



Monday January 09, 2023

Review of Nigerian economic environment

Contrary to Nigerians expectations of a moderation in fuel scarcity after the seasonal holiday, fuel queues at filling stations have persisted across the country. However, the National Operations Controller of the Independent Petroleum Marketers Association of Nigeria (IPMAN), Mike Osatuyi, disclosed that there was no more fuel scarcity in the country, but the continuous price differential creates fuel queues at stations selling below N200 per litre. Available evidence suggests that NNPC Ltd retail outlets are selling petrol at around N179 per litre, major marketers selling at about N180 per litre, while independent marketers are selling above N200 per litre. We are optimistic that the scarcity will ease in days as independent marketers registered with the NNPC retail, getting the products at the regulated ex-depot price of N148 per litre.

Power Generation According to the latest data on electricity generation in Nigeria, available generation capacity in Nigeria's power sector dropped in 2022, crashing from 6,336.52MW in 2021 to 5,346.82MW. The fall was despite earlier optimism expressed last year by the Ministry of Power that the first phase of the deal with Siemens AG would deliver 7,000MW by 2022 and 25,000MW by 2025. Under the vision 30:30:30, the Ministry of Power also targets electricity generation of 30,000MW by 2030. With average annual power generation at just 100MW, however, unless urgent steps are taken to improve power generation by onboarding the private sector, the 2025 and 2030 targets will be left unmet.

The Nigerian Equity Market ended 2022 on an impressive bounce as investors increased their buying interest, closing the year at 51,251.06 index points representing a Year-to-date of 19.9%. Despite the economic challenges characterized by a 34.86% increase in inflation Year-on-Year, with inflation closing at 21.47% and a 500-basis point increase in MPR by the Central Bank in the year under review, the equity market exceeded our expectations with the Stock Market value stood at N27.9trn, a gain of N5.618trn in market capitalisation in 2022. Institutional investors dictated the pace of the equity market as they are required to diversify their portfolio to include the equity market. However, despite the impressive performance in the equity market, Investors have expressed mixed feelings over 2023.

The market will likely experience two administrations, with the present one looking to hand over by May 29. We expect sell-offs as the country gear towards the election period. Investors would want to remain liquid to show support for their preferred candidate. It is believed that if the upcoming elections are conducted on a free and fair basis, stability will return, and investors will re-enter the market.

Capital Market Summary .

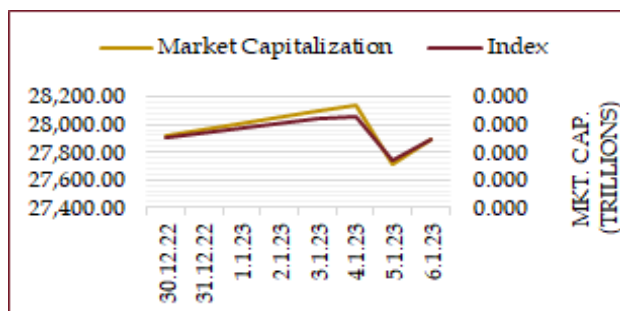
Analysis of the market activity in the first week of the year ended January 05, 2023 shows that the Nigerian bourse closed the week on negative note as market sentiment turned negative . The NGX All Share Index and market capitalization of listed equities thereby depreciated by 0.06% each from the opening figures of 51,251.06 and N27,915 trillion to close at 51,222.34 and N27,899 trillion respectively. Its year to date (YTD) return stands at -0.06%.

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 rn	November 25, 2022
Money Supply (M1)	N16,186,615.62rn	November 25, 2022
Consumer Price Index (YOY)	21.47%	December 15, 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\$82.28/Bar	December 30, 2022
Nigeria's Gross External Reserves	US\$37.09bn	December 30, 2022

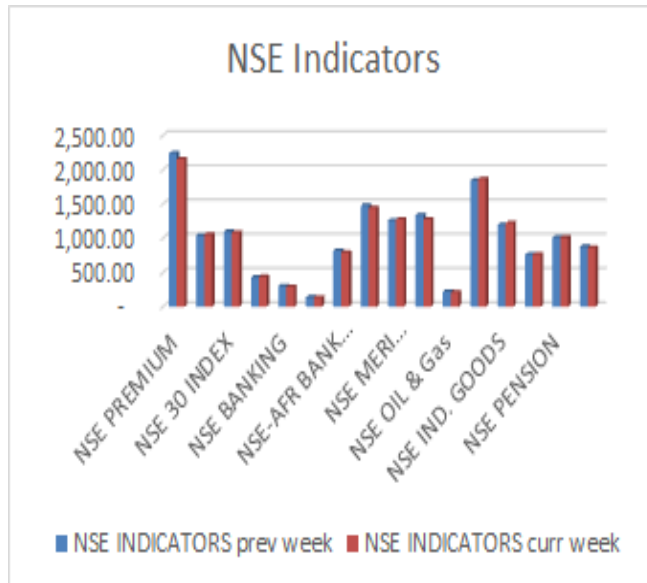
Source: Central Bank of Nigeria (CBN)

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
JBERGER	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
VITAF0AM	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
PRESKO	87.80	142.60	62.41	42.83	92.19	1,000,000,000	200	70.00	13,775	5,030	13.78	5.03	qter 3	6.60	7.52	42,826,810,000	4.39	2.00	6.39	7.28
CUSTODIAN	7.90	6.50	(17.72)	11.27	9.48	5,881,864,195	8.45	5.85	2,186	1,329	0.35	0.24	qter 1	0.40	5.06	66,310,651,000	1.58	0.45	2.03	25.70
NEM	4.50	4.91	9.11	2.40	5.40	10,032,955,535	5.00	1.86	1,545	1,092	0.15	0.11	qter 1	0.22	4.89	24,048,082,000	0.90	0.09	0.99	22.00
MTN	197.00	199.8	1.42	17.54	236.40	20,354,513,050	270	160	96,820	73,748	4.76	3.62	qter 1	8.57	4.35	356,984,000,000	39.40	8.57	47.97	24.35
TRANSORP	0.96	1.1	14.58	3.72	1.152	40,647,990,293	1.52	0.84	5,035	2,041	0.05	0.0179	qter 1	0.02	2.08	151,040,841,000	0.19	0.01	0.20	21.04
NGX	19.9	20.00	0.50	17.44	23.88	1,964,115,918	27.9	15.3	0.1483	0.8032	0.07	0.41	qter 1			34,262,654,000	3.98		3.98	20.00
FCMB	2.99	3.29	10.03	12.57	3.588	19,802,710,754	3.88	2.71	5,168	3,572	0.28	0.18	qter 1	0.15	5.02	248,968,936,000	0.60	0.15	0.75	25.02
LIVESTOCK	2.15	1.02	(52.56)	0.84	2.58	2,999,999,418	2.5	1.42	0.018121	0.176539	0.06	0.0588	qter 1	-	-	2,520,597,000	0.43	-	0.43	20.00
HONYWELL	3.40	2.27	(33.24)	7.34	4.08	7,930,197,858	4.45	1.1	0.0209	0.323	0.03	0.041	qter 3	0.07	2.06	58,232,000,000	0.68	0.07	0.75	22.06

WE RECOMMEND THE ABOVE STOCKS WITH THE COMPUTED TOTAL RETURN IN THE NEXT 6 MONTHS

Reasons for selection

Strong fundamentals and consistent good dividend payment in the last five years

The EPS are good showing that they can pay dividend they paid last year while some of them are performing better.

The Current PAT show they are performing well and they may pay better dividend than the previous year

The Book value are good showing that some of the stocks are underpriced, hence, there is room for capital appreciation.

The wide variance between the 52weeks low and 52 weeks high for some of the stocks show high potential for capital appreciation

All the stocks have good investors sentiment

The liquidity of the recommended stocks are high, indicating easy entry and exit

The speculative stocks may not meet all the above conditions, however, the recent performance and sound investors perception may spark capital appreciation

Stocks selected are over 50.00% of the total market capitalisation



STOCK MARKET REPORT

Domestic Market Review

RECOMMENDED STOCKS FOR THE WEEK

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

09/01/23-13/01/2023)

The Nigerian bourse ended the week and started the year on a negative note as market sentiment turned negative. The NGXASI closed the week with a loss of **-0.06%** as against a **3.11%** gain recorded last week. The Nigerian Exchange recorded N15.64bn loss in naira terms. In Year-to-date, the NGXASI closed the week with a loss of **-0.60%** as market capitalization settled at N27.899trn. **We expect the impressive 3rd quarter earnings, the low and attractive prices and expectation of end of year good returns to be a significant factor for investors in deciding which stock to buy. In the coming week, we expect the market to return to positive note as investors are expecting impressive end of year returns. 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 uphold our previous recommendation for purchase during the week.**

Stocks	Current Price	Max. entry Price N=	Target price	% Change
ACCESS	9.00	9.00	12.00	33.33
UBA	8.00	8.00	10.00	25.00
FLOUR MILLS	29.90	30.00	35.00	17.06
CADBURY	12.25	12.00	17.00	38.78
NB PLC	47.00	50.00	60.00	27.66
NAHCO	6.00	6.00	8.00	33.33
DANSUGAR	16.00	17.00	20.00	25.00

NB PLC, UBA PLC, ACCESS BANK PLC. FLOUR MILLS, CADBURY, DANSUGAR and NAHCO.

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
NAHCO PLC	3RD QTER 30/09/2022	11.28	7.45	2.11	0.725	N1.29	N0.41div. 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 Eight stocks appreciated in price during the week, as against Forty four stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

Seventeen stocks depreciated in price during the week as against Sixteen stocks recorded in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 2,072 units of Exchange traded Products valued at N1,469,509.91 in 43 deals were traded during the week compared with 1,308,093 units of Exchange Traded Products valued at N6,535,809.81 traded last week in 31 deals.

BOND MARKET

A total of 6,695 units of FGN Bond valued at N6,449,567.18 in 15 deals were traded during the week compared with 69,961 units of FGN Bond valued at N66,888,124.31 traded last week in 18 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	921.956 M	1,880 M	-50.96
Value N=	N27,154 B	N18,989 B	43.00
Total Gain	38	44	-13.64
Total Loss	17	16	-6.25
Deals	15.601	12.036	29.62
All Share Index	51,222.34	51,251.06	-0.06
Market Cap.	N=27,899 Trillion	N=27,915 Trillion	-0.06

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
JOHN HOLT	0.73	0.88	0.15	20.55
NAHCO	6.40	7.40	1.00	15.63
NB	41.00	47.00	6.00	14.63
BUA FOOD	65.00	74.50	9.50	14.62
LIVINGTRUST	1.60	1.76	0.16	10.00
FIDELITY	4.35	4.75	0.40	9.20
FIDSON	9.00	9.79	0.79	8.78
UBN	6.40	6.95	0.55	8.59
AIICO	0.59	0.64	0.05	8.47
NEIMETH	1.43	1.55	0.12	8.39

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
CHAMPION	5.50	4.64	(0.86)	(15.64)
CHIPLC	0.67	0.60	(0.07)	(10.45)
CHELLARAM	2.24	2.02	(0.22)	(9.82)
UPL	1.90	1.76	(0.14)	(7.37)
JAIZ	0.92	0.87	(0.05)	(5.43)
AIRTEL	1,635.00	1,550.00	(85.00)	(5.20)
NASCON	11.10	10.55	(0.55)	(4.95)
FCMB	3.85	3.70	(0.15)	(3.90)
ROYALEX	1.06	1.02	(0.04)	(3.77)
FTN COCOA	0.29	0.28	(0.01)	(3.45)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 06/01/2023												
				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	1,200,000.00	24.00	24.44	24.00	31.20	1,178,214.00		1,178,214.00	- 21,786.00	- 1.82
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	7.95	9.88	390,283.39	9,000.00	399,283.39	19,283.39	5.07
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	4.75	5.66	233,188.19	9,000.00	242,188.19	24,688.19	11.35
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	16.00	20.87	785,476.00		785,476.00	- 17,024.00	- 2.12
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	24.45	31.20	1,200,305.51	13,500.00	1,213,805.51	13,805.51	1.15
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	14.30	18.20	702,019.18		702,019.18	2,019.17	0.29
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.00	29.90	1,178,214.00	13,500.00	1,191,714.00	41,714.00	3.63
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	29.90	36.92	1,467,858.28	96,750.00	1,564,608.28	144,608.28	10.18
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	262.00	339.30	12,862,169.50		12,862,169.50	- 187,830.50	- 1.44
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	20.45	26.59	1,003,936.51	68,400.00	1,072,336.51	49,836.51	4.87
			21,142,500.00					21,001,664.55		21,211,814.55	69,314.55	0.33

The Equity Portfolio Model which closed the previous year at 4.31% appreciated during the first week of the year, and closed the week at 0.33% (YTD). This can be compared with NGX All Share Index which closed the year at 19.98% in the previous week depreciated in the first week of the year 2023 and closed at -0.06% {YTD}. The Equity Portfolio Model appreciated during the week and outperformed the market. The EPM picked up in the first week of the year and performed higher compared with the All Share Index of the market., because some high capitalized stocks in the market depreciated while some stocks in EPM appreciated in value. Some of the stocks that appreciated in the EPM are: Zenith bank, UCAP, GTCO and DANCEM 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)

President Buhari Signs Nigeria's 2023 Budget Into Law

President Muhammadu Buhari, GCFR has signed the 2023 Nigerian Budget into law, to set in motion the January to December cycle. The budget, which was passed by the National Assembly last week, was increased from the proposed N20.51trn to N21.83trn. This is the last budget signing ceremony that will be performed by President Buhari as he will be handing over to a new government by May 29th, 2023. President Buhari performed the signing ceremony in the presence of the Senate President Dr. Ahmed Lawan, Speaker of the House of Representatives Rt. Hon Femi Gbajabiamila and the Minister for Finance, Budget and National Planning Mrs. Zainab Ahmed. The budget has an oil price benchmark of \$75 per barrel and an exchange rate of N435.7k to \$1 as part of the assumptions. He said the prompt signing of the budget will enable a seamless implementation, that should facilitate a smooth transition process to another democratically elected government by May 29th, 2023. The President also urged the National Assembly to work with the Finance Minister, to review some of the changes made to the executive budget items.

INVESTMENT BASICS

Why Investment is Not A Gambling Game

Investment in any asset class is a tradeoff of risk and return. It is settled in portfolio management that there are four major asset classes- cash and cash equivalents, equities, fixed income, and real estate. Apart from what is called systematic or undiversifiable risk, which is inherent to the entire market or market segment, each asset class has its peculiar risk. Risk appetite largely determines whether one is an investor, speculator, or a gambler.

An investor can be an individual or a corporate entity that commits money into a business with expectation of good return on in form of capital gains, interest, dividend, premium, other pension benefits etc on consistent basis. A smart investor works closely with a professional adviser to minimize risk and maximize return. A speculator invests in risky assets with eyes on a huge profit. But he does this with calculated risk.

A gambler puts money on a highly risky investment with the expectation of extraordinary profit. A gambler is ready to lose his entire money or other asset in expectation of unrealistic returns. Investments that fall under gambling include casino, lotteries, race horse betting, card games and bingo. Some people, either for lack of knowledge or deliberate mischief classify investment in stocks as gambling. This is incorrect. Many investors have gotten their fingers burnt for different reasons, including failure to seek investment advice from a stockbroker, buying shares without investment objectives, a lack of knowledge of investment time horizons, poor knowledge of a company's operations, weak corporate governance structure and competitive edge, failure to understand risk profiles, investing short-term in long-term assets, called a mismatch. Problems also arise because of investments based on herd instinct, just because several people buy a specific stock does not mean that such a stock is a good investment. Another challenge is the misplaced ambition to get rich quick, investment assets are not quickly prepared plates of noodles.

There are questions that an investor cannot ignore when investing in shares. Those that bet on casino games and ponzi schemes rely on ambitious expectations, designed to attract the unsuspecting and naive individual. Why would an investor want to be a shareholder in a bluechip quoted company without information on its size, and fundamentals such as its price-to-earnings ratio, debt-to-equity ratio and book-to-market value? Investors need to know a company's stock performance compared to its peers, shareholder pattern, any mutual fund holding, dividend history, revenue growth, volatility record and the extent to which external shocks such as political unrest, economic dislocation, unfavourable government policy, a pandemic, energy crisis and a host of other situations could have adverse consequences for the company's net sales and profit. Market knowledge depository is where securities professionals commonly called stockbrokers become gatekeepers. These professionals keep tab on all the sectors of the economy. They do many analyses before recommending buy, sell or hold to an investor. Stockbrokers are not God. A sudden occurrence can negate their analysis, but they encourage their clients to diversify holdings as a hedge against unforeseen risks. The processes and procedures for investment in shares show that it is not gambling. It is an investment with calculated risks and there are mitigants. Anyone who loses his life savings to investment in shares must have breached the due process of investing or duped by a con man.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

Funding rates stayed within single digits for the most part of the week. However, Friday's CRR debit mopped up liquidity, raising the Open Repo rate (OPR) and Overnight rate (O/N) to 13% and 14.50% respectively. A week-on-week rise of +14.74% and +23.40%

Treasury Bills.

NTB Primary Auction saw the Debt Management Office (DMO) sell N13.58bn worth of bills which was the exact amount offered. High demand pulled down the stop rates across all bill market tenors, with the 91-day, 182-day, and 364-day declining by 99bps, 70bps, and 316bps to 5.5%, 7.3%, and 9.89%, respectively.

Foreign Currency (EXCHANGE RATE).

For the first week of the year, the naira fell by 4bps week-on-week to N461.67 at the Investor and Exporter FX fixing while at Nigerian Autonomous Foreign Exchange fixing (NAFEX), the naira remained unchanged at N461/US\$1.

OIL PRICE.

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$80.26 per barrel during the week, compared with \$72.02 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	30-Dec-22	6-Jan-22	W-o-W % Change
OPR (%)	11.33	13	+14.74%
O/N (%)	11.75	14.5	+23.40%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION December 15, 2022

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	8.50	26.6	1.1	5.5	6.49
182-days	1.28	20.31	1.28	7.3	8
364-days	3.80	399.15	11.19	9.89	13.5

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	30-Dec-22	6-Jan-22	W-o-W% Change
I&E FX	461.5	461.67	+0.04%
NAFEX (\$/N)	461	461.00	0.00%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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