



Monday November 14, 2022

Gross Official Reserves Declined by USD866m to USD37.4bn in October 2022

Data from the CBN, shows that Nigeria’s gross official reserves declined by USD866m to USD37.4bn in October. The level of attrition is the second highest since May of this year and follows a decrease of USD772m in September. The sharp drop in the fx reserves is mostly due to the CBN’s increased interventions on the various fx windows, such as the investors and exporters (I&E), and the Secondary Market Intervention Sales (SMIS) windows, following the difficulties with fx supply. Despite the high level of crude oil prices, the external reserves have seen very little accretion from oil sales this year, due to the sector’s low productivity as a result of large-scale crude oil theft.

According to OPEC data obtained from secondary sources, Nigeria's oil output (excluding condensates) increased marginally to 1.09 million barrels per day (mbpd) in September '22, from 1.06mbpd in August, far below potential output of over 2mbpd. With respect to other sources of fx inflows, Inflows from FDI and FPI investors have been very limited on account of tough financial market conditions due to monetary policy tightening by global central banks. Another significant factor responsible for the dwindling capital inflow is the relative over-valuation of the naira on the official NAFEX window relative to the USD and other major currencies. Year-to-date, the naira has depreciated by 5% on the official window. This contrasts with a depreciation of around 9% for the South African Rand and almost 35% for the Egyptian Pound. The Egyptian Pound’s sharp depreciation is a result of two devaluations this year, with the most recent in October reflecting the currency's floating. Following the move, the country agreed on a USD3bn loan from the IMF, with at least USD5bn more to come from its international partners, according to Bloomberg. Total reserves for Nigeria as at end-October covered 8.5 months of merchandise imports based on the balance of payments for the 12 months to June 2022, and 6.5 months when we add services. If the present attrition rate continues, Nigeria's foreign exchange reserves will probably fall to a little under USD36bn by the end of December.

Capital Market Summary

Analysis of the market activity in the week ended November 04, 2022 shows that the Nigerian bourse ended the week on a positive note as market sentiment turned positive. The NGX All Share Index and market capitalization of listed equities thereby appreciated by 0.81% each from the opening figures of 43,912.64 and N23,918 trillion to close at 44,269.18 and N24,112 trillion respectively. Its year to date (YTD) return stands at +3.63%.

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)	15.50%	September 27, 2022
Cash Reserve Ratio (CRR)	32.50%	September 27, 2022
Nigeria's Bonny Light Crude Oil	US\$96.21/Bar	November 10, 2022
Nigeria's Gross External Reserves	US\$37.40bn	November 10, 2022

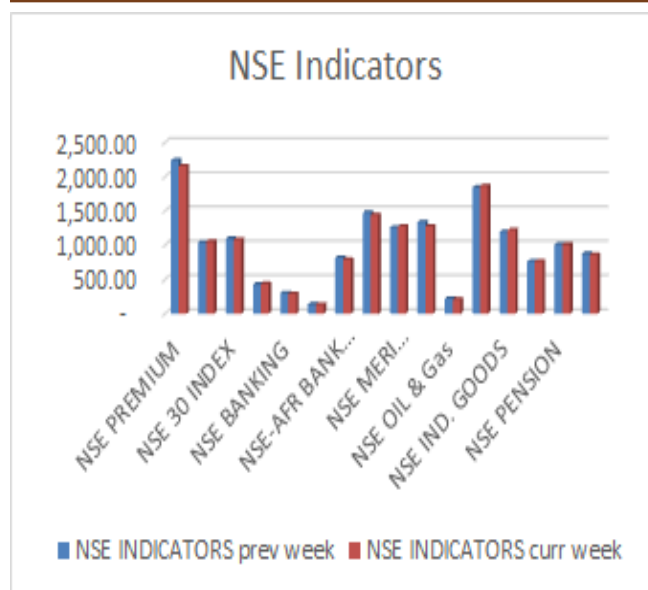
Source: Central Bank of Nigeria (CBN)

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

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

14/11/22-18/11/2022)

The Nigerian bourse ended the week on a negative note as market sentiment turned negative. The NGXASI closed the week with a loss of **-0.68%** as against a **0.81%** gain recorded last week. The Nigerian Exchange recorded N163.64bn loss in naira terms. In Year-to-date, the NGXASI maintained its positive position to close the week with a gain of **+2.93%** as market capitalization settled at N23.95trn. We expect positive earnings and the low prices to be a significant factor for investors in deciding which stock to buy. In the coming week, we expect the market to continue with the 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.

GTCO, AFRIPRUD PLC, NAHCO PLC, DANSUGAR, NB PLC, UBA PLC, ACCESS PLC, CADBURY, ZENITH, and LARFAGE WAPCO PLC.

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
AFRIPRUD	5.35	5.40	6.00	12.15
GTCO	17.55	19.00	25.00	42.45
ACCESS	8.05	8.30	12.00	49.07
UBA	7.20	7.00	10.00	38.89
ZENITH	19.95	21.00	30.00	50.38
CADBURY	10.25	12.00	17.00	65.85
NB PLC	37.40	40.00	50.00	33.69
WAPCO	22.25	23.00	30.00	34.83
NAHCO	5.80	6.00	10.00	72.41
DANSUGAR	16.30	17.00	20.00	22.55

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
CADBURY	3RD QTER 30/09/2022	42.54	30.05	2.82	1.51	N1.49	N0.50 div. paid in 2021 FY
AF-RIPRUD PLC	3RD QTER 30/09/2022	1.150	0.838	1.29	1.15	N0.64	N0.5div. was de-clared 2021 FY
GTCO MILLS	3RD QTER 30/09/2022	335.83	301.78	130.35	129.40	N4.55	N0.30 paid as in-terim dividend
UCAP PLC	3RD qter 30/09/2022	14.55	11.39	7.72	5.96	N1.71	N1.50 DIV PD IN YEAR 2021
ACCESS BANK PLC	3RDt Qter 31/09/2022	906.93	606.57	137.01	121.89	N3.85	N0.20 pd as inter-im dividend
WAPCO	3rd qter 30/9/2022	269.85	219.20	44.90	40.40	N2.79	N1.00 PD IN YEAR 2021
ZENITH PLC	3RD QTER 30/9/2022	620.57	518.67	174.33	160.59	N5.55	N0.30 PD AS IN-TERIM DIVIDEND

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STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 4,379 units of Exchange Traded Products valued at N622,934.20 in 33deals were traded during the week compared with 4,577 units of Exchange Traded Products valued at N531,565.05 traded last week in 28 deals.

BOND MARKET

A total of 23,819 units of FGN Bond valued at N24,622,371.91 in 16 deals were traded during the week compared with 121,712 units of FGN Bond valued at N10,219,807.59 traded last week in 16 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1,101 M	1,410 M	-21.91
Value N=	N11,714 B	N15,510 B	-24.47
Total Gain	27	20	35.00
Total Loss	36	43	16.28
Deals	15.697	19.025	-17.49
All Share Index	43,968.75	44,269.18	-0.68
Market Cap.	N=23,949 Trillion	N=24,112 Trillion	-0.68

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
UNITY	0.42	0.57	0.15	35.71
ROYALEX	0.72	0.88	0.16	22.22
MRS	11.70	12.85	1.15	9.83
E-TRANZACT	3.20	3.50	0.30	9.38
GEREGU	120.00	130.20	10.20	8.50
FIDSON	8.30	8.99	0.69	8.31
LINKAGE	0.39	0.42	0.03	7.69
UCAP	11.35	12.10	0.75	6.61
CHAMS	0.23	0.24	0.01	4.35
AFRIPRUD	5.15	5.35	0.20	3.88

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
PRESTIGE	0.46	0.39	(0.07)	(15.22)
LEARNAFCA	1.68	1.50	(0.18)	(10.71)
GUINNESS	82.90	74.65	(8.25)	(9.95)
FLOUR MILLS	30.30	27.30	(3.00)	(9.90)
JBERGER	23.45	21.15	(2.30)	(9.81)
CADBURY	11.35	10.25	(1.10)	(9.69)
CUSTODIAN	5.90	5.35	(0.55)	(9.32)
MULTIVERSE	4.24	3.85	(0.39)	(9.20)
RTBRISCOE	0.33	0.30	(0.03)	(9.09)
HONEYWELL	2.20	2.00	(0.20)	(9.09)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 11/11/2022												
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	22.25	31.63	1,092,302.56	45,000.00	1,137,302.56	- 79,047.44	- 6.50
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	4.05	3.38	198,823.61	15,750.00	214,573.61	84,523.61	64.99
1/1/2022	DANGSUGAR	50,000	887,400.00	17.75	18.08	16.30	23.07	800,203.68	45,000.00	845,203.68	- 42,196.33	- 4.76
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	12.10	13.13	594,016.23	67,500.00	661,516.23	156,616.23	31.02
1/1/2022	GTCO PLC	50,000	1,326,000.00	26.52	27.01	17.55	34.48	861,568.99	135,000.00	996,568.99	- 329,431.01	- 24.84
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	238.50	340.78	11,708,501.63	990,000.00	12,698,501.63	- 408,498.38	- 3.12
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					19,057,611.45		20,682,111.45	- 776,138.55	- 3.62

The Equity Portfolio Model which closed the previous week at **-3.49%** depreciated during the week, and closed at **-3.62%** (YTD). This can be compared with NGX All Share Index which was **3.49%** in the previous week depreciated and closed at **2.83%** {YTD} during the week. The Equity Portfolio Model appreciated during the week but still 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 GTCO 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)

Nigeria Struggles with Dollar-Induced Petrol Scarcity

Petrol scarcity that started a few weeks ago has persisted in major cities in the country, albeit with occasional easing. The leadership of the Major Oil Marketers Association of Nigeria (MOMAN) attributed the shortages to the inability of depot owners to pay for services related to transshipment from mother vessels to smaller vessels, leaving many mother vessels, laded with petrol, stranded on the high seas. Operators identified services such as hiring small vessels, which have increased from US\$20,000 per day to US\$45,000 per day due to high diesel prices, high NIMASA and NPA charges in dollars, and the high cost of other logistics as major culprits. Analysts believed the likely resolution to the challenges is a direct offloading from the mother vessels and the de-dollarisation of all related/service charges in Nigeria. A call by some operators to access the dollar at the official rate may not be feasible at the moment, given the current dollar shortages in the country.

INVESTMENT BASICS

Profitability or Growth: What is More Important to a Business

While every business owner aims to make a profit, there is also a question of growth. In an ideal situation, a business owner defines the end goal to determine their priority: business growth or profitability. Does making a profit matter more to you or developing the business? The fact is; there is no right or wrong way to answer this question. It all depends on your vision as the business owner. Although a successful business can grow and make profits simultaneously, there may be times when the business owner must prioritize one over the other.

Why is Profitability or Growth Important to a Business?- One of the reasons for considering profitability or growth is to encourage investors. Small businesses and startups with colossal potential are usually attractive prospects to venture capitalists. For centuries, wealthy investors have always looked to fund various endeavors, from business ideas to experiments, expeditions, and political campaigns. They aim to financially support these ventures to get a substantial return on their investment. However, an investor must be sure of the business owner's vision, commitment and priorities. For some investors, profitability takes precedence over growth, while others prefer the opposite. Thus, the question of profitability or growth is a crucial one for every stakeholder. A new company can only pay its running costs, staff salaries, taxes, and purchase raw materials from its earnings. Starting a new business is more straightforward than in previous decades. You can develop business ideas, perform feasibility studies, search for a business name, register a business name, and [register VAT online](#). Yet, sustaining the business remains a challenge.

The Case For Profitability. Prioritizing profit can be reasonable for many reasons. First, a business's primary aim is to make profits. According to a latest [research work](#), about one in five businesses fail in their first year, while almost a third of start-ups fail in their second year. The inability to make enough profits to sustain the business is the primary reason for failure. In most cases, the business owner solely funds the company either from their savings or through loans. To ensure that they repay the loans and still have money in the bank, making a profit might be the reasonable focus of the business at that stage. Profitability can keep a business afloat. It ought to be a strategy for survival and a short-term approach to achieving business goals. With enough capital, investments coming in, or enough money saved from earnings, an entrepreneur can switch their focus to business growth.

How to Know if a Business is Profitable. To be sure that a business is making a profit, business owners must understand net profit and gross profit margin. While gross profit is the difference between the revenue from your selling price and cost price, net profit is money that's left after covering all expenses from profits gained. A business is profitable when its overall income is consistently more than its total expenses.

The Case for Growth. Every entrepreneur or investor hopes that their business maintains profitability. For an establishment to remain successful for a long period, it needs growth. Business growth is also essential to its profitability. The process of growing a business is similar to building a formidable fortress. The project depends on the durability of its foundation, the strength of its pillars, and the efficacy of its security measures. These essential measures take time to implement. While a startup needs profitability to survive, a business's goal must shift to growth to become an established organization. Identifying and capitalizing on growth opportunities becomes the ideal line of action. When an organization focuses on development, they invest more capital, resources, and time. At this point, a company starts to work on its expansion, how to improve company image, and advanced promotion methods. **How to Know if a Business is Growing.** An entrepreneur sees shreds of evidence of growth by analyzing the increase in staff strength, quality of resources, business exposure, customer conversion, and market penetration. Every business must keep seeking growth opportunities. However, a comprehensive analysis of the company's current situation, strengths and weaknesses, and potential for success are factors to consider before working on a growth plan.

Conclusion. The question of profitability or growth in business will continue to divide opinion for a long time. While focusing on profit suits a short-term goal or approach, prioritizing growth implies that the business owner or investors have an eye on the future. Meanwhile, seeking growth ensures that a company maintains profitability and relevance for a lengthy period. Both profitability and business growth are vital to having a successful and sustainable business. The priority depends on your goals and vision for the business.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

Interbank Rates remained at single-digit levels all week as liquidity remained robust. On Friday, the Open Repo Rate (OPR) rate and Overnight rate (O/N) settled at 12.00% and 12.83%, rising by +50.94% and +35.90% respectively

Treasury Bills.

Contrary to the low subscription at the previous NTB Auctions, during the week NTB Primary Auction had an oversubscription of N310.12bn against the N193.04bn offered. The rates on the 91-day and 182-day notes remained unchanged at 6.50% and 8.05%, respectively, while the 364-day dropped by 51bps to 13.99%. The bid-to-cover ratio across the three papers was 0.72x, 0.19x, and 3.59x, respectively

Foreign Currency (EXCHANGE RATE).

As FX supply improves at the parallel market, Naira gained this week, rising in value to N690 per US dollar on Friday as opposed to the record low of N900/US\$1 recorded last week. For the Investor and Exporter FX Fixings, Naira settled at N446.1 on Friday, indicating a week-on-week loss of +0.31%. NAFEX fixing closed the week with the naira at N444.1/\$1, a week-on-week fall of +0.08.

OIL PRICE.

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$88.37 per barrel during the week, compared with \$85.04 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	4-Nov-22	11-Nov-22	% Change
OPR (%)	8.5	12	+50.94%
O/N (%)	8.83	12.83	+35.90%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION November 10, 2022

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	21.15	15.14	4.52	6.5	6.5
182-days	32.83	6.36	5.44	8.05	8.05
364-days	139.06	499.42	300.16	13.99	14.5

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	4-Oct-22	11-Nov-22	% Change
I&E FX	445.5	446.1	+0.31%
NAFEX (\$/N)	443.75	444.1	+0.08%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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