



Monday February 20, 2023

Headline Inflation Increases by 21.82% YoY in January 2023 as Food Inflation Rises by 24.32%

In January 2023, the headline inflation rate rose to 21.82% compared to December 2022 headline inflation rate which was 21.34%. Looking at the trend, the January 2023 inflation rate showed an increase of 0.47% points when compared to December 2022 inflation rate. However, on a year-on-year basis, the headline inflation rate was 6.22% points higher compared to the rate recorded in January 2022, which was 15.60%. This shows that the headline inflation rate (year-on-year basis) increased in the month of January 2023 when compared to the same month in the preceding year (i.e., January 2022). The contributions of items on a class basis to the increase in the headline index are: Bread and Cereal (21.67%), Actual and Imputed Rent (7.74%), Potatoes, Yam and Tuber (6.06%), Vegetable (5.44%), and Meat (4.78%). On a month-on-month basis, the percentage change in the All-Items Index in January 2023 was 1.87%, which was 0.15% points higher than the rate recorded in December 2022 (1.71%). This means that in the month of January 2023, on average, the general price level was 0.15% higher relative to December 2022. The percentage change in the average CPI for the twelve months period ending January 2023 over the average of the CPI for the previous twelve months period was 19.36%, showing a 2.49% increase compared to 16.87% recorded in January 2022. On a year-on-year basis, in January 2023, the urban inflation rate was 22.55%, this was 6.38% points higher compared to the 16.17% recorded in January 2022. On a month-on-month basis, the urban inflation rate was 1.98% in January 2023, this was 0.17% points higher compared to December 2022 (1.80%). The corresponding twelve-months average for the urban inflation rate was 19.91% in January 2023. This was 2.48% points higher compared to the 17.44% reported in January 2022. The rural inflation rate in January 2023 was 21.13% on a year-on-year basis; this was 6.08% points higher compared to the 15.06% recorded in January 2022. On a month-on-month basis, the rural inflation rate in January 2023 was 1.77%, up by 0.14% points compared to December 2022 (1.63%). The corresponding twelve-months average for the rural inflation rate in January 2023 was 18.84%. This was 2.53% points higher compared to the 16.31% recorded in January 2022. The food inflation rate in January 2023 was 24.32% on a year-on-year basis; which was 7.19% points higher compared to the rate recorded in January 2022 (17.13%). The rise in food inflation was caused by increases in prices of Bread and Cereals, Oil and Fat, Potatoes, Yam and Other Tubers, Fish, Vegetable, Fruits, Meat, and Food Products n.e.c. On a month-on-month basis, the food inflation rate in January 2023 was 2.08%, this was 0.20% points higher compared to the rate recorded in December 2022 (1.89%). This increase was attributed to increase in the prices of some food items like Oil and Fat, Bread and Cereals, Fish, Potatoes, Yam & Tubers, etc. The average annual rate of food inflation for the twelve -months ending January 2023 over the previous twelve-months average was 21.53%, which was a 1.44% points increase from the average annual rate of change recorded in January 2022

Capital Market Summary .

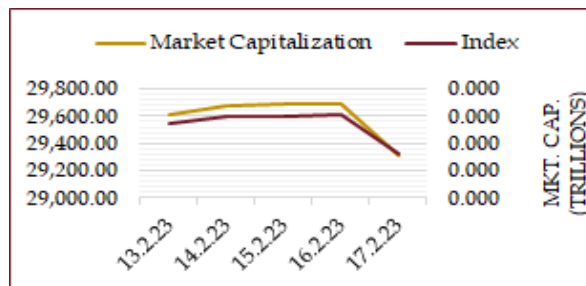
Analysis of the market activity in the week ended February 17, 2023 shows that the Nigerian equity market closed the week on a negative note due to profit taking on some stocks that have appreciated in value in recent times. The NGX All Share Index and market capitalization of listed equities thereby depreciated by 0.96% and 0.95% from the opening figures of 54,327.30 and N29,591 trillion to close at 53,804.46 and N29,310 trillion respectively. Its year to date (YTD) return stands at +4.98%.

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)	21.82%	February 15, 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

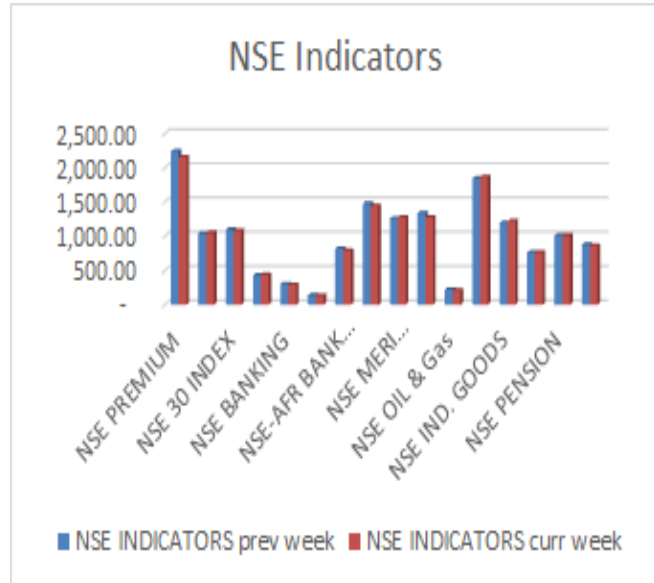
Source: Central Bank of Nigeria (CBN)

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

Domestic Market Review

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK

20/01/23-24/02/2023).

The Nigerian equity market ended the week on a negative note as market sentiment turned negative. The NGXASI closed the week with a loss of 0.96% as against a 0.21% gain recorded last week. The Nigerian Exchange recorded N280.45b loss in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 4.98% as market capitalization settled at N29.31trn. 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 may continue to move the market upward during the week. Investors took profit during the week making the prices more attractive. In the coming week, we expect the market to reverse to 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 headwind for listed companies. In the light of the above we want to recommend the under listed stocks for purchase during the week.

NB PLC, UBA PLC, ACCESS BANK PLC. CADBURY, FIDELITY BANK plc, FCMB PLC, NESTLE PLC, and MTNN.

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
ACCESS	9.20	10.00	12.00	30.43
UBA	8.35	9.00	10.00	19.76
CADBURY	12.00	12.00	17.00	41.67
NB PLC	41.00	50.00	60.00	46.34
MTN PLC	245.50	245.00	270.00	10.70
NESTLE PLC	1,080.30	1,100	1,500	38.85
FIDELITY	4.76	4.50	6.00	26.05
FCMB	4.28	4.30	5.00	16.82

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	Audited 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 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 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	3RD Qter 31/09/2022	906.93	606.57	137.01	121.89	N3.85	N1.00 pd as both interim and final dividend
FCMB PLC	4TH QTER 31/12/2022	281.75	212.01	32.59	20.92	N1.64	N0.20 PD AS DIVIDEND IN 2021 FY
FIDELITY BANK PLC	4TH qter 31/12/2022	335.89	250.77	47.16	35.58	N0.35	N0.35 DIVIDEND PD IN 2021 FY
UBA PLC	3RD QTER 30/9/2022	607.98	461.86	116.04	104.60	N3.27	N1.00 Pd as Interim and final dividend in 2021 FY.

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

GAINERS FOR THE WEEK

Thirty six stocks appreciated in price during the week, as against Twenty Four stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 2,898 units of Exchange Traded Products valued at N452,808.58 in 29 deals were traded during the week compared with 16,674 units of Exchange Traded Products valued at N11,982,206.72 traded last week in 44 deals.

BOND MARKET

A total of 24,298 units of FG Bond valued at N25,475,147.59 in 12 deals were traded during the compared with 45,882 units of FGN Bond valued at N41,200,323.53 traded last week in 22 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	751.990 M	944.293 M	-20.36
Value N=	N20,575 B	N22,710 B	-9.40
Total Gain	36	24	50.00
Total Loss	27	45	-40.00
Deals	15.822	18.615	-15.00
All Share Index	53,804.46	54,327.30	-0.96
Market Cap.	N=29,310 Trillion	N=29,591 Trillion	-0.95

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
TRIPPLE GEE	1.37	1.99	0.62	45.26
LIVING TRUST	1.98	2.30	0.32	16.16
CHAMS	0.25	0.29	0.04	16.00
CONOIL	32.05	35.25	3.20	9.98
MRS	21.25	23.00	1.75	8.24
GUINNESS	63.00	67.50	4.50	7.14
LINKAGE	0.42	0.45	0.03	7.14
GSK	6.40	6.85	0.45	7.03
IKEJA HOT	1.00	1.07	0.07	7.00
GEREGU	209.70	224.00	14.30	6.82

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
CWG	0.98	0.81	(0.17)	(17.35)
FIDELITY	5.58	4.76	(0.82)	(14.70)
PHARMADEK	2.10	1.89	(0.21)	(10.00)
NGX	28.40	25.95	(2.45)	(8.63)
TRANSCORP	1.29	1.20	(0.09)	(6.98)
FCMB	4.60	4.28	(0.32)	(6.96)
SOV TRUST	0.30	0.28	(0.02)	(6.67)
AIRTEL	1,660.00	1,560.00	(100.00)	(6.02)
IEI	1.24	1.18	(0.06)	(4.84)
UPDE REIT	3.25	3.10	(0.15)	(4.62)

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 17/02/2023												
P/Date	Stock	Units	Tcost	Unit Cost	B-E Price	Current Price	Target price 30% App	NET VALUE	Dividend	TOTAL VALUE	Gain/Loss	G/L%
1/1/2022	WAPCO	50,000	1,200,000.00	24.00	24.44	25.75	31.20	1,264,125.44		1,264,125.44	64,125.44	5.34
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	4.76	5.66	233,679.11	9,000.00	242,679.11	25,179.11	11.58
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	17.15	20.87	841,932.09		841,932.09	39,432.09	4.91
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	25.00	31.20	1,227,306.25	13,500.00	1,240,806.25	40,806.25	3.40
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	15.30	18.20	751,111.43		751,111.43	51,111.42	7.30
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	25.15	29.90	1,234,670.09	13,500.00	1,248,170.09	98,170.09	8.54
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	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	20.90	26.59	1,026,028.03	68,400.00	1,094,428.03	71,928.02	7.03
			21,142,500.00					21,760,630.74		21,970,780.74	828,280.74	3.92

The Equity Portfolio Model which closed the previous week at 3.91% appreciated slightly during the week, and closed the week at 3.92% (YTD). This can be compared with NGX All Share Index which closed at 6.00% in the previous week, but depreciated during the week and closed at +4.98% {YTD}. The EPM appreciated again during the week under review but unable to over perform the All Share Index of the market. 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)

Julius Berger's N30bn Commercial Paper (CP) Oversubscribed

Julius Berger Nigeria Plc has completed its N30bn series 1 and 2 Commercial Paper (CP) issuance. The 14.00% and 15.00% yield for the 182-day series 1 and 267-day series 2 attract investors to the issuance. The CP issuance was 2.3x subscribed from a wide range of investors including pension fund administrators, asset managers, insurance companies, banks, and high net-worth individuals. The company intends to use the fund to meet its short-term working capital as the company implements its strategic initiative to diversify economically significant sectors starting with the launch of the cashew processing business. Analysts believe the low yields on risk-free instruments such as 1.80% for the 182-day at the last primary auction, have made investors opt for unsecured instruments with higher yields which lessens the impact of elevated inflation.

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 FGN bond primary auction mopped up liquidity this week, pushing interbank rates up. On Friday, the Open repo rate (OPR) and Overnight rate settled at 17.13% and 17.81%, a week-on-week rise of 59.35bps and 60.16bps respectively

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).

The cash crunch has triggered a demand for the dollar, the naira depreciated to a record low of 780/US\$1 on Thursday and settled at 770 on Friday at the parallel market. However, at the Investor and Exporter FX fixing (I&E), the naira saw a week-on-week appreciation of 0.05 to settle at N461.25/US\$1 while at the Nigerian Autonomous Foreign Exchange (NAFEX) fixing, the naira depreciated by 0.01 to N461.25/US\$1

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 \$76.34 per barrel during the week, compared with \$78.76 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	10-Feb-23	17-Feb-23	W-o-W % Change
OPR (%)	10.75	17.13	+59.35%
O/N (%)	11.13	17.81	+60.16%

Source: Financial Markets Dealers Quotations (FMDQ)

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			
	10-Feb-23	17-Feb-23	W-o-W% Change
I&E FX	461.5	461.25	0.05%
NAFEX (\$/N)	461.2	461.25	0.01%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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