



Monday December 02, 2022

Entrepreneurship Opportunities in the Agricultural Sector

Agricultural entrepreneurship, sometimes known as agripreneurship, is the marketing and production of various agricultural goods and inputs. Agripreneurship aims to help farmers and agricultural companies by enhancing production methods and increasing market engagements. It can also help with social and economic development, poverty reduction, and ensuring excellent nutrition and food security. Furthermore, it can contribute to the diversification of the economy and income sources, as well as the creation of jobs and entrepreneurial prospects.

According to the National Bureau of Statistics, agro-allied activities account for about 25% of the Nigerian economy's gross domestic product, while the agriculture sector employs roughly 70% of the Nigerian labor force. Some examples of underexploited agripreneurship opportunities in Nigeria, include: Snail Slime, Egg powder and Tomato paste.

Snail slime is a fluid produced from the locomotor system of a snail. It has the unique property of keeping the skin constantly hydrated and protected from harm. Significant profits can be earned by exporting it to manufacturing firms in other countries to foreign cosmetic manufacturing companies in countries like Switzerland and Korea.. Egg powder is highly useful for extending the shelf life and making storage and use easier. It is quite stable at room temperature and can be stored for an extended period of time. Egg powder is used in fast food, ice cream, cakes, cookies, noodles, and doughnuts, among other things. If properly harnessed, it can earn over \$1 billion in foreign exchange savings for the country, as well as improved revenue for poultry producers. Nigeria produces about 1.8 million metric tons worth of tomatoes in a year and about 40% is wasted due to poor storage and processing facilities. These losses can be reduced or eliminated entirely if greater investments are made in producing tomato paste in the north, close to where tomatoes are farmed. This is an opportunity for agripreneurs that would not only reduce waste but increase food security and reduce Nigeria's reliance on imports. Some other Innovative Agripreneurship Businesses in Nigeria are Kerekusk Rice in Nasarawa State, Thrive Agric which was founded in 2017 with the objective of assisting smallholder farmers in gaining access to products and services, Farmcrowdy a global agritech company focused on solving inefficiencies in the food value chain with simple access to aggregate farm outputs, inputs, and processed food..

To properly capitalize on the potential of agribusiness in Nigeria, the Nigerian government should launch an aggressive agribusiness development campaign to emphasize the benefits agribusiness investment with the ultimate objective of increasing agricultural outputs. Development of roads, markets, storage, processing facilities which will all bring about infrastructural development in Nigeria and increased participation in agriculture and agribusiness to reduce poverty and improve food security.

Capital Market Summary

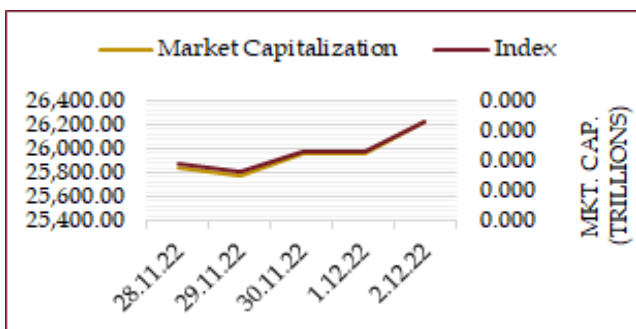
Analysis of the market activity in the week ended December 02, 2022 shows that the Nigerian bourse ended the week on another positive note as market sentiment turned positive. The NGX All Share Index and market capitalization of listed equities thereby appreciated by 1.26% each from the opening figures of 47,554.34 and N25,902 trillion to close at 48,154.65 and N26,229 trillion respectively. Its year to date (YTD) return stands at +12.73%.

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 |

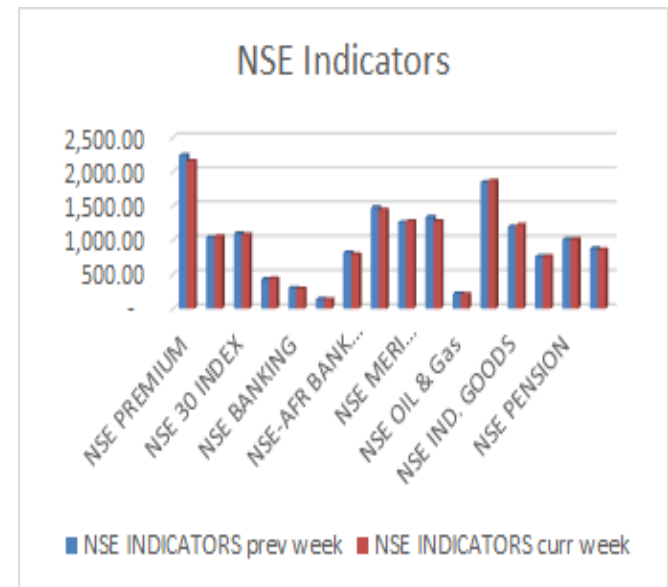
Source: Central Bank of Nigeria (CBN)

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

Domestic Market Review

RECOMMENDED STOCKS FOR THE WEEK

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

02/12/22-06/12/2022). The Nigerian bourse ended the week on a positive note as market sentiment continued with the positive trend. The NGXASI closed the week with a gain of **1.26%** as against a **6.8%** gain recorded last week. The Nigerian Exchange recorded **N326.977bn** gain in naira terms. The Year-to-date, the NGXASI maintained its positive position to close the week with a gain of **+12.73%** as market capitalization settled at **N26.23trn**. 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, NB PLC, UBA PLC, ACCESS PLC, FLOUR MILLS, CADBURY, and LARFAGE WAPCO PLC.**

| Stocks | Current Price | Max. entry Price N= | Target price | % Change |
|-------------|---------------|------------------------|--------------|----------|
| AFRIPRUD | 5.30 | 5.40 | 6.00 | 13.21 |
| ACCESS | 8.70 | 9.00 | 12.00 | 37.93 |
| UBA | 7.30 | 7.00 | 10.00 | 36.99 |
| FLOUR MILLS | 28.10 | 28.00 | 35.00 | 24.56 |
| CADBURY | 11.20 | 12.00 | 17.00 | 51.79 |
| NB PLC | 45.00 | 50.00 | 60.00 | 33.33 |
| WAPCO | 22.05 | 23.00 | 30.00 | 36.05 |

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 2,400 units of Exchange Traded Product valued at N1,256,232.83 in 36 deals were traded during the week compared with 7,712 units of Exchange Traded Products Valued at N980,634.80 traded last week in 31 deals.

BOND MARKET

A total of 9,687 units FGN Bond valued at N6,330,196.52 in 18 deals were traded during the week compared with 21,215 units of FGN Bond valued at N22,462,453.02 traded last week in 10 deals

MARKET SUMMARY

| | Curr. Week | Previous week | % Change |
|-----------------|-------------------|-------------------|----------|
| Volume | 839.978 M | 711.618 M | 18.04 |
| Value N= | N12,418 B | N15,338 B | -19.04 |
| Total Gain | 37 | 49 | -24.49 |
| Total Loss | 25 | 19 | -31.58 |
| Deals | 16.183 | 16.662 | -2.87 |
| All Share Index | 48,154.65 | 47,554.34 | 1.26 |
| Market Cap. | N=26,229 Trillion | N=25,902 Trillion | 1.26 |

TOP TEN GAINERS

| Company | Op.Price | cl. Price | Gain | Gain in % |
|--------------|----------|-----------|------|-----------|
| THOMAS WYA | 0.36 | 0.44 | 0.08 | 22.22 |
| PZ | 9.50 | 10.90 | 1.40 | 14.74 |
| NPF | 1.50 | 1.71 | 0.21 | 14.00 |
| WEMA | 3.07 | 3.43 | 0.36 | 11.73 |
| UACN | 9.50 | 10.50 | 1.00 | 10.53 |
| ARDOVA | 13.90 | 15.25 | 1.35 | 9.71 |
| NEM | 4.12 | 4.50 | 0.38 | 9.22 |
| UPDC REAL ES | 2.75 | 3.00 | 0.25 | 9.09 |
| CHAM | 0.22 | 0.24 | 0.02 | 9.09 |
| COURTVILLE | 0.46 | 0.50 | 0.04 | 8.70 |

TOP TEN LOSERS

| Company | Op.Price | Cl. Price | Loss | Loss in % |
|------------|----------|-----------|--------|-----------|
| BETA GLASS | 43.95 | 39.60 | (4.35) | (9.90) |
| SCOA | 1.17 | 1.06 | (0.11) | (9.40) |
| RED STAR | 2.27 | 2.06 | (0.21) | (9.25) |
| NB | 48.95 | 45.00 | (3.95) | (8.07) |
| HONYWELL | 2.28 | 2.11 | (0.17) | (7.46) |
| JAPAU | 0.29 | 0.27 | (0.02) | (6.90) |
| RT BRISCOE | 0.29 | 0.27 | (0.02) | (6.90) |
| CORNERSTON | 0.51 | 0.48 | (0.03) | (5.88) |
| GEREGU | 130.20 | 122.80 | (7.40) | (5.68) |
| CAVERTON | 0.88 | 0.83 | (0.05) | (5.68) |

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

| PORTFOLIO VALUATION AS AT 02/12/2022 | | | | | | | | | | | | |
|--------------------------------------|-------------|--------|---------------|-----------|-----------|---------------|----------------------|---------------|------------|---------------|--------------|---------|
| 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 | 22.05 | 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 | 4.15 | 3.38 | 203,732.84 | 15,750.00 | 219,482.84 | 89,432.84 | 68.77 |
| 1/1/2022 | DANGSUGAR | 50,000 | 887,400.00 | 17.75 | 18.08 | 16.20 | 23.07 | 795,294.45 | 45,000.00 | 840,294.45 | - 47,105.55 | - 5.31 |
| 1/1/2022 | ZENITH | 50,000 | 1,282,650.00 | 25.65 | 26.13 | 22.75 | 33.35 | 1,116,848.69 | 139,500.00 | 1,256,348.69 | - 26,301.31 | - 2.05 |
| 1/1/2022 | UCAP PLC | 50,000 | 504,900.00 | 10.10 | 10.28 | 13.25 | 13.13 | 650,472.31 | 67,500.00 | 717,972.31 | 213,072.31 | 42.20 |
| 1/1/2022 | GTCO PLC | 50,000 | 1,326,000.00 | 26.52 | 27.01 | 21.40 | 34.48 | 1,050,574.15 | 135,000.00 | 1,185,574.15 | - 140,425.85 | - 10.59 |
| 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 | 262.30 | 340.78 | 12,876,897.18 | 990,000.00 | 13,866,897.18 | 759,897.17 | 5.80 |
| 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 | | | | | 20,569,652.75 | | 22,194,152.75 | 735,902.75 | 3.43 |

The Equity Portfolio Model which closed the previous week at 2.67% appreciated during the week, and closed at 3.43% (YTD). This can be compared with NGX All Share Index which was 11.33% in the previous week appreciated and closed at 12.73% {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)

CBN Spends US\$11.42bn to Defend Naira between January and July

CBN has spent a total of US\$11.42bn in ensuring exchange rate stability at the authorized currency windows between January and July 2022, a +6.23% rise from \$10.75bn in the corresponding period of 2021. This year's substantial gains in the dollar have lessened the currency's value, pulling the naira down to a record low at the parallel market. The CBN spent US\$4.86bn in Q1 2022 and a lower amount of \$4.81bn in Q2 2022. The amount of forex sold for this period has been on a downtrend, monthly, -15.4% decline to US\$1.750bn in July from US\$2.07bn in June. Reviewing the windows, the interbank/invisible market and matured Swaps fell by -22.0% and -59.1%, respectively, in July, to US\$0.13 billion and US\$0.27 billion, below their respective levels in June. However, the Investors and Exporters (I&E), Secondary market Intervention Sales (SMIS), and Small and Medium Enterprises (SME) windows rose by 5.8%, 0.6%, and 65.7% to US\$0.44bn, US\$0.72bn, and US\$0.19bn in July. The CBN intervention has depleted the external reserves to US\$37.12bn from US\$40bn in 2021 despite ending forex sales to Bureaux De change in July 2021. Analysts expect the forex sales for the remaining months to be higher as the naira's depreciation worsened recently, with N444.62 at the NAFEX fixing and N445.30 at the I&E fixings as of November 30, 2022, compared to N418.45 and N419.50 as of June 30, 2022.

INVESTMENT BASICS

Investments to hedge 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 mortgage REIT. Real estate withstands inflation since house rents can be increased by landlords to reflect the current economic reality. Real estate carries its own risk as the houses can get burnt, vandalized and require maintenance frequently.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

Interbank rates stayed elevated for most of the week, then fell to a single digit on Thursday with OMO maturities. On Friday, the rates settled at 11.38% and 13.00% respectively. The Open Repo Rate (OPR) rate declined by 7.10% weekly while the Overnight rate (O/N) increased by 2.93%

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 appreciated against the US dollar by 22bps to N445.33 at Investor and Exporter FX windows this week At the NAFEX window, the naira also appreciated by 9bps to N444.10, week-on-week

OIL PRICE.

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$79.98 per barrel during the week, compared with \$76.31 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

| Money Market Rate | | | |
|-------------------|-----------|----------|----------|
| | 25-Nov-22 | 2-Dec-22 | % Change |
| OPR (%) | 12.25 | 11.38 | -7.10% |
| O/N (%) | 12.63 | 13 | +2.93% |

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 | | | |
|--------------------------|-----------|----------|----------|
| | 25-Nov-22 | 2-Dec-22 | % Change |
| I&E FX | 446.33 | 445.33 | -0.22% |
| NAFEX (\$/N) | 444.5 | 444.1 | -0.09% |

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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