

Will the rally continue?

We believe that investors were optimistic about the recent rally in stocks. However, we expect investors to be less willing to bid stocks up now, given the market's 8.7% appreciation over the past two weeks. Also, we anticipate that short-term investors will likely avoid the loss of short-term realisable returns on investments. Consequently, we expect the market to decline slightly as investors begin to take profit, unless there is some exciting market or economic stimulus in the coming days — which, in our view, is unlikely in the near term.

Secondary market

The NSE ASI again closed on a positive note last week, appreciating by 5.7%, to close at 25,286.61 points from 23,924.10 the preceding week. The market capitalisation of the 195 first-tier equities closed slightly higher, at N5.80 trillion, from N5.48 trillion in the previous week. A turnover of 2.5 billion shares worth N17.75 billion in 44,166 deals was recorded last week, in contrast to a total of 1.8 billion shares valued at N13.23 billion and exchanged in 34,566 deals in the preceding week.

As illustrated in Figure 3, the banking sector remained the most active during the week (measured by turnover volume), with a turnover of 1.41 billion shares worth N11.6 billion, and exchanged by investors in 23,879 deals. Volumes were driven largely by activity in the shares of First Inland Bank plc, Zenith Bank plc, Skye Bank plc, First Bank of Nigeria plc and UBA plc. Trading in the shares of the five banks accounted for 790.7 million shares, representing 56.02% of the sector's turnover.

The insurance sector, boosted by activity in the shares of International Energy Insurance plc and AIICO Insurance plc, followed on the week's activity chart with a turnover of 397.65 million shares valued at N353.8 million shares in 5,167 deals.

Share price performance

The number of gainers during the week increased to 67 stocks in comparison to 34 stocks in the preceding week. Benue Cement Company plc led on the gainers' table with a gain of N10.10 to close at N47.90 per share, while Lafarge Cement WAPCO Nig. plc followed with a gain of N3.66 to close at N30.87 per share.

All Share Index	▲ 5.70%	25,286.61
Market cap	▲ 5.84%	N5.80 trillion
Value traded	▲ 34.16%	N17.75 billion
Volume traded	▲ 38.89%	2.50 billion

Top gainers

BCC	26.72%	N47.90
Lafarge Wapco	13.45%	N30.87
Julius Berger	12.40%	N31.27

Source: NSE, Stanbic IBTC Research

Top losers

UACN	-8.60%	N36.01
AP	-4.99%	N72.68
Oando	-3.67%	N91.00

Source: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
Diamond Bank	5.78	0.92	9.52
Access	7.25	0.55	8.97
Skye	4.08	0.69	12.27
Dangote Sugar	9.54	5.39	6.82
Lafarge Wapco	7.85	1.88	3.19

Source: Stanbic IBTC Research

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Share price adjustment

The share price of First Bank of Nigeria plc was adjusted for a dividend of N1.35 per share and a bonus of 1 for 6. Regency Alliance Insurance plc and Staco Insurance plc were both adjusted for a dividend of N0.02 per share and a bonus of 1 for 10. Morison Industries plc and Skye Shelter Fund plc were adjusted for dividends of N0.05 and N4.65 per share, respectively, while Niger Insurance Co. plc was adjusted for a dividend of N0.05 per share and a bonus of 1 for 10.

Company results

Zenith Bank plc: Unaudited results for the third quarter ended 30 June 2009 show gross earnings of N166.606 billion, as against N126.499 billion in the comparable period of 2008. Profit after tax and exceptional items stood at N10.619 billion compared with profit after tax of N24.757 billion in 2008. The bank explained that the exceptional items of N18.545 billion represent provision for the group's capital market exposure and other related activities due to global economic conditions.

Oceanic Bank International plc: Unaudited results for the half year ended 30 June 2009 show gross earnings of N92.835 billion, as against N66.472 billion in the comparable period of March 2008. Profit after tax and exceptional items (provision for losses) stood at N14.394 billion compared with profit after tax of N20.301 billion in March 2008. The bank had earlier changed its year-end to 31 December in line with the CBN's directive.

United Bank for Africa plc: Unaudited results for the third quarter ended 30 June 2009 show gross earnings of N160.594 billion, as against N120.256 billion in the comparable period of 2008. Profit after tax and exceptional items stood at N6.865 billion compared with N28.848 billion in 2008.

UAC of Nigeria plc: Unaudited results for the half year ended 30 June 2009 show turnover of N28.673 billion, as against N23.534 billion in the comparable period of 2008. Profit after tax stood at N3.099 billion compared with N3.014 billion in 2008.

Lafarge Cement Wapco Nigeria plc: Unaudited results for the half year ended 30 June 2009 show turnover of N25.027 billion, as against N22.158 billion in the comparable period of 2008. Profit after tax stood at N5.232 billion compared with N4.748 billion in 2008.

Ecobank Transnational Incorporated: Unaudited results for the half year ended 30 June 2009 show gross revenue of N83.922 billion, as against N61.262 billion in the comparable period of 2008. Profit after tax stood at N11.469 billion compared with N9.002 billion in 2008.

Figure 1: NSE ASI, 27 July – 31 July '09

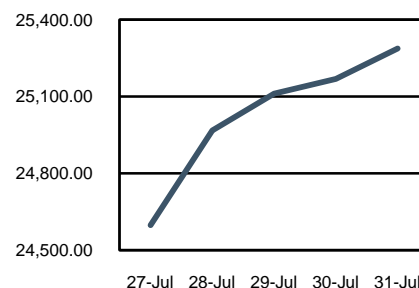


Figure 2: Vol. traded (M), 27 July – 31 July '09

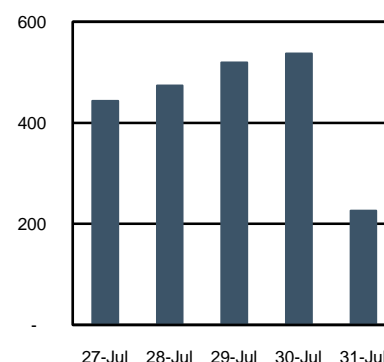
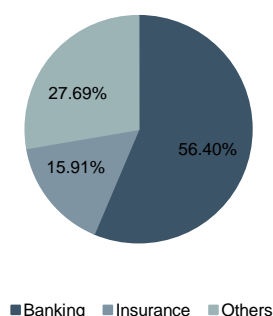


Figure 3: Vol. by sector, 27 July – 31 July '09



Source: NSE; Stanbic IBTC Research

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Company	Disclosure
Diamond Bank plc	E, G
Access Bank plc	E
Skye Bank	E, G
Dangote Sugar Refinery plc	E
Lafarge Cement WAPCO plc	E

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