

Market Watch

Nigerian market still playing catch-up

Although the 34.73% decline recorded by the ASI so far this year is not as big as last year's 46% decline, we still view this year as disappointing. It is even more disheartening to note that the NSE is one of the worst performers in Africa and among other emerging markets indices in the Philippines, Mexico and South Korea which have appreciated by 52.74%, 42.09% and 40.18% respectively since the beginning of 2009. We still think this presents a significant opportunity for investors: the market is grossly undervalued compared with some other markets. With just four trading days left this year, and the continuing bearish movement of stock prices, we think a positive turnaround for the week is unlikely. This week marks the New Year celebrations and we expect several retail investors to make withdrawals from the market. However, we think some institutional investors and foreign portfolio managers might take this opportunity to mop up some cheap value stocks with strong fundamentals especially as they close their books for the year. This might lead to strong bids for some stocks and as such we predict a higher net bid position over last week. We think the wariness shown by most investors will persist into 2010, and there might still be some downward pressure on the ASI in the first few months of 2010.

Secondary market

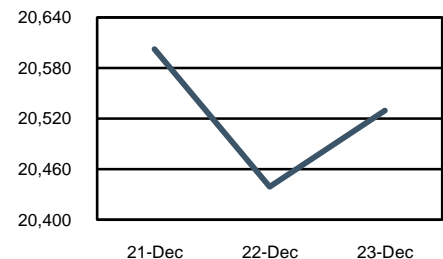
After only three trading days last week, the NSE ASI closed flat, declining by 0.94%, to close at 20,528.82 points (from 20,722.64 the preceding week). The market capitalisation of the 201 first-tier equities was also lower at N4.918 trillion, from N4.96 trillion in the previous week. Some 1.28 billion shares worth N11.00 billion changed hands in 15,731 deals last week, in contrast to a total of 2.2 billion shares valued at N10.95 billion and exchanged in 31,562 deals the previous week.

As illustrated in Chart 3, the banking sector was the most active during the week (measured by turnover volume), with 845.116 million shares worth N7.382 billion exchanged by investors in 7,536 deals. The sector's volume and value represent 65.98% and 67.06%, respectively, of the NSE's transactions for the week.

Share price performance

Thirty-nine stocks appreciated in price during the week, same compared to 31 stocks in the preceding week. The number of losers reduced to 39 from 59 the previous week.

Market performance (ASI)



Source: NSE

All Share Index	▼ 0.94%	20,528.82
Market cap	▼ 0.85%	N4.92 trillion
Value traded	▲ 0.53%	N11.00 billion
Volume traded	▼ 41.82%	1.28 billion

Top gainers

TANTALIZER	14.52%	N0.71
CRUSADER	14.41%	N1.35
UNIC	13.64%	N1.00

Sources: NSE, Stanbic IBTC Research

Top losers

INCAR	14.03%	N4.78
BIGTREAT	13.97%	N0.64
ETERNAL OIL	12.33%	N5.79

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
GTB	14.05	1.90	4.27
CCNN	7.46	3.35	9.38
DANGFLOUR	4.29	1.63	7.80
UACN	9.18	1.08	6.04
OANDO	9.87	1.81	7.49

Sources: NSE, Stanbic IBTC Research

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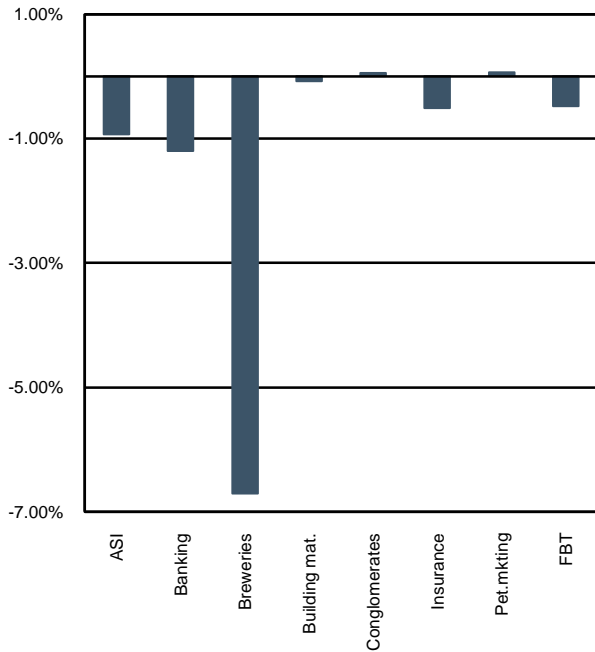
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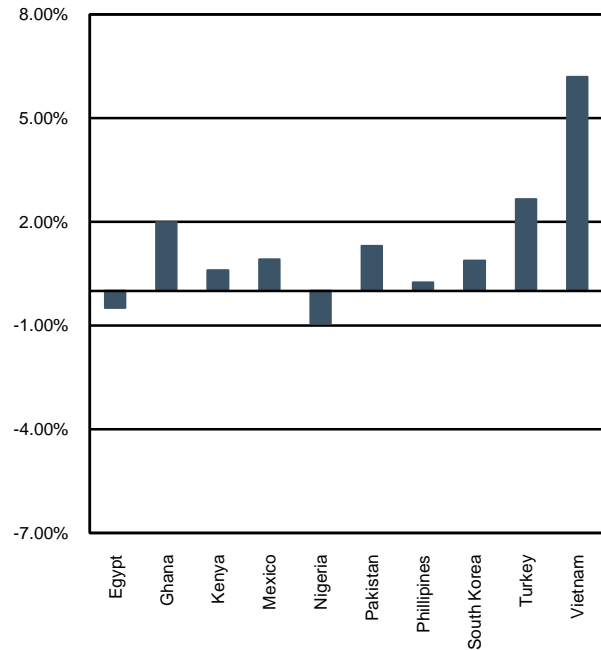
Picture gallery

Chart 1: Sector performance vs. ASI 21 Dec – 23 Dec 2009



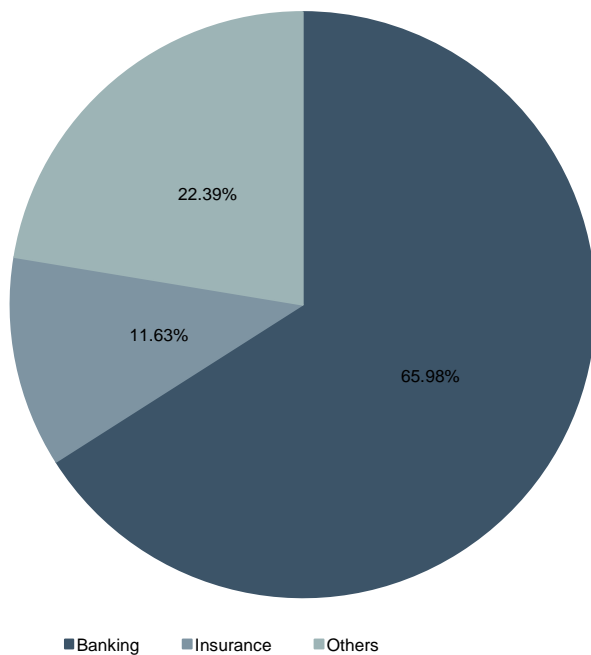
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 21 Dec – 23 Dec 2009



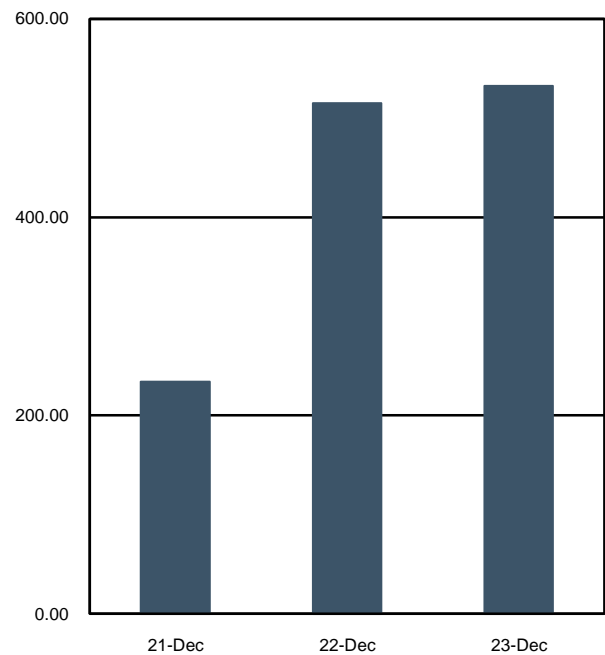
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 21 Dec – 23 Dec 2009



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 21 Dec – 23 Dec 2009



Sources: NSE, Stanbic IBTC Research

Latest research publications

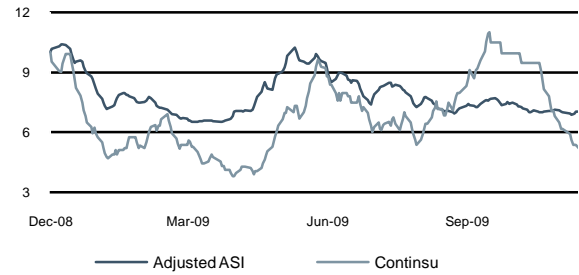
Continental Reinsurance plc

Bloomberg ticker
Recommendation
Target price

CONTINSURE
SELL
0.93

Based on the company's quarterly results, Continsure appears to be having a rough year: q/q earnings have plummeted. As a result, we are revising our earnings forecast to a net loss of N0.409 billion from our previous profit after tax forecast of N0.537 billion for FY 09. We recognise that the company has several income leakages and will therefore need to focus on managing its expenses, debt portfolio and investments. Based on the discounted cash flow and peer multiples valuation, Continsure's shares appear overpriced relative to the insurance industry and the NSE average. We therefore maintain our Sell recommendation, especially since the stock's currently price levels are some 22.47% above our fair value estimate of N0.93/share.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
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
11/11/2009	Nestle Nigeria plc	Bullish on profitability	HOLD
11/11/2009	FCMB plc	Looking forward to increased profitability	BUY

Sources: NSE, Stanbic IBTC Research

Dividends payable

Company	Declared	LDT	Pay	Dividend amount	YTD
N/A	N/A	N/A	N/A	N/A	N/A

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	8.00	9.59	131.50	6.32	8.75	0.71	152.20	0.71	0.43
Diamond Bank plc	7.31	3.10	105.81	20.46	4.89	0.93	47.11	0.92	1.17
Ecobank Nigeria plc	11.18	-60.01	80.70	38.43	2.60	2.32	0.00	2.84	0.00
Ecobank Transnational Incorporated	14.70	-63.79	128.38	9.69	10.32	0.79	11.17	0.78	6.26
First City Monument Bank plc	7.19	16.91	117.77	29.49	3.39	0.88	72.12	0.87	0.49
Fidelity Bank plc	2.50	-46.70	72.41	50.63	1.97	0.56	15.06	0.55	3.32
First Bank of Nigeria plc	14.02	-19.89	406.67	32.35	3.09	1.21	35.03	1.03	2.60
Guaranty Trust Bank plc	15.51	49.13	292.21	10.32	9.69	1.61	14.05	1.90	4.27
Bank PHB plc	1.21	-87.89	24.39	1.25	37.19	0.15	6.00	0.14	12.50
United Bank for Africa plc	5.75	-29.62	66.61	4.16	10.43	0.70	12.45	0.68	4.02
Zenith Bank plc	10.90	-18.66	234.97	5.76	9.17	1.22	36.15	1.19	1.11
Breweries									
Guinness Nigeria plc	127.50	30.09	188.05	13.89	5.88	5.97	12.54	5.45	6.39
Nigerian Breweries plc	50.00	25.00	378.13	14.71	6.80	11.73	12.37	11.20	7.68
Building materials									
Ashaka Cement plc	11.80	-32.57	23.49	11.35	2.54	1.84	9.08	1.59	2.75
Benue Cement Company plc	43.00	127.51	168.37	40.63	0.00	12.24	10.54	7.24	3.84
Lafarge Cement WAPCO plc	12.41	122.00	15.41	10.07	3.63	3.88	7.46	3.35	9.38
Conglomerates									
PZ Cussons Nigeria plc	25.00	111.86	79.41	16.48	2.72	2.23	13.58	2.03	2.87
UAC of Nigeria plc	36.50	0.47	46.74	11.15	5.48	1.14	9.18	1.08	6.04
Food & beverages									
Dangote Sugar Refinery plc	14.71	-6.90	176.52	8.07	8.16	5.41	10.91	4.61	5.96
Nestle Nigeria plc	239.50	25.10	158.20	18.99	5.24	17.52	16.43	16.63	5.78
7-UP Bottling Company plc	29.40	-23.85	15.07	9.37	5.10	1.89	8.96	1.74	6.70
Petroleum marketing									
Chevron Oil Nigeria plc	69.79	-56.36	17.73	0.00	0.00	9.26	10.13	8.14	8.39
Oando plc	93.99	20.48	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc	151.60	-25.57	51.47	11.70	2.24	7.05	12.15	7.01	8.15
Agriculture									
Presco plc	5.62	-44.41	5.62	8.34	5.34	2.20	16.06	2.05	2.80
Chemical & paints									
Chemical and Allied Products plc	28.00	-33.92	5.88	8.00	13.39	5.88	12.59	7.32	5.96
Nigeria-German Chemicals plc	15.04	-22.55	2.31	128.96	2.99	2.05	121.20	2.03	0.37
Construction									
Julius Berger Nigeria plc	25.90	-53.42	31.08	12.39	6.76	4.68	9.53	4.26	8.39
Costain (W.A.) plc	3.80	-66.87	3.50	9.90	-	-	8.73	-3.94	
Insurance									
Prestige Assurance Company plc	4.20	-32.80	9.03	14.15	4.76	2.07	11.03	1.92	5.44
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	2.60	-14.75	12.46	7.99	6.54	1.30	6.73	1.19	7.69
Standard Alliance Insurance plc	0.51	-66.00	4.28	4.95	9.80	0.19	-2.02	0.20	-23.28

Source: Stanbic IBTC Research

Note: *As at 23 December 2009

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Company	Disclosure
Cement Company of Northern Nigeria plc	E
Continental Reinsurance plc (Continsure)	None
Dangote Flour Mills plc	E
Guaranty Trust Bank plc	E
Oando plc	D, E, G, H
UAC Nigeria plc	E

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