

Friday, January 22, 2010

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## FSDH Equities Market Indicators

	Value	NGN	USD	NGN	USD
	This Week	1 week % Δ		1 Year % Δ	
NSE ASI	22,030.18	(0.14)	0.33	(11.03)	(13.90)
Mkt. Cap.(Nbn)	5,305.59	0.39	0.86	(3.80)	(6.670)
FSDH 20	220.70	4.08	4.55	14.73	11.86
FSDH 40	235.18	0.15	0.62	7.16	4.29
FSDH Banking	246.36	(2.14)	(1.67)	(8.85)	(11.72)
FSDH Ethical	75.44	(0.09)	0.38	36.64	33.77
FSDH Ins.	104.30	(1.82)	(1.35)	(54.93)	(57.80)
FSDH Mfg. & Allied	240.37	0.06	0.53	62.28	59.41
FSDH Pet. Mkt	266.44	(0.43)	0.04	(53.79)	(56.66)

	This Week	1 Week % Δ
Volume Traded (m)	2,354.03	7.51
Value Traded (N'm)	11,763.57	(7.87)
Deals	160,784	365.89

## Coral Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	2.26	0.04
Coral Ethical Fund	0.17	(0.03)
Coral Income Fund	0.76	0.25

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	5.9167	6.1250	8.7917
NIBOR 30 days	12.3333	12.0417	15.4017
NIBOR 90 days	14.5333	14.4167	16.0000

## Economic Review

### Inflation Rate Decelerates at Year End

The Consumer Price Index (CPI) for the month of December, 2009, released by the National Bureau of Statistics (NBS), showed that inflation rate (year-on-year) in Nigeria dropped marginally by 0.4% to 12% from 12.40% recorded in the month of November, 2009. According to NBS, the Composite Consumer Price Index (CCPI) rose by 0.37% to 215.6 points in the month of December 2009, compared with 0.66% observed in November 2009. Inflation in Nigeria decreased continuously between February and September 2009 to 10.4%; close to the target of single digit figure. Meanwhile, the hope of single digit figure was dashed as the rate of inflation maintained an upward trend from October through November before it decelerates in December to end the year at 12%.

The huge liquidity in the financial system coming from the quantitative easing of the CBN, the depreciation in the value of naira and the supply bottleneck in the country contributed to the double digit inflation rate recorded in 2009. Also, the percentage change in the average CPI for the twelve-month period ended December 2009 over the average of the CPI for the previous twelve-month period was 12.4%. This was slightly lower than what was recorded by making similar comparison in November, 2009. Core Inflation (that is all items less farm produce and energy) stood at 9.30% year-on-year, representing 2.19% decrease from 11.49% recorded in November 2009. In 2009, inflation rate recorded the lowest level of 10.40% in September, while the highest figure of 14.60% was recorded in February 2009. Meanwhile, FSDH Research earlier released a forecast inflation rate of between 9.5% and 11.5% to end the year 2009.

At 217.1 points, the Composite Food Index rose by 0.65% in December 2009 compared with 215.7 points in the month of November 2009. The rise in the index was caused by increase in the prices of some food items like garri, yam, meat, sea foods, onions, tomatoes fresh and vegetables. The rise in the prices of the food items was considerably countered by declines in the prices of some staples like maize, millet and sorghum. The level of the composite food index was higher than the corresponding level a year ago by 13.55%. The average annual rate of rise in the index was 14.7% for the 12-month period ended December 2009. The All item less farm produce index which excludes the prices of agricultural produce rose by 0.1% in December, 2009 due to slight increase in the prices of cooking gas, liquid fuels and some household goods and equipments. In the twelve month to December 2009, the index rose by 9.7%, while the average annual rate of growth of the index was 9.1% for the 12-month period ended December 2009.

On a global level, noting the fast recovery in the world economy, the Monthly Oil Market Report of the Organization of the Petroleum Exporting Countries (OPEC), January 2010 edition, expects that the world economy will grow by 3.1% in 2010, affirming the IMF growth rate forecast for 2010. The OPEC forecast also represents an upward revision from 2.9% released in its December report. The report noted the challenges for the Organization for Economic Cooperation and Development (OECD) have not gone away completely and the region is still dependent on government-led support.

OPEC added that following two years of sharp declines, world oil demand is forecast to return to a growth of 0.8md/d in 2010. The contraction in OECD demand is expected to narrow to 0.13mb/d not only from the recovery in Europe and the Pacific, but also from expected growth in the US economy. Given the expected recovery in the US growth, the bulk of the country's oil demand is expected to come in the second half of 2010. Non-OECD countries will contribute 0.9mb/d of total world demand growth, with China and Middle East accounting for almost half of the increase.

In the year 2010, FSDH Research believes that the outlook of inflation rate in Nigeria will be influenced by the expected fiscal expansion, quantitative easing strategy of the CBN to boost outputs & ensure credit creation in the financial system, supply bottleneck inherent in the economy as a result of the infrastructure deficits and expected rise in commodities prices. Meanwhile, the optimistic price of oil in 2010 is projected at US\$85/b while the pessimistic is projected around US\$65/b.

Key Economic Indicators	%
Inflation Rate (YoY) December 2009	12.00
Inflation Rate (12 mths Ave.) December 2009	12.40
Foreign Reserves (US\$bn) January 20, 2010	42.66
GDP Growth Rate September, 2009	7.07

## FGN Securities Auction Results

Tenor (Days)	182 – days	3-yr FGN Bonds	10-yr FGN Bond	20-yr FGN Bond
Date	21-01-10	22-01-10	22-01-10	22-01-10
Offer(N'b)	-	20.0000	25.0000	30.0000
Subscription(N'b)	-	40.4300	42.1000	65.5000
Allotment(N'b)	-	20.0000	25.0000	30.0000
Repaid	30.0000	-	-	-
Stop Rate	-	6.8299	8.14	8.50

## Money & Fixed Income Markets

The money market was relatively liquid during the week as a result of the Federation Account Allocation Committee (FAAC) disbursement for the month of January 2010 that hit the system in the previous week. Consequently, inter-bank rates moderated to end the week.

Available data showed that the **7-day NIBOR** closed the week at **5.92%**, a **21** basis point decrease from the previous week's figure of **6.13%**. While the **90-day NIBOR** closed the week at **14.53%**, a **11** basis point increase from the previous week's figure of **14.42%**.

Also, at the **182-day Treasury Bill (TB)** auction the CB repaid a total of **N30bn** into this segment of the market.

At the re-opening of the **3-year FGN Bond** auction, the CBN offered **N20bn** while it was **202.15%** subscribed at **N40.43bn**. The Bond carried an issue rate of **6.83%**.

At the re-opening of the **10-year FGN Bond** auction, the CBN offered **N25bn** while it was **168.4%** subscribed at **N42.10bn**. The Bond carried an issue rate of **8.14%**.

At the re-opening of the **20-year FGN Bond** auction, the CBN offered **N30bn** while it was **218.33%** subscribed at **N65.50bn**. The Bond carried an issue rate of **8.50%**.

In all, this week, there was a net total outflow of **N45bn** from the primary and secondary segment of the government securities market.

At the foreign exchange auction held on Monday, January 18, 2010, the CBN offered and sold a total of **US\$350mn**, compared to US\$150bn it offered and sold in the previous week. On Wednesday, January 20, 2010, the CBN offered and sold a total of **US\$150mn**, compared to US\$250bn and US\$333.51mn it offered and sold in the previous week. In all, this week a total of **US\$500mn** was offered, compared to US\$400mn in the previous week, while the CBN sold **US\$500mn**, compared to US\$483.51mn in the previous week.

The value of the Naira appreciated at the inter-bank and official markets, while it depreciated at the parallel market segment of the foreign exchange market during the week. At the inter-bank market the value of the Naira appreciated by **93kobo** to close at **N150.27/US\$1**, compared to the previous week's figure of N151.20/US\$1. At the official market, the value of the Naira appreciated by **70kobo** to close at **N148.13/US\$1**, compared to the previous week's figure of N148.83/US\$1, while at the parallel market, the value of the Naira depreciated by **70kobo** to close at **N153.00/US\$1**, compared to the previous week's figure of N152.30/US\$1.

## Equities Market

The NSE ASI closed the week lower to close at **22,030.18** points, representing a depreciation of **0.14%**, compared with an appreciation of **1.85%** recorded last week. The depreciation in the index was as a result of the gains recorded in the **Banking, Insurance** and **Petroleum Marketing Indices**. However, the market capitalization appreciated to close the week at **N5,305.59bn** (approximately **US\$35.82bn**), an appreciation of **0.39%**, compared to an appreciation of **1.85%** last week. The difference between the NSE ASI and Market Capitalization was due to supplementary listings during the week.

All FSDH Indices recorded losses to end the week except the **FSDH 20 NEGI**, **FSDH 40 NEVI** and the **FSDH Manufacturing & Allied Index** which recorded gains to end the week. The **FSDH 20 NEGI** appreciated by **4.08%** to close at **220.70** points **FSDH 40 NEVI** appreciated by **0.15%** to close at **235.18** points, while the **FSDH Ethical Index** depreciated marginally by **0.09%** to close at **75.44** points

## Secondary Market

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

## Exchange Rate (NGN/USD)

	This Week	1 Wk Ago	12 Mths Ago
Official	148.13	148.83	144.00
Banks	150.27	151.20	151.01
Parallel	153.00	152.30	152.00

## Top Gainers & Losers % Terms

Gainers	Jan 22 (N)	% Δ	Losers	Jan 22 (N)	% Δ
Cadbury	15.50	26.63	Goldlink	0.56	(20.00)
Spring Bank	0.94	23.68	Crusader	1.19	(16.78)
ABC	1.00	19.05	Livestock	0.62	(16.22)
NAHCO	8.85	18.79	Alumaco	23.77	(14.22)
FCMB	8.80	16.56	Inter. Bank	2.01	(14.10)

## 5 Most Actively Traded Stocks

Company	Volume (mn)
Zenith Bank	231.289
Finbank	207.937
Unity Kapital Assurance	158.003
BAGCO	148.697
Capital Oil	122.697

**FSDH Manufacturing & Allied Index** appreciated marginally by **0.06%** to close the week at **240.37** points, compared with the previous week's appreciation of 2.51%. The appreciation in the index was due to gains recorded in the share prices of **NAHCO** (Up 18.79% to N8.85), **Unilever** (Up 6.77% to N25.09), **Ashakacem** (Up 4.84% to N13.00), **NBC** (Up 4.75% to N26.00), **UACN** (Up 1.57% to N40.00), **Flour Mills** (Up marginally 0.53% to N38.00), **Dangote Sugar** (Up marginally 0.13% to N15.00) and **PZ Cussons** (Up marginally 0.12% to N25.00); despite depreciation in the share prices of **Presco** (Down 9.64% to N5.06), **Dangote Flour** (Down 8.62% to N11.98), **GlaxoSmithkline** (Down 4.30% to N22.01) and **Julius Berger** (Down 3.72% to N28.50).

The **FSDH Banking Index** depreciated by **2.14%** to close the week at **246.36** points, compared to the previous week's appreciation of 2.68%. The depreciation in the index was due to losses recorded in the share prices of **Intercontinental Bank** (Down 14.10% to N2.01), **Zenith Bank** (Down 9.11% to N14.36), **Oceanic Bank** (Down 8.16% to N2.25) and **GT Bank** (Down 1.61% to N16.52). There was appreciation recorded in the share prices of **FCMB** (Up 16.56% to N8.80), **Access Bank** (Up 3.18% to N8.11), **Union Bank** (Up 2.98% to N6.57), **Diamond Bank** (Up 2.67% to N7.69), **Stanbic IBTC** (Up 2.63% to N7.80), **UBA** (Up 1.91% to N11.20), **First Bank** (Up 1.33% to N14.49), **AfriBank** (Up 1.15% to N2.63), **Skye Bank** (Up marginally 0.69% to N5.82) and **Bank PHB** (Up marginally 0.51% to N1.99).

Also, the **FSDH Insurance Index** depreciated by **1.82%** to close the week at **104.30** points, compared with the previous week's depreciation of 2.47%. The depreciation in the index was due to the losses recorded in the share prices of **Goldlink Insurance** (Down 20% to N0.56), **Standard Alliance** (Down 7.81% to N0.59), **Niger Insurance** (Down 5.15% to N0.92), **Custodian & Allied** (Down 4.93% to N2.70), **Lasaco Assurance** (Down 3.64% to N0.53), **AIICO** (Down 2.15% to N0.91) and **Continental Re-insurance** (Down 1.90% to N1.03).

The **FSDH Petroleum Marketing Index** depreciated marginally by **0.43%** to close at **266.44** points, compared to the appreciation of 3.77% recorded in the previous week. The depreciation in the index was as a result of losses recorded in the share price of **African Petroleum** (Down 1.62% to N36.50). All other stocks in the index closed unchanged from the previous week.

Other top gainers for the week were **Cadbury** (Up 26.63% to N15.50), **Spring Bank** (Up 23.68% to N0.94), **ABC** (Up 19.05% to N1.00), **NASCON** (Up 16.32% to N6.70) and **FTN Cocoa** (Up 16.13% to N0.72); while other top losers for the week were **Crusader** (Down 16.78% to N1.19), **Livestock Feeds** (Down 16.22% to N0.62), **Alumaco** (Down 14.22% to N23.77), **Incar** (Down 13.73% to N2.64) and **United Nigerian Textiles** (Down 13.68% to N1.64).

Overall, **fifty-eight (58)** stocks recorded gains in their share prices; **forty-six (46)** stocks recorded losses, while **one hundred and eleven (111)** stocks closed the week unchanged.

## Over-the-Counter Bond Market

As at the time of this report there was no information on the over-the-counter-market. However, as at end of the previous week, a turnover of **346.63mn** units worth **N399,488.01mn** in **4,516** deals was recorded this week, in contrast to a total of **86.7mn** units valued at **N101,105.6mn** exchanged in **1164** deals during the week ended Thursday, January 7, 2010. The most active bond (measured by turnover volume) was the **6th FGN Bond 2012 Series 1** with a traded volume of **57mn** units valued at **N63,017.9mn** in **569** deals. This was followed by the **4th FGN Bond 2014 Series 3** with a traded volume of **50.9mn** units valued at **N60,476.44mn** in **1,019** deals. **Twenty-Two (22)** of the available **forty-one (41)** FGN Bonds were traded during the week, compared to seventeen (17) in the preceding week.

## Outlook and Analysis

### Money & Fixed Income Markets

We expect a total of about **N25bn** worth of maturities from government securities to come into the system in the coming week. The fact that banks are reluctant to lend money outside the inter-bank market will ensure that the liquidity in the system persists. Therefore we expect inter-bank rates to remain stable while demand for FGN Bonds continues.

In the foreign exchange market, we expect the foreign exchange rate to remain stable as CBN meet all genuine bids.

### Equities Market

We expect improved activities in the market in the following week as confidence in the market continues to build up. However, political risk in the country remains a major source of concern for investors. We advise investors to invest in stocks that have good fundamentals and have prospects for growth in 2010. Investors should also invest having a medium and long-term view rather than for speculations. We note that there are select opportunities in the banking, building materials, food & beverages and conglomerates subsectors of the market.

## Recommended Stocks

Stocks	Current Price	Current PE Ratio	Projected Price
First Bank	14.49	-	17.50
GT Bank	16.52	16.11	20.00
UBA	11.20	-	15.00
WAPCO	30.00	9.40	50.00
CCNN	14.60	8.67	20.34
UACN	40.00	7.78	49.50
Flour Mills	38.00	10.32	42.00
UPDC	20.50	7.46	27.00
Oando	93.99	9.03	117.00

## Company Interim and Full year Results

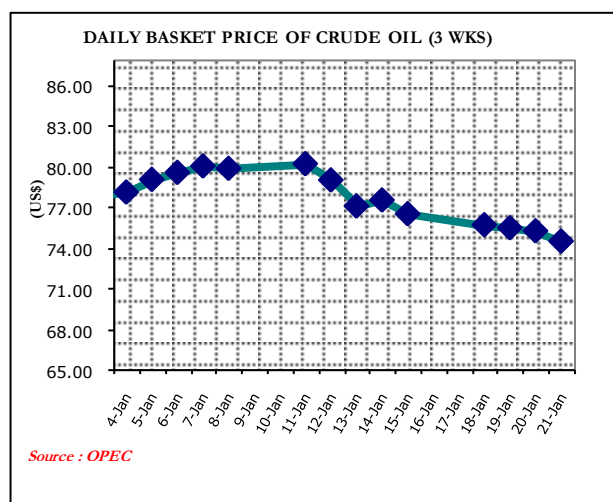
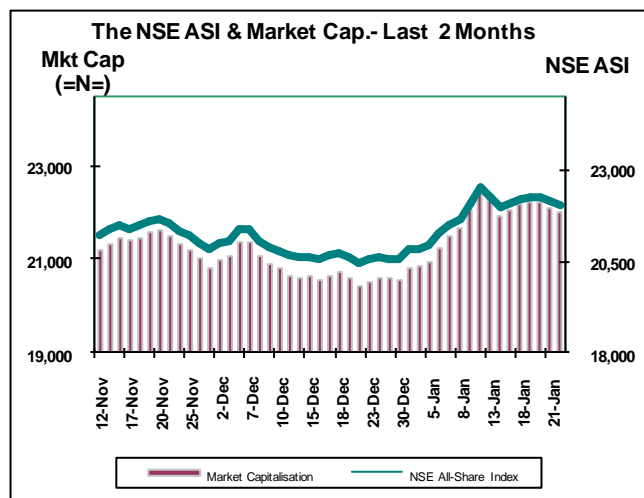
Company	Period Ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Wema Bank	FY Mar. 2009	16,551	(36.29)	(20,455)	55.82
Wema Bank	FY Mar. 2008	25,978	(11.58)	(46,304)	(3,654)
Studio Press	FY Dec.20 08	2,966	62.08	(212.84)	(701.84)
UNIC	9Mths Sep. 2009	2,242	24.28	372.33	1.94
Triple Gee	9Mths Dec. 2009	358.83	(54.50)	(60.99)	(178.49)
UNIC	6Mths Jun. 2009	1,495	16.34	313.45	(15.27)
UNIC	3Mths Mar. 2009	904.66	64.35	226.18	(3.90)
Costain (WA)	3Mths Jun. 2009	2,030	76.68	88.17	(62.83)

## Dividend and Bonus Announcements

Company	Interim/ Full Year	DPS	Bonus	Closure Date	Payment Date
Vitafoam	Full Year	0.25	-	15-Feb-10	19-Mar-10
Wema Bank	Full Year	-	-	21-Jan-10	NA

Foreign Stock Market Indices (Jan 15 – Jan.21, 2010)	YTD % Change	Weekly % Change
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North/Latin American		
DJIA (U.S.A.)	(0.37)	(2.99)
S & P 500 Index (U.S.A.)	0.12	(2.78)
NASDAQ (U.S.A.)	(0.15)	(2.20)
Bovespa Index (Brazil)	(3.38)	(5.06)
Europe		
SMI (Switzerland)	0.50	(0.73)
FTSE 100 Index (UK)	(1.44)	(10.31)
CAC 40 Index (French)	(1.88)	(3.83)
DAX Index (Germany)	(3.53)	(4.04)
SMSI Index (Spain)	(3.98)	(4.57)
Africa		
NSE All-Share Index (Nigeria)	6.18	0.77
JSE All-Share Index (S/A)	(0.64)	(2.32)
GSE All-Share Index (Ghana)	(1.72)	0.20
Cairo SE Gen (Egypt)	12.50	3.91
Asia		
NIKKEI 225 Index (Japan)	3.05	(0.36)
BSE 30 Index (India)	(2.37)	(3.04)
Hang Seng Index (Hong Kong)	(4.62)	(3.93)



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