WEEKLY NIGERIAN CAPITAL & MONEY MARKET REPORT

FSDH SECURITIES LIMITED

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FSDH Equities Market Indicators

	Value	NGN	USD	NGN	USD
	This Week	1 week % Δ		1 Year % Δ	
NSE ASI	21,104.10	(2.29)	(2.52)	(11.34)	(13.92)
Mkt. Cap.(Nbn)	6,725.49	(2.66)	(2.88)	15.31	12.72
FSDH 20	134.78	(3.90)	(4.13)	(29.57)	(32.15)
FSDH 40	258.03	(2.33)	(2.56)	(6.46)	(9.05)
FSDH Banking	222.86	(3.20)	(3.43)	(11.14)	(13.72)
FSDH Ins.	72.94	(0.93)	(1.15)	(21.19)	(23.78)
FSDH Mfg. & Allied	293.92	(2.03)	(2.26)	(3.45)	(6.04)
FSDH Pet. Mkt	255.16	(1.22)	(1.45)	(38.56)	(41.15)

	This Week	1 Week % Δ
Volume Traded (mn)	877.737	28.30
Value Traded (N'mn)	7,651.54	112.31
Deals	20.383	48.65

Coral Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	(4.40)	0.32
Coral Income Fund	6.26	0.16

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

Money Market Indicators

Interest Rates (%)	09-09-11	02-09-11	12 Mths Ago
MPR	8.7500	8.7500	6.0000
NIBOR 7 days	11.5000	8.9583	1.5000
NIBOR 30 days	12.0000	10.0000	3.3750
NIBOR 90 days	13.0000	11.5000	6.0417

Economic Review

FAO Forecasts Strong Cereal Demand

According to the Food and Agriculture Organisation (FAO) World Food Price Index (WFPI) remained virtually unchanged between July and August 2011. It said, the Index averaged 231 points in August 2011 compared to 232 points in July 2011, an increase of 0.43% and also higher by 26% higher compared to August 2010 figure, but 7 points below its all time high of 238 points in February 2011. The report added that within the Index, cereals prices increased, showing that although cereal production is expected to increase, it will not be enough to offset the additional demand, so that stocks continue to be low and prices continue to be high and volatile. FAO reported that its Cereal Price Index (CPI) averaged 253 points in August, an increase of 2.2% from July and 36% higher than the corresponding period in 2010. Adding that; however, the firmer cereal prices were largely offset by declines in international prices of most other commodities included in its Food Price Index (FPI), oil and dairy products in particular.

The report asserted that cereal price increases stem from a supply-demand balance that remains tight despite the anticipated rise in production. Adding that world cereal production in 2011 is now forecast to reach 2,307miilion tonnes, which is 3% higher than 2010 actual output, and opined that that this latest forecast is nearly 6million tonnes lower than the previous forecast published by FAO in July 2011. Among the major cereals, maize supply situation is a cause for concern following downward revisions to maize crop prospects in the United States, the world's largest maize producer, due to continued hot weather in July and August 2011. Also, average wheat prices were also up 9% in August 2011 given the strong demand for feed wheat and shrinking supplies of high quality wheat. Nonetheless, world wheat production is forecast to increase by 4.3% (28million tonnes), which is 4million tonnes below the 2009 figure. Rice prices also gained with the benchmark Thai rice price up 5% from July 2011, this is driven by a policy change in Thailand, the world's largest rice exporter, where paddy rice will be purchased from farmers at above market prices. Global rice production prospects remain favourable, however, with output set to reach a new high of 479million tonnes, which is up 2.5% from 2010.

FAO added that total cereal utilization in 2011/2012 is forecast to increase by 1.4%, almost marching anticipated 2011 production. It opined that as a result of this development, global cereal inventories by the close of the seasons in 2012 are likely to remain close to their existing low opening levels. Only rice stocks are expected to increase significantly, which is supported by record production. Also, wheat inventories are likely to decline to their lowest level since 2009 and world stock of coarse grains are also expected to plunge, with maize inventories falling to 124million tonnes, their lowest level since 2007. FAO said, given the tight global supply and demand balance for coarse grains, its stock-to-use ratio is forecast to fall to a historical low of 13.40%.

In another development, Paschal Lamy, the Director General of the World Trade Organisation (WTO) at a recent event in New Delhi, India asserted that emerging economies led the recovery in the global international trade in 2010. He said world trade volume grew by a record 14.50% in 2010 and is projected to grow by 6.50% in 2011. He added that, however, with demand weakening due to new pressure lines in global economies, the WTO is likely to revise downwards the prospects for the global world trade in 2011. Exports and imports of developing countries increased above their pre-crisis highs in July 2010, a level reached by developed economies only in Q1 2011. Adding that "it is understandable that at the time of suffering we all run for shelter, but to turn to protectionist trade measures in the current circumstances would be a huge mistake".

FSDH Research notes the possible social and economic dislocation that can occur from inadequate and unaffordable food in the country, this is more so in the face of the high unemployment in the country. This could lead to social tension and alienation capable of disturbing the needed peace in Nigeria, which is necessary in transforming the economy on the path of sustainable economic growth and development. We had emphasised the need to ensure food security in the country given the recent volatility in food prices. We also reaffirm the strategic potential of the agriculture sector in ensuring gainful employment and promoting the diversification of the economy. We implore policy makers to continue to make efforts in attaining the objective of unleashing the potential of this sector, which employs the largest number of people in the country and have strategic linkages to the rest of the economy.

Economic Indicators	%
Inflation Rate (YoY) Jul. 2011	9.40
Inflation Rate (12 mths Ave.) Jul. 2011	12.00
Foreign Reserves (US$bn) Sep. 06, 2011	34.88
GDP Growth Rate 2010 (Provisional)	7.85
Bonny Light Price (US$/b) Sep. 07, 2011	118.70

FGN Primary Securities Auction Results

Tenor (Day)	91-Day	182-Day	364-Day	-
Date	08-Sep-11	08-Sep-11	08-Sep-11	-
Offer (₦'b)	30.09	50.00	60.00	-
Subscription (₦'b)	59.57	102.49	81.50	-
Allotment (₦'b)	30.09	50.00	60.00	-
Amt Repaid (₦'b)	30.09	50.00	30.00	-
Marginal Rate (%)	7.6980	8.4000	9.0500	-

	REPO	REPO	REPO	OMO
Tenor (days)	7-Day	7-Day	30-Day	7-Day
Injection (₦'b)	50.00	10.00	-	31.27
Withdrawal (₦'b)	-	-	-	-
Net (Injection)/ Withdrawal(₦'b)	50.00	10.00	-	31.27
Issue Rate (%)	11.75	11.75	11.75	8.0000

Exchange Rate (NGN/USD)

	09-09-11	02-09-11	12 Mths Ago
Official	153.16	152.40	149.30
Banks	155.30	154.94	151.81
Parallel	158.20	157.00	152.60

Top Gainers & Losers % Terms

Gainers	Sep 09 (N)	% Δ	Losers	Sep 09 (N)	% Δ
Eterna Oil plc	5.29	18.61	Dangote flour	7.22	(20.92)
Flour Mills	79.80	5.00	Forte Oil Plc	14.20	(18.44)
Vitafoam Plc	6.00	4.90	DN Meyer	1.14	(13.64)
Academy Press	3.32	4.73	Honeywell Flour	3.86	(12.27)
Guinness Nig Plc	228.00	4.59	UPDC	17.55	(10.87)

Most Actively Traded Stocks

Company	Volume (mn)
Union Bank Nig. Plc	88.65
GT Bank Nig. Plc	79.69
First Bank Nig. Plc	63.90
Diamond Bank Nig. Plc.	54.12
UBA Plc	45.16

Money & Fixed Income Markets

The liquidity in the inter-bank market was significantly reduced towards the end of the week; as a result of about **N364.36bn** that was withdrawn from the system via government securities and foreign exchange auctions during the week. Consequently, rates closed higher to end the week.

Available data showed that **7-day NIBOR** closed the week at **11.50%**, a **254** basis point increase from the previous week's figure of 8.96%, while **90-day NIBOR** closed the week at **13.00%**, a **150** basis points increase from the previous week's figure of 11.50%.

At the **91-day Treasury Bill (TB)** auction, a total of **N30.09bn** worth of securities was offered and sold, while **N5.42bn** was sold to non-competitive bidders, bringing total offer and sale to **N35.51bn**. The bill was **197.98%** subscribed as **N59.57bn** worth of bid was received from competitive bid. The bill was issued at a discount rate of **7.70%** higher than 7.34% at the last auction. A total of **N30.09bn** worth of matured bills was repaid into the system, leading to a net outflow of **N5.42bn** from this segment of the market.

At the **182-day TB** auction, a total of **N50bn** worth of securities was offered and sold, while **N5.17bn** was sold to non-competitive bidders, bringing total offer and sale to **N55.17bn**. The bill was **204.98%** subscribed as **N102.49bn** worth of bid was received from competitive bidders. The bill was issued at a discount rate of **8.40%** higher than 8.24% as at the last auction. A total of **N50bn** worth of matured bills was repaid into the system, leading to a net outflow of **N5.17bn** from this segment of the market.

At the **364-day TB** auction, a total of **N60bn** worth of securities was offered and sold, while **N17.50mn** was sold to non-competitive bidders, bringing total offer and sale to **N60.02bn**. The bill was **135.83%** subscribed as **N81.50bn** worth of bid was received from competitive bidders. The bill was issued at a discount rate of **9.05%** same as the last auction. A total of **N30bn** worth of matured bills was repaid into the system, leading to a net outflow of **N30.02bn** from this segment of the market.

At the **Repurchase (REPO)** transactions held during the week, there was a total inflow of about **N266bn** into the system, while there was a total outflow of **N60bn** from the system. This led to a net inflow of **N206bn** into the system from this segment of market. The REPOs were traded at a discount rate **11.75%**. At the **7-day Open Market Operation (OMO)** auction held during the week, a total of **N19.72bn** was injected into the system, while **N31.27bn** was withdrawn; this led to an outflow of **N11.52bn** from the system. The OMO was traded at a discount of **9%**.

At the foreign exchange auction held on Monday, September 05, 2011, the CBN offered a total of **US$400mn**, while demand stood at **US$541.23mn**, representing **135.31%** of what was offered. The total sale was the same as the amount offered, representing **73.91%** of demand. On Wednesday, September 07, 2011, the CBN offered a total of **US$400mn**, while demand stood at **US$536.14mn**, representing **109.04%** of what was offered. The total sale was the same as the amount offered, representing **91.71%** of demand. In all a total of **US$800mn** was offered and sold, while demand stood at **US$977.37mn**, representing **122.17%** of the total offer, while the amount sold was **81.85%** of the total demand.

Cumulatively, there was a net total inflow of **N31.48bn** from the system through the government securities and the foreign exchange market auctions during the week.

The value of the Naira depreciated at the three segments of the foreign exchange market during the week. At the parallel market, the Naira depreciated by **120kobo** to close at **N158.20/US$1**, compared with the previous week's figure of N157/US$1. At the inter-bank market, the value of the Naira depreciated by **36kobo** to close at **N155.30/US$1** from the previous week's figure of N154.94/US$1. At the official market, the value of the Naira depreciated by **35kobo** to close at **N153.16/US$1** from the previous week's figure of N152.81/US$1.

Equities Market

The bearish trend continued in the equities market during the week. The **Nigerian Stock Exchange All Share Index (NSE ASI)** depreciated by **2.29%** week-on-week to close at **21,104.10** points, compared with the previous week's depreciation of 1.72%. The year-to-date return of the NSE ASI stands at a negative **14.80%**. The depreciation in the Index was due to the losses recorded in the **Banking, Manufacturing& Allied, Insurance** and **Petroleum Marketing** subsectors. The market capitalization also depreciated to close the week at **N6.73trn** (approximately **US$43.91bn**), recording a loss of **2.66%**, compared with the loss of 1.72% recorded in the previous week. The difference in the rate of change between the NSE ASI and Market Capitalization was due to supplementary and delisting of some stocks from the Daily Official list of the NSE.

The **FSDH 20 NEGI** depreciated by **3.90%** to close at **134.78** points, while the **FSDH 40 NEVI** depreciated by **2.33%** to close at **258.03** points.

The **FSDH Banking Index** depreciated by **3.20%** to close the week at **230.23** points, compared with the previous week's appreciation of 2.10%. The depreciation in the Index was due to the losses recorded in the share prices of **Access Bank** (Down 8.63% to N5.40), **FCMB** (Down 8.56% to N4.81), **Diamond Bank** (Down 4.52% to N4.01), **First Bank** (Down 3.62% to N10.65), **UBA** (Down 3.15% to N4.00), **Zenith Bank** (Down 2.63% to N12.60), **Skye Bank** (Down 2.30% to N5.51) and **GT Bank** (Down 2.10% to N13.05).

The **FSDH Manufacturing & Allied Index** depreciated by **2.03%,** to close the week at **293.92** points, compared with the depreciation of 3.74% in the previous week. The depreciation in the Index was due to the losses recorded in the share prices of **Dangote Flour** (Down 20.92% to N7.22), **Honeywell Flour** (Down 12.27% to N3.86), **UPDC** (Down 10.87% to N17.55), **Dangote Sugar** (Down 6.95% to N9.50), **NAHCO** (Down 6.62% to N6.21), **Dangote Cement** (Down 3.85% to N100.00), **CAP** (Down 3.77% to N25.50), **GlaxoSmithkline** (Down 3.70% to N26.00), **PZ Cussons** (Down 1.68% to N28.76), **Ashakacem** (Down 1.08% to N19.18), **Unilever** (Down marginally 0.37% to N27.00) and **Nestle** (Down marginally 0.25% to N401.00). There was appreciation in the share prices of **Flour Mills** (Up 5.00% to N79.80), **Guinness** (Up 4.59% to N228.00), **Cadbury** (Up 2.72% to N17.00), **Lafarge WAPCO** (Up 1.31% to N42.55) and **UACN** (Up marginally 0.03% to N39.01)

The **FSDH Petroleum Marketing Index** depreciated by **1.22%** to close at **255.16** points, compared with the depreciation of **0.51%** recorded in the previous week. The loss in the Index was as a result of the loss recorded in the share price of **Forte Oil** (Down 18.44% to N14.20). There was an appreciation in the share price of **Oando** (Up marginally 0.87% to N29.00), while other stocks in the Index closed unchanged.

The **FSDH Insurance Index** depreciated by **0.93%** to close at **72.94** points compared with the depreciation of **1.34**% the previous week. The depreciation in the Index was due to the losses recorded in the share prices of **GT Assurance** (Down 8.93% to N1.02) and **Prestige Assurance** (Down 4.85% to N1.57). There was appreciation in the share price of **AIICO** (Up 3.08% to N0.67) and **Cornerstone Insurance** (Up marginally 0.98% to N1.03).

Other top gainers for the week were **Eterna Oil** (Up 18.61% to N5.29), **Vitafoam** (Up 4.90% to N6.00), **Academy Press** (Up 4.73% to N3.32), **C & I Leasing** (Up 4.44% to N0.94), and **International Breweries** (Up 3.59% to N6.06); while other top losers for the week were **DN Meyer** (Down 13.64% to N1.14), **Redstar** (Down 9.43% to N2.40), **Paints & Coatings** (Down 9.35% to N0.97), **Unity Bank** (Down 9.09% to N0.50) and **Neimeth** (Down 9.02% to N1.21).

Overall, **eighteen (18)** stocks appreciated; **forty-nine (49)** stocks depreciated, while **one hundred and thirty six (136)** stocks closed the week unchanged.

Supplementary Listing

A total of **571,707,786** shares were added to the issued shares of **Royal Exchange Plc** following the bonus of **1 for 8**.

Delisting

The Nigerian Stock Exchange (NSE) delisted four equities from the Daily Official List during the week. Three banks were delisted on Monday, September 5, 2011, while one packaging company was delisted on Tuesday, September 6, 2011. The banks delisted were **Afribank Nigeria Plc**, **Bank PHB Plc** and **Spring Bank Plc**, while the packaging company was **Nampak Nigeria Plc**. On the terminal dates, the four equities had had market capitalization of **N30,607,509,134.63**. By this action, the number of listed equities and securities dropped to **203** and **250**, respectively.

Over-the–Counter Bond Market

A turnover of **150.92mn** units worth **N145,079.06mn** in **887** deals was recorded this week, in contrast to a total of **101.70mn** units valued at **N93,376.27mn** exchanged in **710** deals during the week ended Thursday, September 01, 2011. The most active bond (measured by turnover volume) was the **8% FGN Bond 2014 Series 1** with a traded volume of **28.10mn** units valued at **N29,275.50mn** in **214** deals. This was followed by the **4% FGN Bond 2015 (7th FGN Bond 2015 Series 2)** with a traded volume of **27.57mn** units valued at **N23,878.30mn** in **176** deals. **Sixteen (16)** of the available **twenty-eight (28)** FGN Bonds were traded during the week, compared with eight (8) in the preceding week.

Outlook and Analysis

Money & Fixed Income Markets

We expect that about **N51bn** worth of OMO to mature and be paid into the market in the coming week. We also expect statutory allocation for the month of September worth about **N230bn** to hit the system during the week. The Debt Management Office (DMO) is expected to caary out a bond auction of about **N70bn (3yr FGN Bond- N25bn; 5 yr FGN Bond - N20bn; 7yr FGN Bond – N25bn)**. Consequent upon this, interbank rates will remain tight until statutory allocation for September hits the system, thus we expect interbank rates to remain high until these monies (maturities & statutory allocations) hit the system towards the end of the week.

We note the convergence between the official and parallel markets. This we believe will continue into the foreseeable future as the margin between the two markets continue to reduce. Consequently, we expect the value of the Naira to remain stable.

Equities Market

The attractiveness of the yields in the fixed income market continue to lure people away from the equities market coupled with the market risk associated with the market. However, we continue to advise that investors should invest in stocks that have good fundamentals for long term objective.

Recommended Stocks

Stocks	Current Price	Current PE Ratio	Projected Price
NAHCO	6.21	7.76	7.84
Access Bank	5.40	7.74	6.84
First Bank	10.65	8.82	12.67
GT Bank	13.05	8.38	14.91
Skye Bank	5.51	6.14	6.67
Nig. Breweries	81.00	18.23	97.11
CCNN	7.36	5.01	9.01
WAPCO	42.55	31.49	47.97
UACN	39.01	5.68	44.96
Unilever	27.00	19.50	31.00
Cadbury	17.00	54.74	19.84
Nestle	401.00	24.79	426.48
GSK	26.00	12.44	31.00
MRS Oil	63.86	11.03	74.72
Oando	29.00	4.17	33.64

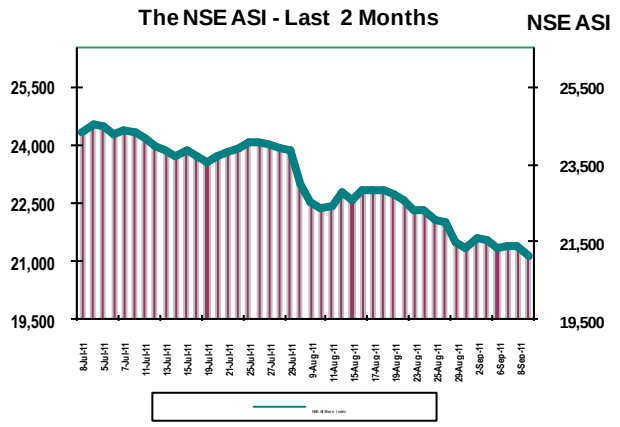
Company Interim and Full Year Results

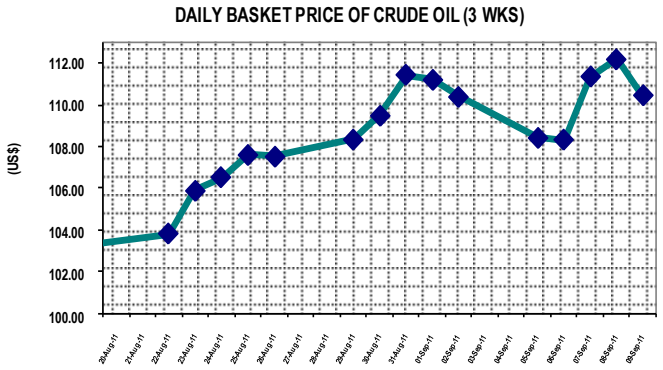
Company	Period Ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Crusader Insurance Plc.	FY Dec. 2011	5,227	3.90	(204.13)	67.24
E-Tranzact International Plc	FY Dec. 2010	917.82	117.17	(138.30)	20.83
Resort savings & loans	Q2 Jun. 2011	608.54	11.63	151.40	13.61
Ekocorp Plc	Q2 Jun. 2011	466.63	24.33	60.58	78.38
CHAMS Nig. Plc	Q2 Jun. 2011	1,788	509.15	195.46	242.29
Niger Insurance Co. Plc	Q2 Jun. 2011	3,938	43.10	255.63	0.98
STACO Plc	Q2 Jun. 2011	3,770	25.25	360.07	(48.87)
E-Tranzact International Plc	Q2 Jun. 2011	898.49	153.29	68.70	100.61
Niger Insurance Co. Plc	Q1 Mar. 2011	2,037	42.85	101.63	(30.49)

Company Dividend and Bonus Announcements

Company	Interim/ Full Year	DPS	Bonus	Closure Date	Payment Date
Academy Press Plc	FY Mar, 11	0.075	1 for 4	12-Sep-11	18-Oct-11
Access Bank Plc	Q2 Jun. 11	0.20	-	07-Sep-11	21-Sep-11
Aluminium Extrusion	FY Dec. 10	0.05	-	08-Sep-11	NA

Foreign Stock Market Indices (September 02 – September 08 , 2011)	*YTD % Change*	*Weekly % Change*
North/Latin American		
DJIA (U.S.A.)	(2.43)	(1.72)
S & P 500 Index (U.S.A.)	(5.70)	(1.54)
NASDAQ (U.S.A.)	(4.66)	(0.66)
Bovespa Index (Brazil)	(16.61)	(0.85)
Europe		
SMI (Switzerland)	(14.09)	9.70
FTSE 100 Index (UK)	(9.48)	(1.44)
CAC 40 Index (France)	(18.90)	(5.51)
DAX Index (Germany)	(21.78)	(5.62)
SMSI Index (Spain)	(16.78)	(5.69)
Africa		
NSE All-Share Index (Nigeria)	(13.81)	(0.25)
JSE All-Share Index (S/A)	(3.74)	(0.55)
GSE All-Share Index (Ghana)	12.76	(0.84)
Cairo SE Gen (Egypt)	216.23	-
Asia/Pacific		
NIKKEI 225 Index (Japan)	(14.04)	(2.95)
BSE 30 Index (India)	(16.30)	-
Hang Seng Index (Hong Kong)	(13.56)	(3.27)





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