

Friday, January 29, 2010

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## FSDH Equities Market Indicators

	Value	NGN	USD	NGN	USD
	This Week	1 week % Δ		1 Year % Δ	
NSE ASI	22,594.90	2.56	2.09	3.58	0.30
Mkt. Cap.(Nbn)	5,441.59	2.56	2.09	11.53	8.25
FSDH 20	231.04	4.69	4.21	28.58	25.29
FSDH 40	242.15	2.96	2.49	24.80	21.52
FSDH Banking	262.03	6.36	5.89	14.46	11.18
FSDH Ethical	77.22	2.36	1.89	55.47	52.18
FSDH Ins.	104.72	0.40	(0.07)	(52.04)	(55.32)
FSDH Mfg. & Allied	240.34	(0.01)	(0.49)	79.63	76.34
FSDH Pet. Mkt	266.24	(0.08)	(0.55)	(52.16)	(55.44)

	This Week	1 Week % Δ
Volume Traded (m)	2,322.24	(1.350)
Value Traded (N'm)	14,148.43	20.27
Deals	71,619	(55.46)

## Coral Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	3.36	1.07
Coral Ethical Fund	(0.19)	(0.36)
Coral Income Fund	1.02	0.26

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	6.0000	5.9167	11.4583
NIBOR 30 days	11.9167	12.3333	15.4167
NIBOR 90 days	14.2917	14.5333	16.3333

## Economic Review

### IMF Reiterates Economic Recovery in 2010

The International Monetary Fund (IMF) has reiterated its view of global economic recovery in 2010 but sees untimely and incoherent exit from accommodating policies as major risk that can weaken global growth and its rebalancing. The IMF views are expressed in the Update of its World Economic Outlook (WEO) released on January 26, 2010. Noting improvements in economic activities across the globe, the IMF revised its global output growth rate for 2010 to 3.9% from the earlier forecast of 3.1% released in the WEO October, 2009 edition. FSDH Research reported earlier that the Organization of the Petroleum Exporting Countries (OPEC) released a growth rate forecast of 3.1% in its Monthly Oil Market Report, January 2010 edition. The 3.1% growth rate forecast released by OPEC represents an upward revision from the 2.9% released earlier. The recent IMF revised forecast confirms the position of FSDH Research that OPEC usually takes a more conservative position on the world economic growth than IMF.

According to IMF output in the advanced economies is now expected to expand by 2.1% in 2010, following a sharp contraction of 3.2% in 2009. In 2011 growth is expected to inch up further to 2.5%. However, high unemployment rates and public debt, as well as not-fully-healed financial systems, and in some countries weak household balance sheets are presenting further challenges to the prospects of recovery in these economies. Meanwhile growth in emerging and developing economies is expected to increase to about 6% in 2010, following a modest growth of 2.1% in 2009. In 2011, output is projected to accelerate further to 6.3%. It noted that stronger economic frameworks and swift policy responses have helped many emerging economies to cushion the impact of the unprecedented external shock and quickly re-attract capital flows. It noted that within both groups, growth performance is expected to vary considerably across countries and regions, reflecting different initial shocks, and policy responses. The rebound of commodity prices is also helping support growth in commodity producers in all regions. Many developing countries in Sub-Saharan Africa that experienced only a soft slowdown in 2009 are well placed to recover in 2010. IMF suggests that some emerging market countries should put in place mechanisms to manage a surge of capital inflows. It says that inflows can be very large and partly short-lived. Resulting from this, macro-prudential policies aimed at limiting the emergence of new asset price bubbles, some buildup of reserves, and some capital controls on inflows can be part of the suitable response.

In another development, the Update of the IMF Global Financial Stability Report (GFSR), released on January 26, stated that favourable developments have resulted in overall reduction in systemic risk globally. Adding that overall credit risk has fallen, reflecting a more favourable economic outlook and a reduction in macroeconomic risks, together with support from accommodative monetary and financial conditions. It noted that emerging markets risks have also fallen. However, current easier monetary and financial conditions, while helpful, also suggest future challenges that will need to be managed carefully. The report noted that it is critical to improve the health of the global banking system so as to ensure that credit channels are normalized and noted that the transfer of financial risk to central banks balance sheets and the higher public debt levels in some countries also add to financial stability risks and complicate the exit process. It stressed that there is the need for more decisive steps to promote bank restructuring in order to ensure that banks have sufficient margins to weather future shocks and to generate additional capital buffers.

In our Economic and Financial Market: Review & Outlook for 2010, we observed that the global economic and financial landscapes are improving at a fast pace and the outlook is good. We added that the Nigerian economy, being part of the global economic village, should move in line with the rest of the world. However we stressed the existence of current and potential political issues that need to be resolved in order to move the country forward and prevent a collapse of the country's burgeoning democracy.

Key Economic Indicators	%
Inflation Rate (YoY) December 2009	12.00
Inflation Rate (12 mths Ave.) December 2009	12.40
Foreign Reserves (US\$bn) January 26, 2010	42.18
GDP Growth Rate September, 2009	7.07

## FGN Securities Auction Results

Tenor (Days)	91 day	182 day	-
Date	25-Jan-10	25-Jan-10	-
Offer(₦'b)	10.0000	30.0000	-
Subscription(₦'b)	58.4357	107.0374	-
Allotment(₦'b)	10.0000	30.0000	-
Repaid	15.0000	10.0000	-
Stop Rate	3.1985	4.7300	-

## Secondary Market

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

## Exchange Rate (NGN/USD)

	This Week	1 Wk Ago	12 Mths Ago
Official	148.83	148.13	144.10
Banks	150.98	150.27	148.45
Parallel	152.50	153.00	151.00

## Top Gainers & Losers % Terms

Gainers	Jan 29 (N)	% Δ	Losers	Jan 29 (N)	% Δ
Costain (WA)	4.88	26.10	Presco	4.37	(13.64)
GlaxoSmith	26.74	21.49	Crusader	1.05	911.76)
Capital Hotels	1.98	20.73	Alumaco	21.47	(9.680
Chams	0.77	20.31	Ecobank	8.24	(9.65)
Spring Bank	1.12	19.15	Cutix	3.28	(9.64)

## 5 Most Actively Traded Stocks

Company	Volume (mn)
Capital Hotels	254.974
Finbank	201.753
Zenith Bank	193.294
First Bank	122.544
Diamond Bank	101.245

## Money & Fixed Income Markets

As expected the money market remained relatively liquid during the week as the unwillingness of Nigerian banks to extend credits to the real sector of the economy persist. Nigerian banks currently prefer investing their funds in secured government instruments at low yields and placements of funds with other banks in order to enjoy the CBN guarantee to lending to the real sector of the economy. Consequently, inter-bank rates moderated to end the week.

Available data showed that the **7-day NIBOR** closed the week at **6%**, a **8** basis point increase from the previous week's figure of **5.92%**. While the **90-day NIBOR** closed the week at **14.29%**, a **24** basis point decrease from the previous week's figure of **14.53%**.

At the **91-day Treasury Bill (TB)** auction, a total of **N10bn** worth of securities was offered and sold. The bill was **584.36%** subscribed as **N58.44bn** worth of bid was received. The bill was issued at a discount rate of **3.1985%**. A total of **N15bn** worth of matured bills was repaid into the system, resulting in a net inflow of **N5bn** from this segment of the market.

At the **182-day TB** auction, a total of **N30bn** worth of securities was offered and sold, while it was **356.79%** subscribed as **N107.04bn** worth of bid was received. The bill was issued at a discount rate of **4.73%**. A total of **N10bn** worth of matured bills was repaid into the system, resulting in a net outflow of **N20bn** from this segment of the market.

In all there was a net total outflow of **N15bn** from the primary segment of the government securities market.

There was no activity in secondary segment of the government securities market during the week.

At the foreign exchange auction held on Monday, January 25, 2010, the CBN offered and sold a total of **US\$150mn**, compared to **US\$350mn** it offered and sold in the previous week. On Wednesday, January 27, 2010, the CBN offered and sold a total of **US\$250mn**, compared to **US\$150mn** it offered and sold in the previous week. In all, this week a total of **US\$400mn** was offered and sold, compared to **US\$500mn** in the previous week.

The value of the Naira appreciated at the parallel market, while it depreciated at the inter-bank and official markets segment of the foreign exchange market during the week. At the parallel market the value of the Naira appreciated by **50kobo** to close at **N152.50/US\$1**, compared to the previous week's figure of **N153/US\$1**. At the inter-bank market, the value of the Naira depreciated by **71kobo** to close at **N150.98/US\$1**, compared to the previous week's figure of **N120.27/US\$1**, also at the official market, the value of the Naira depreciated by **70kobo** to close at **N148.83/US\$1**, compared to the previous week's figure of **N148.13/US\$1**.

## Equities Market

The NSE ASI closed the week higher to close at **22,594.90** points, representing an appreciation of **2.56%**, compared to a depreciation of **0.14%** recorded in the previous week. The appreciation in the index was as a result of the gains recorded in the **Banking** and **Insurance** sub-sectors. Also, the market capitalization appreciated to close the week at **N5,441.587bn** (approximately **US\$36.56bn**), an appreciation of **2.56%**, compared to an appreciation of **0.39%** recorded in the previous week.

Looking at the performance of the equities market at the end of January, 2010 the NSE ASI appreciated by **8.49%** as against the loss of **30.64%** recorded at the end of January 2009. This is an indication that the improvement in the global economic and financial market is reflected in the Nigerian equities market.

All FSDH Indices appreciated to end the week except the **FSDH Petroleum Marketing** and **FSDH Manufacturing & Allied Indices** which recorded losses to end the week. The **FSDH 20 NEGI** appreciated by **4.69%** to close at **231.04** points, the **FSDH 40 NEVI** appreciated by **2.96%** to close at **242.15** points, also the **FSDH Ethical Index** appreciated by **2.36%** to close at **77.22** points

Investors' interest returned to the banking stocks as the **FSDH Banking Index** appreciated by **6.36%** to close the week at **246.36** points, compared to the previous week's depreciation of 2.14%. The appreciation in the Index was due to gains recorded in the share prices of **Skye Bank** (Up 16.67% to N6.79), **Intercontinental Bank** (Up 14.43% to N2.30), **Bank PHB** (Up 11.56% to N2.22), **UBA** (Up 11.16% to N12.45), **Diamond Bank** (Up 9.23% to N8.40), **GT Bank** (Up 7.69% to N17.79), **AfriBank** (Up 7.22% to N2.82), **Zenith Bank** (Up 6.62% to N15.31), **Oceanic Bank** (Up 4.89% to N2.36), **First Bank** (Up 1.59% to N14.72), **Access Bank** (Up 1.48% to N8.23) and **FCMB** (Up marginally 0.57% to N8.85).

Also, the **FSDH Insurance Index** appreciated marginally by **0.82%** to close the week at **104.72** points, compared with the previous week's depreciation of 1.82%. The appreciation recorded in the index was due to the gains recorded in the share prices of **Standard Alliance** (Up 13.56% to N0.67), **Lasaco Assurance** (Up 5.66% to N0.56), **Custodian & Allied Insurance** (Up 5.56% to N2.85), **Custodian & Allied** (Down 4.93% to N2.70), **Intercontinental WAPIC** (Up 4.00% to N1.04), **Cornerstone Insurance** (Up 3.64% to N0.57) and **AIICO** (Up 3.30% to N0.94).

The **FSDH Petroleum Marketing Index** depreciated marginally by **0.08%** to close at **266.44** points, compared to the marginal depreciation of 0.43% recorded in the previous week. The depreciation in the index was as a result of the loss recorded in the share price of **African Petroleum** (Down marginally 0.27% to N36.40). All other stocks in the index closed unchanged from the previous week.

**FSDH Manufacturing & Allied Index** depreciated marginally by **0.01%** to close the week at **240.34** points, compared with the previous week's marginal appreciation of 0.06%. The depreciation in the index was due to losses recorded in the share prices of **Presco** (Down 13.64% to N4.37), **Unilever** (Down 7.65% to N23.17), **Nigerian Breweries** (Down 6.72% to N54.15), **UPDC** (Down 2.44% to N20.00) and **R.T. Briscoe** (Down marginally 0.48% to N6.23). However, there were appreciation in the share prices of **GlaxoSmithkline** (Up 21.49% to N26.74), **Ashakacem** (Up 13.62% to N14.77), **Lafarge WAPCO** (Up 13.33% to N34.00), **Dangote Flour** (Up 9.35% to N13.10), **NBC** (Up 5.00% to N27.30), **7Up** (Up 4.08% to N30.60), **PZ Cussons** (Up 4.00% to N26.00), **Flour Mills** (Up 2.24 to N38.85), **Dangote Sugar** (Up marginally 0.67% to N15.10) and **UACN** (Up marginally 0.02% to N40.01).

Other top gainers for the week were **Costain (WA)** (Up 26.10% to N4.88), **Capital Hotel** (Up 21.49% to N26.74), **Chams** (Up 20.31% to N0.77), **Spring Bank** (Up 19.15% to N1.12) and **Sterling Bank** (Up 18.18% to N1.69); while other top losers for the week were **Crusader** (Down 13.64% to N4.37), **Alumaco** (Down 9.68% to N21.47), **Ecobank** (Down 9.65% to N8.24), **Cutix** (Down 9.64% to N3.28) and **Incar** (Down 9.47% to N2.39).

Overall, **sixty-two (62)** stocks recorded gains in their share prices; **thirty-three (33)** stocks recorded losses, while **one hundred and twenty (120)** stocks closed the week unchanged.

## Over-the-Counter Bond Market

A turnover of **300.34mn** units worth **N341,704.94mn** in **3,171** deals was recorded this week, in contrast to a total of **359.1mn** units valued at **N402,783.44mn** exchanged in **4,467** deals during the week ended Thursday, January 21, 2010. The most active bond (measured by turnover volume) was the **5th FGN Bond 2013 Series 1** with a traded volume of **62.81mn** units valued at **N67,941.95mn** in **452** deals. This was

followed by the **6th FGN Bond 2029 Series 3** with a traded volume of **47.9mn** units valued at **N64,824.35mn** in **475** deals. **Twenty-Three (23)** of the available **forty-one (41)** FGN Bonds were traded during the week, compared to twenty (20) in the preceding week.

## Outlook and Analysis Money & Fixed Income Markets

We reiterate that the fact that banks are unwilling to lend money outside the inter-bank market and their preference for secured government investments, even at low yields, 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

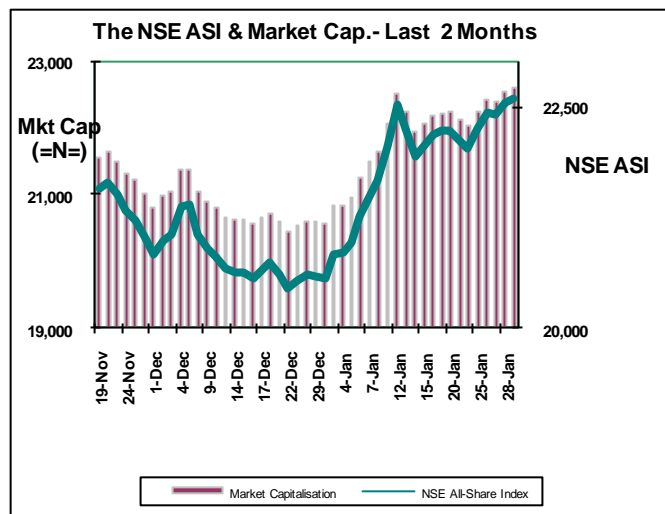
Stocks	Current Price	Current PE Ratio	Projected Price
First Bank	14.72	-	17.50
GT Bank	17.79	17.35	20.00
UBA	12.45	-	15.00
WAPCO	34.00	10.66	50.00
CCNN	15.00	8.91	20.34
UACN	40.01	7.78	49.50
7-UP	30.60	9.91	39.20
Flour Mills	38.85	10.55	42.00
UPDC	20.00	7.28	27.00
Oando	93.99	9.03	117.00

## Company Interim and Full year Results

Company	Period Ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
AIICO	9Mths Sep. 2009	7,718	39.52	1,297	62.92

## Dividend and Bonus Announcements

Company	Interim/ Full Year	DPS	Bonus	Closure Date	Payment Date
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Foreign Stock Market Indices (Jan 22 – Jan.28, 2010)	YTD % Change	Weekly % Change
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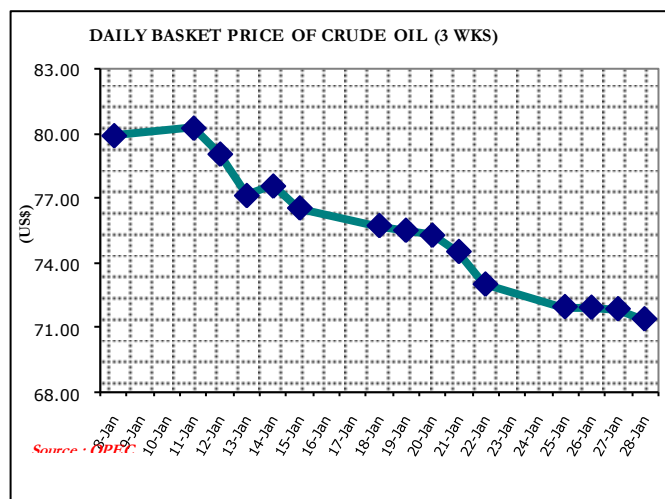
### North/Latin American

DJIA (U.S.A.)	(2.95)	(2.59)
S & P 500 Index (U.S.A.)	(2.74)	(2.86)
NASDAQ (U.S.A.)	(3.97)	(3.83)
Bovespa Index (Brazil)	(4.37)	(1.03)

SMI (Switzerland)	(1.58)	(2.08)
FTSE 100 Index (UK)	(4.94)	(3.55)
CAC 40 Index (French)	(6.29)	(4.49)
DAX Index (Germany)	(7.00)	(3.60)
SMSI Index (Spain)	(9.17)	(5.41)

NSE All-Share Index (Nigeria)	8.22	1.92
JSE All-Share Index (S/A)	(3.15)	(2.53)
GSE All-Share Index (Ghana)	0.82	2.59
Cairo SE Gen (Egypt)	11.07	(1.27)

NIKKEI 225 Index (Japan)	(1.25)	(4.18)
BSE 30 Index (India)	(6.63)	(4.36)
Hang Seng Index (Hong Kong)	(6.93)	(2.43)



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