

Market Watch

Mixed reactions amid uncertainties

The decline in the market this past week slowed down, with the NSE All Share Index (ASI) shedding 1.75% in comparison to 6.3% recorded in the preceding week. We expect mixed results this week as the market is likely to decline marginally for the first few days and then rise towards the end. Therefore, we anticipate a marginal appreciation in the ASI at the end of the week. Given the major uncertainties surrounding the banking industry, investors will still exhibit mixed reactions on most banking stocks. Some investors are seizing the opportunities offered by the low prices to take positions, while others are awaiting some slight appreciation in these stocks to exit their positions. The entire market remains volatile and significant capital appreciation is unlikely in the short term. However, investors' interests are more likely to shift from banking to other sectors that offer some stability and good dividends. Due to the gross decline in banking stocks over the past weeks, First Bank temporarily lost its position as the largest capitalisation stock to Nigerian Breweries during the week. Also in the past week, the building materials and breweries sectors recorded appreciation of 4.64% and 2.39%, respectively. This further supports our view that investors are likely to exit their positions in banking stocks during this period of uncertainty in the banking industry.

Secondary market

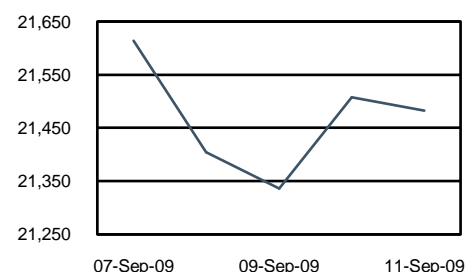
The NSE ASI closed slightly lower last week, dropping by 1.75%, to close at 21,483.02 points from 21,866.12 the preceding week. The market capitalisation of the 195 first-tier equities also closed lower at N4.92 trillion, from N5.012 trillion in the previous week. A turnover of 1.91 billion shares worth N13.8 billion in 27,713 deals was recorded this week, in contrast to a total of 2.1 billion shares valued at N13.2 billion and exchanged in 29,963 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 1.05 billion shares worth N8.56 billion, and exchanged by investors in 13,548 deals. The sector's volume and value represents 54.97% and 62.02%, respectively, of the NSE's transactions for the week.

Share price performance

About 28 stocks recorded price gains this week in comparison to 20 stocks in the preceding week. At the same time, the number of losers during the week increased to 74 stocks as compared to 91 stocks in the preceding week.

Market performance (ASI)



Source: NSE

All Share Index	▼ 1.75%	21,483.02
Market cap	▼ 1.83%	N4.92 trillion
Value traded	▲ 4.70%	N13.80 billion
Volume traded	▼ 9.05%	1.91 billion

Top gainers

BCC	7.48%	N42.99
CCNN	27.34%	N12.20
GSK	9.35%	N21.76

Sources: NSE, Stanbic IBTC Research

Top losers

Guinness	-3.50%	N130.37
Chevron	-4.99%	N73.63
Julius Berger	-15.19%	N18.87

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
Diamond	6.97	0.78	7.89
Conoil	7.72	2.22	9.71
CCNN	7.42	3.34	9.43
Intenegins	5.72	0.28	7.85
Custodyins	7.65	1.18	6.15

Sources: NSE, Stanbic IBTC Research

Muyiwa Oni*

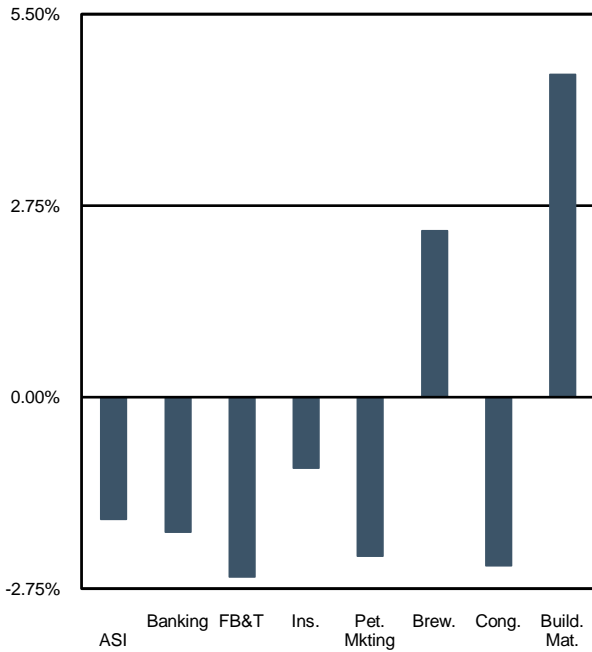
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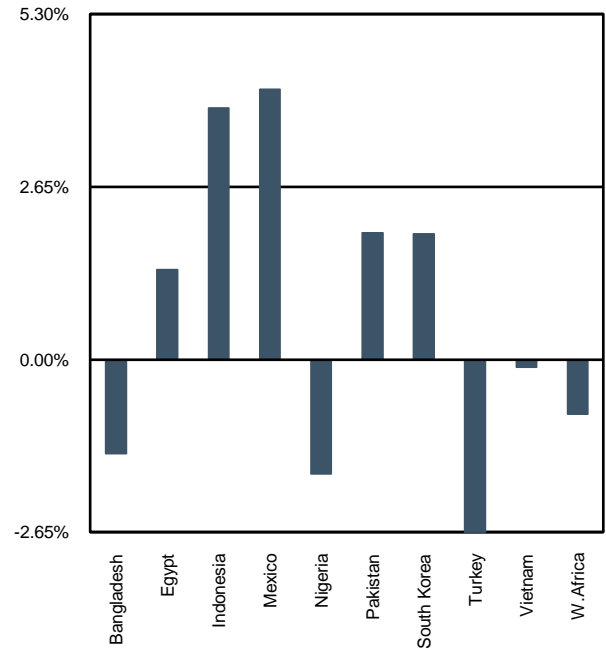
Picture gallery

Chart 1: Sector performance vs. ASI 7 Sep – 11 Sep 2009



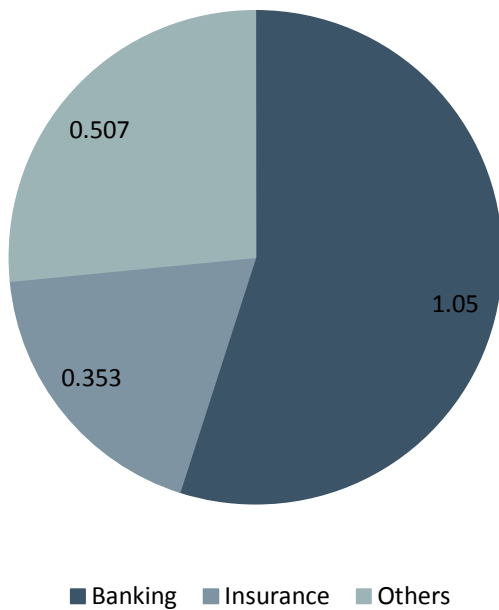
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 7 Sep – 11 Sep 2009



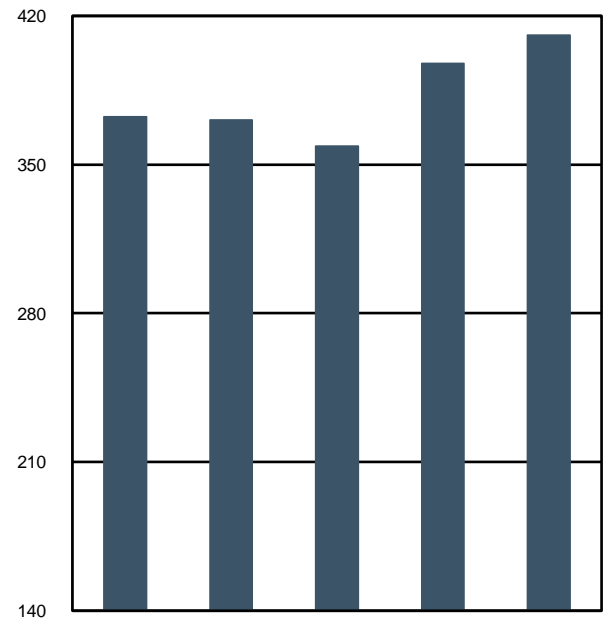
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 7 Sep – 11 Sep '09



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 7 Sep – 11 Sep '09



Sources: NSE, Stanbic IBTC Research

Latest research publications

7-Up Bottling Company plc

Ticker
Recommendation
Target price

7Up
BUY
N63.25

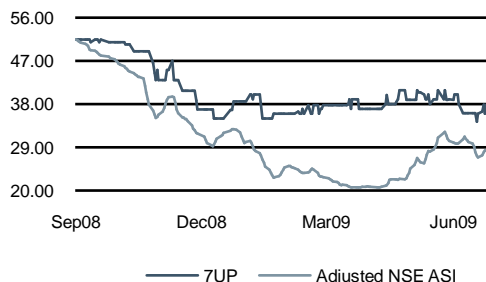
7-Up Bottling Company plc recorded a profit after tax of N1.529 billion in FY 09 as against N1.608 billion in FY 08 (a decline of 4.91% y/y).

The company's turnover, however, grew by 14.04% to N34.864 billion from N30.572 billion in FY 08.

The decline in profit is attributed to higher growth in operating costs and expenses.

We expect 7-Up to sustain its historical growth rate if it continues to adopt a better marketing strategy.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Chevron Oil Nigeria plc

Ticker
Recommendation
Target price

Chevron
HOLD
N66.11

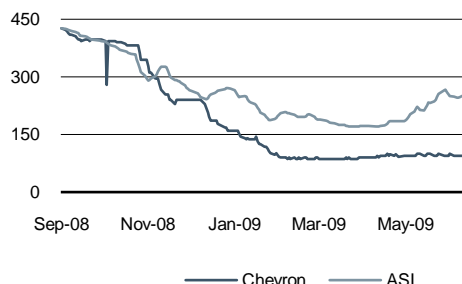
In H1:09, Chevron Oil Nigeria plc declared a PAT of N0.70 billion as against N0.34 billion it made in H1:08, representing an impressive rise of 104.77% in profit after tax.

Given the improvement in earnings, we expect profit margin to rise to 2.1% and 2.76% in FY 09 and FY 10, respectively.

Chevron's net assets base also increased y/y to N2.617 billion from N1.915 billion. Similarly, its working capital grew by 90% and cash increased by 965% to N2.47 billion from -N0.29 billion.

This further supports our expectation of an improvement in the company's overall cash flow and thus its ability to meet obligations, such as interest and dividend payments.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
08/09/2009	Chevron Oil Nigeria plc	Speedy recovery	Hold
08/09/2009	7-Up Bottling Co.	Festive period boosts turnover	Buy
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 expectation	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
Guinness	08-Sep-09		04-Nov-09	NGN7.50k	7.50
7-Up	02-Sep-09		n/a	NGN1.50k	1.50
NNFM	04-Sep-09		30-Oct-09	NGN0.40k	0.40

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	5.03	-31.10	82.68	3.97	13.92	0.45	5.69	0.43	11.43
Diamond Bank plc	6.50	-8.32	94.09	18.20	5.50	0.83	6.97	0.78	7.89
Ecobank Nigeria plc	23.99	-14.20	173.16	82.46	1.21	4.97	21.65	4.46	2.31
Ecobank Transnational Incorporated	11.69	-71.21	102.09	7.70	12.98	0.63	5.37	0.61	13.03
First City Monument Bank plc	5.35	-13.01	87.63	5.80	17.24	0.66	4.53	0.60	7.72
Fidelity Bank plc	1.68	-64.18	48.66	3.64	27.45	0.35	2.73	0.33	18.30
First Bank of Nigeria plc	14.90	-10.32	432.19	34.39	2.91	1.28	13.54	1.08	6.72
Guaranty Trust Bank plc	13.19	1.46	248.50	8.78	11.39	1.37	9.22	1.59	6.51
Bank PHB plc	2.80	-71.97	56.43	2.88	16.07	0.34	4.65	0.32	16.13
Skye Bank plc	4.50	-44.92	52.13	3.25	13.33	0.55	2.96	0.50	16.90
United Bank for Africa plc	11.79	-12.01	254.15	6.23	8.48	1.32	11.55	1.23	3.46
Zenith Bank plc	11.51	-45.14	289.10	5.60	14.77	0.84	31.89	1.24	2.01
Breweries									
Guinness Nigeria plc	130.37	33.02	192.29	16.21	5.75	5.22	12.50	4.61	5.46
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	10.70	-38.86	18.26	8.82	2.80	1.43	7.06	1.24	3.54
Benue Cement Company plc	42.99	127.46	168.33	40.62	-	12.24	10.53	5.66	0.00
Cement Company of Northern Nigeria plc	12.20	118.25	15.33	10.02	3.69	3.86	7.42	3.34	9.43
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	20.00	69.49	63.53	11.92	3.40	1.79	9.99	1.60	3.60
UAC of Nigeria plc	35.00	-3.66	44.96	10.73	5.71	1.10	8.83	1.04	6.28
Unilever Nigeria plc	15.50	42.33	58.64	22.58	4.39	8.78	16.43	7.77	4.61
Food & beverages									
Dangote Sugar Refinery plc	14.31	-9.43	171.72	7.85	8.39	5.26	7.48	4.22	8.69
Nigerian Bottling Company plc	20.90	-43.41	27.35	1742.20	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	30.00	-22.30	15.37	9.56	5.00	1.93	9.14	1.78	6.56
Petroleum marketing									
African Petroleum plc	36.68	-87.52	28.93	5.67	14.18	4.16	4.25	3.48	18.84
Chevron Oil Nigeria plc	73.63	-53.96	18.70	0.00	0.00	9.77	15.23	8.91	5.58
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	90.00	15.37	81.46	9.76	6.67	1.82	9.41	1.73	7.86
Total Nigeria plc	130.00	-36.18	44.14	10.03	7.02	6.05	9.16	5.34	8.73
Agriculture									
Okomu Oil Palm plc	25.19	-23.18	12.04	9.97	0.99	2.81	8.32	2.34	4.81
Presco plc	4.00	-60.44	4.00	5.93	7.50	1.57	6.66	1.39	6.75
Chemical & paints									
Chemical and Allied Products plc	26.52	-37.41	5.57	7.58	14.14	5.56	9.28	6.66	8.08
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	6.93	-39.79	2.02	31.66	1.44	12.37	28.86	8.66	0.00
Construction									
Julius Berger Nigeria plc	18.87	-66.06	22.64	9.03	9.27	3.41	6.95	3.10	11.52
Costain (W.A.) plc	4.41	-61.55	4.06	11.49	-	-	10.14	-4.57	
Insurance									
Unic Insurance plc	0.70	-41.67	1.81	5.49	7.14	0.37	4.95	0.35	4.04
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	0.64	-56.46	5.12	-	0.00	0.48	3.66	0.65	12.58
Custodian and Allied Insurance plc	2.64	-13.44	12.54	8.04	6.44	1.31	5.72	1.18	7.85
Intercontinental Wapic Insurance plc	0.67	-83.12	3.39	6.36	18.66	0.38	3.53	0.37	17.83
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	0.61	-71.63	3.36	7.10	8.19672	0.29	5.64	0.28	5.32
Standard Alliance Insurance plc	1.06	-29.33	8.71	10.08	4.72	0.38	8.10	0.37	5.80

Source: Stanbic IBTC Research

Note: *As at 11 September 2009

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Disclosures*

Company	Disclosure
Diamond Bank plc	E, G
Conoil plc	None
Cement Company of Northern Nigeria plc	None
International Energy Insurance plc	None
Custodian and Allied Insurance plc	None
Seven Up Bottling Company plc	None
Chevron Oil Nigeria plc	E

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