

Review

Weekly News Wrap

The present administration is not relenting in its commitment to diversify the nation's income base as arrangements have been concluded to boost the operations of cassava farming in the country. The primary motive is to enable local cassava farmers expand and develop cassava production. Recently, the federal government approved the release of N50billion loan to cassava farmers nation wide. The loanable funds can only be accessed through cooperatives and will attract eight percent interest per annum. Cassava is known for its various uses which include human consumption, industrial application, and animal feed. At an organized workshop by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the focus was on integrating cassava research with large scale processing. This would encourage prospecting for and the establishment of ethanol plants, flour mills and exports of other bye-products from cassava. It would be recalled that cassava has been grown in Nigeria for over a hundred years with no serious attention paid to its usefulness. The recent effort of the government on cassava farming may prove to be a major source of revenue. The success of the policies of the government would go a long way in developing and making the cassava farming more vibrant. Furthermore, more foreign exchange would be generated by way of exporting cassava and other bye-products while employment opportunities will abound.

Money Markets

Interest rates charged in the money market dipped steadily during the week as statutory allocations of about N281billion filtered into the system resulting in an increase in the level of liquidity. The exit of funds from the money market to fund the purchase of Federal Government securities and foreign exchange market did not have a significant impact on the level of liquidity. Hence, 7-day NIBOR dipped to 1.53% at the close of the week from 11.75% at the end of the previous week, while 90-day NIBOR moved to 12.22% from 13.50% over the same period. At the weekly primary market auction for government securities, 91-day Treasury Bills worth N10billion was offered and sold by the Central Bank of Nigeria (CBN). The subscription level was 201.3%, as demand stood at N20.13billion. At the 182-day T-bill auction, a subscription level of 186.7% was recorded. The CBN offered N10billion; participants demanded N18.67billion and the CBN sold all that was offered. Meanwhile, the stop rate for the sale of the 182-day Treasury Bills was reviewed downward by 10 basis point to

October 03, 2006

Equity Market Indicators

As at Sept. 29, 2006	Value	NGN	USD	NGN	USD
		1 week % Change		1 year % Change	
NSE All-Share Index	32,554.60	(1.98)	(1.98)	32.14	34.06
Coral Growth Fund	1,526.41	(2.90)	(2.90)	37.63	39.55
Market Cap. (₦'b)	4,083.73	(1.98)	(1.98)	72.83	74.75
CTSL 40 NEMI	322.80	(1.47)	(1.47)	38.39	40.31
CTSL 20 NEGI	318.15	(1.70)	(1.70)	30.11	32.03
CTSL Banking Index	345.18	(1.50)	(1.50)	54.21	56.12
CTSL Ins. Index	214.62	(4.83)	(4.83)	(8.91)	(6.99)
CTSL Man. Index	290.23	(0.76)	(0.76)	37.13	39.04
CTSL Pet. Mktg Index	274.80	(5.74)	(5.74)	(13.14)	(11.22)
		Last week		Week before last	
Volume Traded (m)		794.94		774.82	
Value Traded (₦'m)		11,159.54		12,124.23	

Money Market Indicators

Interest Rates	As at Sep 29	1 week ago	12 months ago
Min. Rediscount Rate (%)	14.00	14.00	13.00
NIBOR 7 days (%)	1.5313	11.7500	3.0000
NIBOR 90 days (%)	12.2188	13.5000	8.3333

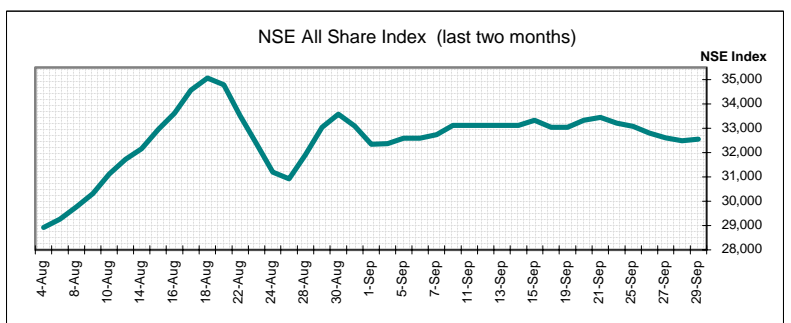
CBN Treasury Bill Auction Results

	91-day T-Bills	182-day T-Bills
Tenor (days)	91	182
Total Offer (₦'bn)	10.00	10.00
Total Subscription (₦'bn)	20.130	18.666
Total Allotment (₦'bn)	10.00	10.00
Stop Rate (%)	4.50	6.65

OMO	Sep 25	Sep 26	Sep 27	Sep 28	Sep 29
Tenor (days)	91	91	182	91	182
Total Bids (₦'bn)	2.50	1.00	-	1.75	-
Total Sales (₦'bn)	2.50	1.00	-	1.75	-
Stop Rate (%)	5.50	5.50	-	4.25	-

Exchange Rate (NGN/USD)

	As at September 29	1 week ago	12 months ago
Official	127.02	127.02	129.50
Banks	128.40	128.50	130.95
Parallel	131.00	131.20	138.60



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6.65% while 91-day Treasury bill was reviewed downward by 50 basis point to 4.50%. The apex bank also sold N26.8billion 5year Bonds at 12.99% during the week. The Bonds was 242.6% subscribed, as demand was put at N64.7billion. At the secondary segment of the government securities market, the CBN offered and sold N5.25billion worth of 91-day non-rediscountable bills at a stop rate of 5.50% and 4.25%. At the foreign exchange market, the CBN offered additional \$300million at a special auction on Thursday of which \$79.3million was sold. Meanwhile, at the bi-weekly auction \$301.7million was sold. Total sales for the week represented an increase of 11.22% compared to that of the previous week. The naira depreciated in two of the three segments of the foreign exchange market. At the inter bank and the parallel market, the naira lost 10kobo and 20kobo as the marginal rate for the sale of foreign exchange was N128.40/US\$1 and N131.00/US\$1 respectively. Meanwhile, the value of the naira remained same to close the week at N127.02/US\$1 in the official segment of the market.

Equities Market

Most of the heavily capitalized stocks recorded losses in their share values last week, causing the **NSE All-Share Index** to fall by 1.98%. The week was characterized by lackluster trading as the index closed Friday's trading transaction down 32,554.41points from the week's opening figure of 33,212.41. We note that this brings the year-to-date gain of the index to 35.16%. All CTSL Indices recorded a performance similar to the NSE All-Share Index. The **CTSL 20-NEGI** lost 1.70% trailed by the **CTSL 40-NEMI** with a loss of 1.47% during the week. The worst performance was recorded in the petroleum marketing sub sector, as the **CTSL Petroleum Marketing Index** depreciated by 5.74% to close the week at 274.80. The decline was as a result of the losses recorded in the share prices of **Total** (Down 7.00% to N186.00), **Mobil** (Down 2.04% to N186.13), **Conoil** (Down 9.63% to N60.55), **Oando** (Down 7.66% to N69.99), **Texaco** (Down 0.50% to N100.00) and **African Petroleum** (Down 7.18% to N37.50). The **CTSL Insurance Index** lost 4.83% as the shares of **Aiico** (Down 13.61% to N1.65), **Niger Insurance** (Down 11.76% to N2.25) and **Prestige Assurance** (Down 9.49% to N2.67) recorded losses in their share prices. The **CTSL Banking Index** lost 1.50% to close the week at 345.18 as **Union Bank** (Down 5.45% to N24.10), **Wema Bank** (Down 16.56% to N2.67), **Oceanic Bank** (Down 4.81% to N12.85), **UBA** (Down 4.48% to N23.69) and **First Bank** (Down 2.33% to N34.80) all recorded losses in their market prices. The decline witnessed in the share prices of **Okomu** (Down 5.33% to N28.40), **Dunlop** (Down 10.20% to N3.61), **Nigerian Breweries** (Down 4.27% to N41.75), **NBC** (Down 3.13% to N48.00) and **WAPCO** (Down 3.94% to N61.15) accounted for the loss in the **CTSL Manufacturing & Allied Index**, which lost 0.76% of its value to close the week at 290.23. Other major losers for the week were **Ecobank Nig.** (Down 13.14% to N5.95), **Nampak**

(Down 12.99% to N3.35), **Pharma-Deko** (Down 12.25% to N3.51), **C & I Leasing** (Down 12.16% to N1.30) and **A.G. Leventis** (Down 12.12% to N1.45). Meanwhile, other major gainers for the week were **7 Up Bottling** (Up 27.59% to N72.74), **Poly Products** (Up 24.69% to N1.01), **Tripple Gee** (Up 20.75% to N1.28), **May & Baker** (Up 15.58% to N6.01) and **IBTC Chartered Bank** (Up 15.28% to N6.64).

Top Gainers (% terms)	Price (₦) 29- Sep	% chg	Top losers (% terms)	Price (₦) 29 - Sep	% chg
7 Up Bottling Co.	72.74	27.59	Wema Bank	2.67	16.56
Poly products	1.01	24.69	Aiico	1.65	13.61
Triple Gee	1.28	20.75	Ecobank	5.95	13.14
May & Baker	6.01	15.58	Nampak	3.35	12.99
IBTC Chartered	6.64	15.28	Pharma -Deko	3.51	12.25

Total market turnover declined last week by 7.96% from N12,124.23 million in the previous week to N11,159.54 million. Losers (54) outnumbered gainers (33), while (116) stocks closed the week unchanged. The banking sub sector was most actively traded. Bulk trades in the shares of **Fidelity Bank Plc**, **Wema Bank Plc** and **Access Bank Plc** accounted for a large proportion of the trades in the sub sector. 264 million shares of these Banks representing 42.3% of the sub sector's turnover were traded during the week.

Comparison Between CGF and Selected Mutual Funds

	Mutual Fund	YTD (%)	Week on Week Chg (%)
1	Coral Growth Fund	36.42	(2.90)
2	IBTC Nig. Equity Fund	51.33	(2.92)
3	*Discovery Fund	29.46	(0.84)
4	Coral Ethical Fund	(0.81)	(1.92)
5	Coral Income Fund	0.52	0.47

*The Discovery Fund has Exposure to Real Estate.

Company Dividend and Bonus Announcements

Company	I/F*	DPS(N)	BONUS	C/D*	P/D*
Guinness Nig	Final	4.00	1 for 4	20-Oct-06	N/A
Guaranty Trust	Interim	0.25	-	10-Oct-06	30-Oct-06
FCMB	Final	0.13	-	09-Oct-06	N/A
Morison	Final	0.10	-	03-Oct-06	02-Nov-06
Nig-Germ Chem.	Final	0.35	-	09-Oct-06	06-Nov-06

Primary Market Equities

Issuer	No of shares	Offer price (N)	Opening date	Closing date
Ikeja Hotel Plc	1,000,000,000	3.00	7 th Sept.	29 th Sept.
LASACO Assurance	4,435,261,182	0.80	1 st Sept.	29 th Sept.
LASACO Assurance*	2,419,637,570	0.70	1 st Sept.	29 th Sept.
Law Union & Rock	1,800,000,000	1.10	5 th Sept.	29 th Sept.
Crusader Insurance	1,665,119,816	1.35	11 th Sept.	29 th Sept.
Crusader Insurance*	787,573,690	1.20	8 th Sept.	29 th Sept.
ADC Plc	1,200,000,000	1.00	13 th Sept.	29 th Sept.
Wapic Insurance	250,000,000	2.40	11 th Sept.	18 th Oct.
Intercontinental Bank	740,740,741	13.50	28 th Sept.	7 th Nov.
Intercontinental Bank*	1,531,940,918	13.50	28 th Sept.	7 th Nov.

*Right Issue

Company Results

Company	Period Ended	T/O (₦m)	% Change	PAT (₦m)	% Change
Afribank Plc	FY Mar. 2006	15,636.00	4.03	2,624.00	513.98
Guinness Nig. Plc	FY Jun. 2006	53,651.00	14.49	7,440.00	53.12
FCMB	FY Apr. 2006	11,180.00	82.7	2,830.00	255.1
Vitafoam Nig. Plc	9Mth Jun. 2006	2,982.00	12.87	217.90	65.33
Guaranty Trust Bank	6Mth Aug 2006	22,065.00	44.33	4,841.00	63.44
Union Ventures & Pet.	6Mth Jun. 2006	64.34	120.04	0.89	(46.4)

Outlook and Analysis

Money Market

Interest rates are expected to dip further next week as the market continues to react to the influx of statutory allocations to the various tiers of government and parastatals. The decline in the treasury bill rate over the last three weeks would probably lead to a gradual decrease in short term deposit rates in the inter-bank market in the coming weeks. Looking at the foreign exchange market, the direction of the CBN may turn out to be a key determinant of the value of the naira in the coming weeks as the CBN tackles the impact of high demand for foreign exchange on the exchange rate.

Selected Foreign Stock Market Indices

	YTD Change %	Weekly Change %
North/Latin America		
DJIA (U.S.A.)	8.97	1.49
S & P 500 Index (U.S.A.)	7.01	1.60
NASDAQ (U.S.A.)	2.41	1.78
Bovespa Index (Brazil)	8.95	4.74
Europe		
SMI (Switzerland)	11.10	1.25
FTSE 100 Index (UK)	6.09	2.38
CAC 40 Index (French)	11.34	2.10
DAX Index (Germany)	11.02	2.06
MSI Index (Spain)	21.79	4.01
Africa		
NSE All-Share Index (Nigeria)	35.16	(1.98)
JSE All-Share Index (S/A)	23.64	1.66
GSE All-Share Index (Ghana)	3.66	(0.31)
Cairo SE Gen (Egypt)	0.03	1.62
Asia/Pacific		
NIKKEI 225 Index (Japan)	0.10	3.15
BSE 30 Index (India)	32.52	1.78
Hang Seng Index (Hong Kong)	17.93	(0.33)

Equities Market

Activities in the equity market should remain moderate this week. We forecast a bullish run for several blue chips in the weeks ahead as most investors begin to take position in the market. We note that interim results released so far by some of these companies have been impressive. Furthermore, the second quarter results released last week by **Guaranty Trust Bank** highlight the improving fortunes of the bank and should attract more interest in the coming weeks. The NSE All-Share Index rose by 24.44% in the third quarter as compared to a rise of 12.1% in the second quarter and -3.11% in the first quarter of the year. In our view, a rebound in the equities market may be tied to the possible influx of funds from some Pension Fund Administrators, institutional investors and speculative activities by banks and stockbrokers. However, we wish to reiterate that investors should review or formulate their investment strategies around a horizon of at least 12 months. The under listed stocks possess fundamentals for growth in the long term.

Recommended Stocks

	Securities	Target Price	PE Ratio
1	FBN	30.00	16.61
2	GTB	17.00	15.21
3	UBA	20.00	19.07
4	Zenith Bank	22.00	17.74
5	IBTC	6.00	15.93
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

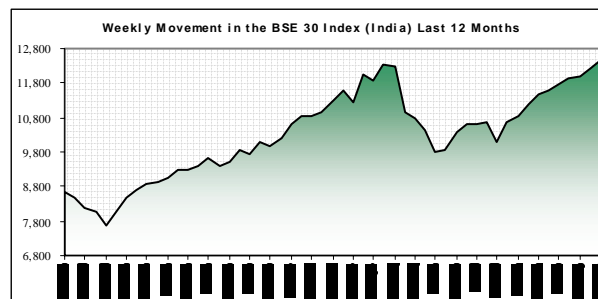
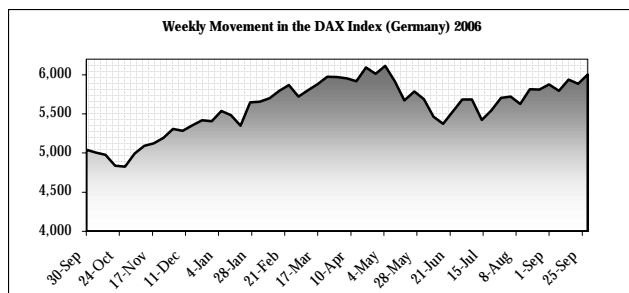
*NIBOR – Nigerian Inter Bank Offered Rates

*Symbols for tables

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

*P/D-Payment Date

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



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