

MACROECONOMIC INDICES

INDICATOR	PERCENTAGE/VALUE
INFLATION RATE JAN (YOY)	12.30 %
MPR (%)	6.00
OPEC OIL BASKET (\$/barrel)	77.86 (08/03/10)
90 DAY T- BILL RATE	1.39 (09/03/10)
INTERBANK CALL RATE	1.15 (08/03/10)

MARKET SNAPSHOT

		% Δ WEEKLY	% Δ YTD
NSE ASI	22,923.91	-0.27	10.05
CAP(Nbn)	5,521.03	-0.27	10.63
VOL('bn)	1.74	(22.58)	
VAL('Nbn)	14.50	(8.11)	
DEALS	34,014		
GAINERS	39		
LOSERS	54		

WEEKLY TOP GAINERS

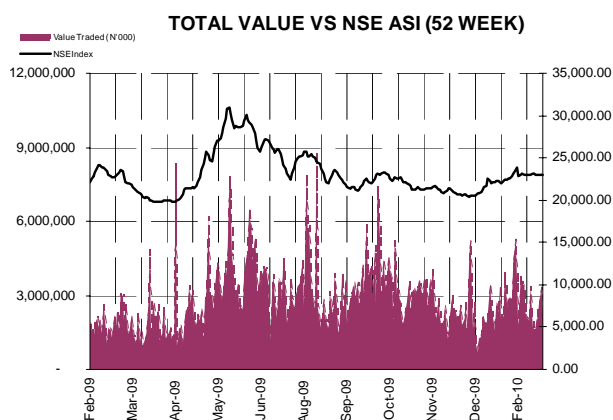
Company	Price (N)	% Δ
ASSOCIATED BUS COMP	1.07	24.42
HONEYWELL FLOURMILL	8.80	18.92
CAPITAL HOTEL	3.21	16.73
CONOIL PLC	39.54	15.72
R T BRISCOE PLC	5.03	10.79

WEEKLY TOP LOSERS

Company	Price (N)	% Δ
AIRLINE SERVICE	2.26	-17.82
UNITY CAPITAL	0.91	-17.27
AFRICAN PETROLEUM	40.50	-14.66
NIG WIRE & CABLE	0.78	-13.33
AFRIBANK	2.35	-12.96

WEEKLY MOST TRADED

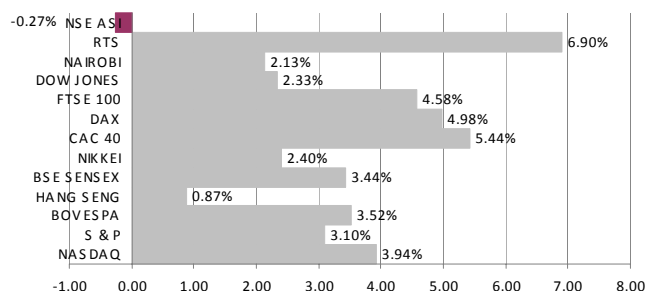
Company	Price (N)	Volume
ZENITH BANK	15.70	234,491,181
ACCESS BANK	9.51	218,684,188
GTB	18.20	101,835,174
TRANSCORP	0.56	99,433,333
FIRSTBANK	14.50	99,320,783



STOCK MARKET REPORT FOR THE WEEK ENDING FRIDAY, 5TH MARCH

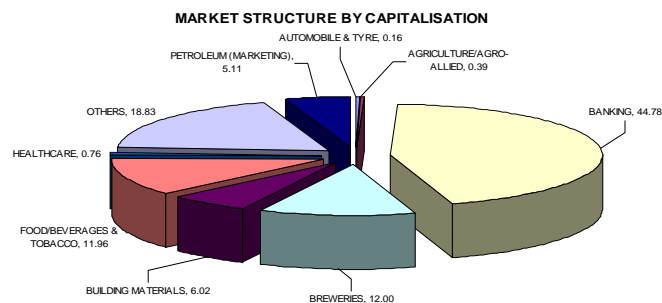
Major equity markets around the globe closed in the positive territory last week. Our universe of sample equity markets saw the Dow Jones NASDAQ and the S & P 500 all record 2.33% 3.94% and 3.10% upside respectively at the end of our review period. In Europe, the bulls held sway with major indices recording northwards movement. The FTSE 100, German Dax and France's CAC 40 all gained 4.58%, 4.98% and 5.44% respectively. A similar story was recorded in the Asia/Pacific region, as the bears were confined to the woods. The Hang Seng, BSE Sensex and the Nikkei 225 all garnered 0.87%, 3.44% and 2.40% respectively at the end of the week. On the local scene, NSE ASI defied world trend dropping 0.27% at the end of proceedings to close at 22,923.91

SELECTED INDICES (WEEKLY PERFORMANCE %)

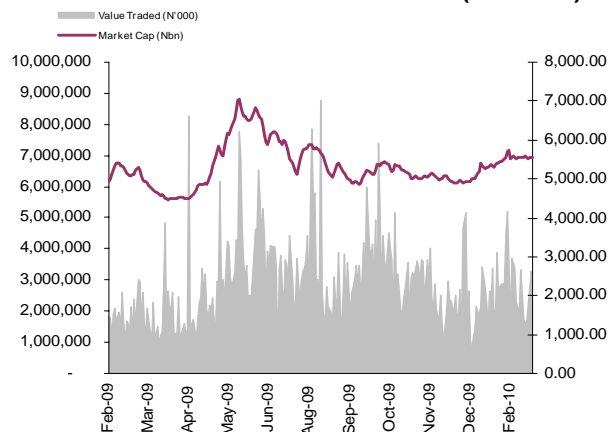


A turnover of 1.74 billion shares worth N14.5 billion in 34,014 deals was recorded this week, in contrast to a total of 1.5 billion shares valued at N9.83 billion exchanged last week in 27,756 deals. The Banking subsector was the most active during the week (measured by turnover volume), with 1.04 billion shares worth N11.12 billion exchanged by investors in 17,717 deals. Volume in the Banking subsector was largely driven by activity in the shares of Zenith Bank Plc, Access Bank Plc and Guaranty Trust Bank Plc. Trading in the shares of the three Banks accounted for 555.01 million shares, representing 53.4% of the subsector's turnover. The Insurance subsector, boosted by activity in the shares of Continental Reinsurance Plc and Standard Alliance Insurance Plc, followed on the week's activity chart with a turnover of 249.6 million shares valued at N224.2 million in 2,876 deals. Last week, the Banking subsector led on the activity chart and was followed by the Insurance subsector

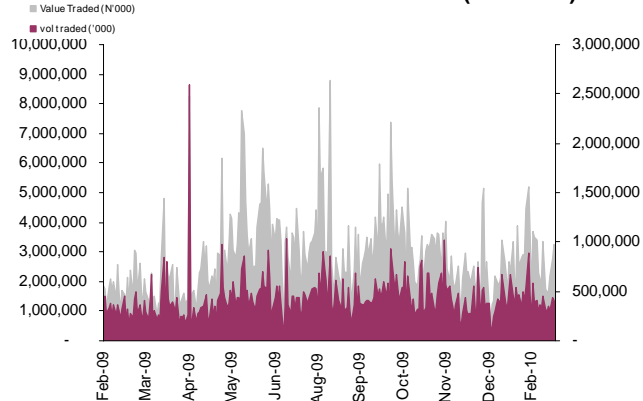
Mixed sentiments recorded on the floor of the Nigerian Stock Exchange saw 39 stocks recording price hikes and 54 moving in the southwards direction. ABC Transport churned up 21.01% to lead the gainers' pack. On the flip side, Air Service & Logistics was the most vulnerable dropping 17.82% to lead the loser's category.



TOTAL VALUE VS MARKET CAP (52 WEEK)



TOTAL VOLUME VS VALUE TRADED (52 WEEK)



THE PRACTICE OF SHORT SELLING

INTRODUCTION

Short selling is the practice of selling assets, usually shares, which have been borrowed from a third party with the intention of buying identical assets back at a later date to return to the lender. The short seller hopes to profit from a decline in the price of the assets between the sale and the repurchase, as he will pay less to buy the assets than he received on selling them. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

For instance, if shares in B Company currently trade at N10 per share, a short seller can borrow 100 shares of B Company and immediately sell those shares for a total of N1,000. If the price of the shares falls to \$8 per share, the short seller can buy 100 shares back for N800, return the shares to lender and keep the N200 profit (minus borrowing fees). The lender accepts the return of the same number of shares as it originally lent, despite the fact that the market value of the shares has decreased. However, if the price of the shares in B Company instead rises to N25 per share following the short sale, and the short seller is required to return the shares, the short seller would have to buy back 100 shares at N2,500 and would incur a loss of N1,500 (plus borrowing fees).

THE CONCEPT

To profit from a decrease in the price of a security, a short seller can borrow the security and sell it, expecting that it will be cheaper to repurchase in the future. When the seller decides that the time is right (or when the lender recalls the securities), the seller buys equivalent securities and returns them to the lender. The process relies on the fact that the securities (or the other assets being sold short) are fungible; the term "borrowing" is used in the sense of borrowing N10, where a different N10 note can be returned to the lender, rather than in the sense of borrowing a car, where the same car needs to be returned. The act of buying back the securities that were sold short is called "covering the short" or "covering the position". A short position can be covered at any time before the securities are due to be returned. Once the position is covered, the short seller will not be affected by any subsequent rises or falls in the price of the securities, as he already holds the securities required to repay the lender.

NAKED SHORT SALE

A naked short sale occurs when a security is sold short without borrowing the security within a set time, 3 days (T+3) in the US. This means that the buyer of such a short is buying the short-seller's promise to deliver a share, rather than buying the share itself. The short-seller's promise is known as a hypothecated share. When the holder of the underlying stock receives a dividend, the holder of the hypothecated share would receive an equal dividend from the short seller. Naked shorting has been made illegal except where allowed under limited circumstances by market makers.

COMPARISON WITH LONG POSITIONS

Short selling is the opposite of "going long". A short seller takes a bearish stance, believing that the price of a security will fall. Investors who employ short selling often use it to allow them to profit on trading in securities which they believe are overvalued, just as traditional long investors attempt to profit on securities which are undervalued by buying them. Because a short position is the opposite of a long position, many features of the position are reversed in comparison. In particular, the profit (rather than the loss) is limited to the value of the security, but the loss (rather than the profit) is unlimited. In practice, as the price of a security rises the short seller will receive a margin call from the broker, demanding that the short seller either cover his short position (by purchasing the security) or provide additional cash in order to meet the margin requirement for the security, which effectively places a limit on the amount that can be lost.

SHORT SELLING FEATURES

Mechanism

Short selling stock typically consists of the following:

- The investor instructs the broker to sell the shares and the proceeds are credited to his broker's account at the firm upon which the firm can earn interest. Generally, the short seller does not earn interest on the short proceeds.
- Upon completion of the sale, the investor has 3 days (in the US) to borrow the shares. If required by law, the investor first ensures that cash or equity is on deposit with his brokerage firm as collateral for the initial short margin requirement.
- The investor may close the position by buying back the shares (called covering). If the price has dropped, he makes a profit. If the stock advanced, he takes a loss.
- Finally, the investor may return the shares to the lender or stay short indefinitely.
- At any time, the lender may call for the return of his shares i.e. because he wants to sell them. The borrower must buy shares on the market and return them to the lender (or he must borrow the shares from elsewhere). When the broker completes this transaction automatically, it is called a 'buy-in'.

Securities Lending

When a security is sold, the seller is contractually obliged to deliver it to the buyer. If a seller sells a security short without owning it first, the seller needs to borrow the security from a third party to fulfill its obligation. Otherwise, the seller will "fail to deliver," the transaction will not settle, and the seller may be subject to a claim from its counterparty. Certain large holders of securities, such as a custodian or investment management firm, often lend out these securities to gain extra income, a process known as securities lending. The lender receives a fee for this service. Similarly, retail investors can sometimes make an extra fee when their broker wants to borrow their securities.

Dividends and Voting Rights

Where shares have been shorted and the company which issues the shares distributes a dividend, the question arises as to who receives the dividend. The new buyer of the shares, who is the "holder of record" and holds the shares outright, will receive the dividend from the company. A similar issue comes up with the voting rights attached to the shorted shares. Unlike a dividend, voting rights cannot legally be synthesized and so the buyer of the shorted share, as the holder of record, controls the voting rights.

IS SHORT SELLING FOR EVERYONE?

Some insiders indicate that it takes a certain type of person to short stocks.

Many short sellers have been depicted as pessimists who are rooting for a company's failure, but they have also been described as disciplined and confident in their judgment.

Sellers are typically:

- Wealthy sophisticated investors
- Hedge funds
- Large institutions
- Day traders

Short selling is not for everyone. It involves a great amount of time and dedication. Short sellers need to be informed, skilled and experienced investors in order to succeed. They must know:

- How securities markets work
- Trading techniques and strategies
- Market trends
- The firm's business operations

RISKS

It is important to note that buying shares (called "going long") has a very different risk profile from selling short. Short selling is a gamble. History has shown that, in general, stocks have an upward drift. Over the long run, most stocks appreciate in price. For that matter, even if a company barely improves over the years, inflation should drive its stock price up somewhat. What this means is that shorting is betting against the overall direction of the market. So, if the direction is generally upward, keeping a short position open for a long period can become very risky.

Losses can be infinite. When you short sell, your losses can be infinite. A short sale loses when the stock price rises and a stock is (theoretically, at least) not limited in how high it can go. For example, if you short 100 shares at \$65 each hoping to make a profit but the shares increase to \$90 apiece, you end up losing \$2,500. On the other hand, a stock can't go below 0, so your upside is limited. Bottom line: you can lose more than you initially invest, but the best you can earn is a 100% gain if a company goes out of business and the stock loses its entire value.

Short squeezes can wring the profit out of your investment. When stock prices go up short seller losses get higher, as sellers rush to buy the stock to cover their positions. This rush creates a high demand for the stock quickly driving up the price even further. This phenomenon is known as a short squeeze. Usually, news in the market will trigger a short squeeze, but sometimes traders who notice a large number of shorts in a stock will attempt to induce one. This is why it's not a good idea to short a stock

with high short interest. A short squeeze is a great way to lose a lot of money extremely fast.

Even if the short seller is right, it could be at the wrong time. Even though a company is overvalued, it could conceivably take a while to come back down. In the meantime, the short seller is vulnerable to interest, margin calls and being called away. Academics and traders alike have tried for years to come up with explanations as to why a stock's market price varies from its intrinsic value. They have yet to come up with a model that works all the time, and probably never will.

RECENT DEVELOPMENTS

In September 2008 short selling was seen as a contributing factor to undesirable market volatility and subsequently was prohibited by the U.S. Securities and Exchange Commission (SEC) for 799 financial companies for three weeks in an effort to stabilize those companies. At the same time the U.K. Financial Services Authority (FSA) prohibited short selling for 32 financial companies. On September 22, Australia enacted even more extensive measures with a total ban of short selling. Also on September 22, the Spanish market regulator, CNMV, required investors to notify it of any short positions in financial institutions, if they exceed 0.25% of a company's share capital. S

Several international exchanges have either partially or fully restricted the practice of naked short selling of shares. Japan's naked shorting ban started on November 4, 2008, and was originally scheduled to run until July 2009, but was extended through October of that year. The Singapore Exchange started to penalize naked short sales with an interim measure in September, 2008. These initial penalties started at \$100 per day. In November, they announced plans to increase the fines for failing to complete trades. The new penalties would penalize traders who fail to cover their positions, starting at \$1,000 per day. There would also be fines for brokerages who fail to use the exchange's buying-in market to cover their positions, starting at \$5,000 per day.

CONCLUSIONS

Short selling is another technique the investor can add to his trading toolbox. That is, if it fits with your risk tolerance and investing style. Short selling provides a sizable opportunity with a high level of risk. The following points should, however, be noted.

- In a short sale, an investor borrows shares, sells them and must eventually return the same shares
- Profit (or loss) is made on the difference between the price at which the shares are borrowed compared to when they are returned.
- An investor makes money only when a shorted security falls in value.
- In some environment, short selling is done on margin, and so is subject to the rules of margin trading.
- The shorter must pay the lender any dividends or rights declared during the course of the loan.
- The two reasons for shorting are to speculate and to hedge.
- A short squeeze is when a large number of short sellers try to cover their positions at the same time, driving up the price of a stock.

- Even though a company is overvalued, it may take a long time for it to come back down. Fighting the trend almost always leads to trouble.
- Critics of short selling see it as unethical and bad for the market.
- Short selling contributes to the market by providing liquidity, efficiency and acting as a voice of reason in bull markets.
- Some unethical traders spread false information in an attempt to drive the price of a stock down and make a profit by selling short.

COMPANY NEWS

NESTLE NIGERIA PLC: Audited result for the year ended 31st December 2009 shows Turnover of N68.32 billion as against N51.74 billion in 2008. Profit after tax stood at N9.78 billion compared with N8.33 billion in 2008. The Board of Directors had earlier recommended a final dividend of N10.60 per share. The stock price had on November 30, 2009 been adjusted for interim dividend of N1.95 per share, thus bringing the total dividend per share during 2009 to N12.55. The date of closure of register of members is April 16, 2010 while payment date is April 28, 2010. The Annual General Meeting is scheduled to hold at Muson Centre, Onikan, Lagos on Tuesday, April 27, 2010 by 11.00a.m.

NIGERIAN BREWERIES PLC: Audited result for the year ended 31st December 2009. The Board of Directors is recommending a final dividend of N0.89 per share. The stock price had on June 26, 2009 and January 27, 2010 been adjusted for interim dividends of N2.80 per share, thus bring the total dividend per share during 2009 to N3.69. The date of closure of register of members is March 12, 2010 while payment date is May 20, 2010. The 64th Annual General Meeting is scheduled to hold at Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Street, Victoria Island, Lagos on Wednesday, May 19, 2010 by 10.00a.m.

LAFARGE CEMENT WAPCO NIGERIA PLC: Audited result for the year ended 31st December 2009. The Board of Directors is recommending a dividend of N0.10 per share. The date of closure of register of members is May 17, 2010 while payment date is May 26, 2010. The 51st Annual General Meeting is scheduled to hold on Wednesday, May 26, 2010 at a venue and time to be advised later.

ABBEY BUILDING SOCIETY PLC: Audited result for the year ended 31st October 2009. The Board of Directors is recommending a dividend of N0.04 per share. The dates of closure of register of members and payment would be announced later.

HONEYWELL FLOUR MILLS PLC: Unaudited result for the third quarter ended 31st December 2009 shows Turnover of N26.19 billion, as against N21.06 billion in the comparable period of 2008. Profit after tax stood at N870.5 million compared with N213.9 million in 2008.

UNIVERSITY PRESS PLC Unaudited result for the third quarter ended 31st December 2009 shows Turnover of N1.62 billion, as against N1.20 billion in the comparable period of 2008. Profit after tax stood at N307.33 million compared with N210.7 million in 2008.

COSTAIN (WA) PLC: Unaudited result for the half year ended 30th September 2009 shows Turnover of N4.22 billion, as against N2.88 billion in the comparable period of 2008. Profit after tax stood at N164.31 million compared with N300.3 million in 2008.

NIGERIAN ENAMELWARE PLC: Unaudited result for the first quarter ended 31st July 2009 shows Turnover of N386.92 million, as against N343.85 million in the comparable period of 2008. Profit after tax stood at N23.82 million compared with N11.85 million in 2008.

AFROMEDIA PLC Unaudited result for the first quarter ended 31st December 2009 shows Turnover of N661.7 million, as against N708.7 million in the comparable period of 2008. Profit after tax stood at N161.1 million compared with N236.82 million in 2008.

E-TRANZACT INTERNATIONAL PLC: Unaudited result for the third quarter ended 30th September 2009 shows Turnover of N567.32 million, as against N601.5 million in the comparable period of 2008. Profit after tax stood at N24.23 million compared with N48.4 million in 2008.

NAMPAK NIGERIA PLC: Unaudited result for the first quarter ended 31st December 2009 shows Turnover of N1.15 billion, as against N911.45 million in the comparable period of 2008. Profit after tax stood at N72.8 million compared with loss after tax of N145.2 million in 2008.

FIDSON HEALTHCARE PLC: Unaudited result for the half year ended 31st December 2009 shows Turnover of N2.85 billion, as against N3.00 billion in the comparable period of 2008. Profit after tax stood at N255.42 million compared with N243.8 million in 2008.

NAMPAK NIGERIA PLC: The Company forecasts Turnover of N2.21 billion and profit after tax of N129.7 million during the half year ending March 31, 2010.

INTERNATIONAL ENERGY INSURANCE PLC: The Company forecasts Gross Premium of N3.91 billion and profit after tax of N839.4 million during the half year ending June 30, 2010.

NEM INSURANCE PLC: The Company forecasts Gross Premium of N4.10 billion and profit after tax of N724.2 million during the half year ending June 30, 2010.

REGENCY ALLIANCE INSURANCE PLC: The Company forecasts Gross Premium of N565.3 million and profit after tax of N227.5 million during the half year ending June 30, 2010.

ETERNA OIL & GAS PLC: The Company forecasts Turnover of N4.01 billion and profit after tax of N52.05 million during the first quarter ending March 31, 2010.

JOHN HOLT PLC: Unaudited result for the third quarter ended 30th June 2009 shows Turnover of N14.11 billion, as against N16.81 billion in the comparable period of 2008. Loss after tax stood at N93.0 million compared with profit after tax of N705.0 million in 2008

COMPANY FORECASTS

TOTAL NIGERIA PLC: The Company forecasts Turnover of N41.65 billion and profit after tax of N809.7 million during the first quarter ending March 31, 2010.

NESTLE NIGERIA PLC: The Company forecasts Turnover of N17.56 billion and profit after tax of N2.27 billion during the half year ending June 30, 2010 (April 1, 2010 to June 30, 2010).

VITAFOAM NIGERIA PLC: The Company forecasts Turnover of N8.67 billion and profit after tax of N507.02 million during the third quarter ending June 30, 2010.

LIVESTOCK FEEDS PLC: The Company forecasts Turnover of N981.5 million and profit after tax of N46.8 million during the half year ending June 30, 2010.

TRIPPLE GEE & CO. PLC: The Company forecasts Turnover of N158.6 million and profit after tax of N1.7 million during the first quarter ending June 30, 2010

ETERNA OIL & GAS PLC: The Company forecasts Turnover of N9.11 billion and profit after tax of N136.93 million during the half year ending June 30, 2010.

ETERNA OIL & GAS PLC: The Company forecasts Turnover of N15.25 billion and profit after tax of N262 million during the third quarter ending September 30, 2010.

ETERNA OIL & GAS PLC: The Company forecasts Turnover of N21.97 billion and profit after tax of N410.3 million during the fourth quarter ending December 31, 2010.

AIRLINE SERVICES & LOGISTICS PLC: The Company forecasts Turnover of N789.13 million and profit after tax of N177.14 million during the first quarter ending March 31, 2010.

AIRLINE SERVICES & LOGISTICS PLC: The Company forecasts Turnover of N1.02 billion and profit after tax of N145.4 million during the half year ending June 30, 2010. **CADBURY NIGERIA PLC:** The Company forecasts Turnover of N14.75 billion and loss after tax of N21.2 million during the half year ending June 30, 2010.

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