



Monday June 05, 2023

Implications of Nigeria's Subsidy Removal

In response to President Bola Tinubu's pronouncement on ending the subsidy on Monday May 29, 2023, the petrol pump price in Nigeria has jumped to a rough average of N600 per litre (US\$1.3 per litre) from the N195 per litre before the inauguration speech, a development that has caused a double fold increase in transport fares accompanied by long filling station queues. Different regulatory agencies and marketers' associations have also responded to these developments. The CEO of the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), Farouk Ahmed, has said the move to remove subsidy was in line with the PIA and the authority would not place any price cap on the sale of the products. The CEO of the NNPC, Mele Kyari, has also backed the removal, saying it would free up funds for the company's optimal operations. This suggests that the existing under-recovery model has continued under the new NNPC. Meanwhile, while the Major Oil Marketers Association of Nigeria (MOMAN) and the Depot and Petroleum Marketers Association of Nigeria (DAPPMAN), who own tank farms, supported the removal, the Independent Petroleum Marketers Association of Nigeria (IPMAN) has a contrary option, arguing for wider consultation and the operations of the refineries before the removal.

The positive response to the inauguration speech of new President Bola Tinubu at the Nigerian stock market spread to the fixed-income market on Tuesday as investors rally both at the domestic and Euro-bond market. The Eurobond market had demand across most tenors with the average benchmark yield reducing by 63bps to 11.33. We spotted mild buying interests at both the short and long-dated tenors in the domestic market, the treasury bill average yield dropped to 6.85% and the FGN bond average yield declined to 14.27%. The new administration's key focus of unifying the multiple exchange rates and subsidy removal suggests an effort toward a stable economy, triggering the recent positive sentiment in the market. Before the inauguration, the discussion surrounding the US debt ceiling has been weighing on Nigeria's Eurobond market. The near resolution of the debt ceiling deal also contributed to the buying interest in the market aside from the optimism about the new administration. We, however, believe the risk on sentiment would soon fade off as the inflationary impact of the subsidy removal hamper investors' real return.

Unemployment is one of the many illnesses that plague the Nigerian market, as the Nigerian labour market is saturated with millions of job seekers but with few jobs. President Bola Tinubu outlined his vision to employ at least one million youth in the digital economy during his administration. To facilitate the realization of this plan, President Tinubu has expressed his administration's intention to collaborate with the National Assembly in developing legislation that empowers the government to create more jobs. The minister of Communications and Digital Economy, Professor Isa Pantami disclosed that the digital economy sector created 2.2 million jobs in Nigeria between Q1 2020 and Q3 2022. We view President Tinubu's job creation proposal as having the potential to stimulate the market, alleviate unemployment and enhance consumer confidence. However, its successful implementation hinges upon addressing specific challenges, including financial implications, skills mismatch, and sectoral concentration.

Capital Market Summary .

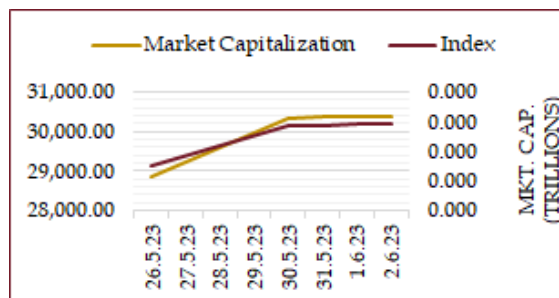
Analysis of the market activity in the week ended June 02, 2023 shows that the Nigerian equity market closed on a bullish note. The NGX All Share Index and market capitalization of listed equities appreciated by 5.37% each from the opening figures of 52,973.88 and N28,845 trillion to close at 55,820.50 and N30,395 trillion respectively. Its year to date (YTD) return stands at +8.92%.

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

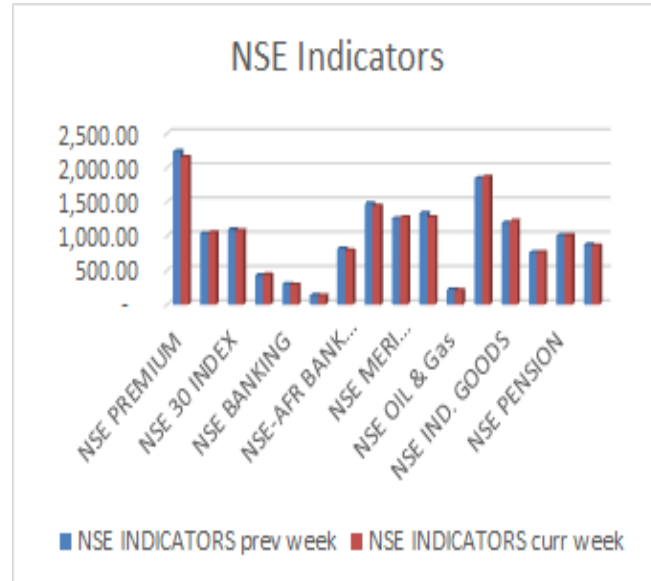
Source: Central Bank of Nigeria (CBN)

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 05/06/23-09/06/2023)

The equities market recorded bullish performance during the week – the listed equities market, NGXASI, recorded a gain of 5.37% W-o-W and the NASD OTC closed positive with a 2.08% loss W-o-W. The NGXASI, recorded a gain of 5.37% W-o-W as compared to a gain of 1.51% recorded last week. The Nigerian Exchange recorded N1,550billion gain in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 8.92% as market capitalization settled at N30.40trillion. 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 and 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.**

STOCK ANALYSIS FOR INVESTMENT																				
COMPANY	Price N=	price N=	Cap. App	EPS	DPS	Total	PAT N=M	PAT N=m	Period	BK Value	52 wks	52 weeks	PER	Net Assets N=M	No of shares	Total Assets N=M	Div. Yield	ROCE	ROCE	Remark
	31/12/22	2/6/2023	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		N=M	mill	N=m	%	per Qter	Annualise	Decision
ZENITH	24.00	28.60	19.17	2.10	3.20	32.50	62,617	58,198	1st Qter	48.98	29.70	18.90	13.62	1,441,557	29,431	13,359,216	11.19	4.34	17.37	HOLD
GTCO	23.00	28.35	23.26	2.04	3.10	36.74	58,167	43,208	1st Qter	28.53	29.40	16.80	13.90	975,624	34,199	6,740,338	10.93	5.96	23.85	HOLD
ACCESS	8.50	12.40	45.88	2.06	1.50	63.53	71,656	57,825	1st Qter	39.28	12.50	7.50	6.02	1,396,236	35,545	15,742,015	12.10	5.13	20.53	BUY
UBA	7.60	9.35	23.03	1.49	1.10	37.50	53,589	41,496	1st Qter	28.46	10.20	6.55	6.28	973,136	34,199	11,360,779	11.76	5.51	22.03	BUY
FIDELITY	4.35	5.85	34.48	0.54	0.50	45.98	15,609	9,516	1st Qter	11.33	6.36	2.87	10.83	328,225	28,975	4,143,428	8.55	4.76	19.02	BUY
WAPCO	24.00	25.80	7.50	0.93	2.00	15.83	14,935	17,558	1st Qter	26.76	28.10	20.10	27.74	431,037	16,108	583,393	7.75	3.46	13.86	BUY
NAHCO	6.40	13.30	107.81	0.32	1.20	126.56	0.637	0.324	1st Qter	4.85	14.10	5.12	41.56	9,448	1,949	18,833	9.02	0.01	0.03	BUY
NASCON	11.10	15.50	39.64	0.62	1.00	48.65	1,643	0.388	1st Qter	7.81	16.90	9.50	25.00	20,686	2,649	59,177	6.45	7.94	31.77	BUY
FLOUR MILLS	28.40	34.55	21.65	2.87	2.15	29.23	10,018	17,040	3rd Qter	48.40	35.40	27.00	12.04	198,427	4,100	971,745	6.22	5.05	20.19	BUY
MTNN	215.00	249.90	16.23	4.94	15.64	23.51	101,303	96,819	1st Qter	21.30	253.00	185.00	50.59	433,533	20,354	3,017,616	6.26	23.37	93.47	BUY
DANSUGAR	16.05	20.55	28.04	1.05	1.50	37.38	12,803	8,870	1st Qter	15.15	22.00	15.00	19.57	184,044	12,146	558,913	7.30	6.96	27.83	BUY
DANCEM	261.00	290.00	11.11	6.44	20.00	18.77	109,501	105,851	1st Qter	69.18	290.00	220.00	45.03	1,178,919	17,041	2,698,870	6.90	9.29	37.15	BUY
NB	41.00	41.00	-	(128)	1.43	3.49	(10,581)	13,614	1st Qter	16.49	50.90	28.80	(0.32)	169,416	10,276	652,944	3.49	(6.25)	(24.98)	BUY
UCAP	11.60	13.60	17.24	1.63	1.50	30.17	2,441	2,309	1st Qter	4.45	15.60	9.00	8.34	26,707	6,000	727,504	11.03	9.14	36.56	BUY
AFRIPRUD	6.00	5.70	(5.00)	0.09	0.50	3.33	0.178	0.403	1st Qter	4.79	6.45	5.00	63.33	9,584	2,000	20,685	8.77	0.00	0.01	BUY
NEM INS.	4.50	5.00	11.11	0.28	0.30	17.78	2,853	1,545	1st Qter	2.99	5.65	3.13	17.86	29,980	10,032	54,604	6.00	9.52	38.07	BUY

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 10,317 units of Exchange Traded Products valued at N4,214,061.91 in 62 deals were traded during the week compared with 16,176 units of Exchange Traded Products valued at N5,117,801.16 traded last week in 86 deals.

BOND MARKET

A total units of 44,858 units of FGN Bond valued at N44,173,871.12 in 24 dealsre traded during the week compared with 12,837 units of FGN Bond valued at N12,607,689.16 traded last week in 16 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	2,586 M	1,963 M	31.74
Value N=	N46,643 B	N33,899 B	37.59
Total Gain	66	60	10.00
Total Loss	23	21	-9.52
Deals	35,122	30,827	13.93
All Share Index	55,820.50	52,973.88	5.37
Market Cap.	N=30,395 Trillion	N=28,845 Trillion	5.37

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
CONOIL	47.95	69.90	21.95	45.78
ETERNA	7.00	9.25	2.25	32.14
JAIZ	1.00	1.30	0.30	30.00
MRS OIL	40.80	49.30	8.50	20.83
NEIMETH	1.39	1.67	0.28	20.14
TRAN. HOT	7.50	8.93	1.43	19.07
CWG	1.53	1.80	0.27	17.65
OKOMU	171.50	199.00	27.50	16.03
ACADEMY	1.64	1.90	0.26	15.85
STERLING	1.80	2.08	0.28	15.56

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
TANTALIZER	0.25	0.21	(0.04)	(16.00)
CHIPLC	0.61	0.54	(0.07)	(11.48)
PRESTIGE	0.45	0.41	(0.04)	(8.89)
NPFMFB	1.92	1.75	(0.17)	(8.85)
CHAMPION	4.18	3.87	(0.31)	(7.42)
IEI	1.29	1.20	(0.09)	(6.98)
CORONATION	0.49	0.46	(0.03)	(6.12)
CUTIX	2.50	2.35	(0.15)	(6.00)
CAP	20.00	18.90	(1.10)	(5.50)
MCNICHOLS	0.73	0.69	(0.04)	(5.48)

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 02/06/2023												
				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	25.80	31.20	1,266,580.05	90,000.00	1,356,580.05	156,580.05	13.05
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	9.35	9.88	459,012.54	9,000.00	468,012.54	88,012.54	23.16
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	5.85	5.66	287,189.66	9,000.00	296,189.66	78,689.66	36.18
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	20.55	20.87	1,008,845.74	67,500.00	1,076,345.74	273,845.74	34.12
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	28.60	31.20	1,404,038.35	13,500.00	1,417,538.35	217,538.35	18.13
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	13.60	18.20	667,654.60	67,500.00	735,154.60	35,154.60	5.02
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	28.35	29.90	1,391,765.29	13,500.00	1,405,265.29	255,265.29	22.20
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	34.55	36.92	1,696,137.24	96,750.00	1,792,887.24	372,887.24	26.26
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	290.00	339.30	14,236,752.50	900,000.00	15,136,752.50	2,086,752.50	15.99
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	20.90	26.59	1,026,028.03	68,400.00	1,094,428.03	71,928.02	7.03
			21,142,500.00					23,444,003.99		24,779,153.99	3,636,653.99	17.20

The Equity Portfolio Model which closed the previous week at 10.67% appreciated during the week, and closed the week at 17.20% (YTD). This can be compared with NGX All Share Index which closed at 3.36% in the previous week, also appreciated during the week and closed at +8.92% {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 DANCEM 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)

Nigerian Breweries Plc Proposes to Acquire 80% Shareholding in Distell Wines and Spirits Nigeria Limited

Nigerian Breweries Plc hereby informs that at a specially convened meeting of the Board of Directors of the Company held on 30th May 2023, the Board was presented with an offer from Heineken Beverages (Holdings) Limited of South Africa, for NB to acquire Heineken Beverages' majority interests (via Distell International Limited) in Distell Wines & Spirits Nigeria Limited. The Board resolved to consider the offer in detail with support from external legal and financial advisers and thereafter make a decision thereon in the coming weeks. The outcome of the decision will be communicated in due course. Distell Nigeria is a subsidiary of Distell International Limited (100% owned by Heineken Beverages). Distell International Limited owns 80% shareholding in Distell Nigeria, which was founded in 2018 with its headquarters in Lagos, Nigeria. Distell Nigeria's operations are in two folds: 1. Local production of wines (still and sparkling) and ciders; and 2. Importation of wines, spirits and flavoured alcoholic beverages from Distell Group in South Africa. Its brand portfolio includes Amarula, JC Leroux, Nederburg, Drostdy Haf, 4 th Street, Bain's, Knights, Chamdor, Hunters and Savanna

INVESTMENT BASICS

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.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

The buoyant liquidity sustained the interbank rates at low levels this week. The Open Repo Rate (OPR) and Overnight Rate (O/N) settled at 11.50bps and 11.88bps, a week-on-week drop of 9.8% and 10.34% 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 value of the naira dropped by 3bps and 7bps week-on-week to N464.67/US\$1 and N465.44/US\$1 at I&E FX and NAFEX fixing respectively.

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$71.74 per barrel during the week, compared with \$72.67 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	26-May-23	2-Jun-23	W-o-W % Change
OPR (%)	12.75	11.50	-9.80%
O/N (%)	13.25	11.88	-10.34%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION MAY 23, 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			
	26-May-23	2-Jun-23	W-o-W% Change
I&E FX	464.51	464.67	0.03%
NAFEX (\$/N)	465.13	465.44	0.07%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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