



Monday September 19, 2022

Headline Inflation Increases by 20.52% YoY in August 2022

The National Bureau of Statistics released its inflation data for the month of August. As was widely anticipated, Nigeria’s official headline inflation came in at 20.52%. This represents the seventh consecutive monthly increase and the highest inflation rate since 17years. Principal commodities driving up the price level include bread, cereal, yam, meat and oil. A further look at the numbers reveals a slight deceleration in the monthly food basket to 1.98%. Not surprisingly, this is partially due to the harvest seasonality effect. The increased output of farm produce especially cash crops must have played a major role in price moderation. Also evident was the impact of imported inflation arising partly from a weaker naira in the forex market. The prices of imported food items like flour have increased by 10.42%. Core inflation, which is inflation less farm produce and energy, surged by 0.94% to 17.20%. Nigeria inflation moved in the same direction as some other countries. In August, inflation increased in Ghana to 33.9% and in Uganda to 9%. The global food price index declined for the fifth consecutive month by 1.99% to 139 points in August. Report showed that the US inflation rate had slowed by 0.2% to 8.3% in August but still close to a four-decade high. In the UK inflation rate slowed in August by 0.2% to 9.9%. Although, high inflation still takes its toll on consumption and investment in the country. The Bank of England in August projected the country’s economy would enter a recession at year-end.

Food inflation (year-on-year) increased by 1.1% to 23.12% in August. However, month-on-month food inflation declined marginally by 0.06% to 1.98% in August, as a result of the commencement of the harvest season. Core inflation, which is inflation less seasonality, continued its upward trend to 17.20% from 16.26% in July. Conversely, month-on-month core inflation declined to 1.59% in August. The core inflation rate is currently above the primary t/bills rate of 8.5%. This implies a negative real rate of return. Inflation increased in the urban sub-index and slowed in the rural sub-index in August. Rural inflation rose by 0.90% to 20.12% (year-on-year), while it declined to 1.75% (compared to 1.82% in July) on a monthly basis. Also, the annual urban sub-index slowed by 0.86% to 20.95% while the monthly sub-index slowed slightly by 0.03% to 1.79%. However, the rate of decline in urban inflation was steeper than rural inflation in August. This is due to a decline in the price of diesel that has aided the supply to urban cities. Kwara, Ebonyi and Rivers states are the top three states with the highest inflation rate. Whilst Jigawa, Zamfara and Oyo states take the position of states with lowest inflation. Kwara recorded the highest inflation rate in August (30.80%), followed by Ebonyi (28.06%) and Rivers (27.64%). The states with the lowest inflation rates are predominantly in the Northern part of Nigeria: Jigawa (17.77%), Zamfara (18.79%) and Oyo (19.80%). These states are benefiting from the increase in output due to harvest season.

Capital Market Summary.

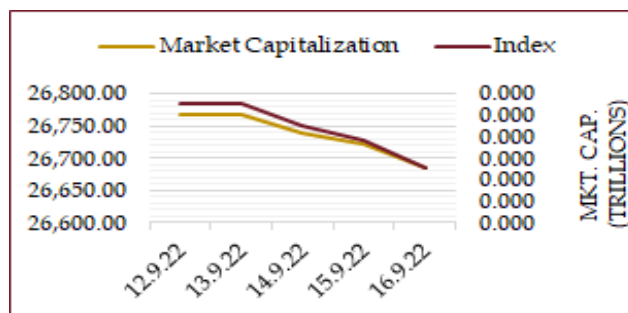
Analysis of the market activity in the week ended September 16, 2022 shows that the market continued to go down as investors sold some value stocks during the week. The NGX All Share Index and market capitalization of listed equities thereby depreciated by 0.44% each from the opening figures of 49,695.12 and N26,805 trillion to close at 49,475.42 and N26,686 trillion respectively. Its year to date (YTD) return stands at +15.82%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+3.54%	August 25. , 2022
Un-employment Rate	33.30%	August 25, 2022
Broad Money Supply (M2)	N38,026,970.00 rn	August 25, 2022
Money Supply (M1)	N16,186,615.62rn	August 25, 2022
Consumer Price Index (YOY)	20.52%	September 15, 2022
Monetary Policy Rate (MPR)	14.00%	July 19, 2022
Cash Reserve Ratio (CRR)	27.50%	July 19, 2022
Nigeria’s Bonny Light Crude Oil	US\$112.25/Bar	August 12, 2022
Nigeria’s Gross External Reserves	US\$38.68bn	August 12, 2022

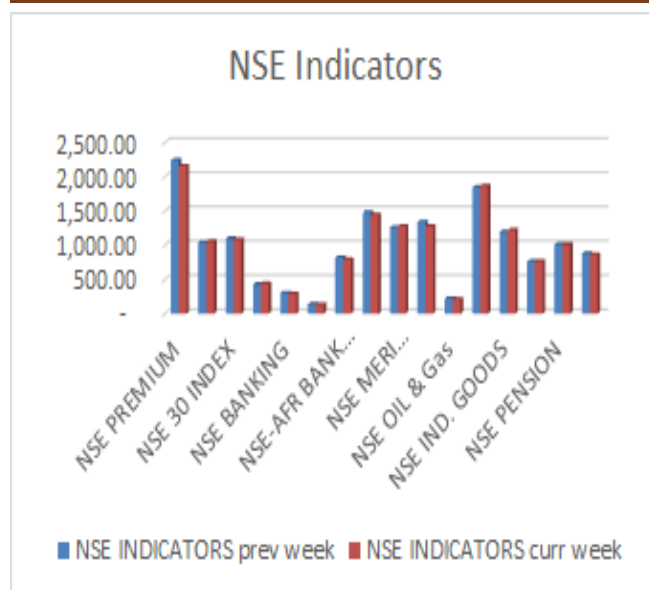
Source: Central Bank of Nigeria (CBN)

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

Domestic Market Review

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

19/09/22-23/09/2022)

The Nigerian bourse ended the week on a negative note as market sentiment turned negative. The NGXASI closed the week with -0.44% loss as against -0.70% loss recorded last week. Year-to-date, the NGXASI maintained its positive position to close the week with a gain +15.82% as the market capitalization settled at N26.99trn. The depreciation in the last few weeks coupled with impressive **Q2 financial report released have made the prices of some value to be attractive, we expect positive earnings and the low prices to be a significant factors for investors in deciding which stock to buy. In the coming week, we expect the market to pick up . 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 the uber-listed stocks for purchase during the week. The companies recommended are good dividend paying stocks with strong fundamentals. Their prices are very attractive due to profit taking in the last few weeks. The stocks are: **GTCO, CADBURY PLC, NB PLC, UBA PLC, ACCESS PLC. ZENITH, GUINNESS PLC, TRANSCORP AND NGX PLC****

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
CADBURY	13.75	14	17.00	23.64
GTCO	19.70	21.00	30.00	52.28
ACCESS	8.30	10.00	12.00	35.59
UBA	7.10	8.00	10.00	44.58
ZENITH	19.70	24.00	30.00	52.28
GUINNESS	87.90	90.00	120.00	36.52
NB PLC	48.40	50.00	60.00	23.97
NGX	19.75	21.00	25.00	26.58
TRANSCORP	1.05	1.10	1.30	23.81

FINANCIAL HIGHLIGHTS OF RECOMMENDED STOCKS

Compa-	Result	Turnover		PAT			
		Current N=bill	Last yr N=bil	Current N=bill	Last yr N=bil	Curr EPS	Last Div. Paid
NGX PLC	2nd QTER 30/06/2022	3.82	1.59	0.820	0.449	N0.44	NO div. paid in 2021 FY
CADBURY PLC	2nd QTER 30/06/2022	27.88	18.52	2.34	-0.516	N1.25	N0.5div. was declared 2021 FY
GTCO MILLS	2nd QTER 30/06/2022	239.29	207.92	77.56	79.41	N2.70	N3.00 paid in year 2021 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	2nd QTER 30/6/2022	404.76	345.36	111.41	106.03	N3.55	NO.30 PD AS INTERIM DIVIDEND

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**STOCK MARKET REPORT****Domestic Market Review****GAINERS FOR THE WEEK**

Thirteen stocks appreciated in price during the week, as against Twenty two stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

Thirty nine 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 2,172 nits of Exchange Traded Products valued at N352,773.56 in 18 deals were traded during the week compared with 3,952 units of Exchange Traded Products valued at N1,691,820.61 traded last week in 32 deals.

BOND MARKET

A total of 15,945 units of FGN Bond valued at N16,237,893.91 in 15 deals were traded during the week compared with 219,620 units of FGN Bond valued at N243,115,342.76 traded last week in 30 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	719.398 M	949.819 M	-24.26
Value N=	N8,004 B	N9,329 B	-14.20
Total Gain	13	22	-40.91
Total Loss	39	36	-8.33
Deals	17.444	18,525	-5.84
All Share Index	49,475.42	49,695.12	-0.44
Market Cap.	N=26,686 Trillion	N=26,895 Trillion	-0.44

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
MULTIVERSE	2.36	2.80	0.44	18.64
ABC	0.28	0.30	0.02	7.14
HONYWELL	2.25	2.38	0.13	5.78
CADBURY	13.00	13.75	0.75	5.77
PHARMADEKO	1.95	2.05	0.10	5.13
ACADEMY	2.10	2.20	0.10	4.76
REGENCY	0.24	0.25	0.01	4.17
NPFMFBK	1.60	1.66	0.06	3.75
NAHCO	5.60	5.75	0.15	2.68
COURTVILLE	0.48	0.49	0.01	2.08

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
RED STAR	2.70	2.36	(0.34)	(12.59)
BETA GLASS	51.20	46.10	(5.10)	(9.96)
CHIPLC	0.63	0.57	(0.06)	(9.52)
LEARNAFCA	2.25	2.06	(0.19)	(8.44)
FCMB	3.50	3.23	(0.27)	(7.71)
TRIPPLE GEE	0.87	0.81	(0.06)	(6.90)
UACN	11.00	10.25	(0.75)	(6.82)
FIDELITY	3.65	3.41	(0.24)	(6.58)
CORNERSTON	0.64	0.60	(0.04)	(6.25)
ACCESS	8.85	8.30	(0.55)	(6.21)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 16/09/2022												
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	24.60	31.63	1,207,669.35	45,000.00	1,252,669.35	36,319.35	2.99
1/1/2022	UBA	50,000	410,550.00	8.21	8.36	7.10	10.67	348,554.98	45,000.00	393,554.98	16,995.03	4.14
1/1/2022	FIDELITY	50,000	130,050.00	2.60	2.65	3.41	3.38	167,404.57	15,750.00	183,154.57	53,104.57	40.83
1/1/2022	DANGSUGAR	50,000	887,400.00	17.75	18.08	16.05	23.07	787,930.61	45,000.00	832,930.61	54,469.39	6.14
1/1/2022	ZENITH	50,000	1,282,650.00	25.65	26.13	19.75	33.35	969,571.94	139,500.00	1,109,071.94	173,578.06	13.53
1/1/2022	UCAP PLC	50,000	504,900.00	10.10	10.28	11.95	13.13	586,652.39	67,500.00	654,152.39	149,252.39	29.56
1/1/2022	GTCO PLC	50,000	1,326,000.00	26.52	27.01	19.70	34.48	967,117.33	135,000.00	1,102,117.33	223,882.68	16.88
1/1/2022	FLOUR MILLS	50,000	1,445,850.00	28.92	29.45	30.30	37.59	1,487,495.18	74,250.00	1,561,745.18	115,895.18	8.02
1/1/2022	DANCEM	50,000	13,107,000.00	262.14	266.99	245.00	340.78	12,027,601.25	990,000.00	13,017,601.25	89,398.75	0.68
1/1/2022	VITAFOAM	50,000	1,147,500.00	22.95	23.37	20.00	29.84	981,845.00	67,500.00	1,049,345.00	98,155.00	8.55
			21,458,250.00					19,531,842.59		21,156,342.59	301,907.42	1.41

The Equity Portfolio Model which closed the previous week at **-0.72%** depreciated during the week, and closed at **-1.41%** (YTD). This can be compared with NGX All Share Index which was **16.34%** in the previous week and closed at **15.82%** {YTD} during the week. The Equity Portfolio Model depreciated during the week and closed negative as investors sold some valued stocks. 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, VITAFOAM, DANCEM, UBA, 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)

Ecobank Transnational Incorporated (ETI) has announced the impending retirement of its Group Chief Executive officer, Mr. Ade Ayeyemi. Adeyemi has spent seven years as CEO of the group. ETI's Board of Directors has appointed Mr. Jeremy Awori to succeed him. Stakeholders will be informed of the handover date in due course. Mr. Awori is the present CEO of Absa Bank Kenya with 25 years of cognate experience in the African banking industry. Analysts observed that Ecobank Transnational Group's share price did not react to the news staying unchanged at N11.1 and a Year-to-Date return of +27.6%.

INVESTMENT BASICS

Market Volatility and How to manage It

Market volatility is the frequency and magnitude of price movements, up or down. The bigger and more frequent the price swings, the more volatile the market is said to be. "Market volatility is a normal part of investing and is to be expected in a portfolio," says Nicole Gopioian Wirick, [CFP](#), founder of Prosperity Wealth Strategies in Birmingham, Mich. "if markets went straight up, then investing would be easy and we'd all be rich."

How Is Market Volatility Measured?

Market volatility is measured by finding the standard deviation of price changes over a period of time. The statistical concept of a standard deviation allows you to see how much something differs from an average value. Simply keep in mind that "the higher the standard deviation, the more that portfolio is going to move around, up or down from the average. Standard deviations are important because not only do they tell you how much a value may change, but they also provide a framework for the odds it will happen.

How to Handle Market Volatility

There are countless ways you can react to the up-and-down activity of your portfolio. But one thing's certain: Experts don't recommend panic selling after a big market drop. When market volatility has you on edge, try one of these approaches:

Remember Your Long-Term Plan

Investing is a long-haul game, and a [well-balanced, diversified portfolio](#) was actually built with periods like this in mind. If you need your funds in the near future, they shouldn't be in the market, where volatility can affect your ability to get them out in a hurry. But for long-term goals, volatility is part of the ride to significant growth. Volatility is the price you pay when investing in assets that give you the best chance of reaching long-term goals. It is expected and could be viewed as a cost in meeting these goals."

Consider Market Volatility an Opportunity

It may help you mentally deal with market volatility to think about how much stock you can purchase while the market is in a bearish downward state. Particularly in stocks that have been strong over the past few years, periods of volatility actually give us a chance to purchase these stocks at discounted prices. During the bear market/melt down of 2009-2010, for instance, you could have bought shares of roughly a third of the price they were before the melt down. By the end of one or two years later your investment would have been up by about 50-65% from its low and 14% from the beginning of the year.

Keep a Healthy Emergency Fund

Market volatility isn't a problem unless you need to liquidate an investment, since you could be forced to sell assets in a down market. That's why having an emergency fund equal to three to six months of living expenses is especially important for investors. We set aside an appropriate emergency fund so clients do not have to worry about selling down investments to fund cash needs during periods of market volatility. This creates peace of mind for clients.

If you're close to retirement, planners recommend an even bigger safety net, up to two years of non-market correlated assets. That includes bonds, cash, cash values in [life insurance](#), home equity lines of credit and home equity conversion mortgages. When the market is down, pull money from those and wait for the market to rebound before withdrawing from your portfolio.

Rebalance Your Portfolio as Necessary

Because market volatility can cause sharp changes in investment values, it's possible your [asset allocation](#) may drift from your desired divisions after periods of intense changes in either direction. During these times, you should [rebalance](#) your portfolio to bring it back in line with your investing goals and match the level of risk you want. When you rebalance, sell some of the asset class that's shifted to a larger part of your portfolio than you'd like, and use the proceeds to buy more of the asset class that's gotten too small. It's a good idea to rebalance when your allocation drifts 5% or more from your original target mix. You also may want to rebalance if you see a deviation of greater than 20% in an asset class. For instance, if you're aiming for emerging market stocks to be 10% of your portfolio, and after a big market swing, you discovered that emerging markets were more like 8% or 12% of your portfolio, you may want to tweak your holdings.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market

Following the inflow of FGN bond coupons at the beginning of the week, the interbank rates slumped to a single digit as liquidity improved. However, on Friday the Overnight rate rose to a double-digit of 10.17% while Open Repo Rate inched up to 9.67. On a week-on-week basis, it dipped by +13.76% and +13.00% respectively.

Treasury Bills.

For the NTB primary auction on September 14th, 2022, the Debt Management Office sold an exact amount of N159.60 billion worth of notes offered; where the 364-day bill was oversubscribed by +210% while the 91-day and 182-day had less subscription of -1.4% and -79.8% respectively. The rates reacted differently at yesterday's auction following the consistent rise at the last two auctions, the 91-day, 182-day, and 364 rates were allotted at 5.50%, 6.00%, and 9.75% respectively. Compared to the previous auction, the rate on the 91-day remained unchanged, 182-day rose by 15bps while the 364-day fell by 25bps. The bid-to-cover across the three maturities were 0.99x, 0.20x, and 3.10x accordingly

Foreign Currency (EXCHANGE RATE).

Naira appreciated on Thursday at the I & E fixing but was down for most of the week, dipping to 708 to a dollar at the parallel market as the US dollar continue to soar in expectation of Fed raising rate. At the I&E FX window on Friday, the Naira settled at N436.25/\$1, showing a week-on-week appreciation of 0.02%. Also, Naira closed at N435.64/US\$1 staying unchanged on a week-on-week basis at the NAFEX fixing

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$85.04 per barrel during the week, compared with \$86.79 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	9-Sep-22	16-Sep-22	% Change
OPR (%)	8.5	9.67	+13.76%
O/N (%)	9	10.17	+13.00%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION SEPTEMBER 14, 2022

Auction Date	14-Sep-22	14-Sep-22	14-Sep-22
Allotment Date	15-Sep-22	15-Sep-22	15-Sep-22
Maturity Date	15-Dec-22	16-Mar-23	14-Sep-23
Tenor	91-Day	182-Day	364-Day
Offer(N)	11,442,150,000	21,849,555,000	126,307,743,000
Subscription(N)	11,276,610,000	4,418,383,000	391,635,406,000
Allotment(N)	8,500,150,000	918,383,000	150,180,915,000
Stop Rates(%)	5.5	6	9.75

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	9-Sep-22	16-Sep-22	% Change
I&E FX	436.33	436.25	-0.02%
NAFEX (\$/N)	435.63	435.64	0.00%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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