

## Review

### Weekly News Wrap

After long periods of falling below expectation in the provision of adequate, timely and credible statistical data, The National Bureau of Statistics (NBS), formerly Federal Office of Statistics (FOS), is being restructured to meet up with its expectations. A senior officer of NBS said the Bureau has sacked over 1,000 staff who do not possess the required qualifications and also raised the minimum qualifications requirement for employment into the Bureau to ensure that the Bureau has the appropriate manpower to deliver its mandate. The objective of the restructuring is to reposition the Bureau to meet the expectation of Nigerians, International Communities and to measure up to the levels of Statistical systems in other developed countries. To achieve this, the NBS plans to computerize all its operations and is presently deploying current and efficient Information Technology (IT) platforms. Currently, it is partnering with European Union (EU), World Bank, Department for International Development (DFID), and United Nations Development Program (UNDP) to develop systems & structures to bridge the data gap that exists in the country. It says it has secured over 500 computer units for this exercise. It has been observed that one of the banes to economic planning in Nigeria is lack of timely and accurate data on the Nigerian economy. Few organizations have taken it upon themselves to provide data within their line of business to enhance quality decision making, while many have not been encouraged because of the huge capital outlay required to achieve this. Many private organizations that need economic and financial data for business planning often part with huge financial resources to access this information. Also economic modeling and forecasting become difficult without credible data as assumptions are often based on wrong data. It is believed that the current restructuring would transform the operations of the Bureau to the extent that it would have a functional website. The website should be a resource centre where users of data on all aspects of the Nigerian economy would be able to access information by a click.

### Money Markets

Liquidity dominated the money market last week in spite of the total net outflow of N41.61billion through the government securities. The interbank rates showed different movement. While the 7-day NIBOR dropped marginally from 3.00% in the preceding week to close at 2.25%, the 90-day NIBOR increased from 11.68% in the preceding week to close at 12.16%. At the primary market for the Nigerian Treasury Bills (NTB) a total of N10billion worth of 91-day NTB was offered, N6.9billion was subscribed and sold while N9.99billion was repaid into the system. The subscription level was 69%. A total of N10billion worth of 182-day NTB was offered and sold,

August 07, 2006

### Equity Market Indicators

As at August 04, 2006	Value	NGN		USD	
		1 week % Change	1 year % Change	1 week % Change	1 year % Change
NSE All-Share Index	28,918.67	4.50	6.32	30.94	35.29
Coral Growth Fund	1,382.73	5.65	5.66	40.91	45.26
Market Cap. (₦'bn)	3,345.87	6.32	6.32	67.99	72.34
CTSL 40 NEMI	290.94	6.54	6.54	45.48	49.83
CTSL 20 NEGI	295.97	5.41	5.41	41.92	46.28
CTSL Banking Index	297.53	5.14	5.15	53.55	57.91
CTSL Ins. Index	223.84	6.03	6.03	12.33	16.69
CTSL Man. Index	271.25	8.53	8.54	54.08	58.43
CTSL Pet. Mktg Index	278.78	2.23	2.24	(5.83)	(1.47)
		Last week		Week before last	
Volume Traded (m)		816.15		943.09	
Value Traded (₦'m)		12,569.88		10,031.39	

### Money Market Indicators

Interest Rates	As at Aug 04	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	2.2500	3.000	4.5833
NIBOR 90 days (%)	12.1563	11.6813	8.7083

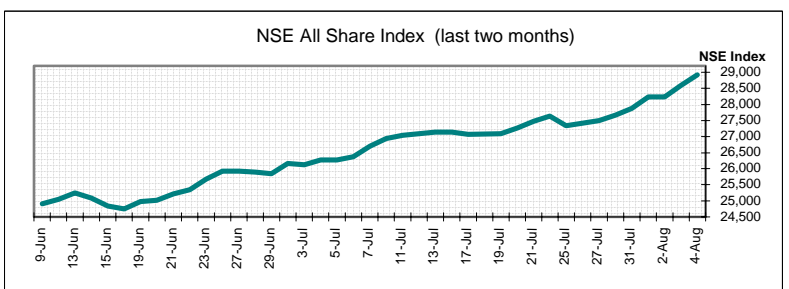
### CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	6.90	10.14
Total Allotment (₦'bn)	6.90	10.00
Stop Rate (%)	7.00	9.50

OMO	July 31	Aug 01	Aug 02	Aug 03	Aug 04
Tenor (days)	364	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	127.09	127.10	132.86
Banks	128.50	128.50	137.20
Parallel	131.80	132.00	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 including 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.

**Centenary 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.

N10.144billion was subscribed while N19.595billion was repaid into the system. The subscription level was 101.4%. A total of N25billion worth of 364-day NTB was offered and sold; N66.29billion was subscribed while N24.84billion was repaid into the system. The subscription level was 265%. The stop rate for the 91 and 182-day NTB remained stable at 7.00% and 9.50% respectively while the stop rate for the 364-day NTB was reviewed downward to 10% from 12.50% in the previous auction. Transactions at the Open Market Operations (OMO) revealed that the amount sold for each of the 182 and 364-day tenors was short of what was subscribed, while the same amount was offered and sold for the 35-day tenor. A total of N12billion worth of 35-day non-rediscutable bills was subscribed and sold while the stop rate was 5%. In a similar development, a total of N15.50billion worth of 182-day tenor non-residountable bills was offered; N15.50billion was subscribed while a total of N14.75billion was sold. The amount sold was 95.16% of the amount subscribed. The stop rate moved up marginally to 9.75% from 9.70% in the preceding week. Also a total of N36.03billion worth of 364-day non-rediscutable bills was subscribed while N27.39billion was sold. The amount sold was 76.02% of the total subscription while the stop rate was reviewed downward to 10.95% from 11.50% in the preceding week. At the official segment of the foreign exchange market, the apex bank offered a total sum of \$160million up from \$130 million that was offered in the preceding week. It however sold a total of \$216.29million up from \$165.33million which was sold in the preceding week. The amount sold during the week was 135.18% of the amount offered. The value of naira appreciated in the two segments of the foreign exchange market while it remained stable in one segment. It gained 1k at the official market to close the weeks at N127.09/US\$1 from N127.10/US\$1 and gained 20k at the parallel market to close the week at N131.78/US\$1 from N132.00/US\$1 in the preceding week. It maintained its value of N128.50/US\$1 at the interbank foreign exchange market.

### Equities Market

The stock market maintained a bullish trend last week as **The NSE All Share Index** recorded an appreciation of 4.50% to close the week at 28,918.67 up from 27,672.30 in the preceding week. The appreciation was largely due to the appreciation in the share prices of companies in the building materials sub-sector. In a similar development, the market capitalization appreciated by 6.32% to close the week at N3,345.87billion up from N3,147.07billion in the preceding week. All the **CTSL Indices** recorded appreciation of different magnitude. The **CTSL 40 NEMI** appreciated by 6.54% to close at 290.94 while The **CTSL 20 NEGI** appreciated by 5.41% to close at 295.97. The **CTSL Manufacturing & Allied Index** recorded the highest gain of 8.53% during the week to close at 271.25 as a result of appreciation in the share prices of **Nigerian Breweries** (Up 8.20% to N45.80), **Guinness Nig.** (Up 4.84% to N130.00), **UACN Plc** (Up 8.42% to N26), **Flourmills Nig** (Up 8.20% to N58.43), **Northern Nigerian Flourmills** (Up 15.29% to N26.47), **WAPCO** (Up 18.65% to N47.46), **Ashakacem** (Up 21.27% to N53.36), **PZ Industries** (Up 27.55% to N23.15), **Unilever Nig**

(Up 10.79% to N15.50), **Julius Berger** (Up 13.17% to N23.20), **Okomu Oil** (Up 7.14% to N30), and **Nestle** (Up 3.66% to N197). After many weeks of decline, **The CTSL Insurance Index** recorded an appreciation of 6.03% to close the week at 223.84 on the heels of appreciation in the share prices of **Royal Exchange** (Up 296.09% to N2.61) and **Niger Insurance** (Up 7.27% to N2.36). The **CTSL Banking Index** gained 5.14% to its value to close at 297.53 as a result of the appreciation in the share prices of **First Bank** (Up 5.32% to N66.35), **Guaranty Trust Bank** (Up 16.08% to N16.24), **Oceanic Bank** (Up 8.92% to N10.26), **United Bank for Africa** (Up 8.58% to N15.94), **Intercontinental** (Up 7.31% to N13.95), **Union Bank** (Up 1.82% to N28) and **Wema Bank** (Up 20.18% to N2.62). The **CTSL Petroleum Marketing Index** gained 2.23% to close the week at 278.78 arising from the appreciation in the share prices of **Mobil** (Up 4.94% to N172.10), **Conoil** (Up 8.90% to N68.75), **Texaco** (Up 6.19% to N103) and **Total** (Up 1.14% to N194.50). Major price gainers for the week were **Cement Company Northern Nigeria** (Up 27.31% to N6.62), **Nigerian Ropes** (25.56% to N2.80), **Ecobank** (Up 20.57% to N6.39), **Vitafoam** (Up 20.33% to N4.32), and **Standard Alliance** (Up 18.18% to N1.30). Other major price losers during the week include **Trans-Nationwide** (Down 33.33% to N0.58), **FirstInland Bank** (Down 18.42% to N3.81), **Fidelity Bank** (Down 13.65% to N2.53), **Nigerian-German Chemical** (Down 13.04% to N5.20), **Tripple Gee** (Down 11.76% to N0.45), and **Afriprint** (Down 11.69% to N0.68). Meanwhile **The Nigerian Stock Exchange (NSE)** delisted **FSB International Bank Plc** and the **Manny Bank** from its Daily Official List (DOL) following the conclusion of their merger with **Fidelity Bank**.

Top Gainers (% terms)	Price (₦) 4 - Aug	% chg	Top losers (% terms)	Price (₦) 4 - Aug	% chg
P.Z Industries	23.15	27.55	Trans-Nationwide	0.58	33.33
CCNN	6.62	27.31	FirstInland	3.81	18.42
REAN	2.61	26.09	Fidelity	2.53	13.65
Nigerian Ropes	2.8	25.56	Nig-German	5.20	13.04
Ashakacem	53.36	21.27	Tripple Gee	0.45	11.76

The market traded a total turnover (volume) of 816.15million in 35,369 deals worth N12.57billion last week, a decrease of 13.46% over the 943.09million traded in 32,939 deals worth N11.19billion in the preceding week. The **banking sub sector** was the most active in the week with 602.83million shares worth N7.44billion traded in 20,301 deals. Trading in the shares of **United Bank for Africa** (81.34million), **Intercontinental Bank** (98.20million) and **Access Bank** (86.37million) accounted for 44.13% of the sub sector turnover and 32.58% of the market turnover. Meanwhile, fifty four (54) companies' share prices increased in value, thirty five (35) suffered a decline in their prices while the remaining one hundred and thirteen (113) companies' share prices remained stable.

### Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	23.69	5.65
2	IBTC Nig. Equity Fund	31.68	5.48
3	*Discovery Fund	14.02	3.50

\*The Discovery Fund has Exposure to Real Estate.

### 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 <sup>rd</sup> August
Prestige Assurance	680,000,000	2.50	19 July	16 August

## Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
Zenith Bank	FY Jun. 2006	58,222.20	66.76	11,488.0	60.56
NNFM	FY Mar. 2006	4,88600	(9.75)	55.07	146.80
Standard Alliance	6Mth Jun. 2006	804.00	28.30	206.91	38.83
Total Nig.	6Mth Jun. 2006	65,166.00	10.63	1,254.73	(15.33)
Ecobank	6Mth Jun. 2006	6,720.00	55.92	1,750.00	164.35
Cornerstone	6Mth Jun. 2006	1,466.00	42.47	67.36	(32.52)
Cornerstone	3Mth Mar 2006	1,021.00	73.50	56.60	(43.30)

## Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
NNFM	Final	0.25	-	11-Aug-06	12-Sep-06

## Outlook and Analysis

### Money Market

We expect the CBN to issue a new monetary policy framework in the coming week. The framework is designed to enhance control of money supply and inflation in the economy. The CBN goal will necessitate the adoption of a tight monetary policy thrust in the macro-economic management in the country. Thus, CBN will likely introduce additional market based measures to reduce the liquidity in the market. At the foreign exchange market, we expect relative stability in the value of naira in parity

### Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
<b>North/Latin America</b>		
DJIA (U.S.A.)	4.88	0.18
S & P 500 Index (U.S.A.)	2.49	0.06
NASDAQ (U.S.A.)	(5.45)	(0.43)
Bovespa Index (Brazil)	13.13	1.25
<b>Europe</b>		
SMI (Switzerland)	4.05	(0.70)
FTSE 100 Index (UK)	4.82	(1.43)
CAC 40 Index (French)	6.91	0.25
DAX Index (Germany)	5.82	0.31
MSI Index (Spain)	11.99	0.49
<b>Africa</b>		
NSE All-Share Index (Nigeria)	20.07	4.50
JSE All-Share Index (S/A)	16.05	1.30
GSE All-Share Index (Ghana)	2.16	(0.40)
Cairo SE Gen (Egypt)	(13.30)	3.21
<b>Asia/Pacific</b>		
NIKKEI 225 Index (Japan)	(3.80)	1.02
BSE 30 Index (India)	15.63	1.74
Hang Seng Index (Hong Kong)	13.52	(0.40)

to the other currencies.

## Equities Market

We expect some profit taking in the market in the coming weeks as some share prices of highly capitalized stocks are already trading at their all year high. The release of the half-year financial result of some major manufacturing, banking, and petroleum marketing companies which are due in August will impact the market to move further in the north direction. Meanwhile, we note that the share prices of the following stocks will soon be adjusted for scrip and cash dividend: **First Bank** and **Northern Nigerian Flourmills**. 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	60.00	18.09
2	GTB	15.50	13.87
3	UBA	16.20	16.67
4	Zenith Bank	20.00	10.45
5	IBTC	4.00	10.62
6	Guinness	120.00	20.92
7	Ashakacem	42.50	14.03
8	WAPCO	42.00	16.51
9	Cadbury	50.00	20.31
10	Flour Mills	50.00	16.88
11	Nestle	190.00	17.02
12	UACN	25.50	19.52
13	Total	185.00	18.54
14	Glaxo Smithkline	10.50	10.30
15	Mobil	169.00	17.45
16	UPDC	10.00	13.05

\*CTSL NEGI – CTSL Nigerian Equity Growth Index

\*CTSL NEMI – CTSL Nigerian Equity Market Index

\*NIBOR – Nigerian Inter Bank Offered Rates

\*Symbols for tables

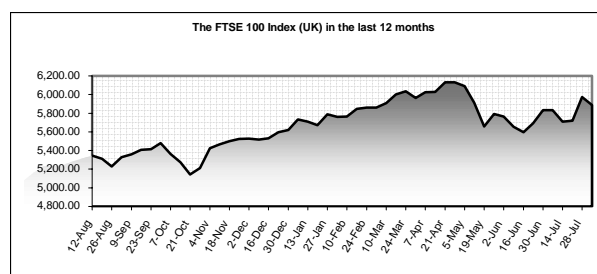
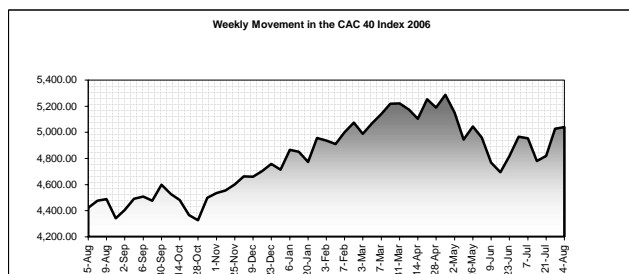
\*I/F- Interim/Final, \*C/D-Close Date

\*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



FSDH  
CTSL

All enquires to First Securities Discount House Limited and Counters Trust Securities Limited, 1/5 Odunsi 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.