

NIGERIAN MONEY & CAPITAL MARKETS

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Equity Market Indicators

	Value	NGN	USD	NGN	USD
		1 week % Δ		1 Year % Δ	
NSE ASI	50,773.8	5.05	5.08	106.29	107.05
Mkt Cap(Nb)					
FSDH 20	531.74	5.29	5.30	115.79	116.54
FSDH 40	482.59	7.50	7.52	100.03	100.78
FSDH Bank	684.88	11.2	11.25	174.13	174.88
FSDH Ethical	126.12	1.41	1.42	N/A	N/A
FSDH Ins.	554.51	9.39	9.40	113.45	114.21
FSDH Mfg.	320.93	2.16	2.17	51.23	51.99
FSDH Pet.	326.69	8.11	8.12	14.67	15.42
Mkt					

Last Week 1 week % Δ

Volume Traded (m)	2,941.16	(2.00)
Value Traded (₦m)	51,707.00	27.94
Deals	45,178	(3.29)

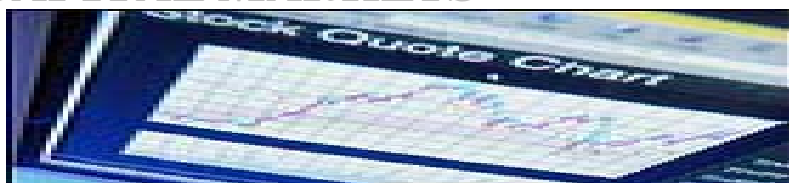
Coral Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	28.70	2.67
Coral Ethical Fund	29.59	1.00
Coral Income Fund	10.69	0.85

Please note that all the funds shown above have varying asset allocation structure.

Money Market Indicators

Interest Rates %	Last Week	1 Wk Ago	12 Mths Ago
MPR	10.0000	10.0000	13.0000
NIBOR 7 days	10.2500	10.4167	3.4063
NIBOR 30 days	12.9583	13.5000	10.3938
NIBOR 90 days	13.0000	13.4583	11.1938



Review

Weekly News Wrap

Nigeria Transited to Another Elected Government

For the first time after the country's independence in 1960, Nigeria successfully transited from one democratically elected government to another. In his inaugural address, President Umaru Musa Yar'Adua said his administration would commit to the deepening of democracy and the rule of law, build an economy driven primarily by the private sector, deploy zero tolerance for corruption in all its forms, and finally restructure and staff government to ensure efficiency and good governance. President Yar'Adua said his goal is to concentrate on rebuilding the nation's physical infrastructure and human capital in order to take the country forward. He added that he would do necessary work to create more jobs, lower interest rates, reduce inflation and maintain a stable exchange rate to increase the rapid growth and development of the economy. He promises to develop the best efforts to overcome the energy challenges in the country. According to him, the next four years will see a dramatic improvement in power generation, transmission and distribution. Critical to the goals of his administration is the resolution of the crisis in the Niger Delta which he says commands an urgent attention.

FG Increases PMS Pump Price to N75 per Litre

Barely two days to the end of his administration, the immediate past Nigerian President, President Olusegun Obasanjo increased the pump price of Premium Motor Spirit (PMS) by N10 per liter to N75.00 per litre. The increase in the pump price was attributed to the huge subsidy the Federal Government (FG) is paying on oil as a result of the rising crude oil prices in the international market. Engr. Funsho Kupolokun, the Group Managing Director (GMD) of Nigerian National Petroleum Corporation (NNPC) said that the Petroleum Products Pricing Regulatory Agency (PPPRA) fixed the new price to ensure the recovery of cost. It would be recalled that FG appropriated N150bn as Petroleum Support Fund in 2006 to keep the price at N65 per litre and later approved additional N100bn when the price of crude oil was escalating in the international market, to support the fund. The Daily Spot Market Data available on the website of the PPPRA as at Wednesday 30th May, 2007 showed that the landing cost of a litre of PMS was N81.86 and expected price is N91.81 which includes a margin of N9.95. The local demand of PMS per day in Nigeria is estimated at 34million liter translating to about 12.41billion per annual. Given the PPPRA expected price of N91.81 the yearly subsidy may not be less than N332.71bn per annum at a retail price of N65 per litre and N208.61bn per annum at a retail price of N75 per litre. The former President might have increased the pump price of PMS to free up more resources for his successor to build the decaying infrastructure in the country. In our review, we hold that the new government should concentrate its efforts to ensure that the nation's refineries run efficiently so that the country can refine its crude oil and export thereby benefiting from increase in the price of oil in the international market rather than the current situation in which the country is losing money to import refined products.

Key Economic Indicators	%
Inflation Rate (YoY) Apr.	4.20
Inflation Rate (12 mths Ave.) Apr.	6.50
Foreign Reserves (US\$b) Jan.	43.6
GDP Growth Rate (2006).	5.63

FSDH Weekly Nigerian Money and Capital Market Report

CBN Treasury Bill Auction Results

Tenor	91-day	182-day	-
Offer(₦'b)	10.00	10.00	-
Subscription(₦'b)	25.93	43.28	-
Allotment(₦'b)	10.00	10.00	-
Stop Rate	7.10	7.6	-

OMO	May 28	May 29	June 01	June 01	June 01
Tenor(days)	-	-	34	41	48
Bids(₦'b)	-	-	4.00	4.00	4.00
Sales(₦'b)	-	-	4.00	4.00	6.00
Stop Rate (%)	-	-	7.35	7.25	7.30

Exchange Rate (NGN/USD)

	Last Week	1 Wk Ago	12 Mths Ago
Official	126.23	126.26	127.19
Banks	127.55	127.51	128.45
Parallel	129.90	129.89	142.00

Top Gainers & Losers % Terms

Gainers	01-Jun(₦)	% Δ	Losers	01-Jun(₦)	% Δ
A.G Lev	36.69	27.53	NNFM	3.26	21.63
Cutix	9.59	27.19	Interco.	1.98	21.43
Japaul	6.89	27.12	Presco	7.10	18.39
Mobil	4.74	26.74	Tripple Ge.	2.65	14.24
Livestock	5.02	26.45	NASCON	6.65	13.64

5 Most Actively Traded Stocks

S/N	Company	Deals	Volume (m)	Value (N'm)
1	Intercont.	1,433	753.00	20,680.60
2	Oceanic	275	184.01	3,775.98
3	Mutual Benefit	2,341	179.71	641.20
4	LASACO	979	172.54	489.15
5	Access	217	162.11	3,131.95

Money Market

The N355bn statutory allocation for the month of May 2007, that trickled into the money market caused inter-bank rates to drop when compared with the previous week. 7-day NIBOR dropped to close the week at 10.25% from 10.4167% while the 90-day NIBOR closed the week lower at 13.00% down from 13.46% in the previous week.

At the primary market auction for 91-day Treasury bill, N10billion was offered and sold while N25.93billion was subscribed. The apex bank repaid bills worth of N10billion. The demand by participants represents a subscription level of 259.34%.

N10billion worth of 182-day Treasury bill, was offered and sold while participants demanded N43.28billion and N10billion worth of bills was repaid. The demand by participants represents a subscription level of 432.76%.

The stop rate for the 91-day T-Bill dropped marginally to 7.10% from 7.15% in the preceding week while the stop rate for the 182-day T-Bills dropped to 7.60% from 7.8% in the previous week.

At the secondary segment of the market, N4bn worth of 34, 41, and 48-day T-Bill each was offered; N16bn was sold through all the tenors, while N12.75bn was repaid into the system. The stop rate for the 34, 41, and 48-day T-Bills were 7.35%, 7.25%, 7.30% respectively.

In the foreign exchange market, the CBN offered \$200 million the same amount that was offered the previous week. The apex bank however sold \$219.35million as against the \$384.27million sold in the preceding week. The amount sold during the week represented a 42.92% drop over the amount sold in the previous week.

The value of naira appreciated in the official market while it depreciated at the other two segments of the market. Naira appreciated by 3kobo in the official market to close the week at N126.23/US\$1 while it lost 1kobo and 4 kobo to close at N129.90/US\$1 and N127.55/US\$1 respectively in the parallel and inter-bank markets.

Equities Market

The excitement in the stock market following the successful electoral process continued last week, as the **NSE All-Share Index** gained 5.06% during the week. The stock market index, which had risen consistently since the previous Friday, reached its highest levels of 50,773.80 points at the close of the trading session on Friday, June 01. The **Market Capitalisation** also appreciated by 7.30% to close the week at 7,507.81billion (approximately US\$59.48billion). All the FSDH stock market indices recorded positive growth, as the **FSDH 40 NEVI**, **FSDH 20 NEGI** and **FSDH Ethical** Indices closed the week up by 7.50%, 5.29% and 1.41% respectively.

The Banking sector was the best performing sector during the week, as **FSDH Banking Index** gained 11.24% to close at 684.88 points. The rise in the value of the index was on the strength of appreciation in the share prices of **United Bank for Africa** (Up 21.48% to N46.15), **Oceanic Bank** (Up 21.40% to N23.71), **Diamond Bank** (Up 21.31% to N12.98), **Union Bank** (Up 17.03% to N40.00), **Zenith Bank** (Up 12.42% to N56.22), **Intercontinental Bank** (Up 8.04% to N27.55), **GT Bank** (Up 6.29% to N31.95) and **First City Monument Bank** (Up 12.51% to N15.02).

The impressive performance recorded in the banking sub sector was trailed by the insurance sub sector. **FSDH Insurance Index** recorded a growth of 9.39% to close the week at 554.51 points. Gains recorded in the share prices of **Mutual Benefits** (Up 20.19% to N3.81), **Cornerstone** (Up 14.86% to N4.02), **Crusader** (Up 12.37% to N6.27), **UNIC** (Up 11.45% to N4.38), **Great Nigeria** (Up 13.33% to N3.74), **WAPIC** (Up 3.62% to N8.29), **AIICO** (Up 2.75% to N4.11), **Niger Insurance** (Up 7.36% to N4.67), **Law Union & Rock** (Up 3.41% to N4.55), **Royal Exchange** (Up 3.21% to N4.18) and **Linkage** (Up 7.67% to N3.51) accounted for the leap recorded in the FSDH Insurance Index.

FSDH Weekly Nigerian Money and Capital Market Report

The rise in the market prices of **African petroleum** (Up 19.97% to N79.00), **Chevron Oil** (Up 10.56% to N168.05), **Oando** (Up 7.02% to N84.01), **Mobil Oil** (Up 5.00% to N178.50) and **Total** (Up 0.18% to N170.00) contributed to the rise in the value of the **FSDH Petroleum Marketing Index**, which gained 8.11% to close the week at 326.69 points.

On a similar note, the **FSDH Manufacturing Index** gained 2.16% to close the week at 320.93 points. The performance of the FSDH Manufacturing Index was as a result of the gains witnessed in the share prices of **Okomu Oil** (Up 11.31% to N43.00), **Guinness** (Up 2.34% to N124.85), **Nigerian Breweries** (Up 4.65% to N39.80), **Benue Cement** (Up 7.99% to N60.00), **Cadbury** (Up 7.56% to N35.01), **Flour Mills** (Up 4.75% to N81.60), and **UAC Property** (Up 15.30% to N30.00).

Other major movers for the week were **Japaul oil** (Up 21.31% to N6.09), **Sterling Bank** (Up 21.28% to N8.89), **Afroil** (Up 21.19% to N8.35), **Jos Int. Breweries** (Up 21.15% to N9.68) and **N.E.M. Insurance** (Up 21.10% to N5.74). Stocks on the losers chart include **Nig. Enamelware** (Down 52.29% to N2.71), **Ekocorp** (Down 9.72% to N5.48) **Poly Products** (Down 9.09% to N3.00), **NNFM** (Down 8.52% to N24.70) and **Nig-German Chemicals** (Down 8.38% to N14.54). We note that the share price of **Nigerian Enamelware Company Plc** was adjusted for a scrip dividend of one new share for every share held and a cash dividend of 50 kobo per share.

Overall **Ninety-two(92)** stocks recorded gains in their share prices, **Nineteen (19)** stocks recorded losses while **ninety-two (92)** stocks closed the week unchanged.

A total of 10,372774,316 Ordinary Shares of 50kobo each in the name of **Continental Reinsurance Plc** were admitted to the Daily Official List by way of Introduction.

In a similar development, a total of 28,800,000 shares were added to the shares outstanding in the name of **Nigerian Enamelware Plc** following the bonus of one new share for one share already held.

The Nigerian Stock Exchange (NSE) lifted the technical suspension placed on the share prices of **United Bank for Africa, Oceanic Bank, Diamond Bank** and **African Petroleum** while technical suspension was placed on the share prices of **Royal Exchange Assurance, Cement Company of Northern Nigeria Plc** for merger and supplementary Rights Offering respectively.

Over-the-Counter Market for FGN Bonds

A turnover of 29.7million units worth N31.5billion in 182 deals was recorded last week, in contrast to a total of 41.2million units valued at N43.62billion exchanged in 177 deals during the week ended May 25, 2007. The most active bond (measured by

FSDH Research

turnover volume) was the 4th FGN Bond 2011 Contractors Debt with a traded volume of 6million units valued at N6.2billion in 1 deal.

Outlook and Analysis

Money Market

CBN will float N10billion each of 91-day and 182-day T-bill while a total of N20billion bills will mature at the primary market. We equally expect some maturities in the secondary market.

We still expect the market to remain liquid as a result of the statutory allocation that trickled into the market towards the end of the just concluded week. Consequently, we expect inter-bank rates to drop in the week ahead.

We reiterate that there should be a reduction in the MPR any time from now. We note that the T-Bill rate is now close to the 7% rate that the CBN would accept excess deposits from the money market operators. We anticipate a huge subscription level at the primary market auction during the week as the drop in inflation rate has created a higher real positive return on fixed income securities.

In the foreign exchange market, we expect stability in the value of naira. We maintain this position because of the country's favourable foreign reserves and we do not expect a major leakage of foreign exchange out of the country.

Equities Market

We expect to see some evidence of profit taking in the equities market next week as most stock prices have become very attractive as a result of the bullish trend witnessed in the stock market. However, we remain optimistic that the level of profit taking may not take a toll on the market until a fortnight.

The demand for the petroleum marketing stocks is expected to be on the increase in the short-term. This is consequent upon the perceived returns realizable from the increased pump price of petroleum products. The expected results of other petroleum marketing stock such as **Conoil**, would also help to sustain the anticipated rally.

Moreover the expectation of the full year results and benefits to the shareholders of the some banks with financial year ending in March should have a positive significant impact on the market.

We urge investors with a long-term horizon to seek investment opportunities in the following stocks with good fundamentals and prospects for growth over the long term.

Recommended Stocks

S/N	Stocks	Current Price	Current PE Ratio	Projected Price
1	Afribank	11.51	22.41	15.46
2	Diamond Bank	12.98	16.29	15.00
3	Oceanic Bank	23.71	19.09	26.00
4	UBA	46.15	22.85	50.00
5	Guinness	124.85	20.14	145.00
6	WAPCO	68.99	18.23	90.00
7	PZ	26.85	20.39	32.00
8	UACN	35.00	15.58	42.00
9	Flour Mills	81.60	19.59	93.00
10	Law Union & Rock	4.55	15.29	5.50
11	WAPIC	8.29	16.69	10.00
12	C & I Leasing	4.62	20.94	5.12
13	Conoil	75.60	17.13	98.00
14	Oando	84.01	14.90	106.00

Company Dividend and Bonus Announcements

Company	I/F *	DPS(N)	Bonus	Closure Date	Payment Date
Japaul	F	0.11	-	06-Jun-07	11-Jul-07
Inter.	F	0.35	-	11 Jun-07	N/A

Primary Market Equities

Company	No of shares	Offer Price (N)	Opening Date	Closing Date
First Bank	1,624,253,238	33.00	14-05-07	21-06-07
First Bank*	1,496,762,682	31.00	14-05-07	21-06-07

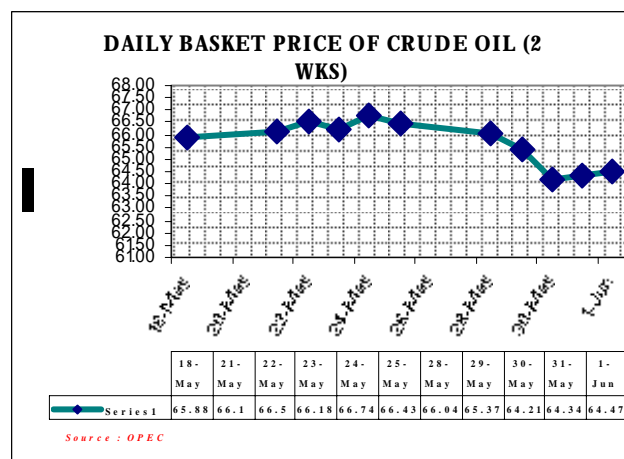
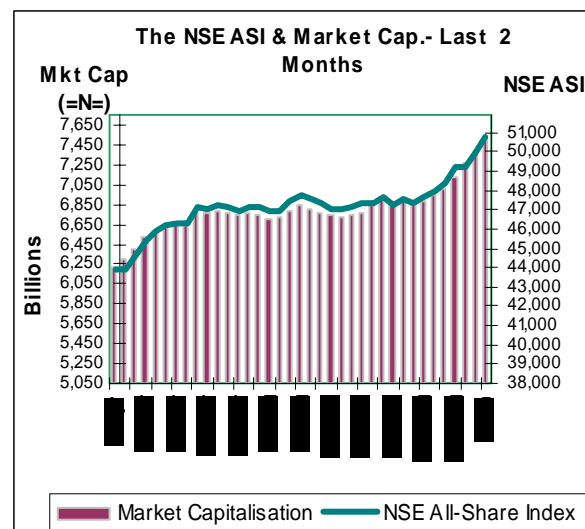
*Rights Issue

Company Interim and Full Year Results

Company	Period Ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Mutual Benefit	FY Dec. 06	1,852	83.18	702.22	236
Inter. Tech.	FY June, 06	126.69	48.71	8.12	2.07
Japaul	FY Dec. 07	1,401	189.9	82.65	
Intercont.	FY Feb, 07	87,355	112.9	15,480	104.8
Chellaram	9 Mth Dec. 06	7,677	12.17	94.28	40.35
NAMPAK	6 Mth Dec. 06	1,439	17.85	61.74	0.05
UACN	3 Mth Mar. 07	87,355	112.9	15,480	104.8
Nigerian Breweries	3 Mth Mar. 07	25,513	28.60	4,445	32.41
Japaul	3 Mth Mar. 07	527.60	245.2	78.76	151.4
First Allu.	3 Mth Mar. 07	2,246	37.88	(28.49)	47.19

Some Selected Foreign Stock Market Indices

	YTD Change	% Weekly % Change
North/Latin America		
DJIA (U.S.A.)	9.67	1.19
S & P 500 Index (U.S.A.)	8.32	1.36
NASDAQ (U.S.A.)	8.22	2.22
Bovespa Index (Brazil)	17.72	3.50
Europe		
SMI (Switzerland)	9.63	2.67
FTSE 100 Index (UK)	7.33	0.54
CAC 40 Index (French)	11.30	1.10
DAX Index (Germany)	21.08	5.00
MSI Index (Spain)	9.63	2.58
Africa		
NSE All-Share Index (Nigeria)	52.98	5.06
JSE All-Share Index (S/A)	15.83	2.16
GSE All-Share Index (Ghana)	4.36	1.15
Cairo SE Gen (Egypt)	15.27	5.30
Asia/Pacific		
NIKKEI 225 Index (Japan)	4.26	2.73
BSE 30 Index (India)	5.69	1.87
Hang Seng Index (Hong Kong)	1.69	(2.88)



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