

Review

Weekly News Wrap

Oil workers under the aegis of Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and National Union of Petroleum and Natural Gas Workers (NUPENG) last week, restated their commitment to embark on a warning strike action between September 13 and 15. The plan for the strike action is hinged on the security situation in the Niger Delta. The joint-National Executive Councils of the two bodies agreed that if after the 3-day warning strike, government fails to address the issue raised which is to provide a peaceful and safe environment in the Niger Delta and other parts of the country for oil workers to go about their lawful duties, NUPENG and PENGASSAN will have no option but to withdraw their services indefinitely. The union had accused the government of not doing enough to curtail the violence and kidnapping in the Niger Delta which has led to loss of jobs especially for the tanker drivers who could not lift products as a result of vandalism to the refineries. In a related development, Shell Petroleum Development Company (SPDC) has suspended its planned re-entry into the western swamps of the Niger Delta region. The re-entry process was suspended by management as a result of the August 20 killing of nine Ijaw youths and an employee of the SPDC by troops from the Joint Task Force, Operation Restore Hope. It would be recalled that the facilities in the SPDC western division which produces about 500,000 barrels of crude oil per day had been shut down since February in the wake of the violent agitation by the Ijaw militants.

Money Markets

Liquidity persisted in the Nigerian money market last week, as there were major inflows of funds into the financial system. The market witnessed a net inflow of N34.47 billion through primary and OMO auctions. Consequently, interest rates charged in the inter bank money market remained relatively steady as 7-day NIBOR closed at 3.50% from 2.34% at the close of the previous week, while 90-day NIBOR moved down from 12.41% at the end of the previous week to 12.09%. During the week, the CBN reviewed the stop rate applied for the sale of 91-day and 182-day Treasury Bills downwards by 50 basis points each to 6.00% and 7.50% respectively. Meanwhile, we note that MRR remained at 14.00%. The CBN offered N10 billion worth of 91-day T-Bills, while participants demanded N18.15 billion. The CBN allotted all that was offered to the participants. Meanwhile, bills worth N9.99 billion matured and were repaid into the financial system resulting in a net sale of N10 million. At the 182-day T-Bill auction, the CBN

September 11, 2006

Equity Market Indicators

As at Sept. 08, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	33,121.26	2.42	2.44	40.54	42.46
Coral Growth Fund	1,549.85	0.89	0.90	45.96	47.88
Market Cap. (₦'bn)	3,873.07	3.52	3.54	77.90	79.81
CTSL 40 NEMI	331.49	3.63	3.65	51.75	53.66
CTSL 20 NEGI	336.56	3.32	3.34	46.57	48.48
CTSL Banking Index	356.88	1.20	1.22	64.67	66.59
CTSL Ins. Index	233.17	3.90	3.92	(1.67)	0.24
CTSL Man. Index	293.25	6.06	6.07	53.38	55.30
CTSL Pet. Mktg Index	302.29	4.66	4.67	(0.91)	1.01
		Last week		Week before last	
Volume Traded (m)		758.46		1,114.62	
Value Traded (₦'m)		11,541.71		13,752.64	

Money Market Indicators

Interest Rates	As at Sep 08	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	3.5000	2.3438	4.4167
NIBOR 90 days (%)	12.0938	12.4063	9.6667

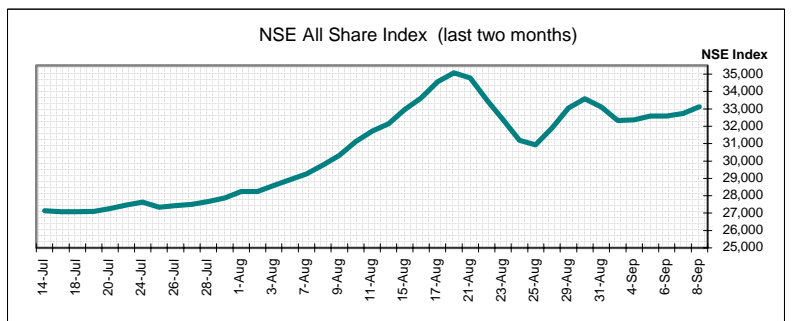
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	18.147	22.597
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	6.00	7.50

OMO	Sep 04	Sep 05	Sep 06	Sep 07	Sep 08
Tenor (days)	182	91	182	182	182
Total Bids (₦'bn)	0.75	5.00	7.50	3.00	1.50
Total Sales (₦'bn)	0.75	5.00	6.00	3.00	-
Stop Rate (%)	7.85	6.20	7.75	7.75	7.85

Exchange Rate (NGN/USD)

	As at September 08	1 week ago	12 months ago
Official	127.02	127.04	129.50
Banks	128.40	128.40	132.10
Parallel	131.60	131.00	140.30



First Securities Discount House Limited (FSDH) is a specialised financial services provider, engaged in both trading and investment services to 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.

Centenary Trust Securities Limited (CTSL) is a trading 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.

offered and sold N10billion while participants demanded for bills worth N22.6billion. The oversubscription witnessed at both auction led to the drop in rates. At the secondary segment of the money market, a total of N5billion worth of 91-day non-rediscountable bill was offered and sold while N11.15billion was repaid into the system. A total of N12.75billion worth of 182-day non-rediscountable bills was subscribed; N9.75billion was sold while N18.3billion was repaid. The Central Bank sold \$286.2million at the bi-weekly wholesale foreign exchange auctions held. The sales recorded was 2.80% lower than the sales in the previous week. Meanwhile, the apex bank offered \$160million same amount on offer in the preceding week. The naira appreciated in one segment of the foreign exchange market. At the official market, the naira gained 2 kobo to close the week at N127.02/US\$1. In the parallel market, the naira lost 60 kobo to close the week at N131.60/US\$1, while it remained stable in the inter bank foreign exchange market to close the week at N129.40/US\$1 same as last week.

Equities Market

The rally witnessed on the floor of The Nigerian Stock Exchange last week helped the **NSE All-Share index** recover from the losses it suffered in the penultimate week. The stock market index closed the week at 33,121.26, 2.42% higher than the value at the end of the previous week. Other market indices exhibited the same trend, as the **CTSL 40 NEMI** gained 3.63% to its value to close the week at 331.49, while the **CTSL 20 NEGI** appreciated by 3.32% to close at 336.56. Other stock market indices reflected a similar performance, as all of the CTSL indices recorded various degrees of gains. The **CTSL Manufacturing & Allied Index** recorded the highest performance as **Dunlop** (Up 21.59% to N3.66), **Nigerian Breweries** (Up 12.78% to N48.00), **Ashakacem** (Up 9.86% to N53.50), **Beta Glass** (Up 10.20% to N5.51), **Nestle** (Up 5.32% to N220.00) and **7Up Bottling** (Up 5.69% to N48.50) all recorded gains in their share price movement. The **CTSL Petroleum Marketing Index** appreciated by 4.66% to close the week at 302.29 on the strength of gains in the share prices of **Mobil** (Up 11.56% to N193.00), **Texaco** (Up 7.92% to N109.00), **Total** (Up 4.06% to N205.00), **Conoil** (Up 6.40% to N75.00) and **Oando** (Up 1.16% to N77.90). The gains recorded in the share prices of **Guaranty Trust Bank** (Up 2.05% to N18.45), **IBTC Chartered Bank** (Up 5.77% to N5.50), **Oceanic Bank** (Up 9.08% to N13.10), **Union Bank** (Up 1.15% to N28.21) and **United Bank for Africa** (Up 2.87% to N21.49) accounted for the gain in the CTSL Banking Index. In the same vein, the **CTSL Insurance Index** appreciated by 3.90% to close the week at 233.17 as a result of the increase in the share prices of **Royal Exchange Assurance** (Up 17.67% to N2.93) and **Niger Insurance** (Up 5.79% to N2.74). Meanwhile major gainers for the week were: **Benue Cement Co.** (Up 27.47% to N25.20), **John Holt** (Up 19.47% to N1.35), **Tripple Gee** (Up 18.42% to N0.90), **UTC Nigeria** (Up 17.65% to N0.80) and **Eterna Oil** (Up 17.19% to N3.00).

Other major losers include: **Cement Company of Northern Nigeria** (Down 19.05% to N10.96), **University Press** (Down 18.73% to N2.17), **United Nigeria Textile** (Down 17.33% to N1.24), **C & I Leasing** (Down 13.91% to N0.99), **A.G. Leventis** (Down 13.69% to N1.45). We note the share price of Cement Company of Northern Nigeria Plc and University Press Plc were adjusted for cash dividend of N0.25 and N0.10 per share respectively during the week.

Top Gainers (% terms)	Price (₦) 08-Sep	% chg	Top losers (% terms)	Price (₦) 08-Sep	% chg
Benue Cement Co.	25.20	27.47	CCNN	10.96	19.05
Dunlop Nigeria	3.66	21.59	University Press	2.17	18.73
John Holt Plc	1.35	19.47	UNTL	1.24	17.33
Tripple Gee	0.90	18.42	C & I Leasing	0.99	13.91
REAN	2.93	17.67	A.G. Leventis	1.45	13.69

Market turnover (volume traded) decreased by 16.08% as investors traded 758.46million shares worth N11.54billion in 35,043 deals in comparison to 1,114.62million shares worth N13.75billion traded in 39,459 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 Plc** and **United Bank for Africa Plc**. Trading in the shares of the two banks accounted for 253.14million representing 43.13% of the sub sector's turnover. On the gainers and losers charts, fifty-five (55) stocks appreciated in prices, twenty-seven (27) stocks suffered a decline while one hundred and seventy-six (176) stocks remained static in their prices.

Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	38.50	0.89
2	IBTC Nig. Equity Fund	51.57	0.84
3	*Discovery Fund	27.81	1.19

*The Discovery Fund has Exposure to Real Estate.

Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*

Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
Ikeja Hotel Plc	1,000,000,000	3.00	7 th Sept.	29 th Sept.
LASACO Assurance	4,435,261,182	0.80	1 st Sept.	29 th Sept.
LASACO Assurance*	2,419,637,570	0.70	1 st Sept.	29 th Sept.
Law Union & Rock	1,800,000,000	1.10	5 th Sept.	29 th Sept.

*Right Issue

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
University Press Plc	FY Mar. 2006	548.20	49.86	70.40	104.65
Incar Nigeria Plc	FY Dec. 2005	115.61	(32.78)	8.51	1,235.64
Blackwood Hodge (Nig)	FY Dec. 2005	723.17	65.92	2.44	101.93
C & I Leasing Plc	6Mth Jul. 2006	726.60	14.14	58.20	5.63
Eterna Oil & Gas Plc	6Mth Jun. 2006	813.49	89.29	17.32	161.61

Outlook and Analysis

Money Market

The level of liquidity in the money market is expected to persist in the week ahead. This scenario will consequently reduce interest rates charged in the inter bank money market. The Central Bank of Nigeria (CBN) is expected to float N10billion worth of 91-day and 182-day NTB each. Meanwhile, we expect that the CBN will continue with the offer of same day OMO to mop up the liquidity in the system. In the foreign exchange market we anticipate a relative stability in the value of naira as the CBN continues to meet all genuine demands.

Equities Market

The NSE All Share Index has gained 18.8% to its value between August 1 and September 8. A large proportion of this gain occurred in the last three weeks, as the stock market index gained by 25.78% between August 1 and 18, 2006. However, we note that despite some reversals of these gains, the overall performance of the market for the year remains positive, as the stock market has recorded a year-to-date growth of 37.51%. The current situation in the stock market has been mainly fuelled by the influx of funds from some PFAs, institutional investors and speculative activities by banks and stockbrokers. This

development has had a significant impact on the market, as we have witnessed huge trading activities in most highly capitalised stocks. We note that this trend may continue till the end of the year as there is so much money in the market chasing few stocks. We also note that the quarterly results of some of the blue chip companies have been impressive; these results will continue to help sustain the tempo already created in the market. We urge investors to seek investment opportunities that would be created in the market as soon as profit taking sets in. Meanwhile, we note that such profit taking activities may not be long-lived. We continue to recommend the following stocks which have good fundamentals and 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	20.00	11.09
8	Ashacem	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	200.00	17.19
13	UACN	25.00	12.90
14	Total	195.50	19.59
15	Glaxo Smithkline	12.00	10.90
16	Mobil	170.00	17.55
17	UPDC	11.50	15.00

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	6.29	(0.63)
S & P 500 Index (U.S.A.)	4.06	(0.92)
NASDAQ (U.S.A.)	(1.79)	(1.25)
Bovespa Index (Brazil)	9.27	(2.06)
Europe		
SMI (Switzerland)	7.69	(0.27)
FTSE 100 Index (UK)	4.64	(1.17)
CAC 40 Index (French)	7.60	(2.12)
DAX Index (Germany)	7.16	(1.38)
MSI Index (Spain)	13.79	(0.79)
Africa		
NSE All-Share Index (Nigeria)	37.51	2.42
JSE All-Share Index (S/A)	20.02	(2.22)
GSE All-Share Index (Ghana)	2.77	(0.25)
Cairo SE Gen (Egypt)	(7.62)	(2.18)
Asia/Pacific		
NIKKEI 225 Index (Japan)	(0.19)	(0.33)
BSE 30 Index (India)	26.82	1.19
Hang Seng Index (Hong Kong)	15.25	(1.60)

*CTSL NEGI – CTSL Nigerian Equity Growth Index

*CTSL NEMI – CTSL Nigerian Equity Market Index

*NIBOR – Nigerian Inter Bank Offered Rates

*Symbols for tables

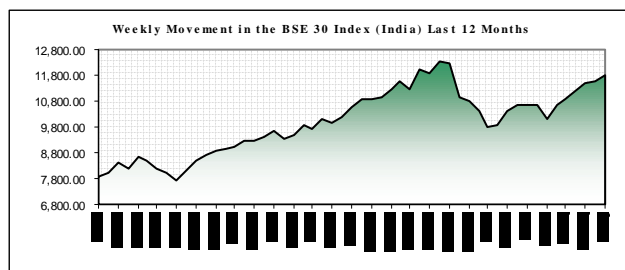
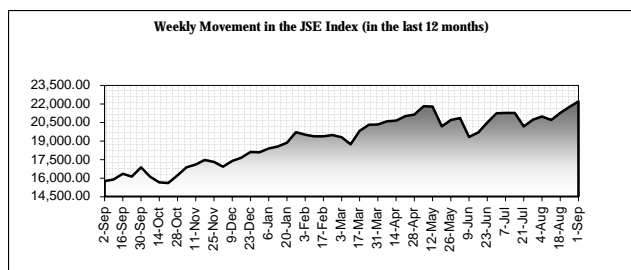
*I/F- Interim/Final, *C/D-Close Date

*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 August
- ✓ CGF Clients' Online Account Statements



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-bd.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.