



Monday May 08, 2023

**Gross Official Reserves Declined by USD1.2bn MoM to USD35.5bn in March 2023**

The CBN's most recent data on foreign reserves show that Nigeria's gross external reserves declined by almost - USD1.2bn m/m to USD35.5bn as at 31 Mar '23. The m/m reduction is one of the sharpest in recent months and compares unfavourably with a decrease of c.-USD317m in Feb '23. Nigeria's external reserves have not been this low since mid-September 2021, making this a 19-month low. Although the reserves have been under pressure due to rising demand from various categories of fx end-users, we believe its significant decrease in March was primarily due to debt-service payments which typically peak in the first quarter of the year. Total reserves as at end-Mar '23 covered 7.0 months of merchandise imports on the basis of the balance of payments for the 12 months to Sep '22 and 5.4 months when we add services. However, for a more accurate picture, we must adjust the gross reserve figure (and the import cover) for the pipeline of delayed external payments. In contrast to Nigeria, official reserves for South Africa and Egypt, the two other markets that we track in Africa increased during the month. More specifically, South Africa's International liquidity position, a more comparable figure to Nigeria's gross external reserves, increased by USD1.1bn during the month to USD55.2bn, mostly due to a rise in gold prices, and other asset price movements. Additionally, Egypt's foreign exchange reserves rose by USD95m to USD34.4bn. This is true despite recent pressure on the country's foreign reserves and its local currency, the Egyptian pound, brought on by weaknesses in its balance of payments position. Turning back to Nigeria, the increased attrition of the gross external reserves is reflective of limited accretion to the external reserves from oil receipts and weak capital flows. Given dwindling oil revenue and weak capital flows, the only potential source of accretion to the reserves may be concessional loans from multilateral/bilateral sources. However, these often come with strict conditions. Indeed, the Federal Government (FG) anticipates that a portion of its 2023 fiscal deficit will be covered by multilateral/bilateral project-tied loans amounting to NGN1.8trn (USD8.3bn). Although the FG also projects foreign borrowing of an equivalent amount (NGN1.8trn), it is doubtful that this can be realised due to the tight financial market conditions.

**Capital Market Summary .**

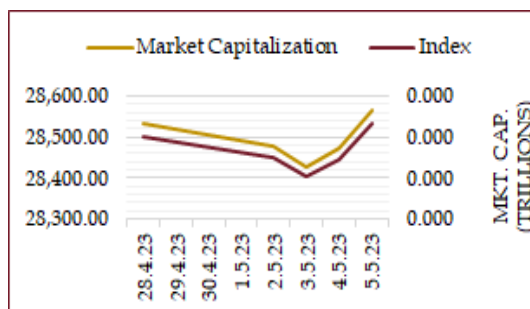
Analysis of the market activity in the week ended May 05, 2023 shows that the Nigerian equity market closed on a bullish note for the second consecutive weeks. The NGX All Share Index and market capitalization of listed equities appreciated by 0.12% each from the opening figures of 52,403.51 and N28,534 trillion to close at 52,465.31 and N28,568 trillion respectively. Its year to date (YTD) return stands at +2.37%.

**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

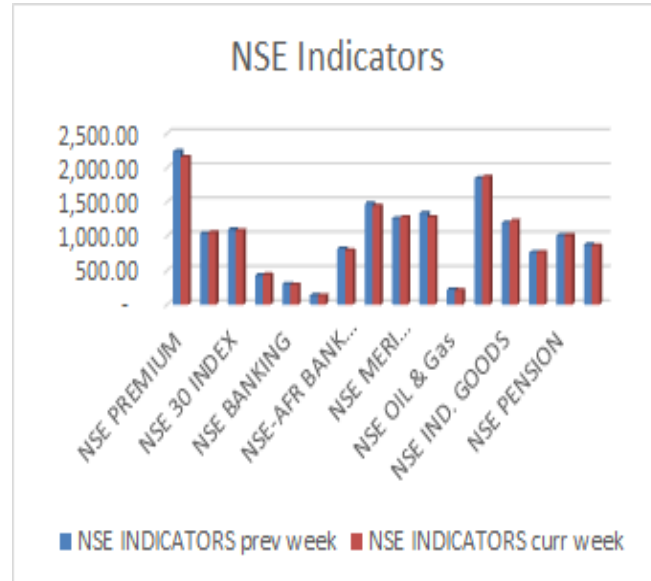
Source: Central Bank of Nigeria (CBN)

**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).**

For the second consecutive week, The Nigerian Equities Market closed on positive performance. The listed equities market, NGXASI, recorded a gain of 0.12% W-o-W while the NASD OTC closed negative with a 0.57% loss W-o-W. The listed equities market, NGXASI, recorded a gain of 0.12% W-o-W as compared to a gain of 2.04% recorded last week. The Nigerian Exchange recorded N33.65b gain in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 2.37% as market capitalization settled at N28.57trn. The impressive first quarter results released by most of the 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 may continue to take position on stocks that have 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, MTNN PLC., ACCESS PLC, DANSUGAR plc, DANGOTE CEMENT PLC., WAPCO PLC , FLOUR MILLS and NASCON PLC .**

**RECOMMENDED STOCKS FOR THE WEEK**

Stocks	Current Price	DPS	Dividend Yield %	Entry Price	Target price	% Change
UCAP PLC	11.75	1.50	12.77	12.00	15.00	27.66
MTNN	229.00	15.60	6.81	230.00	280.00	22.27
UBA	7.90	1.10	13.92	9.00	10.00	26.58
ACCESS	11.25	1.50	13.33	10.00	15.00	33.33
DANSUGAR	19.00	1.50	7.89	20.00	25.00	31.58
WAPCO	24.05	2.00	8.30	26.00	30.00	24.74
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
FLOUR MILL	31.00	2.15	6.94	31.00	40.00	29.03

**FINANCIAL HIGHLIGHTS OF RECOMMENDED STOCKS**

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
DANCEM	1ST QTER 31/3/2023	407	413	109.5	105.85	N6.44	N20 PD AS DIVIDEND 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**

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

**LOSERS FOR THE WEEK**

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

**EXCHANGE TRADED PRODUCTS (ETP)**

A total of 19,259 units of Exchange Traded Products valued at N2,738,328.91 in 44 deals were traded during the week compared with 2,385 units of Exchange Traded products valued at N643,140.13 traded last week in 39 deals.

**BOND MARKET**

A total of 49,861 units of FGN Bond valued at N51,972,364.62 in 11 deals were traded during the week compared with 23,782 units of FGN Bond valued at N23,591,662.52 traded last week in 15 deals

**MARKET SUMMARY**

	Curr. Week	Previous week	% Change
Volume	2,973 M	14,029 M	-78.81
Value N=	N22,828 B	N59,007 B	-61.31
Total Gain	51	49	4.08
Total Loss	26	17	-52.94
Deals	23,765	24,048	-1.18
All Share Index	52,465.31	52,403.51	0.12
Market Cap.	N=28,568 Trillion	N=28,534 Trillion	0.12

**TOP TEN GAINERS**

Company	Op.Price	cl. Price	Gain	Gain in %
CWG	1.05	1.37	0.32	30.48
ACADEMY	1.45	1.74	0.29	20.00
WEMA	3.80	4.43	0.63	16.58
ARDOVA	16.75	19.20	2.45	14.63
MULTIVERSE	2.78	3.10	0.32	11.51
ETERNA	5.85	6.50	0.65	11.11
CUTIX	2.25	2.50	0.25	11.11
ACCESS	10.15	11.25	1.10	10.84
CHAM	0.28	0.31	0.03	10.71
CONOIL	40.00	44.00	4.00	10.00

**TOP TEN LOSERS**

Company	Op.Price	Cl. Price	Loss	Loss in %
TRANSCORP	2.81	1.94	(0.87)	(30.96)
MCNICHOLS	0.79	0.65	(0.14)	(17.72)
GEREGU	323.00	290.70	(32.30)	(10.00)
LIVINGTRUST	2.98	2.69	(0.29)	(9.73)
GSK	6.30	5.75	(0.55)	(8.73)
IKEJAHOT	1.46	1.36	(0.10)	(6.85)
INT. BREW	4.70	4.40	(0.30)	(6.38)
NGX	27.40	25.76	(1.64)	(5.99)
AFRIPRUD	5.85	5.50	(0.35)	(5.98)
NPFMFB	1.80	1.70	(0.10)	(5.56)

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 2023
Geregu Power Plc	N8.00	Nil	28th February 2023	28th March 2023	29th March 2023
MTN Nigeria Communications 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
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 Sp	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 Plc	N0.03	Nil	14th April 2023	24th May 2023	24th May 2023
Infinity Trust Mortgage Bank Plc	N0.06	Nil	17th April 2023	11th May 2023	15th 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	18th 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	19th May 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 Plc	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 Company Plc	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 Incorporated	0.11 cents	Nil	26th May 2023	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
AllCO 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 Company Plc	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	21st September 2023	21st September 2023
Guaranty Trust Holding Company Plc	N2.80	Nil	2nd May 2023	11th May 2023	11th May 2023
Glaxo SmithKline Consumer Nigeria Plc	N0.55	Nil	Nil	7th June 2023	8th June 2023
Access Holdings Plc	N1.30	Nil	10th May 2023	24th May 2023	24th 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 Nigeria Plc	N0.40	Nil	7th July 2023	21st July 2023	25th July 2023
Fidelity Bank Plc	N0.40	Nil	15th May 2023	23rd May 2023	23rd May 2023
UH Real Estate Investment Trust	N2.10	Nil	16th May 2023	N/A	26th May 2023
Multiverse Mining and Exploration Plc	(Interim Q1) N0.05	Nil	25th May 2023	N/A	14th June 2023
Cornerstone Insurance Plc	(Interim Q1) N0.06	Nil	6th June 2023	N/A	21st June 2023
Dangote Cement plc	N20	Nil	31st March, 2023	13th April 2023	14th April 2023

Source: Nigerian Stock Exchange (NSE) & Regency Research



## MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 05/05/2023												
				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	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	7.90	9.88	387,828.78	9,000.00	396,828.78	16,828.78	4.43
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.75	5.66	282,280.44	9,000.00	291,280.44	73,780.44	33.92
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	19.00	20.87	932,752.75	67,500.00	1,000,252.75	197,752.75	24.64
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	24.00	31.20	1,178,214.00	13,500.00	1,191,714.00	- 8,286.00	- 0.69
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	11.90	18.20	584,197.78	67,500.00	651,697.78	- 48,302.23	- 6.90
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	24.00	29.90	1,178,214.00	13,500.00	1,191,714.00	41,714.00	3.63
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	18.50	26.59	908,206.63	68,400.00	976,606.63	- 45,893.38	- 4.49
			21,142,500.00					21,411,584.84		22,746,734.84	1,604,234.84	7.59

The Equity Portfolio Model which closed the previous week at 7.16% appreciated during the week, and closed the week at 7.59% (YTD). This can be compared with NGX All Share Index which closed at 2.25% in the previous week, also appreciated during the week and closed at +2.37% {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, 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 want to sell.

Source: Nigerian Stock Exchange (NSE) & Regency Research



## STOCK MARKET REPORT

### MARKET DEVELOPMENTS (LAST WEEK )

**Access Holdings Subsidiary Receives Regulatory Approval from Central Bank of Angola to Acquire Majority Equity Stake In Angolan-Based Finibanco S.A.** Further to its announcement on October 4, 2022, on the expansion plan to acquire a majority equity stake in Angolan-based Finibanco S.A., Access Holdings confirmed to the exchange during the week that “its flagship subsidiary, Access Bank Plc, has received regulatory approval from the Central Bank of Angola: Banco Nacional de Angola, for the acquisition of majority equity stake in Finibanco Angola S.A. The Central Bank of Nigeria had previously granted its approval to the Transaction and the Bank expects to receive the approval of the Angolan Competition Authority in the coming days, which would complete the requirements for regulatory approvals for the Transaction, enabling the Bank to initiate completion of other customary conditions precedents to close the Transaction. The Bank has also signed agreements with minority shareholders of Finibanco Angola of S.A. who have expressed an interest to sell their shares concurrently and targets to attain a total shareholding above 80% in Finibanco Angola S.A. at the completion of the Transaction. Commenting on the recent development, Dr. Herbert Wigwe, Group Chief Executive Officer, Access Holdings said: “We are pleased to be well-positioned to join the select league of banks providing high value financial services to high-growth businesses and the rising consumer sector in Angola. The Bank brings a lot of value-add and expertise that will act a positive catalyst to foster greater innovation and promote the deepening of the financial sector in Angola, while complementing our strategic growth objectives in the broader SADC region’.

### 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.**

The interbank rates dropped further this week as liquidity improved with the OMO bill maturity. The Open Repo Rate (OPR) and Overnight rate (O/N) settled at 11.00% and 11.38% by 12.91bps and 13.33bps week-on-week 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 CBN 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).**

Naira gained 17bps (W-o-W) to N462.23/US\$ at the Investor and Exporter Window this week while at the NAFEX window, the naira lost 2bps (W-o-W) to N462.67/US\$.

**OIL PRICE.**

**NIGERIAN INTER BANK OFFER RATE NIBOR**

Money Market Rate			
	28-Apr-23	5-May-23	W-o-W % Change
OPR (%)	12.63	11.00	-12.91%
O/N (%)	13.13	11.38	-13.33%

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			
	28-Apr-23	5-May-23	W-o-W% Change
I&E FX	463	462.23	0.17%
NAFEX (\$/N)	462.57	462.67	0.02%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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