

Market Watch

Marginal appreciation on the cards

We expect a slight upswing in the market by the end of this week — a reversal of the market trend in the last week of February.

Valuations continue to support long positions in the real and financial sectors and we thus expect a marginal climb in the ASI. However, given the level of political uncertainty in the country, we do not believe that institutional investors will come into the market with full force. The market has gained 1.7% in one month, 10.4% in two months, and 9.4% in three months. Our idea of a realistic expected return on the stock market is 20%. Therefore, while there are no fundamental bases for short-term movements in the market, we do not expect a wave of profit-taking to hit the market just yet.

Secondary market

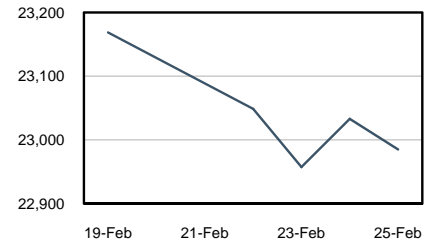
The market capitalisation of the 199 first-tier equities closed lower (see table). Some 27,756 deals were recorded last week – 19% down on the previous week.

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 0.8 billion shares worth N6.5 billion, and exchanged by investors in 14,155 deals. The sector's volume and value represent 54% and 66%, respectively, of the NSE's transactions for the week.

Share price performance

About 34 stocks recorded price gains last week compared to 47 stocks in the preceding week. The number of losers increased to 70 stocks compared to 50 stocks in the week before.

Market performance (ASI)



Source: NSE

All Share Index	0.8%	22,985.00
Market cap	0.8%	N5.53 trillion
Value traded	9.3%	N9.8 billion
Volume traded	13.3%	1.5 billion

Top gainers

Ecobank	21%	N5.99
AP	20%	N47.46
CAP	15%	N29.74

Sources: NSE, Stanbic IBTC Research

Top losers

D.N. Meyer	-18%	N3.1
R.T. Briscoe	-17%	N4.5
BOC Gases	-10%	N10.4

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
CCNN	10	4	7
UACN	11	1	5
DangFlour	6	2	5
Total	11	7	9
MBenefit	4	1	13

Sources: NSE, Stanbic IBTC Research

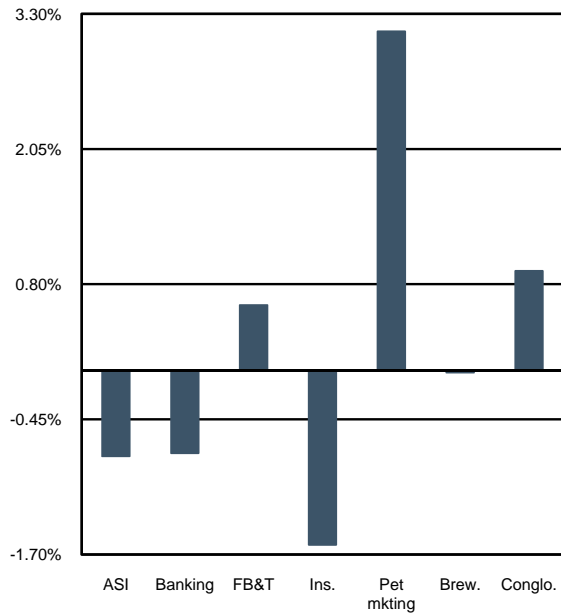
Ikechukwu Iheanacho*

+234(1)8990672

ikechukwu.iheanacho@stanbic.com

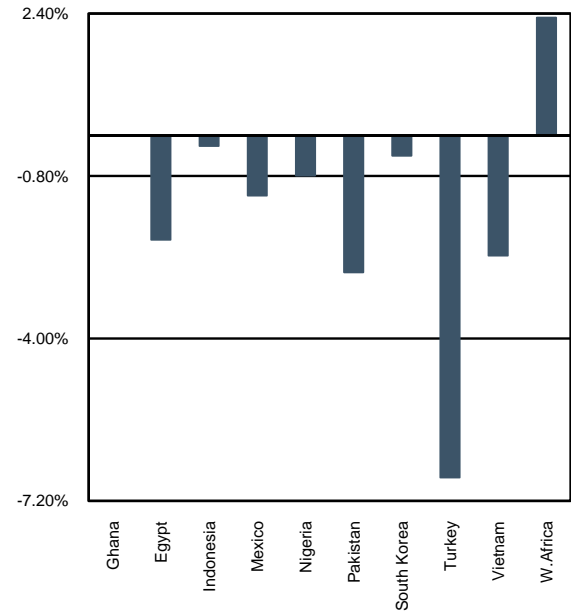
Picture gallery

Chart 1: Sector performance vs. ASI 22 Feb – 25 Feb 2010



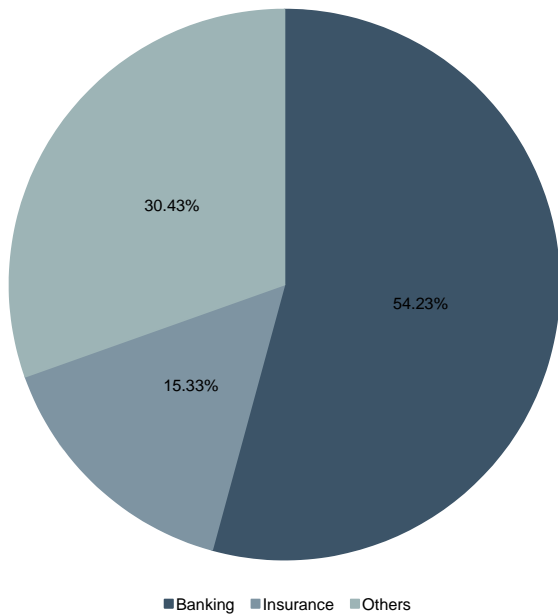
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 22 Feb – 25 Feb 2010



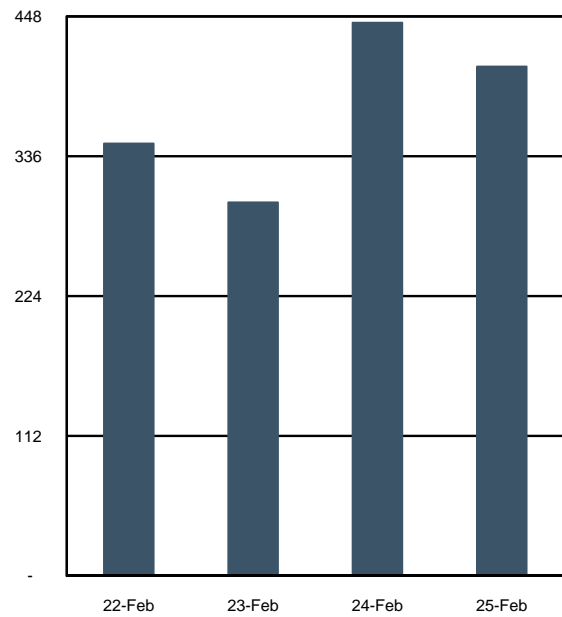
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 22 Feb – 25 Feb 2010



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 22 Feb – 25 Feb 2010



Sources: NSE, Stanbic IBTC Research

Latest research publications

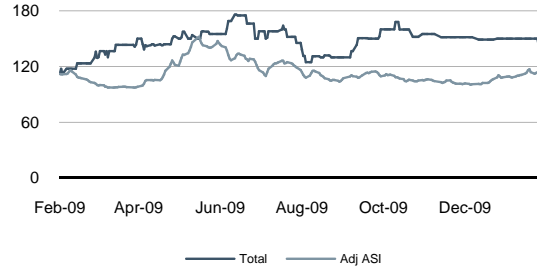
Total Nigeria plc	Bloomberg ticker Recommendation Target price	TOTAL BUY N142.5
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Total's annual DPS in 2007 and 2008 was N9.5 and N9.13, respectively. The company's dividend yield is 9%, which places the share above most stocks in the sector and c.2x our estimate for the market.

The company's earnings are relatively unaffected by interest burdens. We note that at 0.2%, its latest interest-expense-to-turnover ratio is remarkably lower than its peers (Oando: 3.1%, AP: 3.4%). The company has carried virtually no debt over the past five years, unlike AP and Oando.

We believe Total will continue to be a stable dividend payer over the long term. Historically, the company has paid out 99% of its earnings in dividends.

Price performance, N



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
24/02/2010	Total Nigeria plc	Still looks good	BUY
12/02/2010	Flour mills of Nigeria plc	Initial impressions – Q3:09 results	BUY
11/02/2010	Custodian & Allied Ins. plc	Share buyback to boost earnings	BUY
10/02/2010	Guinness Nigeria plc	Margins shrink as pressures rise	SELL
01/02/2010	PZ Cussons Nigeria plc	Slow economy impacts earnings	BUY
22/01/2010	Costain W.A. plc	Results fall short of expectations	HOLD
14/01/2010	Dangote Sugar Ref. plc	Long- term hold	HOLD
05/01/2010	7-Up Bottling Co. 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

Source: Stanbic IBTC Research

Dividends payable

Company	Declared	LDT	Pay	Dividend amount	YTD
Nestle Nigeria plc	25-Feb-10		28-Apr-10	NGN10.60k	NGN14
Nigerian Breweries plc	23-Feb-10		20-May-10	NGN0.89k	NGN3.69k

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	9.10	20.53	149.58	7.19	7.69	0.81	173.12	0.81	0.38
Diamond Bank plc	9.35	30.04	135.34	26.17	3.82	1.19	60.26	1.18	0.91
Ecobank Nigeria plc	5.99	-40.69	43.24	20.59	4.86	1.24	0.00	1.52	0.00
Ecobank Transnational	15.85	5.67	138.43	10.44	9.58	0.86	12.05	0.84	5.81
First City Monument Bank plc	9.20	31.24	150.70	9.99	10.01	1.17	92.28	1.16	0.38
Fidelity Bank plc	2.68	6.35	77.62	54.28	1.84	0.60	16.14	0.59	3.10
First Bank of Nigeria plc	14.55	3.93	422.04	33.58	2.98	1.25	36.35	1.06	2.50
Guaranty Trust Bank plc	18.06	14.45	340.25	12.02	8.32	1.87	16.36	2.21	3.67
Skye Bank plc	7.36	34.31	85.27	5.32	8.15	0.90	15.94	0.88	3.14
United Bank for Africa plc	13.01	20.35	280.45	6.87	7.69	1.45	43.15	1.42	0.93
Zenith Bank plc	15.71	16.37	394.59	7.65	10.82	1.15	28.68	1.68	2.23
Breweries									
Guinness Nigeria plc	129.00	1.18	190.27	14.05	5.81	6.04	13.09	5.53	6.12
Nigerian Breweries plc	57.00	7.55	431.07	16.77	6.47	13.38	14.90	12.86	6.41
Building materials									
Ashaka Cement plc	16.20	42.23	32.25	15.58	1.85	2.52	12.46	2.19	2.01
Benue Cement Company plc	50.07	16.41	196.05	47.31	0.00	14.26	12.27	8.43	3.30
Cement Company of Northern	15.78	21.38	19.59	12.80	2.85	4.93	9.49	4.26	7.38
Lafarge Cement WAPCO plc	35.20	17.33	105.66	9.39	1.70	2.61	12.69	2.26	1.97
Conglomerates									
PZ Cussons Nigeria plc	26.00	4.00	82.59	17.14	2.62	2.32	15.27	2.14	2.78
UAC of Nigeria plc	43.29	17.80	55.44	13.22	4.62	1.35	10.88	1.28	5.09
Unilever Nigeria plc	25.00	31.58	94.58	36.43	2.72	14.16	20.00	10.82	2.82
Food & beverages									
Dangote Sugar Refinery plc	16.00	7.38	192.00	8.78	7.50	5.88	11.87	5.01	5.48
Nigerian Bottling Company plc	27.00	20.05	35.34	2250.6	0.00	1.61	13.75	1.51	2.91
Nestle Nigeria plc	270.00	12.73	178.35	21.41	4.65	19.75	18.52	18.75	5.13
7-UP Bottling Company plc	30.60	4.08	15.68	10.26	4.90	1.96	9.32	1.81	6.44
Petroleum marketing									
African Petroleum plc	47.46	41.63	49.12	9.63	10.96	7.06	7.21	5.90	11.10
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	97.51	-1.31	29.30	17.06	5.13	13.03	12.77	9.98	5.48
Oando plc	93.99	0.00	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc	142.50	-4.36	48.38	11.00	9.07	6.63	11.42	6.59	8.67
Agriculture									
Okomu Oil Palm plc	21.62	-4.97	10.33	8.56	1.16	2.41	34.44	2.32	1.16
Presco plc	5.32	-5.00	5.32	7.89	5.64	2.08	15.20	1.94	2.96
Chemical & paints									
Chemical and Allied Products plc	29.74	6.21	6.25	8.50	12.61	6.24	13.37	7.78	5.61
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	3.10	-42.49	0.90	14.16	3.23	5.53	12.91	3.87	0.00
Construction									
Julius Berger Nigeria plc	28.00	8.57	33.60	13.40	6.25	5.06	10.96	4.63	7.30
Costain (W.A.) plc	5.00	31.58	4.60	0.00	-	-	42.35	0.52	-
Insurance									
Unic Insurance plc	0.82	-28.70	2.12	6.43	6.10	0.44	11.60	0.43	1.72
Prestige Assurance Company plc	3.61	-9.75	7.76	12.16	5.54	1.78	9.48	1.65	6.33
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	2.95	3.15	15.16	9.72	5.76	1.59	8.19	1.45	6.78
Intercontinental Wapic Insurance	0.99	-13.91	5.01	27.60	0.00	0.58	25.09	0.57	2.51
International Energy Insurance plc	0.57	-5.00	3.66	7.74	8.77	0.32	9.51	0.31	3.16
Standard Alliance Insurance plc	0.50	-12.28	4.20	4.86	10.00	0.18	0.00	0.19	0.00
PZ Cussons Nigeria plc	29.74	6.21	6.25	8.50	12.61	6.24	13.37	7.78	5.61
UAC of Nigeria plc	15.04	0.00	2.31	128.96	2.99	2.05	121.20	2.03	0.37
	3.10	-42.49	0.90	14.16	3.23	5.53	12.91	3.87	0.00

Source: Stanbic IBTC Research

Note: *As at 25 February 2010

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Company	Disclosure
African Petroleum plc	E
Cement Company of Northern Nigeria plc	E
Dangote Flour Mills plc	E
Mutual Benefits Assurance plc	E
Oando plc	D, E, G, H
Total Nigeria plc	E
UAC Nigeria plc	E

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