9.92million at the primary segment of government securities market. At the secondary segment of the market, various tenors of the non rediscountable bills were offered. N18million worth of 182-day non discountable bill was offered, N13 million was sold while N3.5million was repaid. A total of N15.78million worth of 364-day non-rediscountable bill was offered, N13.82million was sold while N3.5million was repaid. The total amount offered at the wholesale foreign exchange auctions was \$100 million, of which the CBN sold \$86.64 million. The sales for the week, represents a 194.1% increase from the sales made by the CBN in the previous week. The naira appreciated in one segment of the foreign exchange market. At the parallel market, the naira gained N1.90 to close the week at N131.50/US\$1. We note that the gains recorded in the value of the naira at the parallel market in the past few weeks is mainly on the heels of the CBN stance to widen and deepen the foreign exchange market via the continued sale of foreign exchange to Bureau de-Change operators. Meanwhile, at the official market, the naira remained relatively stable to close at N127.15/US\$1 same as the previous week. However, the naira lost 5 kobo in the inter bank market to close the week at N128.50/US\$1.

### Equities Market

The bulls continued to dominate the stock market all through last week as the **NSE All share Index** recorded a positive growth in its movement following price appreciation in most of the highly capitalized stocks on the floor of the Nigerian Stock Exchange (NSE). **The NSE ASI** closed the week at 27,139.57. The growth witnessed in the stock market had a positive effect on most sectors in the market as some CTSL Indices recorded various degrees of gains. **CTSL 40 NEMI & CTSL 20 NEGI** gained 1.88% & 2.28% to close the week at 261.36 and 270.45 respectively. The Banking Sub sector was the most active during the week as heavy gains were recorded in the share prices of **Union Bank** (Up 10.03% to N31.80), **Intercontinental Bank** (Up 7.69% to N11.63), **Oceanic Bank** (Up 7.78% to N9.00), **First Bank** (Up 2.24% to N58.98), **Access Bank** (Up 2.00% to N2.55) and **United Bank for Africa** (Up 1.22% to N14.88). Trailed by the **CTSL Manufacturing & Allied Index**, which gained 1.43% in reaction to price gains in the shares of **Nigerian Breweries** (Up 2.06% to N35.73), **Guinness** (Up 5.82% to N122.50), **Ashakacem** (Up 2.12% to N39.01), **UACN** (Up 4.88% to N21.50), **7 Up Bottling** (Up 7.54% to N37.10) and **NBC** (Up 4.60% to N50.50). However, **CTSL Insurance Index** lost 4.57% to close the week at 232.19. The loss in the insurance index was on the heels of losses in the share prices of **Niger**

**Insurance** (Down 5.11% to N2.60), **REAN** (Down 13.29% to N2.48) and **Cornerstone Insurance** (Down 9.09% to N1.00). Also the **CTSL Petroleum Marketing Index** lost 2.06% as **Oando** (Down 8.10% to N68.00), **Conoil** (Down 2.78% to N70.00), **Total** (Down 0.36% to N192.51) and **Texaco** (Down 1.07% to N98.00) all recorded negative movement in their share prices. Top gainers for the week were **Chellarams** (Up 24.10% to N1.03), **Union Homes** (Up 18.44% to N3.79), **Law Union & Rock** (Up 18.28% to N1.10), **Eterna Oil** (Up 13.77% to N2.81) and **NCR** (Up 13.48 to N3.20). The major loser for the week was **Ecobank** (Down 45.62% to N6.21). We note that the share price of Ecobank Nigeria Plc was adjusted for a scrip and cash dividend of one new share for every one already held and 9 kobo per share during the week. Other losers include **Evans Medical** (Down 22.15% to N2.53), **Poly Products** (Down 11.69% to N2.43), **CCNN** (Down 10.23% to N5.79), and **First Inland Bank** (Down 9.71% to N6.32).

Top Gainers (% terms)	Price (₦) 14- July	% chg	Top losers (% terms)	Price (₦) 14- July	% chg
Chellarams Plc	1.03	24.10	Evans Medical	2.53	22.15
Union Homes	3.79	18.44	Royal Exchange	2.48	13.29
Law Union & Rock	1.10	18.28	Poly Products	2.43	11.96
Eterna Oil & Gas	2.81	13.77	Cement Co. of North	5.79	10.23
NCR (Nig) Plc	3.20	13.48	Firstinland Bank	6.32	9.71

During the week under review, market turnover was up 26.5% as 1,049.75million shares valued at N9.96billion traded in 31,841 deals was recorded. This was in contrast to a total of 621.97 million shares valued at N7.87billion executed in 32,235 deals, in the preceding week. The Banking sub sector remained the most active sector during the week, as heavy trades were recorded in the shares of **Intercontinental Bank Plc**, **Skye Bank Plc** and **Access Bank Plc**. This accounted for 491.9 million shares representing 63.2% of the sub sector's turnover. Meanwhile, the thirty-nine (39) gainers outnumbered thirty-six (36) losers for the week.

### Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	12.95	1.53
2	IBTC Nig. Equity Fund	18.20	2.56
3	*Discovery Fund	4.37	2.32

\*The Discovery Fund has Exposure to Real Estate.

### Company Results

	Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
1	Access Banks	FY Mar. 2006	13,300	77.6	737.10	47.00
2	United Nig. Text.	FY Dec. 2005	17,664.00	(19.10)	84.10	(36.30)
3	May & Baker	6 Mth June. 2006	1,069.00	20.68	55.69	38.27
4	Mutual Benefit	3 Mth Mar.2006	257.82	20.58	32.76	(34.65)
5	United Nig. Text.	3 Mth Mar.2006	3,858.00	(25.52)	(160.16)	(218.16)
6	Beta Glass	3 Mth. Mar. 2006	1,104.00	(22.50)	55.79	47.40
7	Mobil	3 Mth. Mar. 2006	12,693.00	2.60	474.00	(16.50)
8	May & Baker	3 Mth. May. 2006	422.48	0.00	(22.58)	(243.10)
9	Champion	3 Mth. Mar. 2006	239.72	(4.90)	(125.81)	(761.10)

### Company Dividend and Bonus Announcements

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

## Primary Market Equities

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

## Outlook and Analysis

### Money Market

The level of liquidity in the money market in the week ahead is expected to reduce, as there are some anticipation of Nigerian National Petroleum Corporation's (NNPC) withdrawals. These activities, coupled with the exit of funds to the Treasury bill and foreign exchange markets may trigger an increase in interest rates. Meanwhile, we expect the FAAC meeting to commence during the week following which the disbursement of statutory allocations to the various tiers of government will commence. The sustained supply of the dollar in the foreign exchange market to the Bureau de-Change operators has resulted in the continuous stability of the value of the naira.

### Equities Market

With almost 13% year-to-date (YTD) gain in the NSE All Share Index in the last two months, the equities market presents and provides

### 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

opportunities for short term investors to take profit on their quoted investments. We note that the share prices of some companies whose year-end results are due in July are already at their all year high. Some of these companies include: First Bank of Nigeria Plc, Flourmills Nigeria Plc and Zenith Bank Plc. Meanwhile we note that the funding activities of some Pension Funds Administrators (PFA's) as they position for the purchase of securities in the equities market will further help to lift the market. The stocks listed below remain attractive and would deliver good returns in the long term.

### Recommended Stocks

	Securities	Target Price	PE Ratio
1	FBN	55.00	18.09
2	GTB	13.00	11.61
3	UBA	14.00	14.43
4	Zenith Bank	20.00	12.09
5	IBTC	4.00	10.53
6	Guinness	100.00	19.46
7	Ashakacem	36.50	12.05
8	WAPCO	27.00	14.42
9	Cadbury	50.00	18.45
10	Flour Mills	34.00	14.59
11	Nestle	190.00	17.91
12	UACN	18.00	14.17
13	Total	185.00	17.38
14	Glaxo Smithkline	10.00	9.80
15	Mobil	160.00	15.88
16	UPDC	9.20	12.13

\*CTSL NEGI – CTSL Nigerian Equity Growth Index

\*CTSL NEMI – CTSL Nigerian Equity Market Index

\*NIBOR – Nigerian Inter Bank Offered Rates

\*Symbols for tables

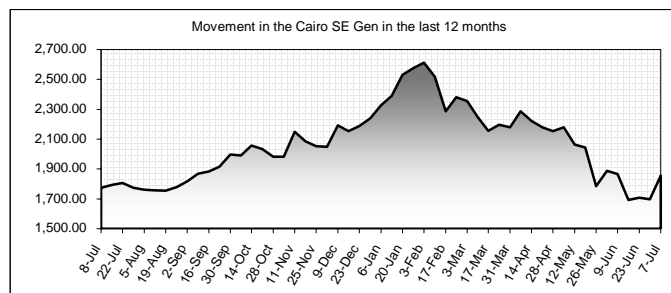
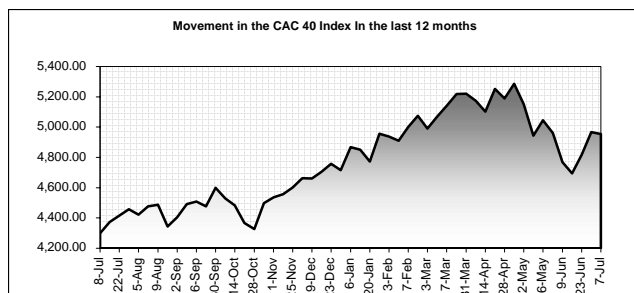
\*I/F- Interim/Final, \*C/D-Close Date

\*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 June
- ✓ CGF Clients' Online Account Statements



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