

Bears on the prowl

Despite the air of uncertainty following the recent reforms in the banking sector, there was a deluge of bids last week from investors who thronged the market to take advantage of the low stock prices. We expect these investors to start taking profits from the little gains that have been accrued, thereby increasing fluctuations in the market. Although we anticipate a decline in the market this week, we also expect that value investors will take advantage of the continued low valuations.

Secondary market

The Nigerian stock market closed higher last week, as the NSE ASI appreciated by 6.2%, at 23,327.04 points (21,973.96 the preceding week). The market capitalisation of the 195 first-tier equities also closed higher, at N5.35 trillion (N5.04 trillion the previous week). Turnover of 2.11 billion shares worth N14 billion in 32,760 deals was recorded last week, in contrast to a total of 2.10 billion shares valued at N10.14 billion and exchanged in 37,686 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 1.2 billion shares worth N8.5 billion, and exchanged by investors in 15,275 deals. Volumes were driven largely by activity in the shares of Diamond Bank plc, United Bank for Africa plc, First City Monument Bank plc and Zenith Bank plc. Trading in the shares of these four banks accounted for 573.95 million shares, representing 48.9% of the sector's turnover.

The insurance sector, boosted by activity in the shares of Continental Re-Insurance plc and AIICO Insurance plc, followed on the week's activity chart with a turnover of 359.54 million shares valued at N311.1 million shares in 3,991 deals.

Share price performance

The number of gainers during the week increased to 62 stocks in comparison to 6 stocks in the preceding week. But the number of stocks that recorded share price depreciation declined to 47 stocks (97 stocks in the preceding week).

All Share Index	▲ 6.20%	23,327.04
Market cap	▲ 6.16%	N5.35 trillion
Value traded	▲ 38.06%	N14.00 billion
Volume traded	▲ 2.68%	2.11 billion

Top gainers

Total	4.99%	N6.23
BCC	12.03%	N4.08
Oando	4.44%	N4.00

Sources: NSE, Stanbic IBTC Research

Top losers

Guinness	-8.52%	N12.10
7-Up	-14.06%	N4.50
AP	-7.23%	N3.66

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
UACN	9.08	1.07	6.10
Dang sugar	8.41	4.75	7.73
Custodian	5.83	1.21	7.70
PZ	9.99	1.60	3.60
WAPCO	7.88	1.89	3.17

Source: Stanbic IBTC Research

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Share price adjustment

Benue Cement Company plc was adjusted for an interim dividend of N1.00 per share. IPWA plc was adjusted for dividend of N0.02 per share.

Company results

Diamond Bank plc: Audited results for the year ended 30 April 2009 show gross earnings of N108,979.5 million, as against N60,437.6 million in 2008. Profit after tax stood at N5,171.8 million, compared with N12,821.1 million in 2008. Provision for losses was N24,623.1 million as against N4,878.8 million in 2008. The board of directors has recommended a dividend of N0.09 per share. The date of closure of register is 14 September 2009, while the payment date is 28 September 2009. The annual general meeting is scheduled to be held at Shell Hall, Muson Centre, Lagos on Friday, 25 September 2009 at 11.00 a.m.

Diamond Bank plc: Unaudited results for the first quarter ended 31 July 2009 show gross earnings of N23,991.2 million, as against N21,802.6 million in the comparable period of 2008. Profit after tax stood at N1,615.93 million, compared with N4,710.1 million in 2008. Provision for losses during the period was N7,694.5 million as against N367.9 million in 2008.

Presco plc: Unaudited results for the half year ended 30 June 2009 show turnover of N2,016.2 million as against N1,682.7 million in the comparable period of 2008. Profit after tax stood at N300.1 million compared with N565.1 million in 2008.

NEM Insurance plc: Audited results for the year ended 31 December 2008 show gross premium of N4,002 million as against N2,553.5 million in 2007. Profit after tax stood at N461.5 million compared with N399.81 million in 2007. A total of N691.0 million and N495.7 million was reported as diminution in quoted investments and provision for doubtful accounts, respectively. The board of directors is recommending a dividend of N0.04 per share. The date of closure of register is 8 September 2009, while the payment date is 30 October 2009.

Deap Capital Management & Trust plc: Unaudited results for the half-year ended 31 March 2009 show turnover of N203.62 million, as against N755.93 million in the comparable period of 2008. Loss after tax stood at N344.11 million compared with profit after tax of N422.32 million in 2008.

University Press plc: Unaudited results for the first quarter ended 30 June 2009 show turnover of N159.9 million, as against N95.2 million in the comparable period of 2008. Loss after tax stood at N37 million compared with N18.85 million in 2008.

Figure 1: NSE ASI, 24 Aug – 31 Aug '09

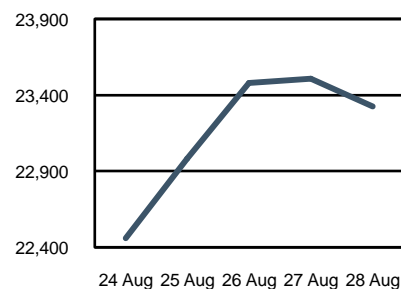


Figure 2: Vol. traded (M), 24 Aug – 31 Aug '09

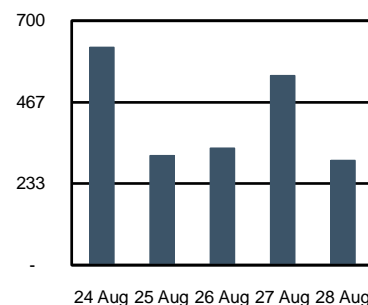
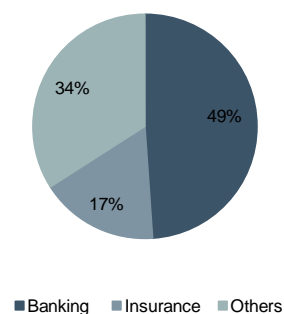


Figure 3: Vol. by sector, 24 Aug – 31 Aug '09



Sources: NSE, Stanbic IBTC Research

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We plan to update this research when there is next substantial financial news about the companies covered in this report.

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Dangote Sugar Refinery plc	E
Custodian and Allied Insurance plc	E
PZ Cussons Nigeria plc	None
Lafarge Cement Wapco plc	E
Total Nigeria plc	E
Benue Cement Company plc	E
Oando plc	D, E, G, H
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Stanbic IBTC Equity Investment Research

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All Recommendations (%)	44	53	3
Recommendations with Investment Banking Relationship (%)	64	27	9

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