

Low valuations spur market surge

The market is likely to sustain the upturn of the last two trading days of last week. Although the panic on banking stocks may not be over yet, as more banks are expected to make loan loss provisions, the decline of the past three weeks has driven valuations to considerably low states, of which value investors have taken advantage. In essence, we expect more investors to take positions early this week. Despite our expectations of a possible surge, fluctuations may likely occur due to mixed reactions of value investors lured by attractive valuations and short-term speculators waiting to dump shares.

Secondary market

The NSE ASI closed on a positive note last week, with a marginal appreciation of 1.13%, to close at 23,924.10 points from 23,656.42 the preceding week. The market capitalisation of the 195 first-tier equities closed slightly higher, at N5.48 trillion, from N5.423 trillion in the previous week. A turnover of 1.8 billion shares worth N13.23 billion in 34,566 deals was recorded last week, in contrast to a total of 2.1 billion shares valued at N17.44 billion and exchanged in 45,423 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 1.01 billion shares worth N8.42 billion, and exchanged by investors in 17,740 deals. Volumes were driven largely by activity in the shares of Zenith Bank plc, Access Bank plc, Diamond Bank plc and Guaranty Trust Bank plc. Trading in the shares of the four banks accounted for 515.2 million shares, representing 51.05% of the sector's turnover.

The insurance sector, boosted by activity in the shares of Investment and Allied Insurance Company plc and AIICO Insurance plc, followed on the week's activity chart with a turnover of 440.8 million shares valued at N348.44 million shares in 5,111 deals.

Share price performance

The number of gainers during the week increased to 34 stocks in comparison to nine stocks in the preceding week. Oando plc led on the gainers' table with a gain of N4.61, to close at N94.47 per share, while Guinness Nigeria plc followed with a gain of N3.95 to close at N135.00 per share.

All Share Index	▲ 1.13%	23,924.10
Market cap	▲ 1.05%	N5.48 trillion
Value traded	▼ 24.13%	N13.23 billion
Volume traded	▼ 14.28%	1.80 billion

Top gainers

Oando	5.13%	N4.61
Guinness	3.01%	N3.95
Nigerian Brew.	6.55%	N3.43

Source: NSE, Stanbic IBTC Research

Top losers

Skye Shelter	-9.41%	N9.92
Mobil	-5.98%	N7.00
African Petroleum	-5.29%	N4.28

Source: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
Diamond Bank	4.79	0.76	11.48
FCMB	5.60	0.74	6.25
Oando	7.88	1.79	9.38
Dangote Sugar	8.06	4.55	8.06
Intenegins	3.77	0.50	7.96

Source: Stanbic IBTC Research

Muyiwa Oni*

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

Tosin Oluwakiyesi*

+234(1)8990672
 Tosin.Oluwakiyesi@stanbic.com

Share price adjustment

The share price of First Bank of Nigeria plc was adjusted for dividend of N1.35 per share and bonus of 1 for 6. Similarly, Regency Alliance Insurance plc and Staco Insurance plc were both adjusted for dividend of N0.02 per share and bonus of 1 for 10. Also Morison Industries plc and Skye Shelter Fund plc were adjusted for dividends of N0.05 and N4.65 per share respectively, while Niger Insurance Co. plc was adjusted for dividend of N0.05 per share and bonus of 1 for 10.

Supplementary listing

A total of 4,143,756,744 shares were added to the shares outstanding in the name of First Bank of Nigeria plc following the bonus of 1 for 6. Also 606,250,000 shares were added to the shares outstanding in the name of Regency Alliance Insurance plc following the bonus of 1 for 10. In addition 482,947,796 shares were added to the shares outstanding for Staco Insurance plc following a bonus of 1 for 10 while 395,083,664 shares were added to the shares outstanding in the name of Niger Insurance Co. plc following the bonus of 1 for 10.

Company results

Stanbic IBTC Bank plc: Audited results for the year ended 31 December 2008 show gross earnings of N61,240.51 million as against N28,651.04 million during the 9 months ended 31 December 2007. Profit after tax stood at N11,994.43 million compared with N7,849.85 million in 2007. The board of directors is recommending a dividend of N0.40 per share. The date of closure of register is 5 August 2009 while payment date would be advised later.

Oceanic Bank plc: Audited results for the 15-month ended 31 December 2008 show gross earnings of N188,217.53 million as against N74,936.71 million during the 12-month ended 30 September 2007. Profit after tax stood at N9,565.41 million compared with N17,537.24 million during the year ended 30 September 2007. The board of directors is recommending a bonus of 1 for 10. The date of closure of register is 3 August 2009. The 12th Annual General Meeting is scheduled to take place at Tinapa Business Resort, Calabar, Cross-River State on Thursday 20 August 2009 by 8.00a.m.

Access Bank plc: Unaudited results for the first quarter ended 30 June 2009 show gross earnings of N26,645.42 million, as against N20,576.6 million in the comparable period of 2008. Profit after tax stood at N4,602.8million compared with N6,107.4 million in 2008.

Figure 1: NSE ASI, 20 July – 24 July '09

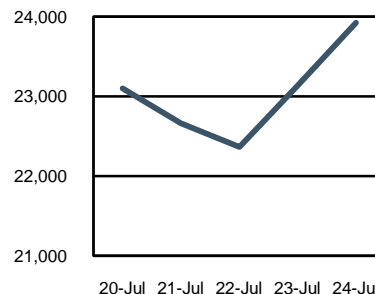


Figure 2: Vol. traded (M), 20 July – 24 July '09

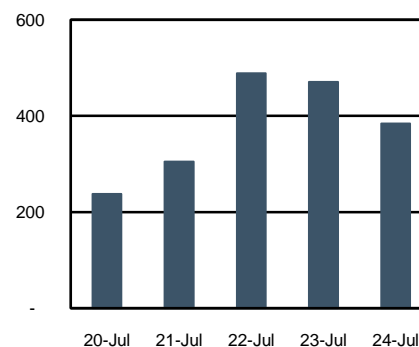
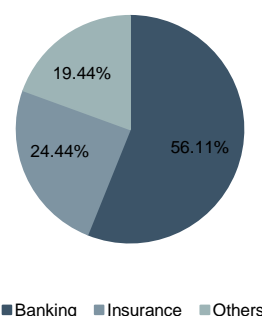


Figure 3: Vol. by sector, 20 July – 24 July '09



Source: NSE; Stanbic IBTC Research

Disclaimer

Email subs@standardbank.com if you would like to receive Standard Bank research. Please supply your email-address in the body of the email.

Certification

The analyst(s) who prepared this research report (denoted by an asterisk*) hereby certifies(y) that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and issuer(s) and (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

Frequency of Next Update

This is a weekly report.

We plan to formally update the companies we cover when next there is substantial financial news about them.

Conflict of Interest

It is the policy of The Standard Bank Group Limited and its worldwide affiliates and subsidiaries (together the "Standard Bank Group") that research analysts may not be involved in activities in a way that suggests that he or she is representing the interests of any member of the Standard Bank Group or its clients if this is reasonably likely to appear to be inconsistent with providing independent investment research. In addition research analysts' reporting lines are structured so as to avoid any conflict of interests. For example, research analysts cannot be subject to the supervision or control of anyone in the Standard Bank Group's investment banking or sales and trading departments. However, such sales and trading departments may trade, as principal, on the basis of the research analyst's published research. Therefore, the proprietary interests of those sales and trading departments may conflict with your interests.

Disclosures*

Company	Disclosure
Diamond Bank plc	E, G
First City Monument Bank plc	E, G
Oando plc	E, G, H
Dangote Sugar Refinery plc	E
International Energy Insurance plc	None

- A. The analyst is an officer, board member, or director of the Company
 - B. The company beneficially owns 5% or more of the equity shares of Standard Bank Group as at Dec 2008
 - C. Standard CIB beneficially owns 1% or more of the equity shares of the company
 - D. Standard CIB may beneficially hold a significant financial interest of the debt of this company where the aggregate of this debt is more than US\$ 15 million
 - E. The Company is a client of Standard CIB
 - F. Standard CIB has lead managed or co-lead managed a public offering of the securities of the company in the last 12 months
 - G. Standard CIB has received compensation for investment banking services from the company within the last 12 months
 - H. Standard CIB expects to receive, or intends to seek, compensation for investment banking services from the company during the next 3 months
 - I. This research report has been communicated to the Company and following this communication, its conclusion(s) has been amended before its dissemination.
 - J. Analyst holds long or short personal positions in a class of common equity securities of this company
 - K. Standard CIB is a market maker or liquidity provider in the financial instruments of the relevant issuer
- * Disclosures are correct as of 15 July 2009.

Previous Ratings

Previous ratings of the companies we cover are available on request.

Distribution of Ratings / Investment Banking Relationships

Stanbic IBTC Equity Investment Research

Rating	Buy	Hold	Sell
All Recommendations (%)	44	53	3
Recommendations with Investment Banking Relationship (%)	64	27	9

For the period May 27, 2009 to June 30, 2009, Stanbic IBTC Research produced investment ratings on equity securities on 34 occasions, of these 11 had a material investment banking relationship with Standard CIB in the last 12 months.

Legal Entities

To U. S. Residents

Standard New York Securities, Inc. is registered with the Securities and Exchange Commission as a broker-dealer and is also a member of the FINRA and SIPC. Standard Americas, Inc is registered as a commodity trading advisor and a commodity pool operator with the CFTC and is also a member of the NFA. Both are affiliates of Standard Bank Plc and Standard Bank of South Africa. Standard New York Securities, Inc is responsible for the dissemination of this research report in the United States. Any recipient of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Standard New York Securities, Inc.

To South African Residents

The Standard Bank of South Africa Limited (Reg.No.1962/000738/06) is regulated by the South African Reserve Bank and is an Authorised Financial Services Provider.

To U.K. Residents

Standard Bank Plc is authorised and regulated by the Financial Services Authority (register number 124823) and is an affiliate of Standard Bank of South Africa. The information contained herein does not apply to, and should not be relied upon by, retail customers.

General

For the purposes of this report Standard CIB refers to those divisions of Standard Bank Group Limited who are mainly involved in corporate and investment banking business and does not refer exclusively to any particular entities within Standard Bank Group. This research report is based on information from sources that Standard CIB believes to be reliable. Whilst every care has been taken in preparing this document, no research analyst or member of Standard CIB gives any representation, warranty or undertaking and accepts no responsibility or liability as to the accuracy or completeness of the information set out in this document (except with respect to any disclosures relative to members of Standard CIB and the research analyst's involvement with any issuer referred to above). All views, opinions and estimates contained in this document may be changed after publication at any time without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors or any particular class of investors; if you have any doubts you should consult your investment advisor. The investments discussed may fluctuate in price or value. Changes in rates of exchange may have an adverse effect on the value of investments. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Members of Standard CIB may act as placement agent, advisor or lender, make a market in, or may have been a manager or a co-manager of, the most recent public offering in respect of any investments or issuers referenced in this report. Members of Standard CIB and/or their respective directors and employees may own the investments of any of the issuers discussed herein and may sell them to or buy them from customers on a principal basis. This report is intended solely for clients and prospective clients of members of Standard CIB and is not intended for, and may not be relied on by, retail customers or persons to whom this report may not be provided by law. This report is for information purposes only and may not be reproduced or distributed to any other person without the prior consent of a member of Standard CIB. Unauthorised use or disclosure of this document is strictly prohibited. By accepting this document, you agree to be bound by the foregoing limitations. Copyright 2009 Standard Bank Group Limited. All rights reserved. AG/NER/2809