

Weekly Money Bulletin 17 AUGUST 2009

OUTLINE

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KEY DEVELOPMENTS

- ❖ The Central Bank of Nigeria (“CBN”) recently sacked Chief Executive Officers and Executive Directors of five banks. The reasons for this move were: poor corporate governance practices; lax credit administration processes and absence/non-adherence to credit risk management practices. The affected banks are Union Bank Plc, Intercontinental Bank Plc, Oceanic International Bank Plc, Afrifank Plc and FinBank Plc. These banks were facing liquidity problems which came about by their exposure to the Capital Market and massive non-performing loans. The CBN which has announced successors for the CEOs also said it would inject ₦400 billion fresh capital into the five affected banks to boost the banks’ diminished shareholders funds. Five other banks which were audited but given clean bill of health by the CBN and the Nigerian Deposit Insurance Corporation (“NDIC”) are United Bank for Africa, Guaranty Trust Bank, First Bank, Diamond Bank and Sterling Bank. However, the remaining 14 banks are currently being audited.
- ❖ The National Pension Commission (“PenCom”) has disclosed that pension funds’ assets now stands at ₦1.2 trillion since the implementation of the Pension Reforms Act in 2004. This represents a 9.09% increase in the pension funds’ asset which stood at ₦1.1 trillion as at December 2008. According to PenCom, 3.8 million Nigerians have signed on to the Retirement Savings Account scheme at the Federal and State governments’ levels as well as the private sector. There are presently 26 Pension Fund Administrators (“PFAs”) and 5 Pension Fund Custodians (“PFCs”) in Nigeria.
- ❖ Following CBN’s directive which permits all Class “B” Bureau De Change (BDC) operators to participate directly in its window, CBN has lifted the suspension which was placed on annual license renewal. Hence, all Class “B” BDCs which have not renewed their operating licence for 2009 are to do so on or before 30 September 2009. As a precondition for accessing the Foreign Exchange Direct Cash Sales Window of the CBN, the Class “B” BDCs are required to deposit \$20,000.00 to the BDC Mandatory Deposit Account of the CBN.
- ❖ The year-on-year Consumer Price Index (“CPI”) for July 2009 as released by the Nigerian Bureau of Statistics (“NBS”) showed a drop to 11.10% from 11.20% which was recorded for June 2009. NBS stated that price of all items except the farm produce went up by 1.5% in the month of July. It was also disclosed that the percentage change in the CPI for the 12-month ending July 2009 was at 13.4% compared to 13.7% which was the percentage change in the CPI for the 12-month period ended June 2009.

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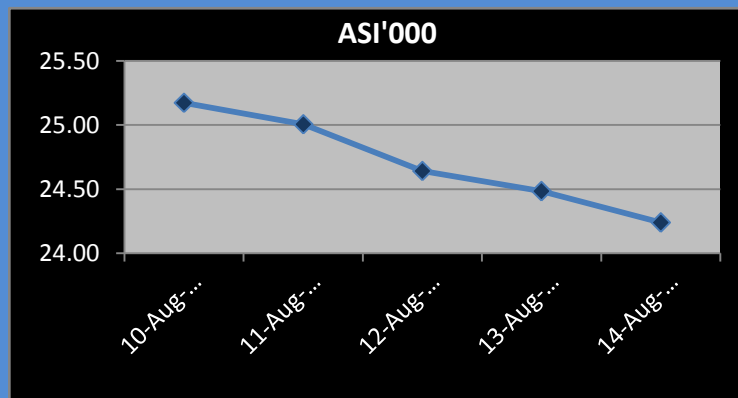
MONEY MARKET UPDATE

- ✓ There was a net inflow of ₦40.11 billion last week in the Treasury Bills Market against a net inflow of ₦83.85 billion of the previous week.
- ✓ The FX market witnessed a net outflow of ₦98.68 billion against ₦60.48 billion of the previous week.
- ✓ The OBB rate remained stable during the week at 8.0% which it closed the previous week with.
- ✓ Overnight rates rose from 11.96% of the previous week to 19.38%.
- ✓ The Naira/Dollar exchange rate which closed the previous week at ₦150.31 dropped to close last week at ₦150.06.

THE CAPITAL MARKET UPDATE

- ✓ The ASI closed the week with a net performance of -4.51%, compared to 0.38% of the previous week. Year-to-date performance of the ASI now stands at -22.93%.
- ✓ Academy Press Plc released its audited result for the 2008 financial year which ended on 31 March 2009. A dividend of 6 kobo was proposed with closure date from 14 to 18 September 2009.

ASI FOR THE WEEK ENDED 14 AUGUST 2009



MARKET OUTLOOK FOR THE NEW WEEK

Money market rates are expected to drop as we expect ₦365 billion from FAAC inflows this week. FGN Bond auction of ₦60 billion is also expected this week.

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Board of Directors

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IBTC RSA FUND PRICE FOR THE WEEK ENDED 14 AUGUST 2009

Date	Current Price (₦)
14 Aug 09	1.4530

DAILY OMO AUCTION FOR THE WEEK ENDED 14 AUGUST 2009

Week 30	Stop Rates (% p.a.)	Tenor (Days)	Bids Received (₦) Billion	Amount Sold (₦) Billion
25 June 09	3.64	84	12.00	10.00
25 June 09	5.74	231	39.60	20.55

KEY TO ABBREVIATIONS

ASI	All Share Index
CBN	Central Bank of Nigeria
CPI	Consumer Price Index
YTD	Year To Date
FX	Foreign Exchange
NBS	Nigerian Bureau of Statistics
GDP	Gross Domestic Product
WDAS	Wholesale Dutch Auction System
FG	Federal Government of Nigeria
BDC	Bureau De Change
NEC	National Economic Council
PFA	Pension Fund Administrator
RSA	Retirement Savings Account
OBB	Open Buy Back
OMO	Open Market Operations
WDAS	Wholesale Dutch Auction System
NIBOR	Nigerian Interbank Offered Rate

FOREX DEALS FOR THE WEEK ENDED 14 AUGUST 2009

WDAS	Marginal Rate (₦/\$1)	No. of Banks	Amount on Offer (\$Mn)	Demand (\$Mn)	Amount Sold (\$Mn)
10 Aug 09	150.01	N/A	200.00	357.75	357.75
10 Aug 09	150.06	N/A	300.00	388.80	300.00
Total	300.07	N/A	500.00	746.55	657.75
Average	150.04	N/A	250.00	373.28	328.88

TREASURY BILLS PRIMARY MARKET AUCTION FOR THE WEEK ENDED 14 AUGUST 2009

Week 30	Stop Rate (% p.a.)	Tenor	Bids Received (₦)Billion	Amount Sold (₦)Billion
12-Aug-09	4.7000	91 days	15.5136	15.1105
12-Aug-09	5.4000	182 days	46.7548	30.0000
12-Aug-09	5.6000	364 days	70.2511	30.0000
Total	15.7000		132.5195	75.1105

TENOR	14 - Aug	13 - Aug	12 - Aug	11 - Aug	10 - Aug
Call	19.3750	16.7917	15.1667	13.6667	13.0833
7-Day	19.2500	17.0000	15.1250	14.3333	13.9583
30-Day	19.8333	18.1667	16.4300	16.3317	15.7458
60-Day	20.1250	18.7083	16.9967	16.9833	16.4167
90-Day	20.7917	19.5417	17.3917	17.3500	17.1250
180-Day	20.5833	19.0833	17.7750	17.9083	17.7083
365-Day	20.8333	19.2083	18.0533	18.0750	17.9583

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

Issue Date	Tenor/ Years	Amt Offered (₦)Bn	Allotment (₦)Bn	Stop Rate (%)
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
26 Nov 2008	5	25.890	10.000	10.50
26 Nov 2008	20	23.520	10.000	15.00
26 Nov 2008	3	34.980	20.000	10.00
30 Jan 2009	3	36.570	10.000	9.92
30 Jan 2009	5	26.580	20.000	11.40
30 Jan 2009	20	20.000	20.000	13.24
27 Feb 2009	3	20.000	20.000	10.25
27 Feb 2009	5	20.000	20.000	11.64
27 Feb 2009	20	10.000	10.000	13.21
20 Mar 2009	3	20.000	20.000	10.95
20 Mar 2009	5	20.000	20.000	12.00
20 Mar 2009	20	20.000	10.000	13.50
22 Apr 2009	3	35.000	35.000	11.00
22 Apr 2009	5	25.000	25.000	11.85
22 Apr 2009	20	10.000	10.000	11.50
20 May 2009	3	20.000	20.000	10.50
20 May 2009	5	20.000	20.000	11.20
20 May 2009	20	10.000	10.000	12.49
18 June 2009	3	20.000	20.000	10.10
18 June 2009	5	10.000	10.000	10.70
18 June 2009	20	20.000	20.000	12.33
17 July 2009	3	20.000	20.000	8.14
17 July 2009	5	20.000	20.000	9.39
17 July 2009	20	20.000	20.000	11.00



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