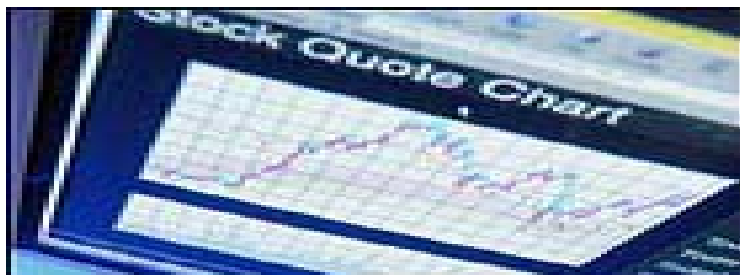


NIGERIAN MONEY & CAPITAL MARKETS

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Review Weekly News Wrap

FG Approves Development Plan for Ogoniland

The efforts of the Federal Government (FG) to address the lingering crisis in the Niger Delta area of Nigeria received a boost last weekend as the FG approved the master plan for the development of the Ogoniland. The Presidential facilitator to the Ogoni-Shell reconciliation process, Mr. Matthew Hassan Kukah disclosed this development. Kukah said the master plan was the outcome of the consultation with the Ogoni people in line with the FG's Niger-Delta Development plan to address environmental degradation, poverty, environmental pollution and unemployment of the Ogoni people with a view to bringing massive development to the area. He urged the Ogoni people to embrace the development plan which he said would bring about rapid development to the overall development of the Ogoniland.

MPC Reduces MPR to 8%

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met for the second time in 2007 to review the major macroeconomic developments and the implementation of fiscal, monetary and exchange rate policies in the first five months of 2007. According to the Communiqué available on the CBN's website, the MPC expressed satisfaction with the macroeconomic performance in the first 5 months and subsequently reduced the Monetary Policy Rate (MPR) by 200 basis points to 8% from 10%. It also reduced the width of the interest rate corridor from 300 basis points to 250 basis points, thereby putting the deposit facility rate to 5.5% while the lending facility rate would be 10.5% both down from 7% and 13% respectively. The committee noted that inflation rate stayed within the single digit target level in the first four months of the year to 4.2% as at April, 2007 and observed that its estimates show that inflation rate would remain single-digit at the end of the second quarter. There are however indications that inflation pressures still persist. MPC reaffirmed its commitment to sustain the liberalization of the foreign exchange market because of the achievements the policy has recorded. Looking at the foreign reserves, MPC indicated that the gross official reserves stood at US\$43.48bn as at the end of May, 2007, which it said could finance 25 months of import. It however identified the crisis in the Niger-Delta as a major hindrance to growing the country's reserves. We note that FSDH Research had earlier reported in "FSDH Economic and Financial Market Review for First Quarter 2007 and Outlook for second Quarter" the need for CBN to reduce the MPR to 8% and the deposit facility rate to 5.5%.

Equity Market Indicators

	Value	NGN	USD	NGN	USD
		1 week % Δ	1 week % Δ	1 Year % Δ	1 Year % Δ
NSE ASI	51,342.5	1.12	1.12	106.14	106.90
Mkt Cap (Nb)	7,591.89	1.12	1.12	169.05	169.80
FSDH 20	543.77	2.26	2.26	116.15	116.91
FSDH 40	485.72	0.65	0.65	97.66	98.42
FSDH Bank	710.11	3.68	3.68	175.47	176.23
FSDH Ethical	122.21	(3.1)	(3.1)	N/A	N/A
FSDH Ins.	583.82	5.29	5.29	124.74	125.49
FSDH Mfg.	312.18	(2.7)	(2.7)	46.08	46.83
FSDH Pet.	307.93	(5.7)	(5.7)	6.23	6.99
Mkt					

Last Week 1 week % Δ

Volume Traded (m)	4,400.38	49.61
Value Traded (₦m)	54,209.29	4.84
Deals	64,069	41.81

Coral Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	29.58	0.69
Coral Ethical Fund	26.05	(2.73)
Coral Income Fund	11.26	0.52

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	8.0000	10.0000	13.0000
NIBOR 7 days	6.2750	10.2500	10.6875
NIBOR 30 days	9.9167	12.9583	13.5000
NIBOR 90 days	10.8750	13.0000	13.3688

Key Economic Indicators

	%
Inflation Rate (YoY) Apr.	4.20
Inflation Rate (12 mths Ave.) Apr.	6.50
Foreign Reserves (US\$b) May	43.48
GDP Growth Rate (2006).	5.63

FSDH Weekly Nigerian Money and Capital Market Report

CBN Treasury Bill Auction Results

Tenor	91-day	182-day	364-day
Offer(₦'b)	10.00	10.00	15.00
Subscription(₦'b)	26.46	42.29	138.69
Allotment(₦'b)	10.00	10.00	15.00
Stop Rate	7.00	7.25	7.79

OMO	June 04	June 05	June 06	June 07	June 08
Tenor(days)	-	-	-	-	-
Bids(₦'b)	-	-	-	-	-
Sales(₦'b)	-	-	-	-	-
Stop Rate (%)	-	-	-	-	-

Exchange Rate (NGN/USD)

	Last Week	1 Wk Ago	12 Mths Ago
Official	126.23	126.23	127.19
Banks	127.50	127.55	128.50
Parallel	129.80	129.90	143.00

Top Gainers & Losers % Terms

Gainers	08-Jun(₦)	% Δ	Losers	08-Jun(₦)	% Δ
Mutual Benefit	4.86	27.56	NAHCO	29.00	21.58
Diamond Bank	16.54	27.43	Okomu Oil	35.00	18.60
Unity Bank	8.61	27.37	NASCON	23.47	17.65
Linkage Insurance	4.46	27.07	Footwear	0.57	13.64
Poly Products	3.81	27.00	Presco	9.95	12.72

5 Most Actively Traded Stocks

S/N	Company	Deals	Volume (m)	Value (N'm)
1	LASACO	2,088	553.85	1,702.73
2	First Inland	1,217	449.00	4,127.17
3	Wema Bank	3,510	337.40	3,072.27
4	N.E.M Ins.	664	308.63	1,778.51
5	Mutual Benefits	2,107	300.74	1,329.67

FSDH Research

Money Market

The money market remained liquid last week, as a result of statutory allocation which seeped into the system in the penultimate week. Outflow of funds to the government securities and foreign exchange auction did not have a significant impact on the level of liquidity in the financial system. Hence interest rates charged in the inter-bank market declined.

7-day NIBOR closed at 6.27% from 10.25% in the previous week while 90-day NIBOR closed the week at 10.87% from 13.00% over the same period. A net sum of N36.15 billion was injected into the financial system via the primary and secondary segments of the government securities market as the apex bank sold securities worth N35 billion while maturing bills worth N71.15 billion was repaid.

A breakdown of activities at the primary segment of the market depicts that the 91-day Treasury bill auction recorded an over subscription of 264.6% as the apex bank offered N10 billion while participants demanded N26.46billion. The apex bank sold all that was on offer but reviewed the stop rate to 7.00% from 7.10% recorded at the previous auction due to the over subscription.

The 182-day Treasury bill auction was also oversubscribed as participants submitted bids for securities worth N42.29 billion while N15.00 billion was on offer. This translates to 422.9% subscription and the stop rate was revised downward to 7.25% from 7.60% witnessed at the previous auction owing to the over subscription.

The monthly sale of 364-day Treasury bill was held during the week with the apex bank offering N15billion. The offer was grossly over subscribed as bids for N138.7billion were received resulting in 924.66% subscription level. At 7.79% strike rate, the apex bank accommodated only N15billion, the amount that it offered. This represents a downward review of the stop rate from 8.50% recorded at the auction held in the previous month.

The secondary segment of the market was relatively quiet as the CBN only repaid matured bills worth N36.15 billion.

Equities Market

The stock market slowly but steadily ended on a positive note for the fourth consecutive week. The **NSE All Share Index** recorded an appreciation of 1.12% to close the week at 51,342.49 points. The appreciation witnessed in the index brings the year to date return to 54.70% at the end of the week.

The banking and insurance sub sector accounted for a significant proportion of the rise in the index. Both the **FSDH 20 NEGI** and **FSDH 40 NEVI** behaved in a manner similar to the NSE All Share index as the **FSDH 20 NEGI** added 2.26% to its value to close the week at 543.77 points while **FSDH 40 NEVI** gained 0.65% closing the week at 485.72 points. **The FSDH Ethical Index** closed the week down 3.10% recording 122.21 points to end the week.

Looking at the FSDH sub sector indices, the **FSDH Insurance Index** recorded the most outstanding performance during the week having gained 5.29% to its value to close the week at 583.82 points. Gains recorded in the share prices of **Mutual Benefits** (Up 27.56% to N4.86), **AIICO** (Up 11.92% to N4.60), **Linkage** (Up 27.07% to N4.46), **Great Nigeria** (Up 20.86% to N4.52), **Cornerstone** (Up 3.98% to N4.18), **LASACO** (Up 19.73% to N3.52), **Niger Insurance** (Up 16.92% to N5.46) and **WAPIC** (Up 2.53% to N8.50) accounted for the growth in the value of the index.

The share prices of **Diamond Bank** (Up 27.43% to N16.54) witnessed a surge in demand for its shares as investors sought to take position in the company following the lifting of the technical suspension on its share price occasioned by the recent funding from Actis. **Oceanic Bank** (Up 20.41% to N28.55), **Zenith Bank** (Up

FSDH Weekly Nigerian Money and Capital Market Report

6.46% to N59.85), **UBA** (Up 1.84% to N47.00) and **GT Bank** (Up 1.03% to N32.28) accounted for the 3.68% gain recorded in the **FSDH Banking Index**.

Movement in various directions in the share prices of stocks in the **Manufacturing Index** resulted in a loss of 2.73% in the index. The share prices of **Nigerian Breweries** (Down 1.98% to N39.01), **Ashakacem** (Down 1.14% to N77.99), **Flour Mills** (Down 1.84% to N80.10), **BCC** (Down 2.00% to N58.80), **WAPCO** (Down 1.51% to N67.95), **PZ** (Down 3.09% to N26.02), **7Up** (Down 2.35% to N49.01) and **UPDC** (Down 5.50% to N28.35) accounted for the decline in the index.

On the other hand, after a week of posting an outstanding performance the **FSDH Petroleum Marketing Index** reserved most of the gains recorded as it lost 5.74% of its value to close the week at 307.93 points. All the stocks in the index which includes **Total** (Down 5.88% to N160.00), **Mobil** (Down 4.76% to N170.00), **AP** (Down 2.53% to N77.00), **Conoil** (Up 8.73% to N69.00), **Oando** (Down 9.12% to N76.35) and **Chevron Oil** (Down 4.79% to N160.00) recorded negative price movement and accounted for the losses in the petroleum marketing index.

Major gainers for the week are **Mutual Benefits** (Up 27.56% to N4.86), **Diamond Bank** (Up 27.43% to N16.54), **Unity Bank** (Up 27.37% to N8.61), **Linkage Insurance** (Up 27.07% to N4.46) and **Poly Products** (Up 27.00% to N3.81) while other major losers for the week are **NAHCO** (Down 21.58% to N29.00), **Okomu Oil** (Down 18.60% to N35.00), **NASCON** (Down 17.65% to N23.47), **Footwear and Accessories** (Down 13.64% to N0.57).

Overall **Seventy (70)** stocks recorded gains in their share prices; **Forty-nine (49)** stocks recorded losses while **Eighty-four (84)** stocks closed the week unchanged.

Sector Reclassification:

Afprint Nigeria Plc was reclassified from Textiles sub-sector to Agriculture and Agro-Allied sub-sector following the cessation of its textile operations since June 30, 2006.

Over-the-Counter Market for FGN Bonds

A turnover of 30.01million units worth N31.63billion in 171 deals was recorded this week, in contrast to a total of 29.7million units valued at N31.5billion exchanged in 182 deals during the week ended May 31, 2007. The most active bond (measured by turnover volume) was the FGN Bond 2011 Contractors Debt with a traded volume of 6.84million units valued at N7.14billion in 8 deals.

Outlook and Analysis

Money Market

Money market is expected to remain liquid next week. The CBN is expected to float N50billion OMO bills to mop up the excess liquidity from the

system coupled with the traditional N10billion each of 91-day and 182-day T-bills. We anticipate maturities amounting to N65.73billion to hit the system from both the primary and secondary segments of the market.

The CBN's decision to increase the issuances of primary market instruments to mop up about N100billion may increase the activity levels in the market.

The decision to include inter-bank placements to form part of the deposits for calculating bank's liquidity ratio will also increase trading in the inter-bank market.

The MPC has reaffirmed its commitment to sustain the liberalization of the foreign exchange market; hence we expect continued stability in the value of naira.

Equities Market

We reiterate that there would be some profit taking in the equities market within the next two weeks as most stock prices have become very attractive as a result of the bullish trend witnessed in the stock market. In addition, we expect the funding of the ongoing **First Bank** Hybrid Offers to slow down activities in the secondary segment of the market.

However, the expectation of the full year results and benefits to the shareholders of banks like **Union Bank, First Bank, Fidelity Bank, Diamond Bank** and **First City Monument Bank** should have a positive significant impact on the market.

We equally note that some opportunities still abound in the insurance sub-sector as a number of the stocks are still trading at a lower price relative to their earnings growth. 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	Intercontinental Bank	26.99	18.70	32.00
3	Guinness	126.05	20.34	145.00
4	WAPCO	67.95	17.96	90.00
5	Berger Paint	7.98	19.33	9.22
6	UACN	35.00	15.58	42.00
7	PZ	26.02	19.75	32.00
8	Julius Berger	63.71	17.22	75.00
9	Flour Mills	80.10	19.23	93.00
10	Evans Medical	8.19	20.48	10.50
11	Crusader	5.99	55.14	7.00
12	Mutual Benefit	4.86	14.69	6.00
13	Law Union & Rock	4.30	14.45	5.50
14	WAPIC	8.50	17.11	10.00
15	C & I Leasing	4.23	18.92	5.12
16	Conoil	69.00	15.64	98.00
17	Oando	76.35	13.54	106.00

Company Dividend and Bonus Announcements

Company	I/F *	DPS(N)	Bonus	Closure Date	Payment Date
C & Leasing Julius Berger	I F	0.05	-	-	-
	F	0.90	-	02-Aug-07	16-Aug-07

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

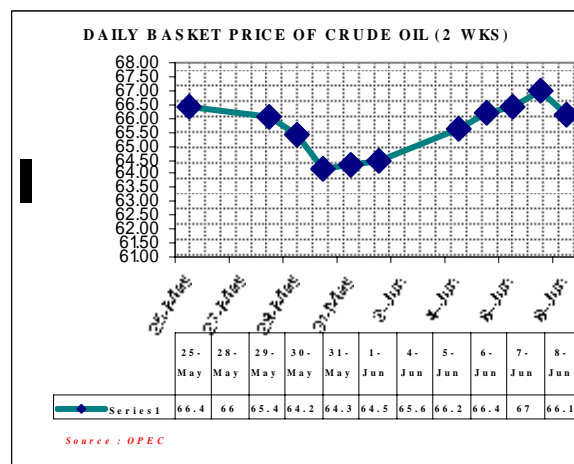
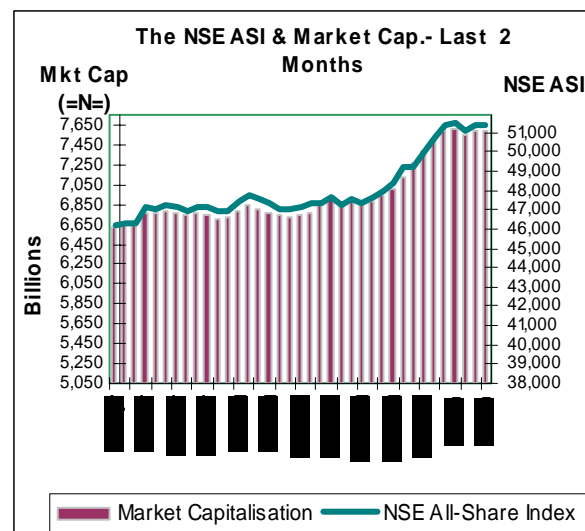
*Rights Issue

Company Interim and Full Year Results

Company	Period Ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
C & Leasing Julius Berger	FY Jan. 07	1,613	19.93	134.12	35.05
	FY Dec. 06	56,800	42.71	1,110	76.47
Tourist Co. Mobil	6Mths Jun. 06	501.09	7.25	(187.9)	3.94
	3 Mth Mar. 07	14,577	14.79	498	5.06
UPDC	3 Mth Mar. 07	1,075	(56)	204.64	19.17
Dunlop	3 Mth Mar. 07	1,766	17.26	(337.7)	(533)
REAN	3 Mth Mar. 07	772.84	21.29	47.56	397.2

Some Selected Foreign Stock Market Indices

	YTD Change	%	Weekly % Change
North/Latin America			
DJIA (U.S.A.)	7.71		(1.78)
S & P 500 Index (U.S.A.)	6.30		(1.87)
NASDAQ (U.S.A.)	6.55		(1.54)
Bovespa Index (Brazil)	15.31		(2.05)
Europe			
SMI (Switzerland)	4.15		(4.99)
FTSE 100 Index (UK)	4.57		(2.57)
CAC 40 Index (French)	6.16		(4.62)
DAX Index (Germany)	15.06		(4.97)
MSI Index (Spain)	5.08		(4.15)
Africa			
NSE All-Share Index (Nigeria)	54.70		1.12
JSE All-Share Index (S/A)	12.74		(2.67)
GSE All-Share Index (Ghana)	4.40		0.01
Cairo SE Gen (Egypt)	14.99		(0.24)
Asia/Pacific			
NIKKEI 225 Index (Japan)	3.21		(1.00)
BSE 30 Index (India)	2.01		(3.48)
Hang Seng Index (Hong Kong)	2.73		1.02



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