



Monday October 24, 2022

The Naira: How Much Devaluation Should We Expect?

The Naira has fallen to low levels in the past weeks, amidst the ongoing dollar scarcity. Nigeria is experiencing one of its worst FX crises in history due to increasing demand for FX amidst low supply. Fundamental market pressures are clearly turning depreciatory and are likely to remain so over the remainder of the year amid declining investment inflows and fiscal expansion. However, the rate is clearly being heavily managed by the CBN. As such, the rate for the rest of the year depends more on the CBN’s willingness and ability to maintain it at its current level than on fundamental or valuation pressures. From a willingness perspective, we believe that the CBN has always been and is very keen to prevent further devaluation especially not during the run up to the elections, when devaluation of the currency will be an unpopular decision. As for the CBN’s ability to maintain the rate at its current level, we note that despite the high oil price, occasioned by the Russia-Ukraine war, Nigeria has failed to benefit from it due to limited production and the maintenance of a subsidy regime, which is estimated to cost the country at least N4trn this year. High oil prices imply increased cost of refined products and Nigeria continues to spend a huge part of its FX earnings on the importation of Petroleum Motor Spirit (PMS) and other refined products due to the complete absence of local refining capacity. The country has also failed to significantly increase its non-oil exports. Crude oil with decreasing production capacity continues to dominate the export earnings. Understandably, the reserves are being pressured. These, coupled with the almost non-existent FPI inflows, which was a major source of dollars for the economy previously, makes the situation dire. The high number of people relocating to the UK and Canada taking advantage of current visa laws has increased the demand for Invincible in the form of school fees and upkeep. The only respite are remittances. The CBN has been gradually allowing a devaluation of the Naira at all the available windows. At the I&E window, technically the CBN has allowed funds to be supplied at about N432/US\$ and N436/US\$. Recall that previously, CBN capped sales at the I&E window at about N420/US\$. Sale of FX for Invisibles and to SMEs, which has been around N420/US\$ is now at N435.98/US\$. Looking ahead, it is looking very likely that the CBN will allow the rate at the I&E window to depreciate towards initial NGN455.00/US\$ target for the end of the year and BoA’s post-election forecast of N520/US\$ may not be farfetched

Capital Market Summary .

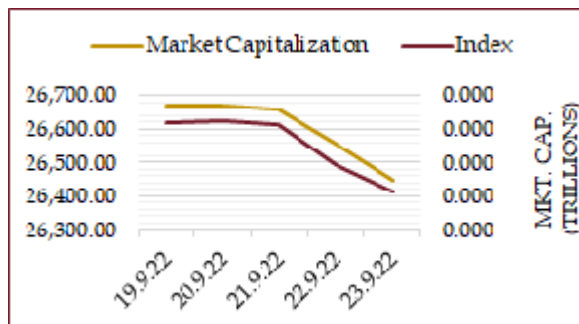
Analysis of the market activity in the week ended October 21, 2022 shows that the Nigerian bourse ended the week on a negative note as market sentiment turned negative . The NGX All Share Index and market capitalization of listed equities thereby depreciated by 6.67% each from the opening figures of 47,569.04 and N25,910 trillion to close at 44,396.73 and N24,182 trillion respectively. Its year to date (YTD) return stands at +3.93%.

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 trn	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)	15.50%	September 27, 2022
Cash Reserve Ratio (CRR)	32.50%	September 27, 2022
Nigeria’s Bonny Light Crude Oil	US\$102.56/Bar	October 07, 2022
Nigeria’s Gross External Reserves	US\$37.88bn	October 13, 2022

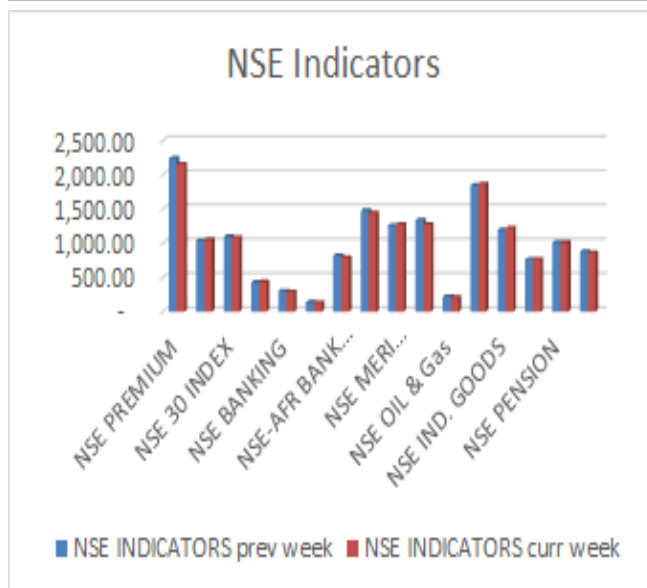
Source: Central Bank of Nigeria (CBN)

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	30/9/2022	%	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	7.00	(13.04)	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	20.00	(16.49)	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	17.75	(31.73)	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	8.05	(13.44)	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	10.20	(10.53)	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	3.69	44.71	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	16.05	(7.76)	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	11.00	(16.67)	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	11.15	12.63	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	5.00	(21.26)	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	13.60	54.55	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	12.30	(15.17)	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	9.25	51.64	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	5.50	47.06	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	30.30	6.88	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	245.00	(4.67)	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	24.50	2.30	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	5.60	(5.88)	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	4.10	1.99	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	9.05	45.50	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	48.40	(3.20)	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	82.90	112.56	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
IBERGER	22.35	25.90	15.88	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
VITAFUAM	22.50	20.95	(6.89)	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	10.25	7.89	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	13.75	5.77	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	26.50	20.45	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	211.30	(4.78)	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	6.32	25.15	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	188.30	32.61	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	142.60	62.41	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	6.50	(17.72)	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	4.91	9.11	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	199.8	1.42	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	1.1	14.58	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	20.00	0.50	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	3.29	10.03	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	1.02	(52.56)	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	2.27	(33.24)	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



STOCK MARKET REPORT

Domestic Market Review

RECOMMENDED STOCKS FOR THE WEEK

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK (24/10/22-28/10/2022).

The Nigerian bourse ended the week on a negative note as market sentiment turned negative. The NGXASI lost the week with a - 6.67% loss as against a 0.46% gain recorded last week. The Nigerian Exchange recorded N1.07trn loss in naira terms. The Year-to-date, the NGXASI maintained its positive position to close the week with a gain of +3.93% as market capitalization settled at N24.182trn. The depreciation during the week coupled with the anticipation of impressive Q3 financial report 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 come up with positive note. 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 under-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, AFRIPRUD PLC, NB PLC, UBA PLC, ACCESS PLC. ZENITH, and GUINNESS PLC.**

Stocks	Current Price	Max. entry Price N=	Target price	% Change
AFRIPRUD	5.20	5.40	6.00	15.38
GTCO	18.50	19.00	25.00	35.14
ACCESS	8.05	8.30	12.00	49.07
UBA	7.00	7.00	10.00	42.86
ZENITH	20.00	21.00	30.00	50.00
GUINNESS	82.90	90.00	120.00	44.75
NB PLC	41.00	45.00	60.00	46.34

FINANCIAL HIGHLIGHTS OF RECOMMENDED STOCKS

Compa-ny	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 de-clared 2021 FY
GTCO MILLS	2nd QTER 30/06/2022	239.29	207.92	77.56	79.41	N2.70	N0.30 paid as in-terim dividend
UCAP PLC	2nd qter 30/06/2022	9.110	6.85	4.44	3.14	N1.48	N1.50 DIV PD IN YEAR 2021
ACCESS BANK PLC	1st Qter 31/03/2022	295.74	222.14	57.40	52.55	N1.64	N0.20 pd as inter-im dividend
GUIN-NESS 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 IN-TERIM DIVIDEND

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STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

Twenty four stocks depreciated in price during the week as against Forty six stocks recorded in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 1,192 units of Exchange Traded Products valued at N 2,086,963.74 in 28 deals compared with 1667 units of Exchange Traded Products valued at N264,986.25 traded last week in 19 deals.

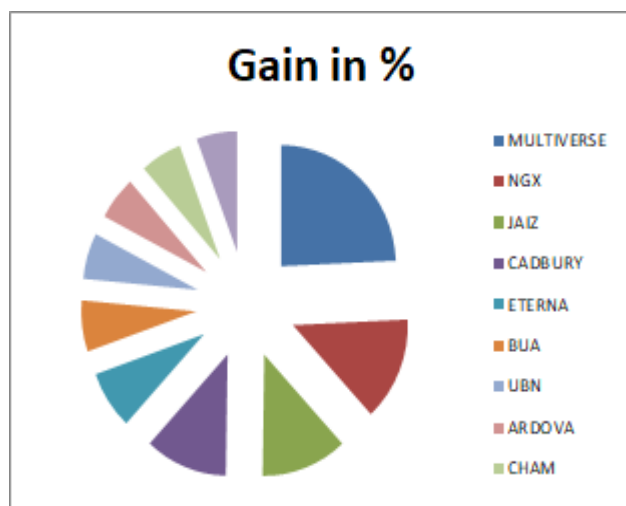
BOND MARKET

A total of 13,882 units of FGN Bond valued at N13,879,299.59 in 12 deals were traded during the week compared with 4,649 units of FGN Bond valued at N4,768 million traded last week in 16 deals

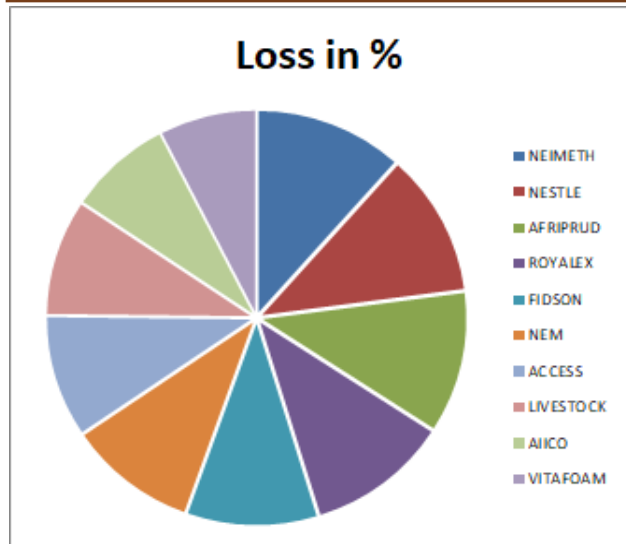
MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	481.815 M	586.939 M	-17.91
Value N=	N11,922 B	N8,837 B	34.91
Total Gain	25	11	127.27
Total Loss	24	46	-91.67
Deals	14.350	17.183	-16.48
All Share Index	44,396.73	47,569.04	-6.67
Market Cap.	N=24,182 Trillion	N=25,910 Trillion	-6.67

TOP TEN GAINERS



TOP TEN LOSERS



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	ZENTH	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 **-1.14%** depreciated during the week, and closed at **-1.75% (YTD)**. This can be compared with NGX All Share Index which was **11.36%** in the previous week, depreciated and closed at **3.93% {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.

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

MARKET DEVELOPMENTS (LAST WEEK)

Fidelity Bank Plc Announces Redemption of its \$400m Eurobond. Fidelity Bank Plc (“Fidelity Bank” or the “Bank”) announced today the redemption of the \$400,000,000.00 Eurobond Notes due October 17, 2022. On October 17, 2017, the bank successfully issued a US\$400 million 5-year Eurobond. The transaction also included a Tender Offer (the “Tender Offer” or “Offer”) for the refinancing of the Bank’s US\$300million Senior Unsecured Notes issued in May 2018. The transaction was the largest combined new issue & liability management offering ever by a Nigerian issuer and was well received by analysts and investors. The transaction which was managed by Citigroup Incorporated, Renaissance Capital and Standard Bank Group Limited achieved an oversubscribed order book of \$630million. Upon final maturity of the Eurobond, noteholders received a total of US\$421 million covering the principal amount and the accrued 6 months coupon in line with the executed Trust Deeds. According to the Bank’s MD/CEO; Nneka Onyeali-Ikpe, “the liquidation of the notes despite the strong headwinds in the domestic economy - especially when viewed against the backdrop of short dollar supply, is a testament to the strong liquidity position of the bank and the resilience of our balance sheet”. Fidelity Bank is one of the leading financial institutions in Nigeria. According to its interim audited result for the mid-year 2022, the Bank reported strong financial ratios with a capital base of N3.7trillion, PBT of N25bn and a return on equity (ROE) of 15.4% evidencing the efficient management of the bank’s assets.

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 Gopoian 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.

Without any significant improvement in system liquidity, the bank’s funding rate maintained its double-digit figures all week. On Friday, the funding rates settled at 16.50 and 16.33 for the Open repo rate (OPR) and Overnight rate (O/N). For the week-on-week performance, the overnight rate stayed flat while the Open repo rate rose slightly by +0.99% .

Treasury Bills.

Following the MPR hike, the Nigerian treasury bill rates soared at the primary auction during the week. The DMO raised N179.32bn as compared to the N141.34bn offered with the oversubscription skewed to the 364-day tenor. The rates on the 91-day, 182-day, and 364-day rose significantly by 99bps, 150bps, and 225bps to settle at 6.495, 7.50%, and 12% respectively. The bid-to-cover ratio for the three tenors stood at 0.20x, 0.17x, and 2.15x accordingly .

Foreign Currency (EXCHANGE RATE).

For the weekly performance, Naira appreciated by -0.24% against the US dollar to settle at N431.60/US\$ at the I & E FX fixings. Naira closed at N440.76/US\$, at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX), indicating a week-on-week depreciation of 0.17% . At the parallel market, the naira fell to N750 against the US dollar on Friday as demand for the dollar rises

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			
	14-Oct-22	21-Oct-22	% Change
OPR (%)	16.17	16.33	+0.99%
O/N (%)	16.5	16.5	+0.00%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION October 12, 2022

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	14.27	1.65	1.55	6.47	6.49
182-days	25.56	2.62	2.52	7.9	7.5
364-days	151.06	107.67	30.76	13	12

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields

	14-Oct-22	21-Oct-22	% Change
I&E FX	441.38	440.33	-0.24%
NAFEX (\$/N)	440	440.76	+0.17%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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