

## Review

### Weekly News Wrap

Following several years of abysmal performance of indigenous operators in the upstream segment of the oil and gas industry, the federal government introduced the Local Content Vehicle for oil companies. The scheme was one of government's efforts at enhancing indigenous participation in the upstream sector. In addition, the scheme is to ensure that local oil firms were attached to foreign firms thereby strengthening the use of local raw materials and human resources. Contrary to government's objective most of the indigenous companies appointed engaged the services of foreign partners. As a result of this, reports have it that the federal government has cancelled the local content vehicle it appointed for oil companies in the 2005 bid round on account of what it regarded as hawking by the indigenous companies. The Director of the Department of Petroleum Resources (DPR), made it known that the actions of the local oil firm contravened the objectives of the government in respect of local content development in the oil industry. He also noted that the federal government will not appoint indigenous companies as local content vehicle for oil firms that will win blocs in the looming bid round scheduled for next month. In his statement, the oil companies that win the oil blocs in the country will have the mandate to appoint indigenous companies of their choice as local content vehicles. While he stated that his agency would merely act as the umpire to provide a level playing field for the operators.

### Money Markets

There was a dip in the level of liquidity in the money market last week, as a result of N66.6billion NNPC's withdrawals. Furthermore, funds exited the money market to fund the purchase of Federal Government securities at the weekly sale of 91-day and 182-day Treasury bills. As a result, inter bank interest rates gradually inched higher during the week. Respite however came the way of the market mid-week, as cash call amount to N35.96billion came into the financial system. Consequently, inter bank interest rates dipped slightly on Friday. Despite the drop in interest rates on the last day of the week, interest rates inched higher week-on-week, as 7-day NIBOR moved from 6.68% at the end of the previous week to 11.75% at the end of last week, while 90-day NIBOR closed the week at 13.50% from 12.69% at the end of the previous week. The CBN sold bills worth N9.725billion at the primary market auction of 91-day Treasury bills. Meanwhile, maturing bills worth N7.163billion were repaid by the apex bank. This resulted in a net sale of N5.562billion. The stop rate applied for the

September 25, 2006

### Equity Market Indicators

As at Sept. 22, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	33,212.41	(0.37)	(0.37)	35.61	37.54
Coral Growth Fund	1,572.03	2.25	(0.80)	45.70	47.61
Market Cap. (₦'b)	4,166.24	(0.16)	(0.16)	79.80	81.72
CTSL 40 NEMI	327	(0.84)	(0.84)	42.52	44.43
CTSL 20 NEGI	323.64	(2.06)	(2.06)	33.90	35.82
CTSL Banking Index	350.43	(1.28)	(1.28)	56.82	58.74
CTSL Ins. Index	225.51	(3.07)	(3.07)	(5.78)	(3.87)
CTSL Man. Index	292.46	(0.39)	(0.39)	42.75	44.67
CTSL Pet. Mktg Index	291.54	(0.90)	(0.90)	(8.83)	(6.92)
		Last week		Week before last	
Volume Traded (m)		774.82		845.94	
Value Traded (₦'m)		12,124.23		11,055.72	

### Money Market Indicators

Interest Rates	As at Sep 22	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	11.7500	6.6875	2.9167
NIBOR 90 days (%)	13.5000	12.6875	9.0833

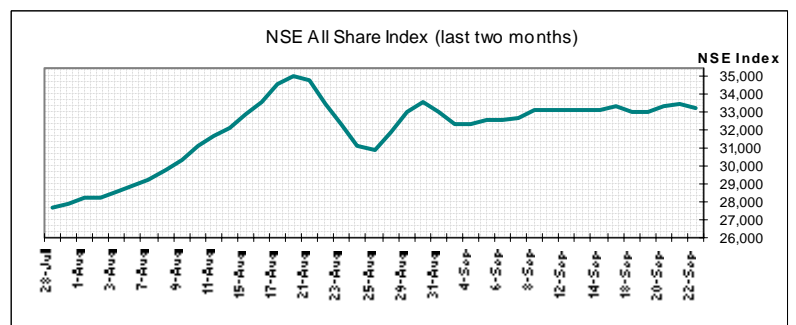
### CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	9.731	11.362
Total Allotment (₦'bn)	9.725	10.00
Stop Rate (%)	5.00	6.75

OMO	Sep 18	Sep 19	Sep 20	Sep 21	Sep 22
Tenor (days)	56	-	-	-	91
Total Bids (₦'bn)	-	-	-	-	3.00
Total Sales (₦'bn)	-	-	-	-	3.00
Stop Rate (%)	-	-	-	-	5.50

### Exchange Rate (NGN/USD)

	As at September 22	1 week ago	12 months ago
Official	127.02	127.02	129.51
Banks	128.50	128.40	132.45
Parallel	131.20	131.10	138.80



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sale of government securities at the primary market was reviewed downwards by 30 basis points to 5.00%. At the 182-day Treasury bill auction, the CBN offered and sold N10billion while participants demanded for N11.35billion. Maturing bills worth N12.856billion were repaid by the apex bank. This resulted in a net purchase of N2.856billion. The oversubscription witnessed at the auction led to the drop in rates. The stop rate applied for the sale of the 182-day Treasury Bills was revised downwards to 6.75% from 7.00% in the previous week. The secondary segment of the government securities market was relatively quiet. The CBN sold only N3billion worth of 91-day non-rediscountable bill at a stop rate of 5.50%. At the foreign exchange auction held during the week, the apex Bank offered \$160million, while the sale for the week was \$342.56 million. The sales for the week, represents a 74% increase in the sales made by the CBN in the previous week. The marginal rate applied by the apex bank for the sale of foreign exchange at the official segment of the market remained static at N127.02/US\$1. In other segments of the market, the value of the naira depreciated, as it lost 10 kobo in the inter bank market to close the week at N128.50/US\$1. Worst hit was the parallel market, where the naira lost 15 kobo to close the week at N131.25/US\$1.

### Equities Market

The stock market lost some steam last week, as the **NSE All-Share Index** (NSE ASI) recorded a marginal decline by 0.37% week-on-week. The stock market index, which had risen consistently between Monday and Thursday recorded a growth of 0.34%, before it dipped to close the week at 33,212.41 on Friday. Other stock market indices reflected similar performance of the market, as the CTSL indices lost various points to close the week. The **CTSL 40 NEMI** closed the week at 327.61, down 0.84% from the end of the previous week. The **CTSL 20 NEGI** also closed down 2.06% to 323.64. The **CTSL Banking Index** lost 1.28%, as most banking stocks recorded losses in their values. Specifically, banks on the losers chart were **First Bank** (Down 10.86% to N35.63), **Union Bank** (Down 4.17% to N25.49), **Wema Bank** (Down 3.61% to N3.20) and **Access Bank** (Down 0.33% to N2.99). The **CTSL Petroleum Marketing Index** lost 0.90% as **Oando** (Down 4.05% to N75.80), **Total** (Down 2.08% to N200.00), **Conoil** (Down 3.60% to N67.00), and **Texaco** (Down 1.47% to N100.50) recorded losses in their share prices. In the same vein, the **CTSL Manufacturing & Allied Index** lost 0.39% as **Okomu Oil** (Down 6.51% to N30.00), **Presco** (Down 11.85% to N11.01), **Nigerian Breweries** (Down 5.13% to N43.61), **Cadbury** (Down 6.30% to N59.97), **Flour Mills** (Down 6.33% to N61.00) and **P.Z. Industries** (Down 3.85% to N25.00) recorded losses in their share prices. **CTSL Insurance Index** equally lost 3.07% as the share

price of **REAN** (Down 4.89% to N2.53), **Niger Insurance** (Down 7.27% to N2.55) and **Cornerstone Insurance** (Down 4.76% to N1.00) accounted for the drag in the value of the Index. The major losers for the week were: **DN Meyer** (Down 17.98% to N3.74), **John Holt** (Down 13.22% to N1.05), **Vono Products** (Down 13.14% to N1.19), **Afroil** (Down 11.76% to N0.45) and **Longman** (Down 9.38% to N5.51). On the other hand, stocks that recorded increases in their values include **Benue Cement Co.** (Up 27.54% to N40.99), **Afribank** (Up 27.41% to N10.97), **Eterna Oil** (Up 26.59% to N3.19), **C & I Leasing** (Up 25.42% to N1.48) and **UTC** (Up 25.00% to N1.20).

Top Gainers (% terms)	Price (₦) 22- Sep	% chg	Top losers (% terms)	Price (₦) 22 - Sep	% chg
Benue Cement Co.	40.99	27.54	DN Meyer	3.74	17.98
Afribank Nigeria	10.97	27.41	John Holt	1.05	13.22
Eterna Oil & Gas	3.19	26.59	Vono Products	1.19	13.14
C & I Leasing	1.48	25.42	Presco	11.01	11.85
UTC Nigeria Plc	1.20	25.00	Afroil	0.45	11.76

Meanwhile, market turnover appreciated by 9.66% from N11.06 billion to N12.12 billion. Bulk trades in the shares of **Afribank Nigeria Plc**, **United Bank for Africa Plc** and **IBTC-Chartered Bank Plc** accounted for a large proportion of the rise in the weekly turnover, as 263.6 million shares of these Banks representing 43.4% of the sub sector's turnover were traded during the week. A total of 774,817,600 shares were traded in 33,434 deals during the week as against 845,839,848 shares traded in 34,938 deals. However, 43 stocks recorded losses in their share values, 42 stocks recorded gains while 118 stocks closed the week unchanged.

### Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	40.46	2.25
2	IBTC Nig. Equity Fund	55.85	1.96
3	*Discovery Fund	30.55	3.61
4	Coral Ethical Fund	1.14	1.14
5	Coral Income Fund	0.05	0.05

\*The Discovery Fund has Exposure to Real Estate.

### Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
7 Up Bottling Co.	Final	1.25	1 for 4	09-Oct-06	N/A

### Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
Ikeja Hotel Plc	1,000,000,000	3.00	7 <sup>th</sup> Sept.	29 <sup>th</sup> Sept.
LASACO Assurance	4,435,261,182	0.80	1 <sup>st</sup> Sept.	29 <sup>th</sup> Sept.
LASACO Assurance*	2,419,637,570	0.70	1 <sup>st</sup> Sept.	29 <sup>th</sup> Sept.
Law Union & Rock	1,800,000,000	1.10	5 <sup>th</sup> Sept.	29 <sup>th</sup> Sept.
Crusader Insurance	1,665,119,816	1.35	11 <sup>th</sup> Sept.	29 <sup>th</sup> Sept.
Crusader Insurance*	787,573,690	1.20	8 <sup>th</sup> Sept.	29 <sup>th</sup> Sept.
ADC Plc	1,200,000,000	1.00	13 <sup>th</sup> Sept.	29 <sup>th</sup> Sept.
Wapic Insurance	250,000,000	2.40	11 <sup>th</sup> Sept.	18 <sup>th</sup> Oct.

\*Right Issue

## Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
Conoil Plc	FY Dec. 2005	75,535.00	25.82	2,624.00	18.57
Conoil Plc	6Mth Jun. 2006	41,200.00	30.79	1,100.00	11.90
7 Up Bottling	FY Dec. 2005	22,100.00	27.4	1,200.00	25.7
John Holt	9Mth Jun. 2006	8,465.00	20.00	(427.00)	
Cadbury	6Mth Jun. 2006	12,100.00	(0.3)	585.00	(27.1)
Okomu	6Mth Jun. 2006	1,656.00	17.78	446.01	(18.15)
Wapic Insurance	6Mth Aug 2006	1,600.00	197.50	300.8	305.20
Incar Nigeria	6Mth Jun. 2006	40.00	57.4	8.8	13.8
Tripple Gee & Co	3Mth Jun. 2006	145.14	161.7	5.40	
Thomas Wyatt Nigeria	FY Mar. 2006	79.60	129.4	1.9	

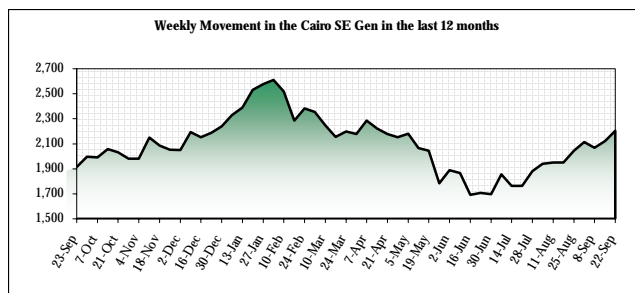
## Outlook and Analysis

### Money Market

We expect the disbursement of monthly statutory allocations to the various tiers of government and parastatals to commence this week. Consequently, interest rates charged in the inter bank market are likely to fall in reaction to the increase in the level of liquidity. Activities in the bond market are expected to pick as the CBN issues N20billion FGN Bonds 2009 Series 13 (5 year tenor) between 25<sup>th</sup> and 27<sup>th</sup> September 2006. A total of N52.6billion is expected to mature during

### Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
<b>North/Latin America</b>		
DJIA (U.S.A.)	7.38	(0.46)
S & P 500 Index (U.S.A.)	5.33	(0.39)
NASDAQ (U.S.A.)	0.62	(0.75)
Bovespa Index (Brazil)	4.01	(3.79)
<b>Europe</b>		
SMI (Switzerland)	9.73	1.12
FTSE 100 Index (UK)	3.62	(0.93)
CAC 40 Index (French)	9.05	(0.06)
DAX Index (Germany)	8.78	(0.92)
MSI Index (Spain)	17.09	1.38
<b>Africa</b>		
NSE All-Share Index (Nigeria)	37.89	(0.37)
JSE All-Share Index (S/A)	21.62	2.94
GSE All-Share Index (Ghana)	3.98	0.97
Cairo SE Gen (Egypt)	(1.56)	3.92
<b>Asia/Pacific</b>		
NIKKEI 225 Index (Japan)	(2.96)	(1.46)
BSE 30 Index (India)	30.21	1.89
Hang Seng Index (Hong Kong)	18.31	2.11



the week through OMO while N17.6billion will mature through the primary government securities market.

### Equities Market

The market may remain relatively flat in the coming week. We may however see some prices oscillate back and forth with no major changes. Meanwhile, we reiterate our opinion that the lull created in the market has created buy opportunities for some selected stocks. We are quite optimistic that speculative trading activities will remain high. 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

