

Review

Weekly News Wrap

Due to rising oil price in the international market, the Petroleum Products Price Regulatory Agency (PPPRA) has requested for an additional N100billion for the Petroleum Support Fund (PSF). The fund is a federal government facility set up to cushion the impact of high crude oil prices at the international market on domestic prices of petroleum products. This will ensure that the volatility in the international crude and product prices are not translated to wild swings of prices at the pump. The PSF had an initial budget of N150billion from the 2006 federal budget, if the additional fund is approved the value of the fund will increase to N250billion. It would be recalled that crude oil had climbed to \$80 per barrel in August in the wake of the crisis in the Middle East and the Niger Delta as well as the Iranian nuclear weapons impasse with the United Nations. The Executive Secretary, PPPRA made it known that oil marketers would be the ultimate beneficiaries if international crude oil prices rise beyond \$55 per barrel, as the difference would be recouped from the fund. In addition, he stated that the additional fund is only an estimate, because if the price of oil continues on the high rise as it has been for the greater part of the year, the PSF may require even more funding. Meanwhile, the Chairman PPPRA while defining the modalities for the disbursement of the PSF, noted that the import parity principle of deregulation would be upheld in the pricing of products so that the spirit of deregulation would not be expunged in the scheme of things.

Money Markets

The inter bank market experienced liquidity swings last week as a result of CBN's special intervention in the foreign exchange market. Specifically, 7-day NIBOR closed the week at 6.69% up from 3.50% at the end of the previous week. On a similar note, 90-day NIBOR moved from 12.09% at the end of the previous week to 12.69%. The relative stability was as a result of the low net outflow of funds via the government securities market, as the net sale of bills by the CBN was N126million. At the 91-Treasury bill auction held during the week the CBN offered and sold bills worth N10billion while participants demanded N14.68billion. This represents a subscription level of 147%. Meanwhile maturing bills worth N8.82billion was repaid, resulting in net sale of N1.18 billion. The stop rate applied for the sale of the 91-day Treasury Bills was revised downwards to 5.30%. At the 182-day T-Bill auction, the CBN offered and sold N10billion, while participants

September 18, 2006

Equity Market Indicators

As at Sept. 15, 2006	Value	NGN		USD	
		1 week % Change	1 year % Change	1 week % Change	1 year % Change
NSE All-Share Index	33,334.36	0.64	0.64	38.93	40.85
Coral Growth Fund	1,537.49	(0.80)	(0.80)	44.02	45.94
Market Cap. (₦'b)	4,173.07	7.75	7.75	83.82	85.74
CTSL 40 NEMI	330.37	(0.34)	(0.34)	47.21	49.13
CTSL 20 NEGI	330.45	(1.82)	(1.82)	39.75	41.66
CTSL Banking Index	354.98	(0.53)	(0.53)	61.30	63.22
CTSL Ins. Index	232.65	(0.22)	(0.22)	3.45	5.37
CTSL Man. Index	293.6	0.12	0.12	47.52	49.43
CTSL Pet. Mktg Index	294.19	(2.68)	(2.68)	(5.50)	(3.58)
		Last week		Week before last	
Volume Traded (m)		845.94		758.46	
Value Traded (₦'m)		11,055.72		11,541.71	

Money Market Indicators

Interest Rates	As at Sep 15	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	6.6875	3.5000	13.2500
NIBOR 90 days (%)	12.6875	12.0938	12.8750

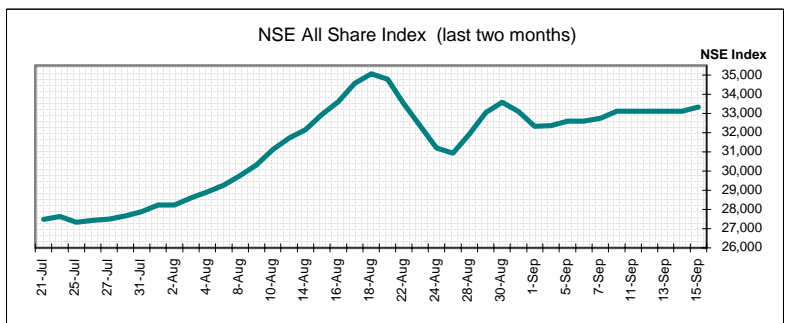
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	14.68	30.639
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	5.30	7.00

OMO	Sep 11	Sep 12	Sep 13	Sep 14	Sep 15
Tenor (days)	182	-	182	-	91
Total Bids (₦'bn)	5.50	-	13.05	-	2.00
Total Sales (₦'bn)	5.50	-	13.05	-	-
Stop Rate (%)	7.70	-	7.50	-	-

Exchange Rate (NGN/USD)

	As at September 15	1 week ago	12 months ago
Official	127.02	127.02	129.50
Banks	128.40	128.40	131.60
Parallel	131.10	131.60	139.80



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demand for N30.64billion. Thus, representing a subscription level of 306%. The oversubscription witnessed at auction led to the drop in rate. The stop rate applied for the sale of the 182-day Treasury Bills was revised downwards to 7.00% from 7.50% in the previous week. At the secondary segment of the government securities market, a total of N18.55billion worth of 182-day non-rediscountable bill was offered and sold while N9.6billion was repaid into the system. The sale by the CBN at the non-rediscountable auction represents an increase of 125.7% compared with the N14.75 billion sales in the previous week. The CBN in a surprise move last week offered additional \$200million on Thursday at a special foreign exchange auction. Out of which \$172million was sold at the special auction conducted. Meanwhile, the apex bank offered \$80million each at the bi-weekly auction held on Monday and Wednesday. A total of \$196.52million was sold at both auctions. The sales represents a 31.33% drop compared with the sale in the previous week. The values of the naira remained stable at both the official and inter bank foreign exchange segments to close at N127.02/US\$1 and N128.40/US\$1 respectively. While the naira gained 50 kobo in the parallel market to close the week at N131.10/US\$1.

Equities Market

The **NSE All-Share Index** went up slightly by 0.64% to close at 33,334.36. However, the **CTSL 40 NEMI** lost 0.34% and the **CTSL 20 NEGI** lost 1.82% to close at 330.37 and 330.45 respectively. All the CTSL stock market indices dipped except the **CTSL Manufacturing & Allied Index**, which gained 0.12% to close at 293.60. The gains recorded in the value of the Index was on the strength of the gains recorded by **Flour Mills** (Up 20.15% to N65.12), **P.Z Industries** (Up 8.33% to N26.00), **7Up Bottling** (Up 7.22% to N52.00), **Beta Glass** (Up 6.35% to N5.86), **Julius Berger** (Up 25.77% to N49.05) and **Berger Paints** (Up 21.95% to N4.00). On the flip side, the petroleum marketing and finance sub sector recorded losses. **CTSL Petroleum Marketing Index** lost 2.68% as **Texaco** (Down 6.42% to N102.00), **Mobil** (Down 5.18% to N183.00), **Conoil** (Down 7.33% to N69.50), **Total** (Down 0.37% to N204.24) and **AP** (Down 0.78% to N39.69) recorded losses in their share values. The losses recorded in the share prices of **First Bank** (Down 2.51% to N39.97), **Guaranty Trust Bank** (Down 4.88% to N17.55), **Union Bank** (Down 5.71% to N26.60) and **Wema Bank** (Down 4.05% to N3.32) accounted for the loss in the **CTSL Banking Index**. The **CTSL Insurance Index** lost marginally by 0.22% despite gains recorded in the share prices of **Comerstone**, **Niger Insurance** and **Prestige**. The share price of **REAN** (Down 9.22% to N2.66) accounted for the drag in the value of the Index. Meanwhile other major losers for the week include: **UNIC Insurance** (Down 21.12% to N1.27), **Eterna Oil & Gas** (Down 16.00% to N2.52), **Ecobank Nigeria** (Down 14.01% to N6.32), **UNTL** (Down 12.90% to N1.08)

Platinumhabib Bank (Down 11.46% to N2.55). Other major gainers for the week were: **Benue Cement Co.** (Up 27.54% to N32.14), **Incar Nigeria** (Up 20.88% to N5.21), **University Press** (Up 20.28% to N2.61), **UTC Nigeria** (Up 20.00% to N0.96) and **Avon Crowncaps & Container** (Up 19.44% to N1.29).

Top Gainers (% terms)	Price (₦) 15- Sep	% chg	Top losers (% terms)	Price (₦) 15- Sep	% chg
Benue Cement Co.	32.14	27.54	UNIC Insurance	1.27	21.12
Julius Berger	49.05	25.77	Eterna Oil & Gas	2.52	16.00
Berger Paints	4.00	21.95	UNTL	6.32	14.01
Incar Nig.	5.21	20.88	PlatinumHabin Bank	1.08	12.90
University Press	2.61	20.28	John Holt	2.55	11.46

The market turnover dropped marginally by 4.21% as investors exchanged 845.84million shares worth N11.06 billion in contrast to 758.46million shares worth N11.54billion traded in the previous week. Meanwhile, 47 stocks recorded appreciation in their prices while a decline was recorded in the share prices of 38 companies. Bulk trades in the share of **Wema Bank Plc**, **Access Bank Plc** and **United Bank for Africa Plc** accounted for 331.92million shares representing 49% of the volume traded in the Banking sub sector, which was the most active sector during the week.

Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	37.40	(0.08)
2	IBTC Nig. Equity Fund	52.88	0.87
3	*Discovery Fund	26.13	(1.35)

*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.
Crusader Insurance	1,665,119,816	1.35	11 th Sept.	29 th Sept.
ADC Plc	1,200,000,000	1.00	13 th Sept.	29 th Sept.

*Right Issue

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
Union Homes Savings	FY Mar. 2006	9,596.00	(4.25)	116.71	(66.77)
Crusader Insurance	6Mth Jun. 2006	328.97	17.97	144.31	95.57
Niger Insurance	6Mth Jun. 2006	1,082.00	8.69	150.33	5.23
Presco	6Mth Jun. 2006	1,401.00	9.80	299.42	(10.47)
Berger Paints	6Mth Jun. 2006	1,004.00	3.47	41.41	150.94
Flour Mills Nig.	3Mth Jun. 2006	19,475.00	28.37	1,035.00	80.17

Outlook and Analysis

Money Market

Interest rates may inch higher this week as NNPC's debit is expected to hit the system. This withdrawal of funds from the financial system may put some upward pressure on interest rates. Meanwhile, we note that FAAC meeting is expected to commence by the end of the week. As a result, market may experience liquidity swings. The Central Bank of Nigeria (CBN) is expected to float N10billion worth of 91-day and 182-day NTB each. The CBN has consistently reviewed downwards the treasury bill rate for the past two consecutive weeks. As for the foreign exchange market, it remains to be seen whether the CBN would continue its aggressive policy to mop up funds and increase the supply of naira to the official foreign exchange market. But whatever be the case, our outlook for the exchange rate remains the same; the CBN would continue to meet all genuine demands for the naira.

Equities Market

While we expect the bull run to continue, it is important to note that the lull created in the market last week has almost fizzled out. We believe that the effect of the liquidity bubble currently being witnessed in the financial system, inflow of foreign portfolio investors, increased

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	7.87	1.48
S & P 500 Index (U.S.A.)	5.73	1.61
NASDAQ (U.S.A.)	1.37	3.22
Bovespa Index (Brazil)	8.11	(1.06)
Europe		
SMI (Switzerland)	8.51	0.76
FTSE 100 Index (UK)	4.60	(0.04)
CAC 40 Index (French)	9.11	1.41
DAX Index (Germany)	9.79	2.46
MSI Index (Spain)	15.50	1.50
Africa		
NSE All-Share Index (Nigeria)	38.40	0.64
JSE All-Share Index (S/A)	18.15	(1.56)
GSE All-Share Index (Ghana)	2.99	0.21
Cairo SE Gen (Egypt)	(5.27)	2.54
Asia/Pacific		
NIKKEI 225 Index (Japan)	(1.52)	(1.33)
BSE 30 Index (India)	27.79	0.76
Hang Seng Index (Hong Kong)	15.87	0.54

activities of fund managers, the release of accumulated pension funds by the CBN would further help to strengthen the on-going bullish trend. These are pointers to the fact that trading activities will remain high and subsequently increase the momentum for speculative activities recorded in the market. It is note worthy that some of the blue chip companies have announced strong and impressive earnings. We expect the market to place a high valuation on the share price of **Guinness Nigeria Plc** in anticipation of the announcement of its full year result and rumored benefit declaration. Meanwhile, the under listed stocks possess fundamentals for growth in the long term.

Recommended Stocks

	Securities	Target Price	PE Ratio
1	FBN	35.00	19.37
2	GTB	17.00	15.21
3	UBA	18.50	17.64
4	Zenith Bank	22.00	17.74
5	IBTC	5.00	13.27
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	21.12
11	Flour Mills	60.00	18.41
12	Nestle	205.00	18.36
13	UACN	25.00	12.90
14	Total	195.50	19.59
15	Glaxo Smithkline	13.00	11.81
16	Mobil	175.00	18.07
17	UPDC	12.00	15.66

*CTSL NEGI – CTSL Nigerian Equity Growth Index

*CTSL NEMI – CTSL Nigerian Equity Market Index

*NIBOR – Nigerian Inter Bank Offered Rates

*Symbols for tables

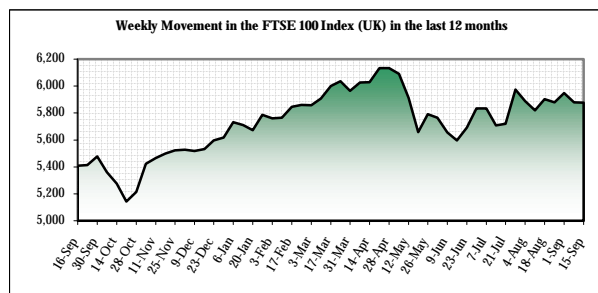
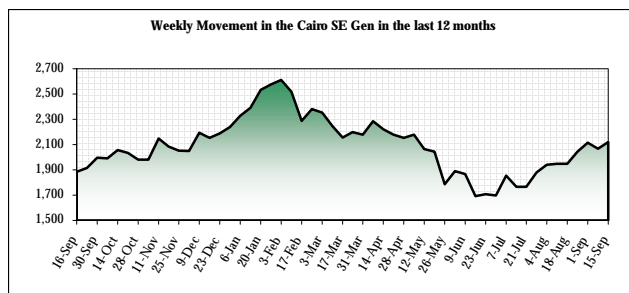
*I/F- Interim/Final, *C/D-Closure Date

*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 Odunsi Street, P.M.B. 12913 Lagos. (Website) www.fsdh-ctsl.com, www.counters-trust.com (Email) research@counters-trust.com (Tel) 234-1- 2640160-9 (Fax) 234-1-2640173-4

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