

## Market Watch

### Slight dip in the ASI likely this week

We expect a slightly negative performance in the market by the end of this week. In the past two weeks the All Share Index has descended gently, in line with our expectations.

While there are currently a handful of value stocks across the various sectors in the market, we maintain that wholesale investors are being cautious because they are concerned about the right entry price. That issue notwithstanding, the market has seen pockets of strong bids for several stocks – mainly tier 1 and tier 2 banks – perceived to have substantial upside potentials. For retail players in the country, preparations for the Christmas holidays and the period afterwards usually require substantial liquidity. For this reason, we do not expect them to drive the market up in this season.

Following the conclusion of the recent clean-up exercise in the banking sector, we still expect banks to hold on to their liquid and near-liquid assets until they have safely crossed the hurdle into the new year. This favors the money market over the stock market. A risk, however, is that we believe the drive for deposits at this common year-end might not be nearly as intense as it was in previous year-ends. As a result, there might not be much flight from the stock market to the money market.

### Secondary market

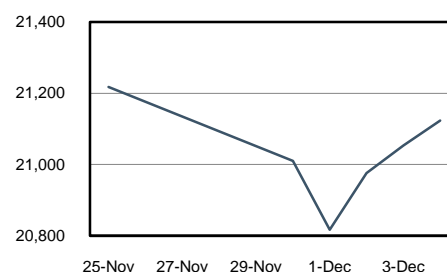
The NSE ASI closed on a flat note last week, gaining just 0.74%, to close at 21,374.41 points from 21,217.77 in the preceding week. The market capitalisation of the 199 first-tier equities also closed higher at N5.085 trillion, from N5.047 trillion the previous week. A turnover of 1.4 billion shares worth N8.7 billion in 28,892 deals was recorded last week, in contrast to a total of 1.34 billion shares valued at N7.00 billion and exchanged in 17,121 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 0.789 billion shares worth N5.62 billion, and exchanged by investors in 16,416 deals. The sector's volume and value represent 54.41% and 64.38%, respectively, of the NSE's transactions for the week.

### Share price performance

About 31 stocks recorded price gains last week compared with 37 stocks in the preceding week. The number of losers for last week increased to 61 stocks compared with 59 stocks in the week before.

#### Market performance (ASI)



Source: NSE

All Share Index	▲ 0.74%	21,374.41
Market cap	▲ 0.74%	N5.085 trillion
Value traded	▲ 24.71%	N8.73 billion
Volume traded	▲ 8.4%	1.45 billion

#### Top gainers

Skye Bank	27.31%	N6.62
Access Bank	9.43%	N7.31
UBA	7.05%	N12.45

Sources: NSE, Stanbic IBTC Research

#### Top losers

Ecobank	-9.71%	N13.02
Conoil	-8.15%	N29.08
WAPCO	-6.36%	N29

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
African Petroleum	5.16	4.23	15.49
Fidelity Bank	14.46	0.53	3.46
CCNN	8.08	3.63	8.66
Skye Bank	13.66	0.75	3.66
UACN	9.69	1.14	5.72

Sources: NSE, Stanbic IBTC Research

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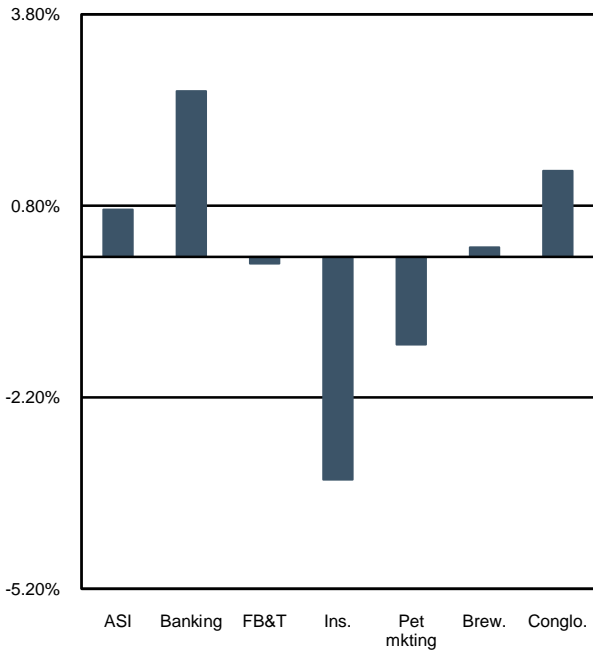
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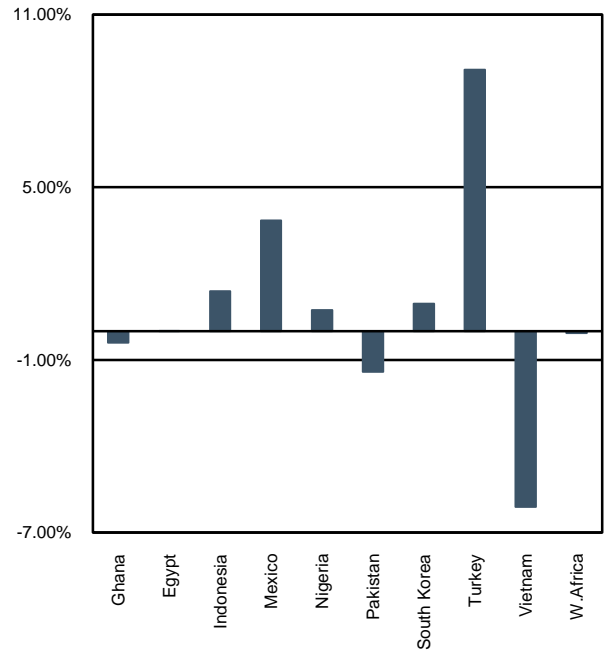
# Picture gallery

Chart 1: Sector performance vs. ASI 30 Nov – 4 Dec 2009



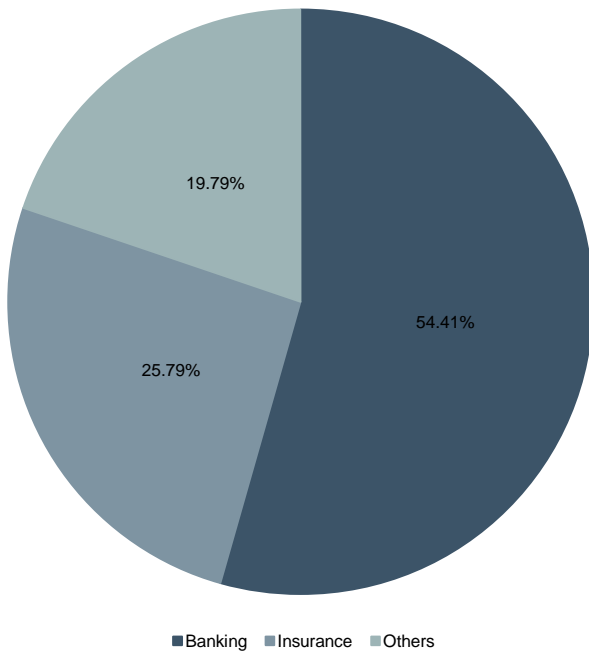
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 30 Nov – 4 Dec 2009



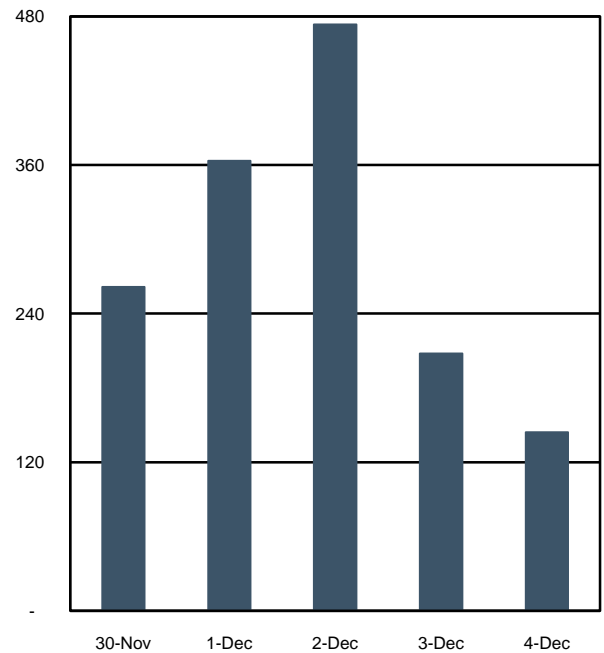
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 30 Nov – 4 Dec '09



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 30 Nov – 4 Dec '09



Sources: NSE, Stanbic IBTC Research

## Latest research publications

### Diamond Bank plc

**Bloomberg ticker**  
**Recommendation**  
**Target price**

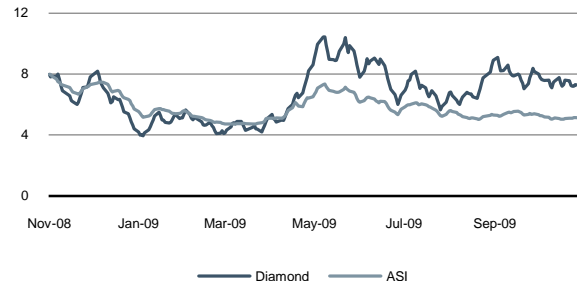
**DIAMONDB**  
**BUY**  
**N10.76**

Although Diamond Bank's profitability dipped in the 12-month period ending 31 October 2009, the bank maintained its operating profit at N13.77 billion (vs N13.64 billion in H1:08).

With a N4.8 billion PBT from its regional business the bank's core business was fairly profitable for the period but this was wiped away by a loss of N3.6 billion from its subsidiaries. We expect to see it concentrate more on its core business going forward.

After fully providing for the N32.32 billion recommended by the CBN from its FY 09 and Q1 results, further provisions of N4.96 billion were made in Q2 October 2009.

#### Price performance, N



Sources: NSE, Stanbic IBTC Research

### Union Homes Savings & Loans plc

**Bloomberg ticker**  
**Recommendation**  
**Target price**

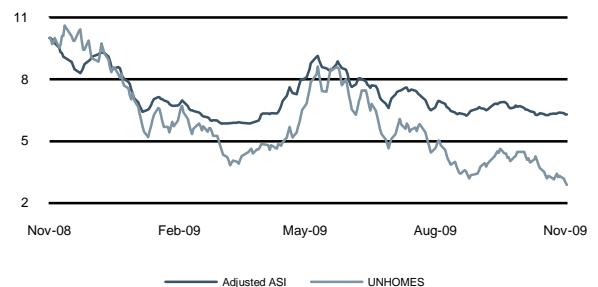
**UNHOMES**  
**HOLD**  
**N1.20**

As in FY 09, we expect FY 10 to be a challenging year for UNHOMES. Recently released results reveal a 3.6% decline in mortgage and other interest income in FY 09.

Despite steady growth and capital appreciation over the years, we forecast a loss of N0.909 billion for UNHOMES in FY 10. In the face of the current economic meltdown, the Nigerian real estate sector has been affected by the recession.

The current ratio also worsened, dropping by 5.60% to 1.06 in FY 09 from 1.13 in FY 08. We attribute this to an increase in the company's deposit liability base as well as a reduction in mortgage loans issued.

#### Price performance, N



Sources: NSE, Stanbic IBTC Research

### Nigerian Breweries plc

**Bloomberg ticker**  
**Recommendation**  
**Target price**

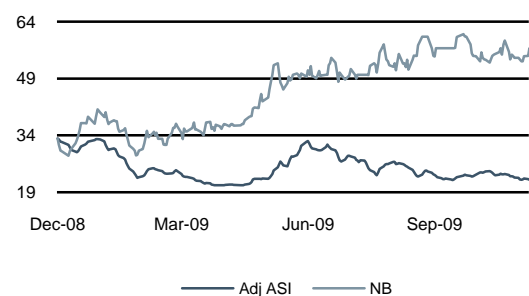
**NB**  
**HOLD**  
**N50.75**

NB's Q3:09 results indicate a slowing growth rate in both the top and bottom line on a q/q basis. Its operating efficiency also appears to have contracted as pre-tax and net margin decreased to 26.55% and 17.94% from 29.78% and 20.38%, respectively, in Q2:09.

The Q3 results show that trade debtors grew by an alarming 267.23% to N5.905bn. We think the increase could be due to the company's changing strategy of selling more products to distributors on credit.

In spite of the recent slowdown in earnings, we remain relatively optimistic about Nigerian Breweries. We think the company is well positioned to take advantage of the opportunities the year-end sales usually bring.

#### Price performance, N



Sources: NSE, Stanbic IBTC Research

## Research publications

Date	Company	Title	Recommendation
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	International 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 Insurance plc	Paying the price – huge claims hit earnings	HOLD
16/11/2009	UACN plc	Tough times beckon	BUY
16/11/2009	Custodian and Allied Insurance 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
11/11/2009	FCMB plc	Looking forward to increased profitability	BUY
11/11/2009	UNIC Insurance plc	Profitability heads south	BUY
06/11/2009	GlaxoSmith Cons. Nig plc	Declining y/y efficiency	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 (%)
<b>Banking</b>									
Access Bank plc	7.31	0.14	120.16	5.77	9.58	0.65	139.07	0.65	0.47
Diamond Bank plc	7.40	4.37	107.12	20.71	4.83	0.94	47.69	0.93	1.15
Ecobank Nigeria plc	13.02	-53.43	93.98	44.75	2.23	2.70	0.00	3.31	0.00
Ecobank Transnational	14.15	-65.15	123.58	9.32	10.73	0.77	10.76	0.75	6.51
First City Monument Bank plc	7.20	17.07	117.94	29.53	3.39	0.88	72.22	0.88	0.48
Fidelity Bank plc	2.52	-46.27	72.99	51.04	1.96	0.56	15.18	0.55	3.29
First Bank of Nigeria plc	14.78	-15.54	428.71	34.11	2.93	1.27	36.93	1.08	2.46
Guaranty Trust Bank plc	15.39	47.98	289.95	10.24	9.77	1.59	13.94	1.88	4.30
Bank PHB plc	1.75	-82.48	35.27	1.80	25.71	0.21	8.68	0.21	8.64
Skye Bank plc	6.62	-18.97	76.69	4.79	9.06	0.81	14.34	0.79	3.49
United Bank for Africa plc	12.45	-7.09	268.38	6.57	8.03	1.39	41.29	1.36	0.97
Zenith Bank plc	14.37	-31.51	360.93	6.99	11.83	1.05	26.24	1.54	2.44
<b>Breweries</b>									
Guinness Nigeria plc	130.04	32.68	191.80	14.16	5.77	6.08	12.79	5.56	6.27
Nigerian Breweries plc	53.00	32.50	400.82	15.60	6.42	12.44	13.11	11.87	7.25
<b>Building materials</b>									
Ashaka Cement plc	12.19	-30.34	24.27	11.72	2.46	1.90	9.38	1.65	2.67
Benue Cement Company plc	42.10	122.75	164.84	39.78	0.00	11.99	10.32	7.09	3.93
Cement Company of Northern	13.45	140.61	16.70	10.91	3.35	4.20	8.08	3.63	8.66
Lafarge Cement WAPCO plc	29.00	16.00	87.05	7.74	2.07	2.15	10.46	1.86	2.39
<b>Conglomerates</b>									
PZ Cussons Nigeria plc	24.50	107.63	77.82	16.15	2.78	2.19	13.31	1.99	2.93
UAC of Nigeria plc	39.50	8.73	50.58	12.07	5.06	1.23	9.93	1.17	5.58
Unilever Nigeria plc	19.01	74.56	71.92	27.70	3.58	10.76	15.21	8.23	3.71
<b>Food &amp; beverages</b>									
Dangote Sugar Refinery plc	14.70	-6.96	176.40	8.07	8.16	5.41	10.91	4.61	5.96
Nigerian Bottling Company plc	18.51	-49.88	24.22	1542.9	0.00	1.11	8.07	1.02	4.95
Nestle Nigeria plc	233.98	22.22	154.55	18.55	5.36	17.11	16.05	16.25	5.92
7-UP Bottling Company plc	29.40	-23.85	15.07	9.37	5.10	1.89	8.96	1.74	6.70
<b>Petroleum marketing</b>									
African Petroleum plc	34.00	-88.43	35.19	6.90	15.29	5.05	5.16	4.23	15.49
Chevron Oil Nigeria plc	66.47	-58.43	16.88	0.00	0.00	8.82	9.65	7.75	8.81
Conoil plc	29.08	-62.91	20.18	11.08	3.44	1.70	11.96	1.64	6.27
Mobil Oil Nigeria plc	98.80	-70.17	29.69	17.28	5.06	13.20	12.94	10.11	5.41
Oando plc	93.99	20.48	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc	151.60	-25.57	51.47	11.70	2.24	7.05	12.15	7.01	8.15
<b>Agriculture</b>									
Okomu Oil Palm plc	22.75	-30.62	10.87	9.01	1.10	2.54	36.24	2.44	1.10
Presco plc	5.01	-50.45	5.01	7.43	5.99	1.96	14.31	1.82	3.14
<b>Chemical &amp; paints</b>									
Chemical and Allied Products plc	29.23	-31.01	6.14	8.35	12.83	6.13	13.14	7.65	5.71
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	5.67	-50.74	1.65	25.91	1.76	10.12	23.61	7.08	0.00
<b>Construction</b>									
Julius Berger Nigeria plc	28.90	-48.02	34.68	13.83	6.06	5.22	10.64	4.75	7.52
Costain (W.A.) plc	3.80	-66.87	3.50	9.90	-	-	8.73	-3.94	-
<b>Insurance</b>									
Unic Insurance plc	0.70	-41.67	1.81	5.49	7.14	0.37	9.90	0.36	2.02
Prestige Assurance Company plc	3.94	-36.96	8.47	13.28	5.08	1.94	10.34	1.80	5.80
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	2.88	-5.57	13.80	8.85	5.90	1.44	7.46	1.32	6.94
Intercontinental Wapic Insurance	0.85	-78.59	4.30	23.70	0.00	0.50	21.54	0.49	2.92
International Energy Insurance plc	0.58	-73.02	3.19	6.75	8.62	0.28	8.29	0.27	3.62
Standard Alliance Insurance plc	0.53	-64.67	4.45	5.15	9.43	0.19	-2.10	0.20	-22.40
PZ Cussons Nigeria plc	14.70	-6.96	176.40	8.07	8.16	5.41	10.91	4.61	5.96
UAC of Nigeria plc	18.51	-49.88	24.22	1542.9	0.00	1.11	8.07	1.02	4.95

Source: Stanbic IBTC Research

Note: \*As at 22 October 2009

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Company	Disclosure
African Petroleum plc	E
Cement Company of Northern Nigeria (CCNN)	E
Diamond Bank plc	E
Fidelity Bank plc	E
Nigerian Breweries plc (NB)	E
Skye Bank	E, G
UAC Nigeria plc (UACN)	None
Union Homes Savings & Loans plc (UNHOMES)	E

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