



Monday March 20, 2023

Manufacturing Woes Contributing To Foreign Exchange Shortage

Nigeria’s weak manufacturing sector is one of the key factors contributing to the shortage of foreign exchange in the country, according to a recent report by the Nigerian Economic Group (NESG). The report noted that the Nigerian economy has faced significant challenges in the past seven years, with two economic recessions and a shift of economic activity towards agriculture, and a slowdown of the manufacturing sector. The manufacturing sector’s neglect has resulted in a shortage of foreign exchange, limited job opportunities, and an import bill that surpasses current export earnings. Furthermore, the report highlighted that the unemployment and underemployment rates in Nigeria reached an all-time high of 56.1 percent in 2020, with 90 percent of workers employed in low-productivity sectors, such as agriculture and non-tradable services.

To address this, the incoming administration must work with stakeholders to develop an agenda for economic and social inclusion, which must include a practical strategy for structurally transforming the economy by moving labor and economic resources from low-productivity to high-productivity sectors.

The importance of manufacturing, which sits at the middle of the productivity ladder has a much higher productivity level than agriculture and can accommodate a large number of the labor force in the country. Additionally, Nigeria’s projected rising population, mineral resources, and adoption of a single market in Africa, such as the African Continental Free Trade Area (AfCFTA), present an opportunity for the manufacturing industry to thrive. However, inadequate power supply and the burgeoning infrastructure deficit hinder the competitiveness of the manufacturing sector. The incoming government is expected to address these issues and develop an industrial policy that supports the scale, efficiency, and competitiveness of local firms within the manufacturing sector. Such policies must be integrated with Nigeria’s AfCFTA strategy and support the transition of small-scale firms that are often the drivers of job creation in the country.

Capital Market Summary.

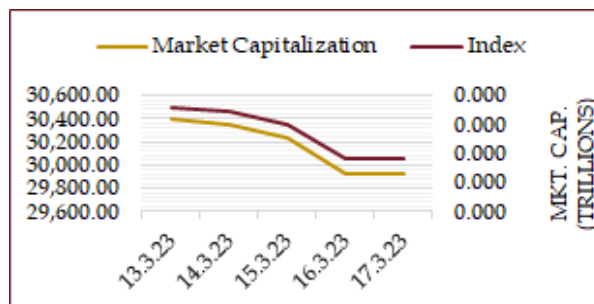
Analysis of the market activity in the week ended March 17, 2023 shows that the Nigerian equity market closed the week on a negative note. The NGX All Share Index and market capitalization of listed equities depreciated by 1.58% each from the opening figures of 55,794.51 and N30,395 trillion to close at 54,915.39 and N29,916 trillion respectively. Its year to date (YTD) return stands at +7.15%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+3.10%	December 31. , 2022
Un-employment Rate	33.30%	December 31, 2022
Broad Money Supply (M2)	N52,966,478.08	January 24, 2023
Money Supply (M1)	N20,964,941.91	January 24, 2023
Consumer Price Index (YOY)	21.91%	February 2023
Monetary Policy Rate (MPR)	17.50%	February 17, 2023
Cash Reserve Ratio (CRR)	32.50%	January 24, 2023
Nigeria’s Bonny Light Crude Oil	US\$77.68/Bar	March 15, 2023
Nigeria’s Gross External Reserves	US\$36.41bn	March 09, 2023

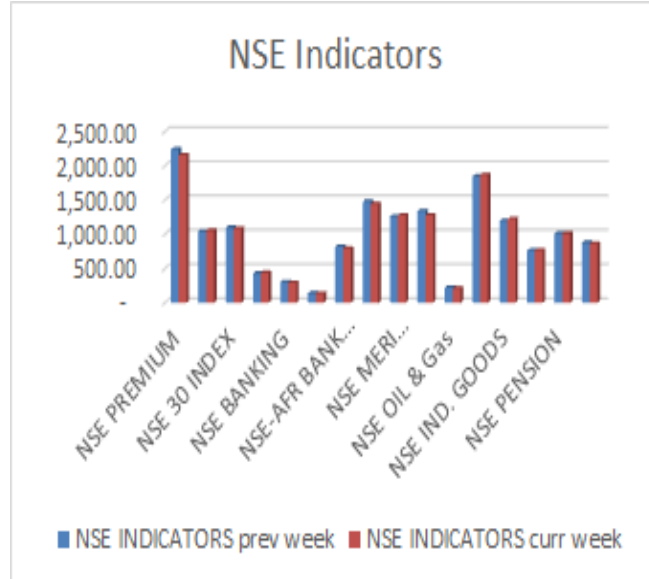
Source: Central Bank of Nigeria (CBN)

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
20/03/23-24/03/2023)**

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 1.54% as against a 0.48% gain recorded last week. The Nigerian Exchange recorded N478.91b loss in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 7.19% as market capitalization settled at N29.91trn. **The impressive end of year results released so far by some companies have been impacting positively on the market. This coupled with the current low and attractive prices of some blue chip companies will continue to move the market upward during the week. Investors have been taking position on stocks that have potentials to declare good returns and pay good dividend to investors. In the coming week, we expect the market to return to 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 challenge for listed companies. In the light of the above we want to recommend the under listed stocks for purchase during the week.**

UCAP PLC, UBA PLC, ACCESS BANK PLC, MTNN, NAHCO, FIDELITY BANK plc, NESTLE PLC, DANGOTE CEMENT PLC, WAPCO

RECOMMENDED STOCKS FOR THE WEEK

Stocks	Current Price	Max. entry Price N=	Target price	% Change
UCAP PLC	12.20	12.00	15.00	22.95
ACCESS	8.40	10.00	12.00	42.86
UBA	8.05	9.00	10.00	24.22
NAHCO PLC	8.20	8.50	10.00	21.95
MTN PLC	236.00	245.00	270.00	14.41
NESTLE PLC	1,080.30	1,100	1,500	38.85
FIDELITY	5.19	5.20	6.00	15.61
WAPCO PLC	25.10	26.00	30.00	19.52
DANCEM	288.00	300.00	350.00	21.53

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
UCAP PLC	Audited 31/12/2022	26.90	18.07	9.65	11.26	N1.61	N1.50 pd as dividend in FY 2022
NAHCO PLC	4TH QTER 30/09/2022	16.37	10.23	2.74	0.7772	N1.40	N0.41 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.
WAPCO PLC	Audited 31/12/2022	373.25	293.09	53.65	51.00	N3.33	N2.00 paid as final dividend in 2022 FY
NESTLE PLC	Audited 31/12/2022	446.82	351.82	48.97	40.04	N61.77	N36.50 FINAL DIV PD 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
DANCEM	Audited 31/12/2022	1,618	1,384	382.31	364.44	N22.27	N20 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 Int and final div. in 2021 FY.

Source: Nigerian Stock Exchange (NSE) & Regency Research

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

Nineteen stocks appreciated in price during the week, as against Twenty two stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 6,224 units of Exchange Traded Products valued at N1,541,261.86 in 56 deals were traded during the week compared with 11,382 units of Exchange Traded Products valued at N1,882,974.81 traded last week in 74 deals.

BOND MARKET

A total of 98,883 units of FGN Bond valued at N94,102,179.76 in 31 deals were traded during the week compared with 54,802 units of FGN Bond valued at N55,698,634.05 traded last

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	853.745 M	1,023 M	-16.54
Value N=	N11,841 B	N20,221 B	-41.44
Total Gain	19	22	-13.64
Total Loss	47	41	-14.63
Deals	18,543	18,650	-0.57
All Share Index	54,915.39	55,794.51	-1.58
Market Cap.	N=29,916 Trillion	N=30,395 Trillion	-1.58

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
PRESTIGE	0.41	0.45	0.04	9.76
NIG. ENAM	16.20	17.75	1.55	9.57
UPL	1.82	1.99	0.17	9.34
CWG	0.91	0.99	0.08	8.79
FTN COCOA	0.26	0.28	0.02	7.69
LIVESTOCK	1.04	1.09	0.05	4.81
BUA	95.00	99.00	4.00	4.21
UACN	9.20	9.55	0.35	3.80
UNILEVER	13.50	14.00	0.50	3.70
JAPPAUL	0.28	0.29	0.01	3.57

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
UACAP	14.68	12.20	(2.48)	(16.89)
LINKAGE	0.46	0.41	(0.05)	(10.87)
ETI	12.00	10.80	(1.20)	(10.00)
IGL	8.05	7.30	(0.75)	(9.32)
NPFMFB	1.89	1.73	(0.16)	(8.47)
ACCESS	9.15	8.40	(0.75)	(8.20)
NEIMETH	1.58	1.46	(0.12)	(7.59)
GSK	6.70	6.20	(0.50)	(7.46)
RT BRISCOE	0.27	0.25	(0.02)	(7.41)
OANDO	4.42	4.10	(0.32)	(7.24)

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	0.43	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



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 17/03/2023												
				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	25.10	31.20	1,232,215.48	90,000.00	1,322,215.48	122,215.48	10.18
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	8.05	9.88	395,192.61	9,000.00	404,192.61	24,192.61	6.37
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.19	5.66	254,788.78	9,000.00	263,788.78	46,288.78	21.28
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	18.50	20.87	908,206.63	67,500.00	975,706.63	173,206.63	21.58
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	12.20	18.20	598,925.45	67,500.00	666,425.45	- 33,574.55	- 4.80
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.60	29.90	1,207,669.35	13,500.00	1,221,169.35	71,169.35	6.19
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	31.00	36.92	1,521,859.75	96,750.00	1,618,609.75	198,609.75	13.99
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	288.00	339.30	14,138,568.00	900,000.00	15,038,568.00	1,988,568.00	15.24
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	18.60	26.59	913,115.85	68,400.00	981,515.85	- 40,984.15	- 4.01
			21,142,500.00					22,378,211.24		23,713,361.24	2,570,861.24	12.16

The Equity Portfolio Model which closed the previous week at 14.59% depreciated during the week, and closed the week at 12.16% (YTD). This can be compared with NGX All Share Index which closed at 8.87% in the previous week, also depreciated during the week and closed at +7.15% {YTD}. The EPM depreciated during the week under review but still over performed the All Share Index of the market. Some of the stocks that contributed positively are DANCEM, WAPCO and GTCO. 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)

SEC Nigeria Approves New Share Buy-Back Programme for Dangote Cement Plc; Expires December 12 2023. Dangote Cement Plc, Africa's largest cement producer, announces that the Securities and Exchange Commission has approved the establishment of a new share buy-back programme. The programme will expire on 12 December 2023, 12 months from the date of the shareholders' resolution. The share buy-back programme will be executed under the approval granted by the Company's shareholders at the Extraordinary General Meeting of Dangote Cement Plc which was held on 13 December 2022, within the framework provided under Rule 398 (3)(xiv) of the Securities and Exchange Commission's Rules and Regulations and under the approval of the Nigerian Exchange Limited. The share buy-back will be undertaken through an open market offer or self-tender, at such times and on such terms as the Management of the Company may determine, subject to prevailing market conditions. The Company will continue to monitor the evolving business environment and market conditions, in making decisions on tranches of the share buy-back programme.

INVESTMENT BASICS

Share Buyback/Share Repurchase

A share buyback is an action where a company buys its own shares in the open market at the prevailing market price. It's a kind of corporate financial management where, if a company has a lot of free cash flow, which it does not want to pay out as dividends, or does not have a more profitable avenue to invest in, it could decide to use the cash flow to buy back its own shares.

Reasons for Share Buy Back

Market signal of undervaluation

One major reason for share buyback is to give signal to the market that the shares of the company are undervalued. It is often believed that the Board of Directors know more than the shareholders about the financial and other conditions of the organization, such that the board knows when the company is undervalued, properly valued, or even overvalued.

Reduction in dividend expense

Another reason is to reduce dividend expense burden on its income statement. After the buyback, the stock bought becomes "treasury stocks", with the effect that the outstanding shares become reduced by the amount which the company bought back. By so doing, the company now has less shares on which to pay dividends.

Financial window dressing

The share repurchase reduces the number of existing shares, making each worth a greater percentage of the corporation. The stock's **earnings per share** (EPS) thus increases while the **price-to-earnings ratio** (P/E) decreases or the stock price increases. A share repurchase demonstrates to investors that the business has sufficient cash set aside for emergencies and a low probability of economic troubles

For Compensation. Another **reason for a buyback** is for compensation purposes. Companies often award their employees and management with stock rewards and stock options. To offer rewards and options, companies buy back shares and issue them to employees and management. This helps to avoid the **dilution** of existing shareholders. Because share buybacks are carried out using a firm's retained earnings, the net economic effect to investors would be the same as if those retained earnings were paid out as shareholder dividends.

How Companies Perform a Buyback

Shareholders might be presented with a **tender offer**, where they have the option to submit, or tender, all or a portion of their shares within a given time frame at a premium to the current market price. This premium compensates investors for tendering their shares rather than holding onto them.

Companies buy back shares on the open market over an extended period of time and may even have an outlined share repurchase program that purchases shares at certain times or at regular intervals.

A company can fund its buyback by taking on debt, with cash on hand, or with its cash flow from operations.

Criticism of Buybacks. A share buyback can give investors the impression that the corporation does not have other profitable opportunities for growth, which is an issue for **growth investors** looking for revenue and profit increases.

Repurchasing shares puts a business in a precarious situation if **the economy takes a downturn** or the corporation faces financial issues it cannot cover. Others allege that sometimes buybacks are used to **inflate share price artificially in the market**, which can also lead to higher executive bonuses

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

Interbank rate moved up this week as the NTB auction settlement mopped up liquidity. Week-on-week, the Open repo rate (OPR) and Overnight rate rose by -2619bps and 2766bps to 13.25% and 13.80% respectively

Treasury Bills.

For the second Treasury bill auction in March, investors' subscriptions remained very strong, rising to N1.03trn as against N161.87bn offered by DMO. Despite the subscription, the DMO sold exactly N161.87bn with a spread of N1.10bn for 91-day, N928m for 182-day and N159.85bn for 364-day. Analysts observed that Investors are opting for risk-free short-term instruments to ease off the impact of rising inflation. Compared to the previous auction, the rate on the 91-day instrument rose by 111bps to 2.55% while the rates on the 182-day and 364-day declined by 100bps and 51bps to 5% and 9.49% consecutively. The bid-to-cover ratio across the three papers stood at 6.43x, 19.43x, and 6.30x.

Foreign Currency (EXCHANGE RATE).

At the Investor and Exporter fixing, the naira depreciated week-on-week to N461.83/US\$1 by 7bps but closed positive at the NAFEX fixing by 3bps (W-o-W) to settled at N461.17/US\$1

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$66.74 per barrel during the week, compared with \$76.68 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	10-Mar-23	17-Mar-23	W-o-W % Change
OPR (%)	10.50	13.25	+26.19%
O/N (%)	10.81	13.80	+27.66%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION MARCH 15, 2023

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	1.10	7.08	1.01	2.55	1.44
182-days	0.92	17.85	0.92	5	6
364-days	159.85	1,007.17	159.85	9.49	10

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	10-Mar-23	17-Mar-23	W-o-W% Change
I&E FX	461.50	461.83	0.07%
NAFEX (\$/N)	461.29	461.17	0.03%

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.

This report is provided solely for the information of clients of RAML who are expected to make their own investment decisions. Regency Assets Management Limited accepts neither responsibility nor liability whatsoever for any loss arising from the use of this report. All opinions on this report constitute the authors best estimate judgment as of this date and are subject to change without notice. This report is for private circulation only. The report may not be reproduced distributed or published by any recipient for any