



Monday January 29, 2024

**Addressing Nigeria's Forex Liquidity Challenge**

Nigeria has a foreign exchange liquidity challenge crying for urgent, nuanced and sustainable solutions. To be sure, this liquidity problem long predated the President Bola Tinubu administration. But the foreign exchange reforms introduced by the administration, clearly necessary but obviously not well-sequenced, has triggered a rapid and seemingly unending depreciation in the value of the Naira against the US dollar and other major currencies.

At the close of business on Friday, the US dollar exchanged for N902.45 at the NAFEM window and N1, 350 in the parallel market. The Central Bank of Nigeria (CBN) surely has a key role to play here. But due to the many ramifications of the challenge, this is beyond what can be left to the CBN alone and beyond what can be approached in the current piece-meal, uncoordinated way. President Tinubu has to be in the lead, and has to take some difficult decisions. He needs to expand his toolkit and keep all the options on the table, weighing their pros and cons, and arriving at optimal decisions for the country. So, these are the options Nigeria has for boosting forex supply: The first option is to diversify and increase our export base. The oil and gas sector still accounts for more than 80% of our exports. This necessarily exposes us to the volatility of the oil market and other issues we will come to shortly. But clearly, we need to sell more things to the world to improve our balance of payments, expand our reserves and increase forex flows. The second option is to attract foreign investments, both direct and portfolio investments. The administration has introduced some reforms (including forex reforms) and the president and his team have been on the road to market Nigeria as a desirable and safe investment destination. All these moves are necessary and commendable. The third option is to take some foreign loans at commercial or concessionary rates. One example of a commercial loan is Eurobonds, which we binged on at a point. Another is the recent \$3.3 billion Afrexim Bank loan facilitated by NNPC. The fourth option for boosting forex supply is related to the third. We can seek placements or deposits from countries awash with forex, such as the petrostates of the Gulf. This could come in different forms: currency swaps, direct deposits and strategic investments in state-owned companies. In July 2023, the United Arab Emirates signed deals worth \$50.7b with Turkey. On its part, Egypt has attracted long-term deposits and short-term debts above \$30 billion from Saudi Arabia, UAE, Qatar, Kuwait and even Libya. The fifth and last option is to ensure that Nigeria returns to earning forex from its main export: oil and gas. In 2010, flows from the oil and gas sector accounted for 94% of total forex flows to the CBN but dwindled to 24% by June 2022 (and is probably much lower now). A ready explanation for this is the decline in oil production. But it is more than that.

**Capital Market Summary .**

Analysis of the market activity in the week ended January 26, 2024 shows that the Nigerian equity market continued with the bullish run. The NGX All Share Index and market capitalization of listed equities appreciated by 8.32% each from the opening figures of 94,538.12 and N51,735 trillion to close at 102,401.88 and N56,038 trillion respectively. Its year to date (YTD) return stands at +36.95%.

**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)	28.92%	December , 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\$83.36/Bar	January 19, 2024
Nigeria's Gross External Reserves	US\$33.249bn	January 18, 2024

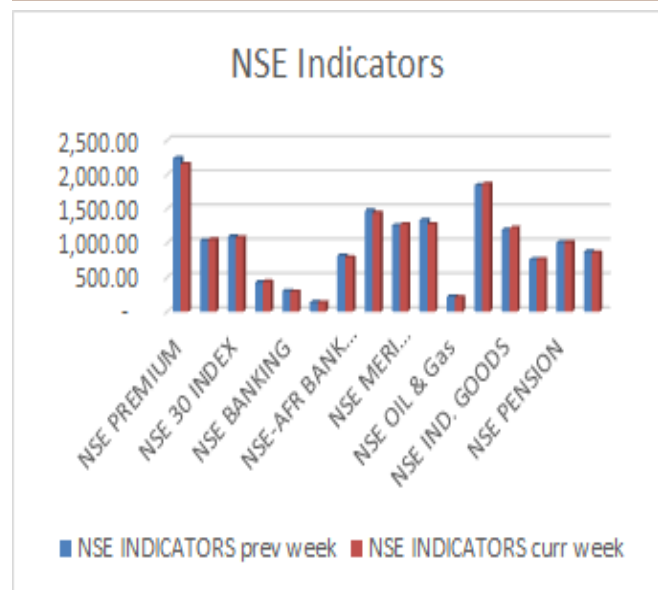
Source: Central Bank of Nigeria (CBN)

**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 29/01/24-02/02/2024)**

With a total turnover of 2.98bn shares worth N57.87bn in 67,962 deals traded during the week, the benchmark all-share index (ASI) rose above 100,000 points from 94,538.12 points in the previous week to 102,401.88 points, and market capitalisation shored up to N56.04trn from N51.74trn last week, putting the year-to-date return at **+36.95%** for the week. Investors in the Nigeria equity market gained N4.30trn for the week on the back of the strong performance in the industrial sector, with ASI appreciating by **+8.32%** week-on-week, having gained in all five trading sessions of the week. The unlisted OTC Exchange recorded a positive performance for the week as the NASD Securities Index (NSI) posted a gain of +2.20% from 1,002.06 in the previous week to 1,020.08, while investors gained N30bn as market capitalisation rose to N1.39trn from N1.36trn in the previous week.

With an impressive YTD return of 45.90% in the equity market in 2023, the market gaining from the first trading weeks of the year 2024 and strong buy-interest observed in both small and large-cap stocks, we expect the market to maintain its positive run in the coming week as investors take position ahead of impressive earnings from both technical and fundamentally sound stocks. 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.

**TRANSCORP, WAPCO PLC, MTNN PLC., ACCESS PLC, DANGOTE SUGAR, and NASCON., 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. Yeild	ROCE	Remark
	29/12/2023	26/1/2024	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision
ZENITH	38.65	43.00	11.25	13.82	3.20	19.53	434,172	174,331	3rd Qter	61.12	37.80	19.00	3.11	55.90	1,918,935	31,396	18,160,814	7.44	22.63	HOLD
GTCO	40.50	43.95	8.52	12.98	3.10	16.17	367,417	130,348	3rd Qter	43.25	41.80	16.80	3.39	57.14	1,272,925	29,431	8,615,504	7.05	28.86	HOLD
ACCESS	23.15	28.60	23.54	6.92	1.50	30.02	250,444	136,914	3rd Qter	46.15	19.80	7.50	4.13	37.18	1,640,242	35,545	21,405,399	5.24	15.27	BUY
UBA	25.65	30.50	18.91	12.93	1.10	23.20	449,296	115,043	3rd Qter	51.99	18.00	6.55	2.36	39.65	1,778,139	34,199	16,222,620	3.61	25.27	HOLD
FIDELITY	10.85	12.80	17.97	1.94	0.50	22.58	91,759	23,219	3rd Qter	12.84	9.82	2.87	6.60	16.64	410,752	32,000	5,413,655	3.91	22.34	HOLD
WAPCO	31.50	44.00	39.68	2.44	2.00	46.03	39,305	44,900	3rd Qter	26.27	31.50	20.10	18.03	57.20	423,191	16,108	653,598	4.55	9.29	BUY
NAHCO	25.40	33.65	32.48	2.53	1.20	37.20	4,964	2,107	3rd Qter	6.00	25.95	5.12	13.30	43.75	11,696	1,949	21,913	3.57	42.44	HOLD
NASCON	53.75	76.50	42.33	5.54	1.00	44.19	11,008	2,882	3rd Qter	10.34	59.50	9.50	13.81	99.45	27,403	2,649	78,273	1.31	40.17	BUY
FLOUR MILLS	33.05	43.95	32.98	(2.43)	2.25	39.79	(8,529)	5,700	2nd Qter	52.85	36.20	27.00	(18.09)	57.14	216,704	4,100	1,316,248	5.12	(3.94)	BUY
MTNN	264.00	293.90	11.33	7.06	15.64	17.25	148,091	270,339	3rd Qter	15.20	288.00	185.00	41.63	382.07	309,367	20,354	3,078,929	5.32	47.87	BUY
DANSUGAR	57.00	82.65	45.00	(2.22)	1.50	47.63	(27,987)	4,590	3rd Qter	10.37	63.10	15.00	(37.23)	107.45	126,000	12,146	616,547	1.81	(22.21)	BUY
DANCEM	319.90	694.10	116.97	16.08	20.00	123.23	277,548	213,101	3rd Qter	80.16	360.00	220.00	43.17	902.33	1,366,010	17,041	3,344,733	2.88	20.32	BUY
NB	36.00	38.70	7.50	(6.89)	1.43	11.47	(57,195)	14,755	3rd Qter	10.94	48.80	28.80	(5.62)	50.31	112,461	10,276	707,843	3.70	(50.86)	BUY
UCAP	23.00	23.00	-	1.88	1.50	6.52	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	7.40	8.35	12.84	0.44	0.50	19.59	0.871	1,290	3rd Qter	4.86	7.70	5.00	18.98	10.86	9,722	2,000	23,731	5.99	0.01	BUY
NEM INS.	6.30	8.50	34.92	0.52	0.30	39.68	5,207	3,955	3rd Qter	3.08	6.99	3.13	16.35	11.05	30,870	10,032	65,984	3.53	16.87	BUY
CADBURY	19.00	22.95	20.79	(5.45)	0.40	22.89	(10,242)	2,817	3rd Qter	1.53	18.8	10.2	(4.21)	29.84	2,872	1,878	76,446	1.74	(356.62)	SELL/HOLD
FBNH	23.55	26.60	12.95	6.54	0.50	15.07	236,502	91,202	3rd Qter	38.27	23.5	8.2	4.07	34.58	1,373,853	35,895	14,455,659	1.88	17.21	BUY
FCMB	7.40	11.10	50.00	3.58	0.25	53.38	35,410	13,663	2nd Qter	17.40	7.70	2.92	3.10	14.43	344,557	19,803	3,720,980	2.25	10.28	BUY
OKOMU	260.00	270.00	3.85	21.93	12.00	8.46	29,225	24,620	3rd Qter	45.61	250	157	12.31	351.00	43,508	954	79,034	4.44	67.17	SELL/HOLD
PRESCO	193.00	259.00	34.20	23.47	6.50	37.56	23,473	15,878	3rd Qter	50.83	220	110	11.04	336.70	50,833	1,000	159,205	2.51	46.18	SELL/HOLD
PZ	26.70	36.00	34.83	2.82	1.01	38.61	11,214	5,641	3rd Qter	11.32	24	8.05	12.77	46.80	44,944	3,971	152,112	2.81	24.95	SELL/HOLD
VITAFOAM	22.00	26.40	20.00	2.66	1.52	26.91	3,698	4,541	3rd Qter	12.80	24	16.8	9.92	34.32	16,007	1,251	44,716	5.76	23.10	SELL/HOLD
STANBIC IBTC	69.65	65.00	(6.68)	5.12	2.52	(3.06)	109,249	15,068	3rd Qter	36.36	70	27.5	12.70	84.50	471,055	12,957	4,674,057	3.88	23.19	SELL/HOLD
TRANSCORP	8.66	16.50	90.53	0.36	0.05	91.11	22,738	19,031	3rd Qter	4.42	7.01	0.98	45.83	21.45	179,826	40,648	479,826	0.30	12.64	BUY

Source: Nigerian Stock Exchange (NSE) & Regency Research



**STOCK MARKET REPORT**

Domestic Market Review

**GAINERS FOR THE WEEK**

Thirty five stocks appreciated in price during the week, as against Eighty one in preceding week. The top ten price gainers during the week were:

**LOSERS FOR THE WEEK**

Sixty five stocks depreciated in price during the week as against Fifty Eight stocks in the preceding week. The top ten price losers during the week were:

**EXCHANGE TRADED PRODUCTS (ETP)**

A total of 77,804 units of Exchange Traded Products valued at N27,478,146.18 in 385 deals were traded during the week compared with 100,213 units of Exchange Traded Products valued at N23,167,796.10 traded last week in 337 deals.

**BOND MARKET**

A total of 98,426 units of FGN Bond valued at N95,304,075.19 in 60 deals were traded during the week compared with 142,409 units of FGN Bond valued at N140,309,228.83 traded last week in 39 deals

**MARKET SUMMARY**

	Curr. Week	Previous week	% Change
Volume	2,981 M	5.179 M	-42.44
Value N=	N57,873 B	N77,797 B	-25.61
Total Gain	35	81	-56.79
Total Loss	65	58	-12.07
Deals	67,962	79,012	-13.99
All Share Index	102,401.88	94,538.12	8.32
Market Cap.	N=56,038 Trillion	N=51,735 Trillion	8.32

**TOP TEN GAINERS**

Company	Op.Price	cl. Price	Gain	Gain in %
TRIPPLE GEE	2.14	2.83	0.69	32.24
DANCEM	538.80	694.1	155.30	28.82
SUNU ASS	1.80	2.25	0.45	25.00
JAPAU	2.50	3.08	0.58	23.20
SEPLAT	2,541.00	3,074.60	533.60	21.00
BUA	148.50	179.65	31.15	20.98
ETERNA	22.95	27.45	4.50	19.61
BUA FOOD	240.00	271.80	31.80	13.25
CUTIX	2.70	3.00	0.30	11.11
MEYER	3.24	3.56	0.32	9.88

**TOP TEN LOSERS**

Company	Op.Price	Cl. Price	Loss	Loss in %
VERITAS	0.77	0.59	(0.18)	(23.38)
INITIATIVES	2.94	2.30	(0.64)	(21.77)
CADBURY	29	22.95	(6.05)	(20.86)
DEAP	0.99	0.80	(0.19)	(19.19)
MCNICHOLS	1.80	1.48	(0.32)	(17.78)
UNITY	3.50	2.92	(0.58)	(16.57)
AFRIPRUD	10.00	8.35	(1.65)	(16.50)
HONEYWELL	5.85	4.91	(0.94)	(16.07)
CHIPLC	1.93	1.63	(0.30)	(15.54)
CONERSTONE	1.87	1.58	(0.29)	(15.51)

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 19/01/2024													
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%
1/1/2024	WAPCO	50,000	1,606,500.00	32.13	32.72	44.00	41.77		2,160,059.00	90,000.00	2,250,059.00	643,559.00	40.06
1/1/2024	UBA	50,000	1,308,150.00	26.16	26.65	30.50	34.01		1,497,313.63	9,000.00	1,506,313.63	198,163.63	15.15
1/1/2024	ACCESS	50,000	1,180,650.00	23.61	24.05	28.60	30.70		1,404,038.35	9,000.00	1,413,038.35	232,388.35	19.68
1/1/2024	TRANSCORP	50,000	441,660.00	8.83	9.00	16.50	11.48		810,022.13	9,000.00	819,022.13	377,362.13	85.44
1/1/2024	MTN	50,000	13,464,000.00	269.28	274.26	293.90	350.06		14,428,212.28	9,000.00	14,437,212.28	973,212.27	7.23
1/1/2024	FIDELITY	50,000	553,350.00	11.07	11.27	12.80	14.39		628,380.80	9,000.00	637,380.80	84,030.80	15.19
1/1/2024	DANGSUGAR	50,000	2,907,000.00	58.14	59.22	82.65	75.58		4,057,474.46	67,500.00	4,124,974.46	1,217,974.46	41.90
1/1/2024	ZENITH	50,000	1,971,150.00	39.42	40.15	43.00	51.25		2,110,966.75	13,500.00	2,124,466.75	153,316.75	7.78
1/1/2024	UCAP PLC	50,000	1,173,000.00	23.46	23.89	23.00	30.50		1,129,121.75	67,500.00	1,196,621.75	23,621.75	2.01
1/1/2024	GTCO PLC	50,000	2,065,500.00	41.31	42.07	43.95	53.70		2,157,604.39	13,500.00	2,171,104.39	105,604.39	5.11
1/1/2024	FLOUR MILLS	50,000	1,685,550.00	33.71	34.33	43.95	43.82		2,157,604.39	96,750.00	2,254,354.39	568,804.39	33.75
1/1/2024	DANCEM	50,000	16,314,900.00	326.30	332.33	694.10	424.19		34,074,930.73	900,000.00	34,974,930.73	18,660,030.73	114.37
1/1/2024	FBNH	50,000	1,201,050.00	24.02	24.47	26.60	31.23		1,305,853.85	68,400.00	1,374,253.85	173,203.85	14.42
			45,872,460.00						67,921,582.49		69,283,732.49	23,411,272.49	51.04

The Equity Portfolio Model which closed the previous week at 35.07% appreciated during the week and closed at 51.04% (YTD). This can be compared with NGX All Share Index which closed at 26.43% in previous week , appreciated during the first week of the year and closed at +36.95% {YTD}. The EPM appreciated during the week under review and over-performed the All Share Index of the market. Some of the stocks that contributed positively are DANCEM, MTN,ZENITH, GTCO, and UBA 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 )

**Dangote Cement Hits N11trn Market CAP; Airtel, MTN, UBA, Access Holdings and 7 Others Retain Over N1trn Market CAP Mark as of January 25th 2024** . Based on data available from the Nigerian Exchange, the number of quoted companies with over N1trn market capitalisation stood at twelve (12) as of January 25<sup>th</sup>, 2024. This is consistent with the previous week's data on this subject matter. Dangote Cement Plc topped the list, attaining the double-digit trillion milestone at N18.83trn, followed by Airtel Africa and MTN Nigeria at N7.52trn and N6.17trn respectively. Analysts observed a slight adjustment in the ranking of the companies, with Seplat Plc climbing to the 5<sup>th</sup> position at N1.81trn and Zenith Bank falling to the 6<sup>th</sup> position at N1.35trn. In contrast, other companies maintained their respective positions. Compared to the previous week, only five (5) companies had an increase in market capitalisation, namely Dangote Cement Plc, MTN Nigeria, BUA Cement Plc, BUA Foods Plc and Seplat Plc, while the remaining six (6) companies experienced a decline, and Airtel Africa stayed unchanged at N7.52trn. The Financial Services sector dominated the list with four companies, followed by two companies, each from the industrial and ICT sectors, while other sectors represented, such as Consumer Goods, Services, Oil & Gas, and Utilities, had one (1) each. Please refer to the announcement dated December 29, 2023 which notified of the Board Meeting of United Bank for Africa Plc. Also, be informed that the Board of United Bank for Africa Plc at its meeting which held on Thursday, January 25, 2024, considered and approved the Group Audited Consolidated & Separate Financial Statements for the year ended December 31, 2023, and payment of a final dividend, subject to the approval of the Central Bank of Nigeria. Further to the above, kindly be advised that Nigerian Exchange Limited and the investing public would be immediately notified upon approval of the Group Audited Consolidated & Separate Financial Statements for the year ended December 31, 2023 by the Central Bank of Nigeria.

### INVESTMENT BASICS

**Share Buyback/Share Repurchase** A share buyback is an action where a company buys its own shares in the open market at the prevailing market price. It's a kind of corporate financial management where, if a company has a lot of free cash flow, which it does not want to pay out as dividends, or does not have a more profitable avenue to invest in, it could decide to use the cash flow to buy back its own shares.

**Reasons for Share Buy Back.** Market signal of undervaluation; One major reason for share buyback is to give signal to the market that the shares of the company are undervalued. It is often believed that the Board of Directors know more than the shareholders about the financial and other conditions of the organization, such that the board knows when the company is undervalued, properly valued, or even overvalued.

**Reduction in dividend expense.** Another reason is to reduce dividend expense burden on its income statement. After the buyback, the stock bought becomes "treasury stocks", with the effect that the outstanding shares become reduced by the amount which the company bought back. By so doing, the company now has less shares on which to pay dividends.

#### Financial window dressing

The share repurchase reduces the number of existing shares, making each worth a greater percentage of the corporation. The stock's earnings per share (EPS) thus increases while the price-to-earnings ratio (P/E) decreases or the stock price increases. A share repurchase demonstrates to investors that the business has sufficient cash set aside for emergencies and a low probability of economic troubles

**For Compensation.** Another reason for a buyback is for compensation purposes. Companies often award their employees and management with stock rewards and stock options. To offer rewards and options, companies buy back shares and issue them to employees and management. This helps to avoid the dilution of existing shareholders. Because share buybacks are carried out using a firm's retained earnings, the net economic effect to investors would be the same as if those retained earnings were paid out as shareholder dividends.

**How Companies Perform a Buyback.** Shareholders might be presented with a tender offer, where they have the option to submit, or tender, all or a portion of their shares within a given time frame at a premium to the current market price. This premium compensates investors for tendering their shares rather than holding onto them. Companies buy back shares on the open market over an extended period of time and may even have an outlined share repurchase program that purchases shares at certain times or at regular intervals. A company can fund its buyback by taking on debt, with cash on hand, or with its cash flow from operations.

**Criticism of Buybacks.** A share buyback can give investors the impression that the corporation does not have other profitable opportunities for growth, which is an issue for growth investors looking for revenue and profit increases. Repurchasing shares puts a business in a precarious situation if the economy takes a downturn or the corporation faces financial issues it cannot cover. Others allege that sometimes buybacks are used to inflate share price artificially in the market, which can also lead to higher executive bonuses

Source: Nigerian Stock Exchange (NSE) & Regency Research



**FIXED INCOME MARKET REPORT**

**Money Market.**

The mild improvement in system liquidity nudged the interbank rates lower this week. The Open repo rate (OPR) and Overnight rate (O/N) declined by 20.45% and 19.01% week-on-week to settle at 17.58bps and 18.83bps Friday.

**Treasury Bills.**

At this week’s NTB auction, the DMO offered N56.56bn across 91-day, 182-day and 364-day papers and had a total subscription of N1.14trn. The three tenors were oversubscribed at N38.87bn, N94.33bn and N1,007.17bn against N2.78bn, N1.49bn, and N52.29bn offered for the 91-day, 182-day, and 364-day respectively. The stop rates attached were 2.44%, 4.22% and 8.40% for 91-day, 182-day, and 364-day, lower than 7.00%, 10.00% and 12.24% offered at the previous auction.

**Foreign Currency (EXCHANGE RATE).**

Despite the free fall of the naira at the parallel market, reaching a record low of N1,425/US\$1 on Friday. The naira appreciated at the official window, gaining 118bps week-on-week to settle at N891.90/US\$1

**OIL PRICE.**

The Nigeria’s oil price (WTI) appreciated during the week under review. According to the latest data, the oil price closed at \$77.58 per barrel during the week, compared with \$73.20 recorded in the previous week .

**NIGERIAN INTER BANK OFFER RATE NIBOR**

	19-Jan-24	26-Jan-24	W-o-W % Change
OPR (%)	22.1	17.58	20.45%
O/N (%)	23.25	18.83	19.01%

Source: Financial Markets Dealers Quotations (FMDQ)

**TREASURY BILLS RATES**

**NTB AUCTION JANUARY 10, 2024**

Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-day	2.78	38.87	2.78	2.44	7.00
182-day	1.49	94.33	1.49	4.22	10.00
364-day	52.29	1,007.17	52.29	8.40	12.24

Source: Central Bank of Nigeria (CBN)

**MONEY MARKET RATES**

	19-Jan-24	26-Jan-24	W-o-W % Change
NAFEM	902.45	891.90	1.18%

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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