



Monday October 16, 2023

Petrol Subsidy in Nigeria Oil Sector

Since the 1970s, Nigerians have accessed fuel at discounted prices on the back of the fuel subsidy provided by the government. The subsidy was introduced to keep the price of fuel affordable for citizens and stimulate economic activities to drive growth and development. However, the subsidy has become increasingly unsustainable amidst several irregularities in recent years. The subsidy structure is flawed, breathing corruption, mismanagement, and illegal profit-taking while eroding the country’s revenue. For instance, the price differences between Nigeria and neighbouring countries have fuelled smuggling, reflecting the wastage of government revenue for individual illegal profits. This dysfunctionality has roused the need for outright eradication of the subsidy in years past but has been boycotted by each administration, mostly scared of the adverse effects such as elevated inflation, threatened citizens’ well-being, social unrest (protests), political reputation, and others. Eventually, **President Tinubu announced the subsidy removal during his inaugural speech on May 29, 2023**. This resulted in higher PMS prices, hovering above N600/ per litre from the previous price of N197/litre. The deregulation led to a sharp drop in petroleum consumption as data published by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) showed average daily PMS consumption fell to 49.84m litres in June 2023 from 69.54m litres recorded in May. The consumption fell further to 45.47m in July. Nigerians had to lessen their PMS usage following the price surge, for instance, reducing mobility, trekking short distances, embracing virtual meetings, ridesharing, and many others. Thus, this adjustment might have slightly contributed to the consumption drop (28.31%). We suspect the upward adjustment of PMS prices in neighbouring countries benefiting from the previous subsidy regime disarmed smuggling, resulting in a fall in consumption. Although the subsidy removal resulted in economic hardship with inflation at a record high, higher cost of living and a challenging business environment, removing the subsidy has put the country on a roadmap to a better fiscal position and efficiency. The higher cost induced by the subsidy removal incentivizes the need for domestic refineries to produce more petroleum products over the current reliance on importation. Hence, the government will either prioritize fixing the dilapidated refineries or selling to private sectors, increasing employment and productivity. Also, the country’s revenue and borrowings will be channeled towards infrastructural development that will aid productivity, foreign investments, and Job creation.

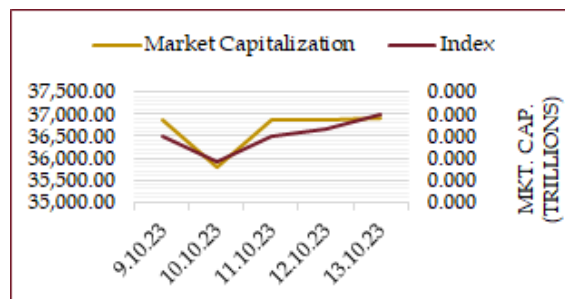
Capital Market Summary . Analysis of the market activity in the week ended October 13, 2023 shows that the Nigerian equity market end the week on a bullish note. The NGX All Share Index and market capitalization of listed equities appreciated by 1.12% each from the opening figures of 66,454.57 and N36,510 trillion to close at 67,200 and N36,922 trillion respectively. Its year to date (YTD) return stands at +31.1266%.

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\$93.26/Bar	October 06, 2023
Nigeria’s Gross External Reserves	US\$33.23bn	October 06, 2023

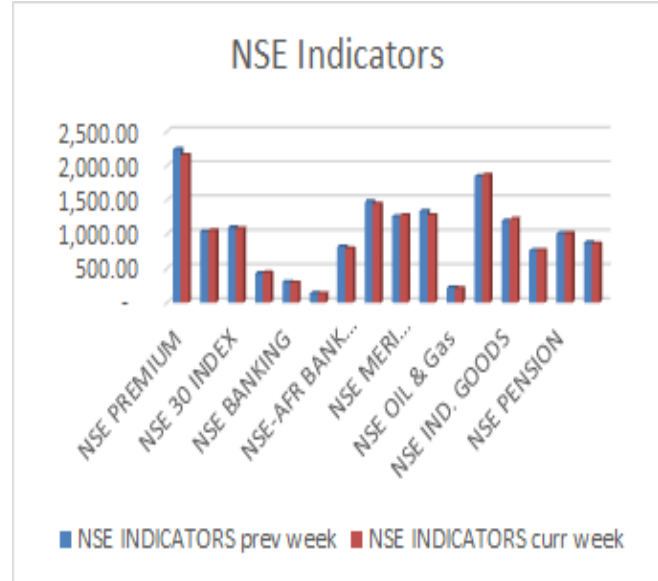
Source: Central Bank of Nigeria (CBN)

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 16/10/23-20/10/2023)

The NGX ASI opened the week at 67,101.33 index points and closed higher at 67,200.69 points, registering a gain of **+1.12%** for the week while market capitalisation appreciated to The year-to-date (YTD) returns rose to **+31.12%** this week from **+29.66%** in the previous week, while investors gained N409.91bn as market capitalization appreciated to N36.92trn. Market breadth closed positive for the week at **+0.058x** with 38 gainers against 33 losers, while 86 others remained flat. The NASD USI thus ended the week down at 816.41 index points from 819.56 points in the previous, registering a loss of **-0.38%**, while investors lost N4.27bn as market capitalisation dropped by **-0.38%**. We expect the market to sustain the gain during the week due to expectation of impressive Q3 results. 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., UCAP, ZENITH, ACCESS PLC, WAPCO PLC, DANGOTE SUGAR, NASCON AND FCMB PLC, while recommend CHIPLC, LASACO and OANDO as speculated stocks**

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. Yeld	ROCE	Remark
	31/12/22	13/10/2023	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision
ZENITH	24.00	32.00	33.33	9.29	3.20	46.67	291,731	111,413	2nd Qter	56.76	37.80	19.00	3.44	41.60	1,781,979	31,396	16,031,910	10.00	16.37	BUY
GTCO	23.00	34.70	50.87	9.94	3.10	64.35	280,482	77,557	2nd Qter	40.79	41.80	16.80	3.49	45.11	1,200,507	29,431	8,509,893	8.93	23.36	HOLD
ACCESS	8.50	15.85	86.47	2.06	1.50	104.12	71,656	57,825	2nd Qter	48.71	19.80	7.50	7.69	20.61	1,731,488	35,545	20,853,270	9.46	4.14	BUY
UBA	7.60	17.55	130.92	10.95	1.10	145.39	378,235	70,335	2nd Qter	50.07	18.00	6.55	1.60	22.82	1,712,362	34,199	15,382,382	6.27	22.09	BUY
FIDELITY	4.35	8.30	90.80	1.94	0.50	102.30	61,995	23,219	2nd Qter	12.58	9.82	2.87	4.28	10.79	402,597	32,000	5,052,206	6.02	15.40	BUY
WAPCO	24.00	29.40	22.50	2.20	2.00	30.83	35,479	37,410	2nd Qter	26.03	31.50	20.10	13.36	38.22	419,365	16,108	654,695	6.80	8.46	BUY
NAHCO	6.40	24.20	278.13	1.19	1.20	296.88	2,340	0.968	2nd Qter	4.66	25.95	5.12	20.34	31.46	9,082	1,949	18,218	4.96	25.77	HOLD
NASCON	11.10	55.00	395.50	4.39	1.00	404.50	5,822	1,535	2nd Qter	8.39	59.50	9.50	12.53	71.50	22,215	2,649	68,482	1.82	26.21	HOLD
FLOUR MILLS	28.40	32.50	14.44	7.25	2.25	22.36	29,504	28,015	audited	54.93	36.20	27.00	4.48	42.25	225,225	4,100	1,097,396	6.92	13.10	HOLD
MTNN	215.00	250.00	16.28	6.33	15.64	23.55	128,688	181,629	2nd Qter	12.76	288.00	185.00	39.49	325.00	259,817	20,354	3,137,844	6.26	49.53	BUY
DANSUGAR	16.05	60.70	278.19	(2.30)	1.50	287.54	(27,987)	20,242	2nd Qter	10.29	63.10	15.00	(26.39)	78.91	125,035	12,146	565,999	2.47	(22.38)	HOLD
DANCEM	261.00	310.10	18.81	10.39	20.00	26.48	178,603	105,851	2nd Qter	77.01	360.00	220.00	29.85	403.13	1,312,377	17,041	3,188,074	6.45	13.61	BUY
NB	41.00	42.00	2.44	(5.73)	1.43	5.93	(47,599)	18,743	2nd Qter	11.86	48.80	28.80	(7.33)	54.60	121,839	10,276	677,980	3.40	(39.07)	BUY
UCAP	11.60	16.50	42.24	1.63	1.50	55.17	2,441	2,309	2nd Qter	4.45	17.10	9.00	10.12	21.45	26,707	6,000	727,504	9.09	9.14	BUY
AFRIPRUD	6.00	7.00	16.67	0.21	0.50	25.00	0.415	0.936	2nd Qter	4.46	7.70	5.00	33.33	9.10	8,926	2,000	20,477	7.14	0.00	BUY
NEM INS.	4.50	5.00	11.11	0.064	0.30	17.78	2,853	1,545	1st Qter	2.99	6.99	3.13	78.13	6.50	29,980	10,032	54,604	6.00	9.52	BUY
CADBURY	11.90	15.00	26.05	(7.74)	0.40	29.41	(14,539)	3,345	2nd Qter	0.76	18.8	10.2	(1.94)	19.50	1,425	1,878	74,765	2.67	(1,020.28)	SELL/HOLD
FBNH	11.25	16.10	43.11	5.19	0.50	47.56	187,176	56,536	2nd Qter	38.40	23.5	8.2	3.10	20.93	1,378,316	35,895	14,176,772	3.11	13.58	SELL/HOLD
FCMB	3.51	5.90	68.09	3.58	0.25	75.21	35,410	13,663	2nd Qter	17.40	7.70	2.92	1.65	7.67	344,557	19,803	3,720,980	4.24	10.28	BUY
GLAXO	6.15	12.15	97.56	0.13	0.55	106.50	0.155	0.194	1st Qter	8.10	13.9	5.4	93.46	15.80	9,688	1,196	30,750	4.53	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	182.00	32.36	15.08	6.50	37.09	21,466	19,320	4th Qter	42.65	220	110	12.07	236.60	42,647	1,000	145,087	3.57	50.33	SELL/HOLD
PZ	12.10	17.55	45.04	2.82	1.01	53.39	11,214	5,641	3rd Qter	11.32	24	8.05	6.22	22.82	44,944	3,971	152,112	5.75	24.95	SELL/HOLD
VITAFUAM	20.45	23.30	13.94	2.66	1.52	21.37	3,698	4,541	3rd Qter	12.80	24	16.8	8.76	30.29	16,007	1,251	44,716	6.52	23.10	SELL/HOLD
STANBIC IBTC	33.45	80.00	139.16	5.12	2.52	146.70	67,919	15,068	2nd Qter	34.90	70	27.5	15.63	104.00	452,175	12,957	4,451,179	3.15	15.02	BUY
TRANSCORP	1.13	6.12	441.59	0.27	0.05	446.02	16,104	12,011	2nd Qter	4.34	7.01	0.98	22.67	7.96	176,350	40,648	495,336	0.82	9.13	BUY

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 13,290 units of Exchange Traded Products valued at N3,525,980.52 in 108 deals were traded during the week compared with 898,301 units of Exchange Traded Products valued at N25,894,531.83 traded last week in 107 deals.

BOND MARKET

A total of 52,703 units of FGN Bond valued at N54,688,015.25 in 32 deals were traded during the week compared with 46,199 units of FGN Bond valued at N46,063,727.84 traded last week in 23 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1,470 M	2,410 M	-39.00
Value N=	N24,431 B	N22,115 B	10.47
Total Gain	38	40	-5.00
Total Loss	33	36	8.33
Deals	29,683	27,965	6.14
All Share Index	67,200.00	66,454.57	1.12
Market Cap.	N=36,922 Trillion	N=36,510 Trillion	1.12

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
THOMAS WY	2.14	2.80	0.66	30.84
ABC	0.65	0.80	0.15	23.08
CHIPLC	1.02	1.15	0.13	12.75
BUA CEMENT	94.00	105.00	11.00	11.70
MCNICHOLS	0.60	0.66	0.06	10.00
CAPITAL HOT	2.75	3.02	0.27	9.82
UPL	2.15	2.36	0.21	9.77
ELLAH LAKES	3.97	4.35	0.38	9.57
NB	38.50	42.00	3.50	9.09
COURTVILLE	0.55	0.60	0.05	9.09

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
PRESTIGE	0.50	0.45	(0.05)	(10.00)
ROYALEX	0.52	0.47	(0.05)	(9.62)
PRESCO	201.20	182.00	(19.20)	(9.54)
FTN COCOA	1.80	1.64	(0.16)	(8.89)
DAAR COMM	0.23	0.21	(0.02)	(8.70)
REGENCY ASS	0.37	0.34	(0.03)	(8.11)
CUSTODIAN	7.65	7.20	(0.45)	(5.88)
ETI	16.00	15.15	(0.85)	(5.31)
STERLING	3.50	3.32	(0.18)	(5.14)
E-TRANZACT	9.40	9.00	(0.40)	(4.26)

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	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
United Capital 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	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	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	N1.20 Nil	15th May 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
AllCO 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	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	14th September 2023	14th September 2023
Guaranty Trust Holding Company Plc	N2.80 Nil	2nd May 2023	11th May 2023	11th May 2023
Glaxo SmithKline Consumer Nigeria	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	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) Nil	25th May 2023	N/A	14th June 2023
Cornerstone Insurance Plc	(Interim) 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 F	N0.28 Nil	11th May 2023	N/A	19th May 2023
Vetiva S&P Nigerian Sovereign Bond	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 Nil	19th May 2023	N/A	16th June 2023
Skyway Aviation Handling Company	N0.16.5 Nil	5th June 2023	23rd June 2023	23rd June 2023
Skyway Aviation Handling Company	N0.16.5 Nil	5th June 2023	23rd June 2023	23rd June 2023
Conoil Plc	N2.50 Nil	30th June 2023	22nd September 2023	29th September 2023
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	21st 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	11th August 2023	N/A	31st August 2023
MTN Nigeria Communcations Plc (Interim)	N5.60 Nil	17th August 2023	N/A	24th August 2023
Cutix Plc	N0.12 Nil	18th August 2023	25th August 2023	31st August 2023
Seplat Energy Plc (Interim)	3 US cents Nil	18th August 2023	N/A	30th August 2023
Custodian Investment Plc (Interim)	N0.15 Nil	21st August 2023	N/A	5th September 2023
Presco Plc	N6.80 Nil	14th September 2023	29th September 2023	3rd October 2023
Stanbic IBTC ETF 30	N2.52 Nil	11th August 2023	N/A	23rd August 2023
SIAML Pension ETF 40	N6.49 Nil	11th August 2023	N/A	23rd August 2023
UPDC REIT Fund	N0.19 Nil	1st September 2023	N/A	7th September 2023
Stanbic IBTC Holdings Plc (Interim)	N1.50 Nil	13th September 2023	NIL	27th September 2023
Flour Mills of Nigeria Plc	N2.25 Nil	16th October 2023	9th November 2023	10th November 2023
Fidelity Bank Plc (Interim)	N0.25 Nil	18th September 2023	N/A	22nd September 2023
Zenith Bank Plc (Interim)	N0.50 Nil	25th September 2023	N/A	29th September 2023
United Bank for Africa Plc (Interim)	N0.50 Nil	27th September 2023	N/A	6th October 2023
Guaranty Trust Holding Company Plc	N0.50 Nil	15th September 2023	N/A	25th September 2023
Fidson Healthcare Plc	N0.55 Nil	10th July 2023	11th September 2023	12th September 2023
Access Holdings Plc	N0.30 Nil	6th October, 2023	N/A	19th October 2023



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 13/10/2023												
				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	29.40	31.20	1,443,312.15	90,000.00	1,533,312.15	333,312.15	27.78
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	17.55	9.88	861,568.99	9,000.00	870,568.99	490,568.99	129.10
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	8.25	5.66	405,011.06	9,000.00	414,011.06	196,511.06	90.35
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	60.70	20.87	2,979,899.58	67,500.00	3,047,399.58	2,244,899.58	279.74
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	32.00	31.20	1,570,952.00	13,500.00	1,584,452.00	384,452.00	32.04
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	16.50	18.20	810,022.13	67,500.00	877,522.13	177,522.13	25.36
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	34.70	29.90	1,703,501.08	13,500.00	1,717,001.08	567,001.08	49.30
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	32.00	36.92	1,570,952.00	96,750.00	1,667,702.00	247,702.00	17.44
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	310.10	339.30	15,223,506.73	900,000.00	16,123,506.73	3,073,506.73	23.55
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	23.30	26.59	1,143,849.43	68,400.00	1,212,249.43	189,749.43	18.56
			21,142,500.00					27,712,575.13		29,047,725.13	7,905,225.13	37.39

The Equity Portfolio Model which closed the previous week at 37.16% appreciated during the week, and closed the week at 37.39% (YTD). This can be compared with NGX All Share Index which closed at 29.66% in the previous week, appreciated slightly during the week and closed at +31.12% {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 DANGOTE SUGAR, UBA, 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)

Court adjourns hearing in Oando shareholders' suit to November

The Federal High Court, Lagos Division, has adjourned the hearing in the petition filed by 14 shareholders of energy group, Oando Plc. This was revealed in a corporate notice filed by the group with the Nigerian Exchange Limited during the week. The statement signed by Company Secretary, Ayotola Jagun, revealed that the court further adjourned the hearing of the petition filed on March 25, 2021, by 14 shareholders of the Company to November 28, 2023. "The adjournment to November 28, 2023, is to enable the Company provide a further report of compliance with the Court's order dated June 7, 2022, which directed the Company to file its Scheme of Arrangement document (the "Scheme Document") with the Securities and Exchange Commission (SEC) and the NGX within 30 days, among other orders." Earlier in the year, the court adjourned the hearing in the case to October 10. The suit no: FHC/L/CP/494/2021, Venus Construction Company Limited & 13 others Vs. Ocean and Oil Development Partners & Oando PLC was filed in the court on March 25, 2021, by 14 shareholders of the company. The case was filed by Venus Construction Company Limited, acting by itself and on behalf of other minority shareholders of Oando, and was brought pursuant to sections 353, 354, and 355 of the Companies and Allied Matters Act 2020. OODP Limited and the company are the first and second respondents.

INVESTMENT BASICS

Private Equity in Nigeria

The interest varies across all sectors but one of the main sectors is the FMCG market. With 70 million Nigerians who might have \$1 a day in disposable income, the FMCG sector is perceived as a good sector for constant cash flow and for great profits. Private Equity (PE) is perceived as the solution to bridge the gap for pre-IPO stage companies. The success of NSE's goal of 1,000 listed companies is linked to the successful development of the PE sector in Nigeria. The Nigerian PE landscape is challenging, yet it's also an enormous opportunity.

Challenges/Roles in the private equity landscape

In Nigeria, there is a lot of capital available for deals, there is a lack of good deals. The main reason for this is people's attitudes to ownership, companies prefer to borrow than give up equity. In 2015, many businesses still have ownership of 100% for the founders. Many entrepreneurs rather have the whole business than a small piece of a huge pie. There is also a level of emotional ties to the business – many companies are family run and owned. There are businesses that are looking for private equity, especially considering the high interest rate they would pay if they borrowed. The interest rates are not sustainable, they are usually short term, two digit interest rate loans. The companies that are willing to give up the equity usually look for just an investment, not partners. This remains one of the main challenges for PE funds in finding deals – they want to help build the company they're investing in, rather than simply invest. There are huge number of businesses that need funds but only few get them. The main criteria is proper corporate governance and transparency. A company must have a very clear sense of what will be done with the funds raised – PE firms are looking to bridge a gap with their knowledge and capital, not simply invest in a prospective company. A PE fund is looking to grow with the entrepreneur, to cooperate with him. There is a desire to agree on the businesses strategic direction and fit it with the resources available, instead of simply putting executives in the business to run it. If a fund doesn't have a co-operation with the owners and a partnership mentality, it will find it very challenging to bring anything other than capital to the business – employees will return to their old ways as soon as the PE executives leaves. A private equity company induces a lot of discipline around corporate governance, brings expertise in the sector and networks. Some of the talent to run the businesses is returnees from abroad, but they usually give up after around 18 months due to the unstructured business nature. This is especially witnessed in the medical field, where nurses return home from other developed nations, just to find unstructured hospitals run on electricity generators. Many of the Nigerian doctors and nurses want to come home, but they request for institutions with high institutional practices and standards. Exit options for a PE fund is improving but are still limited. There is a lack of domestic fund participation – everyone is after the fixed income assets. Pension funds are allowed to invest 5% of their capital in PE, but they rarely do. There is a need for a positive cycle, companies being bought and sold, a sense of momentum. Lower interest rates would have a positive impact on this, as the domestic investors would invest in PE funds.

Future of Nigeria's private equity sector

A lot of the challenges PE faces is being successfully tackled. Many entrepreneurs are becoming better educated and understand the benefits of working with a PE firm – you give up some equity but also receive enormous support in terms of operations and management. The other option is the bank that will charge a company two digit interest rate. Equity is preferred and in many cases is the only option for the big multi-nationals, but the majority of Nigerian businesses are smaller than that. Some companies have been doing the same thing for 30 years and bringing in profits, yet still run their company out of the bedroom. There is plenty of room for growth for these companies, but they simply won't attract any private equity. This is creating the gap between the funds available and the companies that receive them. There are, however quite many elements in place that make equity more favourable over debt, so the outlook of the entrepreneurs is on equity over debt. It's perceived that once the Nigerian business landscape becomes more structured, it will be easier to attract PE

Conclusions

There are numerous challenges for private equity funds in Nigeria, yet the gap that they bridge is highly profitable. Due to the specific requirements for investments, PE deals are quite safe and profitable, especially if they have the chance to exit through the capital markets. The PE funds are run by people that know Africa in and out, know the operations and have Africa wide networks, bringing great deals as well as exit opportunities to other funds.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

As system liquidity remains buoyant, funding rates hovered below 2% throughout the week despite the CRR debits. Hence, the Open Repo Rate (OPR) stayed flat week-on-week while the Overnight Rate declined by 1.76% (W-o-W) to 1.67bps.

Treasury Bills.

The robust system liquidity drove high demand at the NTB auction held this week, with total subscriptions at N321.13bn against N36.56bn offered. The three tenors had oversubscription at N5.65bn, N9.65bn, and N305.83bn for 91-day, 181-day, and 364-day respectively, compared to N2.78bn, N3.02bn and N30.76bn offered. The stop rates dropped across the three tenors at 3.67%, 5.11%, and 9.25% for 91-day, 182-day and 364-day, respectively.

Foreign Currency (EXCHANGE RATE).

The value of the Naira to the dollar depreciated by 310bps week-on-week to close at N764.86/US\$1 at the official window this week. This reflects the high FX demand pressure as evidenced in the parallel market, which settled at N1049/US\$ to a dollar.

OIL PRICE.

The Nigeria's oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$87.69 per barrel during the week, compared with \$81.77 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

Money Market Rate			
	6-Oct-23	12-Oct-23	W-o-W % Change
OPR (%)	1.00	1.00	0.00%
O/N (%)	1.70	1.67	-1.76%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION OCTOBER 14, 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	2.78	5.65	2.78	3.67	4.90
182-days	3.02	9.65	3.02	5.11	6.55
364-days	30.76	305.83	30.76	9.25	11.37

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

Average Benchmark Yields			
	6-Oct-23	12-Oct-23	W-o-W% Change
I&E FX	741.85	764.86	3.10%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

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