



Monday September 25, 2023

Nation’s Reserves Shrink on Low Oil Production, Moderated Oil Prices and Capital Flight

Based on figures obtained from the Central Bank of Nigeria’s (CBN) data on movement of external reserves, the country’s external reserves fell by US\$2.96bn in H1 2023. The figures show that external reserves fell to US\$34.12bn as of 30 June 2023 from US\$37.1bn as of 30 December 2022 and \$33.97bn as of 20th July 2023. Though other sources like foreign remittances and loans, Eurobonds, foreign assets held in foreign currencies contribute to the nation’s external reserves, the major source of inflow is crude oil sales receipt. Therefore, gains in crude oil prices imply an increase in the nation’s foreign exchange reserves and for maximum gains, crude oil production numbers need to increase or at best remain consistent. Oil prices trended up last year, given the impact of the Russia-Ukraine war on the global energy market but the country failed to benefit from the high oil prices due to the drop in production numbers attributed to crude oil theft and the decrepit oil infrastructure. Again, failure to eliminate subsidies implied subsidy payments grew with rising crude oil prices as landing cost of refined petroleum also increases with higher crude prices. In 2023 however, crude oil prices started to moderate as the impact of the war began to wane. Recent efforts by the CBN to boost the country’s external reserves have had little or no impact. The CBN early last year announced the RT200 FX program to boost non-oil remittance into the reserve’s coffers. Precisely, the guideline stipulated that exporters will be paid N65.00 for every US\$1.00 repatriated and sold at the Investors & Exporters Foreign Exchange (I&E) to Authorized Dealing Banks (ADB) for other third-party use and N35.00 for every US\$1.00 repatriated and sold at the I&E window for own use on eligible transactions only. The new administration through the acting CBN Governor ended the initiative as it contributed little to increasing the FX reserves. Moreover, there were allegations of fraudulent practices by the exporters, worsening the FX situation. Another initiative was the CBN Naira 4 dollar scheme introduced in 2021. This entailed paying recipients of diaspora remittances through CBN licensed IMTOS N5 for every US\$1 received as remittance inflow. Again, this was ineffective as the parallel market premium was in several multiples of the N5 incentive.

Capital Market Summary . Analysis of the market activity in the week ended September 22, 2023 shows that the Nigerian equity market end the week on a bearish note. The NGX All Share Index and market capitalization of listed equities depreciated by 0.11% each from the opening figures of 67,395.74 and N36,886 trillion to close at 67,324.59 and N36,847 trillion respectively. Its year to date (YTD) return stands at +31.36%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+2.51%	June 30, 2023
Un-employment Rate	4.10%	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)	25.80%	August, 2023
Monetary Policy Rate (MPR)	18.75%	July, 2023
Cash Reserve Ratio (CRR)	32.50%	July , 2023
Nigeria’s Bonny Light Crude Oil	US\$98.19/Bar	September 13 2023
Nigeria’s Gross External Reserves	US\$33.29bn	September 13, 2023

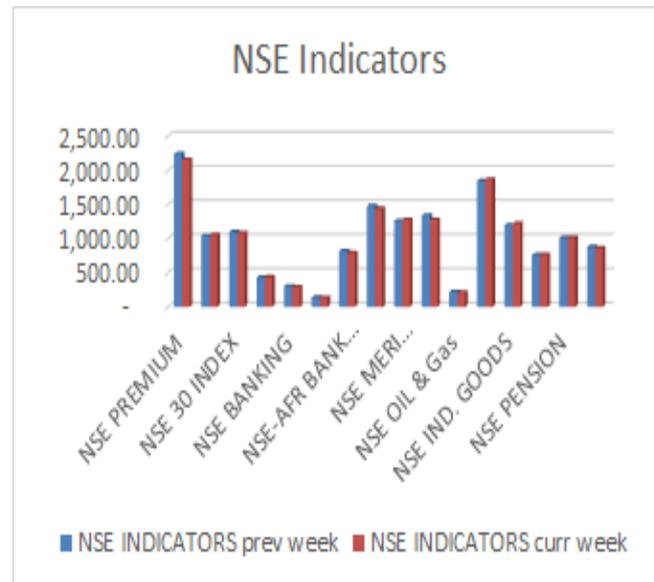
Source: Central Bank of Nigeria (CBN)

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 25/09/23-01/10/2023)

The market ended negatively by losing in three of the five trading days. The NGX ASI lost **-0.11%** to close at 67,324.59 index points from 67,395.74 index points posted the previous week as investors lost N38.94bn with the drop in market capitalization from N36.89trn last week to N36.85trn. With the market decline, the year-to-date (YTD) returns dropped slightly to **+31.36%** for the week from **+31.50%** the previous week. The unlisted OTC equity market recorded another week of bull dominance, with the NASD USI posting a gain of **+0.40%** from 805.65 index points to 808.85 index points reported the previous week,. We expect the coming week to be marked by a blend of factors, including sustained profit-taking and uncertain macroeconomic conditions, which are expected to caution investors' appetite in the equity market. However, the assumption of duty by the new CBN Governor and his team, and the out come of the MPC meeting during the week may impact on the performance of the equity market. 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, NEM INSURANCE, TRANSCORP, UBA PLC, MTNN PLC., FBNH, ACCESS PLC, WAPCO PLC , DANGOTE SUGAR, AND FCMB 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	22/9/2023	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision	
ZENITH	24.00	33.00	37.50	2.10	3.20	50.83	62,617	58,198	1st Qter	48.98	36.40	18.90	15.71	42.90	1,441,557	29,431	13,359,216	9.70	4.34	BUY	
GTCO	23.00	35.95	56.30	9.94	0.50	58.48	280,482	77,557	2nd Qter	35.10	38.50	16.80	3.62	46.74	1,200,507	34,199	8,509,893	1.39	23.36	HOLD	
ACCESS	8.50	17.25	102.94	2.06	1.50	120.59	71,656	57,825	1st Qter	39.28	19.80	7.50	8.37	22.43	1,396,236	35,545	15,742,015	8.70	5.13	BUY	
UBA	7.60	17.45	129.61	1.49	1.10	144.08	53,589	41,496	1st Qter	28.46	15.60	6.55	11.71	22.69	973,136	34,199	11,360,779	6.30	5.51	BUY	
FIDELITY	4.35	8.10	86.21	1.84	0.50	97.70	68,968	23,219	2nd Qter	13.27	9.82	2.87	4.40	10.53	384,446	28,975	5,052,206	6.17	17.94	BUY	
WAPCO	24.00	28.60	19.17	2.20	2.00	27.50	35,479	37,410	2nd Qter	26.03	31.50	20.10	13.00	37.18	419,365	16,108	654,695	6.99	8.46	BUY	
NAHCO	6.40	23.85	272.66	1.19	1.20	291.41	2,340	0.968	2nd Qter	4.66	23.00	5.12	20.04	31.01	9,082	1,949	18,218	5.03	25.77	HOLD	
NASCON	11.10	52.00	368.47	4.39	1.00	377.48	5,822	1,535	2nd Qter	8.39	59.50	9.50	11.85	67.60	22,215	2,649	68,482	1.92	26.21	HOLD	
FLOUR MILLS	28.40	31.60	11.27	7.25	2.25	19.19	29,504	28,015	audited	54.93	36.20	27.00	4.36	41.08	225,225	4,100	1,097,396	7.12	13.10	HOLD	
MTNN	215.00	269.00	25.12	6.33	15.64	32.39	128,688	181,629	2nd Qter	12.76	288.00	185.00	42.50	349.70	259,817	20,354	3,137,844	5.81	49.53	BUY	
DANSUGAR	16.05	56.25	250.47	(2.30)	1.50	259.81	(27,987)	20,242	2nd Qter	10.29	63.10	15.00	(24.46)	73.13	125,035	12,146	565,999	2.67	(22.38)	HOLD	
DANCEM	261.00	334.00	27.97	10.39	20.00	35.63	178,603	105,851	2nd Qter	77.01	360.00	220.00	32.15	434.20	1,312,377	17,041	3,188,074	5.99	13.61	BUY	
NB	41.00	39.50	(3.66)	(5.73)	1.43	(0.17)	(47,599)	18,743	2nd Qter	11.86	48.80	28.80	(6.89)	51.35	121,839	10,276	677,980	3.62	(39.07)	BUY	
UCAP	11.60	18.00	55.17	1.63	1.50	68.10	2,441	2,309	1st Qter	4.45	17.10	9.00	11.04	23.40	26,707	6,000	727,504	8.33	9.14	BUY	
AFRIPRUD	6.00	6.60	10.00	0.21	0.50	18.33	0.415	0.936	2nd Qter	4.46	7.70	5.00	31.43	8.58	8,926	2,000	20,477	7.58	0.00	BUY	
NEM INS.	4.50	5.50	22.22	0.28	0.30	28.89	2,853	1,545	1st Qter	2.99	6.99	3.13	19.64	7.15	29,980	10,032	54,604	5.45	9.52	BUY	
CADBURY	11.90	16.10	35.29	(7.74)	0.40	38.66	(14,539)	3,345	2nd Qter	0.76	18.8	10.2	(2.08)	20.93	1,425	1,878	74,765	2.48	(1,020.28)	SELL/HOLD	
FBNH	11.25	16.90	50.22	5.19	0.50	54.67	187,176	56,536	2nd Qter	38.40	23.5	8.2	3.26	21.97	1,378,316	35,895	14,176,772	2.96	13.58	SELL/HOLD	
FCMB	3.51	6.00	70.94	3.58	0.25	78.06	35,410	13,663	2nd Qter	17.40	7.70	2.92	1.68	7.80	344,557	19,803	3,720,980	4.17	10.28	BUY	
GLAXO	6.15	11.00	78.86	0.13	0.55	87.80	0.155	0.194	1st Qter	8.10	13.9	5.4	84.62	14.30	9,688	1,196	30,750	5.00	0.00	BUY	
OKOMU	165.00	263.00	59.39	16.98	12.00	66.67	22,905	23,431	2nd Qter	40.66	250	157	15.49	341.90	38,786	954	89,516	4.56	59.05	SELL/HOLD	
PRESCO	137.50	201.20	46.33	21.47	2.50	48.15	21,466	19,320	4th Qter	42.65	220	110	9.37	261.56	42,647	1,000	145,087	1.24	50.33	SELL/HOLD	
PZ	12.10	20.00	65.29	2.82	1.01	73.64	11,214	5,641	3rd Qter	11.32	24	8.05	7.09	26.00	44,944	3,971	152,112	5.05	24.95	SELL/HOLD	
VITAFOAM	20.45	24.70	20.78	2.66	1.52	28.22	3,698	4,541	3rd Qter	12.80	24	16.8	9.29	32.11	16,007	1,251	44,716	6.15	23.10	SELL/HOLD	
STANBIC IBTC	33.45	78.00	133.18	2.16	2.00	139.16	28,861	15,068	1st Qter	33.76	70	27.5	36.11	101.40	437,417	12,957	3,212,273	2.56	6.60	BUY	
TRANSCORP	1.13	6.32	459.29	0.27	0.05	463.72	16,104	12,011	2nd Qter	4.34	7.01	0.98	23.41	8.22	176,350	40,648	495,336	0.79	9.13	BUY	

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 51,116 units of Exchange Traded Products valued at N4,485,379.25 in 112 deals were traded during the week compared with 16,562 units of Exchange Traded Product valued at N2,657,745.39 traded last week in 73 deals.

BOND MARKET

A total of 95,921 units of FGN Bond valued at N98,305,044.05 in 27 deals were traded during the week compared with 94,257 units of FGN Bond valued at N103,269,555.58 traded last week in 33 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	3,911 M	2,933 M	33.34
Value N=	N30,379 B	N47,449 B	-35.98
Total Gain	48	32	50.00
Total Loss	40	53	24.53
Deals	38,536	44,654	-13.70
All Share Index	67,324.59	67,395.74	-0.11
Market Cap.	N=36,847 Trillion	N=36,886 Trillion	-0.11

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
SUNU ASS	0.79	1.05	0.26	32.91
ELLAH LAKES	3.30	4.25	0.95	28.79
E-TRANZACT	7.35	9.45	2.10	28.57
CHAMS	1.10	1.31	0.21	19.09
ABBEY	1.70	2.00	0.30	17.65
JAPPAUL	0.85	1.00	0.15	17.65
OMATEK	0.40	0.47	0.07	17.50
BERGER	11.00	12.75	1.75	15.91
JOHN HOLT	1.43	1.65	0.22	15.38
CHIPLC	0.92	1.05	0.13	14.13

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
TANTALIZER	0.38	0.30	(0.08)	(21.05)
GUINEA	0.29	0.23	(0.06)	(20.69)
MCNICHOLS	0.75	0.65	(0.10)	(13.33)
UNITY	1.24	1.10	(0.14)	(11.29)
SECURE	0.29	0.26	(0.03)	(10.34)
SCOA	1.40	1.26	(0.14)	(10.00)
SKYWAY	28.15	25.35	(2.80)	(9.95)
MULTIVERSE	3.02	2.72	(0.30)	(9.93)
BETA	51.85	46.70	(5.15)	(9.93)
GSK	12.20	11.00	(1.20)	(9.84)

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Closure of Register - Dividends and Bonuses

Company	Dividend/ Bonus	Closure of Register	AGM Date	Payment Date
PZ Cussons Nigeria Plc	N1.01	Nil	9th - 13th January 2023	25th January 2023
Vitafoam Nigeria Plc	N1.52	Nil	13th -17th February 2023	2nd March 2023
Geregu Power Plc	N8.00	Nil	28th February 2023	28th March 2023
MTN Nigeria Communcations Plc	N10.00	Nil	28th March 2023	18th April 2023
Nigerian Breweries Plc	N1.03	Nil	17th March 2023	26th April 2023
BUA Cement Plc	N2.80	Nil	14th August 2023	31st August 2023
Nigerian Enamelware Plc	Nil	3 for 2	14th March 2023	N/A
United Capital Plc	N1.50	Nil	15th March 2023	27th March 2023
Transcorp Hotels Plc	N0.13	Nil	20th March 2023	3rd April 2023
Dangote Sugar Refinery Plc	N1.50	Nil	27th March 2023	14th April 2023
Lafarge Africa Plc	N2.00	Nil	11th April 2023	28th April 2023
Seplat Energy Plc	Final - 2.5	Nil	19th April 2023	10th May 2023
Nestle Nigeria Plc	N36.5	Nil	24th April 2023	17th May 2023
NASCON Allied Industries Plc	N1.00	Nil	2nd May 2023	26th May 2023
Africa Prudential Plc	N0.50	Nil	17th April 2023	2nd May 2023
Custodian Investment Plc	N0.55	Nil	3rd April 2023	13th April 2023
Transnational Corporation Plc	N0.05	Nil	12th April 2023	26th April 2023
Consolidated Hallmark Insurance Plc	N0.03	Nil	14th April 2023	24th May 2023
Infinity Trust Mortgage Bank Plc	N0.06	Nil	17th April 2023	11th May 2023
FCMB Group Plc	N0.25	Nil	14th April 2023	28th April 2023
Zenith Bank Plc	N2.90	Nil	17th April 2023	2nd May 2023
United Bank for Africa Plc	N0.90	Nil	17th April 2023	27th April 2023
Unilever Nigeria Plc	N0.25	Nil	18th April 2023	4th May 2023
CWG Plc	N0.04	Nil	18th April 2023	28th April 2023
SFS Real Estate Investment Trust	N8.45	Nil	20th April 2023	N/A
Eterna Plc	N0.15	Nil	24th April 2023	11th May 2023
Okomu Oil Palm Company Plc	N12.00	Nil	25th April 2023	25th May 2023
TotalEnergies Marketing Nigeria Plc	N21.00	Nil	26th April 2023	1st June 2023
NEM Insurance Plc	N0.30	Nil	1st May 2023	18th May 2023
Nigerian Aviation Handling Company	N1.20	Nil	15th May 2023	26th May 2023
May & Baker Nigeria Plc	N0.30	Nil	17th May 2023	1st June 2023
Berger Paints Nigeria Plc	N0.70	Nil	27th April 2023	24th May 2023
Ecobank Transnational Incorporated	0.11 cents	Nil	26th May 2023	17th May 2023
ABC Transport Plc	N0.015	Nil	29th May 2023	TBA
Julius Berger Nigeria Plc	N2.50	Nil	29th May 2023	15th June 2023
Sunu Assurances Nigeria Plc	N0.03	Nil	31st May 2023	14th June 2023
AllCO Insurance Plc	N0.03	Nil	1st June 2023	8th June 2023
McNichols Consolidated Plc	N0.01	Nil	1st June 2023	27th July 2023
Cadbury Nigeria Plc	N0.40	Nil	5th June 2023	26th June 2023
Skyway Aviation Handling Company	N0.16.5	Nil	5th June 2023	30th June 2023
Chemical and Allied Products Plc	N1.55	Nil	2nd June 2023	15th June 2023
UAC of Nigeria Plc	N0.22	Nil	7th June 2023	21st June 2023
Trans-Nation Wide Express Plc	N0.02	Nil	12th June 2023	21st June 2023
Beta Glass Plc	N1.17	Nil	19th June 2023	6th July 2023
AXA Mansard Insurance Plc	N0.30	Nil	22nd June 2023	28th July 2023
Ikeja Hotel Plc	N0.075	1 for 3	5th July 2023	26th July 2023
LivingTrust Mortgage Bank Plc	N0.01	Nil	7th July 2023	25th July 2023
LivingTrust Mortgage Bank Plc	N0.012	Nil	7th July 2023	25th July 2023
LASACO Assurance Plc	N0.15	Nil	4th July 2023	27th July 2023
BUA Foods Plc	N4.50	Nil	4th September 2023	14th September 2023
Guaranty Trust Holding Company Plc	N2.80	Nil	2nd May 2023	11th May 2023
Glaxo SmithKline Consumer Nigeria	N0.55	Nil	5th May 2023	7th June 2023
Access Holdings Plc	N1.30	Nil	10th May 2023	24th May 2023
Wema Bank Plc	N0.30	Nil	10th May 2023	24th May 2023
Jaiz Bank Plc	N0.05	Nil	2nd June 2023	27th July 2023
NPF Microfinance Bank Plc	N0.10	Nil	9th May 2023	22nd June 2023
Industrial and Medical Gases Nigeria	N0.40	Nil	7th July 2023	21st July 2023
Fidelity Bank Plc	N0.40	Nil	15th May 2023	23rd May 2023
UH Real Estate Investment Trust	N2.10	Nil	16th May 2023	N/A
Multiverse Mining and Exploration Plc	(Interim Q1)	Nil	25th May 2023	N/A
Cornerstone Insurance Plc	(Interim Q1)	Nil	6th June 2023	N/A
Airtel Africa Plc	3.27 cents	Nil	22nd June 2023	4th July 2023
Vetiva Griffin 30 Exchange Traded F	N0.28	Nil	11th May 2023	N/A
Vetiva S&P Nigerian Sovereign Bond	N7.60	Nil	11th May 2023	N/A
Vetiva Banking ETF	N0.40	Nil	11th May 2023	N/A
Seplat Energy Plc	US 3 cents	Nil	19th May 2023	N/A
Skyway Aviation Handling Company	N0.16.5	Nil	5th June 2023	23rd June 2023
Skyway Aviation Handling Company	N0.16.5	Nil	5th June 2023	23rd June 2023
Conoil Plc	N2.50	Nil	30th June 2023	22nd September 2023
Meristem Growth ETF	N0.40	Nil	24th May 2023	N/A
Meristem Value ETF	N0.79	Nil	24th May 2023	N/A
FBN Holdings Plc	N0.50	Nil	9th August 2023	15th August 2023
Northern Nigeria Flour Mills Plc	N0.35	Nil	23rd August 2023	7th September 2023
University Press Plc	N0.10	Nil	6th September 2023	21st September 2023
Learn Africa Plc	N0.25	Nil	11th September 2023	26th September 2023
Academy Press Plc	N0.10	Nil	12th September 2023	14th September 2023
Smart Products Nigeria Plc	N0.10	Nil	17th July 2023	24th August 2023
Red Star Express Plc	N0.20	Nil	21st August 2023	14th September 2023
Tripple Gee and Company Plc	N0.10	Nil	7th August 2023	24th August 2023
Nigerian Exchange Group Plc (Interim)	N0.25	Nil	11th August 2023	N/A
MTN Nigeria Communcations Plc (Interim)	N5.60	Nil	17th August 2023	N/A
Cutix Plc	N0.12	Nil	18th August 2023	25th August 2023
Seplat Energy Plc (Interim)	3 US cents	Nil	18th August 2023	N/A
Custodian Investment Plc (Interim)	N0.15	Nil	21st August 2023	N/A
Presco Plc	N6.80	Nil	14th September 2023	29th September 2023
Stanbic IBTC ETF 30	N2.52	Nil	11th August 2023	N/A
SIAML Pension ETF 40	N6.49	Nil	11th August 2023	N/A
UPDC REIT Fund	N0.19	Nil	1st September 2023	N/A
Stanbic IBTC Holdings Plc (Interim)	N1.50	Nil	13th September 2023	NIL
Flour Mills of Nigeria Plc	N2.25	Nil	16th October 2023	9th November 2023
Fidelity Bank Plc (Interim)	N0.25	Nil	18th September 2023	N/A
Zenith Bank Plc (Interim)	N0.50	Nil	25th September 2023	N/A
United Bank for Africa Plc (Interim)	N0.50	Nil	27th September 2023	N/A
Guaranty Trust Holding Company Plc	N0.50	Nil	15th September 2023	N/A
Fidson Healthcare Plc	N0.55	Nil	10th July 2023	11th September 2023
Access Holdings Plc	N0.30	Nil	6th October, 2023	N/A



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 22/09/2023												
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	28.60	31.20	1,404,038.35	90,000.00	1,494,038.35	294,038.35	24.50
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	17.25	9.88	846,841.31	9,000.00	855,841.31	475,841.31	125.22
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	8.10	5.66	397,647.23	9,000.00	406,647.23	189,147.23	86.96
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	56.25	20.87	2,761,439.06	67,500.00	2,828,939.06	2,026,439.06	252.52
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	33.00	31.20	1,620,044.25	13,500.00	1,633,544.25	433,544.25	36.13
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	18.00	18.20	883,660.50	67,500.00	951,160.50	251,160.50	35.88
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	35.95	29.90	1,764,866.39	13,500.00	1,778,366.39	628,366.39	54.64
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	31.60	36.92	1,551,315.10	96,750.00	1,648,065.10	228,065.10	16.06
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	334.00	339.30	16,396,811.50	900,000.00	17,296,811.50	4,246,811.50	32.54
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	24.70	26.59	1,212,578.58	68,400.00	1,280,978.58	258,478.58	25.28
			21,142,500.00					28,839,242.26		30,174,392.26	9,031,892.26	42.72

The Equity Portfolio Model which closed the previous week at 50.07% depreciated during the week, and closed the week at 42.72% (YTD). This can be compared with NGX All Share Index which closed at 31.50% in the previous week, depreciated during the week and closed at +31.36% {YTD}. The EPM depreciated during the week under review and but still out-performed the All Share Index of the market. Some of the stocks that contributed positively are 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)

Nominated CBN governor and Deputy Governors Assumes Acting Duty.

Recently, President Bola Tinubu nominated Dr. Yemi Cardoso as the CBN governor and four other deputy governors, namely Emem Nnana Usoro, Muhammad Sani Abdullahi Dattijo, Philip Ikeazor and Bala M. Bello, for a term of five years at the first instance, pending their confirmation by the Nigerian senate. On Friday, September 22, the CBN issued a circular announcing Dr. Yemi Cardoso as the acting CBN governor and Deputy Governor-designate in acting capacities, sequel to the formal resignation of the former governor and deputy governors. The nominated governors are assuming the acting position pending the Senate confirmation. Whereas the intents are necessary for long-desired reforms of the banking regulator to sanitize the country's financial system, the approach and the haste of execution raise a few questions. Has the former CBN truly resigned? When did the erstwhile CBN governor and deputies resign, and under what conditions? Will appointing a new governor and deputy governors simultaneously not distort the institutional succession plan? Is the reform even a change of mission or guards? Amidst the governance reforms in the Central Bank of Nigeria (CBN), the apex bank decided to defer its 293rd Monetary Policy Committee (MPC) meeting, initially slated for September 25 and 26, 2023. The apex bank, however, did not provide reasons for the postponement. Speculation suggest that the CBN's move may be linked to the uncertainty around the leadership of the banking regulator. Meanwhile, at the recent MPC meeting in July, the apex bank increased the benchmark interest rate (MPR) by 25 basis points to 18.75% from 18.5%, representing the highest interest rate in 22 years.

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.

System liquidity recovered to a positive terrain this week following the coupon payments and other significant inflows. Hence, interbank rates dipped, with Open Repo Rate (OPR) and Overnight Rate settling at 2.58bps and 3.30bps, respectively.

Treasury Bills.

In this week's NTB primary auction, demand fell to N643.87bn from N875.75bn recorded at the previous session. The fall suggests waning interest in fixed-rate instruments as inflation rises and negative real return worsens. Nonetheless, total subscriptions (N643.87bn) were higher than the N150.18bn offered and sold by the Debt Management Office (DMO), with investors bidding for higher coupon rates. The stop rate attached to the 91-day and 364-day increased by 200bps and 43bps to 6.50% and 12.98%, respectively, while the 182-day stop rate stayed unchanged at 7.00%. Like previous auctions, the 364-day had the highest subscription, taking roughly 99% of the total subscription due to the double-digit rate, with lesser interest for the 91-day and 182-day.

Foreign Currency (EXCHANGE RATE).

This week, the naira maintained its incessant depreciation at the parallel market, racing toward N1000 at N995/US\$1 on Friday. Nevertheless, the value of the naira strengthened at the official window by 1.21% to close at N747.76 to a dollar.

OIL PRICE.

The Nigeria's oil price (WTI) depreciated slightly during the week under review. According to the latest data, the oil price closed at \$90.03 per barrel during the week, compared with \$90.58 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	15-Sep-23	22-Sep-23	W-o-W % Change
OPR (%)	23.64	2.58	89.09%
O/N (%)	24.42	3.3	86.49%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION SEPT. 13, 2023

NTB Auction Result September 14, 2023					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-days	1.10	1.27	1.10	6.50	4.50
182-days	0.92	3.93	0.92	7.00	7.00
364-days	150.18	638.67	150.18	12.98	12.55

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	15-Sep-23	22-Sep-23	W-o-W% Change
I&E FX	756.91	747.76	1.21%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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