

The banking sector to shake the market

In our view, the sacking of five banking CEOs will likely shake the market this week as most investors panic to sell off their banking stocks. We believe this will result in the market dipping further, given that the banking sector accounts for 52% of the entire market by market capitalisation. A technical suspension on the stocks of the affected banks may lessen the effect. We believe the supervision of the CBN is sufficiently tight to put investors at ease, particularly with its plan to inject N400 billion into the sector to cushion the effect of bad loans. While we expect the market to drop, we also believe it will present opportunities to well-informed investors to buy fundamentally sound stocks at prices lower than their intrinsic values.

Secondary market

The Nigerian stock market closed at a loss last week as the NSE ASI dipped by 4.51% to close at 24,237.85 points from 25,382.50 the preceding week. The market capitalisation of the 195 first-tier equities also closed lower at N5.56 trillion, from N5.81 trillion in the previous week. A turnover of 2.45 billion shares worth N18.73 billion in 31,606 deals was recorded last week, in contrast to a total of 3.11 billion shares valued at N24.63 billion and exchanged in 41,079 deals in the preceding week.

As illustrated in Figure 3, the banking sector remained the most active during the week (measured by turnover volume), with a turnover of 1.44 billion shares worth N14.56 billion, and exchanged by investors in 20,689 deals. Volumes were driven largely by activity in the shares of United Bank for Africa plc and Skye Bank plc. Trading in the shares of the four banks accounted for 802.22 million shares, representing 56% of the sector's turnover.

The insurance sector, boosted by activity in the shares of International Energy Insurance plc and AIICO Insurance plc, followed on the week's activity chart with a turnover of 648.61 million shares valued at N606.6 million shares in 5,803 deals.

Share price performance

The number of gainers during the week declined to 27 stocks in comparison to 40 stocks in the preceding week. Nestlé Nigeria plc led on the gainers' table with a gain of N13.65, to close at N212.10 per share, while Guinness Nigeria plc followed with a gain of N4.50 to close at N144.00 per share.

All Share Index	▼ 4.51%	24,237.85
Market cap	▼ 4.51%	N5.56 trillion
Value traded	▼ 23.95%	N18.73 billion
Volume traded	▼ 21.22%	2.45 billion

Top gainers

Nestlé	6.88%	N13.65
Guinness	3.23%	N4.50
Mobil	3.63%	N4.00

Sources: NSE, Stanbic IBTC Research

Top losers

BCC	-13.57%	N6.65
Total	-4.28%	N6.50
Chevron	-4.96%	N4.47

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
Access	7.17	0.55	9.07
ETI	5.21	0.85	9.40
FCMB	5.76	0.76	6.08
UACN	9.46	1.11	5.86
Dangote Sugar	8.45	4.77	7.69

Source: Stanbic IBTC Research

Muyiwa Oni*

+234(1)8990671
 Muyiwa.Oni@stanbic.com

Tajudeen Ibrahim*

+234(1)8990672
 Tajudeen.Ibrahim@stanbic.com

Share price adjustment

International Energy Insurance plc was adjusted for a dividend of N0.05 per share and a bonus of 1 for 6. Red Star Express plc and Consolidated Insurance plc were both adjusted for dividends, of N0.30 per share and N0.05 per share, respectively. Nigerian Aviation Handling Company plc was adjusted for a dividend of N0.25 per share and a bonus of 1 for 4.

Supplementary listing

A total of 916,870,588 shares were added to the shares outstanding in the name of International Energy Insurance plc following the bonus of 1 for 6. Also, 246,093,750 shares were added to the shares outstanding in the name of Nigerian Aviation Handling Company plc following the bonus of 1 for 4.

Company results

PZ Cussons Nigeria plc: Audited results for the year ended 31 December 2008 show gross earnings of N80,974.1 million as against N65,945.17 million in 2008. Profit after tax stood at N5,330.9 million compared with profit after tax and exceptional items of N4,379.91 million in 2008. The board of directors is recommending a dividend of N0.68 per share. The date of closure of register is 31 August 2009, while the payment date is 22 September 2009. The 61st annual general meeting is scheduled to take place at Genesis Suites, Challenge Molete Road, Ibadan, Oyo State on Thursday, 17 September 2009 at 11.00a.m.

International Energy Insurance plc: Audited results for the year ended 31 December 2008 show gross premium of N3,022.55 million as against N2,668.32 million in 2007. Profit after tax stood at N472.72 million compared with N752.6 million in 2007. The board of directors is recommending a dividend of N0.05 per share and a bonus of 1 for 6. A provision for doubtful debt amounting to N560.54 million was reported for 2008. Also, a total exchange rate loss of N647.74 million was reported during the period. The date of closure of register was 10 August 2009, while the payment date is 8 September 2009. The annual general meeting is scheduled to take place at Metropolitan Hotel, Murtala Mohammed Highway, Calabar, Cross Rivers State on Tuesday, 1 September 2009.

Tantalizers plc: Unaudited results for the half year ended 30 June 2009 show net sales of N2,818.8 million, as against N2,161.52 million in the comparable period of 2008. Profit after tax stood at N227.63 million compared with N139.81 million in 2008.

Cadbury Nigeria plc: Unaudited results for the half year ended 30 June 2009 show turnover of N11,921.1 million, as against N11,493.9 million in the comparable period of 2008. Loss after tax stood at N1,221.8 million compared with loss after tax and exceptional items of N1,224 million in 2008.

Figure 1: NSE ASI, 10 Aug – 14 Aug '09

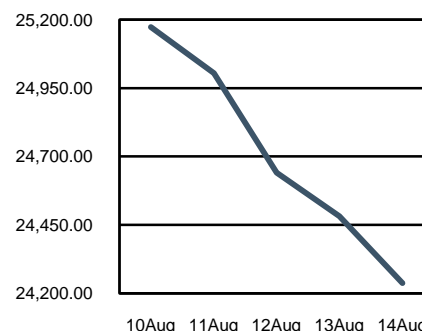


Figure 2: Vol. traded (M), 10 Aug – 14 Aug '09

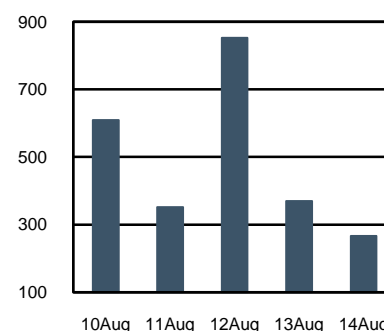
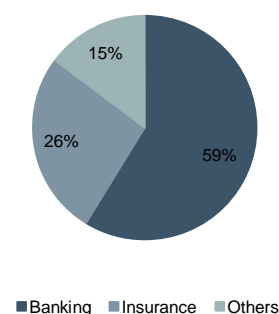


Figure 3: Vol. by sector, 10 Aug – 14 Aug '09



Sources: NSE; Stanbic IBTC Research

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