



Monday January 30, 2023

MPC Raises MPR by 100bpts to 17.5%

The MPC met during the week to decide on the monetary policy stance of Nigeria. They hiked the monetary policy rate by 100 basis points to 17.5% p.a and retain other policy parameters. The decisions reached are as follows: The benchmark interest rate (MPR) raised by 100bps to 17.50% from 16.50%, The asymmetric corridor remained at +100/-700 bps around the MPR, The cash reserve ratio retained at 32.50%; and The Liquidity Ratio retained at 30.00%. It is unusual for interest rates to be altered 30 days before a general election in most countries. But these are interesting and unusual times in Nigeria. The major problem is that whilst the policy rate—a signaling rate to anchor investor expectations—is increasing, effective treasury bill rates have declined by over 1000 basis points. This is a major contradiction of direction and expectations. In 10 months, the MPR has increased cumulatively by 6% p.a. and inflation has declined marginally by 0.13% to 21.34%. This confirms the limitation of relying on a disconnected policy rate as the main tool for curbing spiraling inflation. The impact of the policy rate change on ordinary people is at best marginal. Nigerians will still buy beans at ₦32,000 per bag in February, a loaf of bread at ₦900, take a bus ride from Obalende to Oworonshoki for ₦400 and a return flight from Lagos to Abuja (economy) for ₦200,000. So, whilst the rate of inflation may taper, the burden on the pocket will remain daunting. Meanwhile, the external debt per head in Nigeria has jumped by 339% to \$215. No matter what happens, come February 25, 2023 a new government will be inaugurated. Even before the handover date of May 29, Nigerians will gravitate towards the new leadership. While we enter the 6th administration since the return to democracy in 1999 with skepticism and fear of the unknown, we are certain that there will be new currency notes, new leaders and new policies. With this cautious optimism, most Nigerians will be guided by at no matter what happens a change is as good as a rest.

Capital Market Summary .

Analysis of the market activity in the week ended January 27, 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 0.12% each from the opening figures of 52,594.68 and N28,647 trillion to close at 52,657.88 and N28,681 trillion respectively. Its year to date (YTD) return stands at +2.74%.

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)	N16,186,615.62 trn	November 25, 2022
Consumer Price Index (YOY)	21.34%	January 18, 2023
Monetary Policy Rate (MPR)	17.50%	January 24, 2023
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

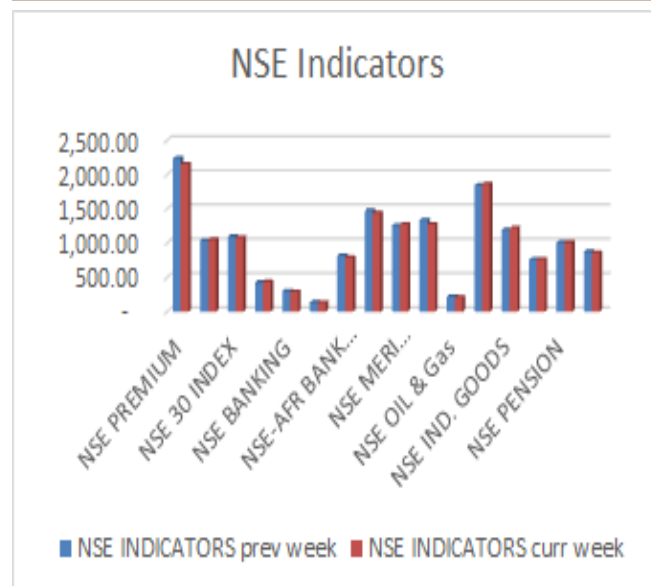
Source: Central Bank of Nigeria (CBN)

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. Retur	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	
PRESKO	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

30/01/23-03/02/2023)

The Nigerian stock market ended the week on a positive note as investors gained N17.14bn for the week. The NGXASI closed the week with a gain of **0.12%** as against a **0.16%** gain recorded last week. In Year-to-date, the NGXASI closed positive for the week with a gain of **2.74%** as market capitalization settled at N28.68trn. We expect impressive end of year result as some companies have started releasing their end of year results. 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 we expect impressive end of year returns. We will continue to advise investors to trade only on 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. **NB PLC, UBA PLC, ACCESS BANK PLC, FLOUR MILLS, CADBURY, DANSUGAR plc, PZ PLC, NESTLE PLC, and MTNN.**

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
ACCESS	9.00	10.00	12.00	33.33
UBA	8.15	9.00	10.00	22.70
FLOUR MILLS	30.90	30.00	35.00	13.27
CADBURY	11.55	12.00	17.00	47.19
NB PLC	41.95	50.00	60.00	43.03
DANSUGAR	16.90	17.00	20.00	18.34
PZ PLC	10.25	12.00	15.00	46.34
MTN PLC	225.00	235.00	270.00	20.00
NESTLE PLC	1,080	1,100	1,500	38.89

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	195.5	24.83	15.51	N2.04	N1.00 PD IN YEAR 2021
UBA PLC	3RD QTER 30/9/2022	607.98	461.86	116.04	104.6	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
NESTLE PLC	3RD QTER 30/9/2022	333.4	261.59	40.15	33.58	N15.65	N25 PD AS INTERIM DIV



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 3,892 units of Exchange Traded Products valued at N785,073.87 in 38 deals were traded during the week compared with 2,063 units of Exchange Traded Products valued at N1,505,388.78 traded last week in 59 deals.

BOND MARKET

A total of 29,711 units of FGN Bond valued at N29,901,068.53 in 27 deals were traded during the week compared with 21,845 units of FGN Bond valued at N21,564,898.92 traded last week in 14 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	756.769 M	1,241 M	-39.02
Value N=	N13,653 B	N15,688 B	-12.97
Total Gain	44	39	12.82
Total Loss	29	30	-3.33
Deals	18.248	18.560	-1.68
All Share Index	52,657.88	52,594.68	0.12
Market Cap.	N=28,68 Trillion	N=28,6470. Trillion	0.12

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
TRIPPLE GEE	0.80	1.05	0.25	31.25
IEI	0.49	0.63	0.14	28.57
CHELLARAM	1.46	1.81	0.35	23.97
MBENEFIT	0.30	0.37	0.07	23.33
ABC	0.29	0.34	0.05	17.24
UNILEVER	11.40	13.25	1.85	16.23
CHAMS	0.26	0.30	0.04	15.38
GEREGU	138.80	160.00	21.20	15.27
JOHN HOLT	0.96	1.10	0.14	14.58
JAPPAUL	0.30	0.34	0.04	13.33

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
CWG	1.04	0.90	(0.14)	(13.46)
NB	46.45	41.95	(4.50)	(9.69)
TH. WYATT	1.45	1.31	(0.14)	(9.66)
COURTVILLE	0.50	0.47	(0.03)	(6.00)
IGL	7.40	7.00	(0.40)	(5.41)
UNITY	0.58	0.55	(0.03)	(5.17)
CADBURY	12.10	11.55	(0.55)	(4.55)
CHAMPION	5.00	4.80	(0.20)	(4.00)
LIVESTOCK	1.12	1.08	(0.04)	(3.57)
RT BRISCOE	0.31	0.30	(0.01)	(3.23)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 27/01/2023												
				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	24.60	31.20	1,207,669.35		1,207,669.35	7,669.35	0.64
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	8.15	9.88	400,101.84	9,000.00	409,101.84	29,101.84	7.66
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.40	5.66	265,098.15	9,000.00	274,098.15	56,598.15	26.02
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	16.90	20.87	829,659.03		829,659.03	27,159.02	3.38
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	24.60	31.20	1,207,669.35	13,500.00	1,221,169.35	21,169.35	1.76
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	14.60	18.20	716,746.85		716,746.85	16,746.85	2.39
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.45	29.90	1,200,305.51	13,500.00	1,213,805.51	63,805.51	5.55
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	266.90	339.30	13,102,721.53		13,102,721.53	52,721.52	0.40
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					21,522,042.40		21,732,192.40	589,692.40	2.79

The Equity Portfolio Model which closed the previous week at 2.18% appreciated during the week, and closed the week at 2.79% (YTD). This can be compared with NGX All Share Index which closed at 2.62% in the previous week, appreciated during the week and closed at +2.74% {YTD}. The EPM picked up again during the week under review and over performed the All Share Index of the market, This is because some high capitalized stocks in the EPM appreciated in value during the week. Some of these stocks 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)

MTN Nigeria Notifies of Upcoming Allotment of Incentive Shares to Qualified Shareholders

MTN Nigeria Communications Plc (MTN Nigeria) wishes to inform the market of the imminent execution of the allotment of Incentive Shares to qualified Shareholders. The Offer for sale of 575 million ordinary shares of MTN Nigeria held by MTN International (Mauritius) Limited (the Offer) was successfully completed on 31 January 2022, the date on which the Securities and Exchange Commission's (SEC's) clearance of the Offer allotment was obtained. The terms of the Offer included an incentive of one (1) ordinary Share for every twenty (20) ordinary shares purchased and allotted (the Incentive Shares) up to a maximum of two hundred and fifty (250) ordinary shares. The Incentive Shares will be allotted to qualified shareholders who participated in the Offer and held all or some of their Offer shares continually from 31 January 2022 to 31 January 2023 (the Qualification Date). To qualify, a shareholder must meet all 3 conditions below: **Purchased and was allotted at least 20 ordinary shares in the Offer; Holds some or all of the shares allotted at the Offer as at the Qualification Date, 31 January 2023 but subject to holding at least 20 ordinary shares; and Name must appear in the Register of Members at the Qualification Date.** Qualified shareholders will have their Incentive Shares credited to their CSCS accounts after the Qualification Date and obtaining the requisite regulatory approvals.

INVESTMENT BASICS

Understanding Inflation

Inflation is one of the most used expressions in discussions about the economy. Yet the idea is often misunderstood. Although there are several schools of thought on inflation, economists generally agree that it means a constant, progressive rise in the prices of goods and services. Simply expressed, inflation is a condition in which there is a continuing overall increase in the cost of goods and services. A common definition of inflation is a situation in which "too much money is chasing too few goods." The value of the currency decreases when there is inflation. When there is inflation in the economy, a certain quantity of naira will have less purchasing power over time. For instance, if N1,000.00 can purchase 10 shirts in 2023, if the price of shirts double in 2024, the same N1,000.00 can only afford 5 shirts. When a unit of currency effectively buys less as a result of the increase in prices, it is sometimes stated as a percentage. There is aggregate or general inflation where the increase in prices that constitutes inflation must apply to the entire basket of goods in the economy, as opposed to a discrete increase in the price of a particular good or group of goods. The implication is that inflation cannot be said to have occurred because of changes in individual prices or in any combination of prices. However, a circumstance can develop in which a change in one price could result in an increase in the other prices. The cost of petroleum products in Nigeria is one illustration. Again, this does not indicate inflation until the price adjustment in the basket causes an increase in the overall level of prices.

Second, inflation must have been continuous for the price increase to be correctly termed inflation. The overall price level must be climbing steadily and consistently over a range of time periods. This must be distinguished from an instance of a sudden price increase. Deflation, which happens when prices fall and buying power rises, is the opposite of inflation. In general, inflation in economics refers to an overall rise in the amount of money available, money income, or prices. A basic definition of inflation would be an excessive increase in the general level of prices.

How Do We Know What the Rate of Inflation Is? Because the National Bureau of Statistics (NBS) tracks the prices of a wide range of things in a "basket" of goods and services each month, we can calculate the rate of inflation. They keep track of the prices of over 700 items that customers frequently purchase. A loaf of bread and a "molue" bus ticket are among the items in the basket. Additionally, it encompasses much larger ones like a car and a vacation. The cost of that basket reveals the general level of prices. The CPI, or Consumer Prices Index, is used to describe this. The three largest components of Nigeria's CPI (the items on which Nigerians spend most of their incomes) are housing, transportation, and food/beverages. The NBS compares the cost of the basket, or the CPI level, with where it was a year earlier to determine the rate of inflation. The annual rate of inflation is the change in the level of prices.

Inflation can be broadly divided into four types based on its intensity.

Creeping Inflation: This type of inflation happens when prices rise very gradually. This category includes price increases that are sustained over time and are less than 3% annually. Such a price increase is thought to be both safe and necessary for economic expansion.

Walking inflation: Walking inflation is a mild price increase accompanied by a single-digit annual inflation rate. This happens when the pace of price increase falls between the moderate range of 3 to less than 10%. The government should take action to limit inflation at this rate before it turns to running inflation.

Running (or Galloping) Inflation: This is the quick annual price increase of 10% to 20% which is referred to as running inflation. When inflation is above 20% it is frequently referred to as "galloping" inflation. The poor and middle class are severely harmed by this kind of inflation. Strong monetary and fiscal policies are needed for control. Nigeria is presently experiencing

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

The large deposits to banks as the swap deadline approaches kept the interbank rates low all through the week. On Friday, the Open repo rate (OPR) and Overnight rate (O/N) dropped to 10.50% and 11.00%, a week-on-week fall of **-4.55%** and **-4.35%**.

Treasury Bills.

In the face of rate hikes, higher inflation, and negative real return, investors' interests remained strong in the fixed-income market, particularly in the short-term end of the market. However, rates at the Nigerian treasury bill market have dropped to a record low compared to the previous year when they rose to double digits. At the treasury bill primary auction conducted during the week, the Debt Management Office (DMO) offered N220.53bn but had an oversubscription of N1044.22. The DMO sold exactly the amount offered with the stop rates of the 91-day, 182-day, and 364-day dropping to 0.29%, 1.80%, and 4.78% respectively.

Foreign Currency (EXCHANGE RATE).

The naira gained for most trading sessions this week at both Investor and Exporter FX fixing (I&E) and Nigerian Autonomous Foreign Exchange fixing (NAFEX) fixing. However, the naira depreciated at both windows on a weekly basis by **0.05%** and **0.03%** to settle at N461.75/US and N461.40/US respectively.

OIL PRICE.

The Nigeria's oil price (WTI) depreciated slightly during the week under review. According to the latest data, the oil price closed at \$81.12 per barrel during the week, compared with \$81.40 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	20-Jan-23	27-Jan-23	W-o-W % Change
OPR (%)	11.00	10.50	-4.55%
O/N (%)	11.50	11.00	-4.35%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION JANUARY 25, 2023

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total subscription (N'bn)	Amount sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	1.74	94.25	1.74	0.29	2
182-days	1.26	89.62	1.26	1.8	4.33
364-days	217.53	860.35	217.53	4.78	7.3

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	20-Jan-23	27-Jan-23	W-o-W% Change
I&E FX	461.5	461.75	0.05%
NAFEX (\$/N)	461.4	461.42	0.004%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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