

## Review

### Weekly News Wrap

Current indications from the Debt Management Office (DMO) reveal that Nigeria may still have a long way to go in freeing herself from the burden of external debt. This was made known in the report from the DMO titled "Quarterly Actual Debt Services Payments for 2006". The report indicates that the total external debt outstanding stood at \$4.8billion at the end of June, 2006. A break down of this debt indicates that \$2.70billion is owed to multilateral; \$1.44billion is to London Club; \$580.49million is in promissory notes while \$121.04million owed to other creditors. The implication of the latest report from the DMO is that Nigeria may still be spending significant amount on debt servicing despite the exit from the Paris Club debt. Prior to obtaining reprieve of about \$18billion debts, Nigeria was committing about \$1billion annually to servicing debt obligations. The report also showed that the actual debt relief benefited by Nigeria from the Paris Club of Creditors was \$17.672billion. Nigeria paid \$12.094billion out which the United Kingdom received \$2.93billion, the highest chunk of the payment, trailed by France, Germany, and Japan which received \$2.51billion, \$2.17 billion and \$1.81billion respectively. Meanwhile, a number of international investment banks are already bidding to restructure the country's external debt. The names of the contenders for the restructuring exercise includes: JP Morgan Chase of United States, Citigroup International of United States, UBS of Switzerland, Credit Suisse of Switzerland, Deutsche Bank of Germany, and Merrill Lynch. We note that only three of these organisations JP Morgan Chase, UBS and Credit Suisse currently have dealings with government agencies in Nigeria. It is hoped that the latest move to restructure the outstanding debt will be beneficial to Nigerians in terms of freeing additional resources for poverty reduction and infrastructural development.

### Money Markets

The money market experienced high liquidity last week as a result of the statutory allocation which hit the system in the preceding week and maturing bills worth N48.70billion which was paid into the system. Inter-bank rates however inched up when compared with the previous week. 7-day NIBOR increased marginally from 1.67% in the previous week to 2.34%, while the 90-day NIBOR also increased marginally from 11.47% in the previous week to 12.41%. At the primary market for the Nigerian Treasury Bills (NTB)

September 04, 2006

### Equity Market Indicators

As at September 01, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	32,337.15	4.57	4.58	34.39	36.56
Coral Growth Fund	1,536.19	6.39	6.41	46.70	48.86
Market Cap. (₦'b)	3,578.03	4.57	4.58		
CTSL 40 NEMI	319.88	5.31	5.32	43.79	45.96
CTSL 20 NEGI	325.73	4.17	4.19	39.13	41.29
CTSL Banking Index	352.65	5.38	5.39	59.23	61.40
CTSL Ins. Index	224.41	(2.65)	(2.63)	(6.46)	(4.30)
CTSL Man. Index	276.5	5.65	5.67	42.38	44.54
CTSL Pet. Mktg Index	288.84	1.30	1.31	(6.49)	(4.33)
		Last week		Week before last	
Volume Traded (m)		1,114.62		1,173.87	
Value Traded (₦'m)		13,752.64		17,594.18	

### Money Market Indicators

Interest Rates	As at Sep 01	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	2.3438	2.5000	3.3750
NIBOR 90 days (%)	12.4063	11.9063	9.1667

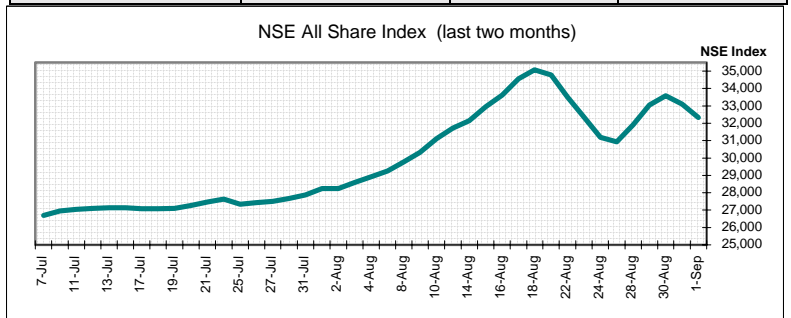
### CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	8.972	8.091
Total Allotment (₦'bn)	8.972	7.841
Stop Rate (%)	6.50	8.00

OMO	Aug 28	Aug 29	Aug 30	Aug 31	Sep 01
Tenor (days)	91&182	56, 91&182	182	182	182
Total Bids (₦'bn)	12.00	4.50	1.30	1.00	15.00
Total Sales (₦'bn)	10.50	3.50	1.30	1.00	15.00
Stop Rate (%)	6.95 & 8.05	6.95 & 8.00	7.90	7.85	7.85

### Exchange Rate (NGN/USD)

	As at September 01	1 week ago	12 months ago
Official	127.04	127.06	129.87
Banks	128.40	128.45	131.90
Parallel	131.00	131.00	140.10



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N10billion worth of 182-day NTB was offered, N8.49billion was subscribed; N7.84billion was sold while N7.78billion was repaid into the system. At the 90-day NTB auction, a total of N10billion was offered; N8.97billion worth was subscribed and sold while N3.87billion was repaid into the system. Also, at the 364-day NTB auction a total of N25billion was offered, N66.44billion was subscribed while N25billion was sold. The under-subscription level recorded at both the 91-day and 182-day NTB auctions caused an upward review of rates. The stop rate for 91-day NTB increased from 6.20% in the previous auction to 6.50% while the stop rate on the 182-day NTB increased from 7.65% in the previous auction to 8.00%. The over-subscription recorded at the 364-day NTB auction resulted in the downward review in the stop rate from 10.00% in the last auction to 8.75%. At the secondary segment of the money market, a total of N5billion worth of 91-day non-rediscountable bill was offered and sold while N14.55billion was repaid into the system. A total of N27.80billion worth of 182-day non-rediscountable bills was subscribed; N26.3billion was sold resulting in a subscription level of 105.70% while N22.50billion was repaid. The rate on the 91-day closed lower at 6.95% from 7.00% while the stop rate on the 182-day closed the week lower to 7.85% from 8.15% in the previous week. In the foreign exchange market, the CBN sold \$294.45million via the Wholesale Dutch Auction, an increase of 105.70% over the \$130million sold in the previous week. The value of naira in parity to the US dollar appreciated both at the inter-bank market and official market while it remained stable in the parallel market. At the official market, the exchange rate appreciated by 2kobo from N127.06/US\$1 in the previous week to close at N127.04/US\$1 while it appreciated by 5kobo in the inter-bank market from N128.45/US\$1 in the previous week to close at N128.40/US\$1. The exchange rate however remained stable at N131.00/US\$1 in the parallel market.

### Equities Market

The Nigerian Stock Market closed the week on a bullish note as the **All-Share Index** appreciated by 4.57% to close the week at 32,337.15 from 30,925.24 in the previous week. In the same vein, the market capitalization appreciated by 4.57% to close the week at N3,741.39billion from N3,578.03billion in the previous week. All the **CTSL Indices** also appreciated at different magnitude except the **CTSL Insurance Index**. The **CTSL 20 NEGI** gained by 4.17% to close the week at 325.73 from 312.69 in the previous week while the **CTSL 40 NEMI** gained by 5.31% to close the week at 319.88 from 303.76 in the previous week. The **CTSL Banking Index** appreciated by 5.38% to close the week at 352.65 from 334.65 in the previous week on the strength of gains in the share prices of **Guaranty Trust Bank** (Up 19.74% to N18.08), **AfriBank** (Up 10.80% to N8.00), **Zenith Bank** (Up 11.82% to N24.50), **Wema Bank** (Up 23.37% to N3.59), **United Bank for Africa** (Up 8.46% to N20.89), **IBTC Chartered** (Up 4.63% to N5.20), **Oceanic Bank** (Up 5.91% to N12.01) and **First Bank** (Up 1.75% to

N40.70). **CTSL Manufacturing & Allied Index** appreciated by 5.61% to close the week at 276.50 from 261.71 on the heels of increase in the share prices of **Guinness Nig.** (Up 7.17% to N149.50), **Nigerian Breweries** (Up 1.45% to N42.56), **WAPCO** (Up 19.30% to N52.49), **Ashakacem** (Up 8.27% to N48.70), **Unilever** (Up 15.37% to N16.51), **P.Z Industries** (Up 5.33% to N23.70), **UACN** (Up 5.20% to N26.12), **Cadbury** (Up 8.07% to N59.98), **Flourmills** (Up 6.02% to N52.11), **GlaxoSmithkline** (Up 14.17% to N14.17) and **UAC – Property** (Up 20.43% to N13.85). The **CTSL Petroleum Marketing Index** gained 1.30% to close at 288.84 from 285.14 in the previous week as a result of appreciation in the share prices of **Total** (Up 4.78% to N197.00), **Texaco** (Up 3.01% to N101.00), **Conoil** (Up 5.51% to N70.49), and **African Petroleum** (Up 1.29% to N41.53). The **CTSL Insurance Index** however lost 2.65% of its value to close the week at 224.41 from 230.52 in the previous week as a result of decline in the share prices of **Comerstone** (Down 11.40% to N1.01) and **Niger Insurance** (Down 10.07% to N2.59). Major gainers during the week include **Benue Cement** (Up 27.47% to N19.77), **Tripple Gee** (Up 24.59% to N0.76), **UNIC Insurance** (Up 24.48% to N1.78), **Wema Bank** (Up 23.37% to N3.59) and **Pharma-Deko** (Up 20.94% to N3.87) while other losers during the week include: **University Press** (Down 13.87% to N2.67), **NAMPAK** (Down 13.55% to N1.34), **First Aluminium Nig.** (Down 12.99% to N0.67), **Blackwood Hodge** (Down 11.67% to N0.53) and **IPWA** (Down 10.34% to N0.26).

Top Gainers (% terms)	Price (₦) 01- Sep	% chg	Top losers (% terms)	Price (₦) 01- Sep	% chg
Benue Cement Co.	19.77	27.47	University Press	2.67	13.87
Tripple Gee	0.76	24.59	NAMPAK	1.34	13.55
UNIC	1.78	24.48	First Aluminium	0.67	12.99
Wema Bank	3.59	23.37	Blackwood Hodge	0.53	11.67
Pharma - Deko	3.87	20.94	IPWA	0.26	10.34

Market turnover (volume traded) decreased by 5.05% as investors traded 1,114.62million shares worth N13.75billion in 39,459 deals in comparison to 1,173.87million shares worth N17.59billion traded in 42,299 deals in the previous week. The banking sub sector was the most active during the week. A breakdown in the banking activities showed that the sub sector was largely driven by shares of **Access Bank**, **Fidelity Bank** and **First City Monument Bank**. Trading in the shares of the three companies accounted for 453.04million representing 49.10% of the sub sector turnover. On the gainers and losers charts, fifty-one (51) stocks appreciated in prices, twenty-eight (28) stocks suffered a decline while one hundred and thirty one (131) stocks remained static in their prices.

### Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	37.29	6.39
2	IBTC Nig. Equity Fund	50.31	5.26
3	*Discovery Fund	26.35	5.69

\*The Discovery Fund has Exposure to Real Estate.

### Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
CCNN	Final	0.10	-	06-Sep-06	N/A

### Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
ABC Transport	667,000,000	1.50	7 <sup>th</sup> Aug.	11 <sup>th</sup> Sept.

### Company Results

Company	Period Ended	T/O (N/m)	% Change	PAT (N/m)	% Change
National Salt Co.	FY Dec. 2005	38,958.00	4.41	42.25	
Great Nig. Insurance	FY Dec. 2005	651.70	(10.50)	(183.05)	
Beta Glass Co.	6Mth Jun. 2006	2,373.00	(10.69)	243.06	128.34
CCNN	6Mth Jun. 2006	3,324.00	10.91	69.76	(72.99)
UNTL	6Mth Jun. 2006	8,594.00	(10.3)	(212.77)	
NFI Insurance	6Mth Jun. 2006	496.44	18.38	89.69	9.12
First Inland	5Mth Jul. 2006	4,861.00	268.54	384.41	
First Bank of Nig.	3Mth Jun. 2006	18,389.00	27.58	4,419.00	53.97

### Outlook and Analysis

#### Money Market

The Central Bank of Nigeria (CBN) will float N10billion worth of 91-day and 182-day NTB each. We expect the liquidity in the system to thin out as the CBN continues with the offer of same day OMO to mop up the liquidity in the system. Consequently, we expect a marginal

#### Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
<b>North/Latin America</b>		
DJIA (U.S.A.)	6.97	1.60
S & P 500 Index (U.S.A.)	5.02	1.23
NASDAQ (U.S.A.)	(0.55)	2.47
Bovespa Index (Brazil)	11.58	3.81
<b>Europe</b>		
SMI (Switzerland)	7.98	1.07
FTSE 100 Index (UK)	5.88	1.20
CAC 40 Index (French)	9.93	1.41
DAX Index (Germany)	8.66	1.12
MSI Index (Spain)	14.69	0.58
<b>Africa</b>		
NSE All-Share Index (Nigeria)	34.26	4.57
JSE All-Share Index (S/A)	22.74	2.04
GSE All-Share Index (Ghana)	3.03	0.09
Cairo SE Gen (Egypt)	(5.57)	3.39
<b>Asia/Pacific</b>		
NIKKEI 225 Index (Japan)	0.14	1.23
BSE 30 Index (India)	25.33	1.78
Hang Seng Index (Hong Kong)	17.12	2.76

increase in the inter-bank rates. In the foreign exchange market we anticipate stability in the value of naira as the CBN continues to meet all genuine demands.

### Equities Market

The expectation of year-end results of companies like **United Bank for Africa** (due is December), **Oceanic Bank** (due in November) and **IBTC Chartered Bank** (due), will impact positively on their share prices as there are indications that they will declare cash and or scrip dividend. We expect the market to witness a little stability around the current position as most of the highly capitalized stocks are already doing their highest prices. We recommend the following stocks which have good fundamentals and have prospects for growth over the long term:

#### Recommended Stocks

	Securities	Target Price	PE Ratio
1	FBN	35.00	19.37
2	GTB	16.00	14.32
3	UBA	18.50	17.64
4	Zenith Bank	20.00	10.45
5	IBTC	5.00	13.27
6	Guinness	145.00	25.28
7	BCC	17.50	11.09
8	Ashakacem	48.00	15.96
9	WAPCO	46.00	18.08
10	Cadbury	52.00	21.12
11	Flour Mills	54.50	18.40
12	Nestle	210.00	18.18
13	UACN	25.00	12.90
14	Total	195.50	19.59
15	Glaxo Smithkline	12.00	10.90
16	Mobil	185.00	19.10
17	UPDC	11.50	15.00

\*CTSL NEGI – CTSL Nigerian Equity Growth Index

\*CTSL NEMI – CTSL Nigerian Equity Market Index

\*NIBOR – Nigerian Inter Bank Offered Rates

\*Symbols for tables

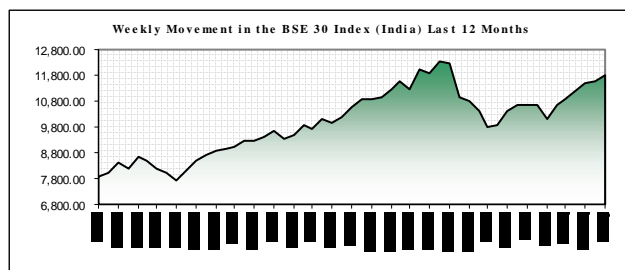
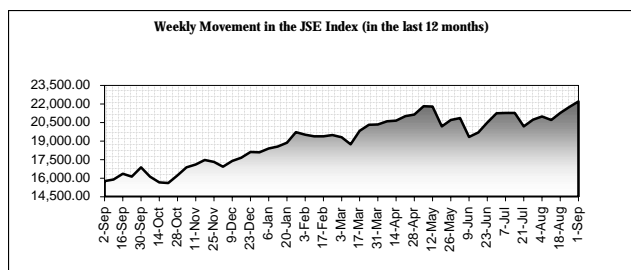
\*I/F- Interim/Final, \*C/D-Closure Date

\*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 July



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