NIGERIAN MONEY & CAPITAL MARKETS

Weekly Comments & Analysis

Review

Weekly News Wrap

Against the backdrop of the recent violence in the Niger Delta area, South–South Nigeria, some of the multinational oil companies have contributed N55.5billion ($434million) towards the development of the oil producing area. This is aimed at collectively fighting for the interest of the communities around where they operate. The multinationals under the auspices of Oil Producers Trade Group of the Lagos Chamber of Commerce and Industry made the funds available to the Niger Delta Development Commission (NDDC), an agency setup by government to address poverty and underdevelopment problems plaguing the oil producing areas. The oil majors are statutorily required to contribute 3% of their yearly turnover to NDDC to facilitate environment remediation and development of the host communities. The head of the group made it known that during the current operating year, the sum of N23billion was disbursed for infrastructure development; N10billion for education; N7billion for health services; N6.3billion for capacity building initiatives and N21billion towards agro-allied business development. Meanwhile, we note that the United Nations Development Programme (UNDP) reports which covered all the nine oil producing states in Nigeria, namely Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers revealed that a region which produces oil, accounting for more than 95% of Nigeria's foreign earnings, is mired in poverty. Furthermore, the report stated that vast resources from an international industry have barely touched pervasive local poverty. In other developments, the Federal government agreed to hold on to further sack of 33,000 civil servants, this was on the heels of the ultimatum given to them by the public sector unions. The union had equally agreed to call off the proposed industrial strike action. The union leaders claimed they were not informed of the mass sack and neither did they know the criteria adopted to select those being disengaged.

Money Markets

Money market experienced liquidity swings during the week. The outflow of funds to the Treasury bills auction and foreign exchange market coupled with the withdrawal of about N44billion funds belonging to the Nigerian National Petroleum Corporation (NNPC) by the apex bank from the financial system saw interest rates inch up at the inter bank market mid-week. Hence, 7-day and 90-day NIBOR rose to as high as 23.13% and 14.41% from 7.00% and 13.47% respectively in the previous week. Meanwhile cash calls of about N29.3billion and the payment of N200billion excess crude oil and personnel money dampened the liquidity level in the money market at the close of the week. Specifically 7-day and 90-day NIBOR closed the week at 4.56% and 12.53% respectively. A net sum of N28.03 billion was taken out of the

July 24, 2006

Equity Market Indicators

As at July 21, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	27,476.35	1.24	1.28	27.67	32.00
Coral Growth Fund	1,289.85	1.21	1.25	34.85	39.18
Market Cap. (₦'b)	3,124.79	1.24	1.28	66.00	70.33
CTSL 40 NEMI	267.32	2.28	2.32	43.59	47.92
CTSL 20 NEGI	274.74	1.59	1.63	43.33	47.66
CTSL Banking Index	283.11	0.44	0.48	60.00	64.34
CTSL Ins. Index	223.43	(3.77)	(3.73)	9.36	13.69
CTSL Man. Index	236.31	4.76	4.80	44.16	48.50
CTSL Pet. Mktg Index	281.67	1.47	1.51	(3.67)	0.67

	Last week	Week before last
Volume Traded (m)	604.92	1,049.75
Value Traded (₦'m)	8,557.51	9,960.06

Money Market Indicators

Interest Rates	As at July 21	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	4.5563	7.0000	5.7917
NIBOR 90 days (%)	12.5313	13.4688	8.8333

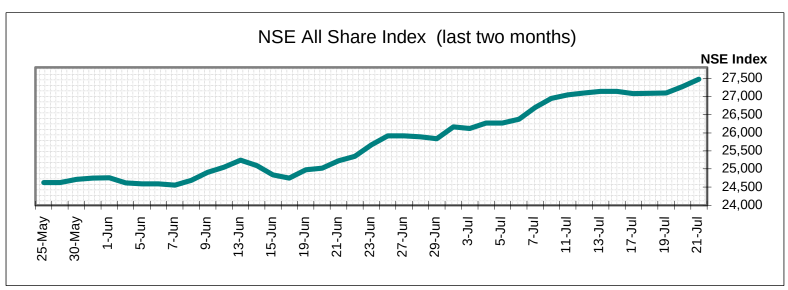
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	10.07	24.91
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	7.25	10.00

OMO	July 17	July 17	July 18	July 21	July 21
Tenor (days)	182	364	364	56 & 182	364
Total Bids (₦'bn)	7,500	10,645	4,340	22,500	22,385
Total Sales (₦'bn)	7,500	10,645	4,340	13,500	15,885
Stop Rate (%)	11.55	12.65	12.50	10.50	12.00

Exchange Rate (NGN / USD)

	As at July 21	1 week ago	12 months ago
Official	127.10	127.15	132.86
Banks	128.40	128.45	134.85
Parallel	131.50	133.40	139.80



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financial system via the primary and secondary segments of the government securities market, as the apex bank sold securities worth N71.87 billion while total repayments of N43.84billion was repaid into the system. A breakdown of activities at the primary market revealed that the 91-day treasury bills auction was 100.68% subscribed as participants submitted bids for bills worth N10.07billion. The apex bank sold all N10billion that was on offer at the auction. The applied stop rate was revised downward to 7.25% from 7.50% in the previous week owing to the subscription level witnessed at the auction. The 182-day auction was heavily subscribed to as participants demanded for bills worth N24.91 billion in comparison with the N10 billion that was placed on offer thus, represents a subscription level of 249.08%. The apex bank sold all that was on offer while the applied stop rate was revised downwards by 90 basis points to 10% from 10.9% in the previous week. The sale auction of the third quarter FGN bonds was also announced by the DMO during the week. At the official segment of the foreign exchange market, the apex bank offered a total sum of $130 million, up 30% in comparison with the amount on offer in the previous week. In a similar manner, the apex increased total sales to participants by 46.23% in comparison with the previous week as it sold a sum of $126.7 million. The naira appreciated by 5 kobo at this segment of the foreign exchange market closing at N127.10 to US$1. At the autonomous segment of the market, the naira gained 10 kobo to close the week at N128.40/US$1 while at the parallel market, the naira remained stable to close at N131.50/US$1 same as the previous week.

Equities Market

The stock market ended the week in the northward direction, as most of the heavy capitalized stocks recorded gains in their share prices. Consequently, activities in the stock market measured by the **NSE All-Share Index** gained 1.24% to end the week at 27,176.35. All the CTSL Indices recorded a similar feat except the Insurance index which shed part of its value during the week under review. The **CTSL 20 NEGI** gained 1.59% to its value to close the week at 274.74 while the **CTSL 40 NEMI** closed the week at 267.32 thereby gaining 2.28% to its value. The **CTSL Manufacturing & Allied Index** recorded the most substantial gain during the week in any sub sector appreciating by 4.76% to close the week at 236.31. Gains recorded in the share price of **Ashakacem** (Up 17.89% to N45.99), **WAPCO** (Up 27.12% to N38.39), **7-Up Bottling** (Up 14.61% to N42.52), **Nigerian Breweries** (Up 2.16% to N36.50), **Berger Paints** (Up 5.26% to N3.00) and **Unilever** (Up 6.02% to N13.91) were responsible for the appreciation in the value of the index. In the same vein, the **CTSL Petroleum Marketing Index** gained 1.47% on the account of gains in the share prices of **AP** (Up 4.51% to N44.00), **Total** (Up 2.33% to N197.00), **Mobil** (Up 0.48% to N166.00), **Oando** (Up 0.94% to N68.50) and **Texaco** (Up 0.02% to N98.02). The **CTSL Banking Index** witnessed a similar fate on the heels of gains sustained in the share prices of **First Bank** (Up 6.82% to N63.00), **Intercontinental Bank** (Up 4.90% to N12.20), **Afribank** (Up 4.62% to N6.80), **Access Bank** (Up 1.18% to N2.58) and **Zenith** (Up 2.79% to N22.10) which accounted for the 0.44% gain witnessed in Banking Index which closed the week at 283.11. Meanwhile, the share prices of **Niger Insurance** (Down 1.92% to N2.85), **REAN** (Down 4.84% to N2.36) and **Prestige** (Down 22.87% to N2.80) accounted for the loss in the **CTSL Insurance Index**. We note that the share price of **Prestige Assurance Plc** was adjusted for a cash dividend of 12 kobo per share and a scrip dividend of one new share for every four shares already held. Other companies that sustained major losses in their share prices for the week were **Eterna Oil** (Down 18.15% to N2.30), **Afroil** (Down 0.51% to N15.00), **First Inland** (Down 14.08% to N5.43), **Wema** (Down 13.53% to N2.30) and **CCNN** (Down 12.78% to N5.05). Meanwhile the major gainers for the week were **University Press** (Up 17.41% to N2.90), **Evans Medical** (Up 15.02% to N2.91), **Law Union & Rock** (Up 14.55% to N1.26), **NNFM** (Up 13.86% to N18.90) and **Champion Breweries** (Up 13.33% to N2.38).

Top Gainers (% terms)	Price (₦) 21- July	% chg	Top losers (% terms)	Price (₦) 21- July	% chg
WAPCO	38.39	27.12	Prestige Assurance	2.80	22.87
Ashakacement	45.99	17.89	Eterna Oils	2.30	18.15
University Press	2.90	17.41	Afroil Plc	0.51	15.00
Evans Medical Plc	2.91	15.02	FirstInland Bank	5.43	14.08
7-Up Bottling Comp	42.52	14.61	WEMA Bank	2.30	13.53

Market turnover was down by 14.08% as investors exchanged 604.92 million shares worth N8.56billion compared to 1,049.75 million shares worth N9.96billion traded in the previous week. The Banking sub sector was the most active in the week. Bulk trades in the shares of **Intercontinental Bank Plc, Access Bank Plc** and **PlatinumHabib Bank Plc** accounted for 44.6% of the sub sector's turnover with 441.01 million shares traded. Meanwhile, forty-seven (47) companies' share prices increased in value, forty-one (41) suffered a decline in their prices while the remaining one hundred and eighteen (118) companies' share prices remained static.

Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	15.46	1.21
2	IBTC Nig. Equity Fund	21.89	1.93
3	*Discovery Fund	9.08	1.03

**The Discovery Fund has Exposure to Real Estate.*

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
Wapic Insurance	FY Feb. 2006	1,300.00	(23.53)	239.20	(26.93)
Intercontinental Bank	FY Feb. 2006	32,500.00	26.15	7,700	26.23
Aiico Insurance	FY Dec. 2005	2,930.00	24.70	81.80	12.80
P.Z Industries Plc	FY May. 2006	43,490.00	27.42	3,230.00	(1.22)
Flourmills Nig. Plc	FY Mar. 2006	86,500.00	29.49	4,600.00	215.07
W.A. Glass	FY Dec. 2005	1,100.00	(21.43)	140.70	210.60
R T Briscoe Plc	6 Mth Ju. 2006	5,100.00	41.67	174.90	70.80
Evans Medicals Plc	6 Mth Ju. 2006	1,590.00	31.40	127.40	797.18
Nigerian Breweries	6 Mth Ju. 2006	40,300.00	0.75	6,350	34.53
WAPCO	6 Mth Ju. 2006	18,640.00	59.86	5,105.00	2,348.90
Nestle Nig Plc	6 Mth Ju. 2006	18,750.00	16.60	2,820.00	27.00
Flourmils Nig Plc	Final	0.85	1 for 3	7-Aug-06	14-Sep-06

Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
Wapic Insurance	Final	0.175	1 for 5	24-Jul-06	-
Intercontinental Bank	Final	0.25	-	19-Jul-06	10-Aug-06
Evans Medicals	Final	0.13	-	20-Jul-06	27-Jul-06
Julius Berger Nig	Final	0.70	-	27-Jul-06	10-Aug-06
P.Z Industries Plc	Final	0.69	-	-	-
Aiico Insurance	Final	-	1 for 4	15-Aug-06	-

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

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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

Following the FAAC meeting, we anticipate an inflow of funds into the financial system by the Federal Ministry of Finance. This is expected to increase the liquidity situation with a resultant effect of keeping interest rates low. Meanwhile the CBN is expected to continue its offer of same day OMO bills to mop up excess liquidity. Furthermore, we anticipate high demand at the Treasury bill auctions which would be held during the week. The CBN is expected to float N10billion worth of 91-day and 182-day NTBs. The DMO is also expected to float 3-year FGN Bonds during the week. Looking at the foreign exchange market; we anticipate relative stability in the value of the naira as the CBN is expected to continue to meet all genuine foreign exchange demands.

Equities Market

The stock market is likely to continue with the current upbeat, our premise is hinged on some impressive results especially in the building material sub sector. The flurry of activities caused by the announcement of Flour Mills full year results and the anticipated First bank's results will help to sustain the growth recorded in the market. We anticipate that these activities would have a ripple effect on the broader market. Furthermore, the expectation of second quarter results due in August for some major manufacturing and the petroleum marketing sub sector will also contribute to the upliftment in the market. On a general note, we reiterate that the outlook for this quarter remains bright for the equities market. The stocks listed below remain attractive and would deliver good returns in the long term.

Recommended Stocks

	Securities	Target Price	PE Patio
1	FBN	55.00	18.11
2	GTB	13.00	11.63
3	UBA	14.00	14.40
4	Zenith Bank	20.00	12.09
5	IBTC	4.00	10.53
6	Guinness	110.00	19.18
7	Ashakacem	36.50	12.05
8	WAPCO	35.00	13.75
9	Cadbury	50.00	18.45
10	Flour Mills	45.00	11.39
11	Nestle	190.00	17.02
12	UACN	18.00	14.15
13	Total	185.00	17.38
14	Glaxo Smithkline	10.00	9.81
15	Mobil	155.00	16.01
16	UPDC	9.20	12.15

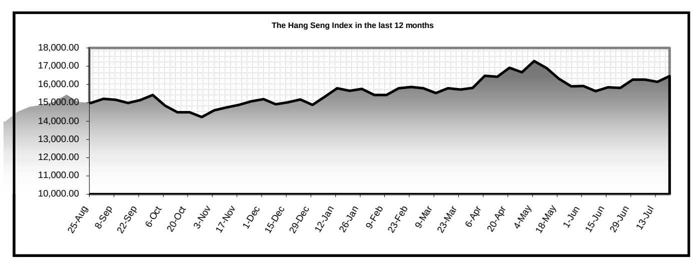
Selected Foreign Stock Market Indices

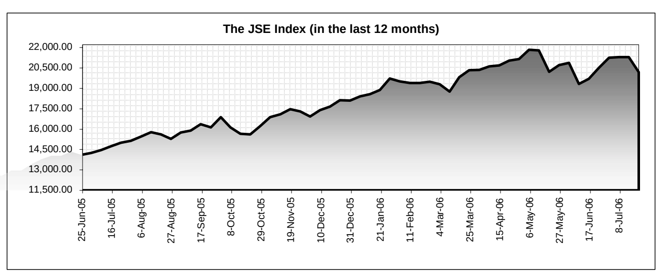
	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	1.41	1.20
S & P 500 Index (U.S.A.)	0.07	1.05
NASDAQ (U.S.A.)	(8.39)	(0.83)
Bovespa Index (Brazil)	6.14	0.45
Europe		
SMI (Switzerland)	0.45	1.49
FTSE 100 Index (UK)	1.80	0.21
CAC 40 Index (French)	2.19	079
DAX Index (Germany)	2.54	2.28
MSI Index (Spain)	6.42	(1.77)
Africa		
NSE All-Share Index (Nigeria)	14.08	1.24
JSE All-Share Index (S/A)	11.51	(5.20)
GSE All-Share Index (Ghana)	1.43	0.00
Cairo SE Gen (Egypt)	(21.18)	0.00
Asia/Pacific		
NIKKEI 225 Index (Japan)	(8.01)	(0.16)
BSE 30 Index (India)	7.32	(5.55)
Hang Seng Index (Hong Kong)	10.67	2.04

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-Closue 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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