



Monday November 28, 2022

Nigeria's Real GDP Grows by 2.25% in Q3 2022

Nigeria's Gross Domestic Product (GDP) grew by 2.25% (year-on-year) in real terms in the third quarter of 2022. This growth rate declined from 4.03% in the third quarter of 2021. The reduction in growth is attributable to the base effects of the recession and the challenging economic conditions that have impeded productive activities. The Q3 2022 growth rate decreased by 1.78% points from the 4.03% growth rate recorded in Q3 2021 and decreased by 1.29% points relative to 3.54% in Q2 2022. However, quarter-on-quarter, real GDP grew at 9.68% in Q3 2022, reflecting a higher economic activity in Q3 2022 than the preceding quarter. In the quarter under review, aggregate GDP stood at N52, 255,809.62 million in nominal terms. This performance is higher when compared to the third quarter of 2021 which recorded aggregate GDP of N45, 113,448.06 million, indicating a year-on-year nominal growth rate of 15.83%. The nominal GDP growth rate in Q3 2022 was higher relative to the 15.41% growth recorded in the third quarter of 2021 and higher compared to the 15.03% growth recorded in the preceding quarter. For better clarity, the Nigerian economy has been classified broadly into the oil and non-oil sectors.

The Oil Sector

The nation in the third quarter of 2022 recorded an average daily oil production of 1.20 million barrels per day (mbpd), lower than the daily average production of 1.57mbpd recorded in the same quarter of 2021 by 0.37mbpd and lower than the second quarter of 2022 production volume of 1.43 mbpd by 0.24mbpd. The real growth of the oil sector was -22.67% (year-on-year) in Q3 2022 indicating a decrease of 11.94% points relative to the rate recorded in the corresponding quarter of 2021. Growth also decreased by 10.91% points when compared to Q2 2022 which was -11.77%. Quarter-on-Quarter, the oil sector recorded a growth rate of -1.80% in Q3 2022. The Oil sector contributed 5.66% to the total real GDP in Q3 2022, down from the figures recorded in the corresponding period of 2021 and the preceding quarter, where it contributed 7.49% and 6.33% respectively.

The Non-Oil Sector

The non-oil sector grew by 4.27% in real terms during the reference quarter (Q3 2022). This rate was lower by 1.18% points compared to the rate recorded same quarter of 2021 and 0.50% points lower than the second quarter of 2022. This sector was driven in the third quarter of 2022 mainly by Information and Communication (Telecommunication); Trade; Transportation (Road Transport); Financial and Insurance (Financial Institutions); Agriculture (Crop Production) and Real Estate, accounting for positive GDP growth. In real terms, the non-Oil sector contributed 94.34% to the nation's GDP in the third quarter of 2022, higher than the share recorded in the third quarter of 2021 which was 92.51% and higher than the second quarter of 2022 recorded as 93.67%.

Capital Market Summary

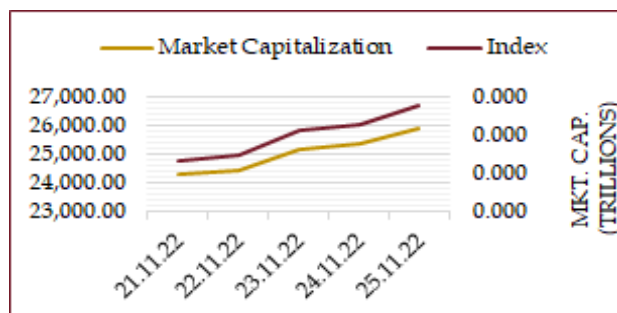
Analysis of the market activity in the week ended November 25, 2022 shows that the Nigerian bourse ended the week on a positive note as market sentiment turned positive. The NGX All Share Index and market capitalization of listed equities thereby appreciated by 6.88% each from the opening figures of 44,492.73 and N24,234 trillion to close at 47,554.34 and N25,902 trillion respectively. Its year to date (YTD) return stands at +11.33%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+2.25%	November 25, 2022
Un-employment Rate	33.30%	November 25, 2022
Broad Money Supply (M2)	N38,026,970.00 trn	November 25, 2022
Money Supply (M1)	N16,186,615.62trn	November 25, 2022
Consumer Price Index (YOY)	21.09%	November 18, 2022
Monetary Policy Rate (MPR)	16.50%	November 22, 2022
Cash Reserve Ratio (CRR)	32.50%	November 22, 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

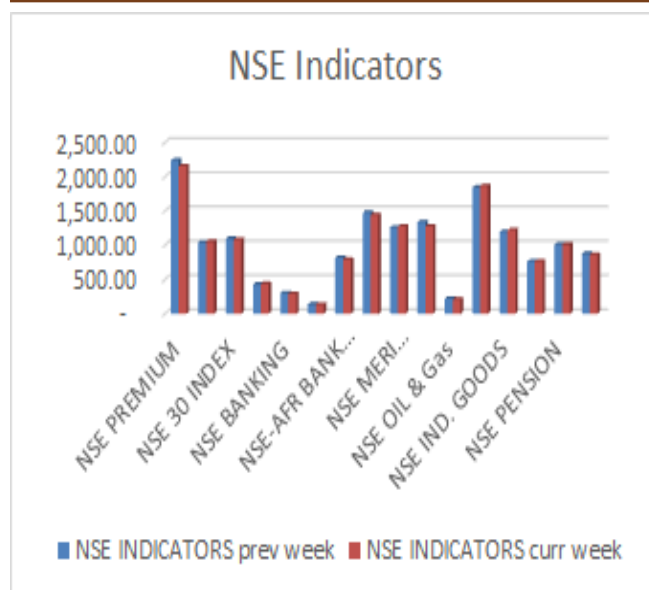
Source: Central Bank of Nigeria (CBN)

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	
VITAF OAM	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	
TRANSCORP	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

28/11/22-02/12/2022)

The Nigerian bourse ended the week on a positive note as market sentiment turned positive. The NGXASI closed the week with a gain of **6.88%** as against a **1.19%** gain recorded last week. The Nigerian Exchange recorded N1.67trn gain in naira terms. In Year-to-date, the NGXASI maintained its positive position to close the week with a gain of **+11.33%** as market capitalization settled at N25.902trn. We expect the 3rd quarter 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
AF-RIPRUD	5.30	5.40	6.00	13.21
ACCESS	8.60	9.00	12.00	39.53
UBA	7.30	7.00	10.00	36.99
FLOUR MILLS	28.10	28.00	35.00	24.56
CAD-BURY	11.15	12.00	17.00	52.47
NB PLC	48.95	50.00	60.00	22.57
WAPCO	22.05	23.00	30.00	36.05
NAHCO	5.75	6.00	10.00	73.91
DANSU GAR	16.25	17.00	20.00	23.08

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

Forty nine stocks appreciated in price during the week, as against thirty one stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 7,712 units of Exchange Traded Products Valued at N980,634.80 in 31 deals were traded during the week compared with 7,014 units of Exchange Traded Products valued at N496,893.36 traded last week in 34 deals.

BOND MARKET

A total of 21,215 units of FGN Bond valued at N22,462,453.02 in 10 deals were traded during the week compared with 56,708 units of FGN Bond Valued at N68,645,618.79 traded last week in 21 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	711.618 M	694.374 M	2.48
Value N=	N15,338 B	N8,667 B	76.97
Total Gain	49	31	58.06
Total Loss	19	33	42.42
Deals	16.662	15.418	8.07
All Share Index	47,554.34	44,492.73	6.88
Market Cap.	N=25,902 Trillion	N=24,234 Trillion	6.88

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
NB	41.25	48.95	7.70	18.67
SOV. TRUST	0.24	0.28	0.04	16.67
PRESTIGE	0.37	0.43	0.06	16.22
CORNERSTON	0.44	0.51	0.07	15.91
AIRTEL	1,270.00	1,450.00	180.00	14.17
BUA	57.00	63.40	6.40	11.23
HONEYWELL	2.05	2.28	0.23	11.22
PZ	8.60	9.50	0.90	10.47
MULTIVERSE	3.85	4.25	0.40	10.39
SECURE ELEC	0.20	0.22	0.02	10.00

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
NESTLE	1,215.00	963.90	(251.10)	(20.67)
CAPITAL HOT	3.40	3.06	(0.34)	(10.00)
SCOA	1.29	1.17	(0.12)	(9.30)
CWG	0.88	0.80	(0.08)	(9.09)
ROYALEX	0.78	0.71	(0.07)	(8.97)
PRESCO	120.50	110.00	(10.50)	(8.71)
CHAM	0.23	0.22	(0.01)	(4.35)
CUTIX	2.12	2.03	(0.09)	(4.25)
RED STAR	2.37	2.27	(0.10)	(4.22)
SEPLAT	1,088.90	1,050.00	(38.90)	(3.57)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 25/11/2022												
				Unit	B-E	Current	Target price		Dividend	TOTAL	Gain/Loss	
P/Date	Stock	Units	Tcost	Cost	Price	Price	30% App	NET VALUE	Dividend	TOTAL VALUE		G/L%
1/1/2022	WAPCO	50,000	1,216,350.00	24.33	24.78	22.05	31.63	1,082,484.11	45,000.00	1,127,484.11	- 88,865.89	- 7.31
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	4.10	3.38	201,278.23	15,750.00	217,028.23	86,978.23	66.88
1/1/2022	DANGSUGAR	50,000	887,400.00	17.75	18.08	16.25	23.07	797,749.06	45,000.00	842,749.06	- 44,650.94	- 5.03
1/1/2022	ZENITH	50,000	1,282,650.00	25.65	26.13	21.90	33.35	1,075,120.28	139,500.00	1,214,620.28	- 68,029.73	- 5.30
1/1/2022	UCAP PLC	50,000	504,900.00	10.10	10.28	12.50	13.13	613,653.13	67,500.00	681,153.13	176,253.13	34.91
1/1/2022	GTCO PLC	50,000	1,326,000.00	26.52	27.01	20.00	34.48	981,845.00	135,000.00	1,116,845.00	- 209,155.00	- 15.77
1/1/2022	FLOUR MILLS	50,000	1,445,850.00	28.92	29.45	28.10	37.59	1,379,492.23	74,250.00	1,453,742.23	7,892.22	0.55
1/1/2022	DANCEM	50,000	13,107,000.00	262.14	266.99	262.00	340.78	12,862,169.50	990,000.00	13,852,169.50	745,169.50	5.69
1/1/2022	VITAFOAM	50,000	1,147,500.00	22.95	23.37	21.50	29.84	1,055,483.38	67,500.00	1,122,983.38	- 24,516.63	- 2.14
			21,458,250.00					20,407,648.33		22,032,148.33	573,898.33	2.67

The Equity Portfolio Model which closed the previous week at -3.93% appreciated during the week, and closed at 2.67% (YTD). This can be compared with NGX All Share Index which was 4.16% in the previous week appreciated and closed at 11.33% {YTD} during the week. The Equity Portfolio Model appreciated during the week but still closed lower than the market. 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. Target price is the price we want to sell.

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

MARKET DEVELOPMENTS (LAST WEEK)

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria during the week concluded its two-day meeting for November 2022. The meeting marks the sixth MPC meeting for the year 2022. The Monetary Policy Committee (MPC) at the end elected to further hike the MPR and retain other policy parameters. The decisions reached are as follows: The benchmark interest rate (MPR) raised by 100bps to 16.50% from 15.50%, The asymmetric corridor remained at +100/-700 bps around the MPR, The cash reserve ratio retained at 32.50%; and The Liquidity Ratio retained at 30.00% It will be recalled that the MPC hiked the MPR at the end of its third meeting of the year in May 2022 to 13% from 11.50%. Another hike was announced in July 2022 from 13 to 14% and a further hike in September to 15.5%. The MPC has so far raised the MPR by 500 basis points in the year 2022.

INVESTMENT BASICS

Impact of Inflation on Fixed-Income Investments

Introduction

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% over the last year, this means every investment made in Nigeria has to beat this rate to be profitable.

Impact of Inflation on Fixed-Income Investments

1. FGN Bonds

Bonds are long-term interest paying debt instruments issued by a government to help its finance infrastructure projects, budget deficits etc. Their tenor is usually between 2 to 10 years. When you buy a government bond, you are essentially lending money to the government and will be compensated with an interest payment. According to the Debt Management office (DMO) offer for subscription of FGN savings bonds, the interest rate is set at 9.47% per annum and 10.47% for two and three year FGN savings bonds respectively. This is obviously lower than the current inflation rate of 21.09% so this investment will be negatively impacted by inflation. Bonds are however a good addition to an investment portfolio for the sake of diversification.

2. Treasury Bills

Treasury bills are short term government debt used to finance government projects and budgets. They are issued by the Central Bank on behalf of the Nigerian Government and have a tenor of 91, 182 and 364 days and upon maturity, principal is returned to the investor. Treasury bills are safe since they are backed by the Government. According to the Central Bank of Nigeria, during the last Primary Market Auction (PMA) of treasury bills, interest rates or stop rates were 6.05% and 8.05% for 91 day and 182-day Treasury bill instruments respectively. This is still much lower than the inflation rate of 21.09% and hence this investment will be negatively impacted by inflation.

3. Fixed Deposits

When you enter into a fixed deposit contract with your commercial Bank, you agree to leave a certain amount of money (usually not below N100, 000) untouched for a certain contract period at a fixed interest rate. Upon maturity, the principal is refunded to you plus an interest payment. Should you want to access the funds before contract maturity, penalties will apply. Fixed deposit rates offered by Commercial banks in Nigeria vary from as low as 1% to as high as 13.88% depending on the principal amount being fixed but this is still not enough to beat the inflation rate of 21.09%

4. Businesses. Businesses can also be affected by cost-push inflation which is caused by an increase in the cost of production of goods. In this case, there isn't excess money in circulation so any increase in prices will disenfranchise consumers and make them cut down on their spending. This will also result in low sales performance for businesses and ultimately low profits.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

The tightness in liquidity made the interbank rates elevated for three trading sessions this week. However, the FAAC inflow on Thursday improved liquidity and pulled the rates down to a single digit. The Open Repo Rate (OPR) rate and Overnight rate (O/N) settled at 12.25% and 16.63% on Friday, indicating a weekly decline of **-24.62%** and **-23.45%** respectively

Treasury Bills.

Despite the MPR hike preceding the primary auction, the DMO sold exactly N213.43bn worth of notes offered, indicating a substantial investor's risk appetite. The 364-day tenor had an oversubscription of 147%, while the 91-day and 182-day were undersubscribed by **-63%** and **-93%**, respectively. The rates on the 91-day and 182-day stayed unchanged at 6.50% and 8.05%, while the 364-day rose by 85bps to 14.84%

Foreign Currency (EXCHANGE RATE).

Naira recorded mild gains at the parallel this week, appreciating to N775 per dollar on Friday. At both the Investor and Exporter FX and NAFEX window, the naira depreciated week-on-week. Naira settled at N446.33 on the I&EFX on Friday and N444.38 at the NAFEX fixing, indicating a weekly loss of **0.15%** and **0.03%** respectively

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$76.31 per barrel during the week, compared with \$80.08 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	18-Nov-22	25-Nov-22	% Change
OPR (%)	16.25	12.25	-24.62%
O/N (%)	16.5	12.63	-23.45%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION November 22, 2022

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	32.28	11.97	11.68	6.5	6.5
182-days	41.25	3.05	1.82	8.05	8.05
364-days	139.89	345.23	199.93	14.84	13.99

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	18-Nov-22	25-Nov-22	% Change
I&E FX	445.67	446.33	+0.15%
NAFEX (\$/N)	444.38	444.5	+0.03%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

This report was prepared, issued and approved by Regency Assets Management Limited (RAML). The report is based on information from various sources that we believe are reliable. While due care has been taken in preparing it, investors are reminded that the stock prices fluctuate based on stock market forces.

This report is provided solely for the information of clients of RAML who are expected to make their own investment decisions. Regency Assets Management Limited accepts neither responsibility nor liability whatsoever for any loss arising from the use of this report. All opinions on this report constitute the authors best estimate judgment as of this date and are subject to change without notice. This report is for private circulation only. The report may not be reproduced distributed or published by any recipient for any