

FSDH

First Securities Discount House Limited

CTSL

Counters Trust Securities Limited

NIGERIAN MONEY & CAPITAL MARKETS



Monday, October 16, 2006

Equity Market indicators

	Value	NGN	USD	NGN	USD
		1 week % Δ		1 week % Δ	
NSE ASI	33,505.4	2.58	0.34	34.62	36.58
Mkt Cap	4,203.01	2.58	2.58	74.74	76.71
CTSL 20	325.09	3.99	3.99	30.16	32.12
CTSL 40	329.34	2.94	2.94	38.24	40.20
CTSL Bnk.	361.23	5.51	5.51	61.47	63.43
CTSL Ins.	215.21	5.96	5.96	(9.90)	(7.94)
CTSL Mfg.	292.44	0.03	0.03	33.03	34.99
CTSL Pet.	289.85	2.64	2.64	(10.3)	(8.34)
Mkt					

	Last Week	1 week % Δ
Volume Traded (m)	766.08	(46.08)
Value Traded (₦mn)	13,320	(27.90)
Deals	33,418	0.77

Coral Funds and Selected Mutual Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	40.53	3.26
IBTC Nig. Equity Fund	58.56	5.05
Discovery Fund	30.70	1.55
Coral Ethical Fund*	55.10	4.78
Coral Income Fund*	9.32	0.59

*The YTD growth has been annualised

Money Market indicators

Interest Rates %	Last Week	1 Wk Ago	12 Mths Ago
MRR	14.00	14.00	14.00
NIBOR 7 days	3.0625	2.2875	12.8333
NIBOR 90 days	11.9688	12.3438	13.6667

Review

Weekly News Wrap

OPEC Considering Further Actions to Balance Market

Uncertainties about global economic prospects, slowing demand growth, rebounding non-OPEC supply and high stock levels have triggered a strong bearish sentiment in the market, according to the OPEC Monthly Oil Market Report for October. This has led to some concern that the downward momentum might persist, causing prices to overshoot and fall below levels justified by fundamentals. This would pose a challenge to the market as "past experience has shown that it is in the long-term interest of both producers and consumers to maintain prices at levels that both support healthy economic growth as well as encourage much-needed investment to ensure sufficient capacity to meet future demand, particularly in an industry with long lead-times, high financial risks and in an environment of rising costs," the report said. The daily basket price went as low as US\$54.10/b on 04 October 2006. President Olusegun Obasanjo has used a benchmark of US\$40/b in preparing the budget 2007 proposal. In the meantime, OPEC has called for a consultative meeting to take place in Doha, Qatar on 19 October to review and consider further action needed to balance the market

FG Sets to Appoint Legal Advisers for London Club Exit

As a demonstration of its commitment to setting Nigeria free from its crippling debt trap, the Federal Government is set to appoint legal experts to serve as advisers for the final exit from the London Club debt. Preparatory to the appointment of the legal experts, a government delegation led by the Finance Minister, Mrs. Nenadi E. Usman, was in London recently to interview some international law firms. Following a successful exit from the Paris Club debt, the Federal Government is finalizing plans for a similar exit from the London Club debt estimated to be about \$2.4 billion. Meanwhile, the FG has proposed N326billion for debt servicing in the 2007 budget presented to the National Assembly last week.

Key Economic Indicators

Key Economic Indicators	%
Inflation Rate (YoY) Aug.	3.70
Inflation Rate (12 months Ave.) Aug	11.40
Foreign Reserves (US\$bn) July	38.00
GDP Growth Rate June	7.50

CBN Treasury Bill Auction Results

Tenor	91-day	182-day	364-day
Offer(₦bn)	10.00	10.00	25.00
Subscription(₦bn)	15.063	18.786	26.646
Allotment(₦bn)	10.00	10.00	24.446
Stop Rate	6.48	8.00	10.00

OMO	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13
Tenor(days)	-	-	-	91	91
Bids(₦bn)	-	-	-	1.00	3.00
Sales(₦bn)	-	-	-	1.00	3.00
Stop Rate	-	-	-	6.50	6.50

Exchange Rate (NGN/USD)

	Last Week	1 Wk Ago	12 Mths Ago
Official	127.01	127.01	129.55
Banks	128.30	128.40	131.10
Parallel	131.30	131.40	138.20

Top Gainers & Losers % Terms

Gainers	13-Oct(₦)	% Δ	Losers	13-Oct(₦)	% Δ
Chevron	140.37	27.61	7Up	44.89	35.98
May&Baker	9.29	27.43	UTC	0.92	16.36
CCNN	17.77	27.38	Neimeth	3.25	14.47
Sterling Bank	7.46	26.87	DN Meyer	3.05	9.23
Union Dicon	6.17	26.43	UNTL	1.20	9.09

5 Most Actively Traded Stocks

S/n	Company	Deals	Volume (m)	Value (N'mn)
1	Afribank	792	143.21	1,648.41
2	UBA	2,362	63.22	1,589.66
3	IBTC Chartered	1,200	34.72	240.43
4	FBN	4,427	34.51	1,338.39
5	Wema Bank	656	33.56	100.31

Money Market

The release of N195billion excess crude oil into the financial system last week enhanced the level of liquidity. However, **7-day NIBOR** witnessed a marginal increase from 2.28% in the previous week to 3.06% to close the week, while **90-day NIBOR** closed marginally lower at 11.97% from 12.34% in the previous week. At the weekly primary market auction for government securities, N10billion worth of **91-day Treasury Bills** was offered and sold, N15.063billion was subscribed resulting to a subscription level of 150.63% while N9.40billion was repaid into the system. At the **182-day T-bill** auction, a total of N10billion was on offer and sold, N18.79billion was subscribed resulting to a subscription level of 187.86% while N10billion was repaid into the system. The stop rate for the **91-day Treasury Bill** dropped marginally to 6.48% from 6.50% in the previous week while the 182-day Treasury bill remained stable at 8.00%. At Open Market Operation (OMO) a total of N4 billion worth of Non-rediscoutable bill was subscribed and sold at 6.50%. Cumulatively there was a net out-flow of N4.60billion through the primary and secondary segment of the market. At the Whole Dutch Auction System (WDAS) conducted during the week, \$160million was offered while \$198.25million was sold. The amount sold was 23.90% in excess of the amount on offer. In the inter-bank market the value of naira vis-à-vis the US dollar appreciated by 1kobo to close the week at N128.30/US\$1 from N128.40/US\$1. The naira remained stable at N127.01/US\$1 in the official market, while it gained 10kobo at the parallel market to close the week at N131.30/US\$1 from N131.40/US\$1.

Equities Market

The market appreciated further last week as both the **NSE All-Share Index (ASI)** and the **Market capitalization** appreciated by 2.58% against an appreciation of 0.33% the two indicators recorded in the preceding week. The Year to Date (YTD) of the ASI was 39.11% while the YTD in the market capitalization was 66.56%. All the CTSL Indices recorded appreciation in their values. The **CTSL 20-NEGI** and **CTSL 40-NEMI** gained 3.99% and 2.94% to close the week at 325.09 points and 329.34 points respectively. The **CTSL Insurance Index** recorded the highest appreciation of 5.96% to close at 215.21 points. The gain in the Insurance index came from appreciation in the share prices of **Royal Exchange** (Up 26.05% to N2.71) and **Aiico** (Up 14.71% to N1.56). The appreciation recorded in the Insurance Index was followed by the **CTSL Banking Index** with an appreciation of 5.51% on the strength of **First Bank** (UP 14.00% to N39.00), **United Bank for Africa** (Up 12.07% to N26.00), **Oceanic Bank** (Up 6.56% to N13.64), **Union Bank** (Up 2.93% to N2.93) **Wema Bank** (Up 3.01% to N3.08), **IBTC Chartered Bank** (Up 1.47% to N6.90), and **Zenith Bank** (Up 0.62% to N24.50). The **CTSL Petroleum Marketing Index** added 2.64% to its value to close at 289.85 points on the heels of gained recorded in the share prices of **Chevron Oil** (Up 27.61% to N140.00), **Oando** (Up 10.20% to N72.73) and **Mobil** (Up 3.65% to N187.00). Appreciation in the share prices of **Nestle** (Up 6.21% to N242.01), **Cadbury** (5.83% to N63.50), **Julius Berger** (Up 7.85% to N49.61), **Flourmills** (Up 2.82% to N63.75), **Nigerian Bottling Company** (Up 2.11% to N47.99), **UACN** (Up 1.42% to N27.20), **Ashakacem** (Up 3.81% to N54.50%), **GlaxoSmithkline** (Up 13.53% to N15.10), **Guinness** (Up 0.29% to N156.5) **Nigerian Breweries** (Up 0.21% to N42.08) and **Okomu Oil** (Up 1.66% to N33.09) accounted for the marginal increase of 0.03% in the **CTSL Manufacturing & Allied Index**. Other major gainers for

the week were **May & Baker** (Up 27.43% to N9.29), **Cement Company of Northern Nigeria** (N7.38 to N17.77), **Sterling Bank** (Up 26.87% to N7.46), **Union Dicon** (Up 26.43% to N6.17) and **Tripple Gee** (Up 25.97% to N1.94). Other major losers include **UTC Nig.** (Down 16.36% to N0.92), **Neimeth** (Down 14.47% to N3.25), **DN Meyer** (Down 9.23% to N3.05), **United Textile** (Down 9.09% to N1.20), and **Afroil** (Down 7.32% to N0.38).

Outlook and Analysis

Money Market

We expect the inflow of excess crude oil money into the system last week to give a boost to the level of liquidity in the banking system, and consequently reduce interest rates charged in the inter bank money market during the week. The CBN is expected to float N10billion each of the 91 and 182-day NTB while N19.7billion is expected to mature at both auctions. Meanwhile, we expect NNPC's debit to hit the market during the week. Also, we anticipate that the apex bank will manage the liquidity with the sales of non-rediscoutable bills. In the foreign exchange market, we are optimistic that the CBN will continue to keep the premium between the parallel market and the official within a band of 3%. As a result, we expect a gradual appreciation in the value of the naira at the parallel market while the naira remains relatively stable in the official market around the region of N126.50/US\$1 - N127/US\$1.

Equities Market

The sustained bull run witnessed in the past seven weeks has stirred investors' interest in stock market and has resulted to a rise in demand for stocks across board. We are optimistic that share prices will continue to rise in the coming weeks, as investors continue to take position in the stock market. Our premise is hinged on the strength of the increased demand for the stocks of some banking, manufacturing and petroleum marketing companies. The run has been linked to heavy trading activities by some Pension Fund Administrators, institutional investors and speculative activities by banks and stockbrokers. We however urge investors to keep an eye on events on the political scene, as the stock market may react to news of any instability in the polity. We are particularly bothered about the crisis rocking some State Governments in the country. Meanwhile, 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

S/n	Securities	Target price	PE Ratio
1	Presco	10.20	16.68
2	FBN	30.00	16.61
3	GTB	17.00	12.99
4	UBA	22.00	20.97
5	Zenith Bank	22.00	15.34
6	IBTC	6.00	15.93
7	Guinness	145.00	23.00
8	BCC	30.00	19.00
9	Ashakacem	50.00	16.62
10	WAPCO	50.00	19.65
11	CAP Plc	17.50	16.57
12	Cadbury	52.00	22.96
13	Flour Mills	55.00	16.88
14	Nestle	215.00	19.26
15	UACN	25.00	12.90
16	Total	195.50	19.59
17	Glaxo Smithkline	12.00	10.90
18	Mobil	175.50	18.07
19	UPDC	12.00	15.66
20	Chevron Oil	110.00	19.24

Company Dividend and Bonus Announcements

Company	I/F *	DPS(N)	Bonus	Closure date	Payment Date
Neimeth	F	0.10	-	16-Oct-06	N/A

Company Results

Company	Period ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Neimeth	FY Mar 06	1,203.0	(3.06)	82.23	(16.5)
Vono	FY Dec 05	264.62	(7.1)	(105.12)	52.0
J.Berger	9mths Sep 06	38,900	37.94	708.5	23.76
Neimeth	3mths Jun 06	729.62	20.37	69.10	71.37
P.Z Ind	3mths Aug 06	11,400	29.55	507.30	2.67
Zenith	3mths Sep 06	19,700	58.87	4,200	75.00

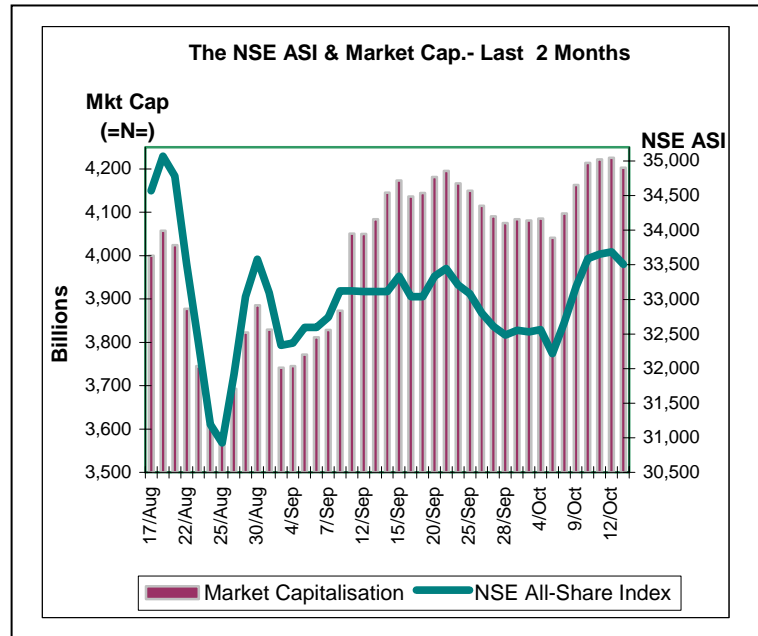
Primary Market Equities

Company	No of shares	Offer price (N)	Opening Date	Closing date
Wapic Insurance	250,000,000	2.40	11-Sep-06	18-Oct-06
Intercontinental Bank	740,740,741	13.50	28-Sep-06	7-Nov-06
Intercontinental Bank*	1,531,940,918	13.50	28-Sep-06	7-Nov-06
Union Homes*	3,000,000,000	1.80	04-Sep-06	10-Nov-06

*Right Issue

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	11.60	0.93
S & P 500 Index (U.S.A.)	9.40	1.19
NASDAQ (U.S.A.)	6.89	2.49
Bovespa Index (Brazil)	16.12	2.40
Europe		
SMI (Switzerland)	14.10	1.55
FTSE 100 Index (UK)	9.58	2.60
CAC 40 Index (French)	13.53	1.35
DAX Index (Germany)	14.15	1.44
MSI Index (Spain)	26.59	2.20
Africa		
NSE All-Share Index (Nigeria)	39.11	2.58
JSE All-Share Index (S/A)	26.21	1.46
GSE All-Share Index (Ghana)	3.75	0.06
Cairo SE Gen (Egypt)	(2.50)	(1.25)
Asia/Pacific		
NIKKEI 225 Index (Japan)	2.64	0.61
BSE 30 Index (India)	35.52	2.94
Hang Seng Index (Hong Kong)	20.92	0.48



*NIBOR – Nigerian Inter Bank Offered Rates

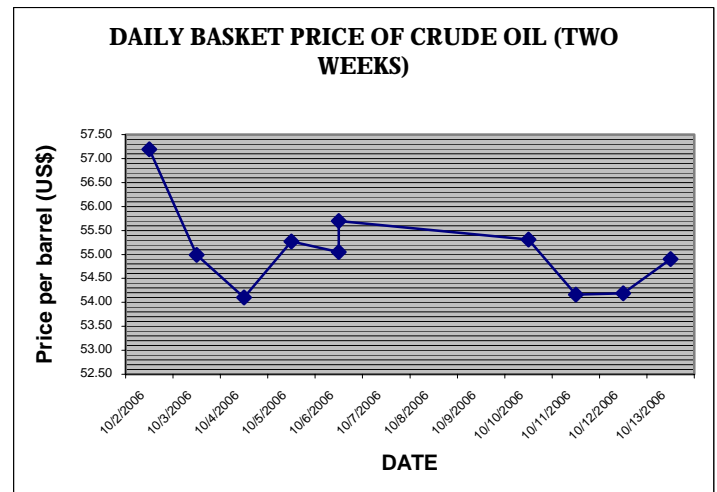
*Symbols for tables

*I/F- Interim/Final, *C/D-Close 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 September
- ✓ CGF Clients' Online Account Statements



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