

Weekly Money Bulletin 18 JANUARY 2010

OUTLINE

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

KEY DEVELOPMENTS

- ❖ Both the CBN and NDIC have started a risk-based examination of all the banks in the country. This latest exercise is spearheaded by a consultant from the Bank of Canada. The CBN is said to have hired the consultant from Canada because the country was largely protected from the global financial crises. The new system is intended to be pro-active as the current compliance-based examination does not have the capacity to detect risk-based issues. Under the new arrangement, the examiners are expected to work closely with banks with a view to understanding the nature of their business and categorizing the risks associated therein.
- ❖ In a bid to curtail overexposure of insurance companies to their parent companies, insurance companies are no longer allowed to invest in their parent companies, according to NAICOM's new directive. The new directive also limits insurance companies' placement in any one bank to 20% of their total current account balances. With respect to the liquidity requirements for different insurance companies, investment in quoted equities has been pegged at 50%, while unquoted equity investment shall not exceed 10%. The new investment guideline also places a 25% cap on investment of shareholders funds in subsidiaries, while not more than 5% of the total equity investment shall be placed in the security of one company. Investment in companies that have not reported profit or declared dividend in the previous three years is also prohibited. As for investment in equipment leasing, the limit has been placed at 5%, while property investment from Life and non-Life funds has now been limited to 35% and 25% respectively. To minimize the contagious effect of toxic assets, age requirement for outstanding premium debts has been revised: premium outstanding for under 90 days would get clean debt bill; however, premium outstanding for within 91 to 180 days should suffer 50% provision, while premiums above 180 days should be provided for fully.
- ❖ The CBN is planning to review banks credit guidelines with a view to making it impossible for any borrower without the national identity card to obtain loan from the banking system. This new credit guideline is expected to be effective as soon as the national identity scheme takes off. Also, the CBN is planning to issue a circular directing banks and other financial institutions to have data exchange with at least two licensed credit bureau and compulsorily obtain credit reports from them on all current and intending borrowers.
- ❖ The CBN is working at the full adoption of the International Financial Reporting Standards (IFRS) by all banks in Nigeria by the end of 2012 as part of the new measures to strengthen financial reporting and transparency in banks. The date is however subject to approval of the Nigerian Accounting Standards Board (NASB). According to the CBN, the comprehensive minimum disclosure guidelines for December 2009 accounts of banks are been finalized and would also be released soon.

STANBIC IBTC WEEKLY MONEY BULLETIN

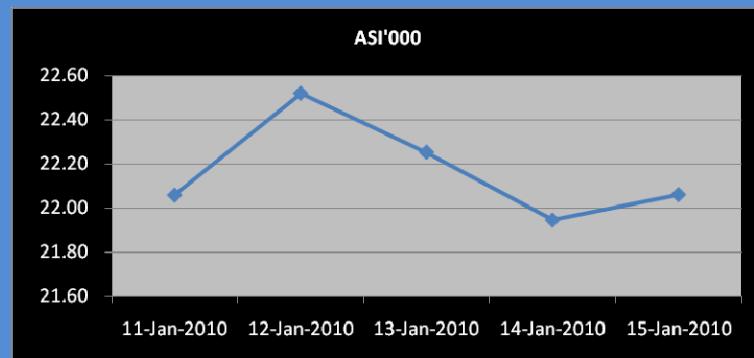
MONEY MARKET UPDATE

- ✓ The FX market witnessed a net outflow of ₦71.90 billion in comparison to the previous week's ₦32.81 billion.
- ✓ The OBB rate closed lower at 2.28% from 2.38% of the previous week.
- ✓ Overnight rate closed lower at 2.58%, from the previous week's 2.83%.

THE CAPITAL MARKET UPDATE

- ✓ The ASI closed the week with a gain of 1.85%, compared to the gain of 3.99% recorded in the previous week. Year-to-date 2010 performance of the ASI now stands at 5.99%.
- ✓ The Board of Directors of Nigerian Breweries Plc is recommending an interim dividend of ₦1.50 per share. The closure date for this dividend is 27 January 2010, while payment would be made on 08 February 2010.
- ✓ The Board of Directors of Fidson Healthcare Plc is recommending a dividend of 22 kobo for the 2009 financial year. The closure date for the dividend is 19 January 2010, while payment would be made on 25 February 2010.

ASI FOR THE WEEK ENDED 15 JANUARY 2010



MARKET OUTLOOK FOR THE NEW WEEK.

- ❖ Money market is expected to remain liquid in the new week, on the strength of ₦180 billion FAAC inflow received last week. There would however be FGN bond auction to the tune of ₦75 billion in the new week, as well as the weekly FX auction.
- ❖ The equity market is expected to witness mixed performance due to the activities of investors taking advantage of attractive equity pricing and profit-taking by others.

**IBTC RSA FUND PRICE FOR THE WEEK ENDED
15 JANUARY 2010**

Date	Current Price (₦)
15 Jan 10	1.5332

**DAILY OMO AUCTION
FOR THE WEEK ENDED 15 JAN 2010**

Week 02	Stop Rates (% p.a.)	Tenor (Days)	Bids Received (₦) Billion	Amount Sold (₦) Billion
	-	-	-	-

KEY TO ABBREVIATIONS

ASI	All Share Index
CBN	Central Bank of Nigeria
FAAC	Federation Accounts Allocation Committee
YTD	Year To Date
FX	Foreign Exchange
NSE	Nigerian Stock Exchange
FAAC	Federation Accounts Allocation Committee
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
NDIC	Nigeria Deposit Insurance Corporation
FG	Federal Government of Nigeria
RSA	Retirement Savings Account
OBB	Open Buy Back
OMO	Open Market Operations
WDAS	Wholesale Dutch Auction System
NIBOR	Nigerian Interbank Offered Rate
NAICOM	National Insurance Commission

FOREX DEALS FOR THE WEEK ENDED 15 JAN 2010

WDAS	Marginal Rate (₦/\$1)	No. of Banks	Amount on Offer (\$Mn)	Demand (\$Mn)	Amount Sold (\$Mn)
11 Jan 10	148.40	N/A	150.00	313.72	150.00
13 Jan 10	148.83	N/A	250.00	250.00	333.51
Total		N/A	400.00	563.72	483.51
Average	148.62	N/A	200.00	281.86	241.75

**TREASURY BILLS PRIMARY MARKET AUCTION FOR THE
WEEK ENDED 15 JAN 2010**

Week 02	Stop Rate (% p.a.)	Tenor	Bids Received (₦)Billion	Amount Sold (₦)Billion
13 Jan 2010	3.9998	91 days	38.585	15.585
13 Jan 2010	5.2490	182 days	82.258	45.400
13 Jan 2010	5.3500	364 days	98.051	45.845
			218.824	109.830

TENOR	15 - Jan	14 - Jan	13 - Jan	12-Jan	11- Jan
Call	2.5833	2.6250	2.7417	2.8333	2.9167
7-Day	6.1250	6.5000	7.3333	7.3750	7.0000
30-Day	12.0417	12.1667	12.8333	12.875	12.6667
60-Day	13.3333	13.7500	14.4167	14.5833	14.0833
90-Day	14.4167	14.7083	15.2917	15.2083	14.8333
180-Day	15.2083	15.4167	15.7083	15.6667	15.5833
365-Day	15.5000	15.9167	16.4167	16.3750	16.1250

STOP RATES ON THE 5TH & 6TH FGN BONDS

Issue Date	Tenor/ Years	Amt Offered (₦)Bn	Allotment (₦)Bn	Stop Rate (%)
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
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
19 Aug 2009	3	20.000	20.000	8.099
19 Aug 2009	5	20.000	20.000	8.99
19 Aug 2009	20	20.000	20.000	10.749
18 Sep 2009	3	20.000	20.000	7.8750
18 Sep 2009	5	14.000	14.000	8.1440
18 Sep 2009	20	26.000	26.000	10.3899
23 Oct 2009	3	20.000	31.500	7.0000
23 Oct 2009	10	10.000	10.000	7.0000
23 Oct 2009	20	19.440	19.440	8.7900
20 Nov 2009	3	15.000	15.000	6.7500
20 Nov 2009	10	20.000	20.000	8.3200
20 Nov 2009	20	30.000	30.000	8.5000


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