

Market Watch

The market should pick up this week

Based on the trend of stock prices over the past couple of weeks, we expect a slightly bullish performance in the All Share Index (ASI) by the end of this week. We note that the market has lost about 6.3% over the past week and approximately 13.9% over the past four weeks. In particular, the banking and insurance sectors (which historically trade the highest volumes) have lost about 19.2% and 14.8%, respectively, over the past four weeks. We believe this provides ample signal for a short-term entry point. Our view is further supported by the fact that there are also attractive companies in these and other sectors from a fundamental perspective, indicating a potential entry for value investors. At the same time, we must acknowledge that there is still some uncertainty in the market. The CBN has concluded its audit of the next 11 banks, but it has not yet published the results. A negative report could have the effect of further pushing investors away from the market.

Secondary market

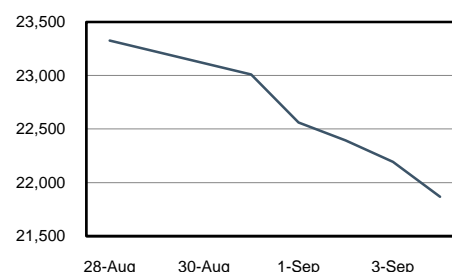
The NSE ASI closed on a bearish note this week, dropping by 6.3%, to close at 21,866.12 points from 23,327.04 the preceding week. The market capitalisation of the 195 first-tier equities also closed lower at N5.012 trillion, from N5.347 trillion in the previous week. A turnover of 2.1 billion shares worth N13.2 billion in 29,963 deals was recorded this week, in contrast to a total of 2.11 billion shares valued at N14.0 billion and exchanged in 32,760 deals in the preceding week.

As illustrated in Chart 3, the banking sector maintained its lead during the week (measured by the volume of shares traded), with a turnover of 1.1 billion shares worth N9.43 billion, and exchanged by investors in 15,239 deals. The sector's volume and value represents 52.38% and 71.44%, respectively, of the NSE's transactions for the week.

Share price performance

About 20 stocks recorded price gains this week in comparison to 62 stocks in the preceding week. At the same time, the number of losers during the week increased to 91 stocks as compared to 47 stocks in the previous week.

Market performance (ASI)



Source: NSE

All Share Index	▼ 6.26%	21,866.12
Market cap	▼ 6.26%	N5.01 trillion
Value traded	▼ 5.83%	N13.18 billion
Volume traded	▼ 1.21%	2.09 billion

Top gainers

7-Up	8.62%	N29.87
BCC	5.26%	N40.00
Guinness	3.92%	N135.1

Sources: NSE, Stanbic IBTC Research

Top losers

Conoil	-17.91%	N41.33
AP	-15.83%	N39.5
Chevron	-9.46%	N77.5

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
Access Bank	7.32	0.56	8.88
Diamond Bank	6.96	0.78	7.90
CCNN	5.83	2.62	12.01
Intenegins	6.19	0.31	4.84
Stdinsure	7.65	0.35	6.15

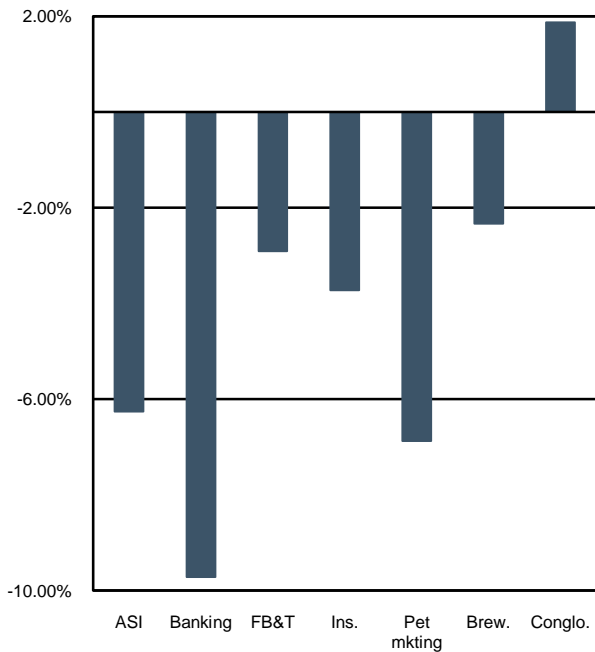
Sources: NSE, Stanbic IBTC Research

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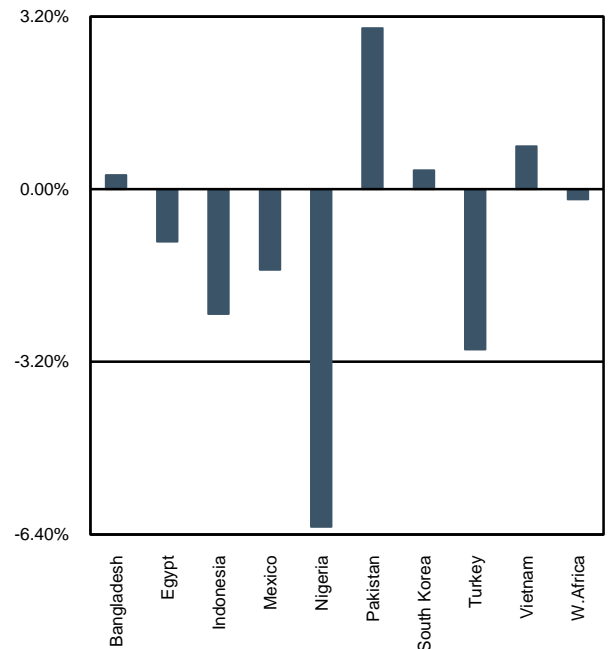
Picture gallery

Chart 1: Sector performance vs. ASI 31 Aug – 4 Sep 2009



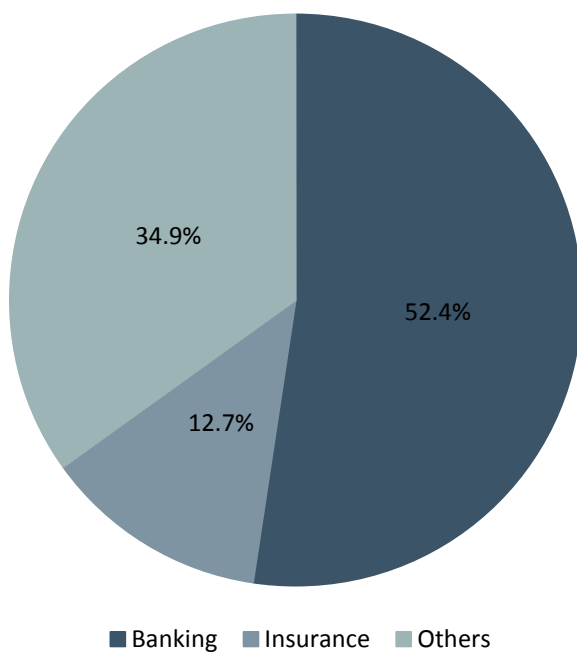
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices, 31 Aug – 4 Sep 2009



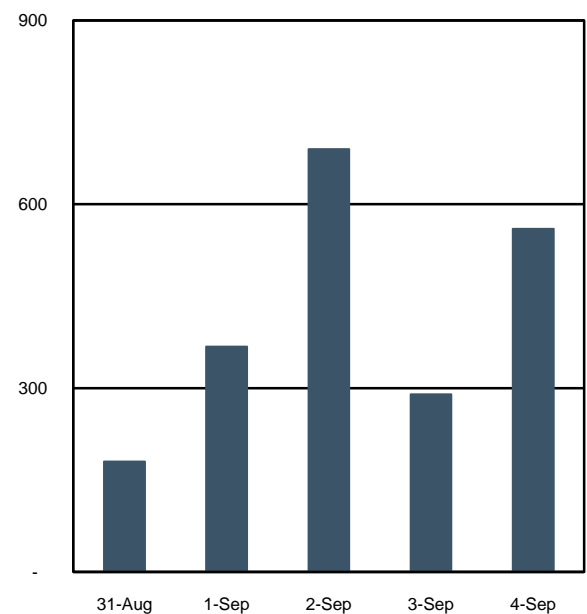
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 31 Aug – 4 Sep '09



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 31 Aug – 4 Sep '09



Sources: NSE, Stanbic IBTC Research

Latest research publications

Crusader Nigeria plc

Ticker
Recommendation
Target price

CRUSADER
HOLD
N1.46

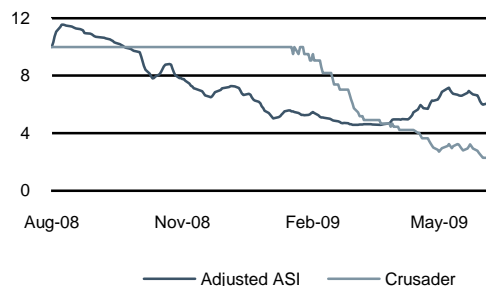
Crusader Nigeria plc (Crusader) recorded a profit after tax of N0.279 billion in FY 08 as against N1.446 billion in FY 07 (a 80.71% decline y/y).

However, the company's gross premium grew by 65.65% to N3.593 billion from N2.169 billion in FY 07.

We attribute the decline in profit to the provisions made for doubtful debts and the diminution in investments. For FY 09, we project a profit after tax of N0.515 billion.

The decision to count its losses from investing in equities and participate more actively in the money market should impact positively on its earnings.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Cement Company of Northern Nigeria plc

Ticker
Recommendation
Target price

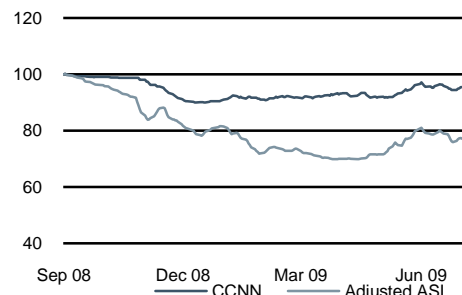
CCNN
BUY
N16.23

In H1:09, CCNN declared a PAT of N1.172 billion as against N0.611 billion in H1:08. The 91.86% growth rate in its bottom-line is remarkable compared to the 50.19% growth rate in its turnover to N6.592 billion from N4.389 billion in H1:08.

In addition to the continuous high demand for cement, the installation of 12MW generating sets and the replacement of its damaged kiln shell also contributed to the 50.19% growth in its top-line.

We project a PAT of N2.06 billion by FY 09, representing a 34.64% increase from its 2008 figure. We expect the company's improved cost efficiency and sustained demand to lead to the realisation of such profit levels.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Standard Alliance Insurance plc

Ticker
Recommendation
Target price

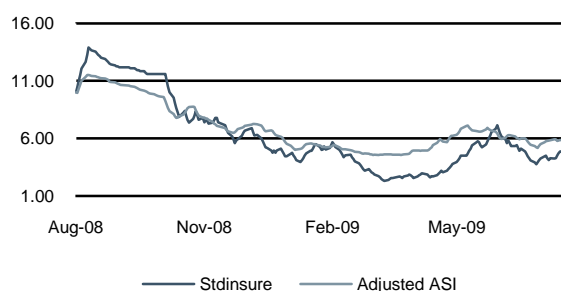
STDINSURE
BUY
N1.82

Standard Alliance Insurance plc recorded a half-year PAT of N0.664 billion in H1:09, representing 16.29% growth from the N0.571 billion recorded in H1:08.

The company's top-line grew by 18.92% to N1.98 billion in H1:09 from N1.665 billion in H1:08. For FY 09, we project gross premium and turnover growth of 15.6% and 16.02%, respectively.

We believe the closure of its life business arm may pay off in future earnings. Despite the increase in PAT recorded, further growth was inhibited by provisions made for bad and doubtful debts worth N0.085 billion and diminution in the company's investments worth N0.423 billion.

Price performance, N



Sources: NSE, Stanbic IBTC Research

International Energy Insurance plc

Ticker
Recommendation
Target price

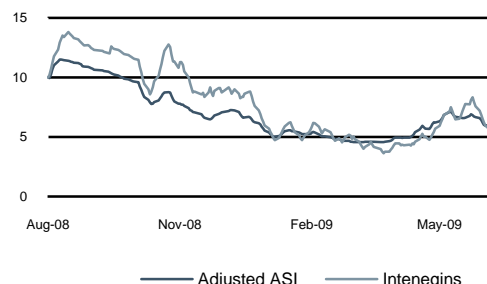
INTENEGINS
BUY
N1.57

Intenegins recorded sharp growth in turnover and an even sharper growth in PAT in Q1:09. It generated a top-line of N1.26 billion for the quarter compared to N3.02 billion in FY 08 and a bottom-line of N0.305 billion vs. N0.472 billion in the previous year.

We project an FY 09 PAT of N0.59 billion, representing 25.81% growth from the 2008 figure. We expect Intenegins will likely generate a gross premium of about N4.12 billion, representing 36.42% growth.

Intenegins recently sealed a \$1 million deal, making it the sole insurer for the FIFA U-17 World Cup taking place in FY 09. This should have a significant positive impact on its bottom-line.

Price performance, N



Sources: NSE, Stanbic IBTC Research

DiamondBank plc

Ticker
Recommendation
Target price

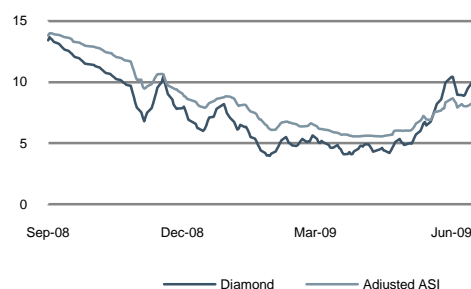
DIAMONDBNK
HOLD
N7.27

Diamond Bank's Q1:09 results show a 65.71% decline in PAT to N1.62 billion from N4.71 billion in the previous year. This, however, comes after a loan loss provision amounting to about N7.69 billion (vs. N0.367 billion in Q1:08).

Despite anticipated difficulty in top-line growth, we expect some improvement in PAT figures as we do not believe there will be any further increase in loan loss provisions. We project a December 2009 bottom-line of N13.5 billion.

Diamond Bank recently opened a subsidiary in the Republic of Benin and is about to open more in Togo, Senegal, and Côte D'Ivoire. We expect this to have a long-term positive effect on earnings growth.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
03/09/2009	Crusader Nigeria	Renewed focus on core business to grow PAT	Hold
03/09/2009	CCNN	Very attractive upside potential	Buy
01/09/2009	Standard Alliance	Quarterly results point towards better earnings in FY 09	Buy
01/09/2009	Int. Energy Insurance	Earnings grow sharply in Q1:09	Buy
31/08/2009	Diamond Bank	Dividends shrink due to provisions	Hold
26/08/2009	Presco	Turnover still on the rise - Buy	Buy
25/08/2009	Standard Alliance	Fresh funds to help grow income	Buy
24/08/2009	Custodian & Allied	Bottom line bolstered by income from money market	Buy
21/08/2009	Oando	Less funding could topple revenues	Buy
18/08/2009	Glaxo Smithkline	Strong earnings sustained in H1:09	Hold
17/08/2009	Mutual Benefits	Diminution in investments strikes again	Buy
13/08/2009	Int. Energy Insurance	Diminution in investments hits PAT	Buy
12/08/2009	Cadbury	Initiation of coverage: Operation costs continue to inhibit...	Hold
12/08/2009	Tantalizers	Initiation of coverage: Festive period to bolster sales	Buy
12/08/2009	PZ Cussons	Surpassing expectations	Buy
07/08/2009	Mobil	Still recovering from exceptional items	Hold
07/08/2009	Staco	Stock market exposure still a risk	Sell
05/08/2009	Bank PHB	Expenses choke earnings efficiency	Buy
05/08/2009	Unilever	Strengthening product visibility	Hold
05/08/2009	CAP	Tougher terrain affects performance	Hold
03/08/2009	UBA	Trend of loss provisions continues	Hold
03/08/2009	Starcomms	Initiation of coverage: Dollar-denominated dilemma	Hold

Source: Stanbic IBTC Research

Dividends payable

Company	Declared	LDT	Pay	Dividend amount	YTD
Crusader	02-Sep-09		14-Sep-09	1 for 10	-
Diamond Bank	28-Aug-09		28-Sep-09	NGN9k	0.09
PZ Cussons	11-Aug-09		22-Sep-09	NGN68k	0.68
Standard Alliance	24-Aug-09		-	NGN5k	0.05
CCNN	02-Sep-09		7-Sep-09	NGN80k	0.8

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	6.47	-11.37	106.35	5.11	10.82	0.57	7.32	0.56	8.88
Diamond Bank plc	6.49	-8.46	93.94	18.17	5.50	0.82	6.96	0.78	7.90
Ecobank Nigeria plc	26.57	-4.97	191.78	91.33	1.09	5.51	23.97	4.94	2.09
Ecobank Transnational	12.35	-69.58	107.86	8.14	12.29	0.67	5.68	0.64	12.33
First City Monument Bank plc	4.80	-21.95	78.63	5.20	19.22	0.59	4.07	0.54	8.61
Fidelity Bank plc	1.72	-63.33	49.82	3.73	26.81	0.36	2.80	0.34	17.87
First Bank of Nigeria plc	13.99	-13.93	405.80	32.29	3.10	1.20	12.72	1.02	7.16
Guaranty Trust Bank plc	12.03	-7.46	226.64	8.00	12.49	1.25	8.41	1.45	7.14
Bank PHB plc	3.00	-69.97	60.46	3.09	15.00	0.36	4.98	0.34	15.06
Skye Bank plc	4.40	-46.14	50.97	3.18	13.64	0.54	2.89	0.49	17.28
United Bank for Africa plc	10.99	-17.99	236.91	5.80	9.10	1.23	10.77	1.15	3.71
Zenith Bank plc	10.70	-49.00	268.75	5.21	15.89	0.78	29.64	1.15	2.16
Breweries									
Guinness Nigeria plc	135.10	37.84	199.26	16.80	4.44	5.41	12.95	4.77	5.27
Nigerian Breweries plc	57.00	42.50	431.07	16.77	5.96	13.38	12.71	12.10	7.08
Building materials									
Ashaka Cement plc	11.50	-34.29	19.62	9.48	2.61	1.53	7.58	1.33	3.30
Benue Cement Company plc	40.00	111.64	156.62	37.79	-	11.39	9.80	5.27	0.00
Cement Company of Northern	9.58	71.38	12.04	7.87	4.70	3.03	5.83	2.62	12.01
Lafarge Cement WAPCO plc	31.00	24.00	93.05	8.27	1.94	2.30	7.88	1.89	3.17
Conglomerates									
PZ Cussons Nigeria plc	20.50	73.73	65.12	12.22	3.32	1.83	10.24	1.64	3.52
UAC of Nigeria plc	36.80	1.29	47.27	11.28	5.43	1.15	9.28	1.09	5.97
Unilever Nigeria plc	15.99	46.83	60.49	23.30	4.25	9.05	16.95	8.01	4.47
Food & beverages									
Dangote Sugar Refinery plc	15.31	-3.10	183.72	8.40	7.84	5.63	8.00	4.52	8.12
Nigerian Bottling Company plc	20.90	-43.41	27.35	1742.2	0.00	1.25	12.43	1.18	3.22
Nestle Nigeria plc	200.00	4.47	132.11	15.86	6.28	14.63	14.91	13.94	6.37
7-UP Bottling Company plc	29.87	-22.64	15.31	12.76	5.02	2.12	8.00	1.92	7.50
Petroleum marketing									
African Petroleum plc	39.50	-86.56	31.16	6.11	13.16	4.48	4.57	3.74	17.50
Chevron Oil Nigeria plc	77.50	-51.54	19.68	0.00	0.00	10.28	14.02	9.26	6.06
Conoil plc	41.33	-47.28	28.68	11.06	6.65	2.39	7.72	2.22	9.71
Mobil Oil Nigeria plc	102.89	-68.93	30.92	18.00	4.86	13.75	23.12	11.67	3.03
Oando plc	91.99	17.92	83.26	9.98	6.52	1.86	9.62	1.77	7.69
Total Nigeria plc	132.00	-35.20	44.82	10.19	6.92	6.14	9.30	5.42	8.60
Agriculture									
Okomu Oil Palm plc	26.51	-19.15	12.67	10.50	0.94	2.96	8.76	2.46	4.57
Presco plc	4.03	-60.14	4.03	5.98	7.44	1.58	6.71	1.40	6.70
Chemical & paints									
Chemical and Allied Products plc	26.59	-37.24	5.58	7.60	14.10	5.58	9.31	6.68	8.06
Nigeria-German Chemicals plc	15.83	-18.49	2.43	17.71	2.84	2.16	16.82	2.02	2.68
D.N. Meyer plc	7.29	-36.66	2.12	33.31	1.37	13.01	30.36	9.11	0.00
Construction									
Julius Berger Nigeria plc	22.25	-59.98	26.70	10.65	7.87	4.02	8.19	3.66	9.77
Costain (W.A.) plc	4.25	-62.95	3.91	11.08	-	-	9.77	-4.41	-
Insurance									
Unic Insurance plc	0.59	-50.83	1.52	4.63	8.47	0.32	4.17	0.30	4.80
Prestige Assurance Company plc	4.38	-29.92	9.42	14.76	4.57	2.16	11.77	2.01	5.10
Mutual Benefit Assurance plc	0.67	-54.42	5.36	-	0.00	0.50	3.83	0.68	12.01
Custodian and Allied Insurance plc	2.60	-14.75	12.35	7.92	6.54	1.29	5.64	1.16	7.97
Intercontinental Wapic Insurance	0.84	-78.84	4.25	7.97	14.88	0.48	4.43	0.46	14.22
Goldlink Insurance plc	0.50	-44.44	4.55	6.70	10.00	0.55	5.92	0.53	11.83
International Energy Insurance plc	0.67	-68.84	3.69	7.80	7.46	0.32	6.19	0.31	4.84
Standard Alliance Insurance plc	1.00	-33.33	8.22	9.51	0.00	0.36	7.65	0.35	6.15

Source: Stanbic IBTC Research

Note: *As at 4 September 2009

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Company	Disclosure
Access Bank plc	E

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Stanbic IBTC Equity Investment Research

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Recommendations with Investment Banking Relationship (%)	64	27	9

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