



Monday September 26, 2022

Challenges facing The Nigerian Capital Market.

Lack of collaboration between stakeholders. Regulators and stakeholders have operated in silos, leading to over-regulation on the one hand and resentment on the part of the operators. The Capital market can only expand with effective cooperation between the exchange and the regulatory body. Operators must be assured of the SEC's interest in broadening and deepening the market. Operators and Investors become concerned when these financial institutions don't work together effectively.

Trust Deficit in Fund Managers. The genuineness of fund managers and their tendency to offer the wrong financial advice in a bid to create a market or sell securities and earn commission also features in the catalogue of the challenges facing the capital market. Necessarily, the regulation of operators must ensure a high level of integrity and compliance with the rules of due diligence. The Fund Managers' Association of Nigeria (FMAN) must engender good Fund management practice among practitioners.

High cost of Transaction and Double taxation. Market operators are burdened with several taxes, including the 10% withholding taxes paid to the government, Value Added Tax(VAT), and regulatory duties paid by operators. Economists note that the multiple charges can be disruptive and have led to a deadweight loss where the market is clearing at a sub-optimal equilibrium. To lower the high cost of transactions on the market and increase investor appeal, the federal government should offer a tax holiday on all stock market transactions.

Outmoded set of guidelines in a Changing World. With the rapid development of infrastructure and products, global capital markets are becoming more active. Older, more sophisticated exchanges use consolidation as a strategy to maintain their competitiveness. As a result, the growth of the capital market needs to be understood in the context of regional market integration. The bilateral MoU signed in 2002 has served as a vehicle for cooperation between the SECs of Ghana and Nigeria on various subjects. The Nigerian and Ghanaian Exchanges are the top stock exchanges in Anglophone West Africa. Other Exchanges trade securities, such as exchange-traded funds (ETFs) and futures contracts on commodities. Other tradable instruments that have plugged market gaps include asset-backed securities (ABS), mortgage-backed securities (MBS), real estate investment trusts (REITs), and ethical or halal capital markets instruments and hedge funds.

Technology and Market Infrastructure. A constant technological upgrade is pivotal to determining the time to market as it simplifies and accelerates the process. Capital market regulators need to bring in the technology that can transform operations and allows for innovation. Other Challenges facing the Capital Market include: Liquidity, Lack of Integration of Securities Settlement, Ownership and Operational Control, International Participation, Banking/Capital Market Financing, Operational Capacity, Regulatory Framework, Investor Protection. Legal Framework, Development of the Bond Market, Enhanced Corporate Governance, Market Research and Innovative Instruments and Ratings Culture

Capital Market Summary .

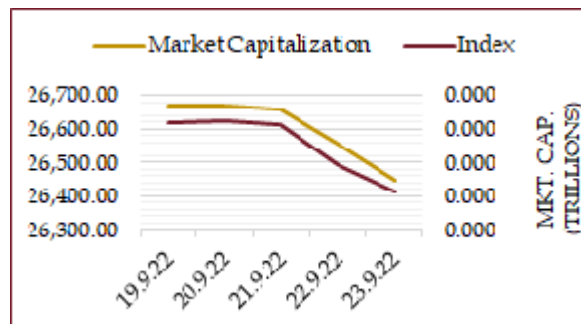
Analysis of the market activity in the week ended September 23, 2022 shows that the market continued to go down as investors sold more value stocks during the week. The NGX All Share Index and market capitalization of listed equities thereby depreciated by 0.91% each from the opening figures of 49,475.42 and N26,686 trillion to close at 49,026.62 and N26,445 trillion respectively. Its year to date (YTD) return stands at +14.77%.

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

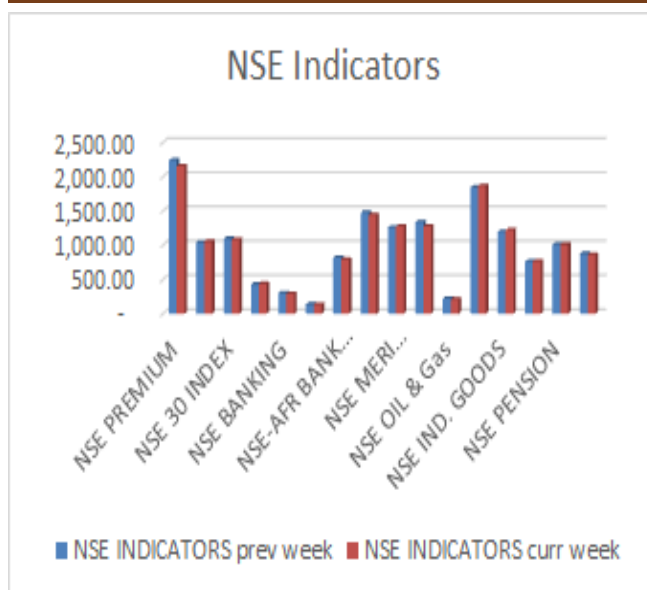
Source: Central Bank of Nigeria (CBN)

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

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

26/09/22-30/09/2022). The Nigerian bourse ended the week on a negative note as market sentiment turned negative. The NGXASI closed the week with **-0.91%** loss as against **-0.44%** loss recorded last week. The Nigerian Exchange recorded N241.6bn loss in naira terms Year-to-date, the NGSAXI maintained its positive position to close the week with a gain **+14.77%** as the market capitalization settled at N26.44trn. 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	11.85	14	17.00	43.46
GTCO	18.50	21.00	30.00	62.16
ACCESS	8.80	10.00	12.00	36.36
UBA	7.30	8.00	10.00	36.99
ZENITH	19.95	24.00	30.00	50.38
GUINNESS	83.00	90.00	120.00	44.58
NB PLC	48.40	50.00	60.00	23.97
NGX	17.00	21.00	25.00	47.06
TRANSCORP	1.05	1.10	1.30	23.81

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
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	N0.30 PD AS INTERIM DIVIDEND

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STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

Forty two stocks depreciated in price during the week as against Thirty nine stocks recorded in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 4,938 units of Exchange Traded Products valued at N2,135,910.35 in 18 deals were traded during the week compared with 4,172 units of Exchange Traded Products valued at N352,773.56 traded last week in 18 deals.

BOND MARKET

A total of 2,961 units of FGN Bond valued at N2993,837.25 in 8 deals were traded during the week compared with 15,945 units of FGN Bond valued at N16,237,893.91 traded last week in 15 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	562.856 M	719.398 M	-21.76
Value N=	N9,438 B	N8,004 B	17.92
Total Gain	17	13	30.77
Total Loss	42	39	-7.69
Deals	16.013	17.444	-8.20
All Share Index	49,026.62	49,475.42	-0.91
Market Cap.	N=26,445 Trillion	N=26,686 Trillion	-0.91

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
VITAFOAM	20.00	22.45	2.45	12.25
FIDELITY	3.41	3.78	0.37	10.85
UNITY	0.40	0.44	0.04	10.00
E-TRANZACT	2.91	3.20	0.29	9.97
RT BRISCOE	0.32	0.35	0.03	9.38
TRANS EXP	0.69	0.75	0.06	8.70
INT BREWERY	4.80	5.10	0.30	6.25
ACCESS	8.30	8.80	0.50	6.02
REGENCY	0.25	0.26	0.01	4.00
AIICO	0.54	0.56	0.02	3.70

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
ACADEMY	2.20	1.70	(0.50)	(22.73)
NGX	19.75	17.00	(2.75)	(13.92)
CADBURY	13.75	11.85	(1.90)	(13.82)
BUA	53.40	47.85	(5.55)	(10.39)
CWG	0.90	0.81	(0.09)	(10.00)
ABC	0.30	0.27	(0.03)	(10.00)
CHAMS	0.30	0.27	(0.03)	(10.00)
TOTAL	234.50	211.70	(22.80)	(9.72)
BEGER PAINT	6.60	5.95	(0.65)	(9.85)
LEARNAFCA	2.06	1.86	(0.20)	(9.71)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 23/09/2022												
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	24.50	31.63	1,202,760.13	45,000.00	1,247,760.13	31,410.13	2.58
1/1/2022	UBA	50,000	410,550.00	8.21	8.36	7.30	10.67	358,373.43	45,000.00	403,373.43	7,176.58	1.75
1/1/2022	FIDELITY	50,000	130,050.00	2.60	2.65	3.78	3.38	185,568.71	15,750.00	201,318.71	71,268.71	54.80
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	19.95	33.35	979,390.39	139,500.00	1,118,890.39	163,759.61	12.77
1/1/2022	UCAP PLC	50,000	504,900.00	10.10	10.28	11.20	13.13	549,833.20	67,500.00	617,333.20	112,433.20	22.27
1/1/2022	GTCO PLC	50,000	1,326,000.00	26.52	27.01	18.50	34.48	908,206.63	135,000.00	1,043,206.63	282,793.38	21.33
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	22.45	29.84	1,102,121.01	67,500.00	1,169,621.01	22,121.01	1.93
			21,458,250.00					19,589,280.52		21,213,780.52	244,469.48	1.14

The Equity Portfolio Model which closed the previous week at **-1.41%** depreciated during the week, and closed at **-1.14%** (YTD). This can be compared with NGX All Share Index which was **15.82%** in the previous week and closed at **14.77%** {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)

Agricultural experts have developed new maize and cowpea seeds to ensure Nigeria's self-sufficiency in maize production. They claim the project yielded prolific germination in about 60 different demo sites across Kaduna, Niger, and Kano state with about 10 different varieties of hybrid maize, including Sammaz 62, Sammaz 63, and Sammaz 68 of drought tolerant and high yield seeds. The aim is to pivot Nigeria into becoming Africa's highest producer of maize. Recall that Nigeria and some other west African countries completed a project earlier this year in the production and testing of the TELA maize, which was claimed to be drought tolerant and resistant to pests like fall armyworm, stem borers with a yield up to 8 tons per hectare compared to the 3 tons per hectare earlier achieved in the country.

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

In the absence of any major inflows, the funding rates climbed up gradually this week. On a weekly basis, the Open Repo Rate (OPR) and Overnight rate rose significantly by +47.49% and +53.36% to close at 14.83 and 15.00 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 fell on Friday to N436.33/\$1 at the Investor and Exporter fixing and sustained a weekly loss of -0.02%. The Nigerian currency recorded a weekly loss also at the NAFEX fixing at N435.69/US\$1.

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			
	16-Sep-22	23-Sep-22	% Change
OPR (%)	9.67	14.83	+47.49%
O/N (%)	10.17	15	+53.36%

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			
	16-Sep-22	23-Sep-22	% Change
I&E FX	436.25	436.33	-0.02%
NAFEX (\$/N)	435.64	435.69	-0.01%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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