

Friday, September 30, 2011

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FSDH Equities Market Indicators

	Value	NGN	USD	NGN	USD
	This Week	1 week % Δ		1 Year % Δ	
NSE ASI	20,202.50	0.84	0.73	(11.62)	(14.79)
Mkt. Cap.(Nbn)	6,496.74	0.84	0.60	15.02	12.44
FSDH 40	248.54	0.96	0.84	(8.04)	(11.21)
FSDH Banking	214.30	4.88	4.76	(12.82)	(15.99)
FSDH Ins.	71.25	(1.80)	(1.92)	(11.57)	(14.74)
FSDH Mfg.	283.97	(0.56)	(0.68)	(6.10)	(9.27)
FSDH Pet. Mkt	234.72	(1.55)	(1.67)	(34.96)	(38.13)

	This Week	1 Week % Δ
Volume Traded (mn)	1,246.81	18.03
Value Traded (N'mn)	8,702.06	4.11
Deals	18,871	0.52

Coral Funds

Mutual Fund	YTD %	1 Week Δ %
Coral Growth Fund	(8.81)	(2.55)
Coral Income Fund	6.70	0.16

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

Money Market Indicators

Interest Rates (%)	30-09-11	23-09-11	12 Mths Ago
MPR	9.2500	9.2500	6.2500
NIBOR 7 days	11.6667	12.0833	8.7917
NIBOR 30 days	12.2500	12.5000	9.8333
NIBOR 90 days	13.2500	13.2500	10.7500

Economic Review

Nigerian Economy Maintains Strong Growth

Available data from the National Bureau of Statistics (NBS) shows that the Nigerian economy, when measured by the Real Gross Domestic Product (GDP) on an aggregate basis grew by 7.72% in Q2 2011, compared with 7.69% recorded in the corresponding period of 2010. The GDP growth rate was driven by non-oil sector which grew by 8.82% slightly higher than 8.65% recorded in Q1, 2011 while oil sector recorded a growth rate of 1.81% representing a recovery from a contraction of 2.29% recorded in Q1, 2011. The non-oil GDP was driven by growth recorded in Agriculture, Telecommunications and Wholesale & Retail Trade. In the "Economic & Financial Market: Review and Outlook for 2011", FSDH Research released a GDP growth rate forecast of 7%-8% for 2011. As usual, the sectoral growth rate shows that Telecommunication & Post sector recorded the highest real GDP growth rate of 33.90%, followed by Building & Construction: 11.99%; Solid Mineral: 11.79%; Wholesale and Retail: 11.48%; Real Estate: 10.66%; Business & Other Sectors: 10.92%; Real Estate: 10.47%, Hotel & Restaurant: 12.15%; Manufacturing: 7.32%; Agriculture: 5.87%; Finance & Insurance: 4.61%; and others: 4.64%.

The breakdown of the GDP by sectors shows that Agriculture represents 41.59% followed by Wholesale and Retail Trade accounting for 16.79% while Crude Petroleum and Natural Gas accounts for 14.84%. The nominal GDP grew by 31.64% to N8.98trn in 2011 from N6.82trn in the corresponding period of 2010. Oil nominal GDP accounted for 38.72%, while non-oil nominal GDP contributed 61.28%. Looking at the sectoral contribution to the nominal GDP, Crude Petroleum & Natural Gas: 38.72%, followed by Agriculture: 30.64%; Wholesale & Retail Trade: 16.63%; while others contributed 14.01%.

According to the NBS, the oil sector output increased due to government's sustained efforts in ensuring peace in the Niger Delta. The sector continues to play an important role in the Nigerian economy as a major source of foreign exchange earnings accounting for about 70%. The average daily production stood at 2.45mb/d in Q2 2011, compared with 2.35mb/d in Q2 2010. Looking at the breakdown of GDP to oil and non-oil sectors, the Nigerian economy is dominated by the non-oil sector, with a contribution of **85.16%**, while the oil sector contributed **14.84%** to output in 2010. The contribution of **14.84%** by the oil sector to real GDP in Q2 2011 was lower than **15.70%** recorded in Q2 2010; this was as a result of an increase in other activity sectors such as agriculture, wholesale & retail trade and hotel & restaurant relative to the corresponding year. On the basis of this structure, FSDH Research reiterates the need for urgent development of the non-oil sector of the Nigerian economy. We identified the development of relevant transportation network and electricity as necessary conditions to ensure that Nigerian goods are competitive globally.

It would be recalled that, earlier in the year, the National Bureau of Statistics (NBS) in collaboration with the Central Bank of Nigeria (CBN) released a GDP growth rate forecast of 7.98% in its maiden edition of the report titled "Economic Outlook: 2011 GDP Forecast for Nigeria". The report added that the two major output groups of the economy, oil and non-oil sectors are expected to witness an increase in output in 2011. The non-oil sector will be driven by growth in the activities of the wholesale & retail trade, telecommunications, finance & insurance and building & construction sectors. The oil sector output is expected to remain stable as a result of the continued peace in the Niger Delta region, as well as the benefits from the recent upsurge in world crude oil demand, which has kept prices at high levels coupled with the relative stability in the exchange rate of the Naira against the US Dollar.

The International Monetary Fund (IMF), in its latest World Economic Outlook (WEO) September 2011 titled "Slowing Growth, Rising Risks", puts the forecast GDP growth rate for Nigeria in 2011 and 2012 at 6.9% and 6.6% respectively higher than the GDP growth rate of 5.2% and 5.8% for 2011 and 2012 respectively for Sub-Saharan Africa. FSDH Research notes the size of Agriculture in the country's GDP and thinks that with appropriate policies to mechanise the sector, it can generate huge employment opportunities, lead to rapid development of agro-allied industries, provide inputs for manufacturing industries and ensure self sufficiency in food production for the teeming population in order to conserve the hard earned foreign exchange of the country.

Economic Indicators	%
Inflation Rate (YoY) Aug. 2011	9.30
Inflation Rate (12 mths Ave.) Aug. 2011	11.60
Foreign Reserves (US\$bn) Sep. 28, 2011	32.57
GDP Growth Rate Q2 2011	7.72
Bonny Light Price (US\$/b) Sep. 29, 2011	109.70

FGN Primary Securities Auction Results

Tenor (Day)	91-Dat NTBS	182	364	5 Yr-FGN Bonds
Date	29-Sep-11	29-Sep-11	29-Sep-11	29-Sep-11
Offer (N'b)	31.5672	45.0000	50.0000	-
Subscription (N'b)	29.6335	34.7811	45.5996	-
Allotment (N'b)	19.1005	19.0811	15.4467	-
Amt Repaid (N'b)	31.5672	45.0000	50.0000	28.5900
Discount Rate (%)	10.23	10.85	11.25	-

	OMO	OMO	REPO	REPO	OMO
Tenor (days)	37	64	6	28	63
Injection (N'b)	-	-	47.000	142.000	-
Withdrawal (N'b)	20.328	6.247	-	145.000	93.398
Net (Injection)/Withdrawal(N'b)	-	-	(47.000)	3.000	72.397
Issue Rate (%)	11.00	11.00	12.25	12.25	12.00

Exchange Rate (NGN/USD)

	30-09-11	23-09-11	12 Mths Ago
Official	154.60	154.42	149.85
Banks	159.65	156.65	154.50
Parallel	160.50	158.50	155.50

Top Gainers & Losers % Terms

Gainers	Sep 30 (N)	% Δ	Losers	Sep 30 (N)	% Δ
Ikeja Hotel	2.25	25.70	Flour Mills	59.55	(18.37)
UNTL	0.85	18.06	Dangote Sugar	7.00	(18.13)
RT Briscoe	1.48	11.28	AllCO	0.57	(14.93)
Red Star	2.41	8.56	Fidson	1.16	(13.43)
Access Bank	5.62	7.87	UPDC	12.20	(12.92)

Most Actively Traded Stocks

Company	Volume (mn)
UBA	173.47
Access Bank	114.65
Fidelity Bank	111.87
FBN	104.10
Diamond Bank	89.86

Money & Fixed Income Markets

As expected, the Federation Allocation Account Committee (FAAC) disbursed the statutory allocation for the month of September amounting to about N313bn. However, this was not enough to eliminate the tightness in the system, as investors demanded higher discount rates at the treasury bill auctions that took place during the week in response to the tightness.

Available data showed that **7-day NIBOR** closed the week at **11.67%**, **42** basis points decrease from the previous week's figure of 12.08%, but **90-day NIBOR** closed the week at **13.25%**, same as the previous week's figure.

At the **91-day Treasury Bill (TB)** auction, a total of **N31.57bn** worth of securities was offered, but **N19.10bn** was sold, while **N12.11bn** was sold to non-competitive bidders, bringing total sale to **N31.21bn**. The bill was **93.87%** subscribed as **N29.63bn** worth of bid was received from competitive bidders. The bill was issued at a discount rate of **10.23%** higher than 7.70% at the last auction. A total of **N31.57bn** worth of matured bills was repaid into the system, leading to a net inflow of **N352.58mn** from this segment of the market.

At the **182-day TB** auction, a total of **N45bn** worth of securities was offered, but **N19.08bn** was sold, while **N2.01bn** was sold to non-competitive bidders, bringing total sale to **N21.09bn**. The bill was **77.29%** subscribed as **N34.78bn** worth of bid was received from competitive bidders. The bill was issued at a discount rate of **10.85%** higher than 8.40% as at the last auction. A total of **N45bn** worth of matured bills was repaid into the system, leading to a net inflow of **N23.91bn** from this segment of the market.

At the **364-day TB** auction, a total of **N50bn** worth of securities was offered, but **N15.45bn** was sold, while **N5bn** was sold to non-competitive bidders, bringing total sale to **N20.45bn**. The bill was **91.20%** subscribed as **N45.60bn** worth of bid was received from competitive bidders. The bill was issued at a discount rate of **11.25%** higher than 9.05% as at the last auction. A total of **N50bn** worth of matured bills was repaid into the system, leading to a net inflow of **N29.55bn** from this segment of the market.

At the **5 year FGN Bond** auction, a total of **N28.59bn** matured and was repaid into the system.

At the primary segment of the government securities market, a total net inflow of **N82.41bn** into the system from this segment of the market.

At the **Repurchase (REPO)** transactions held during the week, there was a total inflow of about **N189bn** into the system, while there was a total outflow of **N145bn** from the system. This led to a net inflow of **N44bn** into the system from this segment of market. The REPOs were traded at a discount rate of **12.25%**. At the **Open Market Operation (OMO)** auctions held during the week, a total of **N21bn** was injected into the system, while **N119.98bn** was withdrawn; this led to an outflow of **N98.97bn** from the system. The OMO was traded at a discount rates ranging from **11%-12%**.

At the foreign exchange auction held on Monday, September 26, 2011, the CBN offered a total of **US\$350mn**, while demand stood at **US\$551.27mn**, representing **157.51%** of what was offered. The total sale was the same as the amount offered, representing **63.49%** of demand. On Wednesday, September 28, 2011, the CBN offered a total of **US\$700mn**, while demand stood at **US\$703.05mn**, representing **100.44%** of what was offered. The total sale was the same as the amount offered, representing **99.57%** of demand. In all, a total of **US\$1,050mn** was offered and sold, while demand stood at **US\$1,254.32mn**, representing **119.46%** of the total offer, while the amount sold was **83.71%** of the total demand.

Cumulatively, there was a net total outflow of **N135.04bn** from the system through the government securities and the foreign exchange market auctions during the week.

The value of the Naira depreciated in all the three segments of the foreign exchange market during the week. At the inter-bank market, the value of the Naira depreciated by **300kobo** to close at **N159.65/US\$1** from the previous week's figure of **N156.65/US\$1**. At the parallel market, the Naira depreciated by **200kobo** to close at **N160.50/US\$1**, compared with the previous week's figure of **N158.50/US\$1**. At the official market, the value of the Naira depreciated by **18kobo** to close at **N154.60/US\$1** from the previous week's figure of **N154.42/US\$1**. Year to date, the official market depreciated by **3.64%**. By this depreciation, the movement in the value of the Naira has exceeded the **3%** limit set by the CBN this year.

Equities Market

The prices of highly capitalized stocks in the banking subsector listed on the floors of the Nigerian Stock Exchange (NSE) bounced back on the last two trading days of the week after they have reached unimaginably low levels. Consequently, the equities market closed the week higher than the previous week. The **NSE All Share Index (NSE ASI)** appreciated by **0.84%** week-on-week to close at **20,373** points, compared with the previous week's depreciation of 4.28%. The year-to-date return of the NSE ASI stands at a negative **17.75%**. The market capitalization also appreciated to close the week at **N6.49trn** (approximately **US\$42.02bn**), recording a gain of **0.84%**, compared with the loss of 4.28% recorded in the previous week.

The **FSDH 40 NEVI** appreciated by **0.96%** to close at **248.54** points.

The **FSDH Banking Index** appreciated by **4.88%** to close the week at **214.30** points, compared with the previous week's depreciation of 7.05%. The appreciation in the Index was due to the gains recorded in the share prices of **Access Bank** (Up 7.87% to N5.62), **UBA** (Up 7.80% to N3.87), **FCMB** (Up 7.59% to N4.25), **GT Bank** (Up 7.08% to N12.85), **First Bank** (Up 5.28% to N9.77), **Zenith Bank** (Up 4.29% to N12.41), **Stanbic IBTC** (Up 3.14% to N9.21) and **Skye Bank** (Up 2.41% to N5.10).

The **FSDH Manufacturing Index** depreciated by **0.56%**, to close the week at **283.97** points, compared with the depreciation of 3.78% in the previous week. The depreciation in the Index was due to the losses recorded in the share prices of **Flour Mills** (Down 18.37% to N59.55), **Dangote Sugar** (Down 18.13% to N7), **UACN** (Down 9.74% to N33.46), **CAP** (Down 9.67% to N17.85), **Cadbury** (Down 8.49% to N13.91), **Nigerian Breweries** (Down 5.35% to N79.98), **Ashakacem** (Down 5.08% to N16.80), **Honeywell Flour** (Down 1.90% to N3.10), **Unilever** (Down 1.79% to N27.50), **Guinness** (Down 1.61% to N217.95) and **Lafarge WAPCO** (Down 1.01% to N40.01). Meanwhile, the following stocks appreciated **Dangote Cement** (Up 5.26% to N100.00), **7Up** (Up 3.30% to N47), **NAHCO** (Up 3.52% to N5.88), **Dangote Flour** (Up 2.10% to N6.81), and **PZ Cussons** (Up 0.07% to N30.02).

The **FSDH Petroleum Marketing Index** depreciated by **1.55%** to close at **234.72** points, compared with the depreciation of **4.09%** recorded in the previous week. The depreciation in the Index was as a result of the losses recorded in the share price of **Oando** (Down 5.78% to N22.99), **Total** (Down 1.63% to N200) and **Forte Oil** (Down 0.19% to N10.44). There was appreciation in the share price of **Conoil** (Up 4.12% to N34.36). Other stocks in the Index closed unchanged.

The **FSDH Insurance Index** depreciated by **1.80%** to close at **71.25** points compared with the marginal appreciation of **0.11%** recorded the previous week. The depreciation in the Index was due to the losses recorded in the share prices of **AIICO** (Down 14.93% to N0.57), **Continental Reinsurance** (Down 4.67% to N1.02), **Custodian & Allied Insurance** (Down 4.56% to N2.30) and **Goldlink Insurance** (Down 3.85% to N0.50). There was appreciation in the share price of **GT Assurance** (Up 2.02% to N1.01), while other stocks in the index closed unchanged.

Other top gainers for the week were **Ikeja Hotel** (Up 25.70% to N2.25), **United Nigeria Textiles** (Up 18.06% to N0.85), **RT Briscoe** (Up 11.28% to N1.48), **Red Star** (Up 8.56% to N2.41) and **Unity Bank** (Up 5.63% to N0.75); while other top losers for the week were **AIICO** (Down 14.93% to N0.57), **Fidson** (Down 13.43% to N1.16), **Neimeth** (Down 9.52% to N0.95), **TRANSCORP** (Down 8.54% to N0.75) and **Greif** (Down 4.94% to N13.28).

Overall, **thirty-three (33)** stocks appreciated; **thirty-four (34)** stocks depreciated, while **one hundred and forty seven (147)** stocks closed the week unchanged.

Suspension

The NSE placed the following stocks on full suspension **Intercontinental Bank Plc**, **Oceanic Bank Plc** and **FinBank Plc** because of their recapitalization and restructuring exercise.

Over-the-Counter Bond Market

A turnover of **123.32mn** units worth **N116,659.03mn** in **846** deals was recorded this week, in contrast to a total of 143.52mn units valued at N138,238.35mn exchanged in 894 deals during the week ended Thursday, September 22, 2011. The most active bond (measured by turnover volume) was the **8th FGN Bond 2014 Series 1** with a traded volume of **34.24mn** units valued at **N34,409.08mn** in 239 deals. This was followed by the **4.00% FGN April 2015 (7th FGN BOND 2015 Series 2)** with a traded volume of **28.24mn** units valued at **N22,781.31mn** in 193 deals. **Eleven (11)** of the available **twenty-eight (27)** FGN Bonds were traded during the week compared with fifteen (15) in the preceding week.

Outlook and Analysis

Money & Fixed Income Markets

We do not expect any maturity to hit the system next week. Thus we expect the market to remain tight and rates to remain at the current levels.

We maintain that the current fears on global economic outlook may reduce demand for oil, causing oil price to dip and adversely affect foreign exchange inflows.

Equities Market

Looking ahead, if the outcome of the Q3 results that some companies will declare in October, 2011 in the market is good, investor may react positively on account of the current low prices causing the market to appreciate.

Recommended Stocks

Stocks	Current Price	Current PE Ratio	Projected Price
NAHCO	5.88	7.35	6.94
Access Bank	5.62	8.05	6.63
First Bank	9.77	8.09	11.53
GT Bank	12.85	8.33	15.16
Skye Bank	5.10	5.69	6.02
Nig. Breweries	79.98	18.00	94.38
CCNN	7.30	4.97	8.61
WAPCO	40.01	29.71	47.21
UACN	33.46	4.87	39.48
Unilever	27.50	19.86	31.00
Cadbury	13.91	44.79	16.41
Nestle	401.00	24.79	426.48
GSK	27.00	12.92	31.00
MRS Oil	63.86	11.03	74.72
Oando	22.99	3.31	27.13

Company Interim and Full Year Results

Company	Period Ended	T/O (Nm)	% Δ	PAT (Nm)	% Δ
Great Nigeria Insurance	FY Dec 2010	1,062	7.17	(187.26)	89.70

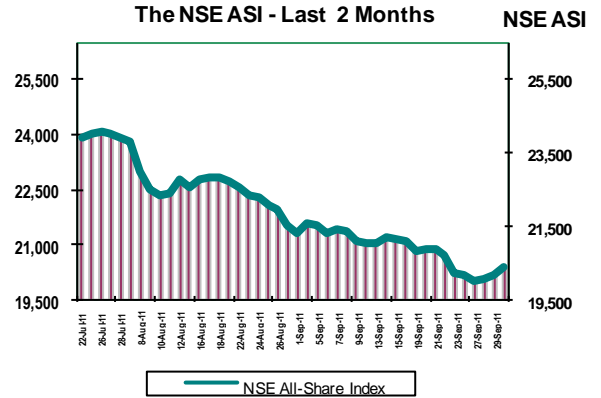
Company Dividend and Bonus Announcements

Company	Interim/ Full Year	DPS	Bonus	Closure Date	Payment Date

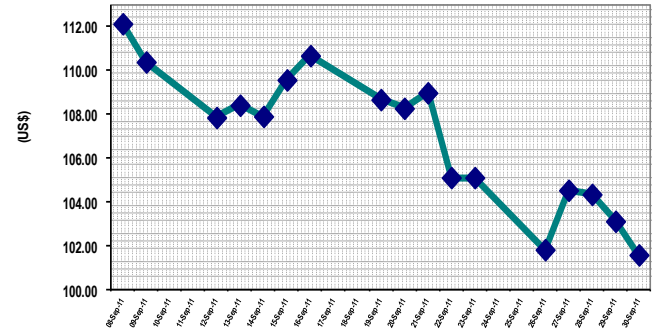
Foreign Stock Market Indices (September 23 – September 29, 2011)

Foreign Stock Market Indices (September 23 – September 29, 2011)	YTD % Change	Weekly % Change
North/Latin American		
DJIA (U.S.A.)	(3.66)	3.91
S & P 500 Index (U.S.A.)	(7.73)	2.73
NASDAQ (U.S.A.)	(6.49)	1.02
Bovespa Index (Brazil)	(22.75)	0.20
Europe		
SMI (Switzerland)	(12.86)	6.05
FTSE 100 Index (UK)	(11.92)	3.08
CAC 40 Index (France)	(20.43)	8.84
DAX Index (Germany)	(18.43)	9.21
SMSI Index (Spain)	(13.63)	9.71
Africa		
NSE All-Share Index (Nigeria)	(18.68)	(2.70)
JSE All-Share Index (S/A)	(7.57)	(2.09)
GSE All-Share Index (Ghana)	7.71	(3.36)
Cairo SE Gen (Egypt)	(69.19)	(15.76)
Asia/Pacific		
NIKKEI 225 Index (Japan)	(14.94)	1.65
BSE 30 Index (India)	(18.58)	2.06
Hang Seng Index (Hong Kong)	N/A	N/A

The NSE ASI - Last 2 Months



DAILY BASKET PRICE OF CRUDE OIL (3 WKS)



Source : OPEC

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