



Figure 1

STOCK MARKET SUMMARY

	JULY	AUGUST	% CHANGE
INDEX	27,880.50	33,096.37	18.71%
MARKET CAPITALISATION	3,170,749,355,167.39	3,829,230,051,661.56	20.77%
DEALS	136,804	174,747	27.74%
VOLUME	3,352,530,551	4,958,275,802	47.90%
VALUE	39,799,468,447.91	73,050,354,055	83.55%

Table 1

The period under review witnessed the influx of huge funds into the economy largely from the arrears of pension funds paid to pensioners during the month, pension funds released to PFA's, funds released for provision of infrastructural facilities, payment of outstanding debt owed Federal Government's contractors and windfall of excess crude oil allocation paid to the different tiers of government. The funds so released were in excess of what the financial market could absorb, as a result of this the money market was awash with funds forcing down the rate of interest in the money market. This led to so much funds finding their way into the stock market mounting pressure on stock prices as a result of the excessive demand for stocks. This translated to a bullish run in the stock market. This development led to new records being set by the major market indicators as the All-Share Index peaked at 35,068.84 points while the market capitalization peaked at N4.06 trillion on August 18, 2006.

The All-Share Index maintained a bullish trend up till the middle of the month, got to its peak on August 18, 2006, then plummeted sharply in the third week, only to rebound towards the end of the month, peaked again on the 30th followed by another bearish trend. The All-Share Index closed at **33,096.37** appreciating up by **18.71%** while the Market Capitalization in the same vein was up **20.77%** (table 1 above). A total of 4.96 billion units of shares were traded in 174,747 deals amounting to N73.05 billion in August as against 3.35 billion units of stocks traded in 136,804 deals worth 39.80 billion in the month of July 2006.

ECONOMIC & MARKET NEWS

- The Central Bank of Nigeria has invested a portion of the nation's external reserves in bonds. The bank's Director

of Foreign Operations Department, Alhaji Mohammed Nda, who gave the hint said the measure is to make the reserves, yield higher returns than fixed deposits. To facilitate this, he said that the necessary due process had been set in motion including evaluation of Requests for Proposal and Due Diligence visits to some of the foreign financial institutions that have showed interest in external reserves management. The United States financial giant, JP Morgan Chase, had been appointed as a Global Custodian which will take custody of all the securities purchased by the yet-to-be appointed external managers of the nation's foreign reserves.

- During the month under review, the Federal Government raised the sum of N75 billion to offset the arrears of its pension. The five banks are First Bank of Nigeria Plc, United Bank for Africa Plc, Zenith Bank Plc, Guaranty Trust Bank Plc and Fidelity Bank Plc. The fund raised from these banks was in exchange for FG bonds, which impacted on the level of liquidity in the economy as investors had liquid cash at their disposal.
- The board of Ecobank Transnational Incorporated (ETI) has approved the concurrent listing of its shares in Cote d'Ivoire, Nigeria and Ghana, this would go a long way in expanding its shareholder base. This, the board believes would go a long way in empowering Africans on wealth creation and mobilization of funds. Its application to the Nigerian Stock Exchange for listing is expected to be approved in a matter of weeks.
- The International Finance Corporation (IFC), the World Bank, the Swedish International Development Agency and OMX has inaugurated an Efficient Securities Markets Institutional Development (ESMID) in Africa. This new initiative is a programme that will help to develop access to securities markets in Africa, this is in response to the growing demand for housing, roads and other infrastructural projects in Africa.
- The United Kingdom, has said that about 10 per cent of its oil demand might come from Nigeria before the end of the decade. The country currently sources about six per cent of its petroleum products from Nigeria. The British High Commissioner to Nigeria, Mr. Richard Gozney and the leader of United States delegation to the just ended Gulf of Guinea Security Strategy meeting. He said that the Nigerian government's projections for four billion barrels reserves and to earn \$10bn from gas were in tandem with his country's aspirations to source her energy from here. The United States Ambassador to Nigeria, Mr. John Campbell, said that his country's involvement in the Gulf of Guinea initiative was based on the past relationships between his home country and Nigeria.

REGULATORY NEWS

- In spite of concerns by analysts that growth of the economy may slow down in 2006, the CBN says GDP growth has risen to an estimated 7.1%. This is an

improvement over the 6.2% recorded in 2005. Analysts indicate that the growth may not be unconnected with the stability in the foreign exchange market.

- The Central Bank of Nigeria has announced that interest rates will now be determined by market forces. This effectively removes the earlier cap of MRR plus four percent.
- In a bid to improve its monetary policy management, the CBN is to appoint primary dealers to conduct the sale of treasury bills to be made up of Banks and Discount Houses.

TOP GAINERS (ABSOLUTE CHANGE)

SECURITIES	PREVIOUS MONTH	CURRENT MONTH	CHANGE	% CHANGE
NESTLE NIGERIA PLC	190.00	219.88	29.88	15.73
GUINNESS NIG PLC	127.00	150.00	23.00	18.11
JULIUS BERGER NIG PLC	20.50	37.71	17.21	83.95
OANDO PLC	62.77	78.00	15.23	24.26
MOBIL OIL NIG PLC	172.00	186.00	14.00	8.14

Table 2

TOP GAINERS (% CHANGE)

SECURITIES	PREVIOUS MONTH	CURRENT MONTH	CHANGE	% CHANGE
BENUE CEMENT COMPANY PLC	6.50	18.83	12.33	189.69
CEMENT CO. OF NORTH NIG. PLC	5.46	14.25	8.79	160.99
JULIUS BERGER NIG PLC	20.50	37.71	17.21	83.95
NEIMETH INTERNATIONAL PHARM	2.00	3.40	1.40	70.00
A.G. LEVENTIS NIGERIA PLC	0.95	1.60	0.65	68.42

Table 3

TOP LOSERS (ABSOLUTE CHANGE)

SECURITIES	PREVIOUS MONTH	CURRENT MONTH	CHANGE	% CHANGE
CAPPA & D'ALBERTO PLC	11.41	10.44	-0.97	-8.50
FIRST INLAND BANK PLC	4.44	3.59	-0.85	-19.14
AIICO INSURANCE PLC	2.39	1.91	-0.48	-20.08
FIDELITY BANK PLC	2.93	2.63	-0.30	-10.24
C & I LEASING PLC	1.34	1.10	-0.24	-17.91

Table 4

TOP LOSERS (% CHANGE)

SECURITIES	PREVIOUS MONTH	CURRENT MONTH	CHANGE	% CHANGE
AFPRINT NIGERIA PLC	0.77	0.59	-0.18	-23.38
AFROIL PLC	0.49	0.39	-0.10	-20.41
AIICO INSURANCE PLC	2.39	1.91	-0.48	-20.08
FIRST INLAND BANK PLC	4.44	3.59	-0.85	-19.14
C & I LEASING PLC	1.34	1.10	-0.24	-17.91

Table 5

MOST ACTIVE STOCKS

SECURITIES	VOLUME TRADED
ACCESS BANK NIGERIA PLC	624,901,172
IBTC CHARTERED BANK PLC	351,214,038
UNITED BANK FOR AFRICA PLC	331,719,594
FIRST BANK OF NIG. PLC	290,945,224
FIDELITY BANK PLC	288,409,273

Table 6

During the month under review, on the top gainers table (absolute return), Nestle Nigeria Plc (N29.88) led, followed by Guinness Nigeria Plc (N23.00) and Julius Berger Nigeria Plc (N17.21) respectively. In terms of percentage change, the top stock was Benue Cement Company Plc (189.49%) followed by Cement Company of Northern Nigeria Plc (140.99%) and Julius Berger Nigerian Plc (83.95%). On the top losers table (absolute return), Cappa & D'Alberto Plc (N0.97) led followed by First Inland Bank Plc (N0.85) and AIICO Insurance Plc (N0.48). On the top losers table (% change), Afprint Nigeria Plc (23.38%) led, followed by Afroil Plc (20.41%) and AIICO Insurance Plc (20.08%). On the activity table, Access Bank Nigeria Plc was the most active stock with a total volume of 625 million shares followed by IBTC Chartered Bank Plc which traded 351 million units and United Bank for Africa Plc traded 332 million units. (see tables 2 to 5).

COMPANY RESULTS

The top line figures released during the month under review include:

Company	Period	Turn over		% Change	PAT		% Change
		Current	Previous		Current	Previous	
		N'b	N'b		N'b	N'b	
ASHAKACEM	Q2, '06	9.00	7.65	17.65%	2.41	2.44	-1.23%
MUTUAL BENEFIT ASSURANCE	Q2, '06	0.51	0.44	15.91%	0.080	0.060	33.33%
JAPPAUL OIL	Q2, '06	0.33	0.21	57.14%	0.05	0.05	6.00%
A. G. LEVENTIS	Q2, '06	3.14	2.93	7.17%	0.18	0.11	63.64%
ACEN INSURANCE	Q2, '06	0.32	0.26	23.08%	0.06	0.05	20.00%
OANDO	Q2, '06	151.58	87.14	73.95%	1.470	1.190	23.53%
UBN	FULL YEAR '06	56.50	58.80	-3.91%	10.80	9.78	10.43%
GSK	Q2, '06	5.14	3.97	29.47%	0.60	0.52	14.84%
NIGERIAN-GERMAN CHEMICAL	Q2, '06	0.58	0.50	16.03%	0.04	0.04	-2.78%
UBA	Q1, '06	19.30	6.40	201.56%	3.20	0.72	344.44%
DUNLOP	Q2, '06	3.04	2.88	5.56%	- 0.12	0.05	-340.00%
ACADEMY PRESS	FULL YEAR '06	0.85	0.80	6.25%	0.05	0.02	150.00%
DIAMOND BANK	Q1, '06	7.88	4.70	67.66%	0.05	0.05	6.00%
NAMPAK	Q3, '06	1.96	1.36	44.12%	0.10	0.04	150.00%
FIRST ALUMINIUM	Q2, '06	3.98	3.47	14.70%	0.04	0.02	100.00%

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JULIUS BERGER	Q2, '06	27.30	16.30	67.48%	0.61	0.33	84.85%
ADSWITCH	FULL YEAR '06	0.04	0.06	-33.33%	0.01	0.01	-28.57%
LAW UNION & ROCK	Q2, '06	0.87	0.60	45.00%	0.08	0.03	166.67%
CUTIX	FULL YEAR '06	0.71	0.57	24.56%	0.05	0.04	25.00%
PRESTIGE ASSURANCE	Q2, '06	0.79	0.66	19.70%	0.14	0.11	27.27%
LONGMAN	Q2, '06	0.57	0.37	54.05%	0.02	0.01	28.57%
FBN	Q1, '06	18.39	14.41	27.62%	4.42	2.87	54.01%
BETA GLASS	Q2, '06	2.37	2.66	-10.90%	0.24	0.11	118.18%
CCNN	Q2, '06	3.32	3.00	10.67%	0.07	0.26	-73.08%
GREAT NIGERIA INSURANCE	FULL YEAR '06	0.65	0.73	-10.44%	- 0.18	0.07	-357.75%
NATIONAL SALT COY	FULL YEAR '06	0.01	0.00	50.00%	- 0.01	0.02	-20.00%

Table 7

MARKET OUTLOOK

The massive influx of fund into the economy led to a turbulent trend in the stock market. The month of August closed on a bearish trend with the market adjusting itself for sharp and abnormal increases it witnessed during the month. A couple of stocks are presently still overpriced. As the month of September runs through, we expect further adjustment in these prices as the third quarter runs to an end.

As the stock market continues to deepen, we would continue to emphasize that investors place emphasis on the fundamentals of the stocks they invest in, the earning potentials of the stocks and the possibility of capital appreciation on the stock. Depending on your investment horizon, a close watch of the market would be very important in making the most of the current opportunities in the market. We therefore implore our valued clients to pay attention not only on the technical analysis of stocks in taking their investment decision, but to also take a close look at the fundamentals of the stocks.

Find below our stock recommendations for September 2006

ZSL STOCK PICK

SECURITY	ENTRY PRICE	TARGET PRICE	SENTIMENT
GTB	18.03	24.63	The stock has very good earnings potential
ZENITH	23.50	27.17	Sound fundamentals
UBN	27.89	33.27	Riding on past earnings
AFRIBANK	8.00	9.95	Restructured to take up emerging opportunities
ACCESS BANK	3.09	3.79	Restructured to take up emerging opportunities
ASHAKACEM	48.70	54.67	Positive cash flows coupled with plant expansion and a stable demand for its products
WAPCO	49.49	55.80	The stock is trailing on its production capacity to meet excess demand for its products and excellent interim results
BCC	19.77	24.47	The success of its recent Rights issue will ensure a beginning for the company in the Cement Industry.
NEIMEITH	3.47	4.95	Restructured to take up emerging opportunities
MAY & BAKER	5.20	7.23	Restructured to take up emerging opportunities

Table 8

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