

Review

Weekly News Wrap

The import substitution policy of the Federal Government of Nigeria (FGN) is currently being extended to the Information and Communication Technology (ICT) industry. Already Omateck Computers, an indigenous computer manufacturing firm in Nigeria, has commenced the local production of computers under the Computer for All Nigerian Initiative. (CANI). CANI is a private/public partnership under which affordable Personal Computers (PCs) are to be locally produced & distributed to Nigerians at affordable rates through their places of employment, in both the public and private sector. The initiative is sponsored by National Information Technology Development Agency (NITDA), Microsoft Nigeria Limited and Intel. Similarly, the FGN has reached an advanced stage in placing a ban on the importation of refurbished and fairly used telephone handsets into Nigeria. This is to encourage and generate opportunities for the use and patronage of locally produced products in the economy. If these policies are well implemented, the Nigerian economy will benefit immensely in so many ways. It will generate employment opportunities for the Nigerian youths and in turn help to raise the purchasing power of its citizenry and reduce some social vices in the country. It will also reduce the brain drain syndrome among Nigerian ICT professionals who are in search of a more rewarding career in other countries. In addition, it will attract back home, some Nigerians abroad who are skillful in ICT. Another important area of gain to the economy is that the policy will contribute towards the reduction of the demand pressure on the foreign exchange. This will guarantee a more favorable exchange rate for the country, build up more robust external reserve, lead to a more favorable balance of payment position and bring about further appreciation in the value of the nation's currency. The International Telecommunications Union (ITU) estimates that PC penetration in Nigerian is 7 per 1,000 citizens. If this figure is something to go with, it clearly reveals a massive market in the industry. However, Nigeria needs to prepare for this emerging opportunity so that the county can benefit optimally from the project. Two important gaps that the federal government needs to fill are in the dearth of skilled professionals in ICT and inadequate infrastructure in the country. While we note that the present administration, through its various reform programmes is working to improve on the state of nation's infrastructure, the need to intensify its efforts in this area cannot be over stressed. This will make locally produced goods to rank up there with imported goods. The country's educational system needs to be structured to equip Nigerian students with practical knowledge in ICT as this will ensure that graduates of this field have the technical expertise required by the industry.

July 31, 2006

Equity Market Indicators

As at July 28, 2006	Value	NGN		USD	
		1 week % Change	1 year % Change	1 week % Change	1 year % Change
NSE All-Share Index	27,672.30	0.71	0.71	26.29	30.63
Coral Growth Fund	1,308.79	1.47	1.47	35.10	39.44
Market Cap. (₦'bn)	3,147.07	0.71	0.71	61.28	65.62
CTSL 40 NEMI	273.09	2.16	2.16	41.26	45.59
CTSL 20 NEGI	280.79	2.20	2.20	40.47	44.80
CTSL Banking Index	282.99	(0.04)	(0.04)	56.05	60.38
CTSL Ins. Index	211.12	(5.51)	(5.51)	3.62	7.95
CTSL Man. Index	249.93	5.76	5.76	45.22	49.55
CTSL Pet. Mktg Index	272.69	(3.19)	(3.19)	(9.09)	(4.76)
		Last week		Week before last	
Volume Traded (m)		943.09		604.92	
Value Traded (₦'m)		10,031.39		8,557.51	

Money Market Indicators

Interest Rates	As at July 28	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	3.000	4.5563	4.5833
NIBOR 90 days (%)	11.6813	12.5313	8.5000

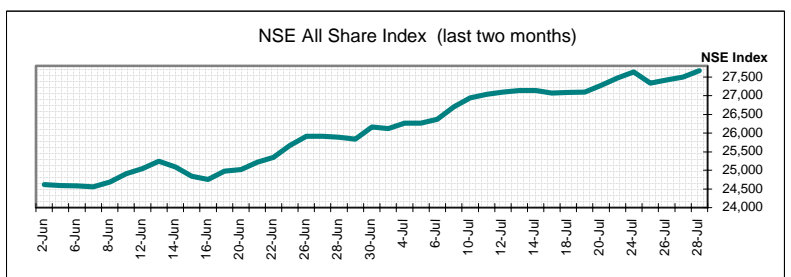
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	15.00
Total Subscription (₦'bn)	10.24	18.38
Total Allotment (₦'bn)	10.00	11.88
Stop Rate (%)	7.00	9.50

OMO	July 24	July 24	July 27	July 28	July 28
Tenor (days)	56 & 182	364	365	182	364
Total Bids (₦'bn)	17,100	14,000	11,582	3,500	14,840
Total Sales (₦'bn)	16,000	10,000	3,082	3,500	14,840
Stop Rate (%)	10.35	11.99	11.50	9.70	11.50

Exchange Rate (NGN/USD)

	As at July 28	1 week ago	12 months ago
Official	127.10	127.10	132.86
Banks	128.50	128.40	137.20
Parallel	132.00	131.50	139.50



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 include 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 companies and highly rated banks operating in Nigeria. We also provide funding services for true blue asset companies operating in Nigeria.

Customers Trust Securities Limited (CTSL) is a leading member of The Nigerian Stock Exchange. CTSL creates and grows wealth for its clients by offering professional investment advice based on the experience of its staff in the capital market and rigorous in-house research. CTSL makes use of the latest technology available to enhance response time and ensure a service delivery that is of a very high standard. All CTSL customers are offered a range of products and services tailored to suit the investment requirements of an increasingly sophisticated investing public. CTSL has entered into a technical service agreement with FSDH under which FSDH provides technical, operational, financial, research and managerial support.

Money Markets

In spite of the net outflow of N67.01billion from the government securities, the money market was awash with funds last week as the statutory allocation of N271billion for the month July hit the system. As a result of this, interbank rate closed lower than the preceding week. 7-day NIBOR closed the week at 3.00% from 4.56% in the preceding week while 90-day NOBOR closed lower at 11.68% from 12.53% in the preceding week. At the primary market for the Nigerian Treasury Bills (NTB) a total of N10billion 91-day NTB was offered and sold while a total of N10.24billion was subscribed resulting to a subscription level of 102.36%. A total of N9.98billion was repaid back to the system. A total of N15billion worth of 182-day NTB was offered, N18.38billion was subscribed while N11.88billion was sold. The subscription level was 122.50% while N11.30 was repaid into the system. The Federal Government of Nigeria (FGN) sold N20billion worth of 3-year bond at stop rate of 12.50%. The primary market witnessed an outflow of N20.591billion during the week. At the secondary segment of the market, different tenors of non rediscountable treasury bills were traded. A total of N2billion worth of 56-day non rediscountable Bill was subscribed and sold while the stop rate stood at 5.50%. A total of N18.60billion worth of 182-day non rediscountable bill was subscribed, N17.50billion was sold and the stop rate closed the week downward at 9.70% from 10% in the preceding week. In a similar development, a total of N40.42billion non-rediscountable bill was subscribed, N27.92billion was sold and N1billion was repaid while the stop rate dropped down to 11.50% from 12.00% in the preceding week. The outflow of funds from the secondary market through the non-rediscountable bill was N46.422billion. Cumulatively, the primary market and the secondary market received a net-outflow of N67.01billion. At the official segment of the foreign exchange market, the apex bank offered a total sum of \$130 million the same amount that was offered in the preceding week while it sold \$165.33million, an increase of 38.23% over \$119.60million sold in the preceding week. The value of the naira depreciated in the two segments of the foreign exchange market while it remained stable in one. It lost 10k at the inter-bank market to close the week at N128.50/US\$1 and lost 50 kobo at the parallel market to close the week at N132.00/US\$1 while it remained stable at N127.10/US\$1 in the official market.

Equities Market

The stock market closed higher last week as reflected by an appreciation of 0.71% in the **NSE All Share Index** which closed at 27,672.30 from 27,476.35 in the preceding week. The **CTSL 20 NEGI** appreciated by 2.20% while The **CTSL 40 NEMI** appreciated by 2.16%. The **CTSL Manufacturing & Allied Index** recorded the highest gain of 5.76% during the week as a result of appreciation in the share prices of **Nigerian Breweries** (Up15.97% to N42.33), **Guinness Nig.** (Up 3.33% to N124.00), **UACN Plc** (Up 10.51% to N23.98), **Flourmills Nig.** (Up 24.08% to N54.00), **Northern Nigerian** (Up 21.48% to N22.96), **Cadbury Nig. Plc.** (Up 7.04% to N56.72), **WAPCO** (Up 4.19% to N40.00), **7-up Bottling** (Up1.13% to N43.00), and **Nigerian Bottling** (Up 1.43% to N51.00). Appreciation in the

share prices of **Intercontinental Bank** (Up 56.56% to N13.00) and **Oceanic Bank Plc** (Up 9.66% to N9.42) could not lift **The CTSL Banking Index** which decline marginally by 0.04% due to depreciation in the share prices of **Union Bank** (Down 6.81% to N27.50), **IBTC Chartered** (Down 3.06% to N4.75), **Access Bank** (Down 3.10% to N2.50), **Guaranty Trust Bank** (Down 0.07% to N13.99), and **Wema Bank** (Down 5.22% to N2.18). The **CTSL Petroleum Marketing Index** shed 3.19% of its value to close the week at 272.69. The depreciation came from **Total Nig.** (Down 2.39% to N192.30), **Conoil** (Down 6.63% to N63.13), **African Petroleum** (Down 3.41% to N42.50), **Oando** (5.84% to N64.50) and **Texaco** (Down 1.04% to N97.00). **The CTSL Index** recorded the least performance with a decline of 5.51% on the heels of depreciation in the share prices of **Royal Exchange** (Down 12.29% to N2.07), **Niger Insurance** (Down 13.73% to N2.20) and **Comerstone Insurance** (Down 2.73% to N1.07). Major price gainers for the week were **R.T Briscoe** (Up 27.23% to N7.29), **Evans Medical** (Up 26.80% to N3.69), **Nigerian Ropes** (Up 20.54% to N2.23), **Ekocorp** (Up 12.70% to N0.71) and **Crusader** (Up 11.76% to N1.90). Other major price loser during the week include **Eterna Oil** (Down 21.30% to N1.81), **WAPIC** (Down 20.57% to N3.09), **PlatinumHabib** (Down 18.37% to N2.00), **JAPPAUL** (Down 15.13% to N1.01) and **FirstInland**(Down 14.00% to N4.67).

Top Gainers (% terms)	Price (₦) 28- July	% chg	Top losers (% terms)	Price (₦) 28- July	% chg
RT Briscoe	7.29	27.23	Eterna Oil	1.81	21.30
Evans Medical	3.69	26.80	WAPIC	3.09	20.57
Flour Mills	54.00	24.08	PlatinumHabib Bank	2.00	18.37
NNFM	22.96	21.48	P.Z Industries	18.15	15.54
Nigerian Ropes	2.23	20.54	Japaul Oil & Maritime	1.01	15.13

The market traded a total turnover (volume) of 943.086million in 32,939 deals worth N10.03billion last week, an increase of 55.90% over the 604.921million traded in 33,148 deals worth N8.56billion in the preceding week. The Banking sub sector was the most active in the week with 755.25million shares worth N7.36billion traded in 18,762 deals. Trading in the shares of **Diamond Bank Plc** (218.52million), **Intercontinental Bank** (159.18million) and **Access Bank** (81.21million) accounted for 60.76% of the sub sector turnover and 48.66% of the market turnover. Meanwhile, forty-three (43) companies' share prices increased in value, forty-one (41) suffered a decline in their prices while the remaining one hundred and twenty-two (122) companies' share prices remained stable.

Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	17.13	1.47
2	IBTC Nig. Equity Fund	24.92	2.51
3	*Discovery Fund	10.29	1.14

*The Discovery Fund has Exposure to Real Estate.

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
First Bank of Nigeria	FY Mar. 2006	67,440.00	17.79	17,383.0	33.20
Diamond Bank	FY Apr. 2006	22,700.00	42.30	3,977.00	59.10
Roads Nig.	FY Mar. 2005	1,287.00	384.4	3.68	176.9
DN Meyer	6Mth Jun. 2006	1,000.00	42.33	27.73	(145.24)
Trans-Nationwide	6Mth Jun. 2006	136.84	89.79	19.06	137.69
UACN Property Dev.	6Mth Jun. 2006	3,435.00	48.00	341.02	2.68
Royal Exchange Ass.	6Mth Jun. 2006	1,273.00	22.64	38.13	211.51
NEM Insurance Co	6Mth Jun 2006	484.31	30.86	47.66	608.46

FSDH/CTSL Weekly Money and Capital Market Report

CAP Plc	6Mth Jun. 2006	866.62	23.20	94.79	27.02
UACN Plc	3Mth Ma. 2006	6,300.00	(2.81)	351.89	14.40

Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
Flour Mills	Final	0.85	1 for 3	7-Aug-06	14-Sep-06
First Bank of Nig.	Final	1.00	1 for 1	14-Aug-06	
Cappa & D'Alberty	Final	0.30	-	06-Oct-06	

Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
May & Baker Nig.	375,000,000	4.00	26 July	23 rd August
Prestige Assurance	680,000,000	2.50	19 July	16 August

Outlook and Analysis

Money Market

We expect that the market will still continue to feel the impact of the statutory allocation for the month of July. The CBN will float N10billion each of the 182-day NTB and 91-day NTB while N30billion worth of 182-day & 91-day NTB will mature. Cumulatively, we expect the market to experience high liquidity in the coming week, which should cause the interest rates to maintain a downward trend. We expect the CBN to

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	4.69	3.23
S & P 500 Index (U.S.A.)	2.42	2.36
NASDAQ (U.S.A.)	(5.04)	3.65
Bovespa Index (Brazil)	11.73	5.27
Europe		
SMI (Switzerland)	4.78	4.31
FTSE 100 Index (UK)	6.34	4.46
CAC 40 Index (French)	6.64	4.36
DAX Index (Germany)	5.49	2.88
MSI Index (Spain)	11.45	4.73
Africa		
NSE All-Share Index (Nigeria)	13.24	(0.73)
JSE All-Share Index (S/A)	14.57	2.74
GSE All-Share Index (Ghana)	2.57	1.13
Cairo SE Gen (Egypt)	(16.00)	6.57
Asia/Pacific		
NIKKEI 225 Index (Japan)	(4.77)	3.52
BSE 30 Index (India)	13.64	5.89
Hang Seng Index (Hong Kong)	13.97	2.98

continue the sale of non-rediscoutable Treasury Bills to mop up the liquidity in the system. The efforts of the FGN to encourage the consumption of local products and the robust external reserve will reduce demand pressures at the foreign exchange market. This will further lead to appreciation in the value of the local currency in parity to the other vehicle currencies.

Equities Market

The current bullish trend in the market is expected to continue in the weeks ahead. This is in view of the expectation of the half-year financial result of some major manufacturing, banking, and petroleum marketing companies which are due in August. Meanwhile, we note that the share prices of the following stocks will soon be adjusted for scrip dividend and cash dividend: **Flourmills, First Bank** and **Zenith Bank**. We continue to recommend the unlisted stocks which have good return potential in the long run.

Recommended Stocks

	Securities	Target Price	PE Ratio
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

*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

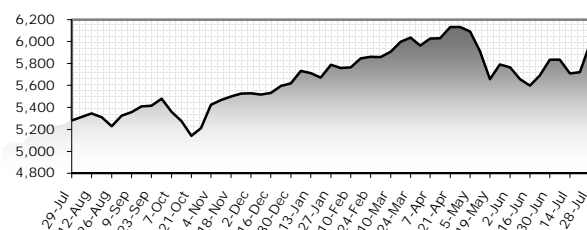
*P/D-Payment Date

"N/A" means Not Available; "-" means Not Applicable

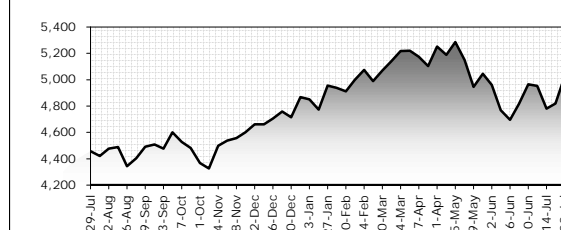
The following reports are available on CTSL website:

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

The FTSE 100 Index (UK) in the last 12 months



The CAC 40 Index in the last 12 months



FSDH
CTSL

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

This newsletter is produced weekly by First Securities Discount House Limited (FSDH) and Counters Trust Securities Limited (CTSL) solely for the information of users who are expected to make their own investment decisions without undue reliance on any information or opinions contained herein. The opinions contained in the report should not be interpreted as an offer to sell, or a solicitation of any offer to buy any investment. Whilst every care has been taken in preparing this document, no responsibility of liability is accepted by any member of FSDH or CTSL for actions taken as a result of information provided in this publication.