



Monday May 29, 2023

**Nigeria's GDP Grows by 2.31% YoY in Real Terms in Q1 2023**

Nigeria's Gross Domestic Product (GDP) grew by 2.31% (year-on-year) in real terms in the first quarter of 2023. This growth rate declined from 3.11% recorded in the first quarter of 2022, and 3.52% in the fourth quarter of 2022. The reduction in growth is attributed to the adverse effects of the cash crunch experienced during the quarter. The performance of the GDP in the first quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 4.35% and contributed 57.29% to the aggregate GDP. The agriculture sector grew by -0.90%, lower than the growth of 3.16% recorded in the first quarter of 2022. Although the growth of the industry sector improved to 0.31% relative to -6.81% recorded in the first quarter of 2022, agriculture, and the industry sectors contributed less to the aggregate GDP in the quarter under review compared to the first quarter of 2022. In the quarter under review, aggregate GDP stood at N51,242,151.21 million in nominal terms. This performance is higher when compared to the first quarter of 2022 which recorded aggregate GDP of N45,317,823.33 million, indicating a year-on-year nominal growth of 13.07%. For better clarity, the Nigerian economy has been classified broadly into the oil and non-oil sectors

**The Oil Sector**

The nation in the first quarter of 2023 recorded an average daily oil production of 1.51 million barrels per day (mbpd), higher than the daily average production of 1.49mbpd recorded in the same quarter of 2022 by 0.01mbpd and higher than the fourth quarter of 2022 production volume of 1.34 mbpd by 0.17mbpd. The real growth of the oil sector was -4.21% (year-on-year) in Q1 2023, indicating an increase of 21.83% points relative to the rate recorded in the corresponding quarter of 2022 (-26.04%). Growth increased by 9.18% points when compared to Q4 2022 which was -13.38%. On a quarter-on-quarter basis, the oil sector recorded a growth rate of 20.68% in Q1 2023. The Oil sector contributed 6.21% to the total real GDP in Q1 2023, down from the figure recorded in the corresponding period of 2022 and up from the preceding quarter, where it contributed 6.63% and 4.34% respectively

**The Non-Oil Sector**

The non-oil sector grew by 2.77% in real terms during the reference quarter (Q1 2023). This rate was lower by 3.30% points compared to the rate recorded in the same quarter of 2022 and 1.67% points lower than the fourth quarter of 2022. This sector was driven in the first quarter of 2023 mainly by Information and Communication (Telecommunication); Financial and Insurance (Financial Institutions); Trade; Manufacturing (Food, Beverage & Tobacco); Construction; and Transportation & Storage (Road Transport), accounting for positive GDP growth. In real terms, the non-oil sector contributed 93.79% to the nation's GDP in the first quarter of 2023, higher than the share recorded in the first quarter of 2022 which was 93.37% and lower than the fourth quarter of 2022 recorded as 95.66%.

**Capital Market Summary .**

Analysis of the market activity in the week ended May 26, 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 1.50% each from the opening figures of 52,187.93 and N28,417 trillion to close at 52,973.88 and N28,845 trillion respectively. Its year to date (YTD) return stands at +3.36%.

**MACROECONOMIC INDICATORS**

GDP Growth Rate	+2.31%	March 31, 2023
Un-employment Rate	33.30%	March 31, 2023
Broad Money Supply (M2)	N54,191,661.32	March , 2023
Money Supply (M1)	N21,352,527.87	March , 2023
Consumer Price Index (YOY)	22.22%	April , 2023
Monetary Policy Rate (MPR)	18.50%	May 24, 2023
Cash Reserve Ratio (CRR)	32.50%	May 24, 2023
Nigeria's Bonny Light Crude Oil	US\$78.64/Bar	May 26 2023
Nigeria's Gross External Reserves	US\$35.18bn	May 23, 2023

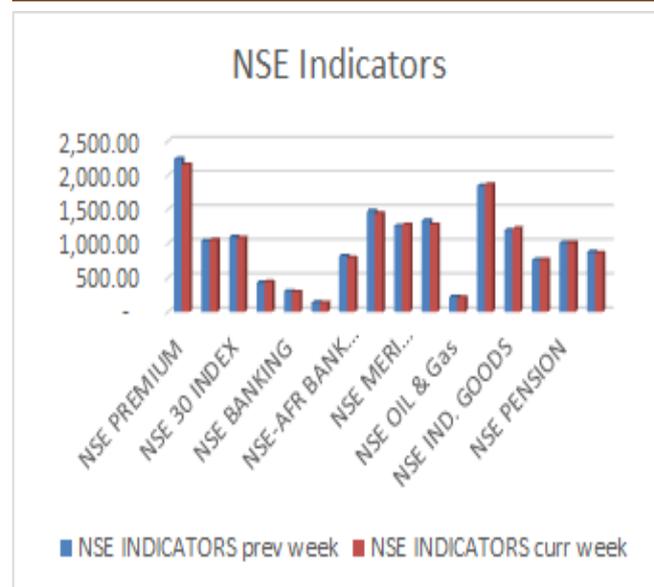
Source: Central Bank of Nigeria (CBN)

**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 29/05/23-02/06/2023)**

The NGXASI, recorded a gain of 1.51% W-o-W as compared to a loss of 0.05% recorded last week. The Nigerian Exchange recorded N329.29b gain in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 3.36% as market capitalization settled at N28.85trillion. The market may continue to remained bullish during the week as investors take position on stocks that have declared impressive first quarter results and pay good dividend to investors. In the coming week, we expect the market to continue to move upward close on positive note. 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 recommend the underlisted stocks for purchase during the week. **UCAP PLC, UBA PLC, MTNN PLC., ACCESS PLC, DANGOTE CEMENT PLC,, WAPCO PLC , NASCON PLC . FIDELITY, NAHCO . See the table below.**

**RECOMMENDED STOCKS**

COMPANY	Price N=	price N=	Cap. App	EPS	DPS	PAT N=M	PAT N=m	Period	BK Value	52 wks	52 weeks	PER	Net Assets N=	No of shares	Total Assets N=	Div. Yield	ROCE	ROCE	REMARKS
	31/12/22	26/5/23	%	N=	N=	N=M current	Last YR		N=	High	Low		N=M	mill	N=m	per Qter	Annualise	DECISION	
ZENITH	24.00	27.00	12.50	2.10	3.20	62,617	58,196	1st Qter	48.98	27.00	18.90	12.86	1,441,557	29,431	13,359,216	11.85	4.34	17.37	HOLD
GTCCO	23.00	27.50	19.57	2.04	3.10	58,167	43,208	1st Qter	28.53	27.50	16.80	13.48	975,624	34,199	6,740,338	11.27	5.96	23.85	HOLD
ACCESS	8.50	11.40	34.12	2.06	1.50	71,656	57,825	1st Qter	39.28	11.70	7.50	5.53	1,396,236	35,545	15,742,015	13.16	5.13	20.53	BUY
UBA	7.60	9.30	22.37	1.49	1.10	53,589	41,496	1st Qter	28.46	9.30	6.55	6.24	973,136	34,199	11,360,779	11.83	5.51	22.03	BUY
FIDELITY	4.35	5.79	33.10	0.54	0.50	15,609	9,516	1st Qter	11.33	6.03	2.87	10.72	328,225	28,975	4,143,428	8.64	4.76	19.02	BUY
WAPCO	24.00	25.30	5.42	0.93	2.00	14,935	17,558	1st Qter	26.76	30.00	20.10	27.20	431,037	16,108	583,393	7.91	3.46	13.86	BUY
NAHCO	6.40	13.05	103.91	0.32	1.20	0.637	0.324	1st Qter	4.85	14.00	5.00	40.78	9,448	1,949	18,833	9.20	0.01	0.03	BUY
NASCON	11.10	15.40	38.74	0.62	1.00	1,643	0.388	1st Qter	7.81	15.40	9.50	24.84	20,686	2,949	59,177	6.49	7.94	31.77	BUY
FLOUR MILLS	28.40	31.30	10.21	2.87	2.15	10,018	17,040	3rd Qter	48.40	40.70	27.00	10.91	198,427	4,100	971,745	6.87	5.05	20.19	BUY
MTNN	215.00	232.50	8.14	4.94	15.64	101,303	96,819	1st Qter	21.30	270.00	185.00	47.06	433,533	20,354	3,017,616	6.73	23.37	93.47	BUY
DANSUGAR	16.05	20.00	24.61	1.05	1.50	12,903	8,870	1st Qter	15.15	20.90	15.00	19.05	184,044	12,146	558,913	7.50	6.96	27.83	BUY
DANCEM	261.00	270.00	3.45	6.44	20.00	109,501	105,851	1st Qter	69.18	297.00	220.00	41.93	1,178,919	17,041	2,698,870	7.41	9.29	37.15	BUY
NB	41.00	38.50	(6.10)	(128)	1.43	(10,581)	13,614	1st Qter	16.49	55.40	28.80	(0.30)	169,416	10,276	652,944	3.71	(6.25)	(24.98)	BUY
UCAP	11.60	13.25	14.22	1.63	1.50	2,441	2,309	1st Qter	4.45	15.60	9.00	8.13	26,707	6,000	727,504	11.32	9.14	36.56	BUY
AFRIPRUD	6.00	5.55	(7.50)	0.09	0.50	0.178	0.403	1st Qter	4.79	6.45	5.00	61.67	9,584	2,000	20,685	9.01	0.00	0.01	BUY
NEM INS.	4.50	4.75	5.56	0.28	0.30	2,853	1,545	1st Qter	2.99	5.65	3.13	16.96	29,980	10,032	54,604	6.32	9.52	38.07	BUY

Source: Nigerian Stock Exchange (NSE) & Regency Research



**STOCK MARKET REPORT**

Domestic Market Review

**GAINERS FOR THE WEEK**

Sixty stocks appreciated in price during the week, as against Forty four stocks in preceding week. The top ten price gainers during the week were:

**LOSERS FOR THE WEEK**

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

**EXCHANGE TRADED PRODUCTS (ETP)**

A total of 16,176 units of Exchange Traded Products valued at N5,117,801.16 in 86 deals were traded during the week compared with 2,909,068 units of Exchange Traded Products valued at N55,710,097.68 traded last week in 44 deals.

**BOND MARKET**

A total units of 12,837 units of FGN Bond valued at N12,607,689.16 in 16deals were traded during the week compared with 126,110 units of FGN Bond valued at N130,952,633.48 traded last week in 18 deals

**MARKET SUMMARY**

	Curr. Week	Previous week	% Change
Volume	1,963 M	3,029 M	-35.19
Value N=	N33,899 B	N33,626 B	0.81
Total Gain	60	44	36.36
Total Loss	21	27	-22.22
Deals	30,827	29,505	4.48
All Share Index	52,973.88	52,187.93	1.51
Market Cap.	N=28,845 Trillion	N=28,417 Trillion	1.51

**TOP TEN GAINERS**

Company	Op.Price	cl. Price	Gain	Gain in %
FTN COCOA	0.44	0.68	0.24	54.55
RT BRISCOE	0.29	0.38	0.09	31.03
CHAM	0.30	0.41	0.11	36.67
TRIPPLE GEE	2.95	3.90	0.95	32.20
UPL	1.87	2.25	0.38	20.32
GSK	6.40	7.60	1.20	18.75
IKEJA	2.03	2.40	0.37	18.23
TRASCORP	2.64	3.07	0.43	16.29
UACN	8.40	9.70	1.30	15.48
LASACO	1.28	1.47	0.19	14.84

**TOP TEN LOSERS**

Company	Op.Price	Cl. Price	Loss	Loss in %
SOV. TRUST	0.45	0.36	(0.09)	(20.00)
CHELLARAM	1.81	1.47	(0.34)	(18.78)
ARDOVA	20.15	17.35	(2.80)	(13.90)
ROYALEX	0.52	0.48	(0.04)	(7.69)
NEIMETH	1.50	1.39	(0.11)	(7.33)
OANDO	5.90	5.60	(0.30)	(5.08)
UPDC	3.35	3.20	(0.15)	(4.48)
ECOBANK	12.30	12.00	(0.30)	(2.44)
BUA CEM	90.00	88.00	(2.00)	(2.22)
ETERNA	7.15	7.00	(0.15)	(2.10)

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 t
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	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	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
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 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	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 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
Airtel Africa Plc	3.27 cents	Nil	22nd June 2023	TBA	26th July 2023
Vetiva Griffin 30 Exchange Traded Fund	N0.28	Nil	11th May 2023	N/A	19th May 2023
Vetiva S&P Nigerian Sovereign Bond ET	N7.60	Nil	11th May 2023	N/A	19th May 2023
Vetiva Banking ETF	N0.40	Nil	11th May 2023	N/A	19th May 2023

Source: Nigerian Stock Exchange (NSE) & Regency Research



## MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 26/05/2023												
				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	25.30	31.20	1,242,033.93	90,000.00	1,332,033.93	132,033.93	11.00
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	9.30	9.88	456,557.93	9,000.00	465,557.93	85,557.93	22.52
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.79	5.66	284,244.13	9,000.00	293,244.13	75,744.13	34.82
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	20.00	20.87	981,845.00	67,500.00	1,049,345.00	246,845.00	30.76
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	27.00	31.20	1,325,490.75	13,500.00	1,338,990.75	138,990.75	11.58
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	13.25	18.20	650,472.31	67,500.00	717,972.31	17,972.31	2.57
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	27.50	29.90	1,350,036.88	13,500.00	1,363,536.88	213,536.88	18.57
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	31.30	36.92	1,536,587.43	96,750.00	1,633,337.43	213,337.43	15.02
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	20.00	26.59	981,845.00	68,400.00	1,050,245.00	27,745.00	2.71
			21,142,500.00					22,064,020.84		23,399,170.84	2,256,670.84	10.67

The Equity Portfolio Model which closed the previous week at 9.35% appreciated during the week, and closed the week at 10.67% (YTD). This can be compared with NGX All Share Index which closed at 1.83% in the previous week, also appreciated during the week and closed at +3.36% {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, UBA, WAPCO, FLOUR MILLS VITAFOAM 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 )

#### **Federal Government Raised N50.2bn Via FGN Savings Bond Issuance**

Total Allotments for FGN Savings bonds have risen to N5.06bn for the first five months of 2023 as stated during the NGX Savings Bond Webinar 2023. The federal government debt instrument with a minimum subscription of N5,000 and double-digit yields targeted at retail investors and low-income earners have seen strong participation over the years, having raised N50.2bn from about 35,000 subscribers. The listing of the FGN savings bond on NGX has given the opportunity for further participation. However, analysts believe the rising inflation lessens the value of the asset as the real return stays negative which might eventually tamper with subscriptions.

## INVESTMENT BASICS

#### **Capital Market Benefits to the Nigerian Government**

Nigeria's efforts to achieve significant economic progress have had varying levels of success. The country's real GDP growth has averaged only 2.4% in the past decade, posing challenges to job creation, poverty reduction, and government revenue. Given the limited policy options available to address these critical economic issues, it is crucial to explore an often-underutilized mechanism that has proven successful in other nations facing similar challenges. By leveraging the potential of capital markets through intentional efforts and innovative approaches, Nigeria can unlock new avenues for economic growth and development. Capital markets are one of the most crucial drivers of development and economic growth in countries. They serve as a platform for businesses to access funds from a broad range of investors, enabling businesses to expand, innovate, and create new job opportunities. Just as importantly, a robust capital market can reduce the susceptibility of an economy to external shocks, by reducing currency and duration mismatches in raising funds.

In Nigeria, a recent example is the 2004 banking sector re-capitalization exercise where the markets were a useful mechanism for banks to meet increased capital requirements, which then helped finance growth, create wealth, and facilitate economic development. With more intentionality and deliberateness though, the markets can be an even more efficient, affordable, and sustainable way to address many of the teething challenges facing the nation today. It is time for a clearly articulated and well-thought-out strategy for utilizing the market as an instrument for addressing many of our most pressing economic challenges. One of the most significant benefits of capital markets is its potential to reduce unemployment. By providing businesses with the necessary capital to expand their operations, capital markets allow businesses to create new job opportunities for the workforce. When businesses expand through capital markets, they can invest in new technologies, develop new products, and expand their operations, leading to more jobs for the local workforce. Furthermore, the growth of businesses through capital markets drives innovation, increases productivity, and boosts consumer spending, all of which create more job opportunities for the workforce.

Capital markets can also increase tax revenues for the government. At 6% of tax receipts to GDP ratio, Nigeria's tax receipts rank as one of the lowest in the world, and urgent efforts need to be taken to address this. As businesses access the markets for growth-related capital, economic growth is spurred as they invest and expand. This generates more revenues for the corporates, leading to higher tax revenues for the government. The increased tax revenues can be used to fund public services and infrastructure, such as healthcare, education, and transportation, which further contribute to economic growth. Research has also shown that capital markets lead to improved corporate tax compliance as listed companies are required to disclose financial information to investors. Listed corporates tend to be better governed, more transparent, and more adept at adhering to high levels of governance, leading to stronger compliance with tax provisions. A quick look at the listed corporates on the NGX reveals commendable levels of tax compliance.

Capital markets also play a vital role in boosting foreign exchange reserves. As businesses expand through capital markets, they tend to attract foreign investment, leading to an influx of foreign exchange into the economy. This increase in foreign exchange reserves can help in stabilizing the local currency, making it more attractive to foreign investors, which in turn, would improve foreign exchange reserves. Markets can also be used to aggregate and formalize existing "Over the Counter" foreign exchange transactions that are currently unreported, but if captured, can deepen FX flows. The increase in foreign exchange reserves can help the government finance international trade, pay off foreign debts, and stabilize the balance of payments.

Finally, capital markets can stimulate overall economic growth by promoting entrepreneurship and innovation. Access to capital markets enables entrepreneurs to raise funds and invest in new ideas, technologies, and businesses, creating a more dynamic and competitive business environment that fosters innovation. Innovation, in turn, drives economic growth by creating new industries, products, and services that meet the changing needs of consumers and businesses.

Over the past few years, the Nigerian capital market has witnessed significant innovation, improved regulatory controls, and a diversified investor base. These have ensured that transparency, efficiency, and accessibility in our markets have improved materially. The time is now for a well-crafted road map to harness the untapped potential in the Nigerian capital market to drive economic growth.

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



**FIXED INCOME MARKET REPORT**

**Money Market.**

Given the robust liquidity induced by FAAC inflow, funding rates stayed low all through the week. On a weekly basis, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 14.31% and 15.23% to close at 12.75bps and 13.23bps respectively

**Treasury Bills.**

The Treasury bill market continues to contradict the high-interest rate effect on traded assets as robust liquidity remains the main determinant of asset values. We have observed major rate drops in the last few months. The stop rates for the 91-day, 182-day, and 365-day dropped to 2.29%, 4.99%, and 7.99% respectively by 49bps, 23bps, and 11bps compared to the previous auction. The auction had a total subscription of N811.4bn spread across the three tenors against N180.45bn offered. The DMO eventually allotted only N180.45bn or the initial offer.

**Foreign Currency (EXCHANGE RATE).**

At both windows this week, the naira depreciated by 33bps and 7bps week-on-week to N464.51/US\$1 and N465.13/US\$1 at NAFEX and I&E FX fixing respectively

**OIL PRICE.**

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$72.67 per barrel during the week, compared with \$71.55 recorded in the previous week .

**NIGERIAN INTER BANK OFFER RATE NIBOR**

Money Market Rate			
	19-May-23	26-May-23	W-o-W % Change
OPR (%)	14.88	12.75	-14.31%
O/N (%)	15.63	13.25	-15.23%

Source: Financial Markets Dealers Quotations (FMDQ)

**TREASURY BILLS RATES**

**NTB AUCTION MAY 22, 2023**

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	9.96	33.53	9.96	2.29	4.5
182-days	1.82	31.83	1.82	4.99	6.44
364-days	168.67	746.04	168.67	7.99	8.99

Source: Central Bank of Nigeria (CBN)

**MONEY MARKET RATES**

Average Benchmark Yields			
	19-May-23	26-May-23	W-o-W% Change
I&E FX	463	464.51	0.33%
NAFEX (\$/N)	464.8	465.13	0.07%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

**Disclaimer**

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