



Monday May 01, 2023

**Highlights of 2023 Fiscal Policy Measures-Implications for the Nigerian Economy**

**Supplementary Protection Measures.** This relates to the implementation of the ECOWAS Common External Tariff 2022-2026. The changes are effective from 1 May 2023 subject to a 90-days grace period for importers who had opened Form M before 1 May 2023. Items on the list include rice, woven fabrics, ceramics tiles and sinks, steel, containers for compressed or liquified gas, aluminium cans, washing machines, electric generating sets and rotary converters, smartphones, new and used passenger motor vehicles and electricity meters. The applicable duties for most of the items are unchanged from the 2022 FPM rates.

**Revised Excise Duty Rates.** Additional excise taxes ranging from 20% to 100% increases on previously approved rates for alcoholic beverages, tobacco, wines, and spirits have been introduced effective from 1 June 2023. These are further increasing over and above the 2022 FPM's approved Roadmap for 2022-2024 in the form of new and higher ad valorem excise duties and specific rates. The excise duty rate on non-alcoholic beverages is however retained at the rate of N10 per litre.

**Green Taxes.** Introduction of a Green Tax by way of excise duty on Single Use Plastics (SUPs) including plastic containers, films and bags at the rate of 10%. Also, an Import Adjustment Tax (IAT) levy has been introduced on motor vehicles of 2000 cc to 3999 cc at 2% while 4000 cc and above will be taxed at 4%. Vehicles below 2000 cc, mass transit buses, electric vehicles, and locally manufactured vehicles are exempted. The new rules take effect from 1st June 2023.

**Telecommunication Tax.** The 2023 FPM confirms the excise duty on telecommunication services earlier introduced via the Finance Act 2020 and prescribed in the Official Gazette No. 88, Vol. 109 of 11 May 2022 approved by the President. The tax is applicable on mobile telephone services (GSM), fixed telephone and internet services, both postpaid and prepaid at the rate of 5%. **Key Issues and Matters Arising: Legality.** It should be noted that the Green Taxes are not supported by a specific enactment to provide the legal framework or delegated authority for the imposition of the tax as is the case for beverages and telecommunication services for instance. **Policy Inconsistency** The additional excise taxes represent further increases over and above the previously approved rates per the 2022-2024 Roadmap approved via the 2022 FPM. **Impact Assessment** There is no information to suggest that a proper impact assessment was carried out to determine the impact of the new taxes on affected stakeholders across the value chain. **Stakeholder Engagement** Contrary to the requirements of the Approved 2017 National Tax Policy, there was no engagement with critical stakeholders, especially the industries that are directly affected by the changes. **Utilisation of Funds.** The design of the Green Taxes and how the revenue generated will be utilised to fund CO2 net-zero initiatives appear hazy.

**Capital Market Summary .**

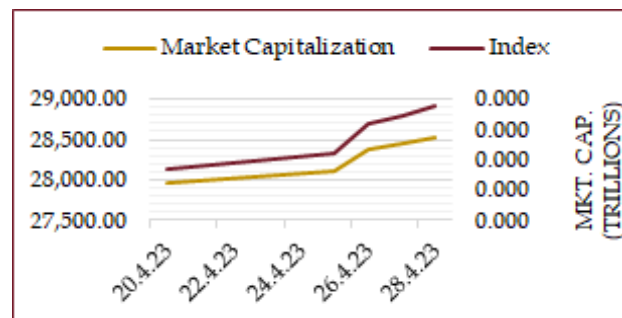
After returning from the Eid el-Fitr public holiday on April 24, 2023 the Nigerian stock market reported equity investors invested N59.007 billion to trade 14.029 billion shares in 24,048 deals from Tuesday to Friday. Analysis of the market activity in the week ended April 28, 2023 shows that the Nigerian equity market closed on a bullish note. The NGX All Share Index and market capitalization of listed equities appreciated by 2.04% each from the opening figures of 51,355.74 and N27,963 trillion to close at 52,403.51 and N28,534 trillion respectively. Its year to date (YTD) return stands at +2.25%.

**MACROECONOMIC INDICATORS**

GDP Growth Rate	+3.10%	December 31, 2022
Un-employment Rate	33.30%	December 31, 2022
Broad Money Supply (M2)	N52,921,785.20	February , 2023
Money Supply (M1)	N20,958,760.95	February, 2023
Consumer Price Index (YOY)	22.04%	March, 2023
Monetary Policy Rate (MPR)	18.00%	March 20, 2023
Cash Reserve Ratio (CRR)	32.50%	March 20, 2023
Nigeria's Bonny Light Crude Oil	US\$79.57/Bar	March 30, 2023
Nigeria's Gross External Reserves	US\$35.53bn	March 30, 2023

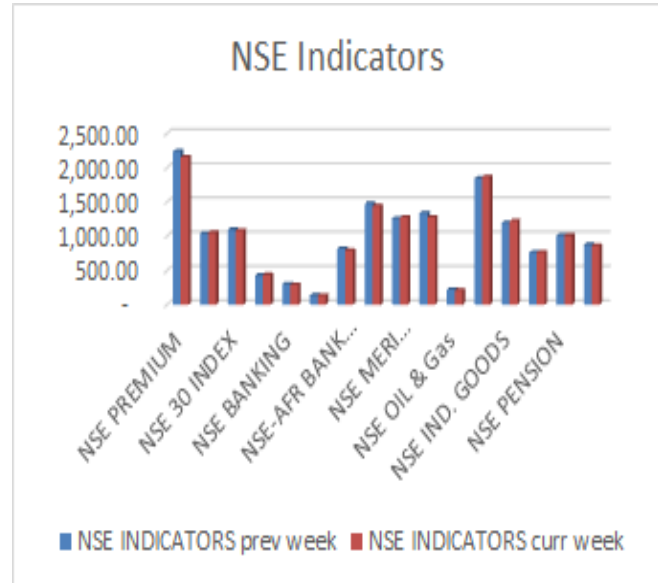
Source: Central Bank of Nigeria (CBN)

**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 (01/05/23-05/05/2023).**

The Nigerian Equities Market returned to positive performance during the week. The listed equities market, NGXASI, recorded a gain of 2.04% W-o-W. The NGXASI closed the week with a gain of 2.04% as against a loss of 1.04% loss recorded last week. The Nigerian Exchange recorded N570.52b gain in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 2.25% as market capitalization settled at N28.53trn. The impressive first quarter results of most blue chip companies coupled with low and attractive prices of these companies are impacting positively on the market. The market may likely continue to move upward during the week as investors will continue to take position on stocks that declared impressive results and pay good dividend to investors. In the coming week, we expect the market to continue with the positive note as we expect more impressive first quarter results. 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, MYNN PLC, ZENITH, ACCESS PLC, DANSUGAR plc, FLOUR MILLS PLC, DANGOTE CEMENT PLC,, WAPCO PLC and NASCON PLC STOCK.**

**RECOMMENDED STOCKS FOR THE WEEK**

Stocks	Current Price	DPS	Dividend Yield %	Entry Price Price N=	Target price	% Change
UCAP PLC	11.75	1.50	12.77	12.00	15.00	27.66
MTNN	228.70	15.60	6.82	230.00	280.00	22.43
UBA	7.75	1.10	14.19	9.00	10.00	29.03
ZENITH	22.80	3.20	14.03	22.00	27.00	18.42
ACCESS	10.15	1.50	4.00	40.00	60.00	65.08
F/MILLS	31.00	2.15	6.94	30.00	35.00	12.90
DANSUGAR	19.50	1.50	7.69	20.00	25.00	28.20
WAPCO	24.10	2.00	8.30	26.00	30.00	24.48
DANCEM	270.00	20.00	7.41	300.00	350.00	29.63
NASCON	14.30	1.00	6.99	15.00	17.50	22.37

**FINANCIAL HIGHLIGHTS OF RECOMMEND-**

Company	Result	Turnover		PAT		Curr EPS	Last Div. Paid
		Current N=b	Last yr N=b	Current N=b	Last yr N=b		
UCAP PLC	1ST QTER 31/03/2023	5.34	4.21	2.44	2.31	N1.63	N1.50 pd as dividend in FY 2022
MTNN PLC	1ST QTER 31/3/2023	568.14	470.95	100.49	95.82	N4.94	N15.60 div. declared in 2022 FY (interim & final)
WAPCO PLC	1ST QTER 31/12/2022	91.82	90.61	14.93	17.56	N0.93	N2.00 paid as final dividend in 2022 FY
FLOUR MILLS	3rd Qter 31/12/2022	1,113.97	824.98	10.02	17.05	N2.87	N2.15 FINAL DIV PD IN 2022 FY
ZENITH PLC	1ST QTER 31/12/2022	269.99	191.52	66.01	58.2	N2.1	N3.20 pd as both interim and final div. in 2022 FY
DANCEM	1ST QTER 31/3/2023	407	413	109.5	105.85	N6.44	N20 PD AS DIVIDEND IN 2022 FY
FIDELTY	1ST QTER 31/3/2023	101.14	71.33	15.61	9.51	N0.54	N0.50 DIVIDEND PD IN 2022 FY
UBA PLC	1ST QTER 31/12/2022	271.18	184.9	53.59	41.5	N1.47	N1.10 Pd as Int and final div. in 2022 FY.
NASCON	1ST QTER 31/03/2023	16.9	10.76	1.64	0.386	N2.48	N1.00 total dividend for 2022 FY
ACCESS	1ST QTER 31/03/2023	424.42	295.74	71.66	57.83	N2.06	N1.50 paid as total dividend in 2022 FY
DANSUGAR	1ST QTER 31/3/2023	102.22	94.45	12.8	8.87	N1.05	N1.50 paid as total dividend in 2022 FY

Source: Nigerian Stock Exchange (NSE) & Regency Research



**STOCK MARKET REPORT**

Domestic Market Review

**GAINERS FOR THE WEEK**

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

**LOSERS FOR THE WEEK**

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

**EXCHANGE TRADED PRODUCTS (ETP)**

A total of 2,385 units of Exchange Traded products valued at N643,140.13 in 39 deals were traded during the week compared with 590 units of Exchange Traded Products valued at N269,819.25 traded last week in 32 deals.

**BOND MARKET**

A total of 23,782 units of FGN Bond valued at N23,591,662.52 in 15deals were traded during the week compared with 29,696 units of FGN Bond valued at N29,003,775.44 traded last week in 28 deals

**MARKET SUMMARY**

	Curr. Week	Previous week	% Change
Volume	14,029 M	3,920 M	257.88
Value N=	N59,007 B	N15,620 B	277.77
Total Gain	49	35	40.00
Total Loss	17	31	45.16
Deals	24,048	16,856	42.67
All Share Index	52,403.51	51,355.74	2.04
Market Cap.	N=28,534 Trillion	N=27,964 Trillion	2.04

**TOP TEN GAINERS**

Company	Op.Price	cl. Price	Gain	Gain in %
HONYWELL	2.32	3.13	0.81	34.91
CADBURY	10.20	13.50	3.30	32.35
CWG	0.88	1.05	0.17	19.32
CADBURY	0.24	0.28	0.04	16.67
TRANSCORP	2.45	2.81	0.36	14.69
DANGSUGAR	17.10	19.50	2.40	14.04
SOV. TRUST	0.29	0.33	0.04	13.79
BUACEM	102.00	114.00	12.00	11.76
ACADEMY	1.30	1.45	0.15	11.54
MULTIVERSE	2.50	2.78	0.28	11.20

**TOP TEN LOSERS**

Company	Op.Price	Cl. Price	Loss	Loss in %
NB	36.15	32.00	(4.15)	(11.48)
ROYALEX	0.63	0.56	(0.07)	(11.11)
RED STAR	2.80	2.52	(0.28)	(10.00)
IEI	1.36	1.24	(0.12)	(8.82)
PRESTIGE	0.39	0.36	(0.03)	(7.69)
OKOMU	183.50	171.50	(12.00)	(6.54)
ABC	0.37	0.35	(0.02)	(5.41)
NESTLE	1,080.30	1,073.80	(6.50)	(0.60)
FBNH	11.20	10.85	(0.35)	(3.13)
FIDELITY	5.80	5.67	(0.13)	(2.24)

Source: Nigerian Stock Exchange (NSE) & Regency Research





**STOCK MARKET REPORT**

Closure of Register - Dividends and Bonuses

Company	Dividend/Share	Bonus	Closure of Register	AGM Date	Payment Date
PZ Cussons Nigeria Plc	N1.01	Nil	9th - 13th January 2023	25th January 2023	26th January 2023
Vitafoam Nigeria Plc	N1.52	Nil	13th -17th February 2023	2nd March 2023	2nd March 2022
Geregu Power Plc	N8.00	Nil	28th February 2023	28th March 2023	29th March 2023
MTN Nigeria Communcations Plc	N10.00	Nil	28th March 2023	18th April 2023	20th April 2023
Nigerian Breweries Plc	N1.03	Nil	17th March 2023	26th April 2023	26th April 2023
BUA Cement Plc	N2.80	Nil	14th August 2023	24th August 2023	24th August 2023
Nigerian Enamelware Plc	Nil	3 for 2	14th March 2023	N/A	Company cancelled the bonus
United Captial Plc	N1.50	Nil	15th March 2023	27th March 2023	28th March 2023
Transcorp Hotels Plc	N0.13	Nil	20th March 2023	3rd April 2023	3rd April 2023
Dangote Sugar Refinery Plc	N1.50	Nil	27th March 2023	14th April 2023	15th April 2023
Lafarge Africa Plc	N2.00	Nil	11th April 2023	28th April 2023	28th April 2023
Seplat Energy Plc	Final - 2.5 cents Speci	Nil	19th April 2023	10th May 2023	16th May 2023
Nestle Nigeria Plc	N36.5	Nil	24th April 2023	17th May 2023	18th May 2023
NASCON Allied Industries Plc	N1.00	Nil	2nd May 2023	26th May 2023	26th May 2023
Africa Prudential Plc	N0.50	Nil	17th April 2023	2nd May 2023	2nd May 2023
Custodian Investment Plc	N0.55	Nil	3rd April 2023	13th April 2023	13th April 2023
Transnational Corporation Plc	N0.05	Nil	12th April 2023	26th April 2023	27th April 2023
Consolidated Hallmark Insurance	N0.03	Nil	14th April 2023	TBA	TBA
Infinity Trust Mortgage Bank Plc	N0.06	Nil	17th April 2023	4th May 2023	8th May 2023
FCMB Group Plc	N0.25	Nil	14th April 2023	28th April 2023	28th April 2023
Zenith Bank Plc	N2.90	Nil	17th April 2023	2nd May 2023	2nd May 2023
United Bank for Africa Plc	N0.90	Nil	17th April 2023	27th April 2023	27th April 2023
Unilever Nigeria Plc	N0.25	Nil	18h April 2023	4th May 2023	5th May 2023
CWG Plc	N0.04	Nil	18th April 2023	28th April 2023	28th April 2023
SFS Real Estate Investment Trust	N8.45	Nil	20th April 2023	N/A	20th April 2023
Eterna Plc	N0.15	Nil	24th April 2023	11th May 2023	12th May 2023
Okomu Oil Palm Company Plc	N12.00	Nil	25th April 2023	25th May 2023	25th May 2023
TotalEnergies Marketing Nigeria P	N21.00	Nil	26th April 2023	1st June 2023	2nd June 2023
NEM Insurance Plc	N0.30	Nil	1st May 2023	18th May 2023	18th May 2023
Nigerian Aviation Handling Compa	N1.20	Nil	15th My 2023	26th May 2023	26th May 2023
May & Baker Nigeria Plc	N0.30	Nil	17th May 2023	1st June 2023	2nd June 2023
Berger Paints Nigeria Plc	N0.70	Nil	27th April 2023	24th May 2023	24th May 2023
Ecobank Transnational Incorporat	0.11 cents	Nil	26th May 2923	17th May 2023	6th June 2023
ABC Transport Plc	N0.015	Nil	29th May 2023	TBA	TBA
Julius Berger Nigeria Plc	N2.50	Nil	29th May 2023	15th June 2023	16th June 2023
Sunu Assurances Nigeria Plc	N0.03	Nil	31st May 2023	To be advised	To be advised
AIICO Insurance Plc	N0.03	Nil	1st June 2023	8th June 2023	15th June 2023
McNichols Consolidated Plc	N0.01	Nil	1st June 2023	27th July 2023	3rd August 2023
Cadbury Nigeria Plc	N0.40	Nil	5th June 2023	26th June 2023	27th June 2023
Skyway Aviation Handling Compa	N0.16.5	Nil	5th June 2023	30th June 2023	30th June 2023
Chemical and Allied Products Plc	N1.55	Nil	2nd June 2023	15th June 2023	16th June 2023
UAC of Nigeria Plc	N0.22	Nil	7th June 2023	21st June 2023	22nd June 2023
Trans-Nation Wide Express Plc	N0.02	Nil	12th June 2023	21st June 2023	26th June 2023
Beta Glass Plc	N1.17	Nil	19th June 2023	6th July 2023	7th July 2023
AXA Mansard Insurance Plc	N0.30	Nil	22nd June 2023	4th July 2023	4th July 2023
Ikeja Hotel Plc	N0.075	1 for 3	5th July 2023	26th July 2023	31st July 2023
LivingTrust Mortgage Bank Plc	N0.01	Nil	7th July 2023	25th July 2023	27th July 2023
LivingTrust Mortgage Bank Plc	N0.012	Nil	7th July 2023	25th July 2023	27th July 2023
LASACO Assurance Plc	N0.15	Nil	14th August 2023	24th August 2023	31st August 2023
BUA Foods Plc	N4.50	Nil	4th September 2023	To be advised	To be advised
Cornerstone Insurance	N0.06	Nil	N/A	N/A	N/A
Dangote Cement Plc	N20.00	Nil	31st March, 2023	13th April 2023	14th April, 2024
Guaranty Trust Holding Company	N2.80	Nil	2nd May 2023	11th May 2023	11th May 2023
Glaxo SmithKline Consumer Niger	N0.55	Nil	Nil	7th June 2023	8th June 2023
Access Holdings Plc	N1.30	Nil	10th May 2023	24th May 2023	24h May 2023
Wema Bank Plc	N0.30	Nil	10th May 2023	24th May 2023	24th May 2023
Jaiz Bank Plc	N0.05	Nil	2nd June 2023	14th June 2023	14th June 2023
NPF Microfinance Bank Plc	N0.10	Nil	9th June 2023	22nd June 2023	22nd June 2023
Industrial and Medical Gases Nige	N0.40	Nil	7th July 2023	21st July 2023	25th July 2023



## MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 28/04/2023												
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	24.10	31.20	1,183,123.23	90,000.00	1,273,123.23	73,123.22	6.09
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	7.75	9.88	380,464.94	9,000.00	389,464.94	9,464.94	2.49
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.67	5.66	278,353.06	9,000.00	287,353.06	69,853.06	32.12
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	19.50	20.87	957,298.88	67,500.00	1,024,798.88	222,298.88	27.70
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	22.80	31.20	1,119,303.30	13,500.00	1,132,803.30	- 67,196.70	- 5.60
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	11.75	18.20	576,833.94	67,500.00	644,333.94	- 55,666.06	- 7.95
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.85	29.90	1,219,942.41	13,500.00	1,233,442.41	83,442.41	7.26
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	270.00	339.30	13,254,907.50	900,000.00	14,154,907.50	1,104,907.50	8.47
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	16.90	26.59	829,659.03	68,400.00	898,059.03	- 124,440.98	- 12.17
			21,142,500.00					21,321,746.02		22,656,896.02	1,514,396.02	7.16

The Equity Portfolio Model which closed the previous week at 5.94% appreciated during the week, and closed the week at 7.16% (YTD). This can be compared with NGX All Share Index which closed at 0.20% in the previous week, also appreciated during the week and closed at +2.25% {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 ZENITH, WAPCO, DANGSUGAR, FLOUR MILLS 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

Source: Nigerian Stock Exchange (NSE) & Regency Research

**STOCK MARKET REPORT****MARKET DEVELOPMENTS (LAST WEEK )****HH Capital Ltd Acquires Additional 9.7bn Units in Transcorp Plc, Increases Holdings to 25.58%**

In compliance with Chapter 17, Rule 17.13 of the NGX Issuers Rules, Transnational Corporation Plc hereby informs of the below new acquisition of shares in the Company. Details of the acquisition as at April 25, 2023, are as detailed below:

S/N	Name	Address	New Acquisition
1	HH Capital Limited	1, Macgregor Road, Ikoyi, Lagos	9,697,189,984

With this new acquisition, HH Capital Limited now holds a total of 9,991,173,177 units, representing 25.58% of the Company's total shares. As noted in our previous communication, the Company welcomes the continued expression of confidence in its leadership and management by the investing public, as we continue our unwavering commitment to superior stakeholders' returns, anchored in our ideology of Africapitalism. Rest assured, we are committed to remaining resolute in executing our Group's strategy of making strategic investments in key sectors within the Nigerian economy, transforming Africa, and contributing positively towards building prosperity for all.

**INVESTMENT BASICS****How to Manage Short-term Naira**

The year 2023, has been an exceptionally volatile year for Naira-denominated savers, with 1-year T-bill rates oscillating between 3.78% and 13.05% while Federal Government of Nigeria (FGN) bond rates have been more stable. To make things more complicated, 90-day deposit rates available to financial institutions (rates which they can pass onto their customers) have varied between 4.00% and 19.00%. The question, this year, has been not how to position a Naira fixed-income portfolio, i.e. whether to take short-dated T-bills or long-dated bonds, but when to buy high-yielding T-bill and short-term deposits. Complacent fund managers, who were not aware of the dynamics of the market and who locked in money at low rates, had a rude awakening by the end of Q1 and appear to have been confused by event. How does a canny investor make the best returns in these conditions? Note that average FGN bond rates have, for the most part, been higher than 1-year T-bill rates and 90-day deposit rates, so certain kinds of investor would have been happy with FGN bonds, and could have accessed them by buying Fixed Income mutual funds. But many investors either have a short time horizon or like to see their cash redeemed on a regular basis, and the key for them has been how to maximize returns on short-term fixed-income investments.

As all investors know, conditions were far from normal at the beginning of 2023. The Central Bank of Nigeria (CBN) was in the process of withdrawing old banknotes from the system and replacing them with new ones. Such changeovers are very rare, and the prospect of millions of Nigerians depositing a trillion or more old Naira banknotes with their banks was going to create unusual conditions, in this case, a surfeit of bank liquidity. And, as anyone who studies short-term movements in short-term rates knows, a surfeit in liquidity usually results in a fall in T-bill rates. Banks, engorged with their clients' money in current accounts, were big bidders at the CBN's T-bill auctions and rates fell during January, sustaining low levels during February and the early weeks of March. These were bad times to lock in a short-term investment.

If it was not clear that conditions were abnormal, then one only had to look at what was happening on the street. First, there was a shortage of cash as people took their banknotes to deposit with banks. At one point many shops stopped taking cash, fearful they would not have time to deposit it. Then long queues formed at ATMs, as people relying on cash waited, often for hours and sometime overnight, to get hold of precious new-issue banknotes. As the interbank system processed a high number of electronic transactions it began to show the strain, with people reporting multiple problems with card payments and electronic transfers.

Next, and following a judgment from the Supreme Court that ruled against the banknote replacement policy, the CBN instructed commercial banks to reissue the old banknotes. The queues at ATMs disappeared within a fortnight, and banks were faced with the task of emptying out customers' current accounts and issuing them with banknotes again. Banks became much less liquid than they had been a few weeks earlier. This, not surprisingly, made them weak bidders at the T-bill auctions, systemic liquidity was lower than before, and 1-year T-bill rates shot back up in March.

**Conclusion .** To manage short-term Naira liquidity going forward, the key point, is to target a rate that one deems to be acceptable and not to deviate from it on the downside. A double-digit interest rate, in either 1-year T-bills or short-term deposits, seems to be a reasonable target, given that period of high liquidity has (e.g. during February) driven returns to below 5.0% annualized. One could be a little more ambitious than this, perhaps, and target 12.0% annualized. This, of course, is neither a precise nor an ambitious target, but a rule-of-thumb that would have worked well during the first four months of the year. Unless there is an overall rise in Naira-denominated market interest rates from the beginning of May onwards, this rule of thumb may work well over the coming months. A few months is about as far as one can project forwards, given the changing nature of policy and the fact that ministerial appointments in the new government may signal a change in fiscal direction fairly soon.

The overall argument for 2023 is that government borrowing is likely to have the effect of pushing market interest rates upwards. The issue here is how short-term liquidity drivers are going to influence short-term rates over the coming months. The last trading days of April saw a large redemption of FGN bonds, creating system-wide liquidity, but the timetable of T-bill and FGN bond redemptions is sparse going forward. Conditions of tight liquidity may well return and it may be possible to shift one's target benchmark upwards. An ambitious investor might work with a 14.0% target.

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



**FIXED INCOME MARKET REPORT**

**Money Market.**

Following the FAAC inflow on during the week, liquidity improved significantly pushing interbank rates down despite the NTB settlement on Wednesday. The Open Repo Rate (OPR) and Overnight rate (O/N) dropped by 39.58bps and 42.11bps week-on-week to 11.25% and 11% respectively .

**Treasury Bills.**

The improved liquidity on the back of FAAC allocation inflow intensified demand at NTB primary auction on April 26, 2023. Subscription grew to N819.10bn majorly skewed at the 91-day and 364-day of N3.22bn and N807.93bn respectively against N1.74bn and N119.61bn bond offer while the 182-day had a lower subscription of N7.95bn against N10.12bn offer. Overall, the DMO sold exactly the amount offered of N131.47bn with N1.74bn, N7.95bn, and N121.77bn allotted for 91-day, 182-day, and 363-day tenors. respectively The aggressive demand at 91-day and 364-day dropped stop rates to 5.30% and 10.17% compared to the previous auction while the 182-day rate stayed flat at 8%. The bid-to-cover ratio printed at 1.0x, 0.79x, and 1.02x across the tenors.

**Foreign Currency (EXCHANGE RATE).**

This week, Naira gained only at the Investor and Exporter Window, a 36bps week-on-week gain to N462/US\$ on Thursday. At the NAFEX window, the naira lost 9bps (W-o-W) to N461.92/US\$ ..

**OIL PRICE.**

The Nigeria’s oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$76.78 per barrel during the week, compared with \$77.73 recorded in the previous week .

**NIGERIAN INTER BANK OFFER RATE NIBOR**

Money Market Rate			
	21-Apr-23	27-Apr-23	W-o-W % Change
OPR (%)	18.62	11.25	-39.58%
O/N (%)	19.00	11.00	-42.11%

Source: Financial Markets Dealers Quotations (FMDQ)

**TREASURY BILLS RATES**

**NTB AUCTION APRIL 26, 2023**

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	1.74	3.22	1.74	5.30	6.00
182-days	10.12	7.95	7.95	8.00	8.00
364-days	119.61	807.93	121.77	10.17	14.74

**MONEY MARKET RATES**

Average Benchmark Yields			
	21-Apr-23	27-Apr-23	W-o-W% Change
I&E FX	463.67	462	0.36%
NAFEX (\$/N)	462.17	462.57	0.09%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

**Disclaimer**

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