



Monday July 03, 2023

The Rapid Rise of Public Debt

The latest quarterly data on Nigeria’s debt stock published by the Debt Management Office (DMO) shows that Nigeria’s total public debt increased by 8% q/q to NGN49.9trn (USD66.1bn) as at Q1 '23. On a y/y basis, the total debt stock expanded by 20% y/y. In terms of composition, the domestic and external debt components make up roughly 61% and 39% of the gross public debt respectively. This compares with the target split of 70:30 proposed in the DMO’s debt management strategy for 2020-2023. The public debt figure excludes the FGN’s NGN22.7trn way and means advances. Including it brings the gross public debt figure to NGN72.6trn, implying a debt-to-GDP ratio of 36.4% of 2022 GDP.

Based on the recent data, the country’s total public debt stock has risen to about 25% of 2022 GDP, higher than the 24% recorded in the year-earlier period. Domestic debt stock which increased by 10% q/q to NGN30.2trn was the main contributor to the rise in the overall total debt in Q4 '22. Similarly, foreign debt rose by 5% q/q to NGN19.6trn. The total public debt covers the external and domestic debt stock of the federal and state governments. The 2022 Debt Sustainability Analysis report recently published by the DMO forecasts that Nigeria’s total debt-to-GDP ratio would rise to 37.1% in 2023 if the FGN’s way and means advances of NGN22.7trn, the 2023 budget deficit of NGN8.8trn, and the estimated promissory notes issuance of NGN2.9trn are added to the public debt stock. Given the current baseline and its proximity to the debt ceiling, the agency may need to raise the public debt ceiling from its current level of 40%, which is set in the medium-term management strategy paper 2020-2023.

The rapid rise of the country’s public debt raises concerns about its debt sustainability, particularly considering the continued underperformance of the government’s revenue. To put into context, the latest CBN’s Quarterly Statistical Bulletin (QSB) shows that the federation’s gross revenue declined by -10% q/q to NGN3.1trn in Q4 '22. Although, we commend the new administration’s fiscal reforms and initiatives to improve the nation’s revenue generation capacity, there is still some distance to cover to effectively reduce the fiscal deficit and curb the rapid rise of public debt.

Capital Market Summary .

Analysis of the market activity in the week ended June 30, 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 2.98% each from the opening figures of 59,206.63 and N32,237 trillion to close at 60,968.27 and N33,198 trillion respectively. Its year to date (YTD) return stands at +18.96%.

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)	22.41%	May , 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\$75.10/Bar	June 23 2023
Nigeria’s Gross External Reserves	US\$34.192bn	June 27, 2023

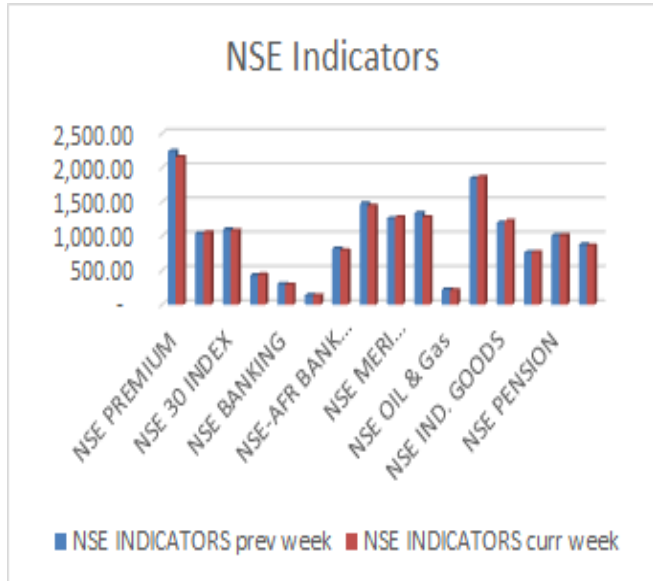
Source: Central Bank of Nigeria (CBN)

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 03/07/23-07/07/2023)

The Nigerian Stock Market continued its bullish trend during the week. The NGXASI, recorded a gain of 2.98% W-o-W as compared to a gain of 0.34% recorded last week. The Nigerian Exchange recorded N957billion gain in naira terms. In Year-to-date, the NGXASI closed positive at close of the week with a gain of 18.96% as market capitalization settled at N33.20 trillion. The market may likely remain bullish during the week. The lower rates in money market instruments and expecting of impressive half year results may continue to impact positively on the market. In the coming week, we expect the market to continue to move upward and close on positive note because investors may continue to take position for the half year returns. We will continue to advise investors to trade only on fundamentally justified stocks as the weak macro economic environment remains a significant challenge for listed companies. In the light of the above we recommend the underlisted stocks for purchase during the week. **STANBIC IBTC, UCAP PLC, UBA PLC, MTNN PLC., ACCESS PLC, WAPCO PLC , FIDELITY, FCMB, AFRIPRUD, FLOUR MILL AND TRANSCORP PLC, See the table below.**

RECOMMENDED STOCKS

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	6 Months	Net Assets N=M	No of shares	Total Assets N=M	Div. Yield	ROCE	Remark
	31/12/22	30/06/23	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision
ZENITH	24.00	34.25	42.71	2.10	3.20	56.04	62,617	58,198	1st Qter	48.98	35.50	18.90	16.31	44.53	1,441,557	29,431	13,359,216	9.34	4.34	HOLD
GTCO	23.00	35.00	52.17	2.04	3.10	65.65	58,167	43,208	1st Qter	28.53	35.50	16.80	17.16	45.50	975,624	34,199	6,740,338	8.86	5.96	HOLD
ACCESS	8.50	16.60	95.29	2.06	1.50	112.94	71,656	57,825	1st Qter	39.28	17.20	7.50	8.06	21.58	1,396,236	35,545	15,742,015	9.04	5.13	BUY
UBA	7.60	12.25	61.18	1.49	1.10	75.66	53,589	41,496	1st Qter	28.46	13.10	6.55	8.22	15.93	973,136	34,199	11,360,779	8.98	5.51	BUY
FIDELITY	4.35	7.00	60.92	0.54	0.50	72.41	15,609	9,516	1st Qter	11.33	7.35	2.87	12.96	9.10	328,225	28,975	4,143,428	7.14	4.76	BUY
WAPCO	24.00	29.50	22.92	0.93	2.00	31.25	14,935	17,558	1st Qter	26.76	30.50	20.10	31.72	38.35	431,037	16,108	583,393	6.78	3.46	BUY
NAHCO	6.40	18.25	185.16	0.32	1.20	203.91	0.637	0.324	1st Qter	4.85	14.50	5.12	57.03	23.73	9,448	1,949	18,833	6.58	0.01	HOLD
NASCON	11.10	18.70	68.47	0.62	1.00	77.48	1,643	0.388	1st Qter	7.81	18.80	9.50	30.16	24.31	20,686	2,649	59,177	5.35	7.94	BUY
FLOUR MILLS	28.40	34.10	20.07	2.87	2.15	27.64	10,018	17,040	3rd Qter	48.40	36.20	27.00	11.88	44.33	198,427	4,100	971,745	6.30	5.05	BUY
MTNN	215.00	273.40	27.16	4.94	15.64	34.44	101,303	96,819	1st Qter	21.30	284.00	185.00	55.34	355.42	433,533	20,354	3,017,616	5.72	23.37	BUY
DANSUGAR	16.05	25.00	55.76	1.05	1.50	65.11	12,803	8,870	1st Qter	15.15	25.30	15.00	23.81	32.50	184,044	12,146	558,913	6.00	6.96	HOLD
DANCEM	261.00	285.00	9.20	6.44	20.00	16.86	109,501	105,851	1st Qter	69.18	290.00	220.00	44.25	370.50	1,178,919	17,041	2,698,870	7.02	9.29	BUY
NB	41.00	45.00	9.76	(128)	1.43	13.24	(10,581)	13,614	1st Qter	16.49	50.00	28.80	(0.35)	58.50	169,416	10,276	652,944	3.18	(6.25)	BUY
UCAP	11.60	15.75	35.78	1.63	1.50	48.71	2,441	2,309	1st Qter	4.45	15.60	9.00	9.66	20.48	26,707	6,000	727,504	9.52	9.14	BUY
AFRIPRUD	6.00	6.75	12.50	0.09	0.50	20.83	0.178	0.403	1st Qter	4.79	6.99	5.00	75.00	8.78	9,584	2,000	20,685	7.41	0.00	BUY
NEM INS.	4.50	6.40	42.22	0.28	0.30	48.89	2,853	1,545	1st Qter	2.99	5.65	3.13	22.86	8.32	29,980	10,032	54,604	4.69	9.52	BUY
CADBURY	11.90	17.40	46.22	1.84	0.40	49.58	3,454	1,542	1st Qter	8.39	18.8	10.2	9.46	22.62	15,755	1878	69,181	2.30	21.92	SELL/HOLD
FBNH	11.25	17.05	51.56	1.38	0.50	56.00	50,086	32,442	1st Qter	27.88	17.4	8.2	12.36	22.17	1,000,582	35,895	11,093,926	2.93	5.01	SELL/HOLD
FCMB	3.51	5.10	45.30	1.88	0.25	52.42	9,292	5,166	1st Qter	15.32	5.89	2.92	2.71	6.63	303,390	19,803	3,102,178	4.90	3.06	BUY
GLAXO	6.15	7.60	23.58	0.13	0.55	32.52	0.155	0.194	1st Qter	8.10	8.35	5.4	58.46	9.88	9,688	1,196	30,750	7.24	0.00	SELL/HOLD
OKOMU	165.00	235.00	42.42	10.67	12.00	49.70	10,177	9,498	1st Qter	46.34	236	157	22.02	305.50	44,211	954	89,516	5.11	23.02	SELL/HOLD
PRESCO	137.50	178.00	29.45	21.47	2.50	31.27	21,466	19,320	4th Qter	42.65	183	110	8.29	231.40	42,647	1,000	145,087	1.40	50.33	SELL/HOLD
PZ	12.10	22.00	81.82	2.82	1.01	90.17	11,214	5,641	3rd Qter	11.32	19.5	8.05	7.80	28.60	44,944	3,971	152,112	4.59	24.95	SELL/HOLD
VITAFOAM	20.45	21.30	4.16	2.32	1.52	11.59	3,084	3,613	2nd Qter	13.29	23.6	16.8	9.18	27.69	16,629	1,251	38,587	7.14	18.55	SELL/HOLD
STANBIC IBTC	33.45	54.00	61.43	2.16	2.00	67.41	28,861	15,068	1st Qter	33.76	55.5	27.5	25.00	70.20	437,417	12,957	3,212,273	3.70	6.60	BUY
TRANSCORP	1.13	3.51	210.62	0.0258	0.05	215.04	1,859	5,035	1st Qter	3.86	3.87	0.98	136.05	4.56	156,994	40,648	464,480	1.42	1.18	BUY



STOCK MARKET REPORT

Domestic Market Review

Seventy seven stocks appreciated in price during the week, as against Sixty two stocks in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

Fifty nine stocks depreciated in price during the week as against Thirty five stocks recorded in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 5,058,325 units of Exchange Traded Products valued at N6,781,614.49 in 105 deals were traded during the week compared with 10,318,118 units of Exchange Traded Products valued at N105,926,084.90 traded last week in 182 deals.

BOND MARKET

A total units of 31,640 units of FGN Bond valued at N32,182,530.34 IN 20 deals were traded during the week compared with 106,871 units of FGN Bond valued at N106,464,152.34 traded last week in 26 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	2,314 M	3,369 M	-31.31
Value N=	N41,547 B	N41,986 B	-1;05
Total Gain	77	62	24.19
Total Loss	59	35	-68.57
Deals	28,095	39,764	-29.34
All Share Index	60,968.27	59,206.63	2.98
Market Cap.	N=33,198 Trillion	N=32,237 Trillion	2.98

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
IKEJA HOT	3.00	3.99	0.99	33.00
TRANS HOT	17.60	23.40	5.80	32.95
ETERNA	15.85	21.00	5.15	32.49
STERLING	2.57	3.36	0.79	30.74
CHAM	0.57	0.74	0.17	29.82
RT BRISCOE	0.44	0.57	0.13	29.55
OMATEK	0.28	0.36	0.08	28.57
FTN COCOA	1.90	2.39	0.49	25.79
NAHCO	15.00	18.25	3.25	21.67
THOMAS WYT	1.30	1.57	0.27	20.77

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
SECURE	0.38	0.33	(0.05)	(13.16)
GUINEA	0.24	0.21	(0.03)	(12.50)
UNIVERSAL	0.24	0.21	(0.03)	(12.50)
SOV. TRUST	0.55	0.49	(0.06)	(10.91)
PHARMAEKO	2.00	1.80	(0.20)	(10.00)
RED STAR	3.50	3.15	(0.35)	(10.00)
CORNERSTON	1.22	1.10	(0.12)	(9.84)
CI LEASING	3.88	3.50	(0.38)	(9.79)
IEI	1.57	1.45	(0.12)	(7.64)
BERGER PAIN	10.45	10.00	(0.45)	(4.31)

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 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 the bonus
United Ciptal 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 Special - 5	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	26th 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
Company	Dividend/Share	Bonus	Closure of Register	AGM Date	Payment Date
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	14th June 2023	15th June 2023
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	5th May 2023	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 May 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
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 ETF	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
Seplat Energy Plc	US 3 cents (N13.95k) Q1 I	Nil	19th May 2023	N/A	16th June 2023
Skyway Aviation Handling Company Plc	N0.16.5	Nil	5th June 2023	23rd June 2023	23rd June 2023
Skyway Aviation Handling Company Plc	N0.16.5	Nil	5th June 2023	23rd June 2023	23rd June 2023
Conoil Plc	N2.50	Nil	30th June 2023	TBA	TBA
Meristem Growth ETF	N0.40	Nil	24th May 2023	N/A	30th May 2023
Meristem Value ETF	N0.79	Nil	24th May 2023	N/A	30th May 2023
FBN Holdings Plc	N0.50	Nil	9th August 2023	15th August 2023	16th August 2023



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 30/06/2023												
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	29.95	31.20	1,470,312.89	90,000.00	1,560,312.89	360,312.89	30.03
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	12.25	9.88	601,380.06	9,000.00	610,380.06	230,380.06	60.63
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	7.00	5.66	343,645.75	9,000.00	352,645.75	135,145.75	62.14
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	25.00	20.87	1,227,306.25	67,500.00	1,294,806.25	492,306.25	61.35
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	34.25	31.20	1,681,409.56	13,500.00	1,694,909.56	494,909.56	41.24
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	15.75	18.20	773,202.94	67,500.00	840,702.94	140,702.94	20.10
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	35.00	29.90	1,718,228.75	13,500.00	1,731,728.75	581,728.75	50.59
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	34.10	36.92	1,674,045.73	96,750.00	1,770,795.73	350,795.73	24.70
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	285.00	339.30	13,991,291.25	900,000.00	14,891,291.25	1,841,291.25	14.11
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	21.30	26.59	1,045,664.93	68,400.00	1,114,064.93	91,564.92	8.96
			21,142,500.00					24,526,488.10		25,861,638.10	4,719,138.10	22.32

The Equity Portfolio Model which closed the previous week at 20.62% appreciated during the week, and closed the week at 22.32% (YTD). This can be compared with NGX All Share Index which closed at 15.52% in the previous week, also appreciated during the week and closed at +18.92% {YTD}. The EPM continued to appreciate during the week under review and out performed the All Share Index of the market. Some of the stocks that contributed positively are ZENITH, UBA, WAPCO, FLOUR MILLS, UCAP, 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)

Sterling Bank has recently signed an agreement with the Small & Medium Enterprises Development Agency of Nigeria (SMEDAN) to establish a comprehensive database of Small and Medium Scale Enterprises (SMEs) in the country. This will help in scaling intervention programmes and providing tailored solutions that truly contribute to the growth of SMEs. The signing ceremony took place in Lagos, where the chief executive officer of Sterling Bank, Mr. Abubakar Suleiman, expressed his optimism about the collaboration. He emphasised that genuine collaborations, driven by opportunity rather than regulation, often yield positive outcomes. He regarded this partnership as one of those promising ventures, highlighting that no external regulatory pressure compelled their cooperation. Suleiman stressed the MoU's significance while noting the critical role of data in economic development. He asserted that the agreement marks the beginning of a journey towards a formalised economy, enabling the government to intervene effectively when necessary.

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.

As liquidity improved this week, interbank rates further dropped. Weekly, the open repo rate (OPR) and Overnight rate (O/N) declined by 53.10% and 41.18% to 1.36bps and 2.00bps respectively.

Treasury Bills.

Similar to previous NTB auction, the buoyant liquidity induced strong demand at the auction as total subscription came in at N748.07bn, higher than N187.12bn offered. The DMO sold only the initial offer of N187.12bn with a spread of N1.75bn, N17.16bn and N168.21bn at the 91-day, 182-day, and 364-day respectively. Compared to the previous auction, the stop rate dropped across the three tenors to 2.87%, 4.37% and 6.23% accordingly

Foreign Currency (EXCHANGE RATE).

This week, the naira closed positive, appreciating by 12bps to N769.25/US\$1 at the Investor and Exporter FX window

OIL PRICE.

The Nigeria's oil price (WTI) appreciated slightly during the week under review. According to the latest data, the oil price closed at \$70.54 per barrel during the week, compared with \$69.16 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	23-Jun-23	30-Jun-23	W-o-W % Change
OPR (%)	2.90	1.36	53.10%
O/N (%)	3.40	2.00	41.18%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION June 30, 2023

Nigerian Treasury Bills Auction					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate	Previous rate (%)
				(%)	
91-days	1.75	7.15	1.75	2.87	4.89
182-days	17.16	37.43	17.16	4.37	5.12
364-days	168.21	708.89	708.89	6.23	8.24

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	23-Jun-23	30-Jun-23	W-o-W% Change
I&E FX	770.17	769.25	0.12%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

This report was prepared, issued and approved by Regency Assets Management Limited (RAML). The report is based on information from various sources that we believe are reliable. While due care has been taken in preparing it, investors are reminded that the stock prices fluctuate based on stock market forces.

This report is provided solely for the information of clients of RAML who are expected to make their own investment decisions. Regency Assets Management Limited accepts neither responsibility nor liability whatsoever for any loss arising from the use of this report. All opinions on this report constitute the authors best estimate judgment as of this date and are subject to change without notice. This report is for private circulation only. The report may not be reproduced distributed or published by any recipient for any