

Market Watch

Low fixed-income yields support equity investments

We expect local portfolio managers to increase their investments in equities as **fixed-income yields continue to decline**. In a bid to stimulate credit growth in the banking system and accelerate economic recovery, the CBN has taken a number of steps to increase liquidity. Some of the measures include maintaining the guarantees in the interbank market and increased spending by the federal government. These measures have resulted in a decline in fixed-income yields — the FGN 10-year bond, for example, is currently trading below 7%. This is attractive when compared to the stock market average dividend yield of about 4%.

AMC might delay recovery

We expect a **decline** in the market this week as a result of the suspension of the debate on the proposed asset management company (AMC) bill last week. However, given that the CBN has provided the additional documentation requested by the Senate, **we expect the bill to be passed shortly**. The much-anticipated AMC — when finally set up — is intended to reduce the overhang on the stock market. Banks will transfer their bad loans to the AMC which will hold on to them for about 10 years. The CBN's special audit last year revealed that the majority of bank loans were attributed to stock market-related loans. We believe investors could take advantage of this delay — it creates a good entry point as prices are still depressed.

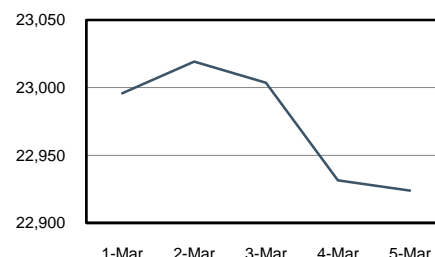
Secondary market

The market capitalisation of the 199 first-tier equities closed lower (see table). Some 34,014 deals were recorded last week – 23% up on 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 1.04 billion shares worth N11.12 billion, and exchanged by investors in 17,717 deals. The sector's volume and value represent 60% and 76%, respectively, of the NSE's transactions for the week.

Share price performance

About 39 stocks recorded price gains last week compared to 34 stocks in the preceding week. The number of losers decreased to 54 stocks compared to 70 stocks in the week before.

Market performance (ASI)



Source: NSE

All Share Index	▼ 0.3%	22,923.91
Market cap	▼ 0.3%	N5.52 trillion
Value traded	▲ 16%	N14.5 billion
Volume traded	▲ 47.5%	1.7billion

Top gainers

Conoil	16%	N39.54
Honeywellflour	19%	N8.8
CCNN	5%	N16.5

Sources: NSE, Stanbic IBTC Research

Top losers

AP	-15%	N40.5
Mobil	-5%	N93
CAP	-5%	N28.26

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
AP	6	5	13
GT Bank	16	2	4
DangFlour	6	2	5
Total	11	7	9
MBenefit	4	1	13

Sources: NSE, Stanbic IBTC Research

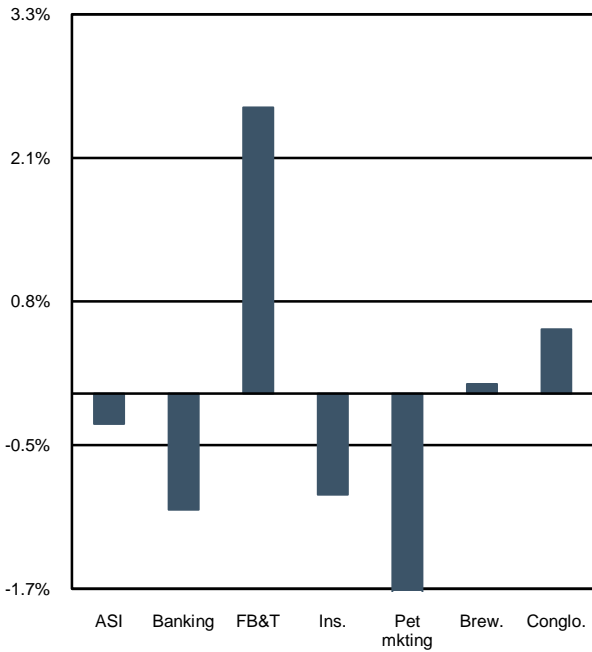
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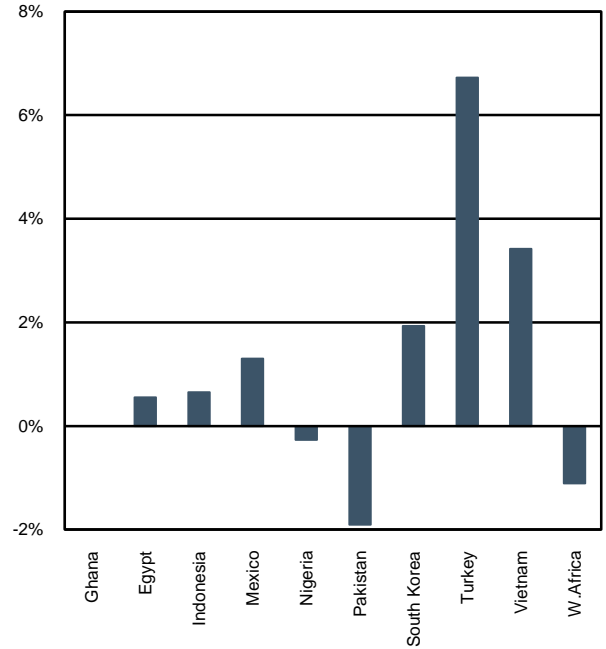
Picture gallery

Chart 1: Sector performance vs. ASI 25 Feb – 5 Mar 2010



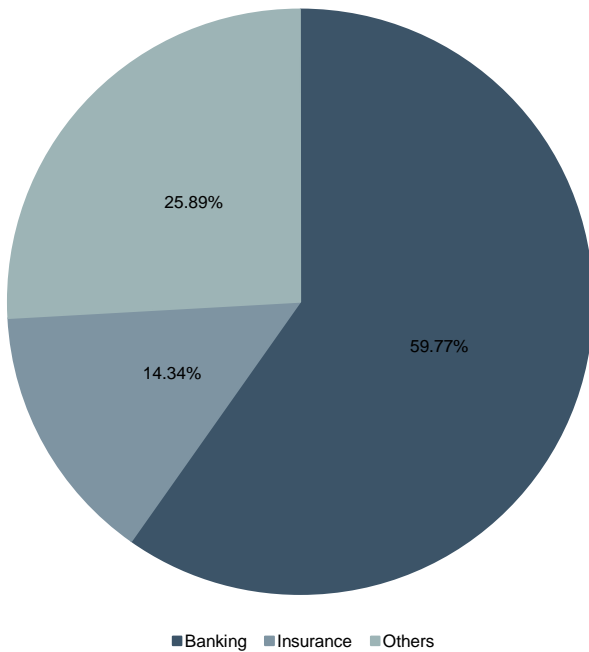
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 25 Feb – 5 Mar 2010



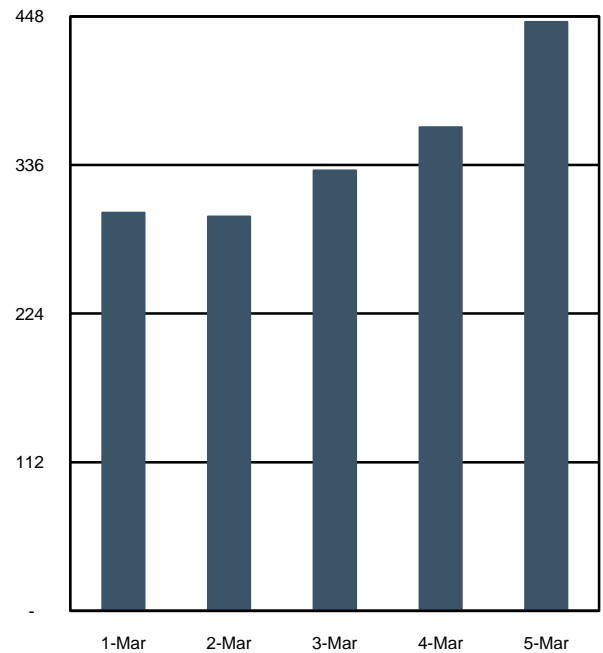
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 1 Mar – 5 Mar 2010



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 1 Mar – 5 Mar 2010



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
05/03/2010	Nestle Nigeria plc	Initial impressions – FY 09 results	HOLD
24/02/2010	Total Nigeria plc	Still looks good	BUY
12/02/2010	Flour mills of Nigeria plc	Initial impressions – Q3:09 results	BUY
11/02/2010	Custodian & Allied Ins. plc	Share buyback to boost earnings	BUY
10/02/2010	Guinness Nigeria plc	Margins shrink as pressures rise	SELL
01/02/2010	PZ Cussons Nigeria plc	Slow economy impacts earnings	BUY
22/01/2010	Costain W.A. plc	Results fall short of expectations	HOLD
14/01/2010	Dangote Sugar Ref. plc	Long- term hold	HOLD
05/01/2010	7-Up Bottling Co. plc	Turnover rises, despite competition	BUY
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

Source: Stanbic IBTC Research

Dividends payable

Company	Declared	LDT	Pay	Dividend amount	YTD
Lafarge Cement WAPCO Nigeria plc	5-Mar-10		17-May-10	NGN0.10k	NGN0.10k

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	9.51	25.96	156.32	7.51	7.36	0.84	180.92	0.84	0.36
Diamond Bank plc	8.72	21.28	126.22	24.41	4.10	1.11	56.20	1.10	0.98
Ecobank Nigeria plc	5.30	-47.52	38.26	18.22	5.49	1.10	0.00	1.35	0.00
Ecobank Transnational	16.02	6.80	139.91	10.56	9.47	0.87	12.18	0.85	5.75
First City Monument Bank plc	9.05	29.10	148.24	9.82	10.18	1.15	90.78	1.14	0.39
Fidelity Bank plc	2.56	1.59	74.15	51.85	1.93	0.57	15.42	0.56	3.24
First Bank of Nigeria plc	14.50	3.57	420.59	33.46	2.99	1.25	36.23	1.06	2.51
Guaranty Trust Bank plc	18.20	15.34	342.89	12.11	8.26	1.88	16.48	2.23	3.64
Skye Bank plc	7.00	27.74	81.09	5.06	8.57	0.86	15.16	0.83	3.30
United Bank for Africa plc	13.00	20.26	280.23	6.86	7.69	1.45	43.11	1.42	0.93
Zenith Bank plc	15.70	16.30	394.34	7.64	10.83	1.15	28.67	1.68	2.23
Breweries									
Guinness Nigeria plc	129.00	1.18	190.27	14.05	5.81	6.04	13.09	5.53	6.12
Nigerian Breweries plc	57.05	7.64	431.44	16.79	6.47	13.39	14.91	12.87	6.40
Building materials									
Ashaka Cement plc	16.00	40.47	31.85	15.39	1.88	2.49	12.31	2.16	2.03
Benue Cement Company plc	50.05	16.37	195.97	47.29	0.00	14.25	12.26	8.43	3.30
Cement Company of Northern	16.50	26.92	20.49	13.39	2.73	5.15	9.92	4.46	7.06
Lafarge Cement WAPCO plc	35.00	16.67	105.06	9.34	1.71	2.60	12.62	2.25	1.98
Conglomerates									
PZ Cussons Nigeria plc	26.40	5.60	83.86	17.40	2.58	2.36	15.51	2.17	2.74
UAC of Nigeria plc	42.59	15.89	54.54	13.01	4.70	1.33	10.71	1.26	5.17
Unilever Nigeria plc	25.19	32.58	95.30	36.70	2.70	14.26	20.16	10.91	2.80
Food & beverages									
Dangote Sugar Refinery plc	16.50	10.74	198.00	9.05	7.27	6.07	12.24	5.17	5.31
Nigerian Bottling Company plc	27.00	20.05	35.34	2250.6	0.00	1.61	13.75	1.51	2.91
Nestle Nigeria plc	270.00	12.73	178.35	18.23	4.65	16.92	15.21	14.50	5.59
7-UP Bottling Company plc	30.60	4.08	15.68	10.26	4.90	1.96	9.32	1.81	6.44
Petroleum marketing									
African Petroleum plc	40.50	20.86	41.92	8.21	12.84	6.02	6.15	5.04	13.00
Chevron Oil Nigeria plc	69.79	0.00	17.73	0.00	0.00	9.26	10.13	8.14	8.39
Mobil Oil Nigeria plc	93.00	-5.87	27.95	16.27	5.38	12.43	12.18	9.52	5.75
Oando plc	93.99	0.00	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc	142.50	-4.36	48.38	11.00	9.07	6.63	11.42	6.59	8.67
Agriculture									
Okomu Oil Palm plc	21.62	-4.97	10.33	8.56	1.16	2.41	34.44	2.32	1.16
Presco plc	5.43	-3.04	5.43	8.06	5.52	2.13	15.51	1.98	2.90
Chemical & paints									
Chemical and Allied Products plc	28.26	0.93	5.93	8.07	13.27	5.93	12.71	7.39	5.90
Nigeria-German Chemicals plc	15.04	0.00	2.31	128.96	2.99	2.05	121.20	2.03	0.37
D.N. Meyer plc	2.95	-45.27	0.86	13.48	3.39	5.26	12.28	3.68	0.00
Construction									
Julius Berger Nigeria plc	27.95	8.38	33.54	13.37	6.26	5.05	10.94	4.62	7.31
Costain (W.A.) plc	5.39	41.84	4.96	0.00	-	-	15.10	0.55	
Insurance									
Unic Insurance plc	0.73	-36.52	1.88	5.73	6.85	0.39	10.32	0.38	1.94
Prestige Assurance Company plc	3.43	-14.25	7.37	11.56	5.83	1.69	9.00	1.57	6.66
Mutual Benefit Assurance plc	0.64	0.00	5.12	-	0.00	0.48	3.66	0.65	12.58
Custodian and Allied Insurance plc	2.90	1.40	14.90	9.56	5.86	1.56	8.06	1.43	6.90
Intercontinental Wapic Insurance	0.95	-17.39	4.81	26.49	0.00	0.56	24.08	0.55	2.62
International Energy Insurance plc	0.54	-10.00	3.47	7.34	9.26	0.30	9.01	0.30	3.33
Standard Alliance Insurance plc	0.50	-12.28	4.20	4.86	10.00	0.18	0.00	0.19	0.00

Source: Stanbic IBTC Research

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Dangote Flour Mills plc	E
Guaranty Trust Bank plc	E
Mutual Benefits Assurance plc	E
Total Nigeria plc	E

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