

PENINSULA WEEKLY FINANCIAL MARKET OUTLOOK 5th July to 9th July, 2010

Fixed Income Market

The bond market started out early last week with rising yields but it ended the latter part of the week with price spikes upward especially amongst the medium to long dated bonds. Systemic liquidity persists despite the issuance of treasure bills by the Central Bank of Nigeria. We don't expect the MPC meeting holding on Monday to change much in terms of fiscal policy since the CBN has indicated its intention is to control inflation. We expect that there will be some profit taking this week so the yield curve might trend upwards but we generally expect a stable market this week. We will attempt to take profit while seeking buy opportunities towards the end of the week.

Equities Market

The market was generally bearish last week with the index, turnover and Market capitalisation dropping. This is more out of over saturation and anticipated increase in market rates than any other major macroeconomic factors. As prices drop we still believe we are closer to the market bottom than ever . More buy opportunities continue to show up as upside potentials increase. We still cannot find a justifiable reason for First Bank to be trading at ₦12.98, Zenith Bank at ₦13.20k, Fidelity at ₦2.45k and Nascon at ₦7.40k. The equities market is significantly oversold in some blue chip stocks and we think it will reverse soon.

Short Term Portfolio Allocation

Despite the bearish week in the market generally, we are still bullish in our outlook. 45% Equities, 45% Bonds and 10% Cash. Please call Tosin on 08023178864 for further details.

Have you taking our website survey yet? Have a profitable week.

Best Regards.