NIGERIAN MONEY & CAPITAL MARKETS

Weekly Comments & Analysis

Review

Weekly News Wrap

The Bureau for Public Enterprises (BPE) is set to put on offer four firms namely; National Clearing and Forwarding Agency (NACFA) Lagos, Abuja International Hotels Ltd. (Le Meridian Hotel) AIHL, Styer Nigeria Ltd (SNL) Bauchi and Ihechiowa Oil Palm Company in Abia State. The bidding is part of the on going privatisation programme initiated by the present administration. Four investors are currently bidding for NACFA, two for AIHL while one investor each is bidding for Ihechiowa Oil Palm and SNL. In other developments, Nigeria bided farewell to the oil rich Bakassi-Peninsular to the government of Cameroun as agreed by the joint commission set up by the United Nations (UN) to implement the 2002 International Court of Justice (ICJ) ruling on the common border. The handover ceremony was conducted in a military way signifying the change of sovereignty. It involved the lowering of the Nigerian flag and its presentation to the Cameroonian Chief of Defence Staff (CDS) and the signing of the transfer of authority by the CDS of both the Nigerian and Cameroonian Armed forces and a United Nations Representative. The Bakassi-penisula is an area of 3,072 kilometres dominated by mangroves swamps. Reports had it that the Cameroonians had seized an Island in the disputed area. This seizure violates the Green Tree agreement signed between Nigeria and Cameroun in June 2006 and witnessed by the United Nations. The agreement provided for complete demilitarisation of the Peninsula for a period of seven years. Both countries are expected to withdraw their troops from their defensive positions in place of UN administration for two years following which Nigerians living in the area would decide whether to remain in the territory or relocate to Nigeria, the area would remain demilitarised for another five years before the formal and final handover to Cameroun.

Money Markets

Interest rates rose in the inter bank money market as the withdrawal of about N45billion from the market by the Nigerian National Petroleum Corporation (NNPC) took its toll on the level of liquidity in the market. The effect of the withdrawal by the NNPC was further exacerbated by the outflows to the Treasury bills and foreign exchange at the auctions conducted by the CBN. As a result, 7-day NIBOR rose from 2.53% at the end of the previous week to 25.13% on Friday, while 90-day NIBOR rose from 11.91% to 14.38% over the same period. Meanwhile, cash calls of

August 21, 2006

Equity Market Indicators

As at August 18, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	35,068.84	10.55	10.56	59.52	63.89
Coral Growth Fund	1,613.98	8.73	8.74	62.11	66.48
Market Cap. (₦'b)	4,057.44	10.55	10.56	103.84	108.21
CTSL 40 NEMI	349.86	10.65	10.66	75.46	79.82
CTSL 20 NEGI	352.56	9.65	9.66	69.75	74.12
CTSL Banking Index	375.19	14.40	14.41	96.33	100.70
CTSL Ins. Index	232.78	(3.01)	(3.00)	8.62	12.99
CTSL Man. Index	311.97	7.49	7.50	75.92	80.28
CTSL Pet. Mktg Index	328.79	9.88	9.88	11.64	16.01

	Last week	Week before last
Volume Traded (m)	1,294.49	816.15
Value Traded (₦'m)	21,904.04	12,569.88

Money Market Indicators

Interest Rates	As at Aug 18	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	25.125	2.5313	4.6667
NIBOR 90 days (%)	14.3750	11.2563	9.9583

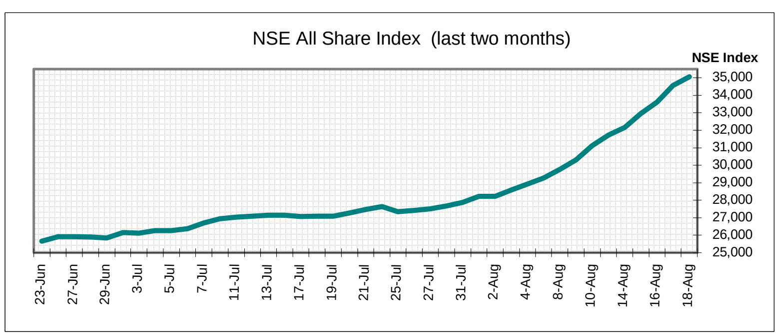
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	11.161	35.55
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	6.95	8.15

OMO	Aug 14	Aug 15	Aug 16	Aug 17	Aug 18
Tenor (days)	364	182	N/A	N/A	N/A
Total Bids (₦'bn)	2.00	2.00	N/A	N/A	N/A
Total Sales (₦'bn)	2.00	2.00	N/A	N/A	N/A
Stop Rate (%)	9.50	8.30	N/A	N/A	N/A

Exchange Rate (NGN/USD)

	As at August 18	1 week ago	12 months ago
Official	127.06	127.07	132.86
Banks	128.45	128.45	137.65
Parallel	130.00	131.70	141.20



N14billion which came into the system could not douse the pressure on interest rates. The stop rate for the sale of 91-day Treasury bill remained stable to close at 6.95% same as previous week while the 182-day Treasury bill was reduced by 65 basis points to 8.15%. The weekly 91-day Treasury bill auction was 112% subscribed. The CBN offered and sold N10billion while participants demanded N11.16billion. Maturing bills worth N9.19 billion were repaid, resulting in net sales of N805million. Meanwhile, at the 182-day T-Bill auction, the CBN offered and sold N10billion worth of bills while participants demanded N35.5billion worth of bills resulting in a subscription level of 355%. Bills worth N19.9billion matured and were repaid into the financial system resulting in a net inflow of N9.9billion. The secondary segment of the government securities market was relatively quiet during the week. The apex bank sold N2billion worth of non-rediscountable bills each at the 364 & 182-day non-discountable auctions held on Monday and Tuesday respectively. Cumulatively the market witnessed a net inflow of N5.09billion through the primary and OMO segments of the market. In the foreign exchange market, the CBN sold $260.47million last week via the Wholesale Dutch Auction. This represents a decline of 2.66% from $267.59million recorded in the previous week. The stop rate for the naira decreased slightly from N127.07/US$1 in the previous week to N127.06/US$1 last Wednesday there by gaining 1kobo. Similarly, the parallel market exchange rate closed the week at N130.00/US$1 compared to N131.70/US$1 a week ago. The exchange rate in the inter bank market remained stable last week at N128.45/US$1 same as the previous week.

Equities Market

Activities at the stock market rose further last week as the **NSE All-Share Index** gained another 10.55% to its value to close the week at an historic high of 35,068.84 points. This brings the year-to-date appreciation on the index to 45.60%. The growth in the stock market index was as a result of the gains sustained in the share prices of most highly capitalized stocks, as investors continued to increase their holdings in a variety of stocks in anticipation that the market will continue to gain momentum. On a similar note, all the CTSL Indices except the Insurance index recorded similar degree of gains. The **CTSL 20 NEGI** gained 9.65% to close the week at 352.56 trailed by the **CTSL 40 NEMI** with a gain of 10.65% to close the week at 349.86. The **CTSL Banking Index** gained 14.40% to close the week at 375.19 on the heels of gains in the share prices of **Access Bank** (Up 18.55% to N2.94), **Oceanic** (Up 16.72% to N14.24), **IBTC Chartered Bank** (Up 24.27% to N6.4), **United Bank for Africa** (Up 21.62% to N22.50), **Wema Bank** (Up 23.33% to N3.33), **GT Bank** (Up 5.20% to N17.99) and **Zenith Bank** (Up 16.36% to N25.6). The gains in the share prices of **Okomu Oil** (Up 25.39% to N38.82), **Presco** (Up 22.13% to N15.33), **UACN** (Up 15.27% to N31.70), **Julius Berger** (Up 27.50% to N32.73), **7Up Bottling** (Up 16.48% to N52.30), **Cadbury** (Up 17.65% to N70.00), **Flourmills** (Up 21.05% to N63.49), **Nestle** (Up 17.64% to N254.10), **Glaxo Smithkline** (Up 27.44% to N16.86) and **UAC – Property** (Up 11.41% to N12.40) accounted for the 7.49% growth in the **CTSL Manufacturing & Allied Index.** The **CTSL Petroleum Marketing Index** appreciated by 9.88% to close the week at 328.79 on the heels of increase in the share prices of **Oando** (Up 27.60% to N94.22), **African Petroleum** (Up 21.89% to N51.17), **Conoil** (Up 15.09% to N85.74), **Texaco** (Up 3.64% to N111.00) and **Mobil** (Up 4.44% to N194.26). The loss from the CTSL sector Indices was recorded by the **CTSL Insurance Index**, which lost 3.01% to close the week at 232.78 as **REAN** (Down 10.09% to N2.85), **Aiico** (Down 20.08% to N1.91) and **Cornerstone** (Down 8.04% to N1.03) recorded a losses in their share prices. Meanwhile major losers for the week were **First Bank** (Down 40.09% to N43.59), **Costain (WA)** (Down 17.09% to N1.31), **Afprint** (Down 11.29% to N0.55), **Eterna Oil** (Down 10.20% to N2.20) and **Afroil** (Down 8.51% to N0.43), while major gainers for the week were **NNFM** (Up 27.48% to N33.26), **BCC** (Up 27.41% to N12.18), **CCNN** (Up 27.40% to N10.74), **RT Brisco** (Up 27.17% to N8.94) and **Neimeth** (Up 26.55% to N3.67). We note that the NSE adjusted the share price of **First Bank of Nigeria Plc** for a cash dividend of 100kobo per share and a scrip dividend of one new share for every one share already held.

Top Gainers (% terms)	Price (₦) 18- Aug	% chg	Top losers (% terms)	Price (₦) 18 - Aug	% chg
Oando	94.22	27.60	First bank	43.59	40.09
Julius Berger	32.73	27.50	Aiico	1.91	20.08
NNFM	33.26	27.48	Costain	1.31	17.09
GlaxoSmith	16.86	27.44	Afprint	0.55	11.29
BCC	12.18	27.41	Eternal Oil	2.20	10.20

Market turnover fell by 33.39% during the week as investors traded 1,083million shares worth ₦14.59billion in 36,802 deals in comparison to 1,294million shares worth ₦21.9billion traded in 41,911 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 **IBTC Chartered Bank Plc** (134.1 million), **Fidelity Bank** (99.8 million) and **Access Bank Plc** (120.9million) representing 43.5% of the sub sector's turnover. On the gainers and losers chart fifty-seven (57) stocks appreciated in value, nineteen (19) stocks suffered a decline while one hundred and twenty-six (126) stocks remained static in their values.

Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	44.18	8.73
2	IBTC Nig. Equity Fund	60.81	11.63
3	*Discovery Fund	27.46	6.01

**The Discovery Fund has Exposure to Real Estate.*

Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date

Company Dividend and Bonus Announcements

	Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
	University Press	Final	0.25	-	08-Sep-06	-

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
Academy Press	FY Mar. 2006	930.98	16.01	47.78	143.74
Livestock Feeds	FY Mar. 2006	560.02	(4.61)	748.42	(414.24)
NAMPAK Plc	9Mth Jun. 2006	1,963.00	44.23	104.07	171..39
Dunlop	6Mth Jun. 2006	3,037.00	6.08	(119.66)	(157.32)
First Aluminium	6Mth Jun. 2006	3,982.00	14.82	(44.07)	(300.24)
Diamond Bank	3Mth Jul. 2006	7,980.00	69.90	1,230.00	40.21

Outlook and Analysis

Money Market

Interest rates charged in the money market, are expected to dip in the week ahead as we anticipate the release of statutory allocations by the Federal Ministry of Finance. The market situation would be heightened by the expected inflows of about N86.5billion from OMO and Treasury bills maturities. As a fallout of the anticipated liquidity, the CBN is expected to issue same day OMO bills to mop up the anticipated liquidity. Furthermore, the CBN is expected to offer the 3rd FGN Bond 2009 Series 12 during the week. In the foreign exchange market we anticipate a gradual appreciation in the value of the naira to continue in the weeks ahead.

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	6.20	2.65
S & P 500 Index (U.S.A.)	4.33	2.81
NASDAQ (U.S.A.)	(1.88)	5.16
Bovespa Index (Brazil)	12.24	1.64
Europe		
SMI (Switzerland)	6.60	2.87
FTSE 100 Index (UK)	5.07	1.43
CAC 40 Index (French)	8.92	3.01
DAX Index (Germany)	7.56	3.35
MSI Index (Spain)	13.24	2.28
Africa		
NSE All-Share Index (Nigeria)	45.60	10.55
JSE All-Share Index (S/A)	17.59	2.80
GSE All-Share Index (Ghana)	2.31	0.10
Cairo SE Gen (Egypt)	(12.95)	0.00
Asia/Pacific		
NIKKEI 225 Index (Japan)	(0.03)	3.48
BSE 30 Index (India)	22.00	2.44
Hang Seng Index (Hong Kong)	16.50	0.47

Equities Market

We anticipate some profit taking in the market in the coming weeks as most share prices of highly capitalized stocks are already trading at their all year high. This will result to a dip in share prices. However, we urge long term investors to seize the opportunity that would be created by the fall in the market to pick up stocks whose share prices have climaxed. The release of interim results by some petroleum marketing companies and the expectation of the full year result **Guinness** is expected to give the market a lift in the weeks ahead. In view of the above, we recommend the following stocks which show prospects for growth over the long term:

Recommended Stocks

	Securities	Target Price	PE Patio
1	FBN	35.00	21.10
2	GTB	16.00	14.32
3	UBA	18.50	17.64
4	Zenith Bank	20.00	12.09
5	IBTC	5.00	13.27
6	Guinness	145.00	25.28
7	BCC	17.50	11.09
8	Ashakacem	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	210.00	18.18
13	UACN	25.00	12.90
14	Total	195.50	19.59
15	Glaxo Smithkline	12.00	10.90
16	Mobil	185.00	19.10
17	UPDC	11.50	15.00

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-Closue 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 July*
- ✓ *CGF Clients' Online Account Statements*