

NIGERIAN MONEY & CAPITAL MARKETS

FSDH CULTURE WHEEL

Monday, November 27, 2006

7TH Floor, 1/5 Odunlami Street

P.M.B 12913 Lagos, Nigeria

Phone: 234-01-2640160-9

Fax: 234-01-2640173-4

Research Team: Ayodele Akinwunmi

Peju Adelokun

E-mail: aakinwunmi@counterstrust.com

padelokun@counterstrust.com



Equity Market Indicators

	Value	NGN	USD	NGN	USD
		1 week % Δ		1 Year % Δ	
NSE ASI	31,356.6	(3.7)	(3.7)	24.37	25.92
Mkt Cap(Nb)	3,941.63	(2.6)	(2.6)	55.26	56.81
CTSL 20	298.36	(6.0)	(5.9)	15.31	16.86
CTSL 40	302.61	(5.9)	(5.9)	22.73	24.28
CTSL Bnk.	355.44	(5.1)	(5.1)	60.80	62.35
CTSL Ins.	214.93	1.6	1.6	(16.35)	(14.8)
CTSL Mfg.	246.43	(7.0)	(7.0)	3.36	4.91
CTSL Pet.	269.84	(5.7)	(5.7)	(15.07)	(13.5)
Mkt					

	Last Week	1 week % Δ
Volume Traded (m)	751.73	1.19
Value Traded (₦m)	8,339.53	(15.20)
Deals	30,666	(4.13)

Coral Funds and Selected Mutual Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	29.37	(5.41)
IBTC Nig. Equity Fund	42.37	(6.09)
Discovery Fund	26.20	(3.98)
Coral Ethical Fund*	(43.03)	(8.68)
Coral Income Fund*	6.98	(0.32)

*The YTD growth has been annualised

Please note that all the funds shown above have varying asset allocation structure.

Money Market indicators

Interest Rates %	Last Week	1 Wk Ago	12 Mths Ago
MRR	14.00	14.00	13.00
NIBOR 7 days	13.3333	19.1667	7.9167
NIBOR 90 days	14.1250	14.2083	13.2500

Review

Weekly News Wrap

Crisis in Niger Delta is Under Control

President Olusegun Obasanjo has said that the crisis in the Niger Delta Area of Nigeria is under control. The President described the hostage-taking and the recent death of an expatriate in the region as unfortunate. Obasanjo told members of the Honorary Internationals Investors Council (HIIC) during a visit to the Presidential Villa, Abuja, that the establishment of the Niger Delta Development Commission (NDDC) and the quarterly meetings of All- Stakeholder Council on the Socio-Economic Development of the Niger Delta have opened new ways of doing things in the region. Obasanjo, who admitted the collective guilt of the individuals, communities, oil companies, local, states and federal administrations, said the problem of the region is attributed to accumulated neglect of the past. He assured all stakeholders that his administration is making frantic efforts to tackle the long neglect of the area.

Insurance Industry Loses N70b Premium

The Commissioner for Insurance and Chief Executive, National Insurance Commission (NAICOM), Chief Emmanuel Chukwulozie said the operators in the insurance industry in Nigeria are losing about N70billion in premium income per annum to capital flight in the oil and gas sector of the economy through the insurance of risks abroad by oil multinationals. The Insurance chief said the Federal government's local content policy in the energy sector will enable the insurance industry to progressively underwrite oil & gas business in Nigeria from 45% in 2007 to 70% in 2010. He also noted that the policy will boost the growth and development of the Nigerian insurance industry. According to him, the ongoing consolidation exercise in the industry will gradually boost the local retention capacity especially in the oil and gas sector as well as marine and aviation insurance businesses amongst other classes of insurance. He added that the assurance that domestic insurers have the capacity to underwrite the high profile risks in the oil and gas industry can only be provided by adequate and progressive capitalization and consolidation of the insurance industry. The commissioner explained that the commission has constituted a committee comprising the Nigerian National Petroleum Corporation (NNPC) and the major oil companies, the insurance industry and NAICOM to ensure a smooth implementation of the oil and gas insurance policy.

Key Economic Indicators	%
Inflation Rate (YoY) Sept	6.30
Inflation Rate (12 months Ave.) Sept	10.00
Foreign Reserves (US\$b) Sept	40.24
GDP Growth Rate June	7.50

CBN Treasury Bill Auction Results

Tenor	91-day	182-day	364-day
Offer(₦'b)	10.00	10.00	-
Subscription(₦'b)	22.022	22.275	-
Allotment(₦'b)	10.00	10.00	-
Stop Rate	5.45	6.49	-

OMO	Nov20	Nov 21	Nov 22	Nov 22	Nov 23
Tenor(days)	35	35	35	91	35
Bids(₦'b)	-	10.00	4.00	3.00	-
Sales(₦'b)	-	-	-	-	-
Stop Rate (%)	-	6.25	4.80	6.10	-

Exchange Rate (NGN/USD)

	Last Week	1 Wk Ago	12 Mths Ago
Official	127.00	127.01	129.00
Banks	128.30	128.20	130.40
Parallel	131.00	130.80	138.00

Top Gainers & Losers % Terms

Gainers	24-Nov(₦)	% Δ	Losers	24-Nov(₦)	% Δ
SCOA	1.01	24.69	Presco	9.71	18.40
UTC	1.10	20.88	NBC	35.00	16.67
Ekocorp	1.36	19.30	WAPCO	46.50	15.47
Tripple Gee	2.49	15.81	Ashaka	47.12	14.62
Niger Insurance	2.63	13.85	Neimeth	3.00	14.29

5 Most Actively Traded Stocks

S/n	Company	Deals	Volume (m)	Value (N'm)
1	Fidelity	1,144	187.23	421.83
2	Access	1,115	79.83	575.48
3	Bank PHB	256	47.53	126.84
4	Diamond	460	42.14	240.95
5	FCMB	281	32.20	134.68

Money Market

Liquidity tightness continued to dominate the market last week, as against the expectation that the allocation from the Federation Account Allocation Committee (FAAC) for the month of November would hit the system toward the end of the week. The major sources of inflows into the system were the personnel cost from the Federal government and the NNPC Cash Calls of N8.7Billion and N1.9billion respectively. However, the expectation in the market that the FAAC allocation would hit the system caused inter-bank rates to drop marginally from the preceding week. Specifically, 7-day NIBOR dropped from 19.17% in the preceding week to 13.33% while the 90-day NIBOR dropped marginally from 14.21% in the preceding week to 12.13%. At the primary segment of the market a total of N10billion worth of 91-day Treasury Bill was offered and sold, N22.02billion was subscribed resulting to a subscription level of 220.2%, while N10billion was repaid. A total of N10billion worth of N182-day TBs was offered and sold, N22.275billion was subscribed resulting to a subscription level of 222.75%, while a total of N10.595billion was repaid. The over subscription level in the market caused the stop rates to drop marginally when compared to the previous week. The stop rate on the 91-day TB dropped marginally from 5.48% in the preceding week to close the week at 5.45% while the stop rate on the 182 day Treasury bill dropped marginally from 6.54% in the preceding week to close at 6.494%. At the secondary segment of the market, a total of N25billion worth of 35-day non-rediscountable bills was repaid while a total of N3billion worth of 91-day non-rediscountable bills was subscribed and sold at 6.10% stop rate. The federal government offered and sold N10billion worth of 7-year FGN Bonds while a total of N43.03billion was subscribed, resulting to 430.30% subscription level, and the marginal rate applied was 10.98%. In the foreign exchange market the CBN offered \$160million at the foreign exchange market last week the same amount that was on offer in the preceding week. It however reduced the amount of foreign exchange sold to \$93.35million from \$217.00million in the preceding week. The value of naira vis-à-vis the US dollar appreciated in two segments of the market while it depreciated in one segment of the markets it gained 1kobo in the official market to close the week at N127.00/US\$1 from N127.01/US\$1 in the preceding week and gained 129kobo in the inter-bank market to close the week at N127.00/US\$1 from N128.29/US\$1 in the preceding week. It however lost 20kobo in the parallel markets to close the week at N131.20/US\$1 from N130.80/US\$1 in the preceding week.

Equities Market

The bearish trend dominated the equity market last week as **The NSE All Share Index** further shed 3.69% of its value last week to close at 31,356.69 points from 32,557.16 points in the preceding week. The decline in the **NSE All Share Index** came from a drop in the share price most of the highly capitalised stocks. All the **CTSL Indices** shed weight except the CTSL Insurance Index. **The CTSL Insurance Index** gained 1.65% to close the week at 214.93 points from 211.45 points in the preceding week on the strength of appreciation in the share prices of **Niger Insurance** (Up 13.85% to N2.63), **Royal Exchange** (Up 9.34% to N2.81) and **Crusader Insurance** (Up 4.42% to N1.89). **The CTSL Banking Index** lost by 5.13% to close the week at 355.44 points down from 374.67 points in the preceding week on the heels of drop in the share prices of **United Bank for Africa** (Down 7.20% to N23.20), **First Bank** (Down 7.60% to N30.50), **GT Bank** (Down 6.55% to N15.70), **IBTC Chartered** (Down 7.82% to N5.89), **Union Bank** (Down 5.83% to N22.60), **Wema** (Down 9.58% to N3.02), **Zenith Bank** (Down 5.89% to N22.68) and **Access Bank** (Down 0.82% to N7.30). **The CTSL Petroleum Index** lost 5.77% to close the week at 269.84 points down from 286.37 points in the preceding week as a result of drop in the share prices of **Chevron** (Down 10.74% to N133.00), **Mobil** (Down 6.92% to N170.08), **Total** (Down 8.33% to N176) and **Oando** (Down 5.41% to N70.00). Drop recorded in the share prices of **Guinness** (Down 10.00% to N90), **Nigerian Breweries** (Down 2.52% to N35.65), **P.Z Industries** (Down 4.00%

to N24), **CAP** (Down 9.72% to N25.73), **7-UP** (Down 4.08% to N41.59), **Flourmills** (Down 4.86% to N59.95), **Nigerian Bottling Company** (Down 16.67% to N35), **Ashakacem** (Down 14.62% to N47.12), **WAPCO** (Down 15.47% to N46.50) **Glaxosmithkline** (Down 8.33% to N16.50) and **UACN Properties** (Down 13.64% to N11.40) were responsible for the 2.88% loss in the value of **CTSL Manufacturing Index** which lost 7.03% to close the week at 246.43 points down from 265.07 points in the preceding week. In a similar development, the **CTSL 20 NEGI** and **CTSL 40 NEMI** lost 6.00% and 5.96% to close at 298.36 points and 302.61 points respectively. Other major gainers during the week include: **SCOA** (Up 24.69% to N1.01), **UTC** (Up 20.88% to N1.10), **Ekocorp** (Up 19.30% to N15.81) and **B.O.C Gases** (Up 13.31% to N3.32), while other major losers during the week include: **Neimeth** (Down 14.29% to N3.00), **Platinumhabib** (Down 11.23% to N2.53), **Benue Cement** (Down 11.00% to N33.40), **John Holt** (Down 10.24% to N1.29) and **ETI** (Down 10.20% to N220). Meanwhile, a total of 18,553,905,526 shares of **Transnational Corporation of Nigeria Plc** were admitted to the **Daily official List** of the **Nigerian Stock Exchange** by way of Introduction.

Over-the-Counter Bond Market

A turnover of 39.15million units worth N42.5billion in 593 deals was recorded last week in the Federal Government of Nigeria bonds, in contrast to a total of 16.2million units valued at N16.9billion exchanged in 21 deals during the preceding week. The most active bond was the 3rd FGN Bond 2009 Series 12 with a traded volume of 12.5million units valued at N13.5billion in 201 deals.

Outlook and Analysis

Money Market

The CBN is expected to float N10billion each of 91 and 182 day TBs while N10billion each of 91 and 182 day TB will mature. Also about N20billion worth of non-rediscountable bills will mature and be repaid into the system. In addition, we expect that the allocation from Federation Account Allocation Committee (FAAC) for the month of November will hit the system. The combination of the maturing bills and the allocation will result to liquidity in the market. Consequently, we expect inter-bank rate to drop. Demand for the government securities may also increase and lead to oversubscription which may result to marginal drop in stop rates. In the foreign exchange market we expect a marginal appreciation in the value of naira against major international currencies.

Equities Market

While we expect the bearish trend in the market to continue in the week ahead, as result of the on-going Offer for Sales by **Dangote Sugar Refinery Plc** and the Proposed Initial Public Offering of **Transcorp**, we maintain that the trend presents good buy opportunities. Investors should however take advantage of the downward trend in the market to take positions in stocks that have good fundamentals ahead of a likely bullish run which may follow the bearish trend. We therefore recommend the following stocks which have potentials for growth in the medium and long term.

Recommended Stocks

S/N	Stocks	Current Price	Current PE Ratio	Projected Price
1	Okomu Oil	33.90	17.89	46.00
2	R.T. Briscoe	13.90	12.75	15.30
3	Diamond Bank	5.40	9.53	11.50
4	First Bank	30.50	16.81	40.00
5	FCMB	4.22	14.34	6.75
6	GTB	15.70	12.07	24.50
7	Oceanic	14.16	12.53	18.00
8	UBA	23.20	21.73	30.50
9	Zenith	22.68	15.90	29.00
10	Guinness	90.00	16.93	120.00
11	Ashakacem	47.12	16.45	65.00
12	7-Up	41.59	17.77	60.00
13	Flourmills	59.95	18.41	85.00
14	Glaxo Smith	16.50	14.92	21.00
15	May & Baker	9.00	18.35	10.90
16	Crusader	1.89	4.97	5.00
17	Conoil	68.50	16.07	101.00
18	Oando	70.00	15.11	98.00
19	UAC- Property	11.40	12.67	15.00

Company Interim and Full Year Results

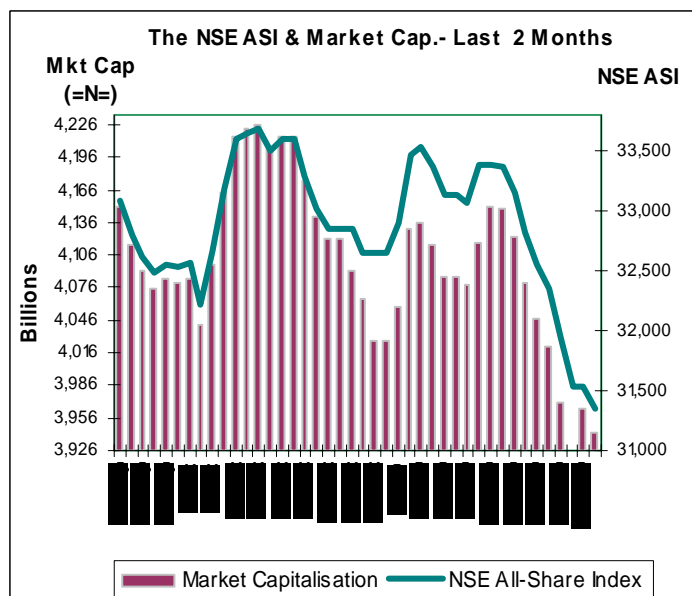
Company	Period ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Chevron	9 mths Sep 06	49,559	32.37	1,119	77.04
Longman	9 mths Sep 06	992.93	26.03	57.83	50.04
Eterna Oil	9 mths Sep 06	1,873	175.4	26.01	212.3
Beta Glass	9 mths Sep 06	3,629	(8.27)	325.04	123.5
NB	9 mths Sep 06	61,538	5.27	8,451.00	41.32
Thomas W	6 mths Sep 06	75.03	54.16	0.88	113.7
Guinness	3 mths Sep 06	11,994	5.98	1,633.00	42.37

Primary Market Equities

Company	No of shares	Offer price (N)	Opening Date	Closing date
Dangote Sugar	3,000,000,000	18.00	15-Nov-06	22-Dec-06

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	14.58	(0.51)
S & P 500 Index (U.S.A.)	12.23	(0.02)
NASDAQ (U.S.A.)	11.56	0.59
Bovespa Index (Brazil)	24.81	1.78
Europe		
SMI (Switzerland)	13.95	(1.19)
FTSE 100 Index (UK)	8.96	(1.13)
CAC 40 Index (French)	14.30	(0.92)
DAX Index (Germany)	18.56	(0.01)
MSI Index (Spain)	33.41	(1.40)
Africa		
NSE All-Share Index (Nigeria)	30.19	(3.69)
JSE All-Share Index (S/A)	32.57	(3.46)
GSE All-Share Index (Ghana)	4.30	(0.01)
Cairo SE Gen (Egypt)	2.04	1.27
Asia/Pacific		
NIKKEI 225 Index (Japan)	(2.34)	(2.22)
BSE 30 Index (India)	45.81	2.04
Hang Seng Index (Hong Kong)	29.47	0.40



Symbols for Tables

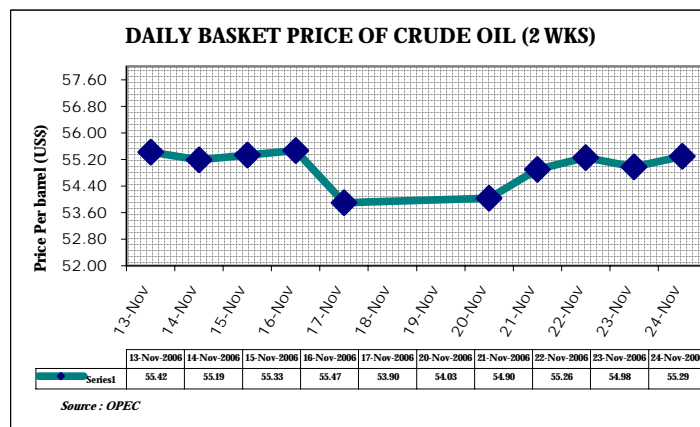
*NIBOR – Nigerian Inter Bank Offered Rates

*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 October
- ✓ CGF Clients' Online Account Statements



For enquiries please contact us at 1/5 Odunlami Street, P.M.B 12913 Lagos. (Website) www.fsdh-ltd.com, www.counterstrust.com (Email) info@counterstrust.com (Tel) 234-1-2640160-9 (Fax) 234-1-2640173-4.

Disclaimer Policy

This publication is produced by Counters Trust Securities Limited (CTSL) a subsidiary of First Securities Discount House Limited (FSDH) solely for the information of users who are expected to make their own investment decisions without undue reliance on any information or opinions contained herein. The opinions contained in the report should not be interpreted as an offer to sell, or a solicitation of any offer to buy any investment. CTSL may invest substantially in securities of companies using information contained herein and may also perform or seek to perform investment services for companies mentioned herein. Whilst every care has been taken in preparing this document, no responsibility or liability is accepted by any member of FSDH or CTSL for actions taken as a result of information provided in this publication.