

FSDH

First Securities Discount House Limited

CTSL

Counters Trust Securities Limited

NIGERIAN MONEY & CAPITAL MARKETS



Monday, October 25, 2006

Equity Market indicators

	Value	NGN	USD	NGN	USD
		1 week % Δ		1 week % Δ	
NSE ASI	32,856.9	(1.9)	(1.9)	25.30	27.27
Mkt Cap(Nb)	4,121.66	(1.9)	(1.9)	57.72	59.69
CTSL 20	315.89	(2.8)	(2.8)	15.91	17.88
CTSL 40	324.42	(1.5)	(1.5)	26.08	26.04
CTSL Bnk.	356.94	(1.2)	(1.2)	56.80	58.77
CTSL Ins.	235.75	9.5	5.6	(4.55)	(2.58)
CTSL Mfg.	289.98	(1.9)	(1.9)	14.64	16.61
CTSL Pet.	282.77	(2.4)	(2.4)	(16.5)	(14.5)
Mkt					

	Last Week	1 week % Δ
Volume Traded (m)	1,934.55	152.52
Value Traded (₦m)	14,564.65	9.34
Deals	34,306	2.66

Coral Funds and Selected Mutual Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	39.13	(1.00)
IBTC Nig. Equity Fund	55.73	(1.80)
Discovery Fund	30.15	(0.44)
Coral Ethical Fund*	28.23	(1.46)
Coral Income Fund*	13.11	0.54

*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	2.7813	3.0625	5.8333
NIBOR 90 days	12.2500	11.9688	10.4167

Review

Weekly News Wrap

Emergency Rule in Ekiti State

The Federal government has declared a state of emergency in Ekiti State South-West Nigeria. This development was necessary to prevent the state from descending into chaos following what law makers described as unlawful impeachment of the Governor Ayo Fayose. In a related development, the Anambra State House of Assembly has served the Governor Mr. Peter Obi an impeachment notice over alleged corrupt practices. Some experts say that the political instability currently sweeping across the country is capable of threatening national security.

Ijaws to Resist River Niger Dredging

One of the key projects highlighted in the 2007 budget is the dredging of River Niger from Lokoja to Warri. Meanwhile, reports have it that the Ijaw's have vowed to resist the planned dredging of the lower Niger Delta river. According to them, the Federal government by its action has disregarded the court processes and shown insensitivity to their plight as the dredging would spell doom for their continued existence.

BPE calls for EoI on Liquefied Petroleum Gas (LPG) Depots

The Bureau for Public Enterprises (BPE) has called for prospective investors with the capability and commitment to develop the nine LPG depots over the medium to long term to forward their Expressions of Interest. It was however noted that investors seeking this opportunity should have demonstrated commitment to improve and enhance the storage capacity and to significantly increase the level of domestic consumption of LPG in the country.

INEC Releases Final Time-Table

Gradually the stage appears set for the 2007 general elections as INEC released a comprehensive schedule of activities for the forth coming elections. This step marks a giant stride as it proved wrong cynics who have hitherto accused the agency of shoddiness. We note that this development marks the 2nd step taken by INEC as regards the 2007 polls.

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	-
Subscription(₦'bn)	18.917	41.706	-
Allotment(₦'bn)	10.00	10.00	-
Stop Rate	6.10	7.50	-

OMO	Oct 17	Oct 18	Oct 19	Oct 20	Oct 20
Tenor(days)	35	35	91	35	91
Bids(₦'bn)	10	4	3.5	8	2
Sales(₦'bn)	10	4	3.5	6	2
Stop Rate	4.75	4.70	4.70	4.80	6.50

Exchange Rate (NGN/USD)

	Last Week	1 Wk Ago	12 Mths Ago
Official	127.00	127.01	129.55
Banks	128.50	128.30	131.25
Parallel	131.00	131.30	138.00

Top Gainers & Losers % Terms

Gainers	20-Oct(₦)	% Δ	Losers	20-Oct(₦)	% Δ
Union Dicon	7.84	27.07	Guinness	109.37	30.12
A.G Leve.	1.77	26.43	Eternal	2.80	22.22
Aiico	1.90	21.79	Ecobank	220.01	18.51
SCOA Nig.	0.56	21.74	Berger	3.24	13.60
CCNN	21.57	21.38	Sterling	6.45	13.54

5 Most Actively Traded Stocks

S/n	Company	Deals	Volume (m)	Value (N'mn)
1	GNI	16	1,291.60	2,389.47
2	Oceanic	1,669	54.44	818.90
3	PlatinumHabib	289	47.23	113.40
4	UBA	2,486	45.75	1,263.34
5	Wema Bank	814	43.56	138.38

Money Market

The level of liquidity in the money market remained high throughout the week, inspite of over N48.4billion NNPC's withdrawal. The outflow of funds from the money market to fund the bids for foreign exchange at the Dutch auction conducted by the apex bank and the Treasury bill market did not have a significant impact on the level of liquidity. It would be recalled that the disbursement of excess crude oil money amounting to N150billion was released into the financial system in the penultimate week. As a result, interest rates available in the money market remained in the same region as they were in the previous week. 7-day NIBOR closed the week down at 2.78% at the end of the week from 3.06% at the end of the previous week, while 90-day NIBOR inched higher to close at 12.254% from 11.97% over the same period. At the weekly auction of government securities market, the CBN reviewed the stop rate for the sale of 91-day and 182-day Treasury bills downwards by 38 and 50 basis points to 6.10% and 7.50% respectively. At the weekly primary market auction for government securities, 91-day Treasury Bills worth N10billion was offered and sold; N18.92billion was subscribed resulting to a subscription level of 189% while N9.76billion was repaid into the system. At the 182-day T-bill auction a total of N10billion was on offer and sold, participants subscribed for N418.79billion resulting to a subscription level of 417% while N3.31billion was repaid into the system. At the Open Market Operations (OMO) the CBN offered 35-day and 91-day non-rediscountable bills. A total of N28billion worth of 35-day non-rediscountable bills was subscribed, while the apex bank sold N26billion at an average rate of 4.74%. Meanwhile N5.5billion worth of bills was subscribed and sold at the 91-day non-rediscountable auction at a stop rate of 6.50%. Cumulatively, there was a net out-flow of N24.23billion through both the primary and secondary segments of the government securities market. A total of \$283 million was sold by the CBN at the bi-weekly Wholesale Dutch auctions held during the week. We note that the ability of the CBN in meeting genuine demands to participants at the WDAS has significantly reduced the pressure on the value of the naira. The value of the naira appreciated by 1kobo during the week, as the marginal rate for the sale of foreign exchange closed at N127.00/US\$1 last Wednesday. In the inter bank foreign exchange market, the value of the naira vis-à-vis the US dollar declined by 20kobo to close the week at N128.50/US\$1, while it gained 30kobo in the parallel market to close the week at N131.00/US\$1.

Equities Market

Most stock market indices were down last week as the **NSE All-Share Index** fell by 648.55 points, after it had lost 1.94% of its value during the week as a result of profit taking by investors. Other market indices exhibited the same trend, as the **CTSL 40 NEMI** lost 1.49% of its value to close the week at 324.342, while the **CTSL 20 NEGI** fell by 2.83% to 315.89. The **CTSL Petroleum Marketing Index** reversed the gains of the previous week, as it lost 2.44% to close the week at 282.77. The loss in the value of the sectoral index came on the heels of declines in the share prices of major petroleum marketing companies such as **Oando** (Down 6.50% to N68.00) and **Conoil** (Down 1.44% to N65.05). The **CTSL Manufacturing Index** also declined by 1.87%. The decline in the sector index was accounted for by depreciation in the prices of such stocks as **Guinness** (Down 30.12% to N109.37), **Ashakacem** (Down 1.38% to N53.75), **7-Up Bottling** (Down 12.12% to N39.45), **Nestle** (Up 5.20% to

N229.43) and **Julius Berger** (Down 6.27% to N46.50). In the same vein, the **CTSL Banking Index** fell by 1.19% to close at 356.94 points as most banking stocks recorded losses in their values. Specifically, banks on the losers chart were **First Bank** (Down 7.41% to N36.11), **United Bank for Africa** (Down 1.15% to N25.70), and **Wema Bank** (Down 2.92% to N2.99). On a positive note, **Aiico Insurance** (Up 21.79% to N1.90), **Cornerstone Insurance** (Up 1.01% to N1.00), **Niger Insurance** (Up 14.83% to N2.71), **Prestige Insurance** (Up 21.07% to N3.16) and **REAN** (Up 4.80% to N2.84) drove the **CTSL Insurance Index** up 9.54% to close the week at 235.75. Other major gainers for the week were **Union Dicon** (Up 27.07% to N7.84), **A.G. Leventis** (Up 26.43% to N1.77), **SCOA** (Up 21.74% to N0.56), **CCNN** (Up 21.38% to N21.57) and **Vono Product** (Up 20.00% to N1.56). Other major losers include **Eterna Oil** (Down 22.22% to N2.80), **Ecobank Transnational** (Down 18.51% to N220.01), **Berger Paints** (Down 13.60% to N3.24), **Sterling Bank** (Down 13.54% to N6.45), and **FCMB** (Down 11.00% to N4.45).

Outlook and Analysis

Money Market

The monthly allocation committee meeting is scheduled to hold this week; we therefore expect the disbursement of allocations to commence before the end of the week or at worst early next week. As a result, we expect interest rates charged in the inter bank money market to drop further at the end of the week when the disbursement commences. Furthermore, we expect some repayments amounting to N43.5billion to be made by the apex regulatory body in the week ahead; this should also improve the level of liquidity in the system. The CBN is expected to mop the excess liquidity by offering same day non-rediscountable OMO bills. In the same vein, the CBN is expected to float N10billion 91-day and 182-day Treasury bill each during the week. The Federal government through the DMO is expected to float N10billion 3rd FGN Bond Series 14 (7yrs). At the foreign exchange market we expect a relative stability in the exchange rate as the CBN continues with its stance to meet all genuine demands in that segment of the market.

Equities Market

Looking at the stock market, we expect that a bullish trend will return to the market in the next few weeks as short term investors react to the recent drop in share prices across the market in the outgoing week by increasing

their investments in these securities which is expected to push up prices. In addition, investors may want to take positions ahead of the announcement of interim and full year results of some blue chip companies' which are due for the months of November and December. Hence, we do not anticipate a significant fall in share prices as we draw close to the end of the year. We note that there are indications that some companies within the building material subsector may consider raising additional funds via primary market offers before the end of the year. Meanwhile, we continue to recommend the following stocks which have good fundamentals and show prospects 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	100.00	19.82
8	BCC	35.00	21.09
9	Ashakacem	50.00	16.62
10	WAPCO	60.00	17.19
11	CAP Plc	22.00	16.37
12	Cadbury	52.00	22.96
13	Flour Mills	55.00	16.88
14	Nestle	215.00	19.26
15	UACN	25.00	17.50
16	Total	195.50	19.59
17	Glaxo Smithkline	13.50	12.26
18	Mobil	175.50	18.07
19	UPDC	12.50	16.31
20	Chevron Oil	110.00	19.24

Company Dividend and Bonus Announcements

Company	I/F *	DPS(N)	Bonus	Closure date	Payment Date
Chellaram	F	0.1	-	9-Nov-06	23-Dec-06
Ekocorp	F	-	1 : 4	23-Oct-06	-
CAP	I	0.5	-	13-Nov-06	01-Dec-06

Company Results

Company	Period ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Vono	FY Dec 05	264.62	(7.07)	(88.00)	49.84
Chellaram	FY Mar. 06	8,857	11.89	72.50	125.6
Ekocorp	FY Dec. 06	422.85	6.49	62.34	8.23
CAP	9mths Sep 06	1,360	27.82	171.19	47.42
R.T Brisc.	9mths Sep 06	9,185	65.32	348.77	133.1
BCC	9mths Sep 06	4,400	62.96	3,044	158.2
Vono	6mths June 06	360.21	277	8.17	130

Symbols for Tables

*NIBOR – Nigerian Inter Bank Offered Rates

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

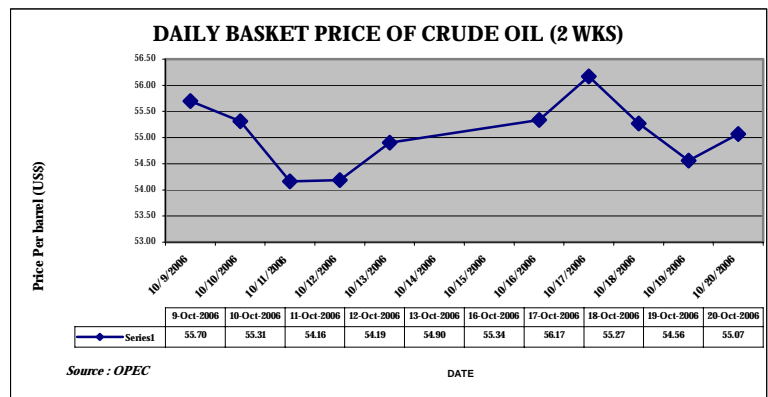
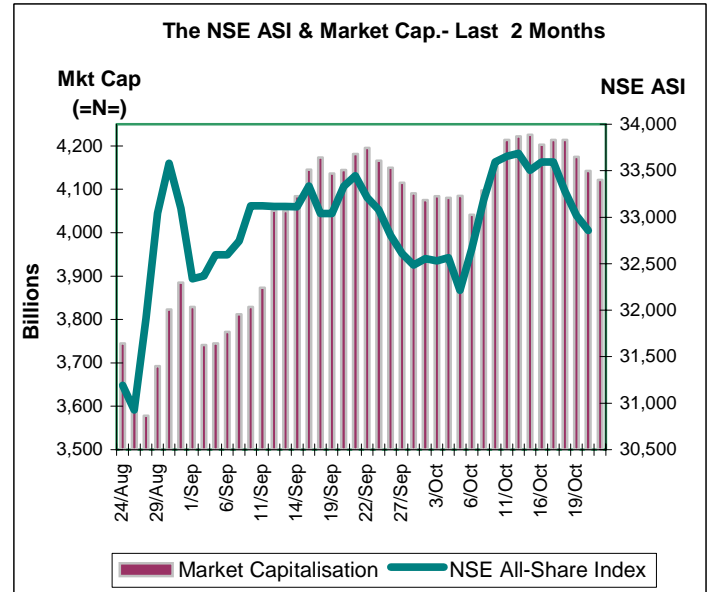
Primary Market Equities

Company	No of shares	Offer price (N)	Opening Date	Closing date
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.)	11.99	0.35
S & P 500 Index (U.S.A.)	9.64	0.22
NASDAQ (U.S.A.)	6.21	(0.64)
Bovespa Index (Brazil)	15.50	(0.53)
Europe		
SMI (Switzerland)	13.96	(0.12)
FTSE 100 Index (UK)	9.55	(0.03)
CAC 40 Index (French)	14.00	0.41
DAX Index (Germany)	14.69	0.47
MSI Index (Spain)	28.03	1.14
Africa		
NSE All-Share Index (Nigeria)	36.42	(1.94)
JSE All-Share Index (S/A)	28.96	2.18
GSE All-Share Index (Ghana)	4.08	0.32
Cairo SE Gen (Egypt)	(2.12)	0.39
Asia/Pacific		
NIKKEI 225 Index (Japan)	3.35	0.70
BSE 30 Index (India)	35.24	(0.21)
Hang Seng Index (Hong Kong)	21.76	0.69



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