



Monday January 23, 2023

Petroleum Subsidy Removal

According to news reports, the Federal Government has covertly approved N185 as the new petrol pump price per litre. The approved pump price was communicated to major marketers in a memo on Thursday morning and many fuel stations have started to adjust their pump prices accordingly. The increase in price is coming amidst a lingering fuel scarcity. Long queues are still observed in major petrol stations across Nigeria, with Lagos and Abuja most affected. For most of 2022, the country witnessed a scarcity of fuel products which has increased the hardship of motorists who lose productive man hours waiting to buy petrol. The scarcity of fuel, which has inadvertently led to an increase in the price of the product has increased the production cost of many businesses, which in turn has led to an increase in the prices of goods and services, further increasing the financial burden on consumers. The current official pump price is N165, ranging between N160-N175 across states. In recent months there has been a surge in prices to as high as N250 per litre, as marketers continue to sell above the government approved price. The Federal Government has announced the removal of fuel subsidies in 2023 and has urged Nigerians to prepare for higher fuel prices that will follow. Though we realise how politically sensitive this discourse is, we see no option for the incoming government amidst a tight fiscal space. In 2020, a steep decline in global crude prices triggered by the pandemic completely wiped out the subsidy via significantly lower landing costs, paving the way for a reduction in the pump price of petrol in mid-March of that year and talks of deregulation. The PPPRA announced a reduction in ex-depot price to N113/litre and the official pump price to N125/litre. Between June and November 2020 however, the petrol price was revised four times, rising from N121.50–N123.50 per litre in June to N140.80–N143.80 in July, N148–N150 in August, N158–N162 in September and N162–N165 in November. Since November 2020, however, the government has been unable to revise the pump price of petrol despite increasing crude prices and consequently increasing landing cost. To avoid a backlash from the severely impoverished populace despite extremely tight fiscal conditions. The Group Chief Executive Officer (GCEO) of the Nigerian National Petroleum Company Limited, Mr. Mele Kyari, disclosed towards the end of November last year that the landing cost of Premium Motor Spirit (PMS) was about N510/ litre at the time. We have always argued that the issue of subsidies is a politically sensitive discourse and there have been several attempts in the past to eliminate the controversial subsidies. Undoubtedly, an attempt to revise the price to suit current realities will be strongly resisted by the populace who have been hard hit by two recessions and a pandemic in the last 7 years amid rising food and utility costs, making us believe the elimination of the subsidies may happen gradually. Perhaps the current change in price, is a first of many more price adjustments to come.

Capital Market Summary .

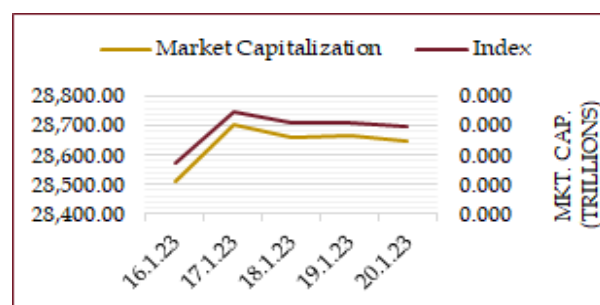
Analysis of the market activity in the week ended January 20, 2023 shows that the Nigerian bourse closed the week on a positive note as market sentiment remained positive. The NGX All Share Index and market capitalization of listed equities thereby appreciated by 0.16% each from the opening figures of 52,512.48 and N28,602 trillion to close at 52,594.68 and N28,647 trillion respectively. Its year to date (YTD) return stands at +2.62%.

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

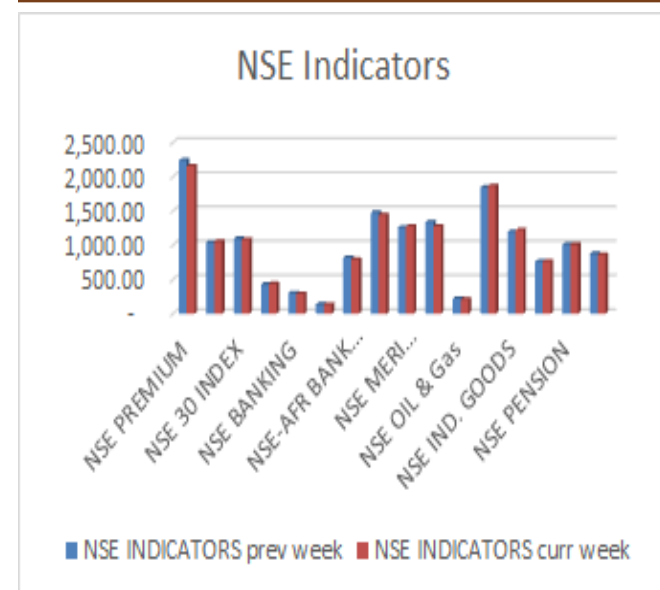
Source: Central Bank of Nigeria (CBN)

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

Domestic Market Review

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

23/01/23-27/01/2023)

The Nigerian Equity Market ended the week on a positive note as market sentiment remained positive. The NGXASI closed the week with a gain of **0.16%** as against a **2.52%** gain recorded last week. The Nigerian Exchange recorded N62.06b gain in naira terms. In Year-to-date, the NGXASI closed positive and closed the week with a gain of **2.62%** as market capitalization settled at N28.66trn. We expect the impressive 3rd quarter earnings, to continue in the last quarter of year 2022. This coupled with the current low and attractive prices will 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 economic environment remains a significant headwind for listed companies. In the light of the above we recommend the underlisted stocks for purchase during the week.

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
ACCESS	9.05	10.00	12.00	32.60
UBA	8.35	9.00	10.00	19.76
FLOUR MILLS	30.90	30.00	35.00	13.27
CADBURY	12.10	12.00	17.00	40.50
NB PLC	46.45	50.00	60.00	29.17
DANSUGAR	17.00	17.00	20.00	17.65
PZ PLC	10.15	12.00	15.00	47.78
MTN PLC	229.90	235.00	270.00	17.44

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

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
MTNN PLC	3RD QTER 30/09/2022	1,456	1,206	269.04	220.31	N13.30	N8.57 div. was declared in April 2022.
NB PLC	3RD QTER 30/09/2022	393.45	304.28	14.76	8.69	N1.82	N1.20 paid as dividend in 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

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 2,063 units of Exchange Traded Products valued at N1,505,388.78 in 59 deals were traded during the week compared with 7,579 units of Exchange Traded Products valued at N1,725,627.65 traded last week in 55 deals.

BOND MARKET

A total of 21,845 units of FGN Bond valued at N21,564,898.92 in 14 deals were traded during the week compared with 51,785 units of FGN Bond valued at N51,600,289.32 traded last week in 16 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1,241 M	1,286 M	-3.50
Value N=	N15,688 B	N29,634 B	-47.06
Total Gain	39	51	-23.53
Total Loss	30	27	-11.11
Deals	18.560	19.816	-6.34
All Share Index	52,594.68	52,512.48	0.16
Market Cap.	N=28,6470. Trillion	N=28,602 Trillion	0.16

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
IEI	0.38	0.49	0.11	28.95
MRS	14.10	16.00	1.90	13.48
NAHCO	7.00	7.90	0.90	12.86
SUNU	0.33	0.37	0.04	12.12
ABBEY	1.53	1.68	0.15	9.80
PRESKO	137.50	150.00	12.50	9.09
CWG	0.95	1.04	0.09	9.47
CARVETON	0.96	1.05	0.09	9.38
JOHN HOLT	0.88	0.96	0.08	9.09
CORNERSTON	0.55	0.60	0.05	9.09

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
LIVESTOCK	1.30	1.12	(0.18)	(13.85)
C&I LEASING	3.50	3.15	(0.35)	(10.00)
UPDC	1.04	0.94	(0.10)	(9.62)
SOV. TRUST	0.28	0.26	(0.02)	(7.14)
IBREWERY	5.00	4.65	(0.35)	(7.00)
GEREGU	149.00	138.80	(10.20)	(6.85)
ROYALEX	0.91	0.85	(0.06)	(6.59)
MBENEFIT	0.32	0.30	(0.02)	(6.25)
ZENITH	25.55	24.45	(1.10)	(4.31)
PZ	10.55	10.10	(0.45)	(4.27)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 20/01/2023												
				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	24.66	31.20	1,210,614.89		1,210,614.89	10,614.89	0.88
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	8.10	9.88	397,647.23	9,000.00	406,647.23	26,647.23	7.01
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.00	5.66	245,461.25	9,000.00	254,461.25	36,961.25	16.99
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	17.00	20.87	834,568.25		834,568.25	32,068.25	4.00
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	14.65	18.20	719,201.46		719,201.46	19,201.46	2.74
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.10	29.90	1,183,123.23	13,500.00	1,196,623.23	46,623.22	4.05
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	30.90	36.92	1,516,950.53	96,750.00	1,613,700.53	193,700.53	13.64
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	265.00	339.30	13,009,446.25		13,009,446.25	- 40,553.75	- 0.31
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	21.90	26.59	1,075,120.28	68,400.00	1,143,520.28	121,020.28	11.84
			21,142,500.00					21,392,438.86		21,602,588.86	460,088.86	2.18

The Equity Portfolio Model which closed the previous week at 3.64% depreciated during the week, and closed the week at 2.18% (YTD). This can be compared with NGX All Share Index which closed at 2.48% in the previous week, appreciated during the week and closed at +2.62% {YTD}. The EPM which picked up in the previous week came down during the week under review and under performed the All Share Index of the market, This is because some high capitalized stocks in the EPM loss value during the week. Some of the stocks in EPM that depreciated in value are: Zenith bank, WAPCO, 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)

CBN to sanction banks dispensing old notes

The Director of the Legal Services Department of the Central Bank of Nigeria, Mr. Kofo Salam-Alada, has said the agency will go tough on banks that continue to fill their ATM machines with old naira notes as the deadline to phase out the notes nears. He said the CBN was already monitoring banks that were still dispensing old naira notes from their ATMs. The director who represented the CBN Governor, Godwin Emefiele, spoke during a sensitisation event on the new naira notes in Computer Village Market, in Lagos during the week. He said, "I can tell you today that the CBN on daily basis issue out the new notes. As we speak, banks are with the CBN taking money. We are actually begging banks to come and take money from Central Bank. We have these new naira notes in our vaults and we are begging banks to come and take it.

INVESTMENT BASICS

Learn about Long-Term Investments

What is the meaning of long-term investments?

If in short-term investments, the characteristics include a small level of risk, not too high, liquid capital and a short period of time to achieve profits, then long-term investments are the opposite. In long-term investments, the invested funds will be managed sustainably and can only be disbursed when they mature. Long-term investments generally have a minimum period of one year. The average long-term investment is more than five years. According to the Indonesian Stock Exchange, it can be said that investing for the long term is the same as investing in the wealth or capital of a person or company to obtain a stable income. One of the benefits for people who carry out long-term investment activities is personal financial savings that can be used in old age, so they do not have to worry about working hard while enjoying their golden years. On a larger scale, long-term investments may aim to act as the controlling party of a particular company or person through the capital invested, as well as earn passive income at certain times, such as interest, dividends, and rent. If you are one of those who think a lot about your future, then you need to know which long-term investments are the most appropriate.

Types of Long-Term Investments

1. **Stocks:** Stocks are securities that are proof of the investor's ownership in a partnership or limited liability company. You will benefit from dividends and have the opportunity to earn money by buying and selling shares on the stock market. Today you can easily invest in stocks. You just need to choose the right broker to help you.
2. **Gold:** It is an example of a profitable long-term investment, and its value is relatively stable compared to the value of a currency. Buying gold is quite easy, but you still must be careful when carrying out such transactions. Always use reliable services for investment activities.
3. **Bonds:** Bonds are debt securities presented by the borrower to the lender. In securities, your name is recorded along with the loan's due date and interest. The investment period of the bonds is valid from 1 to 10 years. From a business standpoint, bonds serve as an opportunity to raise funds to move the business forward. While on the lender's (investor's) side, bonds can be an investment that can make a profit.
4. **Properties:** Real estate investments are considered a profitable way of long-term investments. One of the reasons is that the price of land increases every year. However, real estate investments require a large amount of capital with the possibility of obtaining great profits.
5. **Mutual Funds:** Mutual or mutual funds can also be included as long-term investments. The upside is that there are many options, including money markets, stocks, and bonds that can be adjusted based on funds and risk. For those still looking for investment experience, mutual funds are ideal because these activities are performed by investment managers.

How to Make Long-Term Investments

1. **Know the instrument:** As you dive into the world you're about to enter, make sure you've learned how it works. This is useful so that you can know the risks you will take.
2. **Study:** Investments is a field that can be studied. As long as there is a will, you can do it. You will not achieve success if you do not have a strong will.
3. **Starts:** When you feel that all supplies and capital are ready, begin. By starting an investment as soon as possible, the opportunity to enjoy the value of the asset will be greater with sufficient knowledge and capital.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

This week, funding rates stayed flat for most trading sessions. On Friday, the Open repo rate (OPR) and Overnight rate (O/N) increased to 11.00% and 11.50%, a week-on-week rise of +13.75% and +15.00%

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).

This week, naira appreciated for most of the trading sessions both at Investor and Exporter FX fixing (I&E) and Nigerian Autonomous Foreign Exchange fixing (NAFEX) fixing. On a weekly basis, naira appreciated by -0.09% and -0.01% for both the Investor and Exporter FX fixing and NAFEX Fixing to close at N461.50 and N461.25 respectively

OIL PRICE.

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$81.40 per barrel during the week, compared with \$78.32 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	13-Jan-23	20-Jan-23	W-o-W % Change
OPR (%)	9.67	11.00	+13.75%
O/N (%)	10	11.50	+15.00%

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			
	13-Jan-23	20-Jan-23	W-o-W% Change
I&E FX	461.9	461.5	-0.09%
NAFEX (\$/N)	461.29	461.25	-0.01%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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