

## Market Watch

### Bears' run on the NSE likely to halt

We expect a flat performance in the NSE index next week. The market declined by 1.93% for the week in contrast to the bullish run of 1.34% previous week, a 0.78% decline two weeks ago while it has lost 6.34% in the past one month. Trading volumes have shown stable bid and offer patterns, which did not influence price movements much, we believe, because many investors are still concerned about their entry prices for fear of further dips in market performance. However, fundamental valuations still show strong entry points for a number of blue-chip stocks in sectors like banking and building materials for discerning investors with a long-term focus. Nevertheless, low stock prices continue to elicit re-entries and changes in investment trends. Similarly, some investors might avoid taking stock positions after the holiday as liquidity may dry up a bit given the spending during the festive period. As the common year-end reporting for banks approaches, we also expect tightened liquidity to put a strain on market performance.

There is a growing inclination towards long-term debt instruments, especially bonds, which could affect the performance of the equity market. But we expect the asset management company being set up by the central bank to reduce the burden of margin loans on banks' books, thereby setting the pace for the recovery of the market – even though the company is unlikely to begin operations this year.

### Secondary market

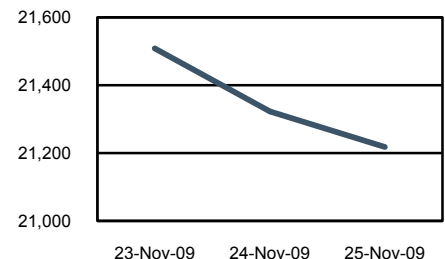
The NSE ASI declined by 1.93% to close at 21,217.77 points, down from 21,635.36 the preceding week. The market capitalisation of the 199 first-tier equities also closed lower at N5.05 trillion, from N5.13 trillion in the preceding week. A turnover of 1.34 billion shares worth N7.00 billion in 17,121 deals was recorded last week, in contrast to the total of 3.2 billion shares valued at N15.5 billion and exchanged in 30,334 deals in the preceding week.

As illustrated in Chart 3, the banking sector maintained its lead during the week (measured by volume of shares traded) with turnover of 847.54m shares worth N4.25 billion. The sector's volume and value represent 63.25% and 60.71%, respectively, of the NSE's transactions for the week.

### Share price performance

A total of 37 stocks recorded price gains this week, lower than the 45 stocks in the preceding week. The number of losers during the week increased to 59 stocks versus 54 stocks in the preceding week.

#### Market performance (ASI)



Source: NSE

All Share Index	▼ 1.93%	21,217.77
Market cap	▼ 1.69%	5.05trillion
Value traded	▼ 54.71%	N7.00billion
Volume traded	▼ 57.65%	1.34billion

#### Top gainers

Lafarge Cement	6.36%	N30.97
Flour Mills	3.70%	N33.50
PZ Cussons	2.63%	N23.61

Sources: NSE, Stanbic IBTC Research

#### Top losers

Guinness	-3.02%	N132.01
UACN	-7.89%	N38.00
Conoil	-5.24%	N31.66

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
Oando	9.87	1.81	7.49
Intenegins	8.15	0.27	3.68
GTBank	14.04	1.90	4.27
PZ	12.83	1.92	3.04
Flour Mill	6.45	1.42	4.23

Sources: NSE, Stanbic IBTC Research

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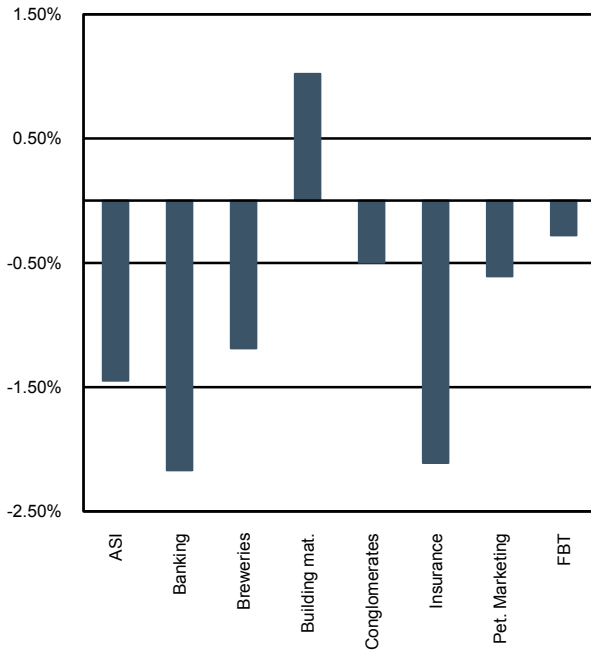
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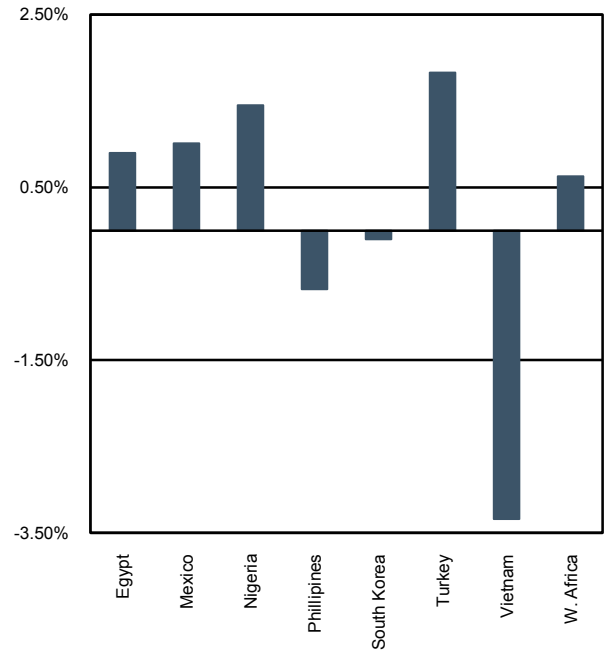
# Picture gallery

Chart 1: Sector performance vs. ASI 23 Nov – 24 Nov 2009



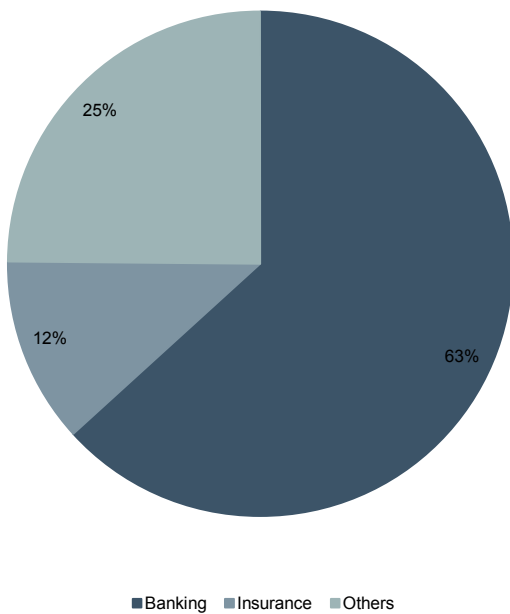
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 23 Nov – 24 Nov 2009



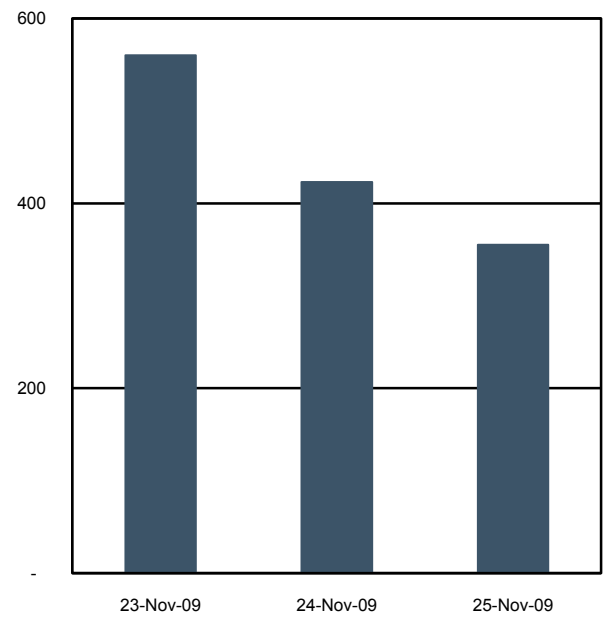
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 23 Nov – 25 Nov 2009



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 23 Nov – 25 Nov 2009



Sources: NSE, Stanbic IBTC Research

## Latest research publications

### Oando plc

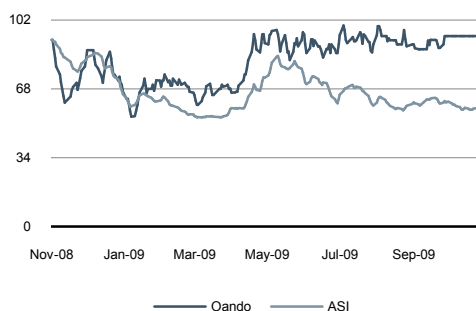
Ticker  
Recommendation  
Target price

OANDO NL  
BUY  
N120.55

Oando's Q3:09 results show a year-on-year increase in its PBT margin to 2.69% from 2.28%. This is reflected in the 7.2% growth at the top line and the 19.4% growth at the bottom line. While revenue growth surpassed our previous projection, we believe that the excess over our forecast resulted from the rising oil price over the quarter.

We maintain our PAT projection at N8.61bn because the Q3:09 performance is in line with our previous forecast. We also maintain our **Buy** recommendation because the company offers upside potential of 28.26% to its fair value of N120.55 at current levels. Its forward P/E of 9.87x versus the sector average forward P/E of 10.47x makes it slightly more attractive than the sector.

#### Price performance, N



Sources: NSE, Stanbic IBTC Research

### International Energy Insurance plc

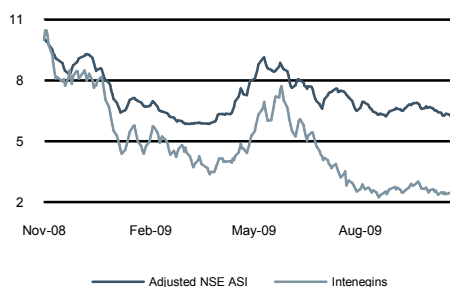
Ticker  
Recommendation  
Target price

INTENEGI NL  
BUY  
N1.17

We reduce our FY 09 PAT forecast for International Energy Insurance plc (Intenegins) to N0.478 billion (from N0.585 billion). Our PAT forecast downgrade is based on Intenegins' mediocre performance during the third quarter (July – September). During this period, the company recorded a loss of N0.074 billion although it was cushioned by its profitability in preceding quarters.

Based on our valuation (using a combination of methods), Intenegins' shares appear underpriced relative to both the industry and the market. We therefore maintain our **Buy** recommendation, given that the share is currently offering upside potential of 94.76% to our fair value estimate of N1.17/share.

#### Price performance, N



Sources: NSE, Stanbic IBTC Research

## Research publications

Date	Company	Title	Recommendation
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	International 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 Insurance plc	Paying the price – huge claims hit earnings	HOLD
16/11/2009	UACN plc	Tough times beckon	BUY
16/11/2009	Custodian and Allied Insurance 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
11/11/2009	Nestle Nigeria plc	Bullish on profitability	HOLD
11/11/2009	FCMB plc	Looking forward to increased profitability	BUY
11/11/2009	UNIC Insurance plc	Profitability heads south	BUY
06/11/2009	GlaxoSmith Cons. Nig plc	Declining y/y efficiency	Hold
06/11/2009	GlaxoSmith Cons. Nig plc	Declining y/y efficiency	Hold
06/11/2009	Ecobank Nigeria plc	Still trading at a higher price than parent company	Sell
06/11/2009	Ecobank Nigeria plc	Still trading at a higher price than parent company	Sell

Source: Stanbic IBTC Research

## Dividends payable

Company	Declared	LDT	Pay	Dividend amount	YTD
Total plc	23-Nov-09		04-Jan-10	NGN3.40k	

Source: NSE

## 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	6.99	-4.25	114.90	5.52	10.01	0.62	132.98	0.62	0.49
Diamond Bank plc	7.35	3.67	106.39	20.57	4.86	0.93	7.88	0.89	6.98
Ecobank Nigeria plc	14.42	-48.43	104.08	49.56	2.02	2.99	0.00	3.66	0.00
Ecobank Transnational Incorporated	14.00	-65.52	122.27	9.22	10.84	0.76	10.64	0.74	6.58
First City Monument Bank plc	7.25	17.89	118.76	29.73	3.36	0.89	72.72	0.88	0.48
Fidelity Bank plc	2.66	-43.28	77.04	53.88	1.86	0.60	16.02	0.58	3.12
First Bank of Nigeria plc	14.00	-20.00	406.09	32.31	3.10	1.20	34.98	1.02	2.60
Guaranty Trust Bank plc	15.50	49.04	292.02	10.31	9.70	1.60	14.04	1.90	4.27
Bank PHB plc	1.94	-80.58	39.10	2.00	23.20	0.23	9.62	0.23	7.80
Skye Bank plc	5.42	-33.66	62.79	3.92	11.07	0.66	11.74	0.64	4.26
United Bank for Africa plc	12.24	-8.66	263.85	6.46	8.17	1.37	40.59	1.34	0.99
Zenith Bank plc	14.07	-32.94	353.40	6.85	12.08	1.03	25.69	1.51	2.49
<b>Breweries</b>									
Guinness Nigeria plc	132.00	34.68	194.69	14.38	5.68	6.18	12.98	5.64	6.17
Nigerian Breweries plc	53.00	32.50	400.82	15.60	6.42	12.44	11.81	11.25	7.62
<b>Building materials</b>									
Ashaka Cement plc	12.50	-28.57	24.88	12.02	2.40	1.94	9.62	1.69	2.60
Benue Cement Company plc	42.50	124.87	166.41	40.16	0.00	12.10	10.41	7.15	3.89
Cement Company of Northern Nigeria plc	12.60	125.40	15.64	10.22	3.57	3.93	7.57	3.40	9.24
Lafarge Cement WAPCO plc	29.50	18.00	88.55	7.87	2.03	2.19	10.64	1.90	2.35
<b>Conglomerates</b>									
PZ Cussons Nigeria plc	22.49	90.59	71.44	14.83	3.02	2.01	12.22	1.83	3.19
UAC of Nigeria plc	40.00	10.10	51.22	12.22	5.00	1.25	10.06	1.18	5.51
Unilever Nigeria plc	19.17	76.03	72.53	27.93	3.55	10.85	15.34	8.30	3.68
<b>Food &amp; beverages</b>									
Dangote Sugar Refinery plc	14.65	-7.28	175.80	8.04	8.19	5.39	10.87	4.59	5.98
Nigerian Bottling Company plc	18.50	-49.91	24.21	1542.14	0.00	1.10	8.07	1.02	4.96
Nestle Nigeria plc	235.34	22.93	155.45	18.66	5.33	17.21	16.14	16.34	5.88
7-UP Bottling Company plc	28.00	-27.48	14.35	8.92	5.36	1.80	8.53	1.66	7.03
<b>Petroleum marketing</b>									
African Petroleum plc	34.00	-88.43	35.19	6.90	15.29	5.05	5.16	4.23	15.49
Chevron Oil Nigeria plc	66.47	-58.43	16.88	0.00	0.00	8.82	9.65	7.75	8.81
Conoil plc	33.32	-57.50	23.12	12.70	3.00	1.94	13.71	1.88	5.47
Mobil Oil Nigeria plc	98.80	-70.17	29.69	17.28	5.06	13.20	12.94	10.11	5.41
Oando plc	93.99	20.48	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc	155.00	-23.90	52.63	11.96	2.19	7.21	12.42	6.46	6.44
<b>Agriculture</b>									
Okomu Oil Palm plc	23.94	-26.99	11.44	9.48	1.04	2.67	38.14	2.56	1.05
Presco plc	5.00	-50.54	5.00	7.42	6.00	1.96	8.33	1.73	5.40
<b>Chemical &amp; paints</b>									
Chemical and Allied Products plc	29.23	-31.01	6.14	8.35	12.83	6.13	13.14	7.65	5.71
Nigeria-German Chemicals plc	15.04	-22.55	2.31	128.96	2.99	2.05	121.20	2.03	0.37
D.N. Meyer plc	5.67	-50.74	1.65	25.91	1.76	10.12	23.61	7.08	0.00
<b>Construction</b>									
Julius Berger Nigeria plc	28.90	-48.02	34.68	13.83	6.06	5.22	10.64	4.75	7.52
Costain (W.A.) plc	3.88	-66.17	3.57	10.11	-	-	8.92	-4.02	-
<b>Insurance</b>									
Unic Insurance plc	0.61	-49.17	1.57	4.79	8.20	0.33	8.63	0.32	2.32
Prestige Assurance Company plc	3.77	-39.68	8.11	12.70	5.31	1.86	9.90	1.73	6.06
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	3.05	0.00	14.61	9.37	5.57	1.53	7.90	1.40	6.56
Intercontinental Wapic Insurance plc	0.78	-80.35	3.95	21.75	0.00	0.46	19.77	0.45	3.19
International Energy Insurance plc	0.57	-73.49	3.14	6.64	8.771929825	0.27	8.15	0.27	3.68
Standard Alliance Insurance plc	0.60	-60.00	5.04	5.83	8.33	0.22	-2.38	0.23	-19.79

Source: Stanbic IBTC Research

Note: \*As at 24 November 2009

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Company	Disclosure
Dangote Flour Mills plc	E
Guaranty Trust Bank plc	E
International Energy Insurance plc	None
Oando plc	D, E, G, H
Prestige Assurance plc	E
PZ Cussons Nigeria plc	None

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