SWAPS

DAILY MARKET UPDATE

Tuesday,
October 11, 2011

At Security Swaps....
....reaching for the heights

Special points of interest:

- Nigerian Stock Market Review.
- Money Market Indicators
- News compendium
- Weekly Stock Picks
- Analysis & Opinion

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Equity and Money Market Research

MPC tightens liquidity, raise MPR by 275 basis points; NSE-ASI sheds 0.47%; Oceanic Bank delisted from NSE, as Market Capitalization shrinks by 0.86%;

Today's Review: Following the decision of the MPC to raise MPR by 275 basis points from 9.25% to 12.00%, there are now renewed fears of a steeper decline in the equities market. It is worth to note that the Nigerian Stock market has endured a torrid performance this year, with the Nigerian Stock Exchange All-Share-Index (NSE-ASI) having already recorded a year-to-date loss of 19.21%, and with many stocks trading below their break-up values. Before now, there had been strong sentiment that the Nigerian Stock market was going to rebound, but such optimism is hardly realistic again going by the decision of the MPC to increase MPR. Going by this increase, we expect the following chain of events: 1. a decline in the prices of bonds with coupons lower than 12%; 2. we expect investors to dump equities and switch portfolios to high yielding fixed income investment. Today's summary: The NSE-ASI declined by 0.47% today to close at 20,012.07 as against 0.59% or 20,106.08 recorded the previous day.

The shares of ***Union Bank Plc*** have been placed on full suspension for seven days from today October 11, 2011 to Tuesday October 18, 2011. This is to enable the Registrars update the bank's register of members as a result of the share capital reorganization. Also, the shares of ***Oceanic Bank Plc*** have been delisted from the official list of the Exchange following the shareholders' vote in favor of all resolutions passed after the court ordered meeting.

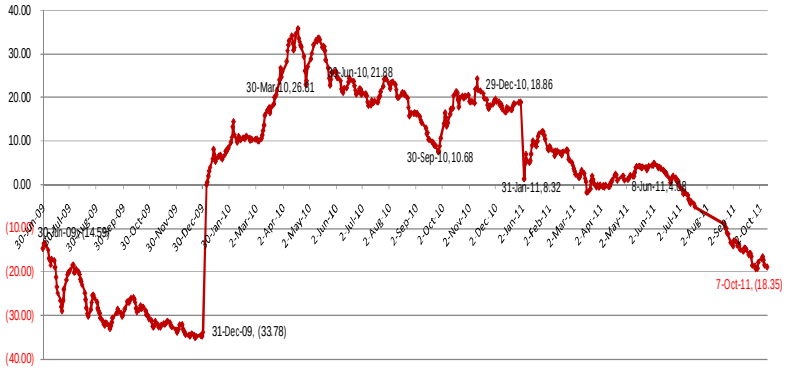
±: NB Plc, Nestle Plc, and CAP Plc led the gainers list, up N3.00 N0.50 and N0.30 respectively; while Guinness Plc, UACN Plc and Oando Plc were on the losing end, down N10.50, N1.65 and N1.20 respectively. 12 stocks appreciated today as against 14 recorded yesterday; 26 stocks recorded decline as against 22 previously; while 60 stocks remained unchanged.

Gainers	Last Price N	Closing Price N	Gainers N	Gainers %↑	Losers	Last Price N	Closing Price N	Losers N	Losers %↓
NB	82.00	85.00	3.00	3.66	GUINNESS	210.00	199.50	(10.50)	(5.00)
NESTLE	400.00	400.50	0.50	0.12	UACN	33.00	31.35	(1.65)	(5.00)
CAP	19.60	19.90	0.30	1.53	OANDO	26.20	25.00	(1.20)	(4.58)
UNILEVER	27.26	27.50	0.24	0.88	WAPCO	40.15	39.50	(0.65)	(1.62)
BAGCO	1.85	1.94	0.09	4.86	ETI	12.40	11.80	(0.60)	(4.84)
NAHCO	5.90	5.97	0.07	1.19	FO	9.60	9.12	(0.48)	(5.00)
DANGFLOUR	6.40	6.45	0.05	0.78	CCNN	7.25	6.94	(0.31)	(4.28)
NEIMETH	1.08	1.13	0.05	4.63	ZENITHBANK	12.40	12.10	(0.30)	(2.42)
STERLNBANK	1.43	1.48	0.05	3.50	FCMB	4.16	4.00	(0.16)	(3.85)
FIRSTBANK	9.07	9.11	0.04	0.44	MAYBAKER	3.14	2.99	(0.15)	(4.78)

TOP TEN TRADED VOLUME

Company	Trades	Volume	Value
UBA	200	82,148,389	336,168,921.91
GUARANTY	500	25,383,036	316,852,773.71
ZENITHBANK	355	13,934,792	168,482,247.59
FIRSTBANK	571	7,747,556	70,343,885.36
OANDO	223	6,366,101	160,185,004.00
FCMB	33	6,322,701	25,353,631.65
IKEJAHOTEL	76	5,853,147	13,776,885.62
ACCESS	107	4,336,706	22,610,258.05
DANGSUGAR	75	3,682,445	25,792,016.62
GTASSURE	19	3,312,462	3,869,177.54

NSE-ASI lost 5.23% in September, 2011 in contrast to 9.78% recorded in August 2011



Major News Highlights:

- *Commerce chamber decries stringent conditions for accessing loans. Next*
- *CBN makes strongest case yet on subsidy, push for PIB. Business Day*
- *Foreign-Insight: New bankruptcy ripples may emerge in tough economy. Reuters*
- *Airtel Nigeria mobile outages hit 5 million. Reuters*
- *No. 79 of the Monetary Policy Committee Meeting, October 10, 2011. CBN*
- *European Stocks Decline before Slovakia Vote. Bloomberg*

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Indicators	Current	Previous	%
Index	20,012.07	20,106.08	(0.47)
Deals	3,858	3,494	10.42
Volume	197,180,323	361,363,506	(45.43)
Value	1,852,745,255.91	2,233,873,975.11	(17.06)
Mkt Cap	6,356,212,955,338.42	6,411,622,372,720.08	(0.86)
		MKT. CAP. (N)	
HIGH	27,797.39	8,884,696,249,934.28	
LOW	20,012.07	4,992,193,976,766.50	
YTD (%)	(18.83)		

Discrepancy between Index and Mkt. Cap. is due to New listing(s)

Economic Indicators	Latest Date	Current	Previous	% Δ
M2 (N'b) (mom)	Aug, 2011	12,510.79		
CPS (N'b) (mom)	Aug, 2011	10,899.49		#DIV/0!
Year-on-INF (mom) (%)	Aug, 2011	9.30		
IB CALL RATE (1wk Δ)	4-Oct-11	11.2500		#DIV/0!
MPR (%)	7-Oct-11	9.25		
91-Day TB (lwk Δ)	29-Sep-11	10.23		#DIV/0!
DPR (mom)	Aug, 2011	5.43		
PLR (mom)	Aug, 2011	15.82		#DIV/0!
Bonny Light ($) (lwk Δ)	7-Oct-11	107.60		
Exr Reserves ($b) (YTD)	6-Oct-11	31.36		#DIV/0!

Source: Central Bank of Nigeria (MOM connotes month-on-month)

AVERAGE DEPOSIT TAKING RATES

	60 Days	90 Days	180 Days	365 Days
4-Oct-11	6.241%	6.582%	6.492%	7.323%
26-Sep-11	6.22%	6.56%	6.48%	7.32%
% Δ	0.334%	0.317%	0.215%	0.000%

Source: FMDA

MACROECONOMIC ASSUMPTIONS

Year	Oil (PPB)	Vol. Per Day	Ex Rate	GDP GR
2011	$65	2.300	$150:1	7.00%
2010 Re	$60	2.200	$150:1	7.85%
2010	$67	2.350	$150:1	5.47%
2009	$45	2.292	$125:1	6.00%

Daily Market Synopsis

Equity and Money Market Research

REPORTED EARNINGS

Symbol	Period ended	Current T/Over N'm	Previous T/Over N'm	CHGE (%)	Current PAT N'm	Previous PAT N'm	CHGE (%)	Net Asset Value (N'm)	Dividend (Naira) Interim	Dividend (Naira) Final	Bonus	Closure Date	Payment Date
CILEASING	Q2 Jul 2011	4,830.00	4,124.00	17.12	152.06	(1.20)	12,771.50	1,743.00	-	-	Nil	Nil	Nil
CRUSADER	Q2 Jun 2011	2,102.00	2,447.00	(14.10)	14.46	(97.60)	114.81	7,255.00	-	-	Nil	Nil	Nil
ROYALEX	Q2 Jun 2011	2,324.00	1,743.00	33.33	239.58	231.17	3.64	15,328.00	-	-	Nil	Nil	Nil

SWAPS RESEARCH

Airtel Nigeria mobile outages hit 5 million:

Millions of Airtel Nigeria subscribers were without mobile phone coverage this week following a dispute between workers and the company, which is owned by India's top mobile operator Bharti Airtel .

Nigeria Labour Congress, an umbrella trade union group, said Airtel unfairly sacked thousands of employees, but the mobile company denies the allegations, saying the workers were employed by other companies it contracts. "Airtel did not sack any employee. The employees being referred to work for Tech Mahindra and Spanco , who provide us Call Centre services," the company said in a statement on Thursday.

"The employees in question were contracted through two employment agencies, namely HR Indexx and CCSNL, whose contracts with Tech Mahindra and Spanco expired on Sept. 30, 2011." *Source: Reuters*

European Stocks Decline before Slovakia Vote:

European stocks fell as investors awaited a vote in Slovakia on the euro-area bailout fund and the start of the American earnings season. Asian shares advanced while U.S. index futures declined.

Antofagasta Plc (ANTO), the copper miner controlled by Chile's Luksic family, slid 2.6 percent as the base retreated for the first time in five days in London amid muted buying in the Chinese physical market. Porsche SE led automakers lower.

The benchmark Stoxx Europe 600 Index lost 0.5 percent to 234.78 at 8:15 a.m. in London. The gauge advanced 1.7 percent yesterday to complete its biggest four-day rally since November 2008 as the leaders of Germany and France gave themselves three weeks to create a plan to recapitalize banks. The measure is 19 percent off this year's peak on Feb. 17.

The MSCI Asia Pacific Index rose 1.8 percent today for the biggest four-day rally since March 2009. Standard & Poor's 500 Index futures declined 0.3 percent.

BUSINESS NEWS

MPC Communiqué from the extraordinary meeting held yesterday.

Decisions:

1. The monetary policy rate (MPR) is raised by 275 basis points from 9.25 per cent to 12.0 per cent (by a vote of 8 in favor and 1 in favor of status quo);

2. Maintain the current symmetric corridor of +/-200 basis points around the MPR (by unanimous vote);

3. The cash reserve ratio(CRR) is increased from 4.0 per cent to 8.0 per cent from the maintenance period beginning October 11, 2011 by a vote of 7 to 2 (2 members voted for a 6.0 per cent CRR);

4. The net open position (NOP) is reduced from 5.0 per cent to 1.0 per cent of share-holders funds with immediate effect and with full compliance by Friday, October 14, 2011 (by unanimous vote); and

5. It was further agreed that the reserve averaging method of computation be suspended in favor of daily maintenance until further notice. *Central Bank of Nigeria*

ANALYST OPINION

Bearing our thought on macroeconomic policy direction– It is obvious that Nigeria is yet to draw-up a road map for success and the following points highlights scenarios that could further plunge the nation into further hardship: ***First*** is the reluctance to pay the new minimum wage– Recall that some States are clamoring for a review of the current revenue sharing formula as a pre-condition for implementing the wage; ***Secondly*** is the issue of the persistent increase in the MPR without due consideration to its impact on factor inputs and cost of funds; ***Thirdly*** is the likely removal of fuel subsidy by 2012; **Fourthly** is the likely hike in PHCN tariff by 2012. We shall analyze the impact of each scenarios in our subsequent series.

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