

Market Watch

Profit-taking should present opportunities

The market has appreciated by 6% year-to-date and has recorded an average daily upswing of 0.6% over the past two weeks. This week, we expect some speculators to take profits. This may cause the market to close down if the offers are significantly higher than the bids. We believe the chunk of the offer volume will come from the banking sector – which has appreciated by 8% over the past two weeks, higher than the market's appreciation over the same period. Over the past two weeks, some speculators have bought huge volumes of certain distressed banks and are most likely to take profits this week. We expect profit-taking to provide opportunities for long-term investors this week.

Long-term outlook remains positive

We continue to believe that the market will improve further in Q2:10 on the back of significant positive changes in the banking sector. In our view, the various capacity and business expansion projects being undertaken by companies in the oil and gas, cement, and food, beverages, and tobacco sectors (such as Lafarge WAPCO plc, Dangote Sugar Refinery plc, Flour Mills of Nigeria plc, Oando plc, and Dangote Flour Mills plc) should bolster sales growth. Accordingly, dividend distribution should improve, given better earnings prospects. In our view, the current stability of the NGN/USD exchange rate is supportive of a stable business environment and is also an opportunity for the market to attract more foreign investors. Nigeria is well positioned to invest in oil reserves on the back of the upward trend in oil prices and increased production levels to meet anticipated demand.

Secondary market

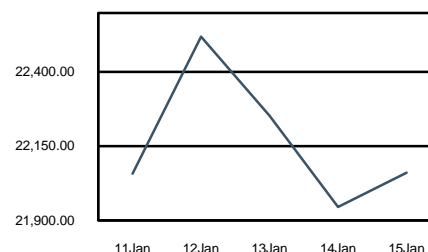
The market capitalisation of the 200 first-tier equities closed higher (see table). A total of 34,511 deals were recorded last week, which was 4% down on the 35,987 deals carried out the previous week.

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 1.1 billion shares worth N8.1 billion. Some 17,571 deals were recorded by investors. The sector's volume and value represented 51% and 64%, respectively, of all NSE transactions for the week.

Share price performance

About 52 stocks recorded price gains last week compared to 68 stocks in the preceding week. The number of losers increased to 48 stocks compared to 35 stocks in the week before.

Market performance (ASI)



Source: NSE

All Share Index	▲ 1.9%	22,060.36
Market cap	▲ 1.7%	N5.280 trillion
Value traded	▲ 28.4%	N12.8 billion
Volume traded	▲ 22.2%	2.2 billion

Top gainers

Nestlé	5.2%	N12.50
BCC	7.5%	N3.50
Conoil	10.2%	N3.11

Sources: NSE, Stanbic IBTC Research

Top losers

Enamelware	-5.0%	N2.78
Flourmill	-3.1%	N1.20
Ashakacem	-6.8%	N0.90

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
ETI	10.9	0.8	6.4
Dangflour	6.5	2.5	5.2
AP	5.6	4.6	14.2
Flourmill	6.6	1.5	3.3
CCNN	8.1	3.7	8.6

Sources: NSE, Stanbic IBTC Research

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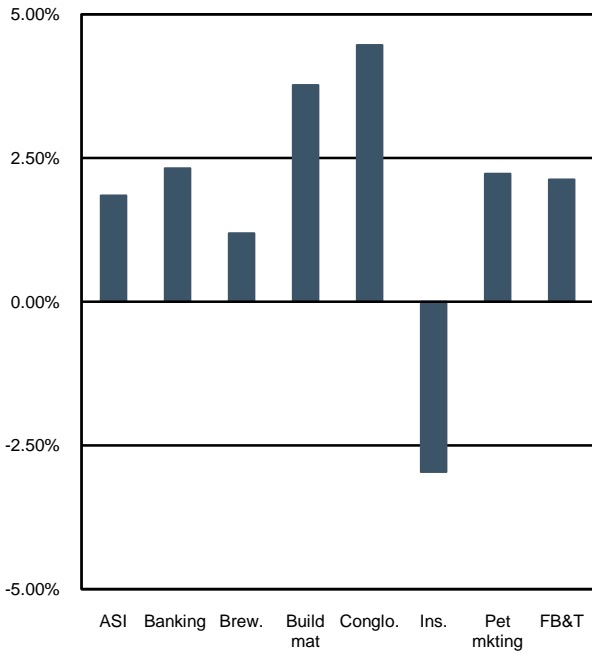
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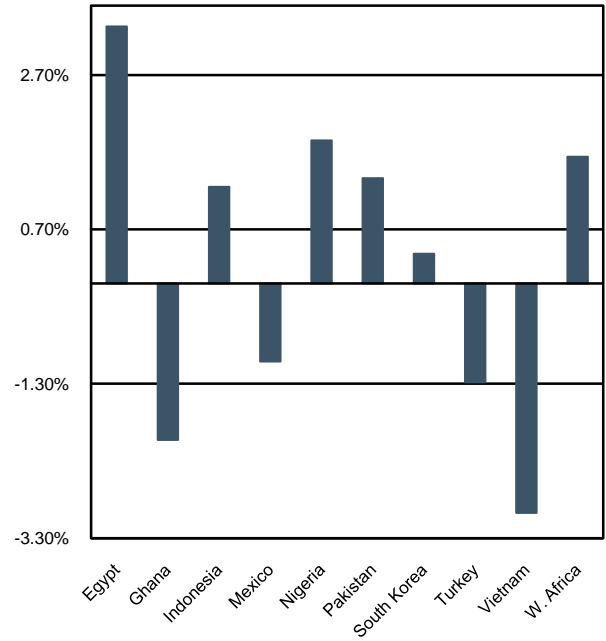
Picture gallery

Chart 1: Sector performance vs. ASI 11 Jan – 15 Jan 2010



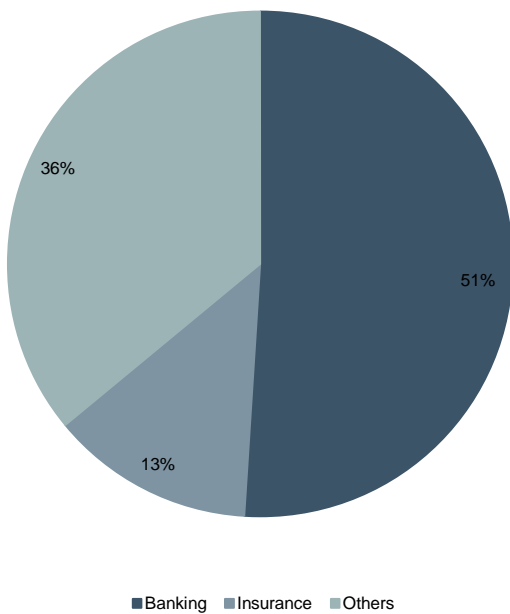
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 11 Jan – 15 Jan 2010



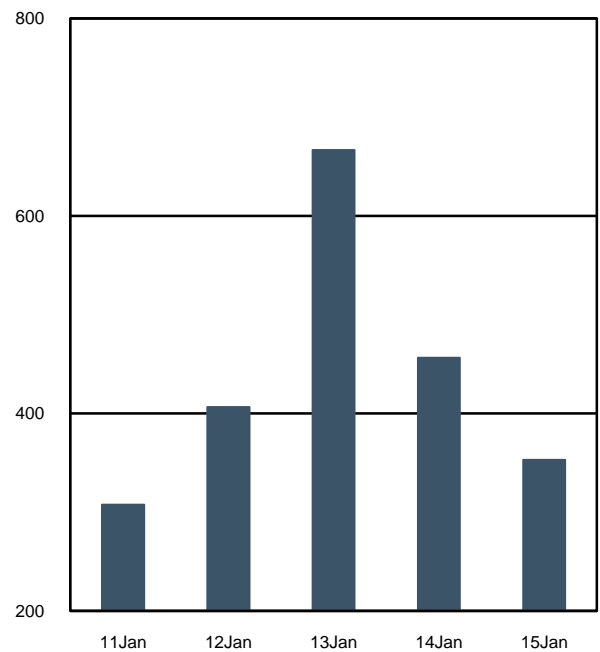
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 11 Jan – 15 Jan '10



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 11 Jan – 15 Jan '10



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
14/01/2010	Dangote Sugar Ref. plc	Long- term hold	HOLD
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

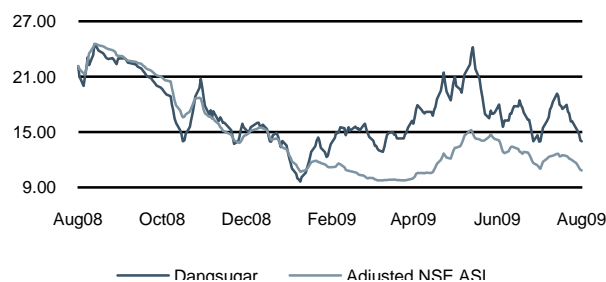
Dangote Sugar Refinery plc

Bloomberg ticker
Recommendation
Target price

DANGSUGA NL
HOLD
17.67

Dangosugar has suspended the expansion work at its Nigerian factory to focus more on completing the 1.2m-MT-capacity sugar refinery in Algeria. The company has shifted its focus to explore the opportunities in the Algerian sugar market — average sugar consumption in Algeria is estimated at 35kg per capita compared to 7.2kg per capita in Nigeria. According to Dangosugar's managing director, ethanol production from molasses may be considered after 2013. Raw sugar prices have continued to rise over the past two years, which has allowed Dangosugar to implement price increases in line with market trends (the company has increased its sugar price by about 15% from 11 November 2009 until now). However, the company is unable to pass entire increases on to consumers at once, given their price sensitivity and the effect of competition.

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 (%)
Banking									
Access Bank plc	7.86	4.11	129.20	6.21	8.91	0.70	149.53	0.70	0.43
Diamond Bank plc	7.49	7.00	108.42	20.97	4.77	0.95	48.27	0.94	1.14
Ecobank Nigeria plc	10.10	4.17	72.90	34.72	2.88	2.09	0.00	2.56	0.00
Ecobank Transnational Incorporated	14.35	0.00	125.32	9.45	10.58	0.78	10.91	0.76	6.42
First City Monument Bank plc	7.55	-4.33	123.67	30.96	3.23	0.93	75.73	0.92	0.46
Fidelity Bank plc	2.62	7.70	75.88	53.07	1.88	0.59	15.78	0.58	3.17
First Bank of Nigeria plc	14.30	3.97	414.79	33.00	3.03	1.23	35.73	1.05	2.55
Guaranty Trust Bank plc	16.79	2.14	316.32	11.17	8.95	1.74	15.21	2.05	3.95
Bank PHB plc	1.98	6.40	39.91	2.04	22.73	0.24	0.00	0.00	0.00
Skye Bank plc	5.78	38.46	66.96	4.18	10.38	0.71	12.52	0.69	3.99
United Bank for Africa plc	10.99	38.42	236.91	5.80	9.10	1.23	36.45	1.20	1.10
Zenith Bank plc	15.80	43.48	396.85	7.69	10.76	1.15	28.85	1.69	2.22
Breweries									
Guinness Nigeria plc	128.00	0.39	188.79	13.94	5.86	5.99	12.59	5.47	6.37
Nigerian Breweries plc	58.00	9.43	438.63	17.07	4.83	13.61	14.35	12.99	6.62
Building materials									
Ashaka Cement plc	12.40	8.87	24.68	11.92	2.42	1.93	9.54	1.68	2.62
Benue Cement Company plc	50.00	16.25	195.78	47.24	0.00	14.24	12.25	8.42	3.31
Cement Company of Northern Nigeria plc	13.50	3.85	16.76	10.95	3.33	4.22	8.11	3.65	8.63
Lafarge Cement WAPCO plc	30.00	0.00	90.05	8.00	2.00	2.23	10.82	1.93	2.31
Conglomerates									
PZ Cussons Nigeria plc	24.97	-0.12	79.31	16.46	2.72	2.23	13.57	2.03	2.88
UAC of Nigeria plc	39.38	7.16	50.43	12.03	5.08	1.23	9.90	1.16	5.60
Unilever Nigeria plc	23.50	23.68	88.91	34.24	2.89	13.31	18.80	10.17	3.00
Food & beverages									
Dangote Sugar Refinery plc	14.98	0.54	179.76	8.22	8.01	5.51	11.11	4.69	5.85
Nigerian Bottling Company plc	24.82	10.36	32.48	2068.97	0.00	1.48	12.64	1.38	3.16
Nestle Nigeria plc	252.00	5.22	166.46	19.98	4.98	18.43	17.29	17.50	5.50
7-UP Bottling Company plc	29.40	0.00	15.07	9.37	5.10	1.89	8.96	1.74	6.70
Petroleum marketing									
African Petroleum plc	37.10	10.71	38.40	7.53	14.02	5.52	5.64	4.61	14.20
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	150.00	0.67	50.93	11.57	8.62	6.98	12.02	6.94	8.24
Agriculture									
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
Chemical & paints									
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
Construction									
Julius Berger Nigeria plc	29.60	14.77	35.52	14.16	5.91	5.35	10.89	4.87	7.34
Costain (W.A.) plc	3.87	1.84	3.56	0.00	-	-	40.97	0.41	-
Insurance									
Unic Insurance plc	0.83	-27.83	2.14	6.51	6.02	0.44	11.74	0.43	1.70
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	2.84	3.85	13.61	8.73	5.99	1.42	7.35	1.30	7.04
Intercontinental Wapic Insurance plc	1.00	-8.70	5.06	27.88	0.00	0.58	25.35	0.58	2.49
International Energy Insurance plc	0.59	-0.70	3.25	6.87	8.47	0.28	8.44	0.28	3.56
Standard Alliance Insurance plc	0.64	12.28	5.37	6.22	7.81	0.23	0.00	0.24	0.00

Source: Stanbic IBTC Research

Note: *As at 15 January 2010

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DANGOTE SUGAR REFINERY PLC	E
ECOBANK TRANSNATIONAL INCORPORATED PLC	E
FLOUR MILLS OF NIGERIA PLC	E
LAFARGE CEMENT WAPCO PLC	D, E, G
OANDO PLC	D, E, G, H

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