



Monday August 28, 2023

Nigeria's GDP Grows by 2.51% YoY in Real Terms in Q2 2023

Nigeria's Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in real terms in the second quarter of 2023. This growth rate is lower than the 3.54% recorded in the second quarter of 2022 and may be attributed to the challenging economic conditions being experienced. The performance of the GDP in the second quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 4.42% and contributed 58.42% to the aggregate GDP. The agriculture sector grew by 1.50%, an improvement from the growth of 1.20% recorded in the second quarter of 2022. The growth of the industry sector was -1.94% relative to -2.30% recorded in the second quarter of 2022. In terms of share to the GDP, agriculture, and the industry sectors contributed less to the aggregate GDP in the second quarter of 2023 compared to the second quarter of 2022. In the quarter under review, aggregate GDP stood at N52,103,927.13 million in nominal terms. This performance is higher when compared to the second quarter of 2022 which recorded aggregate GDP of N45, 004,520.89 million, indicating a year-on-year nominal growth of 15.77%. For better clarity, the Nigerian economy has been classified broadly into the oil and non-oil sectors (Pages 5 & 6).

The Oil Sector

The nation in the second quarter of 2023 recorded an average daily oil production of 1.22 million barrels per day (mbpd), lower than the daily average production of 1.43mbpd recorded in the same quarter of 2022 by 0.22mbpd and lower than the first quarter of 2023 production volume of 1.51 mbpd by 0.29mbpd. The real growth of the oil sector was -13.43% (year-on-year) in Q2 2023, indicating a decrease of 1.66% points relative to the rate recorded in the corresponding quarter of 2022 (-11.77%). Growth also decreased by 9.22% points when compared to Q1 2023 which was -4.21%. On a quarter-on-quarter basis, the oil sector recorded a growth rate of -14.12% in Q2 2023. The Oil sector contributed 5.34% to the total real GDP in Q2 2023, down from the figure recorded in the corresponding period of 2022 and down from the preceding quarter, where it contributed 6.33% and 6.21% respectively.

The Non-Oil Sector

The non-oil sector grew by 3.58% in real terms during the reference quarter (Q2 2023). This rate was lower by 1.19% points compared to the rate recorded in the same quarter of 2022 and 0.81% points higher than the first quarter of 2023. This sector was driven in the second quarter of 2023 mainly by Information and Communication (Telecommunication); Financial and Insurance (Financial Institutions); Trade; Agriculture (Crop production); Manufacturing (Food, Beverage & Tobacco); Construction; and Real Estate, accounting for positive GDP growth. In real terms, the non-oil sector contributed 94.66% to the nation's GDP in the second quarter of 2023, higher than the share recorded in the second quarter of 2022 which was 93.67% and higher than the first quarter of 2023 recorded as 93.79%

Capital Market Summary .

Analysis of the market activity in the week ended August 25, 2023 shows that the Nigerian equity market end the week on a bullish note. The NGX All Share Index and market capitalization of listed equities appreciated by 1.29% each from the opening figures of 64,721.09 and N35,422 trillion to close at 65,558.91 and N35,681 trillion respectively. Its year to date (YTD) return stands at +27.92%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+2.51%	June 30, 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)	24.08%	July, 2023
Monetary Policy Rate (MPR)	18.75%	July, 2023
Cash Reserve Ratio (CRR)	32.50%	July , 2023
Nigeria's Bonny Light Crude Oil	US\$87.44/Bar	August 18 2023
Nigeria's Gross External Reserves	US\$33.821bn	August 17, 2023

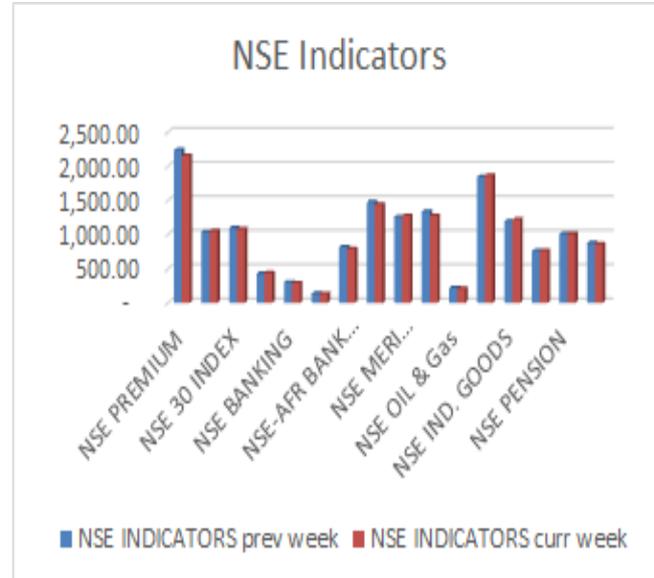
Source: Central Bank of Nigeria (CBN)

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 28/08/23-01/09/2023)

The NGXASI rebounded from its previous week's loss, gaining **+1.29%** after closing the week at 65,558.91 index points from 64,721.09 index points recorded the previous week, thereby returning a higher year-to-date gain of **+27.92%**, while investors gained N458.55bn as market capitalisation closed at N35.88trn. As predicted last week, The market may likely continue its bullish note during the week. The NASD OTC Security Index Market (NSI) posted a loss of **-0.22%** to close at 785.37 index points while market capitalisation fell to N1,100trn. The recent economic policies, low & attractive prices of some blue chip stocks, and release of impressive half year results may continue to impact positively on the market. In the coming week, we expect the market to sustain the bullish trend and close positive because investors may continue to take position ahead of expected 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. **DANGOTE CEMENT, UCAP PLC, UBA PLC, MTNN PLC., AFRIPRUD, FBNH, ACCESS PLC, WAPCO PLC , FCMB, 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=	No of shares	Total Assets N=	Div. Yield	ROCE	Remark		
	31/12/22	25/8/2023	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision		
ZENITH	24.00	32.75	36.46	2.10	3.20	49.79	62,617	58,198	1st Qter	48.98	36.40	18.90	15.60	42.58	1,441,557	29,431	13,359,216	9.77	4.34	BUY		
GTCO	23.00	36.10	56.96	2.04	3.10	70.43	58,167	43,208	1st Qter	28.53	38.50	16.80	17.70	46.93	975,624	34,199	6,740,338	8.59	5.96	HOLD		
ACCESS	8.50	16.55	94.71	2.06	1.50	112.35	71,656	57,825	1st Qter	39.28	19.80	7.50	8.03	21.52	1,396,236	35,545	15,742,015	9.06	5.13	BUY		
UBA	7.60	13.70	80.26	1.49	1.10	94.74	53,589	41,496	1st Qter	28.46	15.60	6.55	9.19	17.81	973,136	34,199	11,360,779	8.03	5.51	BUY		
FIDELITY	4.35	7.15	64.37	1.84	0.50	75.86	68,968	23,219	2nd Qter	13.27	9.82	2.87	3.89	9.30	384,446	28,975	5,052,206	6.99	17.94	BUY		
WAPCO	24.00	27.20	13.33	2.20	2.00	21.67	35,479	37,410	2nd Qter	26.03	31.50	20.10	12.36	35.36	419,365	16,108	654,695	7.35	8.46	BUY		
NAHCO	6.40	18.30	185.94	1.19	1.20	204.69	2,340	0.968	2nd Qter	4.66	20.00	5.12	15.38	23.79	9,082	1,949	18,218	6.56	25.77	HOLD		
NASCON	11.10	44.75	303.15	4.39	1.00	312.16	5,822	1,535	2nd Qter	8.39	28.20	9.50	10.19	58.18	22,215	2,649	68,482	2.23	26.21	HOLD		
FLOUR MILLS	28.40	29.50	3.87	2.87	2.15	11.44	10,018	17,040	3rd Qter	48.40	36.20	27.00	10.28	38.35	198,427	4,100	971,745	7.29	5.05	BUY		
MTNN	215.00	274.50	27.67	6.33	15.64	34.95	128,688	181,629	2nd Qter	12.76	288.00	185.00	43.36	356.85	259,817	20,354	3,137,844	5.70	49.53	BUY		
DANSUGAR	16.05	47.50	195.95	(2.30)	1.50	205.30	(27,987)	20,242	2nd Qter	10.29	32.80	15.00	(20.65)	61.75	125,035	12,146	565,999	3.16	(22.38)	HOLD		
DANCEM	261.00	360.00	37.93	10.39	20.00	45.59	178,603	105,851	2nd Qter	77.01	360.00	220.00	34.65	468.00	1,312,377	17,041	3,188,074	5.56	13.61	BUY		
NB	41.00	37.90	(7.56)	(5.73)	1.43	(4.07)	(47,599)	18,743	2nd Qter	11.86	48.80	28.80	(6.61)	49.27	121,839	10,276	677,980	3.77	(39.07)	BUY		
UCAP	11.60	14.30	23.28	1.63	1.50	36.21	2,441	2,309	1st Qter	4.45	17.10	9.00	8.77	18.59	26,707	6,000	727,504	10.49	9.14	BUY		
AFRIPRUD	6.00	5.95	(0.83)	0.21	0.50	7.50	0.415	0.936	2nd Qter	4.46	7.70	5.00	28.33	7.74	8,926	2,000	20,477	8.40	0.00	BUY		
NEM INS.	4.50	5.66	25.78	0.28	0.30	32.44	2,853	1,545	1st Qter	2.99	6.99	3.13	20.21	7.36	29,980	10,032	54,604	5.30	9.52	BUY		
CADBURY	11.90	13.80	15.97	(7.74)	0.40	19.33	(14,539)	3,345	2nd Qter	0.76	18.8	10.2	(1.78)	17.94	1,425	1,878	74,765	2.90	(1,020.28)	SELL/HOLD		
FBNH	11.25	16.55	47.11	5.19	0.50	51.56	187,176	56,536	2nd Qter	38.40	23.5	8.2	3.19	21.52	1,378,316	35,895	14,176,772	3.02	13.58	SELL/HOLD		
FCMB	3.51	5.97	70.09	3.58	0.25	77.21	35,410	13,663	2nd Qter	17.40	7.70	2.92	1.67	7.76	344,557	19,803	3,720,980	4.19	10.28	BUY		
GLAXO	6.15	10.60	72.36	0.13	0.55	81.30	0.155	0.194	1st Qter	8.10	8.9	5.4	81.54	13.78	9,688	1,196	30,750	5.19	0.00	BUY		
OKOMU	165.00	250.00	51.52	16.98	12.00	58.79	22,905	23,431	2nd Qter	40.66	250	157	14.72	325.00	38,786	954	89,516	4.80	59.05	SELL/HOLD		
PRESCO	137.50	208.00	51.27	21.47	2.50	53.09	21,466	19,320	4th Qter	42.65	220	110	9.69	270.40	42,647	1,000	145,087	1.20	50.33	SELL/HOLD		
PZ	12.10	17.40	43.80	2.82	1.01	52.15	11,214	5,641	3rd Qter	11.32	24	8.05	6.17	22.62	44,944	3,971	152,112	5.80	24.95	SELL/HOLD		
VITAFUAM	20.45	22.20	8.56	2.66	1.52	15.99	3,698	4,541	3rd Qter	12.80	23.6	16.8	8.35	28.86	16,007	1,251	44,716	6.85	23.10	SELL/HOLD		
STANBIC IBTC	33.45	64.50	92.83	2.16	2.00	98.80	28,861	15,068	1st Qter	33.76	70	27.5	29.86	83.85	437,417	12,957	3,212,273	3.10	6.60	BUY		
TRANSCORP	1.13	5.80	413.27	0.27	0.05	417.70	16,104	12,011	2nd Qter	4.34	4.95	0.98	21.48	7.54	176,350	40,648	495,336	0.86	9.13	BUY		

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

Forty six stocks depreciated in price during the week as against Fifty six stocks recorded in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 11,914 Exchange Traded Products valued at N3,980,185.17 in 72 deals were traded during the week compared with 30,336 units of Exchange Traded Products valued at N2,038,905.49 traded last week in 69 deals.

BOND MARKET

A total of 103,716 units of FGN Bond valued at N107,326,934.65 in 30 deals were traded during the week compared with 292,995 units of FGN Bond valued at N294,933,020.51 traded last week in 48 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1,812 M	1,689 M	7.28
Value N=	N29,299 B	N29,407 B	-0.37
Total Gain	32	29	10.34
Total Loss	46	56	17.86
Deals	31,163	29,477	5.72
All Share Index	65,558.91	64,721.09	1.29
Market Cap.	N=35,881 Trillion	N=35,422 Trillion	1.29

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
ABC	0.48	0.68	0.20	41.67
TRANSCORP	4.16	5.80	1.64	39.42
DANSUGAR	35.00	47.50	12.50	35.71
THOMAS WYI	1.29	1.70	0.41	31.78
CWG	3.80	5.00	1.20	31.58
NASCON	35.00	44.75	9.75	27.86
SCOA	1.17	1.40	0.23	19.66
BUA FOODS	139.90	165.00	25.10	17.94
RT BRISCOE	0.43	0.49	0.06	13.95
SFS REAL EST	76.20	83.80	7.60	9.97

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
TANTALIZER	0.40	0.29	(0.11)	(27.50)
RED STAR	3.50	2.89	(0.61)	(17.43)
DAAR COMM	0.32	0.27	(0.05)	(15.63)
GUINES INS	0.29	0.25	(0.04)	(13.79)
JAIZ	1.67	1.44	(0.23)	(13.77)
FBNH	18.80	16.55	(2.25)	(11.97)
PRESTIGE	0.54	0.48	(0.06)	(11.11)
NNFM	12.40	11.05	(1.35)	(10.89)
NB	42.50	37.90	(4.60)	(10.82)
SOV. TRUST II	0.47	0.42	(0.05)	(10.64)

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	31st August 2023	31st August 2023
Nigerian Enamelware Plc	Nil	3 for 2	14th March 2023	N/A	Company cancelled the bonus
United Captial Plc	N1.50	Nil	15th March 2023	27th March 2023	28th March 2023
Transcorp Hotels Plc	N0.13	Nil	20th March 2023	3rd April 2023	3rd April 2023
Dangote Sugar Refinery Plc	N1.50	Nil	27th March 2023	14th April 2023	15th April 2023
Lafarge Africa Plc	N2.00	Nil	11th April 2023	28th April 2023	28th April 2023
Seplat Energy Plc	Final - 2.5 cents Special - 5 cents	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	14th April 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	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	28th July 2023	28th 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	4th July 2023	27th July 2023	31st July 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	27th July 2023	28th July 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	4th July 2023	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 Interim	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
Northern Nigeria Flour Mills Plc	N0.35	Nil	23rd August 2023	7th September 2023	8th September 2023
University Press Plc	N0.10	Nil	6th September 2023	21st September 2023	21st September 2023
Learn Africa Plc	N0.25	Nil	11th September 2023	26th September 2023	27th September 2023
Academy Press Plc	N0.10	Nil	12th September 2023	14th September 2023	21th September 2023
Smart Products Nigeria Plc	N0.10	Nil	17th July 2023	24th August 2023	4th September 2023
Red Star Express Plc	N0.20	Nil	21st August 2023	14th September 2023	15th September 2023
Tripple Gee and Company Plc	N0.10	Nil	7th August 2023	24th August 2023	25th August 2023
Nigerian Exchange Group Plc (Interim)	N0.25	Nil	10th August 2023	N/A	31st August 2023
MTN Nigeria Communcations Plc (Interim)	N5.60	Nil	17th August 2023	N/A	24th August 2023

Source: Nigerian Stock Exchange (NSE) & Regency Research



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 25/08/2023												
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	27.20	31.20	1,335,309.20	90,000.00	1,425,309.20	225,309.20	18.78
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	13.70	9.88	672,563.83	9,000.00	681,563.83	301,563.83	79.36
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	7.15	5.66	351,009.59	9,000.00	360,009.59	142,509.59	65.52
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	44.70	20.87	2,194,423.58	67,500.00	2,261,923.58	1,459,423.58	181.86
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	32.75	31.20	1,607,771.19	13,500.00	1,621,271.19	421,271.19	35.11
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	14.30	18.20	702,019.18	67,500.00	769,519.18	69,519.17	9.93
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	36.10	29.90	1,772,230.23	13,500.00	1,785,730.23	635,730.23	55.28
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	29.50	36.92	1,448,221.38	96,750.00	1,544,971.38	124,971.38	8.80
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	360.00	339.30	17,673,210.00	900,000.00	18,573,210.00	5,523,210.00	42.32
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	22.20	26.59	1,089,847.95	68,400.00	1,158,247.95	135,747.95	13.28
			21,142,500.00					28,846,606.10		30,181,756.10	9,039,256.10	42.75

The Equity Portfolio Model which closed the previous week at 40.98% appreciated during the week, and closed the week at 42.75% (YTD). This can be compared with NGX All Share Index which closed at 26.28% in the previous week, appreciated during the week and closed at +27.92% {YTD}. The EPM appreciated during the week under review and out-performed the All Share Index of the market. Some of the stocks that contributed positively are DANCEM, DANGOTE SUGAR, GTCO, VITAFOAM, and UCAP PLC, 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)

Finance Act 2023 to Take Effect from September 1 2023

The Finance Act 2023, which amended certain provisions in the tax laws, was enacted on 28th May 2023 with an effective date of 15th May 2023. However, pursuant to the Finance Act (Effective Date Variation Order) 2023, the effective date was changed to 1st September 2023. Consequently, taxpayers, tax practitioners and the general public are hereby invited to take notice that the amended provisions shall take effect as follows: **1. VAT Withheld or Collected.** Section 14(3) of the VAT Act was amended to the effect that persons appointed to withhold or collect VAT shall remit the VAT withheld or collected on or before the 14th day of the month following the month in which the VAT was withheld or collected. Consequently, all VAT withheld or collected in August 2023 shall be remitted to FIRS on or before the 14th of September 2023. Similarly, VAT withheld or collected in subsequent months shall be remitted to FIRS not later than the 14th day of the month following that in which the VAT was withheld or collected. **2. VAT on Items Excluded from Building.** The definition of “building” was amended in Section 46 of the VAT Act to exclude any fixture or structure that can be easily removed from the land. Examples of items excluded are radio and television masts, transmission lines, cell towers, mobile homes, caravans and trailers. As such, all the items removed from the definition of land have become chargeable to VAT. Companies letting, trading in or providing services with such items must charge VAT at the prevailing rate with effect from 1st of September 2023. **3. Rate of Tertiary Education Tax (TET).** By the amendment to Section 1 (2) of TET Act, the rate of TET was changed to 3% of assessable profits. The new TET rate of 3% shall take effect for TET becoming due in respect of accounting period ending on or after 1st September 2023. **4. Investment Allowances and Convertible Currencies.** Sections 32, 34 and 37 of the Companies Income Tax Act (CITA) granting allowances in respect of capital expenditure incurred in certain circumstances, and tax exemption on income earned in convertible currencies from tourists by hotels have been repealed. Consequently, the said allowances and tax exemption are no longer available for tax returns becoming due in respect of accounting period ending on or after 1st September 2023.

INVESTMENT BASICS

Understanding Nigeria’s Exchange Rate

What has led to the Depreciation in the Value of the Naira?

Mid-June, the CBN announced the abolishment of the other rates in the official window, unifying all the rates therein. The most important part of the policy announcement was the devaluation of the Naira by 57% from N477/US\$ to N750/US\$. As of Aug 15, the official rate had dropped to N774/US\$

We believed at N477/US\$ that the Naira was overvalued, accounting for large speculative demand for the dollar.

What is the Structure of Nigeria’s Foreign Exchange Market?

The FX Market comprises the official window (including the IEFX window and other rates) and the Parallel /BDC segment. The Official window consists of regulated rates, while the Parallel /BDC segment operates informally. IEFX window is a component of the official window, catering to foreign investors and portfolio flows. The rate at the official window is determined through a *Managed Floating Rate System*. This way, the CBN sets a range within which the dollar’s value relative to the Naira is allowed to ‘float’ based on the demand and supply volume. However, when the value of the Dollar exceeds the upper threshold, the CBN ‘releases’ more Dollars than usual to the FX Market from the Foreign Reserves. This increases the supply of Dollars and makes the Naira appreciate against it, making it cheaper to import. Before July 2021, the CBN auctioned US\$10,000 twice per week at the rate of N393/US\$ to the BDCs on the condition that they sell at a margin of N2. A rule many BDCs violated by racketeering. BDCs have since had to rely on other sources besides the CBN. Before the devaluation, ‘friends of the government’ exploited segment discrepancies. They obtained FX at lower official rates in the official window and sold at higher BDC rates for substantial profits. The gap between the rates, although less, still incentivizes unscrupulous speculators to buy FX from the official window at a lower rate and resell at the parallel Market at a higher rate

Why is it Important to Achieve Relative Parity between the two segments?

Investors are wary of entering the economy at a lower official rate and exiting at a higher BDC rate.

Such discrepancy leads investors to lose capital and sometimes their gains. Investor confidence is thereby undermined

Does Illiquidity in the Official Window Sustain the Existence of the BDC?

The major reason buyers of FX patronize the informal market is the illiquidity in the official window.

Illiquidity in the official window creates a reliance on the BDC segment for liquidity needs. Example

Foreign Airlines cannot repatriate earnings (US\$812.2m) due to a lack of liquidity in the official window.

Oil Marketers resort to BDC for US\$25m - US\$35m to import petroleum products due to liquidity issues, which is why PMS pump price has increased. 70% of Manufacturers’ FX demand is met in the parallel market. Illiquidity in the official window pushes various entities to use the BDC segment for forex transactions. BDCs capitalize on demand due to liquidity shortages, sustaining their relevance.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

The money market maintained an upward trend throughout the week as system liquidity diminished. The N283bn NTB auction settlement during the week absorbed the N112bn bond coupon inflow that could have improved liquidity. Hence, the Open Repo Rate (OPR) and Overnight Rate soared to 24.25bps and 25.20bps, respectively.

Treasury Bills.

NTB PMA Subscriptions Spike to N1.54trn as Stop Rate Rises. Investors saw a rally at the NTB auction held on August 24, 2023, with subscriptions rising to N1.54trn as stop rates adjusted upward. This subscription is the highest since the naira redesign period when banks had large idle funds and stop rates settled above 14% for 364 days, indicating investors' responsiveness to higher coupon rates. However, despite the oversubscription across three tenors, only N283bn was allotted, or the exact amount offered. The 91-day, 182-day, and 364-day rates grew by 19bps, 210bps, and 417bps to 5.19%, 8.00% and 13.97% respectively. The upward adjustment might temporarily raise the government's obligations, but this is necessary to attract investors, particularly foreign investors, and reduce negative returns

Foreign Currency (EXCHANGE RATE).

After five weeks of consecutive gain, the naira depreciated by 526bps to N778.42/US\$ at the Investors and Exporters FX Windows this week.

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$79.73 per barrel during the week, compared with \$81.25 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	18-Aug-23	25-Aug-23	W-o-W % Change
OPR (%)	19.64	24.25	+23.47%
O/N (%)	19.79	25.2	+27.34%

Source:

TREASURY BILLS RATES

NTB AUCTION AUGUST 24, 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	17.24	9.96	5.19	5.00
182-days	10.21	12.35	10.21	8.00	5.90
364-days	285.04	1,513.57	285.04	13.97	9.80

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	18-Aug-23	25-Aug-23	W-o-W % Change
I&E FX	739.52	778.42	5.26%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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