WEEKLY NIGERIAN CAPITAL & MONEY MARKET REPORT

Friday, November 13, 2009

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FSDH Equities Market Indicators

	Value	NGN	USD	NGN	USD
	This Week	1 week % ?		1 Year % ?	
ISE ASI	21,349.18	(0.78)	(1.10)	(43.63)	(72.41)
Mkt. Cap.(Nbn)	5,036.54	(0.78)	(1.10)	(39.39)	(68.16)
FSDH 20	198.77	(0.38)	(0.70)	(46.15)	(74.92)
FSDH 40	224.18	(0.28)	(0.61)	(40.02)	(68.79)
FSDH Banking	241.36	0.44	0.12	(52.18)	(80.95)
FSDH Ethical	68.22	(0.22)	(0.54)	(20.26)	(49.03)
FSDH Ins.	116.93	(3.59)	(3.91)	(66.22)	(94.99)
FSDH Mfg. & Allied	221.03	(0.69)	(1.01)	(4.14)	(32.91)
FSDH Pet. Mkt	263.45	(2.05)	(2.37)	(65.56)	(94.33)

	This Week	1 Week % ?
Volume Traded (m)	2,176.41	(9.13)
Value Traded (N'm)	17,205.28	17.43
Deals	30,275	(2.56)

Coral Funds

Mutual Fund	YTD %	1 Week ? %
Coral Growth Fund	5.75	(0.06)
Coral Ethical Fund	(24.57)	(0.02)
Coral Income Fund	10.07	0.30

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

Money Market Indicators

Interest Rates (%)	This Week	1 Wk Ago	12 Mths Ago
MPR	6.0000	6.0000	9.7500
NIBOR 7 days	10.7500	8.9167	18.1417
NIBOR 30 days	15.0250	13.9583	18.3080
NIBOR 90 days	16.2500	16.0833	17.9583

Economic Review

Improved Outlook Boosts Oil Demand

The Monthly Oil Market Report of the Organization of the Petroleum Exporting Countries (OPEC), November 2009 edition, notes that bullish market sentiment has intensified following upward revision of the world economic outlook by IMF and rising demand projection for 2010 by various institutions lifting petroleum prices across the globe. The report added that depreciation in the value of the US dollar against other currencies, particularly the Euro, has contributed to the positive oil price development. The average OPEC reference basket price for the month of October was US$72/b, reinforced amid unseasonable gasoline stock draw, higher-than expected bank earnings reports and increasing technical buying in the market. The OPEC reference basket as at Thursday, November 12, 2009 stood at US$76.06/b.

The report also noted the continuous improvement in world economy, and the accelerating rate of recovery. The world economy is now forecast to grow at 2.9%, an upward review from the previous month's forecast of 2.7% in the year 2010 following a contraction of 1.1% in 2009. FSDH Research had reported in its "Economic & Financial Market Review and Outlook Q4 2009" that OPEC's view of the world economic growth in 2010 is more conservative than that of International Monetary Fund (IMF). IMF had released a growth rate of 3.1% for 2010 in its World Economic Outlook (WEO) October 2009 edition. OPEC also notes that the Chinese GDP growth projected to grow by 8.0% in 2009 and by 8.5% in 2010 remains unchanged from last month's estimate. All major OECD regions are projected to return to growth in 2010 with US forecast to grow at 1.4%, Euro-zone at 0.5% and Japan at 1.1%.

Looking at the world oil demand, the report notes that most of the signs are aiming towards higher world oil demand growth in 2010; however, downward risk factors emphasize the need for caution. World oil demand is forecast to grow by 0.8mb/d in 2010 following a 1.4mb/d contraction in 2009. Although the potential weak economic recovery may dampen potential demand growth in 2010, US oil demand remains the major factor driving the 2009 demand growth. According to the report, demand for OPEC crude has been revised up by around 70,000b/d to currently stand at 28.7mb/d, reflecting mainly the upward revision in global demand as non-OPEC supply remained almost unchanged. Despite the upward revision in demand for OPEC crude, it represents a considerable decline of 2.3mb/d from the 2008 figure. The first half of the year experienced negative growth of around 3mb/d compared to the same period in 2008, while the decline is seen narrowing in the second half to show a loss of only 1.1mb/d in the fourth quarter. Demand for OPEC crude in 2010 is projected to average 28.5mb/d, representing an upward revision of around 110,000b/d from the previous assessment.

Meanwhile, non-OPEC supply in 2009 is expected to grow by 0.41 mb/d over 2008 to average 50.86 mb/d, unchanged from the October 2009 figure. Although the growth and average remain the same, various minor upward and downward revisions were introduced to supply estimates of individual countries. Many of the revisions came to reflect actual production figures in the second and third quarters, which were on the negative side. However, fourth quarter revisions were positive to better accommodate the return from maintenance in many producing areas, as well as to adjust for various production improvements reflected in the healthy level of supply shown in preliminary October data.

FSDH Research maintains that Nigeria should be able to meet its OPEC quota going forward as a result of the peace that is gradually gaining ground in the Niger Delta area following the amnesty deal. Also, the positive outlook of the world economy and its effect on oil demand should help the oil price to sustain the current level or achieve a further increase. The combination of these factors will ensure higher revenue and foreign exchange earnings for Nigeria. However, we maintain that the current increase in revenue should be judiciously utilized to provide infrastructural facilities that will transform the economy from a mono-product economy to a diversified one.

Key Economic Indicators	%
Inflation Rate (YoY) September 2009	10.40
Inflation Rate (12 mths Ave.) September 2009	13.10
Foreign Reserves (US$bn) October 30, 2009	43.05
GDP Growth Rate September, 2009	7.58

FGN Securities Auction Results

Tenor (Days)	91 –days	182-day	364-day	
Date	12-11-09	12-11-09	12-11-09	
Offer(₦'b)	15.11	30.00	30.00	
Subscription(₦'b)	36.25	36.86	71.75	
Allotment(₦'b)	15.11	30.00	30.00	
Repaid	15.11	-	-	
Stop Rate	4.66	5.66	5.70	

Secondary Market

	-	-	-	-	-
Tenor (days)	-	-	-	-	-
Withdrawal(₦'b)	-	-	-	-	-
Injection (₦'b)	-	-	-	-	-
Stop Rate (%)	-	-	-	-	-

Exchange Rate (NGN/USD)

	This Week	1 Wk Ago	12 Mths Ago
Official	150.11	149.63	116.57
Banks	152.23	151.60	117.79
Parallel	153.00	151.70	119.00

Top Gainers & Losers % Terms

Gainers	Nov 13 (N)	% ?	Losers	Nov 13 (N)	% ?
Dang Flour	5.51	25.80	Afric Alliance	1.14	(21.38)
Aso savings	0.64	14.29	FinBank	0.67	(19.28)
Union Bank	6.45	13.96	Afribank	1.69	(18.75)
Oceanic Bank	2.12	12.77	Spring Bank	1.03	(17.60)
ABC Transport	0.94	10.59	Inter WAPIC	0.81	(14.74)

5 Most Actively Traded Stocks

Company	Volume (mn)
Access Bank	350.02
IHS Nigeria	212.35
UBA	184.47
First Bank	152.71
Guaranty Trust Bank	98.66

Money & Fixed Income Markets

The tightness experienced in the inter-bank market last week persisted this week as there was no major injection into the system during the week. Consequently, inter-bank rates inched up to end the week.

Available data showed that the **7-day NIBOR** closed the week at **10.75%**, a **183 basis point** increase from the previous week's figure of **8.92%**. Also, the **90-day NIBOR** closed the week at **16.25%,** a **17 basis point** increase from the previous week's figure of **16.08%**.

At the **91-day** Treasury Bill (**TB**) auction, a total of **N15.11bn** worth of securities was offered and sold. The bill was **140%** oversubscribed as **N36.25bn** worth of bid was received. A total of **N15.11bn** was repaid into the system thereby netting off the outflow from the system. The bill was issued at a discount rate of **4.66%**.

At the **182-day TB** auction, a total of **N30bn** worth of securities was offered and sold, while it was **22.88%** oversubscribed as **N36.86bn** worth of bid was received**.** The bill was issued at a discount rate of **5.66%**.

At the **364-day TB** auction, **a total of N30bn** worth of securities was offered and sold, while it was **139.17%** oversubscribed as **N71.75bn** worth of bid was received**.** The bill was issued at a discount rate of **5.70%**.

There was no activity at the secondary segment of the government securities market.

In all in this week, there was a net total outflow of **N60bn** from the primary segment of the government securities market.

At the foreign exchange auction held on Monday, November 09, 2009, the CBN offered and sold a total of **US$200mn,** same as in the previous week. While, on Wednesday, November 11, 2009 the CBN offered and sold **US$300mn**. This led to a total withdrawal of **US$500mn** from this segment of the market, this week higher than **US$400mn** withdrawn last week.

The value of Naira depreciated at all the three segments of the foreign exchange market during the week. At the official, interbank and parallel markets, the value of Naira depreciated by **48kobo, 63kobo** and **130kobo** to close the week at **N150.11/US$1, N152.23/US$1** and **N153/US$1**, compared to the previous week's figures of N149.63/US$1, N151.60/US$1 and N151.700/US$1 respectively.

Equities Market

The NSE ASI closed marginally lower to end the week. The NSE ASI closed the week at **21,349.18** points, down from the previous week's figure of **21,517.29** points, representing a depreciation of **0.78%**, compared with the depreciation of **1.32%**, recorded in the preceding week. The year to date loss in the index stood at **32.12%**. The depreciation in the index was on account of the losses recorded in the **Insurance, Manufacturing & Allied** and **Petroleum Marketing** sub-sectors; but was moderated by the appreciation recorded in the **Banking** sub-sector. Also, the market capitalization depreciated to close the week at **N5,036.54bn** (approximately **US$33.55bn**). It depreciated by **0.78%**, compared with the depreciation of **1.32%**, recorded in the preceding week.

All the FSDH Indices recorded losses in their values except the **FSDH Banking Index**. The **FSDH Ethical** depreciated by **0.22%** to close the week at **68.22** points, **FSDH 40 NEVI** depreciated by **0.28%** to close the week at **224.18** points and **FSDH 20 NEGI** depreciated by **0.38%** to close the week at **198.77** points.

The **FSDH Banking Index** appreciated marginally by **0.44%** to close the week at **241.36** points, compared to the previous week's depreciation of 3.26%.The appreciation in the index was due to gains recorded in the share prices of **Union Bank** (Up 13.96% to N6.45), **Oceanic Bank** (Up 12.77% to N2.12), **Skye Bank** (Up 7.84% to N5.78), **Stanbic IBTC** (Up 4.03% to N7.49), **First Bank** (Up 3.25% to N14.60), **UBA** (Up 3.06% to N11.80), **FCMB** (Up 1.28% to N6.31), **Access Bank** (Up 1.08% to N6.57) and **Diamond Bank** (Up marginally 0.80% to N7.60); despite depreciation in the share prices of **Afribank** (Down 18.75% to N1.69), **Intercontinental Bank** (Down 10.09% to N1.96), **GT Bank** (Down 4.93% to N16.21) and **Zenith Bank** (Down 2.30% to N14.03).

The **FSDH Manufacturing & Allied Index** depreciated by **0.69%** to close the week at **221.03** points, compared with the previous week's appreciation of 1.27%. The depreciation in the index was due to losses recorded in the share prices of **CCNN** (Down 7.36% N12.97), **Flour Mills** (Down 5.52% to N32), **NBC** (Down 4.96% to N20.14), **Nigerian Breweries** (Down 2.91% to N53.30), **Dangote Sugar** (Down 2.66% to N14.65), **PZ** (Down 1.62% to N22.52) and **Asahakacem** (Down 0.66% to N13.60); despite appreciation in the share prices of **UPDC** (Up 7.89% to N19.89), **UACN** (Up 2.59% to N41.96), **BCC** (Up 1.19% to N42.50) and **Unilever** (Up 0.83% to N19.38).

The **FSDH Petroleum Marketing Index** depreciated by **2.05%** to close the week at **263.45** points, compared with the previous week's marginal depreciation of 0.85%. The depreciation in the index was due to the losses recorded in the share prices of **Conoil** (Down 4.99% to N35.07) and **Total** (Down 5% to N152); despite appreciation in the share price of **African Petroleum** (Up 3.75% to N33.49), while all other stocks in the index closed the week unchanged.

The **FSDH Insurance Index** also depreciated by **3.59%** to close the week at **116.93** points, compared with the previous week's depreciation of 2.17%. The depreciation in the index was due to losses recorded in the share prices of **Intercontinental WAPIC** (Down 14.74% to N0.81), **Unic Insurance** (Down 13.64% to N0.57), **Continental Rein** (Down 13.81% to N1.56), **Prestige** (Down 9.36% to N3.97), **Standard Alliance** (Down 8.54% to N0.75), **LASACO** (Down 4.29% to N0.67), **International Energy** (Down 3.23% to N0.60), **Law Union & Rock** (Down 1.64% to N0.60), and **AIICO** (Down 1.15% to N0.88); despite appreciation recorded in share prices of **Custodian & Allied** (Up 8.79% to N2.97), **Cornerstone** (Up 3.57% to N0.58) and **N.E.M** (Up 1.96% to N0.52).

Other top gainers for the week were **Aso Savings** (Up 14.29% to N0.64), **ABC Transport** (Up 10.59% to N0.94), **Vitafoam** (Up 9.61% to N4.79), **Capital Hotel** (Up 9.02% to N1.45) and **NAHCO** (Up 5.21% to N8.28); while other top losers for the week were **African Alliance** (Down 21.38% to N1.14), **FinBank** (Down 19.28% to N0.67), **Spring Bank** (Down 17.60% to N1.03), **Eterna Oil & Gas** (Down 14.14% to N8.68) and **Crusader** (Down 13.19% to N0.79).

Overall, **thirty-two (32)** stocks recorded gains in their share prices; **sixty-nine (69)** stocks recorded losses, while **one hundred and ten (110)** stocks closed the week unchanged.

Over-the –Counter Bond Market

A turnover of **418.22mn** units worth **N521,894.9mn** in **5,142** deals was recorded this week, in contrast to a total of **352.2mn** units valued at **N443,836.75mn** exchanged in **4,710** deals during the week ended Thursday, November 5, 2009. As in the preceding week, the most active bond (measured by turnover volume) was the **5th FGN Bond 2028 Series 5** with a traded volume of **73.3mn** units valued at **N129,004mn** in **1,421** deals. This was followed by the **4th FGN Bond 2014 Series 11** with a traded volume of 54.7 million units valued at **N62,182.56mn** in 976 deals. **Twenty – Four (24)** of the available thirty - seven (37) FGN Bonds were traded during the week, compared to twenty-two (22) in the preceding week.

Outlook and Analysis

Money & Fixed Income Markets

We expect a total of about **N30bn** worth of maturities from government securities to come into the system in the coming week. We also expect the Federation Accounts Allocation Committee (FAAC) to meet and release the allocation for the month of November. We are of the opinion that if these funds hit the system, the inter-bank market should be liquid. Consequently, we expect the inter-bank rates to close lower.

In the foreign exchange market, we maintain that the CBN will continue to meet demand, thus reducing pressure on foreign exchange rates in the coming week. However, the CBN has made a renewed commitment towards ensuring a stable exchange rate determined by market forces.

Equities Market

The trading pattern in the market this week shows that the prices of some of the highly capitalized banking stocks may climb higher, up till the middle of the next week. However, we expect that investors will take profit towards the end of the week thus, leading to depreciation in the value of the ASI.

We maintain that discerning investors should take advantage of he current low prices in stocks in the market to take strategic position in the market ahead of appreciation which we expect toward the end of Q1, 2010.

Recommended Stocks

Stocks	Current Price	Current PE Ratio	Projected Price
First Bank	14.60	-	19.50
GT Bank	16.21	15.81	18.50
UBA	11.80	-	15.00
Zenith Bank	14.03	14.33	18.00
Nigerian Breweries	53.30	13.34	65.00
WAPCO	28.55	8.95	50.00
UACN	41.96	7.84	49.50
Unilever	19.38	15.37	22.00
Flour Mills	32.00	11.51	42.00
UPDC	19.42	7.07	27.00
Oando	93.99	10.03	117.00

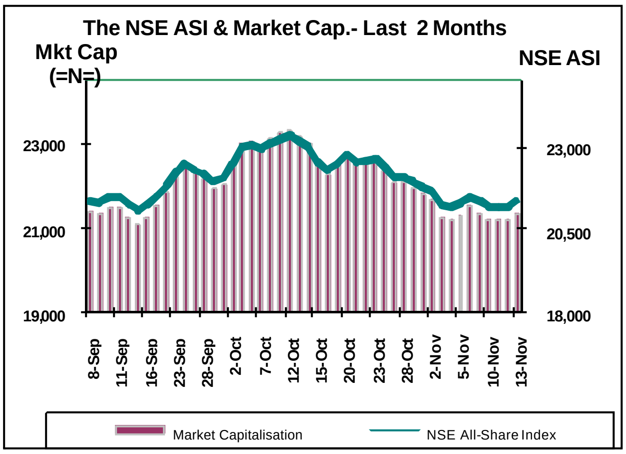
Company Interim and Full year Results

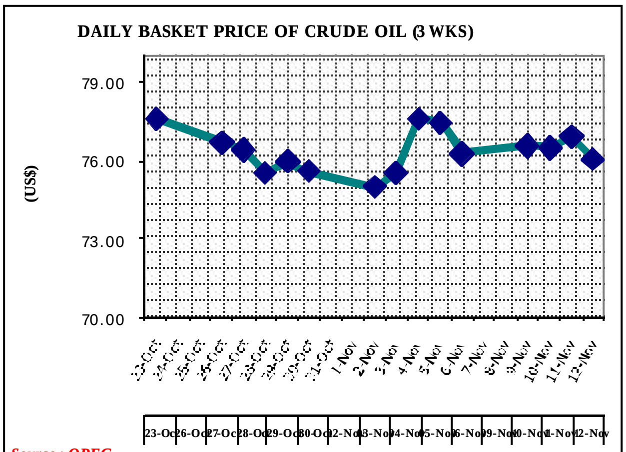
Company	Period Ended	T/O (Nm)	% ?	PAT (Nm)	% ?
Nigerian Wire	F/Y Dec. 08	538.20	68.52	2.77	119.16
Nigerian Wire	F/Y Dec. 07	319.36	29.60	(14.47)	(23.73)
Dangote Flour	F/Y Dec. 08	47,927	13.70	2,989	432.3
WAPIC	F/Y Dec. 08	7,087	82.19	181.58	(69.8)
Linkage Assur.	F/Y Dec. 08	2,252	53.09	156.38	(42.92)
Dangote Flour	9 Mths Sept. 09	46,953	34.77	7,615	333.2
RT Briscoe	9 Mths Sept. 09	11,969	(18.54)	192.22	(66.4)
Oasis Insur.	9 Mths Sept. 09	780.31	78.64	(96.55)	(179.5)
Dangote Sugar	9 Mths Sept. 09	59,440	(7.64)	11,895	(35.89)
CornerStone	9 Mths Sept. 09	3,131	13.24	297.31	589.82
UPDC	9 Mths Sept. 09	11,452	2.66	2,076	(20.09)
N.E.M	9 Mths Sept. 09	4,005	56.72	812.95	15.47
Cadbury	9 Mths Sept. 09	18,937	7.91	(1,274)	28.95
Dangote Sugar	6 Mths Jun. 09	38,639	(10.28)	7,308	(43.08)
Prestige Assur.	6 Mths Jun. 09	2,007	14.36	551.03	43.84
PZ Cussons	3 Mths Aug. 09	18,996	14.65	545.02	(3.94)
Prestige Assur.	3 Mths Mar. 09	813.67	23.0	299.44	39.40
Aso Savings	3 Mths Sept. 09	5,049	(7.49)	369.6	(63.8)
Cutix	3 Mths Jul. 09	366.22	19.88	69.30	111.4

Dividend and Bonus Announcements

Company	Interim/ Full Year	DPS	Bonus	Closure Date	Payment Date

Foreign Stock Market Indices (Nov 05– Nov. 12, 2009)	YTD % Change	Weekly % Change
North/Latin American		
DJIA (U.S.A.)	16.19	1.91
S & P 500 Index (U.S.A.)	20.37	1.93
NASDAQ (U.S.A.)	36.27	2.08
Bovespa Index (Brazil)	71.63	(0.57)
Europe		
SMI (Switzerland)	14.84	1.12
FTSE 100 Index (UK)	19.00	2.94
CAC 40 Index (French)	18.34	2.68
DAX Index (Germany)	17.75	3.34
SMSI Index (Spain)	26.61	2.45
Africa		
NSE All-Share Index (Nigeria)	(32.58)	(0.54)
JSE All-Share Index (S/A)	24.08	3.05
GSE All-Share Index (Ghana)	(48.35)	N/A
Cairo SE Gen (Egypt)	1.82	0.32
Asia/Pacific		
NIKKEI 225 Index (Japan)	10.67	0.90
BSE 30 Index (India)	73.06	3.94
Hang Seng Index (Hong Kong)	55.67	4.28





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