

Market Watch

Marginal appreciation on the cards

We expect a slight upswing in the market by the end of this week — a continuation of the market trend in the last week of 2009.

After two consecutive weeks of flat performance, the market climbed marginally by 1.45% last week. Despite the rise in the All Share Index (ASI), there are still several value stocks with attractive entry points across the various sectors in the market. We believe retail investors will be slow to return to the market as they try to regain liquidity after the holiday season. However, we expect a further increase in the ASI as wholesale and foreign portfolio investors are not likely to face the same challenge as retail investors. While there should still be strong bids in the market this week, we expect them to be softer than those seen last week as investors try to locate the best entry point for stocks.

In the coming months and perhaps up till the end of H1:10, we expect growth to be driven by banking, building materials, and foods & beverages, breweries and conglomerates. Given that banks have made full provisions as advised by the monetary authorities, we do not expect profits to be wiped off by huge provisions in the coming quarters. Furthermore, banks are likely to operate with much stronger risk management and corporate governance frameworks. With the sustained focus on the development of critical physical infrastructure, we believe building materials companies will be profitably engaged for the better part of 2010.

Secondary market

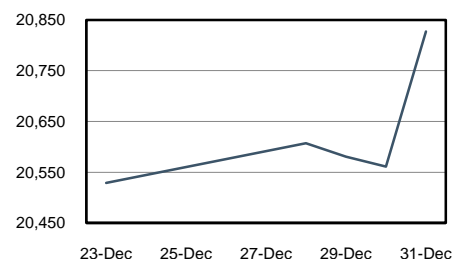
The NSE ASI appreciated in value last week, gaining 1.45%, to close at 20,827.17 points from 20,528.82 in the preceding week. This represents a year-to-date decline of 33.78% in 2009. The market capitalisation of the 199 first-tier equities also closed higher at N4.989 trillion, from N4.918 trillion the previous week. A turnover of 1.4 billion shares worth N6.6 billion in 18,369 deals was recorded last week, in contrast to a total of 1.3 billion shares valued at N11.01 billion and exchanged in 15,731 deals in the previous week.

As illustrated in [Chart 3](#), the banking sector maintained its lead over other sectors last week (measured by the volume of shares traded), with a turnover of 0.541 billion shares worth N3.71 billion, and exchanged by investors in 7,907 deals. The sector's volume and value represent 38.64% and 56.21%, respectively, of the NSE's transactions for the week.

Share price performance

About 49 stocks recorded price gains last week compared to 42 stocks in the preceding week. The number of losers increased to 55 stocks compared to 45 stocks in the week before.

Market performance (ASI)



Source: NSE

All Share Index	▲ 1.45%	20,827.17
Market cap	▲ 1.45%	N4.989 trillion
Value traded	▼ 40.05%	N6.6 billion
Volume traded	▲ 7.69%	1.4 billion

Top gainers

Afribank	16.44%	N2.55
DangFlour	14.01%	N9.93
UBN	10.7%	N6.0

Sources: NSE, Stanbic IBTC Research

Top losers

Eterna	-13.99%	N4.98
UPDC	-5.43%	N19.86
Alumaco	-5.23%	N27.71

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
GT Bank	14.04	1.90	4.27
Skye Bank	11.89	0.65	4.21
CCNN	7.49	3.37	9.35
UACN	9.24	1.09	6.00
Chevron	10.13	8.14	8.39

Sources: NSE, Stanbic IBTC Research

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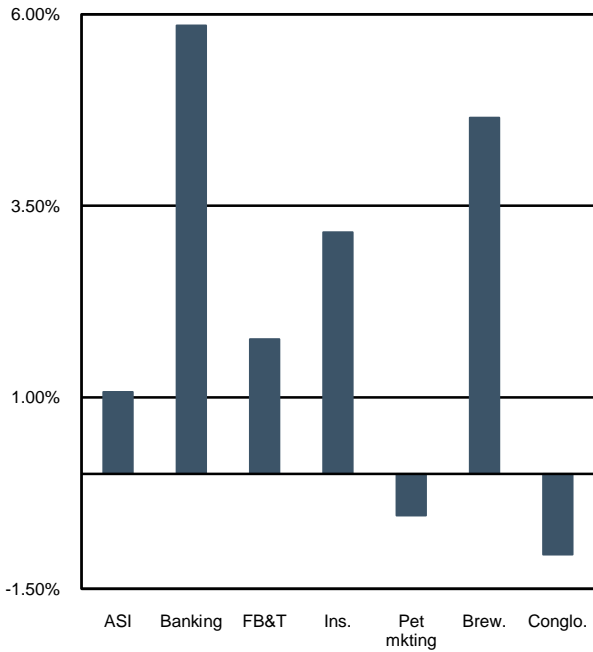
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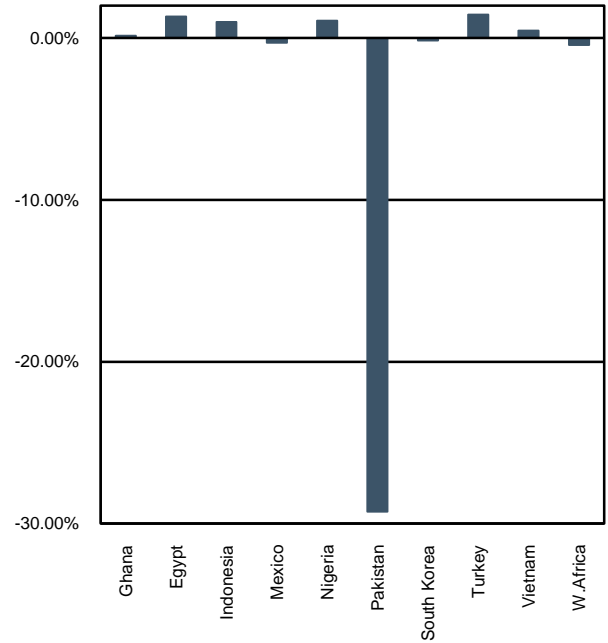
Picture gallery

Chart 1: Sector performance vs. ASI 28 Dec – 31 Dec 2009



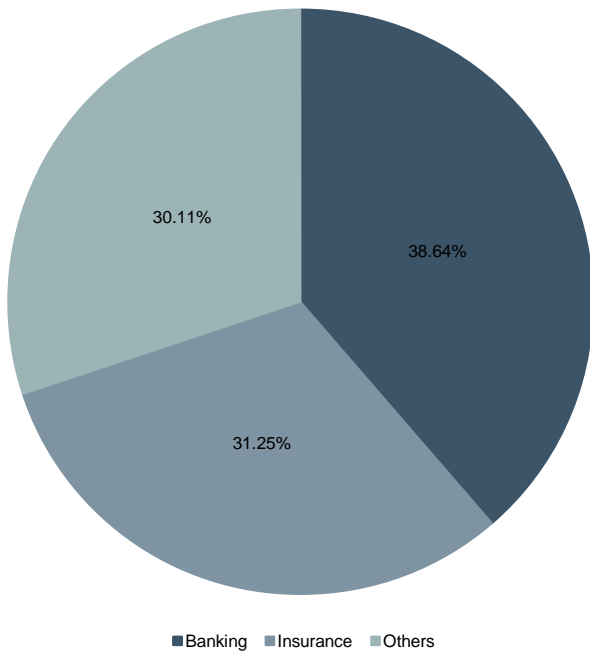
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 28 Dec – 31 Dec 2009



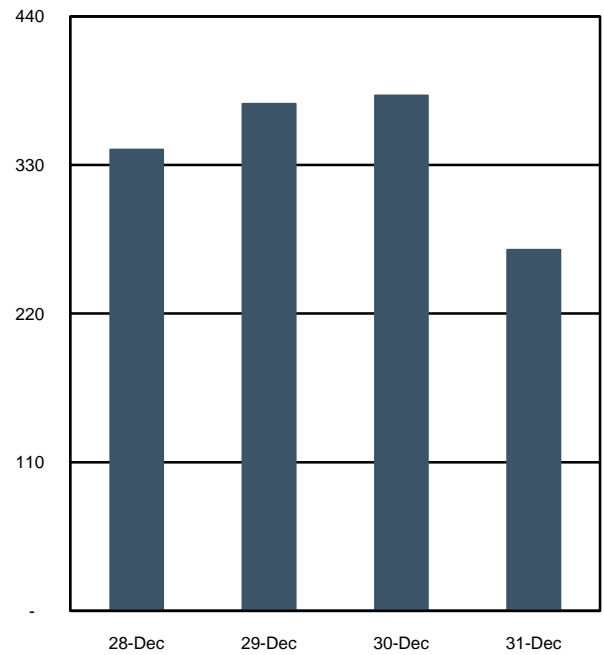
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 28 Dec – 31 Dec '09



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 28 Dec – 31 Dec '09



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
24/12/2009	Continental Reinsur. plc	Declining profits y/y	SELL
15/12/2009	Nig. Bottling Co. plc	Consistently driving higher sales	BUY
15/12/2009	Flour Mills of Nigeria plc	Cost management bolsters profits	BUY
01/12/2009	Diamond Bank plc	Bright prospects, despite earnings dip	BUY
01/12/2009	Union Homes Savings & Loans plc	Tough conditions trigger losses	HOLD
03/12/2009	Nigerian Breweries plc	Turnover and PAT growth slows down	HOLD
24/11/2009	Oando plc	Still on a growth path	BUY
24/11/2009	Guinness Nigeria plc	Marketing costs depress earnings	HOLD
23/11/2009	Int. Energy Insurance plc	Establishing a trend	BUY
18/11/2009	Okomu Oil Palm Co. plc	Double blow to the bottom line	SELL
18/11/2009	Prestige Assurance plc	Earnings update	BUY
18/11/2009	Chevron Oil Nigeria plc	Maintaining an impressive trend	BUY
18/11/2009	Conoil plc	Suspension of coverage, depressed price helps valuation	BUY
16/11/2009	Cornerstone Ins plc	Paying the price – huge claims hit earnings	HOLD
16/11/2009	UACN plc	Tough times beckon	BUY
16/11/2009	Cust and Allied Ins. plc	Right on track to achieve targets	BUY
12/11/2009	Prestige Assurance plc	On course to grow its market share	BUY
12/11/2009	PZ Cussons Nig. plc	Taxes turn profit red	BUY
11/11/2009	Dangote Sugar Ref. plc	Reduced credit slows down sales	HOLD
11/11/2009	Dangote Flour plc	Prosperous times for flour millers	BUY
11/11/2009	Nestle Nigeria plc	Bullish on profitability	HOLD

Source: Stanbic IBTC Research

Dividends payable

Company	Declared	LDT	Pay	Dividend amount	YTD
Total Nigeria plc	23-Nov-09		04-Jan-10	NGN3.40k	

Source: Company data

Summary valuation metrics of selected companies*

Sector/ company	Latest price (N)	Share performance YTD (%)	Mkt cap (N' Bn)	P/E (x)	DY (%)	P/BV (x)	FWD P/E (x)	FWD P/BV (x)	FWD DY (%)
Banking									
Access Bank plc	7.60	4.11	124.92	6.00	9.21	0.67	144.59	0.67	0.45
Diamond Bank plc	7.40	4.37	107.12	20.71	4.83	0.94	47.69	0.93	1.15
Ecobank Nigeria plc	10.63	-61.98	76.73	36.54	2.74	2.20	0.00	2.70	0.00
Ecobank Transnational	15.00	-63.05	131.00	9.88	10.12	0.81	11.40	0.79	6.14
First City Monument Bank plc	7.16	16.42	117.28	29.36	3.41	0.88	71.82	0.87	0.49
Fidelity Bank plc	2.40	-48.83	69.51	48.61	2.06	0.54	14.46	0.53	3.46
First Bank of Nigeria plc	14.05	-19.71	407.54	32.42	3.08	1.21	35.11	1.03	2.59
Guaranty Trust Bank plc	15.50	49.04	292.02	10.31	9.70	1.60	14.04	1.90	4.27
Skye Bank plc	5.49	-32.80	63.60	3.97	10.93	0.67	11.89	0.65	4.21
United Bank for Africa plc	10.80	-19.40	232.81	5.70	9.26	1.21	35.82	1.18	1.12
Zenith Bank plc	13.60	-35.18	341.59	6.62	12.50	0.99	24.83	1.46	2.58
Breweries									
Guinness Nigeria plc	127.50	30.09	188.05	13.89	5.88	5.97	12.54	5.45	6.39
Nigerian Breweries plc	53.02	32.55	400.97	15.60	6.41	12.44	13.12	11.88	7.24
Building materials									
Ashaka Cement plc	11.55	-34.00	22.99	11.11	2.60	1.80	8.89	1.56	2.81
Benue Cement Company plc	43.01	127.57	168.41	40.64	0.00	12.25	10.54	7.24	3.84
Cement Company of Northern	12.46	122.90	15.47	10.11	3.61	3.89	7.49	3.37	9.35
Lafarge Cement WAPCO plc	30.00	20.00	90.05	8.00	2.00	2.23	10.82	1.93	2.31
Conglomerates									
PZ Cussons Nigeria plc	25.00	111.86	79.41	16.48	2.72	2.23	13.58	2.03	2.87
UAC of Nigeria plc	36.75	1.16	47.06	11.23	5.44	1.15	9.24	1.09	6.00
Unilever Nigeria plc	18.50	69.88	69.99	26.96	3.68	10.48	14.80	8.01	3.82
Food & beverages									
Dangote Sugar Refinery plc	15.10	-4.43	181.20	8.29	7.95	5.55	11.20	4.73	5.80
Nigerian Bottling Company plc	21.42	-42.00	28.03	1785.5	0.00	1.28	10.91	1.20	3.67
Nestle Nigeria plc	239.50	25.10	158.20	18.99	5.24	17.52	16.43	16.63	5.78
7-UP Bottling Company plc	29.40	-23.85	15.07	9.37	5.10	1.89	8.96	1.74	6.70
Petroleum marketing									
African Petroleum plc	33.51	-88.60	34.69	6.80	15.52	4.98	5.09	4.17	15.72
Chevron Oil Nigeria plc	69.79	-56.36	17.73	0.00	0.00	9.26	10.13	8.14	8.39
Conoil plc	98.80	-70.17	29.69	17.28	5.06	13.20	12.94	10.11	5.41
Mobil Oil Nigeria plc	93.99	20.48	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Oando plc	149.00	-26.85	50.59	11.50	2.28	6.93	11.94	6.89	8.29
Total Nigeria plc									
Agriculture									
Okomu Oil Palm plc	22.75	-30.62	10.87	9.01	1.10	2.54	36.24	2.44	1.10
Presco plc	5.60	-44.61	5.60	8.31	5.36	2.19	16.00	2.04	2.81
Chemical & paints									
Chemical and Allied Products plc	28.00	-33.92	5.88	8.00	13.39	5.88	12.59	7.32	5.96
Nigeria-German Chemicals plc	15.04	-22.55	2.31	128.96	2.99	2.05	121.20	2.03	0.37
D.N. Meyer plc	5.39	-53.17	1.57	24.63	1.86	9.62	22.44	6.73	0.00
Construction									
Julius Berger Nigeria plc	25.79	-53.62	30.95	12.34	6.79	4.66	9.49	4.24	8.43
Costain (W.A.) plc	3.80	-66.87	3.50	9.90	-	-	8.73	-3.94	
Insurance									
Unic Insurance plc	1.10	-8.33	2.84	8.63	4.55	0.59	15.55	0.57	1.29
Prestige Assurance Company plc	4.00	-36.00	8.60	13.48	5.00	1.97	10.50	1.83	5.71
Mutual Benefit Assurance plc	0.64	-56.46	5.12	-	0.00	0.48	3.66	0.65	12.58
Custodian and Allied Insurance plc	2.86	-6.23	13.70	8.79	5.94	1.43	7.41	1.31	6.99
Intercontinental Wapic Insurance	1.10	-72.29	5.57	30.67	0.00	0.64	27.88	0.64	2.26
International Energy Insurance plc	0.63	-70.70	3.47	7.34	7.94	0.30	9.01	0.30	3.33
Standard Alliance Insurance plc	0.55	-63.33	4.62	5.34	9.09	0.20	-2.18	0.21	-21.58
PZ Cussons Nigeria plc	33.51	-88.60	34.69	6.80	15.52	4.98	5.09	4.17	15.72
UAC of Nigeria plc	69.79	-56.36	17.73	0.00	0.00	9.26	10.13	8.14	8.39
	98.80	-70.17	29.69	17.28	5.06	13.20	12.94	10.11	5.41

Source: Stanbic IBTC Research

Note: *As at 31 December 2009

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Company	Disclosure
Cement Company of Northern Nigeria plc	E
Chevron Oil Nigeria plc	E
Guaranty Trust Bank plc	E
Skye Bank	E, G
UAC Nigeria plc	E

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