



**STOCK MARKET REPORT FOR THE WEEK ENDED MAY 06, 2011**

**MARKET BRIEFS**

The Nigerian Capital Market appreciated during the week ended 06/05/2011. The All Share Index and Market Capitalization of listed equities appreciated by 1.03% and 1.00% from the opening figures of 25,041.08 and N8.00 trillion to 25,300.46 and N=8.08 trillion respectively. Also, the NSE 30 Index and two out of the four sectoral indices NSE Food/Beverages and NSE Banking appreciated by 2.05%, 1.53% and 3.43% to close at 1,1131.06, 837.11, and 406.07 respectively. However, NSE Insurance and NSE Oil and Gas depreciated by 2.16% and 2.27% to close at 171.36 and 326.51 respectively.

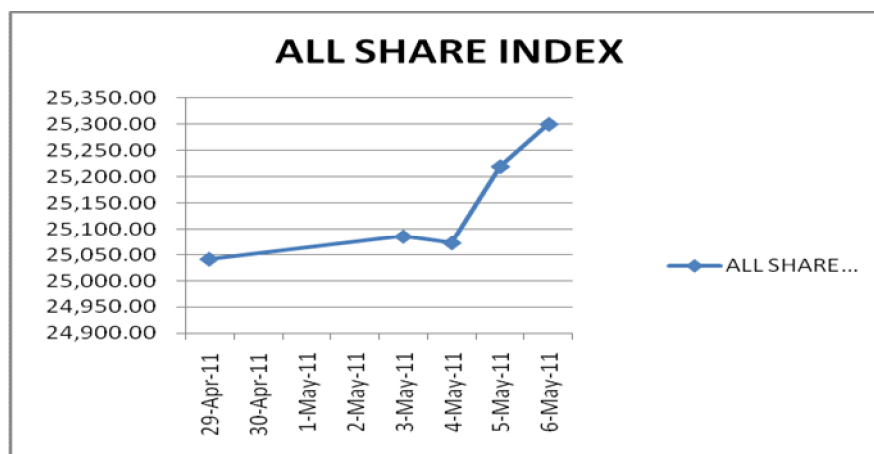
The increase in All Share Index and Market Capitalization may be attributed to:

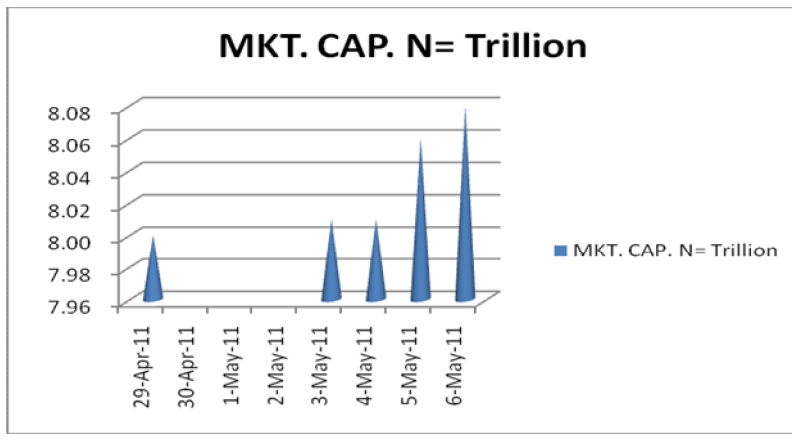
- Improved confidence of investors due to good results and corporate actions of quoted companies coupled with success recorded in the just concluded electoral processes.
- We expect the market to remain *bullish during the week as investors await more results from quoted companies*

**MARKET SUMMARY**

	Last Week	Previous Week	% Change
Volume	1.11 B	0.92 B	20.65
Value N=	N=8.87 B	N=9.72 B	-8.74
Total Gain	47	39	20.51
Total Loss	32	44	27.27
Deals	22,024	17,338	27.03
All Share Index	25,300.46	25,041.80	1.03
Market Cap.	N=8.08 trillion	N=8.00 trillion	1.00

**NSE All Share Index and Market Capitalization Movement (03/05/11-06/05/11)**

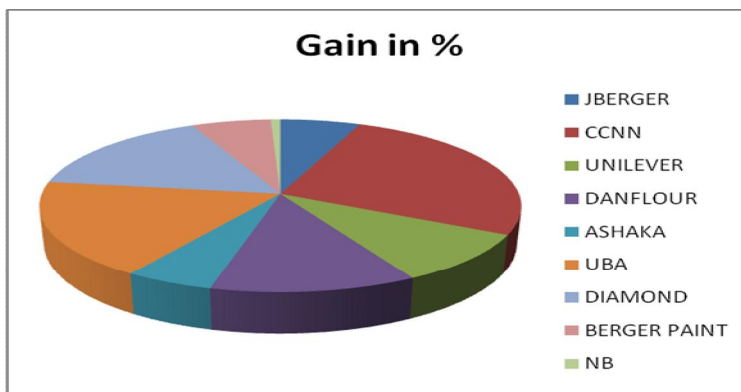




### PRICE MOVEMENT

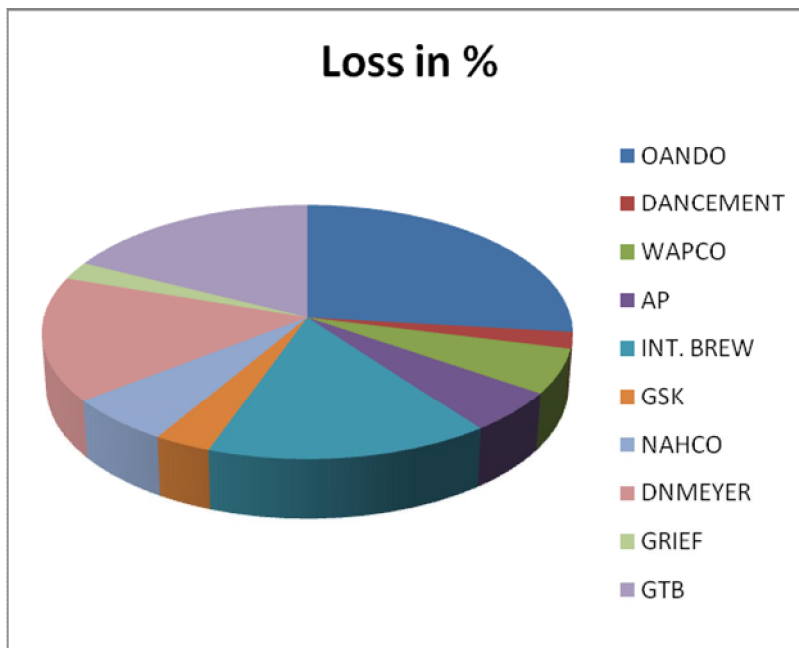
- Forty Seven stocks appreciated in price during the week, higher than Thirty Nine in the preceding week. The top ten price gainers during the week are:

Company	Op.Price	cl. Price	Gain	Gain in %
NESTLE	386.22	395.00	8.78	2.27
JBERGER	48.00	50.40	2.40	5.00
CCNN	10.10	12.26	2.16	21.39
UNILEVER	26.01	28.00	1.99	7.65
DANFLOUR	17.19	18.89	1.70	9.89
ASHAKA	24.89	25.95	1.06	4.26
UBA	5.90	6.76	0.86	14.58
DIAMOND	6.60	7.45	0.85	12.88
BERGER PAINT	11.89	12.48	0.59	4.96
NB	86.48	87.00	0.52	0.60



- Thirty Two stocks depreciated in price during the week, lower than Forty Four the preceding week. The top ten price losers during the week are:

Company	Op.Price	Cl. Price	Loss	Loss in %
OANDO	70.00	53.60	(16.40)	(23.43)
DANCEMENT	123.50	121.26	(2.24)	(1.81)
WAPCO	42.35	40.25	(2.10)	(4.96)
AP	20.99	20.02	(0.97)	(4.62)
INT. BREW	6.05	5.23	(0.82)	(13.55)
GSK	25.39	24.70	(0.69)	(2.72)
NAHCO	9.70	9.20	(0.50)	(5.15)
DNMEYER	2.25	1.94	(0.31)	(13.78)
GRIEF	15.00	14.70	(0.30)	(2.00)
GTB	1.83	1.55	(0.28)	(15.30)



## **BOND MARKET**

<b>FEDERAL GOVERNMENT BOND</b>			
<b>INSTRUMENT</b>	<b>RATE %</b>	<b>YIELD %</b>	<b>PRICE N=</b>
5.5% FGN FEB. 2013	5.50	9.33	93.14
4.0% FGN APR 2015	4.00	11.27	76.28
9.25% FGN SEPT 2014	9.25	11.62	92.58
7.00% FGN OCT 2019	7.00	8.32	91.63
10.0% FGN JULY 2030	10.00	10.07	78.51

<b>CORPORATE BONDS</b>			
<b>INSTRUMENT</b>	<b>RATE %</b>	<b>ISSUE DATE</b>	<b>REDEMPTION</b>
13% UBA SEPT 2017	13	28/9/2010	30/09/2017
10.% UPD AUG 2015	10	8/9/2010	17/8/2015

A turnover of 156.25 million worth N135,869.83 million in 1,476 deals was recorded during the week ended Thursday April 28, 2011. The most active bond is 10.00% FGN July 2030 with traded volume of 57.4 million units valued at N45.890.78 million in 530 deals. This was followed by 5.00% February 2013.

### **OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK (09/05/11-13/05/2011)**

The under-listed stocks are suitable for investment during the week with six month outlook. The reasons being:

- ✓ Expectation of reasonable returns
- ✓ Comparatively low prices; and
- ✓ Sound fundamentals.
- ✓

<b>Stocks</b>	<b>Opening Price ₦</b>	<b>Maximum Price for Entry ₦</b>	<b>3-Month Target Price ₦</b>	<b>% change</b>
CAP PLC	20.99	25.00	35.00	40.00
OANDO PLC	53.60	53.00	70.00	32.07
GTB PLC	16.25	15.00	18.00	20.00
UBA PLC	6.76	7.00	8.00	14.29
DANFLOUR PLC	18.89	18.00	20.00	11.11
BAGCO PLC	2.49	2.70	3.00	11.11

### **SPECULATIVE STOCKS**

**AFRIBANK PLC @ CURRENT MARKET PRICE**

**AFRICAN PETROLEUM PLC @ Current Market Price.**

**INTERCONTINENTAL BANK @ Current Market Price.**

**Financial highlights of the recommended stocks for Buys are as follows:**

Company	Result	Turnover		PAT		Bonus Dividend	
		Current ₦	Last yr ₦	Current ₦	Last yr ₦	Current	Last yr
CAP PLC	Audited 31/12/2010	3.64 B	3.03 B	882.9 M	349.90 M	1 for 1	1: 3
UBA PLC	1 <sup>st</sup> qter 31/3/2011	40.52B	48.24 B	3.90 B	1.56 B	N/A	N/A
BAGCO PLC	2 <sup>nd</sup> qter 30.9.2010	5.74 B	5.17 B	509.37 M	470.74 M	N/A	N/A
DANFLOUR	3rd qter 31/9/2010	54.26 B	47.03 B	6.96 B	5.59 B	N/A	N/A
GTBANK PLC	Audited 31/12/2010	153.9 B	162.5 B	38.35 B	22.69 B	1 FOE 4	0.75
OANDO PLC	3 <sup>rd</sup> qter 30/09/2010	277.5 B	252.8 B	8.80 B	6.74 B	N/A	N/A

**Outlook for the year 2011**

- The expected deepening of the market by N2 trillion bond from Assets Management Company of Nigeria (AMCON) by March, 2011 is expected to impact positively on the market and also increasing investor's confidence.
- The renewed interest of Institutional Investors (Pension Funds and Foreign Investors) is impacting positively on the stock prices and deepening the market for the remaining part of the year;
- The CBN debt recovery strategy has produced positive results to the affected banks. This is impacting positively on the performance and also serving as a driving force to the price of other quoted shares;
- The discipline instilled by the regulatory authorities of the NSE has resulted to prompt release of market information. This is impacting positively on the market and increasing investor's confidence;
- The successful completion of the current electoral process and subsequent swearing in of acceptable Government is expected to impact positively on the market.
- The current market fluctuations, oscillations and volatility are expected to continue. This will create opportunities for income generation for individual investors and investment companies.

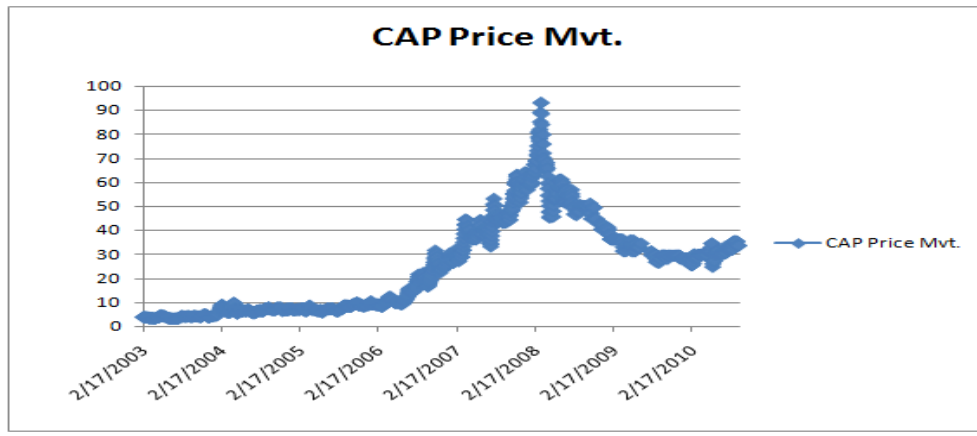
# COMMENTS

## CAP PLC

	2009	2008	2007	2006	2005
Turnover N'm	3,028	2,680	2,100	1,986	1,525
PAT (N'm)	341	736	352	313	202
Share Capital (N'm)	105	105	105	105	105
SH. Funds (N'm)	754	686	1,001	857	796
Reserves(N'm)	621	553	867	720	659
NET ASSETS	754	686	1,001	857	796
EPS (N=)	1.62	3.50	3.95	1.49	0.96
DPS(N=)	1.60	3.30	3.75	3.00	0.70
Price (year end)	28.00	40.30	64.00	25.00	9.00
P/ER	17.28	11.51	16.20	16.78	9.38
No of Shares(m)	210	210	210	210	210
BOOK VALUE	3.59	3.27	4.77	4.08	3.79
Price to book ratio	7.80	12.34	13.43	6.13	2.37
Bonus Issue	1 for 3				

- Current market price is N=20.99
- Good final year result with good ROI.
- Audited result of N3.64 billion Turnover and N882.9 million PAT in December 31, 2010 compared with N3.03 billion Turnover and N340.9 million in 2009
- Good Return on Capital Employed of 86.44%. The company has declared a bonus of one for one and dividend of N2.00.
- On April 27, the NSE adjusted the price for the bonus and dividend declared which brought the price down to N20.99. We expect the market to react immediately bringing the price upward to about N30 and above within the next few weeks. This will translate to ROI of above 30% at a projected period of 3 months. Investors are expected to take advantage of this robust returns;
- Very good brand name; Leader in paint industry;
- The current market price of N20.99 is low . Investors are expected to capitalize on the low price of this stock for reasonable capital appreciation;
- Presence of royalty and commercial service agreement with Akzo Nobel and UACN Plc are impacting positively on the stock,
- The lower number of shares in issue make the shares to be on constant demand in the market,
- This year high and low values of N43.98 and N20.99 shows that there is prospect for capital appreciation;
- The fundamental is very sound.

Company	Price as at Jan 2011	Current Market Price 06/5/11	% Change	EPS	FWD PE RATIO	Book Value	Price to Book Ratio
CAP Plc	34.03	20.99	-38.32	N4.20	5.00	N=4.86	4.32



### OANDO OIL PLC

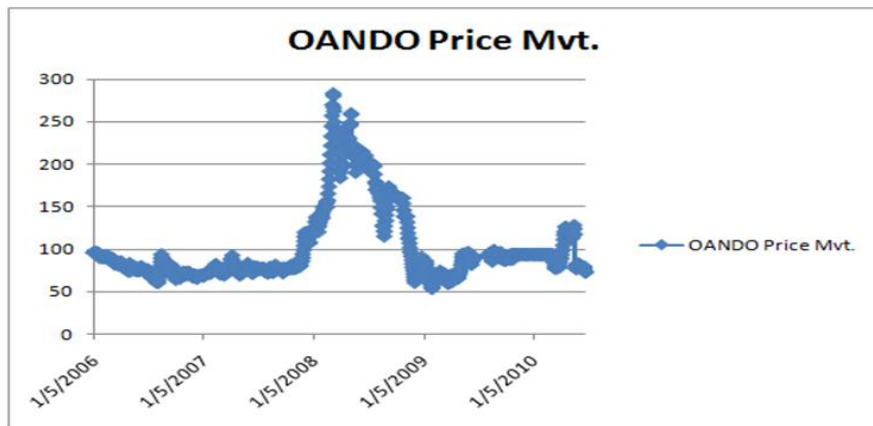
OANDO PLC					
FUNDAMENTAL ANALYSIS					
FINANCIAL RESULT ANALYSIS					
Year End DEC. 30					
	2009	2008	2007	2006	2005
Turnover N'm	336,860	339,420	185,892	209,079	182,763
PAT (N'm)	10,097	8,343	5,480	3,075	1,774
Share Capital (N'm)	453	453	377	286	286
SH. Funds (N'm)	52,312	44,728	47,229	22,544	22,726
Reserves(N'm)	14,873	7,343	6,321	3,853	2,907
NET ASSETS	52,312	44,728	47,229	22,544	22,726
EPS (N=)	11.32	9.22	8.66	4.76	0.17
DPS(N=)	3.00	8.60	4.00	2.50	200.00
Price (year end)	93.99	79.80	122.60	70.00	96.00
P/ER	7.54	11.00	14.30	12.94	28.18
No of Shares	906	906	754	572	572
BOOK VALUE	2.64	2.32	1.71	1.30	1.35
Price to book ratio	1.80	4.04	4.50	3.39	3.55
Bonus Issue				1.4	

### OANDO Plc

- Current market price is N=53.60
- Good final year result with good ROI.
- Good ROI as the company has declared a bonus of one for four and dividend of N3.00. The close of register is April 29,2011.

- On April 29, the NSE adjusted the price of OANDO for the bonus and dividend declared which brought the price down to N53.60. We expect the market to react immediately bringing the price upward to about N65 to N70.00 within the next few weeks. This will translate to ROI of above 20% at a projected period of 3 months. Investors are expected to take advantage of this robust returns;
- Good quarter results , and good brand name;
- The current market price is low due to recent downturn in the market. Investors are expected to capitalize on the low price of this stock for reasonable capital appreciation;
- price to book ratio of 0.92 shows that the stock is undervalued at the current price of N53.60
- The high and low values of N128.50 and N53.00 shows that there is prospect for capital appreciation;
- The fundamental is very good.

Compa ny	Price as at Jan 2011	Current Market Price 06/5/11	% Change	qter FWD EPS	FWD PE RATIO	Book Value	Price to Book Ratio
OANDO	66.00	53.60	-18.79	N8.65	6.20	N=58.16	0.92



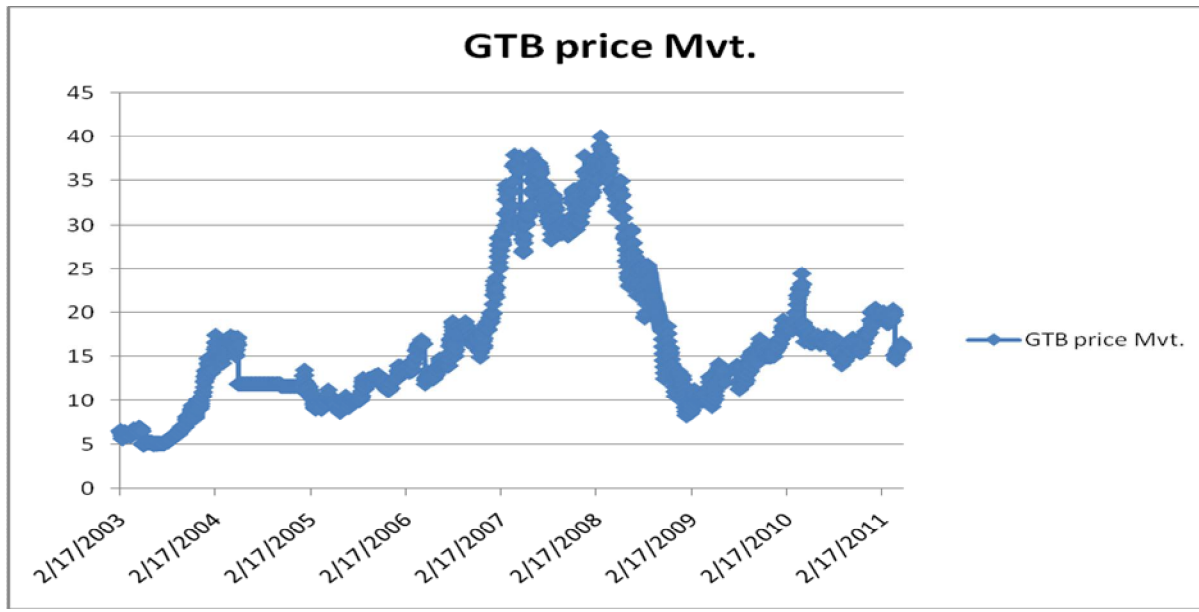
## GUARANTY TRUST BANK PLC

FINANCIAL RESULT ANALYSIS					
Year End DEC. 31	DEC.31	FEBRUARY 28			
	2010	2009	2008	2007	2006
Turnover N'm	153,908	162,550	100,606	78,826	49,051
PAT (N'm)	38,347	23,687	28,316	21,169	13,194
Share Capital (N'm)	11,659	9,327	7,462	6,840	4,000
SH. Funds (N'm)	210,826	192,246	177,993	160,070	47,325
Reserves(N'm)	74,443	58,700	51,454	34,093	21,932
NET ASSETS	210,826	192,246	182,035	163,405	49,986
EPS (N=)	1.63	1.27	1.90	1.55	1.65
DPS(N=)	1.00	0.75	1.00	0.50	0.70
Price (year end)	17.70	15.50	36.50	29.30	13.70
P/ER	10.86	12.21	19.24	18.93	8.31
No of Shares	23,318	18,654	14,924	13,680	8,000
BOOK VALUE	9.04	10.31	12.20	11.94	6.25
Price to book ratio	1.96	1.50	2.99	2.45	2.19
Bonus Issue	1 for 4	1 for 4	1 for 4	1 for 4	1 for 3

Current market price is N16.25

- First quarter result of ₦46.59 billion Turnover and ₦16.22 Billion PAT in March 31, 2011 as against N49.11 billion Turnover and N10.71 billion PAT in 2010;
- The bank has marked down its price for the bonus and dividend declared. The price is therefore considered low for new entry;
- There is high possibility for capital appreciation. Investors that entered now may likely make good capital gain as the price will come back to N18.00
- Consistent payment of dividend and declaration of bonus in the last five years
- Good corporate image, high international recognition and good market perception
- Good brand name in the Banking Sector
- A well managed bank
- Very high performing loan (88.16%), sound liquidity ratio of 0.82: 1.
- The 52 weeks high and low values of N24.46 and N14.10 show that there is high potential for capital appreciation

Company	Price as at Jan 2011	Current Market Price 06/5/11	% Change	FWD EPS	PE RATIO	Book Value	Price to book ratio
GTB Plc	17.76	16.25	-8.50	N2.80	5.80	N=9.80	1.66



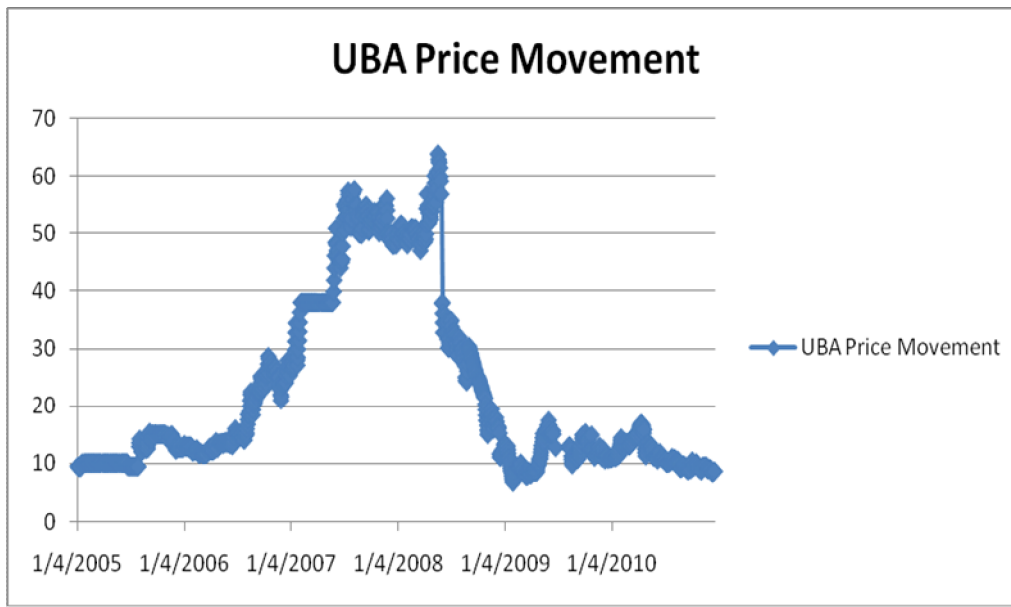
**UNITED BANK FOR AFRICA PLC**

UNITED BANK FOR AFRICA PLC					
FUNDAMENTAL ANALYSIS					
FINANCIAL RESULT ANALYSIS					
Year End DEC. 31	DEC.31	30-Sep			
	2009	2008	2007	2006	2005
Turnover N'm	246,725	169,581	109,512	90,447	26,089
PAT (N'm)	2,375	40,525	21,441	11,550	4,921
Share Capital (N'm)	10,778	8,622	5,748	3,530	1,530
SH. Funds (N'm)	186,829	194,862	168,078	48,835	19,443
Reserves(N'm)	57,090	70,802	42,905	21,796	17,913
NET ASSETS	186,829	194,862	168,078	48,835	19,443
EPS (N=)	0.10	3.14	2.61	1.87	2.63
DPS(N=)	0.10	0.75	1.20	1.00	0.60
Price (year end)	10.80	24.45	52.00	23.69	6.32
P/ER	108.00	7.79	19.92	12.67	2.40
No of Shares	21,556	17,244	11,496	7,060	3,060
BOOK VALUE	8.67	11.30	14.62	6.92	6.35
Price to book ratio	1.25	2.16	3.56	3.42	0.99
Bonus Issue	1 for 5	1 for 2	1 for 5		

- Current market price of N6.76
- Lower final year end performance because of provision made for bad loans. However, the bank has adjusted the price for declaration of 1 for 4 bonus and payment of N0.05 to the current price of N5.90 UBA at this price is highly undervalued and will be good a buy as many investors may come in bringing the price back to N8.00 This will probably translate to ROI of 21.95%
- Low current market price of N6.76; price to book ratio of 0.96 shows that the stock is undervalued at the current price. There is high possibility for capital appreciation
- First quarter result of N40.59 billion gross earning and N3.9 billion PAT in March 31, 2011 as against N48.2 billion and N1.56 billion PAT in 2010,

- The take off, purchase and payment for bank's toxic assets by **AMCON** will impact positively on the bottom-line of the bank.
- Good reserves, there is high prospect for good returns in terms of dividend and bonus declaration as the company has ended its FY
- Good branch net work, good corporate image, high international recognition and one of Nigerian biggest banks.
- Good return on investment in terms of dividend and bonus
- Operation of GDR is expected to enhance profitability.

Company	Price as at Jan 1, 2011	Current Market Price 06/05/11	% Change	FWD EPS	PE RATIO	Book Value	Price to book ratio
UBA Plc	8.46	6.76	-20.09	N0.60	11.27	N=7.02	0.96



**DANGOTE FLOUR MILLS PLC**

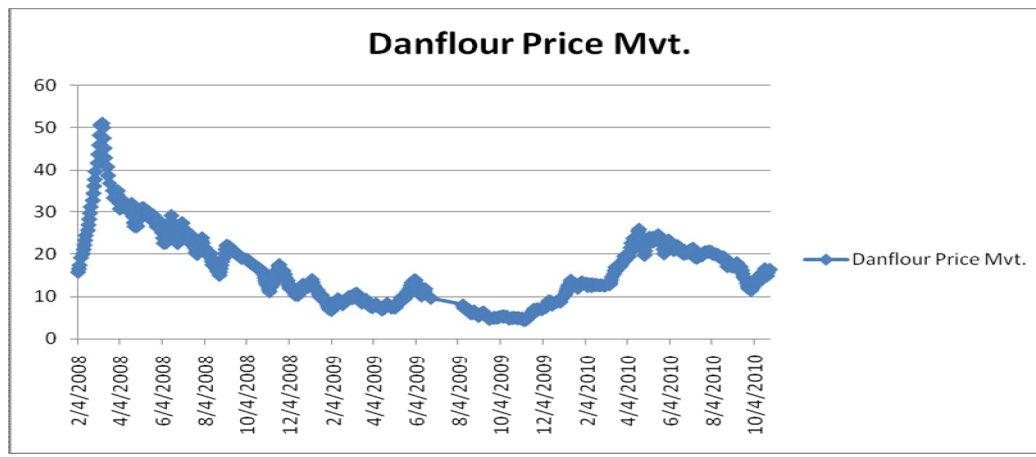
FINANCIAL RESULT ANALYSIS					
Year End December 31					
	2009	2008	2007	2006	2005
Turnover N'm	61,388	47,927	42,153		
PAT (N'm)	5,561	2,989	525		
Share Capital (N'm)	2,500	2,500	2,500		
SH. Funds (N'm)	28,469	24,707	22,424		
Net Assets	28,702	24,909	22,424		
Reserves(N'm)	14,162	10,400	7,958		
EPS (N=)	1.11	0.60	0.11		
DPS(N=)	0.80	-	-		
Price (year end)	9.93	12.75	15.75		
P/ER	8.95	21.25	143.18		
No of Shares	5,000	5,000	5,000		
Book Value	5.74	4.98	4.48		
Price to Book Ratio	1.73	2.56	3.51		
Bonus Issue					

- Current market price is N=18.89
- Third quarter result of N54.26 billion turnover and ₦6.96 billion PAT in sept.30, 2010 as against ₦47.03 billion turnover and ₦5.59 billion PAT in 2009;
- Good return policy, good quarterly results and consistent price appreciation

QUARTERLY RESULT ANALYSIS 2010				
	Q1		Q2	
	Curr.	Last Year	Curr	Last/Year
Turnover (N'b)	18.31	13.91	37.46	30.74
PAT (N'b)	2.47	1.66	4.59	3.50
Int. Div.(N'000)				

- Good products, high demand and good market share for the company
- Good brand name in Food Industry;
- The current market price of N18.89 is considered a good price for new entry.
- The company has ended its FY and we expect good ROI very soon;
- 52 weeks high and low values of N25.82 and N4.38 shows there is possibility for price appreciation if the corporate action/return is attractive

Compan y	Price as at Jan 2011	Current Market Price 06/05/11	% Change	3rd qter EPS	PE RATIO	Book Value	Price to Book Ratio
DANFLO UR PLC	16.80	18.89	12.44	N1.85	10.21	N=7.09	2.66



### NIGERIAN BAG MANUFACTURING COMPANY PLC BAGCO

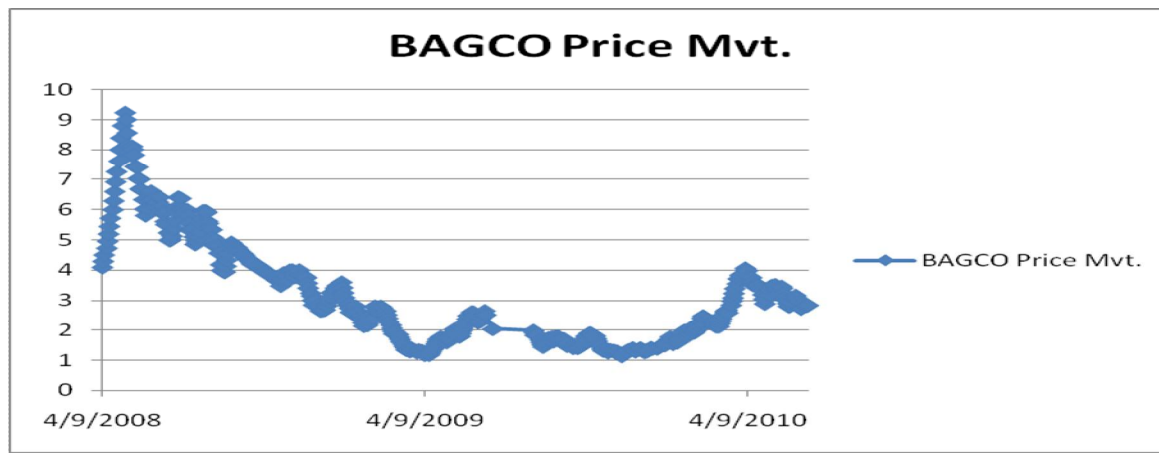
NIGERIAN BAG MANUFACTURING COMPANY PLC					
FUNDAMENTAL ANALYSIS					
FINANCIAL RESULT ANALYSIS					
Year End DEC. 31					
	2010	2009	2008	2007	2006
Turnover N'm	16,143	13,668	11,812	11,003	8,902
PAT (N'm)	353	- 134	394	1,058	1,014
Share Capital (N'm)	3,108	3,108	3,108	125	125
SH. Funds (N'm)	8,969	8,926	8,378	1,597	561
Reserves(N'm)	95	52	497	1,469	423
NET ASSETS	8,969	8,926	8,378	1,597	561
EPS (N=)	0.06	- 0.02	0.05	4.22	4.06
DPS(N=)	-	0.05	0.05	0.10	0.04
Price (year end)	3.70	2.07	4.09	6.00	2.00
P/ER	61.67	- 103.50	81.80	1.42	0.49
No of Shares(m)	6,216	6,216	6,216	250	250
BOOK VALUE	1.44	1.44	1.35	6.39	2.24
Price to book ratio	2.56	1.44	3.03	0.94	0.89
Bonus Issue					

- Current Market Price = N=2.49
- Second quarter result of N=5.74 billion gross earnings and ₦509.37 Million PAT in Sept.30 2010 as against N=5.17 billion gross earnings and ₦470.54 Million PAT in 2009;
- Good brand name, good quarterly results, major producer of polythene sack in Nigeria;

QUARTERLY RESULT ANALYSIS 2010				
	Q1		Q2	
	curr	last year	curr	last year
Turnover (N'b)	2.89	2.46	5.74	5.17
PAT (N'M)	206	211.4	509.40	470.5
Int. Div.(N'000)				
NET ASSETS				

- The company enjoys the goodwill of its parent company;
- The current market price of N=2.58 is low and considered to be a good entry point for investors;
- Reasonable price appreciation from January 2010 due to good performance;
- The 52 weeks high and low market values of N4.06 and N1.14 shows that there is prospect for capital appreciation;
- Price to book ratio of 1.54 is good, indicating that the stock is still undervalued

Company	Price as at Jan. 2011	Current Market Price 06/05/11	% Change	2nd qter FWD EPS	2nd qter FWD PE RATIO	Book Value	Price to Book Ratio
BAGCO	2.20	2.49	13.18	N=0.08	31.12	N=1.62	1.54



## **Bond as a source of High Income Instrument in the Stock Market**

Bond is a debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing. The Federal government, states, cities, corporations, and many other types of institutions sell bonds. Generally, a bond is a promise to repay the principal along with interest (coupons) on a specified date (maturity). Some bonds do not pay interest, but all bonds require a repayment of principal. When an investor buys a bond, he/she becomes a creditor of the issuer. However, the buyer does not gain any kind of ownership rights to the issuer, unlike in the case of equities.

A bond is a loan. When you buy a bond, you are lending money to the issuer of the bond. Governments issue bonds, companies issue bonds, even individuals issue bonds sometimes. While you hold the bond, you receive interest from the issuer. When the bond matures, you get your money back. (And you don't have to wait for maturity to get your money back if you don't want to. You can sell it to someone else at the market price.)

The major bond market participants are: governments, institutional investors, traders, and individual investors. According to the specifications given by the Bond Market Association, there are five types of bond markets. They are:

Corporate Bond Market

Municipal Bond Market

Government and Agency Bond Market

Funding Bond Market

Mortgage Backed and Collateralized Debt Obligation Bond Market

The bonds are usually specific to individual issues and there is a lack of liquidity in the bonds. This is the reason that most of the bonds are held by institutions like banks, mutual funds, and pension funds. Bond markets are generally decentralized, and unlike stocks and futures, there exists no common exchange for the bond market. The bond market is less volatile in nature than the stock market, and thus investors purchase the bond coupon and holds it until it matures. As risk associated with bond investment is less, the return received is also less.

Unlike stock investors, bondholders have no claim on a company's profits. They're entitled to an interest payment and they're entitled to get their money back in full at the end of the loan. In this way, the primary driver of a bond's value is the solvency of the issuer.

When a company holds a large cash balance, there's no way it can go bankrupt. For example, if Microsoft never sold another piece of software and went out of business, it could never go bankrupt. Its giant cash pile is more than enough to pay off all its debts.

In other words, if you hold a bond in a company with a huge cash balance, you have nothing to worry about. Bonds are as safe as they've ever been, generally speaking, and you can buy many of them without any fear of insolvency.

**For other information on Stockbroking and other  
Investment Services, please Contact:**

**REGENCY Assets Management Limited  
Investment House (1st Floor Rear Wing)  
21/25 Broad Street**

**Lagos.**

**Telephone- 01-7368471, 01-9502308**

**E-mail : [info@regencyng.net](mailto:info@regencyng.net)**

**Website: [www.regencyng.net](http://www.regencyng.net)**

**NOTE:**

While due care has been taken in preparing this report, investors are reminded that the stock prices fluctuate based on stock market forces. Regency Assets Management Limited accepts neither responsibility nor liability whatsoever for any loss arising from the use of this report. Investors are reminded that they have the primary responsibility to make their investment decisions