



Monday November 21, 2022

Nigeria's Headline Inflation Soars to 21.09% in October 2022

The National Bureau of Statistics released its inflation data for October today. In line with market expectation, headline inflation accelerated to a 17-year high of 21.09 on a year-on-year basis. This is 0.32% higher than the previous month's inflation and 5.09% compared to same month in 2021. This inflation trend has defied the typical inflation pattern in Nigeria in which headline inflation moderates between September and November due to harvest season. The major drivers of inflation in October include flood[1]induced supply disruption, exchange rate volatility and rising cost of production.

The Naira at the parallel market had depreciated by 9.01% to N805/\$ in October from N738/\$ at the end of September. Speculative demand for dollar in the second half of October following CBN's Naira redesign initiative bookended the sharp fall in the exchange value of the Naira. The high and volatile exchange rate is the major culprit for skyrocketing cost of raw material and imported goods which in turn fueled inflation. In the same vein, flood, which ravaged about 26 dominant food-producing states, disrupted the food supply chain across the country, thereby muting the impact of harvest of farm produce on the headline inflation. However, on a month-on-month basis, the headline inflation declined by 0.12% to 1.24% from 1.36% in September, the third consecutive monthly decline since August. A further look at the numbers released also revealed that core inflation, which excludes farm produce, spiked on a year-on-year basis by 4.52% to 17.76% in October 2022. This suggests that Nigeria's inflation is more structural than transitory. The CBN has raised the policy rate by a total of 400bps since May in a bid to tame inflation, which has become a global phenomenon. However, legacy constraints such as multiple exchange rates and capital controls, rising insecurity and persistent energy prices are pushing the general price high, defying the monetary antidotes.

Inflation Data Breakdown. Food inflation (year-on-year) rose by 5.39% to 23.72% in October 2022 from 18.34% in the corresponding period last year. Core inflation maintained its persistent uptick to 17.76% in October on a year-on-year basis, up by 4.52%, compared to 13.24% in October 2021. Conversely, month-on-month core inflation declined to 0.93% from 1.59% in September. Liquid fuel, gas, passenger transport (air), and vehicle spare parts were the largest contributors. A breakdown of the state of inflation at sub-national level shows that Kogi state topped the table with headline inflation rate of 25.15%. Other high inflation states include Bauchi (23.45%), Ondo (23.45%), and Bayelsa (23.0%). Plateau, Borno, and Nasarawa states recorded the slowest rise in consumer prices on a year-on-year basis in October. We expect inflation to remain elevated in the coming months. The lagged effect of flood and exchange rate pass through effect on domestic prices will continue to drive inflationary surge in the coming months. However, the rate of spike in inflation may moderate as global commodity prices continue to taper.

Capital Market Summary

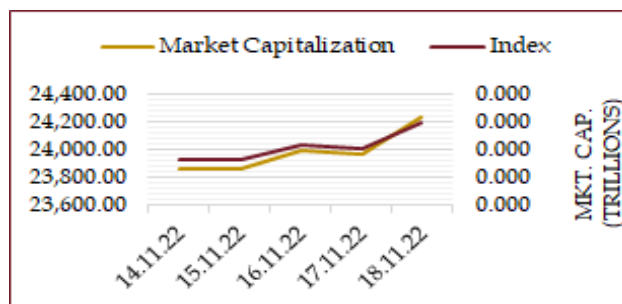
Analysis of the market activity in the week ended November 18, 2022 shows that the Nigerian bourse ended the week on a positive note as market sentiment turned positive. The NGX All Share Index and market capitalization of listed equities thereby appreciated by 1.19% each from the opening figures of 43,968.75 and N23,949 trillion to close at 44,492.73 and N24,234 trillion respectively. Its year to date (YTD) return stands at +4.16%.

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)	21.09%	November 18, 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

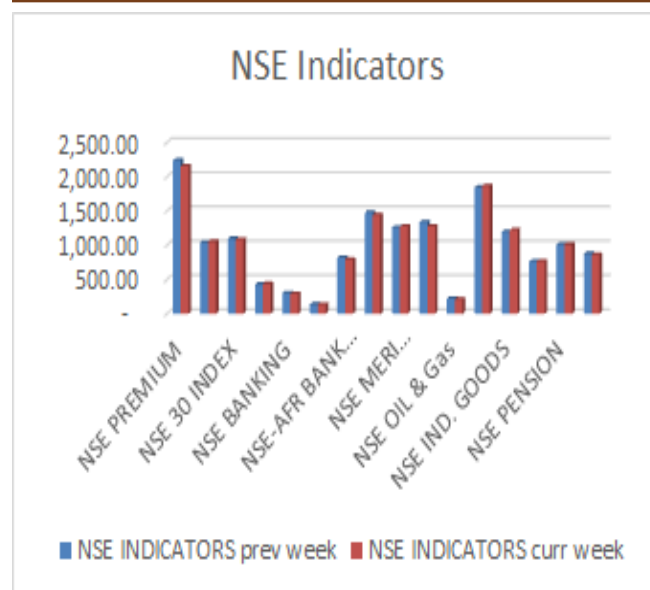
Source: Central Bank of Nigeria (CBN)

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
VITAFOAM	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

21/11/22-25/11/2022)

The Nigerian bourse ended the week on a positive note as market sentiment turned positive. The NGXASI closed the week with a gain of **1.19%** as against a **-0.68%** loss recorded last week. The Nigerian Exchange recorded N291.93bn gain in naira terms. In Year-to-date, the NGXASI maintained its positive position to close the week with a gain of **+4.16%** as market capitalization settled at N24.233trn. **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. **AFRIPRUD PLC, NAHCO PLC, DANSUGAR, NB PLC, UBA PLC, ACCESS PLC. FLOUR MILLS, CADBURY, and LARFAGE WAPCO PLC.****

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
AFRIPRUD	5.30	5.40	6.00	13.21
ACCESS	8.10	8.30	12.00	48.15
UBA	7.15	7.00	10.00	39.86
Flour mills	27.30	28.00	35.00	28.21
CADBURY	10.25	12.00	17.00	65.85
NB PLC	41.25	45.00	50.00	21.21
WAPCO	21.00	23.00	30.00	42.86
NAHCO	5.65	6.00	10.00	77.36
DANSUGA	15.85	17.00	20.00	26.18

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
CADBURY	3RD QTER 30/09/2022	42.54	30.05	2.82	1.51	N1.49	N0.50 div. paid in 2021 FY
AFRIPRUD PLC	3RD QTER 30/09/2022	1.150	0.838	1.29	1.15	N0.64	N0.5div. was declared 2021 FY
GTCO MILLS	3RD QTER 30/09/2022	335.83	301.78	130.35	129.40	N4.55	N0.30 paid as interim 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 interim 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 INTERIM DIVIDEND

Source: Nigerian Stock Exchange (NSE) & Regency Research

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

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 7,014 units of Exchange Traded Products valued at N496,893.36 in 34 deals were traded during the week compared with 4,379 units of Exchange Traded Products valued at N622,934.20 traded last week in 33 deals.

BOND MARKET

A total of 56,708 units of FGN Bond Valued at N68,645,618.79 in 21 deals were traded during the week compared with 23,819 units of FGN Bond valued at N24,622,371.91 traded last week in 16 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	694.374 M	1,101 M	-36.93
Value N=	N8,667 B	N11,714 B	-26.01
Total Gain	31	27	14.81
Total Loss	33	36	8.33
Deals	15.418	15.697	-1.78
All Share Index	44,492.73	43,968.75	1.19
Market Cap.	N=24,234 Trillion	N=23,949 Trillion	1.19

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
MANSARD	1.53	1.77	0.24	15.69
UBN	5.75	6.50	0.75	13.04
GTCO	17.55	19.46	1.91	10.88
NB	37.40	41.25	3.85	10.29
UNILEVER	10.00	11.00	1.00	10.00
LEARNAFCA	1.50	1.65	0.15	10.00
CAVERTON	0.80	0.88	0.08	10.00
CWG	0.80	0.88	0.08	10.00
MRS	12.85	14.10	1.25	9.73
STANBIC	27.50	30.00	2.50	9.09

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
SCOA	1.75	1.29	(0.46)	(26.29)
GUINNESS	74.65	60.50	(14.15)	(18.96)
REGENCY	0.27	0.23	(0.04)	(14.81)
UNITY BANK	0.57	0.50	(0.07)	(12.28)
ROYALEX	0.88	0.78	(0.10)	(11.36)
UPDC REAL	2.80	2.50	(0.30)	(10.71)
ETERNA	6.30	5.67	(0.63)	(10.00)
JOHN HOLT	0.81	0.73	(0.08)	(9.88)
SUNU ASS	0.32	0.29	(0.03)	(9.38)
FIDSON	8.99	8.15	(0.84)	(9.34)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 18/11/2022												
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	21.00	31.63	1,030,937.25	45,000.00	1,075,937.25	- 140,412.75	- 11.54
1/1/2022	UBA	50,000	410,550.00	8.21	8.36	7.15	10.67	351,009.59	45,000.00	396,009.59	- 14,540.41	- 3.54
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	15.85	23.07	778,112.16	45,000.00	823,112.16	- 64,287.84	- 7.24
1/1/2022	ZENITH	50,000	1,282,650.00	25.65	26.13	21.35	33.35	1,048,119.54	139,500.00	1,187,619.54	- 95,030.46	- 7.41
1/1/2022	UCAP PLC	50,000	504,900.00	10.10	10.28	12.05	13.13	591,561.61	67,500.00	659,061.61	154,161.61	30.53
1/1/2022	GTCO PLC	50,000	1,326,000.00	26.52	27.01	19.45	34.48	954,844.26	135,000.00	1,089,844.26	- 236,155.74	- 17.81
1/1/2022	FLOUR MILLS	50,000	1,445,850.00	28.92	29.45	27.30	37.59	1,340,218.43	74,250.00	1,414,468.43	- 31,381.57	- 2.17
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	20.15	29.84	989,208.84	67,500.00	1,056,708.84	- 90,791.16	- 7.91
			21,458,250.00					18,991,336.91		20,615,836.91	- 842,413.09	- 3.93

The Equity Portfolio Model which closed the previous week at **-3.62%** depreciated during the week, and closed at **-3.93%** (YTD). This can be compared with NGX All Share Index which was **2.83%** in the previous week appreciated and closed at **4.16%** {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

Where to Invest in Nigeria during this high inflation

Inflation is a general increase in the price of goods and services in an economy and causes money saved today to be worth even less when it is needed tomorrow. It could sometimes be caused by a rise in the cost of production of goods and services or by excessive money in the economy amongst other reasons. According to the National Bureau of statistics (NBS), the inflation rate in Nigeria currently stands at 21.09%. This means every investment made in Nigeria has to beat this rate to be profitable.

Investments to hedge Inflation. We have seen in the above points that inflation has a negative real rate effect on investments. Money market/ fixed-income securities such as FGN bonds, Treasury bills and fixed deposits are not enough to beat inflation. Investing in the capital market can offer diversification. This is not to say that inflation doesn't affect the capital market. The beauty of the capital market is that there are ways to invest in it that help you beat inflation.

1. Investment in Equity. Investment in stock is more risky than fixed income investments but also offers potential for higher returns. You need to buy stock of a company that is able to transfer its additional production cost due to inflation to its customers without affecting its profitability. You also need to carry out a fundamental analysis of the company to analyze its balance sheets, cash flow and income statements to determine the intrinsic value of the stock before making your decision. To invest in stocks, you can contact any [dealing member listed on NGX](#) or you can download their trading apps online.

2. Investment in Exchange Traded Funds (ETFs). Buying individual stock could be time consuming for busy investors so buying into exchange traded funds (ETFs) that track the performance of a benchmark index, basket of securities or commodities could be ideal. ETFs also make for diversification of your investment portfolio. The NGX currently has [12 listed ETFs](#). These ETFs invest in Equities, Bonds and Gold.

3. Invest in Mutual funds. Mutual funds pool resources from different investors and invest them in various securities like Bonds, stock, etc. They are managed by licensed professional fund managers who assign units of shares to each contributor to the fund and pay dividend periodically. The price of a mutual fund is called the Net Asset Value (NAV). Mutual funds also diversify a portfolio by exposing the investor to different company stock.

4. Invest in Gold. Historically, Gold has always weathered inflation. It is an important member of an inflation-proof investment portfolio. This is because gold prices don't drop easily even when other security prices fall. Gold is also a tangible asset that can be stored for long periods. Buying Gold can be very expensive for you as a retail investor so you can buy into an ETF that tracks gold prices. An example is the NEWGOLD ETF. You could also invest in shares of mining companies that extract Gold and get paid dividend periodically. You can even trade gold prices in global markets through CFDs through CFD brokers.

5. Invest in Commodities. Commodities include oil, grains, coffee etc. and since inflation is synonymous with an increase in prices of goods and services, companies that produce these commodities could easily pass the increased cost of production to their customers. However, commodities are affected by various factors including natural disasters, wars, sanctions etc. so they carry a potential risk. To invest in commodities, you could either trade them on commodities & futures market, or buy shares of companies that produce them or buy into ETFs that track commodity indices and shares. The commodity shares/ETFs of Nigerian Companies can be bought from the NGX exchange. Or you can trade spot, futures on the commodity exchanges like AFEX commodity exchange, NCX (Nigeria Commodity Exchange), LCFE (Lagos Commodities and Futures Exchange) where agricultural commodities such as Maize, Cocoa, Sesame, Soybean, Rice, cashew, Sorghum, etc. are traded. On LCFE, you can also trade on agriculture commodities, energy and solid minerals with various instruments like Asset back Notes, commercial papers, ETNs.

6. Invest in Real Estate Investment Trusts (REITs). REITs are a collective investment scheme where the fund manager gathers investor funds and invests in real estate property development and rentals. Each investor is allocated units of shares according to how much he contributed and is paid dividends periodically no matter how the shares perform. Nigeria has 3 REITs registered namely Skye shelter fund, Union Homes and UPDC and they are traded on the NGX. Since building a house in Nigeria is very expensive REITs are a cheaper way to gain exposure to the real estate market. There are 3 types of REIT in Nigeria namely: Equity REIT- the REIT company purchases and manages properties, Mortgage REIT- company invests in mortgages on properties, Hybrid REIT - a combination of Equity and mort-



FIXED INCOME MARKET REPORT

Money Market.

The funding rate remained elevated this week as the bond primary auction mopped out liquidity in the system. On Friday, Open Repo Rate (OPR) rate and Overnight rate (O/N) rose by +26.66% and +37.50% to 16.25% and 16.50% respectively

Treasury Bills.

Contrary to the low subscription at the previous NTB Auctions, during the week NTB Primary Auction had an over-subscription 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).

The rally in naira at the parallel market waned on Tuesday, as the currency depreciated to N800/ US\$1 from N690 per dollar recorded last week Friday. For the rest of the week, the naira staggered between N780 and N850 and settled at N785 on Friday. At the Investor and Exporter FX fixing, naira appreciated by 0.10% week-on-week to settle at N445.67. However, Naira fell at the NAFEX fixing to N444.38 indicating a weekly loss of 0.06%

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$80.08 per barrel during the week, compared with \$88.37 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	11-Nov-22	18-Nov-22	% Change
OPR (%)	12	16.25	+26.66%
O/N (%)	12.83	16.5	+37.50%

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			
	11-Nov-22	18-Nov-22	% Change
I&E FX	446.1	445.67	-0.10%
NAFEX (\$/N)	444.1	444.38	+0.06%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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