



Monday March 27, 2023

**The MPC Meeting of March, 20-21, 2023**

The MPC during the week remarked that while the continued rise in headline inflation remained a significant problem confronting the economy, other macroeconomic variables are moving in the right direction, despite observed headwinds. The Committee’s debate at this meeting, therefore, was whether to continue its rate hike to further dampen the rising inflation trajectory or hold to observe emerging development and allow for the impact of the last five rate hikes to permeate the economy. Loosening, in the view of members, would gravely undermine the gains achieved so far. The MPC observed the continued upward risk to price development around expectations on the removal of the PMS subsidy; rising prices of other energy sources; continuing exchange rate pressure; and uncertain climatic conditions. These in the view of members, provides a compelling argument for an upward adjustment of the policy rate, albeit, less aggressively. The Committee, however, noted that the naira redesign and cash withdrawal limit policies have resulted in a sizeable reduction in Currency-Outside-Banks, indicating an expected improvement in the potency of monetary policy tools. Members, however, remained aware of the ongoing challenges associated with the limits imposed on cash withdrawals in the face of frequent downtime in bank electronic transaction channels. The Committee thus called on Other Depository Corporations, online payment platforms, and other stakeholders to ensure that the prevailing incidence of network failures is overcome in the immediate and short term. This would ensure that the Naira Redesign and Cash Withdrawal Limit Policies lead to an improved in-road of the CBN Cashless program and efficiency of the transmission mechanism of monetary policy. The MPC, therefore, voted to: Raise the MPR by 50 basis points to 18.0 per cent; Retain the asymmetric corridor of +100/-700 basis points around the MPR; Retain the CRR at 32.5 per cent; and Retain the Liquidity Ratio at 30 per cent.

The overall outlook for the full recovery of both the global and domestic economies, remained clouded by new and legacy downside risks. Available data and forecasts for key macroeconomic variables for the Nigerian economy, suggest that the domestic economy will continue to recover for the rest of 2023 at a moderate pace, in light of evolving and persisting shocks to the economy. The continued upward pressure on inflation, rising cost of debt and debt servicing, as well as deteriorating fiscal balances remain headwinds, which may undermine the smooth path to a faster recovery. Accordingly, the Nigerian economy is forecast to grow in 2023 by 3.03 per cent (CBN), 3.37 per cent (FGN) and 3.20 per cent (IMF).

**Capital Market Summary.**

Analysis of the market activity in the week ended March 24, 2023 shows that the Nigerian equity market closed the week on a negative note for the second consecutive week. The NGX All Share Index and market capitalization of listed equities depreciated by 0.04% each from the opening figures of 54,915.39 and N29,916 trillion to close at 54,892.53 and N29,903 trillion respectively. Its year to date (YTD) return stands at +7.11%.

**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)	18.00%	March 20, 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

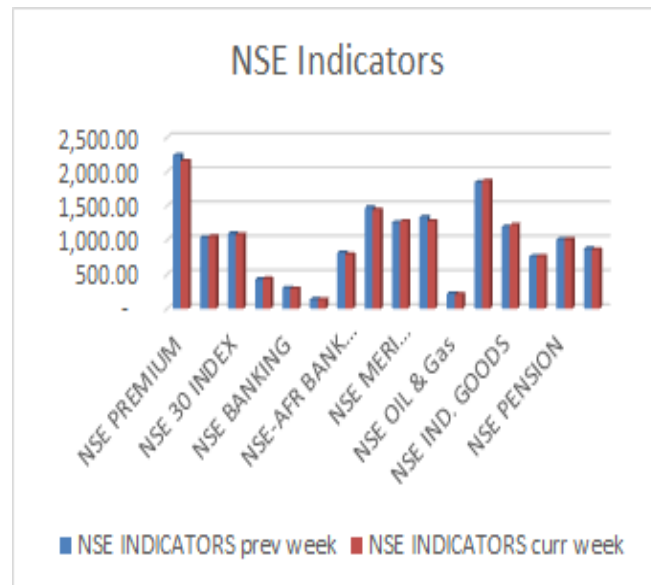
Source: Central Bank of Nigeria (CBN)

**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  
(27/03/23-31/03/2023)**

For the second week, The Nigerian Stock Market ended the week on a negative due to profit taking. The NGXASI closed the week with a loss of **0.04%** as against a **1.54%** loss recorded last week as investors lost N12.451b in the week. In Year-to-date, the NGXASI closed positive with a gain of **7.11%** as market capitalization settled at N29.90trn for the week. The impressive end of year results released so far by some companies are impacting positively on the market. This coupled with the current low and attractive prices of some blue chip companies will likely move the market upward during the week. Investors are taking position on stocks that have potentials to declare good results 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. NAHCO, NB PLC, FIDELITY BANK plc, NESTLE PLC, AFRIPRUD PLC, DANCOTE CEMENT PLC, AND WAPCO PLC**

**RECOMMENDED STOCKS FOR THE WEEK**

Stocks	Current Price	Max. entry Price N=	Target price	% Change
UCAP PLC	12.00	12.00	15.00	25.00
ACCESS	8.65	10.00	12.00	38.73
UBA	8.00	9.00	10.00	25.00
NAHCO PLC	8.00	8.50	10.00	25.00
NB PLC	38.00	40.00	60.00	57.89
NESTLE PLC	1,080.30	1,100	1,500	38.85
FIDELITY	5.20	5.20	6.00	15.38
WAPCO PLC	24.95	26.00	30.00	20.24
DANCEM	288.00	300.00	350.00	21.53
AFRIPRUD	5.75	6.00	8.00	39.13

**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 inFY 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
AFRIPRUD PLC	Audited 31/12/2022	4.13	3.52	1.49	1.41	N0.75	N0.50 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.
NB PLC	Audited	550.64	437.29	13.17	12.67	N1.68	N1.43 total dividend for 2022 FY

Source: Nigerian Stock Exchange (NSE) & Regency Research



**STOCK MARKET REPORT**

Domestic Market Review

**GAINERS FOR THE WEEK**

Twenty eight stocks appreciated in price during the week, as against nineteen two 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 seven stocks recorded in the preceding week. The top ten price losers during the week were:

**EXCHANGE TRADED PRODUCTS (ETP)**

A total of 6,141 units of Exchange Traded Products valued at N1,838,196.76 in 47 deals were traded during the week compared with 6,224 units of Exchange Traded Products valued at N1,541,261.86 traded last week in 56 deals.

**BOND MARKET**

A total of 20,336 units of FGN bond valued at N20,464,541.83 in 20 deals were traded during the week compared with 98,883 units of FGN Bond valued at N94,102,179.76 traded last week in 31 deals

**MARKET SUMMARY**

	Curr. Week	Previous week	% Change
Volume	1,689 M	853.745 M	97.83
Value N=	N11,066 B	N11,841 B	-6.53
Total Gain	28	19	47.37
Total Loss	27	47	-42.55
Deals	14,019	18,543	-24.40
All Share Index	54,892.53	54,915.39	-0.04
Market Cap.	N=29,903 Trillion	N=29,916 Trillion	-0.04

**TOP TEN GAINERS**

Company	Op.Price	cl. Price	Gain	Gain in %
SUNU	0.44	0.48	0.04	9.09
LASACO	0.98	1.05	0.07	7.14
NPFMFB	1.73	1.85	0.12	6.94
GEREGU	304.00	323.00	19.00	6.25
TRANS HOTEL	6.50	6.90	0.40	6.15
ABC	0.35	0.37	0.02	5.71
CUSTODIAN	5.80	6.10	0.30	5.17
CORNERSTON	0.65	0.68	0.03	4.62
CUTIX	2.11	2.20	0.09	4.27
CHAMPION	4.70	4.90	0.20	4.26

**TOP TEN LOSERS**

Company	Op.Price	Cl. Price	Loss	Loss in %
NCR	2.89	2.35	(0.54)	(18.69)
IKEJAHOT	1.26	1.03	(0.23)	(18.25)
IBL	4.65	4.35	(0.30)	(6.45)
CADBURY	12.00	11.30	(0.70)	(5.83)
MULTIVERSE	3.45	3.25	(0.20)	(5.80)
STANBIC	39.90	37.60	(2.30)	(5.76)
CORONATION	0.42	0.40	(0.02)	(4.76)
CHIPLC	0.65	0.62	(0.03)	(4.62)
LIVESTOCK	1.09	1.04	(0.05)	(4.59)
NB	39.80	38.00	(1.80)	(4.52)

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
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





## MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 24/03/2023												
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	25.95	31.20	1,273,943.89	90,000.00	1,363,943.89	163,943.89	13.66
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	8.00	9.88	392,738.00	9,000.00	401,738.00	21,738.00	5.72
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.20	5.66	255,279.70	9,000.00	264,279.70	46,779.70	21.51
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	18.30	20.87	898,388.18	67,500.00	965,888.18	163,388.18	20.36
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	24.95	31.20	1,224,851.64	13,500.00	1,238,351.64	38,351.64	3.20
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	12.00	18.20	589,107.00	67,500.00	656,607.00	- 43,393.00	- 6.20
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.90	29.90	1,222,397.03	13,500.00	1,235,897.03	85,897.02	7.47
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					22,430,249.03		23,765,399.03	2,622,899.03	12.41

The Equity Portfolio Model which closed the previous week at 12.16% appreciated during the week, and closed the week at 12.41% (YTD). This can be compared with NGX All Share Index which closed at 7.15% in the previous week, but depreciated during the week and closed at +7.11% {YTD}. The EPM appreciated during the week under review and 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 )

#### Guaranty Trust HolCo Plc's Board Approves 2022 AFS; Awaits Other Requisite Approvals

**Guaranty Trust Holding Company Plc's Audited Financial Statements (AFS) for the year ended December 31, 2022, was approved by the Board of Directors on January 27, 2023, and other requisite approvals required for the publication of the AFS are being processed. In view of the foregoing, the Company will publish its AFS after receipt of all requisite approvals which may be after the NGX's regulatory filing date of March 31, 2023. However, kindly be assured that the Company's AFS would be released to the market immediately all requisite approvals are received.**

## 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.**

In response to the 50bps MPR hike, funding rate edged up this week, settling at 18.25% and 18.88% for the Open repo rate (OPR) and Overnight rate on Friday. A weekly rise of 3774bps and 3681bps 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).**

The value of Naira to a dollar appreciated by 11bps at the I&E FX fixing this week, settling at N461.33/US\$1 while the NAFEX fixing had a loss of 3bps (w-o-w) to N461.30/US\$1

**OIL PRICE.**

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$69.26 per barrel during the week, compared with \$66.74 recorded in the previous week .

**NIGERIAN INTER BANK OFFER RATE NIBOR**

Money Market Rate			
	17-Mar-23	23-Mar-23	W-o-W % Change
OPR (%)	13.25	18.25	+37.74%
O/N (%)	13.80	18.88	+36.81%

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			
	17-Mar-23	23-Mar-23	W-o-W% Change
I&E FX	461.83	461.33	0.11%
NAFEX (\$/N)	461.17	461.30	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.

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