



Monday August 01, 2022

Implication of CBN MPR Hike

With uncertainty and anxiety ruling global money markets, given the backdrop of historical inflation rate increases and tight monetary policy across continents, Nigeria's Central Bank (CBN) recently decided to jerk up its policy rate by 100 basis points to 14%. The Bank's move was a strong policy statement to the domestic markets that the regulator would dig into the trenches to curb inflation. The CBN's combat readiness is, however, suspect. The regulator has spent a large part of the last four years pushing against conventional global monetary policy practices by trying to cope with the dilemma of a falling exchange rate, rising unemployment rate, and rampant domestic inflation rate through well-intentioned but cavalier credit policies. The effort has had unintended consequences. To be fair to the regulator, some of the reasons for policy weakness were beyond its control. For example, insecurity. By using unconventional development finance (DF) approaches to economic expansion and employment, the Bank weakened its hands by using money supply controls or monetary policy rate changes to curb rising consumer prices. So far, the jury is out on how well the CBN has supported macroeconomic stability. On the balance of evidence, the outcome of the regulator's policies remains modest. The recent policy decisions of the CBN Monetary Policy Committee (MPC) in July 2022 reflect the long walk down a rugged terrain of slim macroeconomic options. With inflation hitting 18.6%, 89bp up from the 17.71% recorded in May, analysts expected the MPC to extend its hawkish stance. The CBN boss noted that the increase in money in circulation has fed into the depreciation of the Naira, and the decision to raise the base rates by 100bp was necessary to reduce the erosion of consumer purchasing power. However, the unintended consequence of a rate hike is the higher cost of funds and a slow-down in manufacturing output. Still, to address the situation, the Committee recommended that the apex bank continue intervening through its Development Finance initiatives in selected priority sectors. The CBN extends loans to selected sectors through its multiple interest rate regimes at a concessionary interest rate of 5%. The lower rate is a subject of controversy, with several analysts calling for a review of the system seen as a market distortion. It is difficult to determine the administration's monetary policy stance

Capital Market Summary .

Analysis of the market activity in the week ended July 29, 2022 shows continuous sales of stocks to take profit . This may not be unconnected with diversification to money market in response to hike in interest rates. The NGX All Share Index and market capitalization of listed equities thereby depreciated by 3.10% each from the opening figures of 51,979.92 and N28,031 trillion to close at 50,370.25 and N27,163 trillion respectively. Its year to date (YTD) return stands at +17.92%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+3.11%	May 24. , 2022
Un-employment Rate	33.30%	May 24, 2022
Broad Money Supply (M2)	N38,026,970.00 rn	May 24, 2022
Money Supply (M1)	N16,186,615.62rn	May 24, 2022
Consumer Price Index (YOY)	18.60%	July 15, 2022
Monetary Policy Rate (MPR)	14.00%	July 19, 2022
Cash Reserve Ratio (CRR)	27.50%	May 24, 2022
Nigeria's Bonny Light Crude Oil	US\$120.36/Bar	July 31, 2022
Nigeria's Gross External Reserves	US\$38.68bn	July 31, 2022

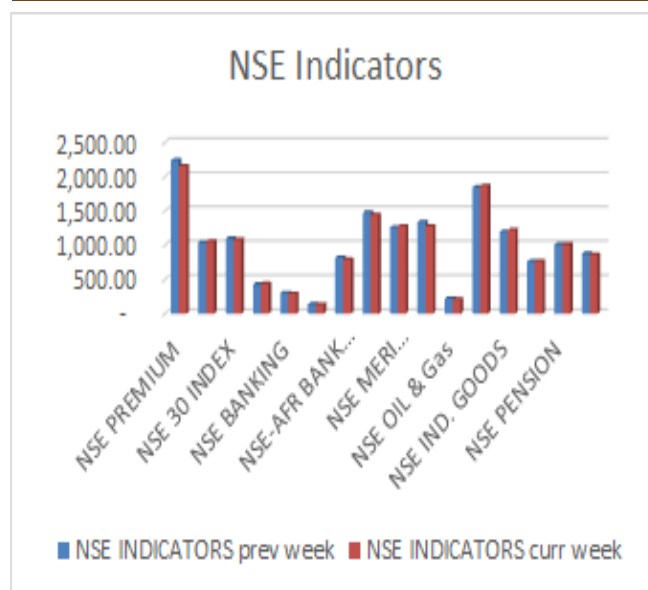
Source: Central Bank of Nigeria (CBN)

ALL SHARE INDEX & MKT. CAP



Source: Nigerian Stock Exchange (NSE) & Regency Research

PERFORMANCE OF THE NSE INDICES



Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

STOCK RECOMMENDED FOR TRADING																					
STOCKS	Mkt price	curr price	Cap. App	Bk Value	6 mths	No of Shares in	52wks	52 wks	PAT N'b	PAT N'b	EPS N=	EPS N=	Period	Div. pd	Div. Yield	NET ASSETS	Exp. Retu	Exp return	Total	Total	
	31/12/21	30/6/2022	%	N=	Exp Price	Issue	high	low	Current	Last year	Current	Last year		N=	%	N=bill.	cap. Appr	Div. N=	Ret. N=	Ret. %	
UBA	8.05	7.45	(7.45)	24.15	9.66	34,199,421,368	8.05	7.00	41,496	38,155	1.14	1.04	qter 1	1.00	12.42	825,753,000,000	1.61	1.00	2.61	32.42	
ZENITH	23.95	21.70	(9.39)	42.37	28.74	31,396,493,786	27.50	22.00	58,198	53,080	1.85	1.69	qter 1	3.10	12.94	1,330,397,000,000	4.79	3.10	7.89	32.94	
GTCO	26.00	20.50	(21.15)	30.88	31.20	29,431,179,224	30.25	21.45	43,208	45,546	1.51	1.60	qter 1	3.00	11.54	908,758,731,000	5.20	3.00	8.20	31.54	
ACCESS	9.30	9.25	(0.54)	30.84	11.16	35,545,225,622	10.00	8.00	57,399	52,549	1.63	1.49	qter 1	1.00	10.75	1,096,318,000,000	1.86	0.60	2.46	26.45	
FBNH	11.40	11.60	1.75	21.51	13.14	35,895,292,792	12.90	7.05	32,401	15,599	0.89	0.43	qter 1	0.35	3.07	907,678,000,000	2.19	0.35	2.54	22.28	
FIDELITY	2.55	3.42	34.12	10.65	3.06	28,974,797,023	4.05	2.19	9,515	9,590	0.33	0.33	qter 1	0.35	13.73	308,486,000,000	0.51	0.22	0.73	28.63	
DANSUGAR	17.40	16.30	(6.32)	11.32	20.88	12,146,878,241	18.75	15.00	8,870	8,302	0.73	0.68	qter 1	1.00	5.75	137,500,909,000	3.48	1.00	4.48	25.75	
NASCON	13.20	11.75	(10.98)	6.08	15.84	2,469,438,378	16.00	11.70	0.38637	0.72320	0.58	1.09	qter 1	0.40	3.03	15,017,053,000	2.64	0.40	3.04	23.03	
UCAP	9.90	12.75	28.79	3.97	11.88	6,000,000,000	14.15	5.85	2,309	1,659	1.54	1.11	qter 1	1.50	15.15	23,849,201,000	1.98	1.50	3.48	35.15	
AFRIPRUD	6.35	5.65	(11.02)	4.08	7.62	2,000,000,000	8.15	5.75	0.43147	0.38135	0.20	0.19	qter 1	0.50	7.87	8,164,549,000	1.27	0.50	1.77	27.87	
CADBURY	8.80	17.25	96.02	8.08	10.56	1,878,202,000	17.85	7.65	1,542	0.24158	0.82	0.13	qter 1	0.50	5.68	15,177,904,000	1.76	0.50	2.26	25.68	
UNILEVER	14.50	14.80	2.07	11.76	17.40	5,745,006,000	17.00	11.00	1,796	(0.49196)	0.31	(0.09)	qter 1	0.50	3.45	67,557,964,000	2.90	0.50	3.40	23.45	
PZ	6.10	9.60	57.38	9.87	7.32	3,970,476,000	13.70	5.25	5,641	1,017	1.42	0.26	qter 3	0.25	4.10	39,204,100,000	1.22	0.50	1.72	28.20	
NAHCO	3.74	8.50	127.27	4.52	4.49	1,624,218,750	7.25	2.15	0.324	0.170	0.20	0.10	qter 1	0.41	10.96	7,342,538,000	0.75	0.41	1.16	30.96	
FLOUR MILL	28.35	32.50	14.64	40.40	34.02	4,100,379,605	41.45	27.50	15,592	8,161	3.85	1.84	qter 3	2.15	7.58	165,658,000,000	5.67	1.65	7.32	25.82	
DANCEM	257.00	275.00	7.00	60.76	269.85	17,040,507,405	300	204	105,851	89,710	6.18	5.29	qter 1	20.00	7.78	1,035,308,000,000	12.85	20.00	32.85	12.78	
LARFAGE	23.95	26.40	10.23	24.59	28.74	16,107,795,496	33.20	20.05	17,558	9,136	1.09	0.57	qter 1	2.00	8.35	396,118,753,000	4.79	2.00	6.79	28.35	
GSK	5.95	6.50	9.24	7.94	7.14	1,195,878,488	8.50	5.35	0.19437	0.65881	0.16	0.55	qter 1	0.45	7.56	9,493,815,000	1.19	0.40	1.59	26.72	
MAY BAKER	4.02	3.97	(1.24)	4.33	4.82	1,725,234,000	5.45	3.91	0.19429	1,050	0.11	0.61	qter 1	0.30	7.46	7,466,409,000	0.80	0.30	1.10	27.46	
FIDSON	6.22	11.20	80.06	7.14	7.46	2,086,260,000	12.05	4.60	1,150	0.57955	0.55	0.28	qter 1	0.50	8.04	14,901,503,000	1.24	0.25	1.49	24.02	
NB	50.00	58.80	17.60	23.26	60.00	7,996,902,051	78.50	39.90	13,614	7,660	1.69	0.96	qter 1	1.60	3.20	185,976,547,000	10.00	1.60	11.60	23.20	
GUINNESS	39.00	90.50	132.05	41.12	46.80	2,190,382,000	110	28.50	15,278	1,838	6.98	0.84	qter 3	0.46	1.18	90,065,026,000	7.80	0.46	8.26	21.18	
JBERGER	22.35	26.50	18.57	34.28	26.82	1,600,000,000	30.50	18.91	1,734	2,364	1.08	1.52	qter 1	2.50	11.19	54,846,326,000	4.47	0.40	4.87	21.79	
VITAFOAM	22.50	22.50	-	11.61	27.00	1,250,844,064	25.00	8.70	3,613	2,487	3.20	2.17	qter 2	1.50	6.67	14,518,926,000	4.50	1.50	6.00	26.67	
UACN	9.50	11.10	16.84	17.87	11.40	2,881,296,580	15.00	8.90	0.6387	0.66815	0.18	0.12	qter 1	0.65	6.84	51,477,943,000	1.90	1.20	3.10	32.63	
ARDOVA	13.00	13.05	0.38	12.30	15.60	1,310,628,000	18.00	11.55	(1,649)	1,858	(1.26)	1.44	qter 4	0.19	1.46	16,124,000,000	2.60	0.19	2.79	21.46	
CONOIL	22.00	28.80	30.91	32.20	26.40	693,952,117	31.50	20.00	0.55722	0.42393	0.80	0.61	qter 1	2.50	11.36	22,346,589,000	4.40	1.50	5.90	26.82	
TOTAL	221.90	234.50	5.68	135.71	266.28	339,521,837	265	145	4,366	2,970	12.86	8.75	qter 1	18.20	8.20	46,077,873,000	44.38	6.08	50.46	22.74	
ETERNA	5.05	7.10	40.59	9.97	6.06	1,304,144,000	8.80	4.86	0.87746	0.25445	0.67	0.20	qter 1	0.10	1.98	12,995,801,000	1.01	0.10	1.11	21.98	
OKOMU	142.00	215.00	51.41	45.65	149.10	953,910,000	215	104	9,498	5,271	9.96	5.53	qter 1	8.00	5.63	43,550,072,000	7.10	7.00	14.10	9.93	
PRESCO	87.80	165.00	87.93	42.83	92.19	1,000,000,000	200	70.00	13,775	5,030	13.78	5.03	qter 3	6.60	7.52	42,826,810,000	4.39	2.00	6.39	7.28	
CUSTODIAN	7.90	7.00	(11.39)	11.27	9.48	5,881,864,195	8.45	5.85	2,186	1,329	0.35	0.24	qter 1	0.40	5.06	66,310,651,000	1.58	0.45	2.03	25.70	
NEM	4.50	3.80	(15.56)	2.40	5.40	10,032,955,535	5.00	1.86	1,545	1,092	0.15	0.11	qter 1	0.22	4.89	24,048,082,000	0.90	0.09	0.99	22.00	
MTN	197.00	230	16.75	17.54	236.40	20,354,513,050	270	160	96,820	73,748	4.76	3.62	qter 1	8.57	4.35	356,984,000,000	39.40	8.57	47.97	24.35	
TRANSORP	0.96	1.23	28.13	3.72	1.152	40,647,990,293	1.52	0.84	5,035	2,041	0.05	0.0179	qter 1	0.02	2.08	151,040,841,000	0.19	0.01	0.20	21.04	
NGX	19.9	23	15.58	17.44	23.88	1,964,115,918	27.9	15.3	0.1483	0.8032	0.07	0.41	qter 1			34,262,654,000	3.98		3.98	20.00	
FCMB	2.99	3.46	15.72	12.57	3.588	19,802,710,754	3.88	2.71	5,168	3,572	0.28	0.18	qter 1	0.15	5.02	248,968,936,000	0.60	0.15	0.75	25.02	
LIVESTOCK	2.15	1.3	(39.53)	0.84	2.58	2,999,999,418	2.5	1.42	0.018121	0.176539	0.06	0.0588	qter 1	-	-	2,520,597,000	0.43	-	0.43	20.00	
HONYWELL	3.40	2.76	(18.82)	7.34	4.08	7,930,197,858	4.45	1.1	0.0209	0.323	0.03	0.041	qter 3	0.07	2.06	58,232,000,000	0.68	0.07	0.75	22.06	

WE RECOMMEND THE ABOVE STOCKS WITH THE COMPUTED TOTAL RETURN IN THE NEXT 6 MONTHS

Reasons for selection

- Strong fundamentals and consistent good dividend payment in the last five years
- The EPS are good showing that they can pay dividend they paid last year while some of them are performing better.
- The Current PAT show they are performing well and they may pay better dividend than the previous year
- The Book value are good showing that some of the stocks are underpriced, hence, there is room for capital appreciation.
- The wide variance between the 52weeks low and 52 weeks high for some of the stocks show high potential for capital appreciation
- All the stocks have good investors sentiment
- The liquidity of the recommended stocks are high, indicating easy entry and exit
- The speculative stocks may not meet all the above conditions, however, the recent performance and sound investors perception may spark capital appreciation
- Stocks selected are over 50.00% of the total market capitalisation

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

01/08/22-05/08/2022)

The Nigerian bourse ended the week on a negative note as market sentiment remained red. The NGXASI closed the week with **-3.10%** as against **-0.45%** loss recorded last week. The Nigerian Exchange lost N868.03bn in naira terms. Year-to-date, the NGSAXI remained positive to close the week with a **+17.92%** gain as the market capitalization settled at N27,163 trn at the end of the week. In the coming week, we expect the market to regain strength as prices of some valued stocks are attractive due to profit taking. **We will continue to advise investors to trade only in fundamentally justified stocks as the weak macro environment remains a significant headwind for listed companies. In the light of the above we recommend for purchase during the week the under-listed stocks mostly interim dividend paying stocks. The companies recommended are good dividend paying stocks with strong fundamentals. Their prices are very attractive due to profit taking in the last trading week. The stocks are: UCAP PLC, LARFAGE AFRICA PLC. GTCO, NB PLC, UBA PLC, ACCESS PLC. ZENITH, GUINNESS PLC, MTNN AND**

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
NB	47.70	60.00	80.00	67.71
GTCO	19.85	21.00	30.00	51.13
UCAP PLC	11.10	12.00	15.00	35.14
LARFAGE	23.40	25.00	30.00	28.21
ACCESS	9.00	10.00	12.00	33.33
UBA	7.20	8.00	10.00	38.89
ZENITH	20.70	24.00	30.00	44.93
GUINNESS	90.50	90.00	120.00	32.60
MTNN	200.10	205.00	250.00	24.94
TRANSCORP	1.12	1.2	1.50	33.93

FINANCIAL HIGHLIGHTS OF RECOMMENDED STOCKS

Company	Result	Turnover		PAT			
		Current N=bill	Last yr N=bil	Current N=bill	Last yr N=bil	Curr EPS	Last Div. Paid
DANSUGAR PLC	2nd QTER 30/06/2022	185.46	151.95	20.24	12.61	N1.67	N1.00 div. paid in 2021 FY
LARFAGE WAPCO	2nd QTER 30/06/2022	186.59	145.02	37.41	28.32	N2.32	N2 div. was declared 2021 FY
FLOUR MILLS	Audited 31/03/2022	1,163,802	771.607	27.98	24.48	N6.26	N2.15k paid in year 2022 FY
UCAP PLC	2nd qter 30/06/2022	9.110	6.85	4.44	3.14	N1.48	N1.50 DIV PD IN YEAR 2021
UBA PLC	1st Qter 31/03/2022	184.12	155.55	41.50	38.16	N1.14	N1.00 Paid in year 2021 Financial year
ACCESS BANK PLC	1st Qter 31/03/2022	295.74	222.14	57.40	52.55	N1.64	N1.00 pd as dividend in year 2021
GUINNESS PLC	audited 30/6/2022	206.82	160.42	15.60	1.25	N7.15	N7.14 PD IN YEAR 2022
ZENITH PLC	1STBQTER 31/3/2022	191.52	157.31	58.20	53.06	N1.85	M3.10 PD IN YEAR 2021

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

Eleven stocks appreciated in price during the week, as against Nineteen stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

Fifty Three stocks depreciated in price during the week as against Thirty six stocks recorded in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 35,532 units of Exchange Traded Products valued at N1,715,165.56 in 26 deals were traded during the week compared with 196,303 units of Exchange Traded Products valued at N6,346,285.15 traded last week in 34 deals.

BOND MARKET

A total of 94,006 units of FGN Bond valued at N100,359,365.27 in 18 deals were traded during the week compared with 79,914 units of FGN Bond valued at N83,072,371.34 traded last

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1,546M	917.190M	68.56
Value N=	N16,289 B	N14,803 B	10.04
Total Gain	11	19	-42.11
Total Loss	53	36	-47.22
Deals	23,873	19,513	22.34
All Share Index	50,370.25	51,979.92	-3.10
Market Cap.	N=27,163 Trillion	N=28,031 Trillion	-3.10

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
NAHCO	5.50	6.00	0.50	9.09
UBN	5.10	5.50	0.40	7.84
UPDC REIT	3.40	3.55	0.15	4.41
NGX	21.05	21.75	0.70	3.33
NPF	1.68	1.78	0.10	5.95
CORNERSTON	0.72	0.75	0.03	4.17
STERLING	1.50	1.55	0.05	3.33
FCMB	3.02	3.10	0.08	2.65
FIDELITY	3.10	3.18	0.08	2.58
UNITY	0.42	0.43	0.01	2.38

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
PZ	10.40	8.50	(1.90)	(18.27)
WEMA	3.99	3.29	(0.70)	(17.54)
IKEJA HOT	1.17	0.97	(0.20)	(17.09)
UPDC	1.19	0.99	(0.20)	(16.81)
COURTVILLE	0.48	0.40	(0.08)	(16.67)
JAPPAUL	0.27	0.23	(0.04)	(14.81)
JAIZ	0.85	0.74	(0.11)	(12.94)
HONYWELL	2.35	2.05	(0.30)	(12.77)
MTNN	229.00	200.10	(28.90)	(12.62)
UCAP	12.70	11.10	(1.60)	(12.60)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 29/07/2022												
P/Date	Stock	Units	Tcost	Unit Cost	B-E Price	Current Price	Target price 30% App	NET VALUE	Dividend	TOTAL VALUE	Gain/Loss	G/L%
1/1/2022	WAPCO	50,000	1,216,350.00	24.33	24.78	23.40	31.63	1,148,758.65	45,000.00	1,193,758.65	22,591.35	1.86
1/1/2022	UBA	50,000	410,550.00	8.21	8.36	7.20	10.67	353,464.20	45,000.00	398,464.20	12,085.80	2.94
1/1/2022	FIDELITY	50,000	130,050.00	2.60	2.65	3.18	3.38	156,113.36	15,750.00	171,863.36	41,813.35	32.15
1/1/2022	DANGSUGAR	50,000	887,400.00	17.75	18.08	16.00	23.07	785,476.00	45,000.00	830,476.00	56,924.00	6.41
1/1/2022	ZENITH	50,000	1,282,650.00	25.65	26.13	20.70	33.35	1,016,209.58	139,500.00	1,155,709.58	126,940.43	9.90
1/1/2022	UCAP PLC	50,000	504,900.00	10.10	10.28	11.10	13.13	544,923.98	67,500.00	612,423.98	107,523.98	21.30
1/1/2022	GTCO PLC	50,000	1,326,000.00	26.52	27.01	19.85	34.48	974,481.16	135,000.00	1,109,481.16	216,518.84	16.33
1/1/2022	FLOUR MILLS	50,000	1,445,850.00	28.92	29.45	30.50	37.59	1,497,313.63	74,250.00	1,571,563.63	125,713.63	8.69
1/1/2022	DANCEM	50,000	13,107,000.00	262.14	266.99	265.00	340.78	13,009,446.25	990,000.00	13,999,446.25	892,446.25	6.81
1/1/2022	VITAFOAM	50,000	1,147,500.00	22.95	23.37	22.50	29.84	1,104,575.63	67,500.00	1,172,075.63	24,575.63	2.14
			21,458,250.00					20,590,762.42		22,215,262.42	757,012.42	3.53

The Equity Portfolio Model which closed the previous week at 4.85% depreciated further during the week and closed at 3.53% (YTD). This can be compared with NGX All Share Index which was 21.69% in the previous week and closed at 17.92% {YTD} during the week. The Equity Portfolio Model depreciated during the week as investors continued to take profit on some value stocks in the portfolio. The EPM continued to perform lower compared with the All Share Index of the market. Some of the stocks responsible for the lower performance in EPM are: Zenith bank, DANCEM, WAPCO, UBA, GTCO, and DANGSUGAR Plc . Investors are thereby advised to take into consideration selection of stocks in diversified sectors to minimize risk, good dividend paying stocks and strong fundamentals to enhance the value of the portfolio. Key. Tcost means total cost of the transactions including charges (market price*units plus charges). Unit cost is total cost per unit of the stocks. B-E Price is break-even price i.e the price the portfolio will not record any gain or loss. Target price is the price we want to sell.

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

MARKET DEVELOPMENTS (LAST WEEK)

According to CBN, the non-remittance of dollars to foreign reserves by the Nigeria national petroleum Corporation (NNPC) is solely responsible for the naira depreciation in both the official and parallel markets. Although Nigeria earns foreign earnings from four sources; oil exports, non-oil export, diaspora remittances, and foreign direct investments, the oil export accounts for more than 80% of the country's foreign exchange (FOREX) earnings which explains the adverse effect. However, analysts believe the naira depreciation is a combination of various economic interruptions ranging from rising ways and means by CBN, low capital importation, politicians hoarding USD for election purposes, excess demand for PTA and BTA, and rising global inflation. These conditions project a prolonged naira depreciation for the remaining part of the year

INVESTMENT BASICS

Cost Optimisation for MSMEs

Small and Medium-scale enterprises (MSMEs) are the backbone of a developing economy. However, many enterprises cannot maximise their potential due to challenges that affect their sustainability. An imbalanced relationship between expenses and income has led to business failure and bankruptcy for many organisations. Most bankruptcies result from mismanagement of funds and conscious or unconscious reckless spending. For many MSMEs in today's economy, the chances of experiencing this fate are higher due to high overhead costs and unoptimized operations. As such, it is essential that business leaders adopt cost optimisation techniques. Cost optimisation involves continuous efforts to maximise spending and get the best value for money and cuts across every area of your business. Cost optimisation is a strategic process that is part of the daily running of an organisation, and its consciousness should be integrated into organisational culture.

Strategies to Driving Cost Optimisation. We cannot overstate the importance of planning to a business. Before we venture into the strategies for organisational cost optimisation, it is important to note that no optimisation plan should be created in isolation from your organisational strategy and plans. Your plans and strategic goals determine your business's operations, so an effective cost optimisation plan cannot be created without consulting and leveraging your strategy. By identifying your organisational priorities, you can create an optimisation plan aligned with your goals – increasing your chances of success. Once this is done, the tips below will help your business maximise its resources and improve sustainability

1. Digitalisation. Technology is the application of science to make life easier. In our world today, we are surrounded by various forms of technology that have been designed to enhance business performance and make work easier. When utilised optimally, these tools and applications can also save resources such as time and money. Using modern technology allows MSMEs to reduce traditional overhead and operational costs.

2. Outside the Box Marketing. I agree that an effective marketing strategy helps generate profit; look at some of the brands that are getting it right; however, an effective marketing strategy does not always mean the most expensive. As an MSME, it is imperative that you learn to identify and utilise cheaper alternatives to the traditional marketing tools and platforms that saturates the Nigerian landscape.

3. Embrace the Gig Economy. COVID-19 and remote working further accelerated the growth of the gig economy. This has led to more people willingly taking on freelance jobs to fulfil certain organisational tasks and functions. However, despite this trend being on the rise globally, the Nigerian market is yet to maximise the opportunities this presents. For an MSME, these opportunities can be the difference between excessive staff costs and profitability. Properly utilising freelancers can help your organisation be more efficient, without the burden of wages and salaries. And the good news is that you can track productivity and keep staff accountable using modern technology.

4. Embrace Best Practice Work Ethics. Outside the technical ways to optimise cost, the simple adoption of best practice ethics such as time management, teamwork and budgeting are also ways to reduce unnecessary expenses and increase organisational profitability. It is pertinent to note that cost optimisation is a multidimensional approach that can be applied in various areas of business, including digital transformation and digitalisation, operations, people management, supply chain management, technology and business transformation. It involves organisations taking deliberate steps to identify optimisable areas and plan towards increasing efficiency. It also requires agility and early adoption of initiatives and interventions that will create a culture of cost-effectiveness across your organisation. It is never too late to start your cost optimisation journey; all you need to do is make the decision and begin the process.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market

As liquidity remained squeezed, the interbank rate maintained its upward momentum during the week. On Friday, the Open Repo rate (OPR) closed at 15.00, indicating a **+1.15%** (W-o-W) rise while the overnight rate (O/N) fell by **-1.67%** (W-o-W) to 14.75

Treasury Bills.

Nigerian Treasury Bill Auction

The DMO during the week sold a total of N264.28bn worth of notes, which was the exact amount offered. The rates on the 91-day and 182-day rose by 5bps and 10bps to settle at 2.80% and 4.10% respectively while the 364-day remained unchanged at 7.00% due to the high subscription level. The bid-to-cover ratio rose to 1.21x from 1.02x at the last auction

Foreign Currency (EXCHANGE RATE).

Naira depreciated to the lowest ever during the week, reaching N710/\$1 on Wednesday at the parallel market as FX scarcity bites harder. However, the official market reacted mildly, as the naira fell to N430/\$1 on Wednesday. At the Investor and Exporter FX fixings (I&E) on Friday, the naira appreciated by 23bps (W-o-W) to N429.00. The Naira fell by **-0.71%** (W-o-W) to N426.83/\$1 at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX)

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$96.42 per barrel during the week, compared with \$104.80 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	22-Jul-22	29-Jul-22	% Change
OPR (%)	14.83	15	+1.15
O/N (%)	15	14.75	-1.67%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NIGERIAN TREASURY BILL AUCTION JULY 29, 2022

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	2.22	1.86	1.69	2.8	2.75
182-days	3.54	1.4	1.26	4.1	4
364-days	258.53	317.25	261.33	7	7

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	22-Jul-22	29-Jul-22	% Change
I&E FX	430	429	-0.23%
NAFEX (\$/N)	423.83	426.83	0.71%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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