

Weekly Money Bulletin 21 NOVEMBER 2008

OUTLINE

- Key Developments
- Fixed Income & Capital Market Update
- Market Outlook for Next Week

KEY DEVELOPMENTS

- ❖ SEC has issued a new rule on *book building* that will allow companies pre-market public offers to determine their likely success level before opening for public subscription. Normally, book building is a process of price and demand discovery by Issuing houses based on demand from qualified institutional and high net worth investors. Under the new rule, a minimum of 20% (for equities) and 10% (for fixed income securities) shall be reserved for retail investors; in an event of under-subscription by retail investors, the unsubscribed portion may be taken up by the institutional investors or high net worth individuals, and thereafter, shall be taken up by the underwriters.
- ❖ CBN is set to release further directives on the nature of financial services Discount houses are expected to render to the public after they were recently restructured with the scope of their operations expanded to include the rendering of additional financial services. The ownership base of discount houses was also expanded to allow non-bank investors to qualify for equity investment. Discount houses are currently owned by banks and are money market players who generally discount bills as well as mop up perceived excess liquidity through the normal trading in treasury bills.
- ❖ Foreign banks have recalled about \$3 billion credit line from their Nigerian counterpart banks in the month of October to shore up their balance sheet in response to the global financial crises. The reduction of credit line by the foreign banks led to a sharp and unprecedented increase in foreign exchange purchase under the WDAS during the month of October from an average of about \$300 million per month to up to \$3.4 billion. This is the highest volume sold so far in a single month in 2008
- ❖ DMO is set to introduce a ₦10 billion 20-year bond on November 26 2008. The bond will mature on November 28 2028

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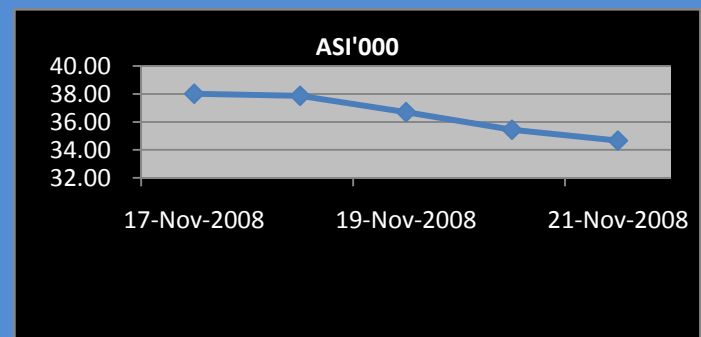
MONEY MARKET UPDATE

- ✓ The 91-day Primary Auction dropped further from 7.0% to 6.8% with the stop rate of the 182-day Primary Auction also dropping from 7.14% to 6.9%.
- ✓ A net outflow of ₦193.038 billion was witnessed through the FX market against ₦108.791 last week. The Treasury bills market also witnessed a net inflow of ₦101.758 billion against ₦156.476 billion last week.
- ✓ The OBB rate dropped this week to 9.0% from 9.75% while the overnight rate also dropped to 10.42% from 18.25%, mainly as a result the release of the FAAC allocation during the week.

THE CAPITAL MARKET UPDATE

- ✓ The ASI took a bearish turn this week, losing -8.49% in the 5 trading days. In just 4 days, the ASI lost 67% of the gains made in whole 8-day bullish run. The ASI closed the week at 34,660.65 with a year-to-date performance of -40.23% from -34.69% by the end of last week.
- ✓ Nestle Nigeria Plc and Total Nigeria Plc both released their 2008 third quarter results declaring interim dividends of 195 kobo and 380 kobo respectively. Closure date for Nestle's dividend is November 24 with payment on December 1st while closure date of Total's dividend is November 26 with payment on December 15 2008.

ASI FOR THE WEEK ENDED NOVEMBER 21 2008



MARKET OUTLOOK FOR THE NEW WEEK

The capital market might as well be showing signs of another bullish cycle as gains are beginning to return. We expect interbank rates to increase slightly in the new week as the effect of the release of the FAAC this week wears out.

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Board of Directors

A N A Peterside (Chairman). Yinka Sanni (Chief Executive Officer). Sola David-Borha. Chris Newson. Mallam Ahmed Dasuki. Okey Nwuke. Obinnia Abajue. Fajemisin Eric

**IBTC RSA FUND PRICE FOR THE WEEK ENDED
21 NOVEMBER 2008**

Date	Current Price (₦)
21 Nov 08	1.3671

**DAILY OMO AUCTION
FOR THE WEEK ENDED 21 NOVEMBER 2008**

Week 07	Stop Rates (% p.a.)	Tenor (Days)	Bids Received (₦) Billion	Amount Sold (₦) Billion
21 Nov 08	0.00	91	0.00	0.00
21 Nov 08	0.00	182	0.00	0.00

KEY TO ABBREVIATIONS

ASI	All Share Index
CBN	Central Bank of Nigeria
SEC	Securities and Exchange Commission
YTD	Year To Date
FX	Foreign Exchange
NSE	Nigerian Stock Exchange
CSCS	Central Securities Clearing System
IPP	Independent Power Plant
FG	Federal Government of Nigeria
WDAS	Wholesale Dutch Auction System
GDP	Gross Domestic Product
PFA	Pension Fund Administrator
RSA	Retirement Savings Account
OBB	Open Buy Back
OMO	Open Market Operations
PenCom	National Pension Commission
NIBOR	Nigerian Interbank Offered Rate

FOREX DEALS FOR THE WEEK ENDED 21 NOVEMBER 2008

WDAS	Marginal Rate (₦/\$1)	No. of Banks	Amount on Offer (\$Mn)	Demand (\$Mn)	Amount Sold (\$Mn)
17 Nov 08	117.74	20	200.00	-	813.31
19 Nov 08	117.74	21	200.00	-	825.00
Total	235.48	42	400.00	-	1,638.31
Average	117.74	N/A	200.00	-	819.16

STOP RATES ON THE 3RD, 4TH & 5TH FGN BONDS

Issue Date	Tenor/ Years	Amt Offered (₦)Bn	Allotment (₦)Bn	Stop Rate (%)
29 Jun 2007	7	45.000	45.000	9.20
27 Jul 2007	3	36.000	36.000	7.95
27 Jul 2007	10	20.000	20.000	9.85
31 Aug 2007	5	46.000	46.000	9.50
31 Aug 2007	10	20.000	20.000	9.35
28 Sep 2007	7	30.000	37.190	9.25
28 Sep 2007	10	20.000	20.000	9.51
26 Oct 2007	3	20.000	22.810	7.00
26 Oct 2007	10	22.810	20.000	9.95
30 Nov 2007	3	30.000	30.000	9.20
30 Nov 2007	10	20.000	20.000	11.00
14 Dec 2007	3	30.000	30.000	8.99
14 Dec 2007	10	20.000	20.000	11.03
25 Jan 2008	3	30.000	30.000	9.000
25 Jan 2008	5	20.000	20.000	9.450
29 Feb 2008	3	30.000	30.000	9.50
29 Feb 2008	5	20.000	20.000	10.30
26 Mar 2008	3	30.000	30.000	9.60
26 Mar 2008	5	20.000	20.000	10.00
25 Apr 2008	5	30.000	30.000	9.65
30 May 2008	5	30.000	30.000	10.50
30 May 2008	10	20.000	20.000	10.70
27 June 2008	5	30.000	30.000	10.70
27 June 2008	10	20.000	18.540	12.75
25 July 2008	3	25.000	15.820	10.50
25 July 2008	10	20.000	9.8200	12.75
29 Aug 2008	3	30.000	30.000	11.40
29 Aug 2008	10	20.000	20.000	12.75
26 Sept 2008	3	30.000	30.000	11.00
26 Sept 2008	10	20.000	20.000	12.45
29 Oct 2008	3	30.000	30.000	10.00
29 Oct 2008	10	20.000	20.000	11.99

**TREASURY BILLS PRIMARY MARKET AUCTION FOR THE
WEEK ENDED 21 NOVEMBER 2008**

Week 08	Stop Rate (% p.a.)	Tenor	Bids Received (₦)Billion	Amount Sold (₦)Billion
20-Nov-08	6.8000	91 days	5.0000	5.0000
20-Nov-08	6.9000	182 days	10.0000	10.0000
Total			15.0000	15.0000

Date	Call	7-day	30-day	60-day	90-day	180-day
17-Nov-08	18.2917	18.6833	18.7917	18.9583	18.8750	18.4167
18-Nov-08	18.2917	18.6833	18.7917	18.9583	18.8750	18.4167
19-Nov-08	14.6667	14.8333	16.7500	17.2083	17.4167	17.4167
20-Nov-08	11.3333	12.9583	14.7083	15.1667	15.8750	15.7500
21-Nov-08	10.4167	12.3750	15.3333	16.0417	16.5417	16.4167


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