

NIGERIAN ECONOMIC UPDATE

Weekly Highlights

Nigeria

- gave out licences to 2 independent ATM operators
- lost \$1.5Billion due to pipeline shutdown
- signed \$1Billion MOU with Chinese firm
- plans to increase oil exports to 55mbpd by February

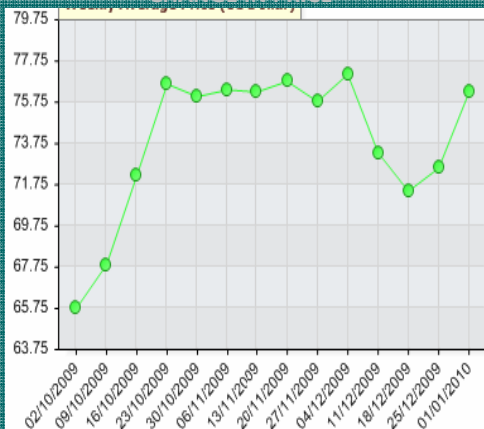
Capital Market Indicators

	Week Ended 31/12/09	Week Ended 23/12/09
All Share Index	21,374.41	20,659.09
Market Cap.	₦5,084 Trillion	₦4,915 Trillion

KEY ECONOMIC INDICATORS

Indicators	
Inflation	12.40%
Foreign Reserves (as at 31/12/09)	\$42.41 Billion
GDP Growth Rate	5.13%
Monetary Policy Rate	6.00%
Global Crude Oil Price (as at 31/12/09)	\$77.13

CRUDE OIL WEEKLY AVERAGE CHANGE IN PRICE



The famous year 2009 rapped up last week along with the major happenings that helped to shape the outlook for the New Year. Over the past one week, various changes has occurred on the economic front of the Nigerian nation which cannot be overlooked and are worth mentioning as they provide a broader and clearer perspective as to how various aspects of our daily lives are going to fare in 2010 and beyond. The fuel scarcity that has plagued the nation for a few weeks running now intensified as the Association of Senior Civil Servants of Nigeria (ASCSN) called on the government to desist from its plans to deregulate the oil sector, saying it is socio-economic suicide. The Central Bank also released a report on the earnings from oil exports in the 2nd quarter of 2009, saying that the revenue generated was below projections. The revenue generated from oil exports in the 2nd quarter was put at N148.98Billion which is 29.82% below N449.98Billion projected in the budget. The loss associated with the shutting down of one of Shell's major crude oil pipeline called Forcados has been estimated at \$1.5Billion to date. This was released by the Federal government last week. Furthermore, plans have been made by the government to increase crude oil exports by 1.7% to 55million bpd.

Not leaving out the financial sector, the Nigerian Deposit Insurance Scheme called on the government to bestow more powers on it to allow it perform its regulatory duties effectively and efficiently. Also, the value of 51% stake in the bailed-out banks has been estimated to be between N44Billion and N88Billion while 100% stake in the smaller banks has been estimated to be worth not more than N15Billion. Furthermore, the Securities and Exchange Commission last week reiterated its determination to strengthen the capital market by warning perpetrators of corporate crimes to stay clear of the market. The NSE has promised to offer downstream oil companies, major telecommunications companies and other major government organizations coming on the Nigerian Equity bourse free listing in a fair and transparent manner that would not comprise the underlying stability of the system. The Central Bank of Nigeria last week issued licenses of operation to two independent ATM operators to provide services to over 30million already existing ATM users in the country.

CGC Nigeria signed a \$1Billion MOU with the Federal government last week for the supply of infrastructure for the use of the Nigerian populace living in Abuja. The infrastructure expected to be put in place include mass housing and water supply.

As the minutes ticked by last week bringing us closer to the ultimatum for the 6,000mw electricity generation a, it became obvious that the target could not be attained. Power supply was obviously epileptic with no hope of change.

Financial Market Developments

Our View

There is an expectation that things will take a slow start as the year picks up. This is as a result of people watching out for what the year has got to offer as they are expected to be indecisive, not knowing whether to go all out or tread softly. It is also expected that the consumer price index will increase amid fuel scarcity and so inflation. It is expected that there will be a reduction in the amount of money in circulation since the festive mood is over.

In line with projections, it is expected that demand for foreign exchange increases as businesses pick up after the holidays. This will definitely affect the exchange rate movement though the Naira has been pegged against the dollar.

CBN TREASURY BILL AUCTION

Auction Date	12/17/09	12/17/09	12/10/09	12/10/09
Tenor	182	91	364	182
Security Type	NTB	NTB	NTB	NTB
Maturity Date	6/17/10	3/18/10	12/9/10	6/10/10
Amt offered	30000	16648.64	30000	30000
Tot. Subscription	75002	27667.36	66050	46800.9
Successful Bid Rates	3.9000 - 4.7450	2.7000 - 3.9990	4.6000 - 5.2990	4.1500 - 5.2150
Rate	4.745	3.999	5.299	5.215

MONEY MARKET REVIEW

At the foreign exchange auction during the week, no foreign exchange was offered for sale. This was partly due to the end of the year that was approaching. Also most businesses had closed for the year and so demand for foreign exchange was minimal and could be obtained from other sources apart from the CBN.

The market however experienced stagnation with the official exchange rate staying put on an average of N147.10/US\$. This has been the story for the previous week as well as the naira closed at N147.10/US\$. The foreign exchange reserves, though rose, depicted a level of stability with the reserves standing at \$42.41Billion at the end of December, 2009. Based on the backdrop of sustained recovery, further improvement in the level of foreign reserves is projected. This is good news for liquidity and exchange rate management.

The price of OPEC's basket of twelve crudes slightly appreciated further by \$4.45 per barrel to close for the week, on Friday December 31, 2009 at \$77.16. This translated to an increase of about 6.12% during the week, when compared to the previous week's price of \$72.71.

OBB (Two weeks rates)

DATE	BANKS	DISC/H
11/23/2009	2.5967	2.5833
11/24/2009	2.4167	2.4833
11/25/2009	2.3333	2.5000
11/30/2009	2.2917	2.4167
12/1/2009	2.4583	2.3333
12/2/2009	2.5000	2.4167
12/3/2009	2.3750	2.3333
12/4/2009	2.3333	2.2500

EXCHANGE RATES AS AT 31/12/09

Currency	Buying	Central	Selling
EURO	211.9711	212.6916	213.4121
POUNDS STERLING	238.3167	239.1268	239.9368
RIYAL	39.2267	39.36	39.4933
SWISS FRANC	144.1592	144.6492	145.1392
US DOLLAR	147.1	147.6	148.1
WAUA	230.0676	230.8496	231.6316
YEN	1.5916	1.5971	1.6025

MONEY MARKET OUTLOOK FOR NEXT WEEK

We do not expect major withdrawal from the system except for funding of foreign exchange transactions. Consequently, we expect interbank rates to moderate around the current rates in the coming week. It is expected that activities pick up gradually as things begin to return back to normal and so demand for foreign exchange is expected to rise gradually.

CBN TREASURY BILL AUCTION GAINERS

EQUITIES	GAIN	PRICE AS AT 31/12/09
NB	3.02	53.02
NBC	1.99	21.42
DanFlour	1.22	9.93
WAPCO	1.20	30.00
N.N.Flour Mills	1.04	21.85
Zenith Bank Plc	0.81	13.60
UBN	0.58	6.00
DanSugar	0.39	15.10
Nascon	0.36	4.35
Afribank	0.36	2.55

LOSERS

EQUITIES	LOSS	PRICE AS AT 31/12/09
TOTAL	2.60	N149.00
Alumaco	1.45	27.71
Conoil	1.45	27.63
UACN	1.14	36.75
Flour Mills	1.00	36.00
Eterna Oil	0.81	4.98
Ecobank	0.55	10.63
Cadbury	0.55	10.49
Unilever	0.51	18.50
Nigerian Ropes	0.48	9.14

STOCK MARKET

The week ending 31st of December saw the all share index and market capitalization close at 20,827.17 and ₦4,989.39 Trillion with a decline of 33.78% and 28.29% respectively compared with the values as at the beginning of the year.

This however showed a sign of good things to come and also the investor's expectations for the New Year as the ASI added 145 basis points that day. This portrayed improvements in the state of the Nigerian market with appreciations in the average share price index and market capitalization as major market indices of the Nigerian Stock Market closed higher by the end of this week as investors continued to make purchases. The NSE All-Share Index appreciated by 1.45% to close on Thursday at 20,827.17. The market capitalization of the 200 First -Tier equities closed higher at N5 trillion. Also, The NSE-30 Index appreciated by 2% to close at 827.99.

A turnover of 1.4 billion shares worth N6.6 billion in 18,369 deals was recorded this week, in contrast to a total of 1.3 billion shares valued at N11.01 billion exchanged last week in 15,731 deals. This included a total of 43,800 units of Crusader (Nig) Plc Unsecured Convertible bond worth N43.8 million.

The Banking subsector was the most active during the week (measured by turnover volume), with 540.5 million shares worth N3.71 billion exchanged by investors in 7,907 deals. Volume in the Banking subsector was largely driven by activity in the shares of United Bank for Africa Plc and FinBank Plc. Trading in the shares of the two Banks accounted for 208.52 million shares, representing 38.6% of the subsector's turnover.

The Insurance subsector, boosted by activity in the shares of Investment and Allied Assurance Plc and Equity Assurance Plc, followed on the week's activity chart with a turnover of 437.52 million shares valued at N321.01million in 1,240 deals. Last week, the Banking subsector led on the activity chart and was followed by the Insurance subsector.

COMPANY INTERIM AND FULL YEAR RESULTS RELEASED DURING THIS WEEK

COMPANY	QRT	DATE	TURNOVER			PROFIT AFTER TAX		
			CURRENT ₦'M	PREVIOUS ₦'M	%CHANGE	CURRENT ₦'M	PREVIOUS ₦'M	%CHANGE
NIG. ENAMELWARE PLC	YEAR END	30/04/2009	2,412.92	1,510.02	59.79	63.50	19.8	220.71
NAMPAK NIG. PLC	YEAR END	30/09/2009	4,126.10	2,976.40	38.63	42.53	231.02	-81.59
ASHAKA CEMENT PLC	THIRD	30/09/2008	12,706	15,272	-16.80	1,189	2,121	-43.94
CRUSADER NIG. PLC	THIRD	30/09/2008	3,166.10	2,444.01	29.55	(245.14)	774.8	-132