



Monday January 01, 2023

Q3 2023 Foreign Trade Report.

We take a closer look at the National Bureau of Statistics (NBS) Q3 '23 foreign trade report to examine Nigeria's external trade patterns in agriculture. Nigeria's merchandise trade was up by 55% q/q to NGN18.8trn. The trade value comprises of an export trade figure of NGN10.4trn and an import trade value of NGN8.5trn. Consequently, the net trade position resulted in a higher net trade surplus of NGN1.9trn, compared with a revised surplus of NGN708.9bn in Q1 '23. Nigeria's agricultural exports more than doubled y/y to NGN220.0bn. However, on a q/q basis, it declined -22% q/q. Consequently, its share of contribution to the country's exports was reduced to a paltry 2.1% from 4.4% in the previous quarter. Despite the government's sustained efforts in ramping up domestic food production and substituting imports, the quarterly drop in exports volume suggests that the country is still far off from achieving self-sufficiency. The top three export products during the quarter were superior quality cocoa beans, other cut flower and flower buds and sesamum seeds with values of NGN42.2bn, NGN36.3bn and NGN23.2bn respectively. The top destinations for Nigeria's agricultural exports were Asia (NGN122.5bn), Europe (NGN60.0bn) and America (NGN33.3bn). Specifically, export destinations for 'superior quality cocoa beans' were Indonesia (NGN15.1bn) and Netherlands (NGN12.1bn). With respect to imports, the value of agricultural products increased by 42% q/q and 25% y/y to NGN643.7bn. Durum wheat (not in seeds), mackerel and hydrogenated vegetable fats were the three most agricultural products imported into the country. Additionally, imports were mostly sourced from Europe (NGN360.1bn), America (NGN153.8bn) and Asia (NGN110.7bn). The nation's external trade position in agriculture has always resulted in trade deficits to as far back as we can track. In line with this trend, the latest foreign trade report shows a trade deficit of -NGN423.7bn.

Capital Market Summary .

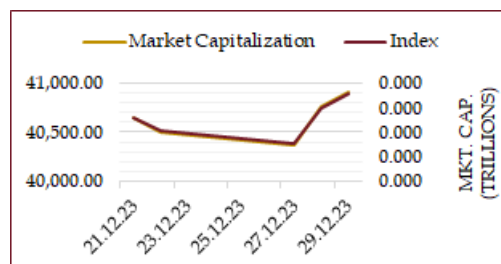
Analysis of the market activity in the week ended December 29, 2023 shows that the Nigerian equity market continued with the bullish trend. The NGX All Share Index of listed equities appreciated by 1.01% each from the opening figures of 74,023.27 and N40,507 trillion to close at 74,773.77 and N40,918 trillion respectively. Its year to date (YTD) return stands at +45.90%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+2.51%	June 30, 2023
Un-employment Rate	4.10%	June 30, 2023
Broad Money Supply (M2)	N54,191,661.32	July , 2023
Money Supply (M1)	N21,352,527.87	July , 2023
Consumer Price Index (YOY)	28.20%	November , 2023
Monetary Policy Rate (MPR)	18.75%	December 21, 2023
Cash Reserve Ratio (CRR)	32.50%	December 21 , 2023
Nigeria's Bonny Light Crude Oil	US\$82.44/Bar	December 21, 2023
Nigeria's Gross External Reserves	US\$32.786bn	December 20, 2023

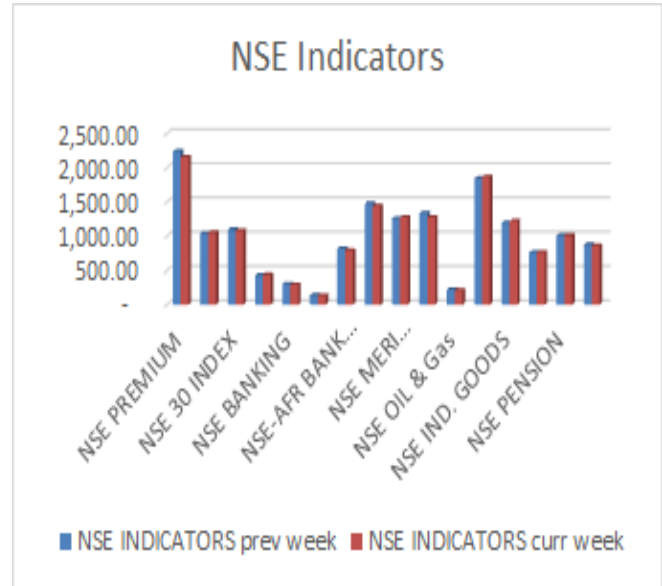
Source: Central Bank of Nigeria (CBN)

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 01/01/24-05/01/2024)

The Nigerian Equity Market ended year 2023 with a fourth consecutive annual gain, registering a gain of **+45.90%** in FY 2023 from 19.98% in FY 2022 as market capitalization gained N13trn to close at N40.92trn. The strong buy-interest in stocks within the Growth, Banking, Oil and Gas, and Dividend Yield Indexes, which posted over 100% YTD return, supported market performance for the year. For the week, the All-Share Index (ASI) recorded a tenth consecutive week of gains, up **+1.01%** from 74,023.27 index points in the previous week to 74,773.77 points in the last trading week of the year. The Unlisted OTC market fell in the last trading week of the year but posted a positive year-to-date return of **+30.81%**. Weekly, the NASD NSI closed negative at **-0.22%** from 929.50 index points in the previous week to 927.47 index points. With an impressive YTD return of 45.90% (from 19.98% in 2022) in the equity market this year, we expect the market to maintain its positive performance in 2024 as investors position in both technical and fundamentally sound stocks. With consistent rallies in the banking, oil and gas, and consumer goods sectors, we expect their bullish sentiments to continue in year 2024 as investors are ready for impressive returns at the end of their financial year. 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. **WAPCO PLC, MTNN PLC., ACCESS PLC, DANGOTE SUGAR, NASCON, AND FCMB PLC. Multiverse, RT BRISCOE, OMATEK, CHAMS, LASACO and OANDO were recommended as speculative 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. Yield	ROCE	Remark
	31/12/22	29/12/2023	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision
ZENITH	24.00	38.65	61.04	13.82	3.20	74.38	434,172	174,331	3rd Qter	61.12	37.80	19.00	2.80	50.25	1,918,935	31,396	18,160,814	8.28	22.63	HOLD
GTCCO	23.00	40.50	76.09	12.98	3.10	89.57	367,417	130,348	3rd Qter	43.25	41.80	16.80	3.12	52.65	1,272,925	29,431	8,615,504	7.65	28.86	HOLD
ACCESS	8.50	23.15	172.35	6.92	1.50	190.00	250,444	136,914	3rd Qter	46.15	19.80	7.50	3.35	30.10	1,640,242	35,545	21,405,399	6.48	15.27	BUY
UBA	7.60	25.65	237.50	12.93	1.10	251.97	449,296	115,043	3rd Qter	51.99	18.00	6.55	1.98	33.35	1,778,139	34,199	16,222,620	4.29	25.27	HOLD
FIDELITY	4.35	10.85	149.43	1.94	0.50	160.92	91,759	23,219	3rd Qter	12.84	9.82	2.87	5.59	14.11	410,752	32,000	5,413,655	4.61	22.34	HOLD
WAPCO	24.00	31.50	31.25	2.44	2.00	39.58	39,305	44,900	3rd Qter	26.27	31.50	20.10	12.91	40.95	423,191	16,108	653,598	6.35	9.29	BUY
NAHCO	6.40	25.40	296.88	2.53	1.20	315.63	4,964	2,107	3rd Qter	6.00	25.95	5.12	10.04	33.02	11,696	1,949	21,913	4.72	42.44	HOLD
NASCON	11.10	53.75	384.23	5.54	1.00	393.24	11,008	2,882	3rd Qter	10.34	59.50	9.50	9.70	69.88	27,403	2,649	78,273	1.86	40.17	BUY
FLOUR MILLS	28.40	33.05	16.37	(2.43)	2.25	24.30	(8,529)	5,700	2nd Qter	52.85	36.20	27.00	(13.60)	42.97	216,704	4,100	1,316,248	6.81	(3.94)	BUY
MTNN	215.00	264.00	22.79	7.06	15.64	30.07	148,091	270,339	3rd Qter	15.20	288.00	185.00	37.39	343.20	309,367	20,354	3,078,929	5.92	47.87	BUY
DANSUGAR	16.05	57.00	255.14	(2.22)	1.50	264.49	(27,987)	4,590	3rd Qter	10.37	63.10	15.00	(25.68)	74.10	126,000	12,146	616,547	2.63	(22.21)	BUY
DANCEM	261.00	319.90	22.57	16.08	20.00	30.23	277,548	213,101	3rd Qter	80.16	360.00	220.00	19.89	415.87	1,366,010	17,041	3,344,733	6.25	20.32	BUY
NB	41.00	36.00	(12.20)	(6.89)	1.43	(8.71)	(57,195)	14,755	3rd Qter	10.94	48.80	28.80	(5.22)	46.80	112,461	10,276	707,843	3.97	(50.86)	BUY
UCAP	11.60	23.00	98.28	1.88	1.50	111.21	8,469	7,715	3rd Qter	10.20	17.10	9.00	12.23	29.90	61,212	6,000	732,498	6.52	13.84	HOLD
AFRIPRUD	6.00	7.40	23.33	0.44	0.50	31.67	0.871	1,290	3rd Qter	4.86	7.70	5.00	16.82	9.62	9,722	2,000	23,731	6.76	0.01	BUY
NEM INS.	4.50	6.30	40.00	0.52	0.30	46.67	5,207	3,955	3rd Qter	3.08	6.99	3.13	12.12	8.19	30,870	10,032	65,984	4.76	16.87	BUY
CADBURY	11.90	19.00	59.66	(5.45)	0.40	63.03	(10,242)	2,817	3rd Qter	1.53	18.8	10.2	(3.49)	24.70	2,872	1,878	76,446	2.11	(356.62)	SELL/HOLD
FBNH	11.25	23.55	109.33	6.54	0.50	113.78	236,502	91,202	3rd Qter	38.27	23.5	8.2	3.60	30.62	1,373,853	35,895	14,455,659	2.12	17.21	BUY
FCMB	3.51	7.40	110.83	3.58	0.25	117.95	35,410	13,663	2nd Qter	17.40	7.70	2.92	2.07	9.62	344,557	19,803	3,720,980	3.38	10.28	BUY
GLAXO	6.15	17.00	176.42	0.37	0.55	185.37	0.448	0.484	3rd Qter	7.80	13.9	5.4	45.95	22.10	9,323	1,196	29,367	3.24	0.00	SELL/HOLD
OKOMU	165.00	260.00	57.58	21.93	12.00	64.85	29,225	24,620	3rd Qter	45.61	250	157	11.86	338.00	43,508	954	79,034	4.62	67.17	SELL/HOLD
PRESCO	137.50	193.00	40.36	23.47	6.50	45.09	23,473	15,878	3rd Qter	50.83	220	110	8.22	250.90	50,833	1,000	159,205	3.37	46.18	SELL/HOLD
PZ	12.10	26.70	120.66	2.82	1.01	129.01	11,214	5,641	3rd Qter	11.32	24	8.05	9.47	34.71	44,944	3,971	152,112	3.78	24.95	SELL/HOLD
VITAFOAM	20.45	22.00	7.58	2.66	1.52	15.01	3,698	4,541	3rd Qter	12.80	24	16.8	8.27	28.60	16,007	1,251	44,716	6.91	23.10	SELL/HOLD
STANBIC IBTC	33.45	69.65	108.22	5.12	2.52	115.75	109,249	15,068	3rd Qter	36.36	70	27.5	13.60	90.55	471,055	12,957	4,674,057	3.62	23.19	SELL/HOLD
TRANSCORP	1.13	8.66	666.37	0.36	0.05	670.80	22,738	19,031	3rd Qter	4.42	7.01	0.98	24.06	11.26	179,826	40,648	479,826	0.58	12.64	BUY

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

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

LOSERS FOR THE WEEK

Twenty four stocks depreciated in price during the week as against Thirty five stocks in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS

(ETP)

A total of 30,505 units of Exchange Traded Products valued at N12,349,739.96 in 236 deals were traded during the week compared with 13,515 units of Exchange Traded Products valued at N16,978,247.23 traded last week in 263 deals.

BOND MARKET

A total of 43,710 units of FGN Bond valued at N46,280,016.74 in 23 deals were traded during the week compared with 3,521 units of FGN Bond valued at N3,710,128.63 traded last week in 10 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1.186 M	2,474 M	-52.06
Value N=	N31,425 B	N53,787 B	-41.58
Total Gain	65	55	18.18
Total Loss	24	35	31.43
Deals	23,969	35,848	33.14
All Share Index	74,773.77	74,023.27	1.01
Market Cap.	N=40,918 Trillion	N=40,507 Trillion	1.01

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
MULTIVERSE	13.97	18.57	4.60	32.93
IGL	10.15	13.45	3.30	32.51
INFINITY	4.53	6.00	1.47	32.45
DAAR COMM	0.69	0.90	0.21	30.43
UPDC REAL	4.95	6.40	1.45	29.29
MCNICHOLS	0.65	0.84	0.19	29.23
CHIPLC	1.15	1.47	0.32	27.83
IKEJA HOT	4.90	6.00	1.10	22.45
JAIZ	1.60	1.94	0.34	21.25
ABBEY MORT	1.84	2.22	0.38	20.65

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
DEAP CAPITAL	0.69	0.58	(0.11)	(15.94)
UACN	15.00	12.85	(2.15)	(14.33)
RT BRISCOE	0.67	0.61	(0.06)	(8.96)
NAHCO	26.85	25.40	(1.45)	(5.40)
SUNU	1.16	1.10	(0.06)	(5.17)
STERLING	4.50	4.29	(0.21)	(4.67)
FTN COCOA	1.55	1.48	(0.07)	(4.52)
TANTALIZERS	0.49	0.47	(0.02)	(4.08)
JAPPAUL	1.75	1.70	(0.05)	(2.86)
OANDO	10.80	10.50	(0.30)	(2.78)

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

STOCK PERFORMANCE ON NGX IN YEAR 2023

COMPANY	30/12/2022 N=	29/12/2023 N=	Appreciation N=	Appreciation %	RATING
TRANSCOHOT	6.25	70.18	63.93	1,022.88	1
CHAMS	0.22	1.97	1.75	795.45	2
CWG	1.01	8.30	7.29	721.78	3
TRANSCORP	1.13	8.66	7.53	666.37	4
MRS	14.10	105.00	90.90	644.68	5
JAPAUFGOLD	0.28	1.70	1.42	507.14	6
IKEJAHOTEL	1.05	6.00	4.95	471.43	7
FTNCOCOA	0.29	1.48	1.19	410.34	8
NASCON	11.10	53.75	42.65	384.23	9
MULTIVERSE	3.98	18.57	14.59	366.58	10
MECURE	2.96	12.00	9.04	305.41	11
NAHCO	6.40	25.40	19.00	296.88	12
DANGSUGAR	16.05	57.00	40.95	255.14	13
UBA	7.60	25.65	18.05	237.50	14
CONOIL	26.50	83.90	57.40	216.60	15
STERLNBANK	1.40	4.29	2.89	206.43	16
BUAFOODS	65.00	193.40	128.40	197.54	17
UNITYBNK	0.55	1.62	1.07	194.55	18
DEAPCAP	0.20	0.58	0.38	190.00	19
THOMASWY	0.97	2.70	1.73	178.35	20
GLAXOSMITH	6.15	17.00	10.85	176.42	21
MANSARD	2.00	5.50	3.50	175.00	22
ACCESSCORP	8.50	23.15	14.65	172.35	23
TRIPPLEG	0.79	2.15	1.36	172.15	24
OANDO	3.92	10.50	6.58	167.86	25
GEREGU	149.00	399.00	250.00	167.79	26
FIDELITYBK	4.35	10.85	6.50	149.43	27
PZ	11.35	26.70	15.35	135.24	28
TANTALIZERS	0.20	0.47	0.27	135.00	29
RTBRISCOE	0.26	0.61	0.35	134.62	30
CORNERST	0.60	1.40	0.80	133.33	31
CHIPLC	0.67	1.47	0.80	119.40	32
LASACO	0.87	1.90	1.03	118.39	33
BERGER	6.00	13.00	7.00	116.67	34
FBNH	10.90	23.55	12.65	116.06	35
SCOA	0.92	1.98	1.06	115.22	36
UPDCREIT	3.00	6.40	3.40	113.33	37
JAIZBANK	0.92	1.94	1.02	110.87	38
SEPLAT	1,100.00	2,310.00	1,210.00	110.00	39
STANBIC	33.45	69.65	36.20	108.22	40
ETERNA	6.69	13.85	7.16	107.03	41
LINKASSURE	0.40	0.80	0.40	100.00	42
TOTAL	193.00	385.00	192.00	99.48	43
ETI	10.60	20.90	10.30	97.17	44
MBENEFIT	0.27	0.53	0.26	96.30	45
FIDSON	9.00	17.50	8.50	94.44	46
FCMB	3.85	7.40	3.55	92.21	47
VERITASKAP	0.20	0.37	0.17	85.00	48
IMG	7.40	13.45	6.05	81.76	49
CAVERTON	0.99	1.79	0.80	80.81	50
GTCO	23.00	40.50	17.50	76.09	51
JBERGER	24.50	43.00	18.50	75.51	52
CILEASING	3.20	5.60	2.40	75.00	53
E-TRANZACT	3.50	6.05	2.55	72.86	54
WAPIC	0.40	0.68	0.28	70.00	55
LIVESTOCK	1.09	1.85	0.76	69.72	56
UCAP	14.00	23.00	9.00	64.29	57
ZENITHBANK	24.00	38.65	14.65	61.04	58
CADBURY	11.90	19.00	7.10	59.66	59
MEYER	2.27	3.59	1.32	58.15	60
OKOMUOIL	165.00	260.00	95.00	57.58	61
REGALINS	0.25	0.38	0.13	52.00	62
CUSTODIAN	5.95	9.00	3.05	51.26	63
ACADEMY	1.29	1.94	0.65	50.39	64
BETAGLAS	39.60	59.40	19.80	50.00	65
SOVRENINS	0.28	0.42	0.14	50.00	66
MCNICHOLS	0.57	0.84	0.27	47.37	67
LEARNAFRCA	2.20	3.19	0.99	45.00	68
GUINEAINS	0.20	0.29	0.09	45.00	69
WEMABANK	3.90	5.60	1.70	43.59	70
HONYFLOUR	2.34	3.32	0.98	41.88	71
REDSTAREX	2.26	3.18	0.92	40.71	72
UPDC	0.91	1.28	0.37	40.66	73
PRESCO	137.50	193.00	55.50	40.36	74
NEM	4.50	6.30	1.80	40.00	75
NEIMETH	1.43	1.94	0.51	35.66	76
AIICO	0.59	0.80	0.21	35.59	77
WAPCO	24.00	31.50	7.50	31.25	78
UNIVINSURE	0.20	0.26	0.06	30.00	79
UNILEVER	11.60	14.80	3.20	27.59	80
UPL	1.90	2.40	0.50	26.32	81
UACN	10.25	12.85	2.60	25.37	82
AFRIPRUD	6.00	7.40	1.40	23.33	83
MTNN	215.00	264.00	49.00	22.79	84
DANGCEM	261.00	319.90	58.90	22.57	85
MAYBAKER	4.30	5.25	0.95	22.09	86
PRESTIGE	0.42	0.51	0.09	21.43	87
CAP	17.80	20.85	3.05	17.13	88
CUTIX	2.01	2.35	0.34	16.92	89
FLOURMILL	28.40	33.05	4.65	16.37	90
AIRTELAFRI	1,635.00	1,887.00	252.00	15.41	91
NPFMCRFBK	1.69	1.94	0.25	14.79	92
VITAFOAM	20.45	22.00	1.55	7.58	93
INTBREW	4.70	4.80	0.10	2.13	94
NESTLE	1,100.00	1,100.00	-	-	95



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 29/12/2023												
				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	31.50	31.20	1,546,405.88	90,000.00	1,636,405.88	436,405.88	36.37
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	25.65	9.88	1,259,216.21	9,000.00	1,268,216.21	888,216.21	233.74
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	10.50	5.66	515,468.63	9,000.00	524,468.63	306,968.63	141.14
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	57.00	20.87	2,798,258.25	67,500.00	2,865,758.25	2,063,258.25	257.10
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	38.65	31.20	1,897,415.46	13,500.00	1,910,915.46	710,915.46	59.24
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	23.00	18.20	1,129,121.75	67,500.00	1,196,621.75	496,621.75	70.95
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	40.50	29.90	1,988,236.13	13,500.00	2,001,736.13	851,736.13	74.06
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	33.05	36.92	1,622,498.86	96,750.00	1,719,248.86	299,248.86	21.07
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	319.90	339.30	15,704,610.78	900,000.00	16,604,610.78	3,554,610.78	27.24
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	22.00	26.59	1,080,029.50	68,400.00	1,148,429.50	125,929.50	12.32
			21,142,500.00					29,541,261.44		30,876,411.44	9,733,911.44	46.04

The Equity Portfolio Model which closed the previous week at 45.80% appreciated during the week, and closed at 46.04% (YTD). This can be compared with NGX All Share Index which closed at 44.43% in the previous week, appreciated during the week and closed at +45.90% {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 GTCO, UBA 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)

TGI Group Issues a Rebuttal Over Union Bank Acquisition. Our attention has been drawn to media reports emanating from purported documents allegedly submitted to the President by the Special Investigator probing the activities of the Central Bank of Nigeria, where he linked our ownership of Titan Trust and Union Banks to former CBN Governor, Godwin Emefiele. We want to categorically state that some of the assumptions made in the purported document were incorrect, thereby resulting in a conclusion that may not necessarily reflect the actual reality. The true facts of the case are as follows: Tropical General Investment Group (TGI) is the majority owner of Titan Trust and Union Banks. We have been doing business in Nigeria for close to 45 years and have evolved into one of the largest companies in West Africa. Today, TGI employs over 20,000 people spread through the length and breadth of Nigeria. We have over ₦3.75trillion in assets and as of 2022, our annual revenues stood at over ₦1.74 trillion. Our companies and entities are exemplary corporate citizens of Nigeria and pay over N50 billion annually in taxes to the government. The acquisition of Union Bank by Titan Trust Bank followed all the laid down rules and regulations. The approximately USD500 million capital used to pay for the transaction was transparent and unimpeachable. The entire transaction was managed by highly reputed global financial institutions including Rothschild and Citibank. And like most major acquisitions, the process took years to complete. As responsible corporate citizens, we are always willing, ready, and able to support stakeholders including regulators to learn and understand our Group and its operations.

INVESTMENT BASICS

Assets Allocation in Equity Management

Asset allocation refers to an investment strategy in which individuals divide their investment portfolios between different diverse asset classes to minimize investment risks. The [asset classes](#) fall into three broad categories: [equities](#), [fixed-income](#), and [cash and equivalents](#). Anything outside these three categories (e.g., real estate, commodities, art) is often referred to as alternative assets. For example, a portfolio can contain Stocks- Small-Cap Growth Stocks – 25%, Large-Cap Value Stocks – 15%, International stocks – 10%. Bonds- Government bonds – 15%. High yield bonds – 25%. Cash-Money market – 10%. Asset allocation strategies are classified into 2 major categories – Strategic Asset Allocation and Tactical Asset Allocation. Tactical Asset Allocation consists of techniques that aim to improve risk-adjusted portfolio returns by taking advantage of short-term opportunities while simultaneously staying on course to achieve long-term investment objectives. Strategic Asset Allocation refers to techniques that are aimed at providing a long-term focus on your investment portfolio. There are two common techniques of strategic asset allocation – the age-based asset allocation technique and the risk profile-based asset allocation technique.

Diversification. Diversification is a strategy that can be neatly summed up by the timeless adage, “don’t put all your eggs in one basket.” The strategy involves spreading your money among various investments in the hope that if one investment loses money, the other investments will more than make up for those losses. Many investors use asset allocation as a way to diversify their investments among asset categories. But other investors deliberately do not. For example, investing entirely in stock, in the case of a twenty-five year-old investing for retirement, or investing entirely in cash equivalents, in the case of a family saving for the down payment on a house, might be reasonable asset allocation strategies under certain circumstances. But neither strategy attempts to reduce risk by holding different types of asset categories. So choosing an asset allocation model won’t necessarily diversify your portfolio. Whether your portfolio is diversified will depend on how you spread the money in your portfolio among different types of investments. A diversified portfolio should be diversified at two levels: between asset categories and within asset categories. So in addition to allocating your investments among stocks, bonds, cash equivalents, and possibly other asset categories, you’ll also need to spread out your investments within each asset category. The key is to identify investments in segments of each asset category that may perform differently under different market conditions. One way of diversifying your investments within an asset category is to identify and invest in a wide range of companies and industry sectors. But the stock portion of your investment portfolio won’t be diversified, for example, if you only invest in only four or five individual stocks. You’ll need at least a dozen carefully selected individual stocks to be truly diversified.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

The interbank rate stayed elevated in 2023, hovering around double-digit territory given the depressed system liquidity. The Open Repo Rate (OPR) and Overnight Rate (O/N) appreciated by 36.54% and 28.17% YTD to close at 15.47bps and 15.06bps respectively.

Treasury Bills.

At this week's NTB auction, the DMO offered N67.02bn across 91-day, 182-day and 364-day papers and had a total subscription of N1.04trn. The three tenors were oversubscribed at N18.81bn, N50.40bn and N968.20bn against N1.75bn, N17.16bn, and N48.11bn offered for the 91-day, 182-day and 365-day respectively. The stop rates for 182-day and 364-day dropped to 10.00% and 12.24% from 11.00% and 13.0% at the last auction, while 91-day increased to 7.00% from 6.25% (see table 5 below).

Foreign Currency (EXCHANGE RATE).

The naira fluctuated severely in 2023 after the exchange rate aggregation on June 14. The value of the naira to dollar depreciated by 96.56% year-on-year and 2.40% week-on-week to settle at N907.11/US\$1 on Friday at the Nigerian Autonomous Foreign Exchange Market (NAFEM).

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 \$71.42 per barrel during the week, compared with \$73.56 recorded in the previous week.

NIGERIAN INTER BANK OFFER RATE NIBOR

	22-Dec-23	29-Dec-23	W-o-W % Change	YTD
OPR (%)	14.86	15.47	+4.10%	36.54%
O/N (%)	15.29	15.06	1.50%	28.17%

Source: Financial Markets Dealers Quotations (FMDQ)

TREASURY BILLS RATES

NTB AUCTION DECEMBER 27, 2023

NTB Auction Result December 27, 2023					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-day	1.75	18.81	17.61	7.00	6.25
182-day	17.16	50.40	30.67	10.00	11.00
364-day	48.11	968.20	268.74	12.24	13.50

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

	22-Dec-23	29-Dec-23	W-o-W % Change	YTD
NAFEM	885.88	907.11	2.40%	96.56%

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.

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