



Monday February 13, 2023

**The Federal Government Expects More Flooding in 2023**

The Federal Government has announced that Nigeria will witness another round of flood in many states this year, and there is a need for early preparations in order to avoid some of the mistakes that were made in 2022. It was also noted added that state governors would be informed early this year about disaster-prone areas. In 2002, the country experienced an unprecedented devastating nationwide flood that took the lives of about 662 persons and caused extensive food shortages as disclosed by the National Emergency Management Agency (NEMA). According to the Ministry of Humanitarian Affairs, the flood witnessed in 2022 destroyed 70,566 hectares of farmland, damaged 45,249 houses, and displaced over 1.4 million Nigerians. The devastation of thousands of farmlands in key agricultural-producing states across the country resulted in the loss of farm produce and livestock in large quantities which negatively impacted the economy by contributing significantly to the hike in the country's food inflation. The surge in food prices resulted in a decline in the standard of living of the populace as there was no commensurate rise in consumer income. Also, the floods contributed to a surge in transportation costs as tankers conveying petroleum products to the Federal Capital and other states in the northern parts of the country were unable to move due to blocked road networks in the region. This was one of the reasons the petroleum authorities gave for the scarcity of the product in 2022.

Nigeria's population has been growing rapidly and it's currently estimated to be over 200 million. There has also been rapid growth in urbanization in recent times, with about 55% of the nation's population living in urban areas. Given the country's growth in population and urbanization, the huge housing deficit witnessed in urban areas means that people are forced to build shelters in flood-prone areas such as riverbanks, wetlands, and low-lying areas. Poor solid waste management is also a key contributor to the problem of flooding. Often, drainage systems are used as dump sites, blocking the flow of water. Another factor is a change in rainfall patterns in the country, Rainstorms lasting up to five days are becoming more common and it's predicted that they will increase due to increased climate change. Poor water infrastructure developments such as dams, reservoirs, and bank protection also contribute to flooding in the country. Given the warnings of more floods this year, there is a need for a more proactive approach by the government towards preventing a disaster. A combination of hard infrastructural solutions and ecosystem-based adaptation should be considered. These include the construction of dams and reservoirs to hold excess water, riverbank protection, construction of spillways, appropriate drainage systems and storm water management regimes, and dredging of some of the major rivers in Nigeria. Climate change is a natural phenomenon affecting many countries, hence, all hands must be on deck to reduce the level of impact of the expected flooding.

**Capital Market Summary .**

Analysis of the market activity in the week ended February 10, 2023 shows that the Nigerian equity market 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 0.21% each from the opening figures of 54,213.09 and N29,528 trillion to close at 54,327.30 and N29,591 trillion respectively. Its year to date (YTD) return stands at +6.00%.

**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)        | 21.34%            | 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\$89.55/Bar     | February 09, 2023 |
| Nigeria's Gross External Reserves | US\$36.82bn       | February 10, 2023 |

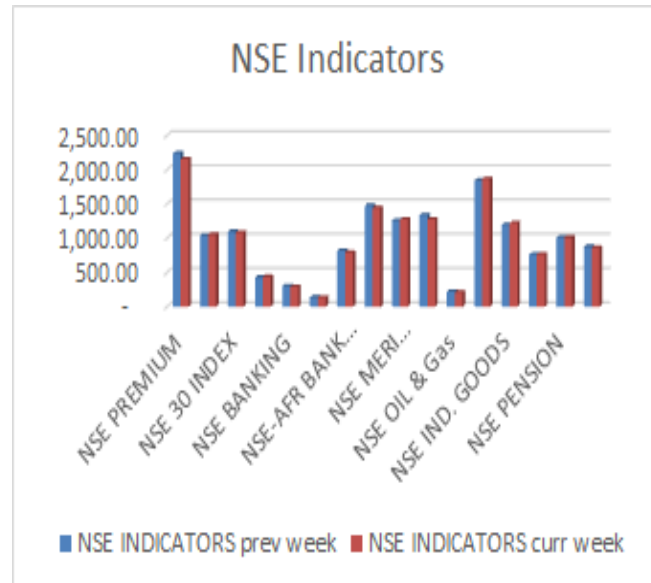
Source: Central Bank of Nigeria (CBN)

**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      | 54,848,326,000    | 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

13/01/23-17/02/2023

The Nigerian Stock Market ended the week on a positive note as market sentiment stayed positive. The NGXASI closed the week with a gain of **0.21%** as against a **2.95%** gain recorded last week. The Nigerian Exchange recorded N62.59b gain in naira terms. In Year-to-date, the NGXASI closed positive with a gain of **6.00%** as market capitalization settled at N29.590trn. The impressive end of year results released so far by some companies have started impacting positively on the market. This coupled with the current low and attractive prices have continued to move the market upward during the week. In the coming week, we expect the market to continue with the positive note as we expect impressive end of year returns to continue. We will continue to advise investors to trade only on fundamentally justified stocks as the weak macro economic environment remains a significant factor for listed companies. In the light of the above we want to uphold our last week recommendation for purchase during the week since there was no significant change in prices of the stocks recommended. **NB PLC, UBA PLC, ACCESS BANK PLC, CADBURY, DANSUGAR plc, NESTLE PLC, and MTNN.**

**RECOMMENDED STOCKS FOR THE WEEK**

| Stocks     | Current Price | Max. entry Price<br>N= | Target price | % Change |
|------------|---------------|------------------------|--------------|----------|
| ACCESS     | 9.10          | 10.00                  | 12.00        | 31.87    |
| UBA        | 8.35          | 9.00                   | 10.00        | 19.76    |
| CADBURY    | 11.45         | 12.00                  | 17.00        | 48.47    |
| NB PLC     | 40.50         | 50.00                  | 60.00        | 48.15    |
| DANSUGAR   | 17.05         | 17.00                  | 20.00        | 17.30    |
| MTN PLC    | 243.90        | 245.00                 | 270.00       | 10.70    |
| NESTLE PLC | 1,080.30      | 1,100                  | 1,500        | 38.85    |

**FINANCIAL HIGHLIGHTS OF RECOMMENDED STOCKS**

| Company         | Result                  | Turnover          |               | PAT               |               |          |   |
|-----------------|-------------------------|-------------------|---------------|-------------------|---------------|----------|---|
|                 |                         | Current<br>N=bill | Last yr N=bil | Current<br>N=bill | Last yr N=bil | Curr EPS | Last Div. Paid                              |
| CADBURY         | 3RD QTER<br>30/09/2022  | 42.54             | 30.05         | 2.82              | 1.51          | N1.49    | N0.50 div. paid in 2021 FY                  |
| MTNN PLC        | Audited<br>31/12/2022   | 2,021             | 1,654         | 361.53            | 298.65        | N17.79   | N15.60 total div. declared in 2022 FY.      |
| NB PLC          | 3RD QTER<br>30/09/2022  | 393.45            | 304.28        | 14.76             | 8.69          | N1.82    | N1.60 paid as dividend in 2021 FY           |
| NESTLE PLC      | 3RD qter<br>30/09/2022  | 333.40            | 261.49        | 40.15             | 33.58         | N15.00   | N25.00 DIV PD AS INTERIM IN 2022 FY         |
| ACCESS BANK PLC | 3RDt Qter<br>31/09/2022 | 906.93            | 606.57        | 137.01            | 121.89        | N3.85    | N1.00 pd as both interim and final dividend |
| DANSUGAR PLC    | 3rd qter<br>30/9/2022   | 288.21            | 195.50        | 24.83             | 15.510        | N2.04    | N1.00 PD IN YEAR 2021                       |
| UBA PLC         | 3RD QTER<br>30/9/2022   | 607.98            | 461.86        | 116.04            | 104.60        | N3.27    | N1.00 PD AS both INTERIM and final DIV.     |

Source: Nigerian Stock Exchange (NSE) & Regency Research



**STOCK MARKET REPORT**

Domestic Market Review

**GAINERS FOR THE WEEK**

Twenty four stocks appreciated in price during the week, as against Fifty five stocks in preceding week. The top ten price gainers during the week were:

**LOSERS FOR THE WEEK**

Forty five 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 16,674 units of Exchange Traded Products valued at N11,982,206.72 in 44deals were traded during the week compared with 1,081,742units of Exchange Traded Products valued at N11,737,528.16 traded last week in 62 deals.

**BOND MARKET**

A total of 45,882 units of FGN Bond valued at N41,200,323.53 in 22 deals were traded during the week compared with 31,683 units of FGN Bond valued at N32,251,263.02 traded last week in 35 deals

**MARKET SUMMARY**

|                 | Curr. Week        | Previous week     | % Change |
|-----------------|-------------------|-------------------|----------|
| Volume          | 944.293 M         | 3,789 M           | -75.08   |
| Value N=        | N22,710 B         | N27,520 B         | -17.48   |
| Total Gain      | 24                | 55                | -56.36   |
| Total Loss      | 45                | 27                | -66.67   |
| Deals           | 18.615            | 20.333            | -8.45    |
| All Share Index | 54,327.30         | 54,213.09         | 0.21     |
| Market Cap.     | N=29,591 Trillion | N=29,528 Trillion | 0.21     |

**TOP TEN GAINERS**

| Company     | Op.Price | cl. Price | Gain | Gain in % |
|-------------|----------|-----------|------|-----------|
| TRIPPLE GEE | 1.05     | 1.37      | 0.32 | 30.48     |
| IEI         | 0.99     | 1.24      | 0.25 | 25.25     |
| CONOIL      | 26.50    | 32.05     | 5.55 | 20.94     |
| MRS         | 19.35    | 21.25     | 1.90 | 9.82      |
| NNFM        | 9.75     | 10.70     | 0.95 | 9.74      |
| RED STAR    | 2.53     | 2.77      | 0.24 | 9.49      |
| IGL         | 7.70     | 8.05      | 0.35 | 4.55      |
| UPDC        | 0.95     | 0.99      | 0.04 | 4.21      |
| NPFMB       | 1.74     | 1.80      | 0.06 | 3.45      |
| SUNU        | 0.34     | 0.35      | 0.01 | 2.94      |

**TOP TEN LOSERS**

| Company    | Op.Price | Cl. Price | Loss   | Loss in % |
|------------|----------|-----------|--------|-----------|
| FTN COCOA  | 0.33     | 0.28      | (0.05) | (15.15)   |
| PRESTIGE   | 0.46     | 0.40      | (0.06) | (13.04)   |
| JAPPAUL    | 0.34     | 0.30      | (0.04) | (11.76)   |
| MBENEFIT   | 0.36     | 0.32      | (0.04) | (11.11)   |
| ROYALEX    | 0.82     | 0.74      | (0.08) | (9.76)    |
| MCNICHOLS  | 0.67     | 0.61      | (0.06) | (8.96)    |
| INITIATIVE | 0.48     | 0.44      | (0.04) | (8.33)    |
| CHAMPION   | 4.90     | 4.50      | (0.40) | (8.16)    |
| STERLING   | 1.63     | 1.51      | (0.12) | (7.36)    |
| CHIPLC     | 0.68     | 0.63      | (0.05) | (7.35)    |

Source: Nigerian Stock Exchange (NSE) & Regency Research



## MODEL EQUITY PORTFOLIO

| PORTFOLIO VALUATION AS AT 10/02/2023 |             |        |               |        |        |         |              |               |           |               |            |       |
|--------------------------------------|-------------|--------|---------------|--------|--------|---------|--------------|---------------|-----------|---------------|------------|-------|
|                                      |             |        |               | 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  | 25.50   | 31.20        | 1,251,852.38  |           | 1,251,852.38  | 51,852.38  | 4.32  |
| 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   | 5.58    | 5.66         | 273,934.76    | 9,000.00  | 282,934.76    | 65,434.76  | 30.08 |
| 1/1/2022                             | DANGSUGAR   | 50,000 | 802,500.00    | 16.05  | 16.35  | 17.05   | 20.87        | 837,022.86    |           | 837,022.86    | 34,522.86  | 4.30  |
| 1/1/2022                             | ZENITH      | 50,000 | 1,200,000.00  | 24.00  | 24.44  | 25.20   | 31.20        | 1,237,124.70  | 13,500.00 | 1,250,624.70  | 50,624.70  | 4.22  |
| 1/1/2022                             | UCAP PLC    | 50,000 | 700,000.00    | 14.00  | 14.26  | 15.20   | 18.20        | 746,202.20    |           | 746,202.20    | 46,202.20  | 6.60  |
| 1/1/2022                             | GTCO PLC    | 50,000 | 1,150,000.00  | 23.00  | 23.43  | 25.20   | 29.90        | 1,237,124.70  | 13,500.00 | 1,250,624.70  | 100,624.70 | 8.75  |
| 1/1/2022                             | FLOUR MILLS | 50,000 | 1,420,000.00  | 28.40  | 28.93  | 29.95   | 36.92        | 1,470,312.89  | 96,750.00 | 1,567,062.89  | 147,062.89 | 10.36 |
| 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 |        |        |         |              | 21,759,157.97 |           | 21,969,307.97 | 826,807.97 | 3.91  |

The Equity Portfolio Model which closed the previous week at 3.15% appreciated during the week, and closed the week at 3.91% (YTD). This can be compared with NGX All Share Index which closed at 5.78% in the previous week, also appreciated during the week and closed at +6.00% {YTD}. The EPM appreciated again during the week under review but unable to over perform the All Share Index of the market, This is because some high capitalized stocks in the market appreciated in value during the week. 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 )

## ELLAH LAKES PLC:

Trading License Holders are hereby notified that Ellah Lakes Plc (Ellah Lake or the Company) has through its joint Stockbrokers, Cordros Securities Limited, CSL Stockbrokers Limited, DSU Brokerage Services Limited and RMB Nigeria Stockbrokers Limited submitted an application to Nigerian Exchange Limited for the approval and listing of a Rights Issue of One Billion (1,000,000,000) ordinary shares of 50 kobo each at N2.90 per share, on the basis of one (1) new ordinary share for every two (2) ordinary shares held as at the close of business on 10 February 2023. The Qualification Date for the Rights Issue is today, Friday, 10 February 2023.

## INVESTMENT BASICS

**Investments to hedge Inflation..** Inflation is a general increase in the price of goods and services in an economy and causes money saved today to be worth even less when it is needed tomorrow. It could sometimes be caused by a rise in the cost of production of goods and services or by excessive money in the economy amongst other reasons. According to the National Bureau of statistics (NBS), the inflation rate in Nigeria currently stands at 21.34%. This means every investment made in Nigeria has to beat this rate to be profitable.

**Investments to hedge Inflation.** We have seen in the above points that inflation has a negative real rate effect on investments. Money market/ fixed-income securities such as FGN bonds, Treasury bills and fixed deposits are not enough to beat inflation. Investing in the capital market can offer diversification. This is not to say that inflation doesn't affect the capital market. The beauty of the capital market is that there are ways to invest in it that help you beat inflation.

**1. Investment in Equity.** Investment in stock is more risky than fixed income investments but also offers potential for higher returns. You need to buy stock of a company that is able to transfer its additional production cost due to inflation to its customers without affecting its profitability. You also need to carry out a fundamental analysis of the company to analyze its balance sheets, cash flow and income statements to determine the intrinsic value of the stock before making your decision. To invest in stocks, you can contact any [dealing member listed on NGX](#) or you can download their trading apps online.

**2. Investment in Exchange Traded Funds (ETFs).** Buying individual stock could be time consuming for busy investors so buying into exchange traded funds (ETFs) that track the performance of a benchmark index, basket of securities or commodities could be ideal. ETFs also make for diversification of your investment portfolio. The NGX currently has [12 listed ETFs](#). These ETFs invest in Equities, Bonds and Gold.

**3. Invest in Mutual funds.** Mutual funds pool resources from different investors and invest them in various securities like Bonds, stock, etc. They are managed by licensed professional fund managers who assign units of shares to each contributor to the fund and pay dividend periodically. The price of a mutual fund is called the Net Asset Value (NAV). Mutual funds also diversify a portfolio by exposing the investor to different company stock.

**4. Invest in Gold.** Historically, Gold has always weathered inflation. It is an important member of an inflation-proof investment portfolio. This is because gold prices don't drop easily even when other security prices fall. Gold is also a tangible asset that can be stored for long periods. Buying Gold can be very expensive for you as a retail investor so you can buy into an ETF that tracks gold prices. An example is the NEWGOLD ETF. You could also invest in shares of mining companies that extract Gold and get paid dividend periodically. You can even trade gold prices in global markets through CFDs through CFD brokers.

**5. Invest in Commodities.** Commodities include oil, grains, coffee etc. and since inflation is synonymous with an increase in prices of goods and services, companies that produce these commodities could easily pass the increased cost of production to their customers. However, commodities are affected by various factors including natural disasters, wars, sanctions etc. so they carry a potential risk. To invest in commodities, you could either trade them on commodities & futures market, or buy shares of companies that produce them or buy into ETFs that track commodity indices and shares. The commodity shares/ETFs of Nigerian Companies can be bought from the NGX exchange. Or you can trade spot, futures on the commodity exchanges like AFEX commodity exchange, NCX (Nigeria Commodity Exchange), LCFE (Lagos Commodities and Futures Exchange) where agricultural commodities such as Maize, Cocoa, Sesame, Soybean, Rice, cashew, Sorghum, etc. are traded. On LCFE, you can also trade on agriculture commodities, energy and solid minerals with various instruments like Asset back Notes, commercial papers, ETNs.

**6. Invest in Real Estate Investment Trusts (REITs).** REITs are a collective investment scheme where the fund manager gathers investor funds and invests in real estate property development and rentals. Each investor is allocated units of shares according to how much he contributed and is paid dividends periodically no matter how the shares perform. Nigeria has 3 REITs registered namely Skye shelter fund, Union Homes and UPDC and they are traded on the NGX. Since building a house in Nigeria is very expensive REITs are a cheaper way to gain exposure to the real estate market. There are 3 types of REIT in Nigeria namely: Equity REIT- the REIT company purchases and manages properties, Mortgage REIT- company invests in mortgages on properties, Hybrid REIT- a combination of Equity and mortgage REIT. Real estate withstands inflation since house rents can be increased by landlords to reflect the current economic reality. Real estate carries its own risk as the houses can get burnt, vandalized and require maintenance frequently.

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



**FIXED INCOME MARKET REPORT**

**Money Market.**

The robust liquidity kept interbank rates flat for most trading sessions this week. On Friday, the Open repo rate (OPR) and Overnight rate rose to 10.75% and 11.13% respectively, a week-on-week rise of 238bps and 344bps.

**Treasury Bills.**

Investors' demand at the Nigerian Treasury Bill primary auction market remained strong, seeing a subscription of N1,056.08trn as against N217.06bn on offer. The Debt Management Office (DMO) allotted N417.06bn by acquiring an extra N200bn at the 364-day tenor. The stop rates for 91-day, 182-day, and 364-day dropped by 65bps, 83bps, and 53bp to 0.10%, 0.30%, and 2.24% respectively. The intense demand suggests that investors are pivoting towards safe haven investment instruments despite the low nominal rates and high domestic inflation. Analysts attribute the large buy interest to institutional investors, who are statutorily required to invest a portion of their income in domestic treasuries .

**Foreign Currency (EXCHANGE RATE).**

This week, the naira appreciated at both Nigerian Autonomous Foreign Exchange (NAFEX) fixing and Investor and Exporter FX fixing (I&E), settling at N461.20 and N461.50 respectively

**OIL PRICE.** The Nigeria's oil price (WTI) appreciated slightly during the week under review. According to the latest data, the oil price closed at \$78.76 per barrel during the week, compared with \$73.39 recorded in the previous week .

**NIGERIAN INTER BANK OFFER RATE NIBOR**

| Money Market Rate |          |           |                |
|-------------------|----------|-----------|----------------|
|                   | 3-Feb-23 | 10-Feb-23 | W-o-W % Change |
| OPR (%)           | 10.50    | 10.75     | +2.38%         |
| O/N (%)           | 10.75    | 11.13     | +3.44%         |

Source:

**TREASURY BILLS RATES**

**NTB AUCTION February 10, 2023**

| Nigerian Treasury Bills Auction |                       |                           |                    |               |                   |
|---------------------------------|-----------------------|---------------------------|--------------------|---------------|-------------------|
| Tenor                           | Amount offered (N'bn) | Total Subscription (N'bn) | Amount Sold (N'bn) | Stop Rate (%) | Previous rate (%) |
| 91-days                         | 4.52                  | 9.84                      | 4.52               | 0.1           | 0.29              |
| 182-days                        | 1.31                  | 15.04                     | 1.31               | 0.3           | 1.8               |
| 364-days                        | 211.23                | 1031.2                    | 411.23             | 2.24          | 4.78              |

Source: Central Bank of Nigeria (CBN)

**MONEY MARKET RATES**

| Average Benchmark Yields |          |           |               |
|--------------------------|----------|-----------|---------------|
|                          | 3-Feb-23 | 10-Feb-23 | W-o-W% Change |
| I&E FX                   | 462      | 461.5     | 0.11%         |
| NAFEX (\$/N)             | 461.42   | 461.2     | 0.05%         |

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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