

## Review

### Weekly News Wrap

There are indications that Nigeria may soon begin to experience stable electric power supply with the granting of licenses to four indigenous Independent Power Providers (IPPs). The four companies that the Federal Government (FG) granted license to are: Farm Electric Supply Limited, ICS Power Limited, Ethiope Limited and Supertek Nigeria Limited. The four companies are expected to produce about 4,500 MW to the nation's grid. In a bid to resolve the deteriorating electric power supply in Nigeria, President Olusegun Obasanjo signed into law the Electric Power Sector Reform Bill on 11 March, 2005. The bill seeks to provide for the formation of companies to take over the functions, assets, liabilities and staff of the National Electric Power Authority, develop competitive electricity markets; establish the Nigerian Electricity Regulatory Commission (NERC); provide for the licensing and regulation of the generation, transmission, distribution and supply of electricity amongst others. The Nigerian economy has suffered in so many ways as a result of the poor state of the electric power supply in the country. Cost of doing business has escalated and led to a situation where Nigerian products have become less competitive in the international market. A report published recently on the Common External Tariff (CET) among the members of the Economic Community of West Africa States (ECOWAS) says that Nigeria's real sector is yet to venture into the regional market. Some small scale businesses have closed down because they could no longer cope with the increase in the costs of running electric generating sets. Other small scale self-employed businesses could not start because of the huge initial investment cost arising mainly from acquisition cost of generators. This is in addition to the foreign exchange depletion due to importation of electric power generating sets. In the ranking of the generator importing countries conducted early this year, Nigeria topped the list. The Power and Steel Minister, Liyel Imoke stated that the licensing of four private companies had brightened hopes of 15,000 MW power supply target achievement by 2010. In a similar note, the Chairman of NERC said that the operations of the four companies in the next four years would bridge the demand gap in the country's power sector. The nation's power grid currently has installed capacity of 6,000 MW with less than 50% availability. While the FG's initiative in this sector is commendable, it is important that certain incentives be granted to these private operators. The FG may consider granting tax holidays to the operators to reduce the pay-back period of their investments. This will attract both the indigenous and foreign firms into the sector and probably guarantee a regular supply of electricity in Nigeria and to the neighboring countries.

**August 28, 2006**

### Equity Market Indicators

As at August 25, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	30,925.24	(11.82)	(11.81)	39.11	41.28
Coral Growth Fund	1,443.92	(10.54)	(10.54)	44.20	46.37
Market Cap. (₦'bn)	3,578.03	(11.82)	(11.82)	77.76	79.93
CTSL 40 NEMI	303.76	(13.18)	(13.18)	50.22	52.38
CTSL 20 NEGI	312.69	(11.31)	(11.31)	48.43	50.60
CTSL Banking Index	334.65	(10.81)	(10.81)	70.78	72.95
CTSL Ins. Index	230.52	(0.97)	(0.97)	2.45	4.62
CTSL Man. Index	261.71	(16.11)	(16.11)	47.03	49.19
CTSL Pet. Mktg Index	285.14	(13.28)	(13.28)	(4.14)	(1.98)
		Last week		Week before last	
Volume Traded (m)		1,173.87		1,083.93	
Value Traded (₦'m)		17,594.18		14,590.79	

### Money Market Indicators

Interest Rates	As at Aug 25	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	2.5000	25.1250	2.0000
NIBOR 90 days (%)	11.9063	14.3750	8.8750

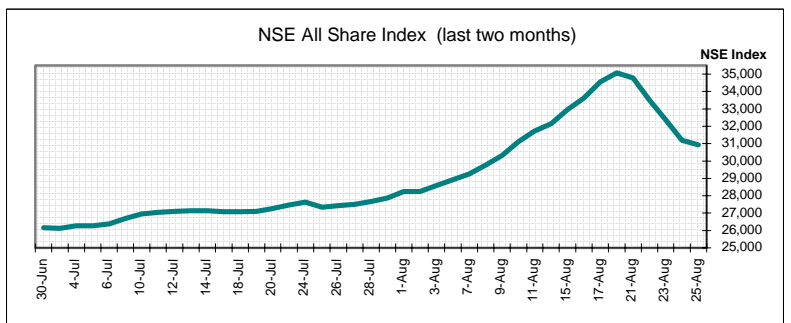
### CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	17.973	27.243
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	6.20	7.85

OMO	Aug 22	Aug 23	Aug 24	Aug 25	Aug 25
Tenor (days)	NIL	182	182	91	182
Total Bids (₦'bn)	NIL	1.80	46.00	2.00	28.75
Total Sales (₦'bn)	NIL	1.00	43.00	2.00	20.25
Stop Rate (%)	NIL	8.25	8.20	7.00	8.15

### Exchange Rate (NGN/USD)

	As at August 25	1 week ago	12 months ago
Official	127.06	127.06	129.87
Banks	128.45	128.45	131.90
Parallel	131.00	130.00	140.10



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### Money Markets

The money market experienced liquidity towards the end of last week as a result of the Statutory Allocations for the month of August which hit the system. Consequently, money market rates closed the week lower than the previous week. At the inter bank market, 7-day NIBOR closed the week lower to 2.50% from 25.13% in the previous week while the 90-day NIBOR closed the week lower to 11.91% from 14.38% in the previous week. At the primary market for the Nigerian Treasury Bills (NTB) N10billion worth of NTB was offered and sold, N17.97billion was subscribed resulting to a 180% level subscription while N5.70billion was repaid. At the 182-day NTB auction, a total of N10billion was offered and sold, N27.24billion was subscribed leading to 272% subscription level while N19.90billion was repaid. The federal government offered and sold N29.279billion worth of 3-year Bond while the subscription received was N53.90billion resulting to 184% subscription level. The over subscription level received from the primary market auction caused the stop rates to maintain a downward trend. Specifically the 91-day NTB closed at 6.20% from 6.95% in the previous week, 182-day NTB closed at 7.65% from 8.15% in the previous week while the stop rate on the 3-year bond was 12.00% as against the 12.50% in the last auction. At the secondary segment of the money market, a total of N2billion worth of 91-day non-rediscountable bill was offered and sold. A total of N76.55billion worth of 182-day non-rediscountable bills was subscribed; N64.25billion was sold resulting to a subscription level of 119.14% while N8.25billion was repaid. The rate on the 91-day non-rediscountable bills was 7.00% while the stop rate on the 182-day non-rediscountable bills closed the week lower to 8.15% from 8.30% in the previous week. In the foreign exchange market, the CBN sold \$130million last week via the Wholesale Dutch Auction System. This represents a decline of 19% from \$160million recorded in the previous week. The value of naira in parity to the US dollar remained stable in the official and the inter-bank markets while it depreciated in the parallel market. The exchange rate remained stable at N127.06/US\$1 and N128.45/US\$1 at the official market and at the inter-bank foreign exchange market respectively, while it declined by N1.00 at the parallel market from N130.00/US\$1 in the previous week to N131.00/US\$1 to close the week.

### Equities Market

The Nigerian Stock Market experienced a correction last week as most of the highly capitalized stocks maintained a downward trend in their prices mainly as a result of profit taking activities. The **NSE All-Share Index** lost 11.82% from its all year peak of 35,068.84 in the previous week to close the week at 30,925.24. In the same vein, the market capitalization lost 11.82% to close the week at N3,578.03billion from N4,057.44billion in the previous week. All the CTSL Indices maintained the same downward trend in the market. **The CTSL 20 NEGI** lost 11.31% to close the week at 312.69 from 352.56 in the previous week while **The CTSL 40 NEMI** lost 13.18% to close the week at 303.76 from 349.86 in the previous week. **The CTSL Banking Index** lost 10.81% to close the week at 334.65 from 375.19 in the previous week. Decline in the share prices of **Guaranty Trust Bank** (Down 16.06% to N15.10), **Afibank** (Down 19.78% to N7.22), **IBTC Chartered**

(Down 22.34% to N4.97), **Oceanic Bank** (Down 20.37% to N11.34), **United Bank for Africa** (Down 14.40% to N19.26), **Zenith Bank** (Down 14.41% to N21.91), **First Bank** (Down 8.24% to N40.00), **Wema Bank** (Down 12.61% to N2.91), and **Union Bank** (Down 3.59% to N28.44) were responsible for the decline in the **CTSL Banking Index**. **The CTSL Insurance Index** lost 0.97% of its value to close the week at 230.52 from 232.78 in the previous week as a result of the decline in the share prices of **Royal Exchange** (Down 16.49% to N2.38) and **Niger Insurance** (Down 7.10% to N2.88). The decline in the share prices of **Okomu Oil** (Down 2.37% to N37.90), **Presco** (Down 12.59% to N13.40), **UACN** (Down 21.67% to N24.83), **7Up Bottling** (Down 10.25% to N46.94), **Cadbury** (Down 20.71% to N55.50), **Flourmills** (Down 22.59% to N49.15), **Nestle** (Down 15.30% to N215.21), **Glaxo Smithkline** (Down 22.12% to N13.13) **UAC – Property** (Down 7.26% to N11.50), **PZ** (Down 19.81% to N22.50), **Unilever** (Down 19.61% to N14.31), **WAPCO** (Down 21.43% to N44.00), and **Ashakacement** (Down 12.64% to N44.98) accounted for the 16.11% decline in the **CTSL Manufacturing & Allied Index**. **The CTSL Petroleum Marketing Index** also lost 13.28% to close the week at 285.14 from 328.79 in the previous week as a result of decline in the share prices of **Conoil** (Down 22.08% to N66.81), **Oando** (Down 12.97% to N82.00), **African Petroleum** (Down 19.87% to N41.00), **Texaco** (Down 11.67% to N98.05), **Mobil** (Down N9.91 to N175.00) and **Total** (Down 8.29% to N188.01). Major gainers during the week include **Benue Cement** (Up 27.34% to N15.51), **DN Meyer** (Up 26.69% to N4.32), **United Nigeria Textile** (Up 26.00 to N1.26), **Cement Company of Northern Nigeria** (Up 25.70% to N13.50) and **A.G Leventis** (Up 25.58% to N1.62) while other losers during the week include: **Ecobank** (Down 22.31% to N6.79), **C&I Leasing** (Down 17.42% to N1.09), **Vitafoam** (Down 14.01% to N4.05), **Afroil** (Down 11.63% to N0.38) and **FCMB** (Down 10.02% to N4.49).

Top Gainers (% terms)	Price (₦) 25- Aug	% chg	Top losers (% terms)	Price (₦) 25 - Aug	% chg
Benue Cement Co.	15.51	3.33	Nestle	215.21	38.89
Julius Berger	36.00	3.27	Mobil	175.00	19.26
CCNN	13.50	2.76	Conoil	66.81	18.93
CAP Plc	20.36	1.84	Guinness	139.50	17.5
DN Meyer	4.32	0.91	Total	188.01	16.99

Market turnover (volume traded) increased by 8.30% as investors traded 1,17387million shares worth N17.59billion in 42,299 deals in comparison to 1,083.93million shares worth N14.59billion traded in 42,299 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 **Access bank**, **First bank** and **Fidelity bank**. Trading in the shares of the three companies accounted for 407.7million representing 44.6% of the sub sector turnover. On the gainers and losers charts thirty one (31) stocks appreciated in price, fifty eight (58) stocks suffered a decline while one hundred and twenty (120) stocks remained static in their prices.

### Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	29.11	(10.54)
2	IBTC Nig. Equity Fund	42.88	(11.25)
3	*Discovery Fund	19.74	(6.23)

\*The Discovery Fund has Exposure to Real Estate.

### Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
Cutix	Final	0.10	-	20-Oct-06	24-Nov-06

### Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
May & Baker	375,000,000	4.00	26 July	1 September

### Company Results

Company	Period Ended	T/O (N/m)	% Change	PAT (N/m)	% Change
Cutix Plc	FY Apr. 2006	714.17	24.38	54.32	24.52
Adswitch Plc	FY Apr. 2006	38.09	(31.39)	5.06	(23.41)
Benue Cement Co.	6Mth Jun. 2006	2,647.00	53.4	2,069.00	411.0
Julius Berger	6Mth Jun. 2006	27,300.00	67.48	608.70	83.79
Law Union & Rock	6Mth Jun. 2006	867.87	44.16	76.78	128.56
Prestige Assurance	6Mth Jul. 2006	791.00	20.03	141.00	28.18

### Outlook and Analysis

#### Money Market

We expect maturing bills worth N35.14billion from the primary and the secondary markets for the Federal Government securities while the Central

#### Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
<b>North/Latin America</b>		
DJIA (U.S.A.)	5.29	1.77
S & P 500 Index (U.S.A.)	3.75	2.24
NASDAQ (U.S.A.)	(2.95)	4.01
Bovespa Index (Brazil)	7.48	(2.67)
<b>Europe</b>		
SMI (Switzerland)	6.84	3.10
FTSE 100 Index (UK)	4.62	1.01
CAC 40 Index (French)	8.40	2.52
DAX Index (Germany)	7.46	3.25
MSI Index (Spain)	14.03	3.00
<b>Africa</b>		
NSE All-Share Index (Nigeria)	28.40	(2.51)
JSE All-Share Index (S/A)	20.29	5.15
GSE All-Share Index (Ghana)	2.94	0.71
Cairo SE Gen (Egypt)	(8.66)	4.92
<b>Asia/Pacific</b>		
NIKKEI 225 Index (Japan)	(1.07)	2.40
BSE 30 Index (India)	23.14	3.39
Hang Seng Index (Hong Kong)	13.98	(1.71)

Bank of Nigeria (CBN) will float N10billion each worth of 91 and 182-day NTB. The market will still experience liquidity as a result of the statutory allocation for the month of August while the CBN is expected to issue same day OMO to mop up the expected liquidity in the market. Consequently, we expect a marginal decline in the inter-bank and stop rates on the government securities. In the foreign exchange market we anticipate stability in the value of naira.

### Equities Market

The downward trend in the prices of stocks in the market should provide a buy opportunity in the weeks ahead. However, we still expect some profit taking activities as some of the stocks are trading at very high prices which cannot be justified. The release of impressive financial results (both quarterly and final year) of some companies may provide justification for the current prices. We recommend the following stocks which have good fundamental and have prospects for growth over the long term:

#### Recommended Stocks

	Securities	Target Price	PE Ratio
1	FBN	35.00	19.37
2	GTB	16.00	14.32
3	UBA	18.50	17.64
4	Zenith Bank	20.00	10.45
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-Close Date

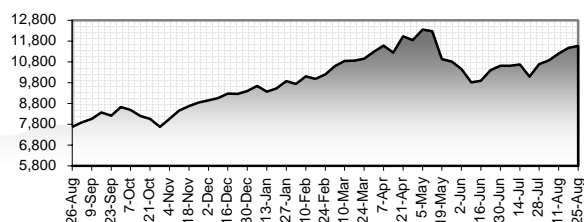
\*P/D-Payment Date

"N/A" means Not Available; "-" means Not Applicable

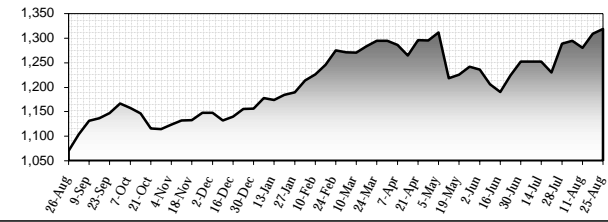
The following reports are available on CTSL website:

- ✓ Clients Account Statement
- ✓ Clients Portfolio Report
- ✓ Clients Portfolio Value
- ✓ Share Certificates Verification Status
- ✓ Monthly CSCS Statement for July

Weekly Movement in the BSE 30 Index (India) Last 12 Months



Weekly Movements in the MSI Index (Spain) in the last 12 months



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