



Monday January 16, 2023

**Nigeria's Macroeconomic Report, Outlook for the year 2023**

Prices will remain elevated in 2023. Challenges associated with low productivity, congested ports, impact of the floods, foreign exchange scarcity and depreciation and limited power supply are not abating anytime soon. These factors, coupled with the hike in fuel prices in late 2022, will trigger inflation in 2023. With limited inflows from exports and low foreign investment inflows arising from a tough business environment, exchange rate is expected to remain pressured in 2023. Efforts to improve the business environment coupled with clarity on foreign exchange policies remain vital in attracting investment into the country, boosting external reserves and ensuring exchange rate stability.

The fiscal environment will continue to be constrained in 2023 owing to limited revenue. This implies a higher than budgeted debt figure and debt servicing cost in the year. In the proposed 2023 budget, debt servicing accounted for about one-third of the total expenditure and this share is likely to be higher at the end of 2023 when actual figures are released for several reasons. First, interest rates are trending upwards. Second, revenue will likely underperform leading to more borrowing to cover the gap. Thus, only about a quarter of total expenditure will be spent on capital projects in 2023. Already, figures from the budget office show that debt servicing as a share of revenue was 83% in the first eight months of 2022. This trend is expected to continue in coming quarters. The tightening position of the MPC is not surprising, given the consistent increase in inflation rate and heightened capital flight due to higher rates in advanced countries. Nevertheless, aggressive tightening is concerning in view of Nigeria's fragile economic growth. Mopping up credit could limit growth of loans to businesses. Beyond raising rates, the government's fiscal and trade team will need to step-up actions to address the rising inflation. Going forward, with persistent inflationary pressure, widening fiscal deficit, and government borrowing, we anticipate that the MPR will remain high in the first half of 2023. Since the beginning of the year 2022, investment inflow (portfolio, FDI and other investments) into Nigeria has remained far below inflows recorded in 2019 before the COVID-19 pandemic. With such low level of confidence, any policy move with the slightest level of uncertainty is expected to trigger a panic reaction from market players. High demand for dollar in the official market with very limited supply. Demand for dollars for school fees payments, medical bills, tourism, importation of inputs and other goods are high across major commercial banks. Faced with limited supply, manufacturers, investors and individuals have resorted to the parallel market to purchase foreign currency. This, in addition to the new policy on Naira banknotes, creates pressure on the Naira across board. 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 capitalization 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.

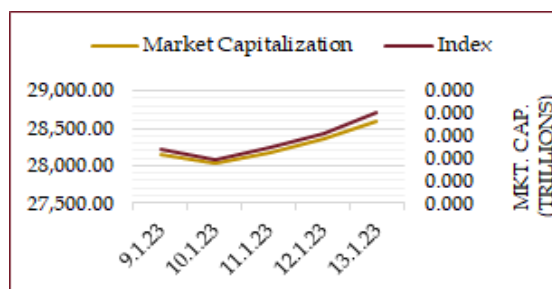
**Capital Market Summary .** Analysis of the market activity in the week ended January 13, 2023 shows that the Nigerian bourse closed the week on a positive note as market sentiment turned positive. The NGX All Share Index and market capitalization of listed equities thereby appreciated by 2.52% each from the opening figures of 51,222.34 and N27,899 trillion to close at 52,512.48 and N28,602 trillion respectively. Its year to date (YTD) return stands at +2.48%.

**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\$82.68/Bar	January 13, 2023
Nigeria's Gross External Reserves	US\$37.29bn	January 13, 2023

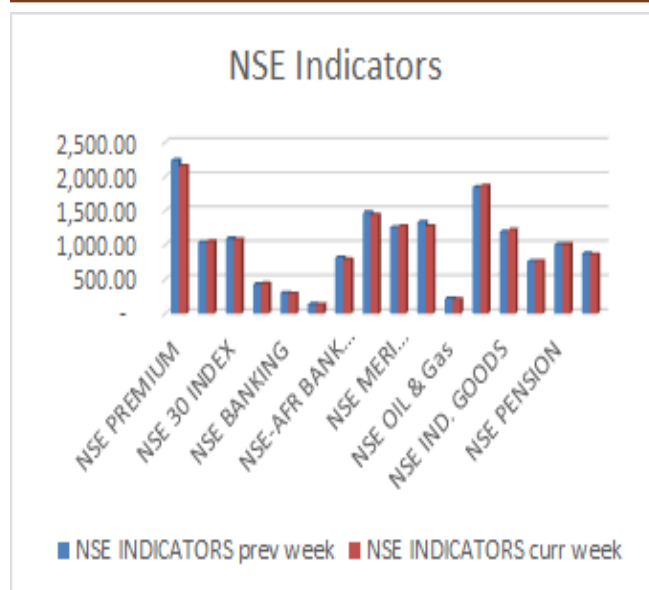
Source: Central Bank of Nigeria (CBN)

**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. Return	Exp return	Total	Total
	31/12/21	30/12/2022	%	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	7.60	(5.59)	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	24.00	0.21	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	23.00	(11.54)	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	8.50	(8.60)	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	10.90	(4.39)	21.51	13.14	35,895,292,792	12.90	7.05	32,401	15,599	0.89	0.83	qter 1	0.35	3.07	907,678,000,000	2.19	0.35	2.54	22.28
FIDELITY	2.55	4.35	70.59	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	11.10	(15.91)	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	14.00	41.41	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	6.00	(5.51)	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	11.90	35.23	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	11.60	(20.00)	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	11.35	86.07	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	6.40	71.12	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	28.40	0.18	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	261.00	1.56	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	24.00	0.21	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	6.15	3.36	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	4.30	6.97	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	9.00	44.69	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	41.00	(18.00)	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	69.30	77.69	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	24.50	9.62	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	20.45	(9.11)	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	18.40	41.54	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	193.00	(13.02)	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	6.69	32.48	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	165.00	16.20	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	137.50	56.61	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	5.95	(24.68)	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	4.50	-	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	215	9.14	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	1.13	17.71	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	25.05	25.88	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	3.85	28.76	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	1.09	(49.30)	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	2.34	(31.18)	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 of the total market capitalisation

Source: Nigerian Stock Exchange (NSE) & Regency Research



**STOCK MARKET REPORT**

**Domestic Market Review**

**OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK**

**16/01/23-20/01/2023)**

The Nigerian bourse ended the week on a positive note as market sentiment turned positive. The NGXASI closed the week with a gain of **2.52%** as against a -0.06% loss recorded last week. The Nigerian Exchange recorded N702.71b gain in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of **2.46%** as market capitalization settled at N28.602trn. We expect the impressive 3rd quarter earnings, to continue in the last quarter of year 2022. This coupled with the low, 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 continue with the 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 recommend the underlisted stocks for purchase during the week.

**NB PLC, UBA PLC, ACCESS BANK PLC. FLOUR MILLS, CADBURY, DANSUGAR plc, PZ PLC, MTNN and NAHCO.**

**RECOMMENDED STOCKS FOR THE WEEK**

Stocks	Current Price	Max. entry Price N=	Target price	% Change
ACCESS	9.30	10.00	12.00	29.03
UBA	8.35	9.00	10.00	19.76
FLOUR MILLS	30.00	30.00	35.00	16.67
CADBURY	12.10	12.00	17.00	40.50
NB PLC	47.00	50.00	60.00	27.66
NAHCO	7.00	7.00	9.00	28.57
DANSUGAR	17.20	17.00	20.00	16.28
PZ PLC	10.55	12.00	15.00	42.18
MTN PLC	229.90	235.00	270.00	17.44

**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
NB PLC	3RD QTER 30/09/2022	393.45	304.28	14.76	8.69	N1.82	N1.20 paid as dividend 2021 FY
PZ PLC	2ND qter 30/11/2022	57.26	47.09	7.67	2.57	N1.93	N1.01 DIV PD IN YEAR 2022 FY
ACCESS BANK PLC	3RDt Qter 31/09/2022	906.93	606.57	137.01	121.89	N3.85	N0.20 pd as interim dividend
DANSUGAR PLC	3rd qter 30/9/2022	288.21	195.50	24.83	15.510	N2.04	N1.00 PD IN YEAR 2021
UBA PLC	3RD QTER 30/9/2022	607.98	461.86	116.04	104.60	N3.27	N0.20 PD AS INTERIM DIVIDEND
FLOUR MILL	2ND QTER 30/9/2022	720.58	522.82	8.16	10.53	N1.97	N2.15 PAID AS DIV

Source: Nigerian Stock Exchange (NSE) & Regency Research

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

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

**LOSERS FOR THE WEEK**

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

**EXCHANGE TRADED PRODUCTS (ETP)**

A total of 7,579 units of Exchange Traded Products valued at N1,725,627.65 in 55deals were traded during the week compared with 2,072 units of Exchange traded Products valued at N1,469,509.91 traded last week in 43 deals.

**BOND MARKET**

A total of 51,785 units of FGN Bond valued at N51,600,289.32 in 16deals were traded during the week compared with 6,695 units of FGN Bond valued at N6,449,567.18 traded last week in 15 deals

**MARKET SUMMARY**

	Curr. Week	Previous week	% Change
Volume	1,286 M	921.956 M	39.49
Value N=	N29,634 B	N27,154 B	9.13
Total Gain	51	38	34.21
Total Loss	27	17	-58.82
Deals	19.816	15.601	27.02
All Share Index	52,512.48	51,222.34	2.52
Market Cap.	N=28,602 Trillion	N=27,899 Trillion	2.52

**TOP TEN GAINERS**

Company	Op.Price	cl. Price	Gain	Gain in %
THOWYATT	0.97	1.48	0.51	52.58
CHAM	0.23	0.27	0.04	17.39
ABC	0.25	0.29	0.04	16.00
LIVESTOCK	1.13	1.30	0.17	15.04
MUTUAL	0.28	0.32	0.04	14.29
SUNU	0.29	0.33	0.04	13.79
REGENCY	0.25	0.28	0.03	12.00
UPDC	0.93	1.04	0.11	11.83
STERLING	1.40	1.55	0.15	10.71
TOTAL	193.00	212.30	19.30	10.00

**TOP TEN LOSERS**

Company	Op.Price	Cl. Price	Loss	Loss in %
CHELLARAM	2.02	1.34	(0.68)	(33.66)
ROYALEX	1.02	0.91	(0.11)	(10.78)
ABBEY	1.70	1.53	(0.17)	(10.00)
NEM	4.50	4.05	(0.45)	(10.00)
CORNERSTON	0.60	0.55	(0.05)	(8.33)
UBN	6.95	6.45	(0.50)	(7.19)
MANSARD	2.13	2.00	(0.13)	(6.10)
CWG	1.01	0.95	(0.06)	(5.94)
NAHCO	7.40	7.00	(0.40)	(5.41)
CARVETON	1.01	0.96	(0.05)	(4.95)

Source: Nigerian Stock Exchange (NSE) & Regency Research



## MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 13/01/2023												
				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	25.30	31.20	1,242,033.93		1,242,033.93	42,033.93	3.50
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	8.35	9.88	409,920.29	9,000.00	418,920.29	38,920.29	10.24
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.10	5.66	250,370.48	9,000.00	259,370.48	41,870.48	19.25
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	17.20	20.87	844,386.70		844,386.70	41,886.70	5.22
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	25.55	31.20	1,254,306.99	13,500.00	1,267,806.99	67,806.99	5.65
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	14.85	18.20	729,019.91		729,019.91	29,019.91	4.15
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.50	29.90	1,202,760.13	13,500.00	1,216,260.13	66,260.13	5.76
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	30.00	36.92	1,472,767.50	96,750.00	1,569,517.50	149,517.50	10.53
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	270.00	339.30	13,254,907.50		13,254,907.50	204,907.50	1.57
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	21.20	26.59	1,040,755.70	68,400.00	1,109,155.70	86,655.70	8.47
			21,142,500.00					21,701,229.11		21,911,379.11	768,879.11	3.64

The Equity Portfolio Model which closed the previous week at 0.33% appreciated during the week, and closed the week at 3.64% (YTD). This can be compared with NGX All Share Index which closed at -0.06% in the previous week, also appreciated during the week and closed at +2.48% {YTD} . The Equity Portfolio Model appreciated during the week and outperformed the market. The EPM picked up since previous week 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, WAPCO, 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 )

#### **Polaris Bank Sale: We Didn't Reject N1trn Offer – CBN**

The Central Bank of Nigeria has disclaimed reports that an offer of N1 trillion for the sale of Polaris Bank was rejected saying Fairview Acquisition Partners which made a N1.2 trillion bid for two banks failed to complete the bidding process despite efforts made to reach out. A media report had claimed that the CBN had rejected a N1 trillion bid for Polaris Bank in favour of a N50 billion bid. However, the apex bank in a statement issued and signed by the Director, Corporate Communications, Osita Nwanisobi stated that the online publication which made several false claims concerning the recent sale of the Federal Government's interest in Polaris Bank was "spurious, malicious, and misleading. The CBN stated that it had to set the record straight "given the potentially grave implications for the stability of the bank, financial sector and the Nigerian economy. "For the records, the public is referred to the statement dated October 20, 2022 by CBN & AMCON announcing the sale of 100 per cent equity in Polaris Bank to a new core investor, Strategic Capital Investment Limited (SCIL), wherein it provided copious details of the process by which the sale was conducted. "Contrary to claims in the aforementioned online publication, the divestment from Polaris Bank was supervised by a Divestment Committee (Committee) comprising senior representatives of AMCON & CBN and supported by reputable legal and financial advisers. In addition, the divestment mode, process and decision received requisite board and regulatory approvals.

## INVESTMENT BASICS

### **Diversification Business Growth Strategy**

Growth is crucial for any business to survive in the long term as it helps expand and increase revenue. A business grows when it expands its customer base, increases revenue, or produces more products. Diversification – is a business growth strategy which entails entering a new market with new products. Organisations frequently use diversification to reduce risk by moderating risk exposure to the company during economic downturns. The primary aim is to grow into a company that does not suffer a decline from the recurring economic downturns.

### **Why Do Companies Diversify**

Diversification as a growth strategy may be considered for a variety of reasons. Diversification is primarily utilised to reduce risk in an industry slump. When a business or sector faces a recession, a conservative motive to diversify is to avoid substantial ramifications. Some single-business or single-product companies would not be able to sustain a prolonged downturn in their industry. Another reason to diversify is to gain a competitive advantage, especially with underserved locations and customers. If your company doesn't diversify and expand to fill the additional demand, competitors will likely do so. The likelihood of increasing your customer base or becoming the top provider can be on the high side if you get in first. Also, In the case of a cash cow in a slow-growing market, diversification allows the company to use surplus cash flows. *Cash cows are business units with a high market share in a slow-growing industry, such as real estate development.*

### **Factors to consider before Diversifying**

Do You Have the Capacity to Diversify?. How Will Your Brand Perception be Helped or Harmed? What Can You Do Better than Competitors in Your Current Market?, Identify methods to add value and set yourself apart from the competition and Market or Demand. Once you are confident in starting your business, your next step is researching the market or demand for your product or service. Start by answering the question of who your customer is. You may need to assess demand if you sell your products or services locally. To conduct business internationally, you may need to understand international trade rules and regulations. Market research should reveal all the details about a product or service market. Basically, what you are looking for: The current size of the market (the approximate number of potential buyers), Growth potential (whether the size or contract can grow), Expected market share, Target audience buying habits (and how to leverage them)

### **Various market segments, Margins you should expect from the market**

As important and valuable as diversification is, it comes with its own risks. As you grow, you may be unable to focus on the best products and products. It would help if you also diversified your business investment and costs. This may prevent you from investing enough money in the cash cow sector or products. To successfully diversify, you need experts to work or partner with you to succeed in newer, unproven areas.

*Source: Nigerian Stock Exchange (NSE) & Regency Research*



**FIXED INCOME MARKET REPORT**

**Money Market.**

Interbank rates were relatively stable for most trading sessions this week, hovering around single digits. On a weekly basis, the Open Repo rate (OPR) and Overnight rate (O/N) dropped to 9.67% and 10% by 14.74bps and 23.40bps respectively

**Treasury Bills.**

The strong buy interest in short-term treasury instruments continued into the new year. The Nigerian Treasury Bill Primary Auction saw a high subscription of N389.04bn as against N56.93bn offered. The debt management office sold exactly the amount offered of N56.93bn. Compared to the previous auction, the huge demand pulled down the rates on the 91-day, 182-day, and 364-day by 75bps, 282bps, and 1992bps to 2%, 4.33%, and 7.30% respectively. The bid-to-cover ratio across the three papers stood at 14.45x, 37.72x, and 5.76x

**Foreign Currency (EXCHANGE RATE).**

The naira depreciation continued this week at both the Investor and Exporter FX fixing (I&E) and Nigerian Autonomous Foreign Exchange fixing (NAFEX). Naira closed at 461.90/US\$1 and 461.29/US\$1, a weekly depreciation of 0.04% and 0.06% 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 \$78.32 per barrel during the week, compared with \$80.26 recorded in the previous week .

**NIGERIAN INTER BANK OFFER RATE NIBOR**

Money Market Rate			
	6-Jan-23	13-Jan-23	W-o-W % Change
OPR (%)	13	9.67	+14.74%
O/N (%)	14.5	10.00	+23.40%

Source: Financial Markets Dealers Quotations (FMDQ)

**TREASURY BILLS RATES**

**NTB AUCTION JANUARY 13, 2023**

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	1.55	22.4	3.15	2	2.75
182-days	1.49	56.2	1.48	4.33	7.15
364-days	53.90	310.44	52.29	7.3	8.49

Source: Central Bank of Nigeria (CBN)

**MONEY MARKET RATES**

Average Benchmark Yields			
	6-Jan-23	13-Jan-23	W-o-W% Change
I&E FX	461.67	461.9	+0.04%
NAFEX (\$/N)	461	461.29	+0.06%

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.

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