

## Market Watch

### Bullish momentum likely to continue

Last week turned out to be a week of fortune — the benchmark All Share Index (ASI) appreciated by 4% and the volume of shares traded was up 29% over the previous week. This was buoyed by strong net bids of various stocks, particularly in the banking, food, beverages and tobacco, and conglomerates sectors. We expect this bullish trend to continue this week, given our anticipation that more investors are bound to take advantage of stocks trading at significant discounts to their intrinsic values. However, caution should be applied in taking positions as profit-takers will want to capitalise on the little gains accruable. We expect the market to close on a slightly positive note this week.

### Investor confidence to be restored

We expect current developments in the economy, such as the CBN's continuing resolve to guarantee inter-bank lending and the appointment of new helmsman Arunma Oteh at the Securities and Exchange Commission (SEC), to restore some confidence in the economy. At its maiden MPC meeting in 2010, the CBN resolved to continue to guarantee all interbank transactions until the end of 2010 — with a caveat for policy termination on a case-by-case basis — as part of its reforms to the banking sector. This has impacted positively on the money market as witnessed by the continuing downward movement in daily interbank rates, thereby stimulating interest in the stock market. Similarly, the new SEC helmsman has promised to sanitise the capital markets and restore some measure of confidence by instituting transparent regulations, broadening and deepening the markets, and in particular, protecting and encouraging investor interest.

### Secondary market

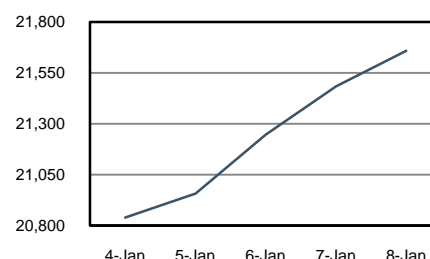
The market capitalisation of the 200 first-tier equities closed higher (see table). A total of 35,987 deals was recorded last week, which was up 96% on the 18,369 deals the previous week.

As illustrated in Chart 3 over the page, the banking sector maintained its lead over other sectors last week (measured by the volume of shares traded), with a turnover of 0.988 billion shares worth N6.23 billion. Some 17,640 deals were recorded by investors. The sector's volume and value represent 71% and 94%, respectively, of all NSE transactions for the week.

### Share price performance

About 68 stocks recorded price gains last week compared to 49 stocks in the preceding week. The number of losers declined to 35 stocks compared to 55 stocks in the week before.

#### Market performance (ASI)



Source: NSE

All Share Index	▲ 3.99%	21,658.69
Market cap	▲ 4.03%	N5.190 trillion
Value traded	▲ 51.06%	N9.97 billion
Volume traded	▲ 28.57%	1.8 billion

#### Top gainers

NB	7.55%	N3.98
BCC	8.11%	N3.49
Flourmills	7.73%	N3.00

Sources: NSE, Stanbic IBTC Research

#### Top losers

Incar	-17.96%	N0.95
ETI	-5.60%	N0.84
Vitafoam	-6.52%	N0.63

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
GT Bank	14.50	1.96	4.14
INTENEGINS	9.15	0.30	3.28
AP	5.24	4.29	15.26
7UP	8.96	1.74	6.70
JBERGER	10.11	4.52	7.91

Sources: NSE, Stanbic IBTC Research

#### Muyiwa Oni\*

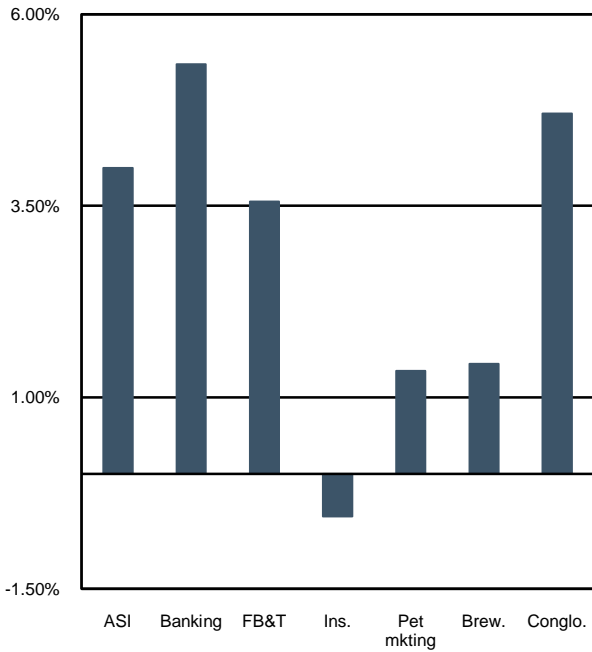
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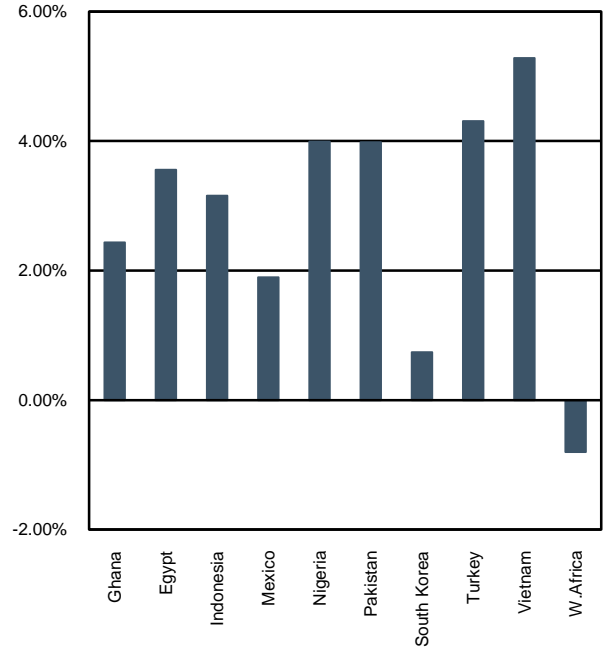
# Picture gallery

Chart 1: Sector performance vs. ASI 04 Jan – 08 Jan 2010



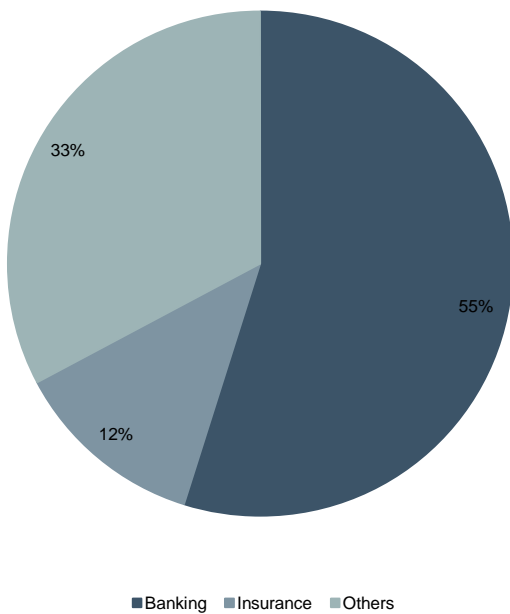
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 04 Jan – 08 Jan 2010



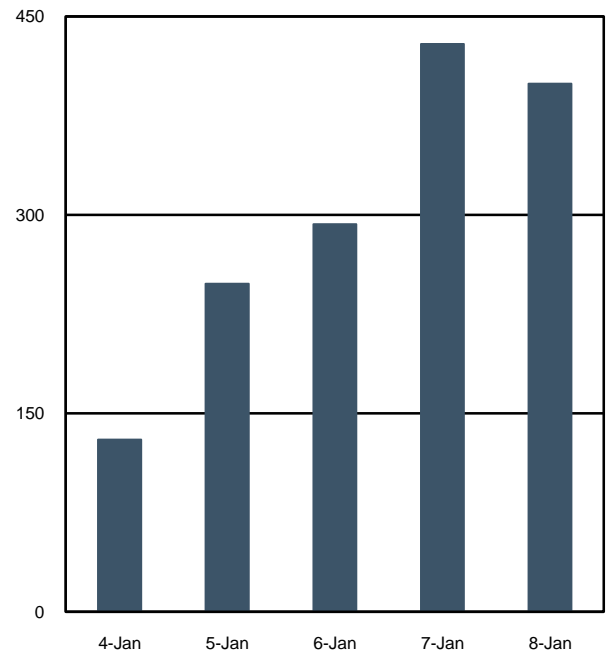
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 04 Jan – 08 Jan '10



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 04 Jan – 08 Jan '10



Sources: NSE, Stanbic IBTC Research

## Research publications

Date	Company	Title	Recommendation
05/01/2010	7up Bottling Company 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
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

Source: Stanbic IBTC Research

## Latest research publications

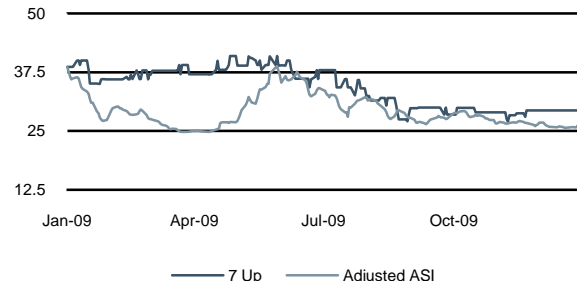
### 7up Bottling Company plc

Bloomberg ticker  
Recommendation  
Target price

7UP NL  
BUY  
43.49

Despite heightening competition from smaller players in the non-alcoholic beverages segment, 7-Up has consistently grown its turnover through various marketing strategies. In December 2009, the company concluded another sales campaign tagged “N1 million for seventy days” in line with its history of regular promotional sales campaigns. The company has also embarked on the expansion and upgrade of its manufacturing capacity and distribution systems. In our view, this will improve the availability of the company’s products and further help sustain turnover growth.

#### Price performance, N



Sources: NSE, Stanbic IBTC Research

## 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	8.11	7.42	133.31	6.40	8.63	0.72	154.29	0.72	0.42
Diamond Bank plc	7.40	18.52	107.12	20.71	4.83	0.94	47.69	0.93	1.15
Ecobank Nigeria plc	10.10	2.92	72.90	34.72	2.88	2.09	0.00	2.56	0.00
Ecobank Transnational	14.16	0.00	123.67	9.33	10.72	0.77	10.76	0.75	6.50
First City Monument Bank plc	7.50	-5.60	122.85	30.76	3.25	0.92	75.23	0.91	0.47
Fidelity Bank plc	2.50	6.99	72.41	50.63	1.97	0.56	15.06	0.55	3.32
First Bank of Nigeria plc	14.80	-0.79	429.29	34.15	2.93	1.27	36.98	1.08	2.46
Guaranty Trust Bank plc	16.01	5.71	301.63	10.65	9.39	1.66	14.50	1.96	4.14
Skye Bank plc	1.65	1.46	33.26	1.70	27.27	0.20	8.18	0.19	9.17
United Bank for Africa plc	5.56	12.43	64.41	4.02	10.79	0.68	12.04	0.66	4.15
Zenith Bank plc	11.20	20.34	241.43	5.91	8.93	1.25	37.14	1.23	1.08
<b>Breweries</b>									
Guinness Nigeria plc	128.00	0.39	188.79	13.94	5.86	5.99	12.59	5.47	6.37
Nigerian Breweries plc	57.00	7.55	431.07	16.77	5.96	13.38	14.10	12.77	6.74
<b>Building materials</b>									
Ashaka Cement plc	13.30	16.77	26.48	12.79	2.26	2.07	10.23	1.80	2.44
Benue Cement Company plc	46.50	8.11	182.07	43.94	0.00	13.24	11.39	7.83	3.55
Cement Company of Northern	13.90	6.92	17.26	11.28	3.24	4.34	8.36	3.76	8.38
Lafarge Cement WAPCO plc	30.00	0.00	90.05	8.00	2.00	2.23	10.82	1.93	2.31
<b>Conglomerates</b>									
PZ Cussons Nigeria plc	25.10	0.40	79.73	16.55	2.71	2.24	13.64	2.04	2.86
UAC of Nigeria plc	37.06	0.84	47.46	11.32	5.40	1.16	9.32	1.10	5.95
Unilever Nigeria plc	21.05	10.79	79.64	30.67	3.23	11.92	16.84	9.11	3.35
<b>Food &amp; beverages</b>									
Dangote Sugar Refinery plc	15.00	0.67	180.00	8.23	8.00	5.52	11.13	4.70	5.84
Nigerian Bottling Company plc	23.64	7.73	30.94	1970.6	0.00	1.41	12.04	1.32	3.32
Nestle Nigeria plc	239.50	-4.82	158.20	18.99	5.24	17.52	16.43	16.63	5.78
7-UP Bottling Company plc	29.40	5.11	15.07	9.37	5.10	1.89	8.96	1.74	6.70
<b>Petroleum marketing</b>									
African Petroleum plc	34.51	2.98	35.72	7.00	15.07	5.13	5.24	4.29	15.26
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	99.95	1.16	30.03	17.48	5.00	13.36	13.09	10.23	5.35
Oando plc	93.99	0.00	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc									
<b>Agriculture</b>									
Okomu Oil Palm plc	22.75	0.00	10.87	9.01	1.10	2.54	36.24	2.44	1.10
Presco plc	5.60	0.00	5.60	8.31	5.36	2.19	16.00	2.04	2.81
<b>Chemical &amp; paints</b>									
Chemical and Allied Products plc	28.00	0.00	5.88	8.00	13.39	5.88	12.59	7.32	5.96
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	5.39	0.00	1.57	24.63	1.86	9.62	22.44	6.73	0.00
<b>Construction</b>									
Julius Berger Nigeria plc	27.47	6.51	32.96	13.14	6.37	4.96	10.11	4.52	7.91
Costain (W.A.) plc	4.20	10.53	3.87	10.95	-	-	9.65	-4.35	
<b>Insurance</b>									
Unic Insurance plc	1.05	-8.70	2.71	8.24	4.76	0.56	14.85	0.55	1.35
Prestige Assurance Company plc	3.80	-5.00	8.17	12.80	5.26	1.87	9.98	1.74	6.01
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	2.88	3.85	13.80	8.85	5.90	1.44	7.46	1.32	6.94
Intercontinental Wapic Insurance	1.10	-4.35	5.57	30.67	0.00	0.64	27.88	0.64	2.26
International Energy Insurance plc	0.64	0.70	3.52	7.45	7.8125	0.31	9.15	0.30	3.28
Standard Alliance Insurance plc	0.66	-4.35	5.54	6.41	7.58	0.24	0.00	0.25	0.00

Source: Stanbic IBTC Research

Note: \*As at 08 January 2010

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Company	Disclosure
7-Up Bottling Company plc	None
African Petroleum plc	E
Guaranty Trust Bank plc	E
International Energy Insurance plc	None
Julius Berger Nigeria	E

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