

Review

Weekly News Wrap

Housing Policy Receives a Boost

The efforts of the Federal government to provide affordable houses for Nigerians in line with the National Housing Policy has received a major boost with the commencement of the construction of a 510-hectare Malaysian Garden in Abuja. The estate, which consists of 14,085 housing units is being financed by a Malaysian firm and is expected to be completed in the next four years. The investment is a demonstration of growing confidence of the foreign investors in the Nigerian economy and an endorsement of the ongoing reform agenda.

Ban on Cement Importation Effective December 2007

The Minister for Industry, Ambassador Fidelis Tapgun said the implementation of the policy on 100 per cent local production of cement will now take effect from December 2007. Tapgun noted that by the end of next year, Nigeria would be self-sufficient in the local production of cement such that there would be no more importation of the commodity. He said the shift in the date from January 1, 2006 to December 2007, was necessitated by the fact that many of the cement companies in the country had embarked on expansion programmes in their factories to increase their production capacities. He said the current local production capacity cannot meet the national demand. The President allows the importation of the difference required to satisfy domestic needs and give allocation to the cement companies according to their capacity in order to bridge the demand gap. This policy will eliminate freight cost and import duties, thus lowering cost and subsequently stimulate demand for cements.

CBN Employs Cash Swap

The Central Bank of Nigeria (CBN) has commenced cash swaps amounting to N35 billion with a number of banks in a bid to cage the perceived excess liquidity in the economy. The CBN said it is a monetary measure taken to synchronize the current liquidity in the economy within the level set by the apex bank. Cash swap in banking is similar to a forward transaction that requires the CBN to give foreign exchange to banks in exchange for naira, which would be re-exchanged at a later date when the apex bank feels that the economy can absorb more funds (naira).

Money Market

The money market experienced high liquidity last week, caused by the effect of the statutory allocation for the month of September. However rates in the market inched up marginally when compared with the previous week. 7-day **NIBOR** closed the week higher at 2.28% from 1.53% in the preceding week while 90-day **NIBOR** closed the week higher at 12.34% from 12.21% in the previous week. At the weekly primary market for government securities, 91-day Treasury Bills worth N10 billion was offered while N9.40 billion was subscribed and sold resulting to a subscription level of 94.04% while N7.34 billion was repaid into the system. At the 182-day T-bill auction, a total of N10 billion was on offer and sold, N10.86 billion was subscribed resulting in a subscription level of

October 09, 2006

Equity Market Indicators

As at Oct. 06, 2006	Value	NGN		USD	
		1 week % Change	1 year % Change	1 week % Change	1 year % Change
NSE All-Share Index	32,662.95	0.33	0.34	32.75	34.70
Coral Growth Fund	1,523.05	(0.22)	(0.21)	38.43	40.37
Market Cap. (₦'bn)	4,097.32	0.33	0.34	73.63	38.93
CTSL 40 NEMI	319.93	(0.89)	(0.88)	37.38	39.33
CTSL 20 NEGI	312.63	(1.74)	(1.73)	28.16	30.10
CTSL Banking Index	342.35	(0.82)	(0.81)	53.40	55.34
CTSL Ins. Index	203.10	(5.37)	(5.36)	(13.85)	(11.40)
CTSL Man. Index	292.35	0.73	0.74	38.65	40.59
CTSL Pet. Mktg Index	282.40	2.77	2.77	(11.40)	(9.46)
		Last week		Week before last	
Volume Traded (m)		1,255.40		794.94	
Value Traded (₦'m)		16,509.46		11,159.54	

Money Market Indicators

Interest Rates	As at Oct 06	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	2.2813	1.5313	6.6667
NIBOR 90 days (%)	12.3438	12.2188	10.5417

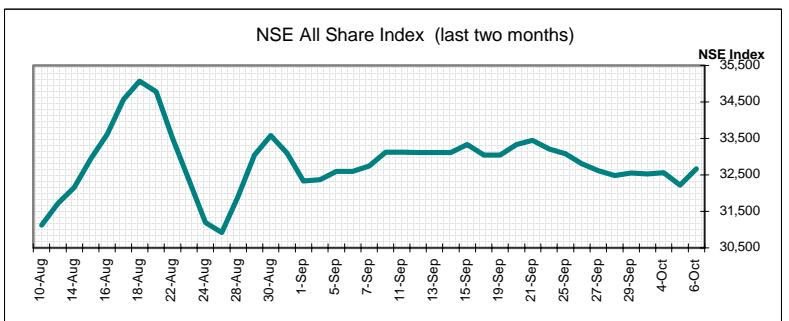
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	9.404	10.858
Total Allotment (₦'bn)	9.404	10.00
Stop Rate (%)	6.50	8.00

OMO	Oct 02	Oct 03	Oct 04	Oct 05	Oct 06
Tenor (days)	-	-	-	-	-
Total Bids (₦'bn)	-	-	-	-	-
Total Sales (₦'bn)	-	-	-	-	-
Stop Rate (%)	-	-	-	-	-

Exchange Rate (NGN/USD)

	As at October 06	1 week ago	12 months ago
Official	127.01	127.02	129.53
Banks	128.40	128.40	130.90
Parallel	131.40	131.00	138.50



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108.58% while N7.29 was repaid into the system. 364-day T-bills worth N25billion was offered, N24.45billion was sold while N26.65 was subscribed leading to a subscription level of 106.58%. Meanwhile, the stop rate for the sale of the 91-day Treasury Bills was reviewed upward by 2.00% from 4.50% to 6.50% while the 182-day Treasury bill was also reviewed upward by 1.35% from 6.65% to 8.00%. The 364-day T-bill auction was sold at 10%. There were no transactions at the Open Market Operations (OMO) last week. The market however witnessed a total out flow of N29.22billion. At the only one Wholesale Dutch Auction System (WDAS) conducted during the week, \$100million was offered while \$115.54million was sold. There was only one auction last week because of the public holiday on Monday in commemoration of the 46th Independence Anniversary of Nigeria. The value of naira vis-à-vis the US dollar appreciated by 1k to close the week at N127.01/US\$1 from N127.02/US\$1 in the official market. The value of naira remained stable at N128.40/US\$1 in the inter-bank market while it lost 40k in the parallel market to close the week at N131.40/US\$1 from N131.00/US\$1.

Equities Market

There was an improvement in the performance of the entire market last week over the preceding week. Both the **NSE All-Share Index** and the **Market Capitalization** appreciated by **0.33%** as against a decline of **1.98%** the two indicators recorded in the preceding week. The Petroleum Marketing sub-sector recorded the highest appreciation during the week. The **CTSL Petroleum Marketing** and **CTSL Manufacturing & Allied Indices** recorded appreciation while other CTSL Indices shed some of their values. Gains in the share prices of **Conoil** (Up 13.96% to N69.00), **Chevron Oil, formerly TEXACO** (Up 10.00% to N110.00), **African Petroleum** (Up 10.40% to N41.4), and **Total** (Up 3.23% to N192.00) led to an appreciation of **2.77%** in the **CTSL Petroleum Marketing Index** which closed the week at 282.40 points. The **CTSL Manufacturing Index** added 0.73% to its value to close the week at 292.35 points as a result of the gains recorded in the share prices of **Okomu Oil** (Up 14.61% to N32.55), **Unilever** (Up 9.52% to N16.56), **WAPCO** (Up 2.78% to N62.85), **Nigerian Breweries** (Up 0.57% to N41.99), **Ashakacem** (Up 1.94% to N52.50), **Julius Berger** (Up 4.55% to N46.00), **Flourmills** (Up 2.97% to N62.00), and **UACN Properties** (Up 2.14% to N14.30). The **CTSL Banking Index** lost 0.82% of its values to close the week at 342.35 point as a result of decline in the share prices of **United Bank for Africa** (Down 2.07% to N23.90), **Zenith Bank Plc** (Down 2.64% to N24.35), **First Bank** (Down 1.70% to N34.21), **Guaranty Trust Bank** (Down 0.05% to N18.49), **Union Bank** (Down 0.83% to N23.90), and **Oceanic Bank** (Down 0.39% to N12.80). The **CTSL Insurance Index** recorded the highest loss of 5.37% to the close the week at 203.10points on the heels of decline in the share prices of **Royal Exchange** (Down 15.02% to N2.15), **Cornerstone** (Down 5.50% to N1.03) and **Aiico** (Down 1758% to N1.36). The **CTSL CTSL 20-NEGI** and **CTSL 40-NEMI** lost **1.74%** and **0.89%** to close at 312.63 and 319.93 respectively. Other major gainers for the week were **May & Baker** (21.30% to N7.29), **Tripple Gee** (Up 20.31% to N1.20), **John Holt** (Up 20.00% to N1.20), **Poly Products** (Up 14.85% to N1.16) and **Wema Bank** (Up 11.99% to N2.99). Other major losers include **UTC Nig.** (Down 17.29% to N1.10), **Neimeth** (Down 13.83% to N3.80), **CAPPA & D'Alberto** (Down 12.77% to N8.33), **Morison Industries** (Down 9.80% to N0.92), and **Cutix** (Down 9.31% to N2.63). Meanwhile, the shares of **Access Bank** were placed on full suspension last week,

signifying that no trading would be allowed on the stock. This is as result of the capital restructuring exercise going on in the bank.

Top Gainers (% terms)	Price (₦) 06 - Oct	% chg	Top losers (% terms)	Price (₦) 06 - Oct	% chg
May & Baker	7.29	21.30	Aiico Insurance	1.36	17.58
Tripple Gee & Co.	1.54	20.31	UTC	1.10	17.29
John Holt	1.20	20.00	Royal Exchange Assu.	2.15	15.02
Poly Products	1.16	14.85	Neimeth	3.80	13.83
Okomu Oil	32.55	14.61	Cappa & D'alberto	8.33	12.77

Total market turnover (volume) increased last week by 58% when compared with the previous week as 1,255.40million shares worth N16,509million were traded in 26,704 deals as against 794.94million shares worth N11,159.54million traded in 33,193 deals in the preceding week. The banking sub-sector remained the most active during the week (in volume) as 1.14billion shares worth N13billion exchanged hands in 15,776 deals. Trading in the shares of **Afribank** accounted for 670.65million representing 58.72% of the sub-sector turnover. Losers (46) out-numbered gainers (37), while (120) stocks closed the week unchanged.

Comparison Between Coral Funds and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	36.12	(0.22)
2	IBTC Nig. Equity Fund	51.00	(0.22)
3	Discovery Fund	28.76	(0.55)
4	*Coral Ethical Fund	(9.16)	0.28
5	*Coral Income Fund	2.16	(0.40)

*The YTD growth has been annualized.

Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
UNIC Insurance	Final	0.11	-	09-Oct-06	06-Nov-06
Intercontinental	Interim	0.30	-	N/A	N/A

Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
Wapic Insurance	250,000,000	2.40	11 th Sept.	18 th Oct.
Intercontinental Bank	740,740,741	13.50	28 th Sept.	7 th Nov.
Intercontinental Bank*	1,531,940,918	13.50	28 th Sept.	7 th Nov.

*Right Issue

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
UNIC Insurance Plc	FY Dec. 2005	1,350.00	7.23	291.21	30.70
UNIC Insurance Plc	6Mth Jun. 2006	1,095.00	71.40	182.58	89.99
Intercontinental Bank	6Mth Aug 2006	33,931.00	149.1	6,338.00	91.02
Champion Breweries	6Mth Jun. 2006	485.16	(5.12)	(157.62)	-
Chevron Oil Nigeria	6Mth Jun. 2006	33,828.00	41.49	927.23	78.47
Nigerian Bottling Co.	6Mth Jun. 2006	30,395.00	8.20	506.00	(65.63)
Academy Press Plc	3Mth Jun. 2006	348.72	23.28	34.70	8.95

Outlook and Analysis

Money Market

The CBN is expected to float N10billion each of 91 and 182-day NTB while N10billion each of 91 day and 182-day NTB will mature. The liquidity in the market is expected to continue within the next two weeks. Meanwhile, we expect that the CBN will manage the liquidity with the sales of non-rediscountable bills. We equally note that the CBN now employs cash swap with banks in order to bring down the liquidity in the system. While the inter-bank rates may remain relatively stable, the CBN may further increase the discount rate on the NTBs to make it more attractive to investors and thus achieve its restrictive policy.

On the foreign exchange market, we expect that the parallel market rate of naira vis-a vis US dollar will appreciate as the CBN is determined to keep the premium between the rate in the market and the official rate within 3%. The intervention of the CBN through its special auction of foreign exchange will not allow the naira to depreciate at the official and inter-bank market. We however expect stability around the region of N126.50/US\$1 - N127/US\$1.

Equities Market

We expect that the ban on the importation of cement into Nigeria by the federal government, with effect from December 2007 will have a positive impact on the companies in the building material sub-sector of the market. This

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	10.57	1.47
S & P 500 Index (U.S.A.)	8.11	1.03
NASDAQ (U.S.A.)	4.29	1.84
Bovespa Index (Brazil)	13.40	4.09
Europe		
SMI (Switzerland)	12.36	1.13
FTSE 100 Index (UK)	6.81	0.68
CAC 40 Index (French)	12.02	0.61
DAX Index (Germany)	12.53	1.36
MSI Index (Spain)	23.86	1.70
Africa		
NSE All-Share Index (Nigeria)	35.61	0.33
JSE All-Share Index (S/A)	24.40	0.61
GSE All-Share Index (Ghana)	3.69	0.03
Cairo SE Gen (Egypt)	(1.26)	(1.30)
Asia/Pacific		
NIKKEI 225 Index (Japan)	2.01	1.91
BSE 30 Index (India)	31.65	(0.66)
Hang Seng Index (Hong Kong)	20.35	2.05

will translate to upward movement in the share price of companies in this sub-sector as investors will want to take positions in the companies ahead of the good days to come. We are expecting good cash and scrip dividends from **UBA** and **Oceanic** this quarter. In a similar development the interim dividend of **Total** and **Nestle** are due in October and November respectively. We expect that the current liquidity in the financial market will find its way to the equity market because of its higher returns compared with the money market instruments. The combination of these factors should translate to a bullish trend in the market in the weeks ahead. However, we reiterate that investors should review or formulate their investment strategies around a horizon of at least 12 months. The under listed stocks possess fundamentals for growth in the long term.

Recommended Stocks

	Securities	Target Price	PE Ratio
1	FBN	30.00	16.61
2	GTB	18.00	13.75
3	UBA	22.00	20.97
4	Zenith Bank	22.00	15.34
5	IBTC	6.00	15.93
6	Guinness	145.00	25.28
7	BCC	30.00	19.00
8	Ashakacem	50.00	16.62
9	WAPCO	50.00	19.65
10	Cadbury	52.00	22.96
11	Flour Mills	60.00	18.41
12	Nestle	215.00	19.26
13	UACN	25.00	12.90
14	Total	195.50	19.59
15	Glaxo Smithkline	13.00	11.81
16	Mobil	185.50	19.16
17	UPDC	12.00	15.66
18	CAP Plc	17.50	16.57
19	Chevron Oil	110.00	19.24

*CTSL NEGI – CTSL Nigerian Equity Growth Index

*CTSL NEMI – CTSL Nigerian Equity Market Index

*NIBOR – Nigerian Inter Bank Offered Rates

*Symbols for tables

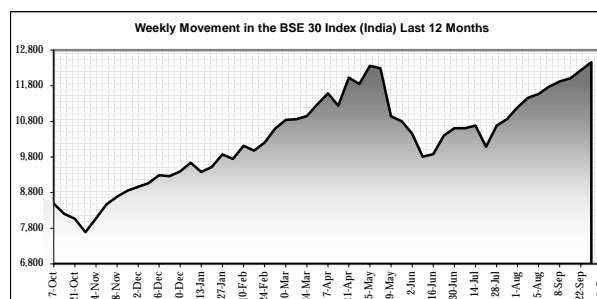
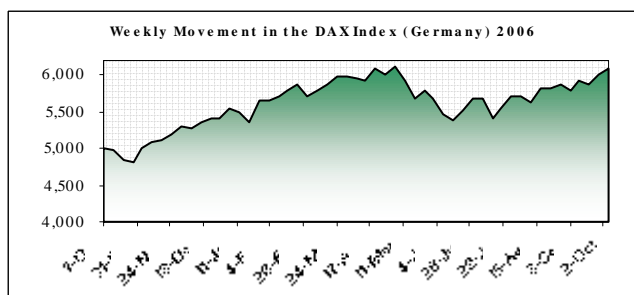
*I/F- Interim/Final, *C/D-Close Date

*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



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