



Monday February 05, 2024

CBN Directs Banks to Harmonise Reporting Requirements on Foreign Currency Exposures

The Central Bank of Nigeria (CBN) has noted with concern the growth in foreign currency exposures of banks through their Net Open Position (NOP). This has created an incentive for banks to hold excess long foreign currency positions, which exposes banks to foreign exchange and other risks. Therefore, to ensure that these risks are well managed and avoid losses that could pose material systemic challenges, the CBN issues the following prudential requirements:

1. Prudential Requirements

a) The Net Open Position (NOP) limit of the overall foreign currency assets and liabilities taking into cognizance both those on and off-balance sheet should not exceed 20% short or 0% long of shareholders' funds unimpaired by losses using the Gross Aggregate Method. b) Banks whose current NOP exceed 20% short and 0% long of their shareholders' funds unimpaired by losses are required to bring them to prudential limit by February 1, 2024. c) Banks are required to compute their daily and monthly NOP and Foreign currency trading position (FCTP) using the attached templates. d) Banks are also required to have adequate stock of high-quality liquid foreign assets, i.e. cash and government securities in each significant currency to cover their maturing foreign currency obligations. In addition, banks should have in place a foreign exchange contingency funding arrangement with other financial institutions.

2. Other Requirements

a) Banks should borrow and lend in the same currency (natural hedging) to avoid currency mismatch associated with foreign currency risk. b) The basis of the interest rate for borrowing should be the same as that of lending i.e. there should be no mismatch in floating and fixed interest rates, to mitigate basis risk associated with foreign borrowing interest rate risk. c) With respect to Eurobonds, any clause of early redemption should be at the instance of the issuer and approval obtained from the CBN in this regard, even if the bond does not qualify as tier 2 capital. d) All banks are required to adopt adequate treasury and risk management systems to provide oversight of all foreign exchange exposures and ensure accurate reporting on a timely basis. e) Banks are expected to bring all their exposures within the set limits immediately and ensure that all returns submitted to the CBN provide a accurate reflection of their balance sheets. Please, note that non-compliance with the NOP limit will result in immediate sanction and/or the suspension from participation in the foreign exchange market.

Capital Market Summary.

Analysis of the market activity in the week ended February 02, 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 1.97% and 2.00% from the opening figures of 102,401.88 and N56,038 trillion to close at 104,421.23 and N57,158 trillion respectively. Its year to date (YTD) return stands at +39.65%.

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

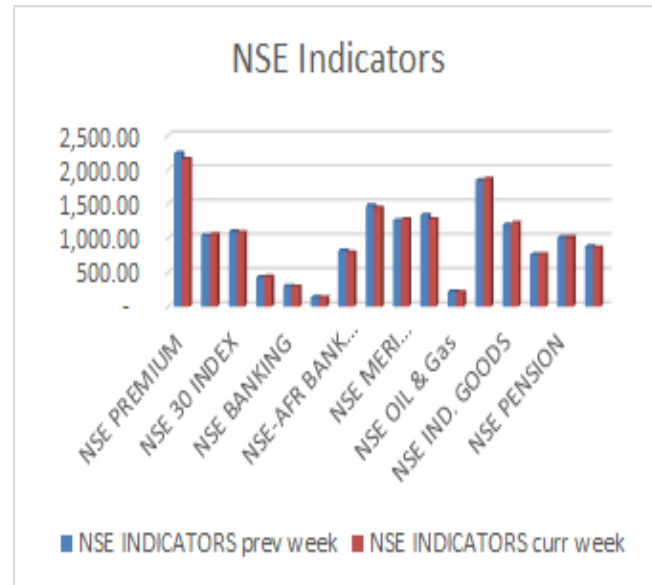
Source: Central Bank of Nigeria (CBN)

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 05/02/24-09/02/2024)

The Nigerian Equity market gained in three out of the five trading sessions for the week. The benchmark all-share index (ASI) rose from 102,401.88 points in the previous week to 104,421.23 points, posting a gain of +1.97% as the year-to-date (YTD) return rose to 39.65%. Investors gained N1.12trn for the week as market capitalization rose to N57.16trn. A total turnover of 3.89bn shares worth N95.15bn was traded in 69,117 deals for the week compared with a total of 2.98bn shares valued at N57.87bn exchanged in 67,962 deals in the previous week. The unlisted OTC Exchange ended in the green zone for the week, as the benchmark NASD Securities Index (NSI) posted a gain of +6.31%, with investors gaining N90bn as market capitalization rose from N1.39trn in the previous week to N1.48trn. We expect the market to maintain its positive performance on positive earnings releases and investors may continue picking fundamentally sound stocks in the coming week. 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=M	No of shares	Total Assets N=M	Div. Yeild	ROCE	Remark	
	29/12/2023	2/2/2024	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision	
ZENITH	38.65	39.50	2.20	13.82	3.20	10.48	434,172	174,331	3rd Qter	61.12	37.80	19.00	2.86	51.35	1,918,935	31,396	18,160,814	8.10	22.63	HOLD	
GTCO	40.50	41.55	2.59	12.98	3.10	10.25	367,417	130,348	3rd Qter	43.25	41.80	16.80	3.20	54.02	1,272,925	29,431	8,615,504	7.46	28.86	HOLD	
ACCESS	23.15	27.00	16.63	6.92	1.50	23.11	250,444	136,914	3rd Qter	46.15	19.80	7.50	3.90	35.10	1,640,242	35,545	21,405,399	5.56	15.27	BUY	
UBA	25.65	28.00	9.16	12.93	1.10	13.45	449,296	115,043	3rd Qter	51.99	18.00	6.55	2.17	36.40	1,778,139	34,199	16,222,620	3.93	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	41.15	30.63	2.44	2.00	36.98	39,305	44,900	3rd Qter	26.27	31.50	20.10	16.86	53.50	423,191	16,108	653,598	4.86	9.29	BUY	
NAHCO	25.40	31.05	22.24	2.53	1.20	26.97	4,964	2,107	3rd Qter	6.00	25.95	5.12	12.27	40.37	11,696	1,949	21,913	3.86	42.44	HOLD	
NASCON	53.75	68.60	27.63	5.54	1.00	29.49	11,008	2,882	3rd Qter	10.34	59.50	9.50	12.38	89.18	27,403	2,649	78,273	1.46	40.17	BUY	
FLOUR MILLS	33.05	41.20	24.66	(2.43)	2.25	31.47	(8,529)	5,700	2nd Qter	52.85	36.20	27.00	(16.95)	53.56	216,704	4,100	1,316,248	5.46	(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	763.00	138.51	16.08	20.00	144.76	277,548	213,101	3rd Qter	80.16	360.00	220.00	47.45	991.90	1,366,010	17,041	3,344,733	2.62	20.32	BUY	
NB	36.00	39.00	8.33	(6.89)	1.43	12.31	(57,195)	14,755	3rd Qter	10.94	48.80	28.80	(5.66)	50.70	112,461	10,276	707,843	3.67	(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	8.10	9.46	0.44	0.50	16.22	0.871	1,290	3rd Qter	4.86	7.70	5.00	18.41	10.53	9,722	2,000	23,731	6.17	0.01	BUY	
NEM INS.	6.30	7.45	18.25	0.52	0.30	23.02	5,207	3,955	3rd Qter	3.08	6.99	3.13	14.33	9.69	30,870	10,032	65,984	4.03	16.87	BUY	
CADBURY	19.00	20.00	5.26	(5.45)	0.40	7.37	(10,242)	2,817	3rd Qter	1.53	18.8	10.2	(3.67)	26.00	2,872	1,878	76,446	2.00	(356.62)	SELL/HOLD	
FBNH	23.55	26.20	11.25	6.54	0.50	13.38	236,502	91,202	3rd Qter	38.27	23.5	8.2	4.01	34.06	1,373,853	35,895	14,455,659	1.91	17.21	BUY	
FCMB	7.40	10.25	38.51	3.58	0.25	41.89	35,410	13,663	2nd Qter	17.40	7.70	2.92	2.86	13.33	344,557	19,803	3,720,980	2.44	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	36.40	36.33	2.82	1.01	40.11	11,214	5,641	3rd Qter	11.32	24	8.05	12.91	47.32	44,944	3,971	152,112	2.77	24.95	SELL/HOLD	
VITAFOAM	22.00	26.00	18.18	2.66	1.52	25.09	3,698	4,541	3rd Qter	12.80	24	16.8	9.77	33.80	16,007	1,251	44,716	5.85	23.10	SELL/HOLD	
STANBIC IBTC	69.65	64.95	(6.75)	5.12	2.52	(3.13)	109,249	15,068	3rd Qter	36.36	70	27.5	12.69	84.44	471,055	12,957	4,674,057	3.88	23.19	SELL/HOLD	
TRANSCORP	8.66	15.40	77.83	0.36	0.05	78.41	22,738	19,031	3rd Qter	4.42	7.01	0.98	42.78	20.02	179,826	40,648	479,826	0.32	12.64	BUY	

Source: Nigerian Stock Exchange (NSE) & Regency Research

**STOCK MARKET REPORT**Domestic Market Review**GAINERS FOR THE WEEK**

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

LOSERS FOR THE WEEK

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

EXCHANGE TRADED PRODUCTS (ETP)

A total of 181,095 units of Exchange Traded Products valued at N40,091,113.74 in 522 deals were traded during the week compared with 77,804 units of Exchange Traded Products valued at N27,478,146.18 traded last week in 385 deals.

BOND MARKET

A total of 52,338 units of FGN Bond N51,123,192.66 in 31 deals were traded during the week compared with 98,426 units of FGN Bond valued at N95,304,075.19 traded last week in 60 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	3,893 M	2,981 M	30.59
Value N=	N95,147 B	N57,873 B	64.41
Total Gain	27	35	-22.86
Total Loss	35	65	-46.15
Deals	69,117	67,962	1.70
All Share Index	104,421.23	102,401.88	1.97
Market Cap.	N=57,158 Trillion	N=56,038 Trillion	2.00

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
TRIPPLE GEE	2.83	4.02	1.19	42.05
MEYER	3.56	4.3	0.74	20.79
CORNERSTON	1.58	1.90	0.32	20.25
VERITAS	0.59	0.70	0.11	18.64
JULI	0.59	0.70	0.11	18.64
GEREGU	495.00	568.00	73.00	14.75
OANDO	12.55	14.05	1.50	11.95
DANCEM	694.10	763.00	68.90	9.93
BERGER PAIN	15.80	17.35	1.55	9.81
MCNICHOLS	1.48	1.58	0.10	6.76

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
DAAR COMM	0.90	0.70	(0.20)	(22.22)
ETERNA	27.45	22.10	(5.35)	(19.49)
SUNU	2.25	1.82	(0.43)	(19.11)
DEAP CAPITAL	0.80	0.67	(0.13)	(16.25)
MAY BAKER	7.50	6.30	(1.20)	(16.00)
UNIVERSAL	0.46	0.39	(0.07)	(15.22)
CWG	7.80	6.70	(1.10)	(14.10)
CADBURY	22.95	20.00	(2.95)	(12.85)
NEM	8.50	7.45	(1.05)	(12.35)
HONEYWELL	4.91	4.31	(0.60)	(12.22)

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 02/02/2024												
P/Date	Stock	Units	Tcost	Unit Cost	B-E Price	Current Price	Target price 30% App	NETVALUE	Dividend	TOTAL VALUE	Gain/Loss	G/L%
1/1/2024	WAPCO	50,000	1,606,500.00	32.13	32.72	41.15	41.77	2,020,146.09	90,000.00	2,110,146.09	503,646.09	31.35
1/1/2024	UBA	50,000	1,308,150.00	26.16	26.65	28.00	34.01	1,374,583.00	9,000.00	1,383,583.00	75,433.00	5.77
1/1/2024	ACCESS	50,000	1,180,650.00	23.61	24.05	27.00	30.70	1,325,490.75	9,000.00	1,334,490.75	153,840.75	13.03
1/1/2024	TRANSCORP	50,000	441,660.00	8.83	9.00	15.40	11.48	756,020.65	9,000.00	765,020.65	323,360.65	73.21
1/1/2024	MTN	50,000	13,464,000.00	269.28	274.26	290.00	350.06	14,236,752.50	9,000.00	14,245,752.50	781,752.50	5.81
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	80.00	75.58	3,927,380.00	67,500.00	3,994,880.00	1,087,880.00	37.42
1/1/2024	ZENITH	50,000	1,971,150.00	39.42	40.15	39.50	51.25	1,939,143.88	13,500.00	1,952,643.88	- 18,506.13	- 0.94
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	41.55	53.70	2,039,782.99	13,500.00	2,053,282.99	- 12,217.01	- 0.59
1/1/2024	FLOUR MILLS	50,000	1,685,550.00	33.71	34.33	41.20	43.82	2,022,600.70	96,750.00	2,119,350.70	433,800.70	25.74
1/1/2024	DANCEM	50,000	16,314,900.00	326.30	332.33	763.00	424.19	37,457,386.75	900,000.00	38,357,386.75	22,042,486.75	135.11
1/1/2024	FBNH	50,000	1,201,050.00	24.02	24.47	26.20	31.23	1,286,216.95	68,400.00	1,354,616.95	153,566.95	12.79
			45,872,460.00					70,143,006.80		71,505,156.80	25,632,696.80	55.88

The Equity Portfolio Model which closed the previous week at 51.04% appreciated during the week and closed at 55.88% (YTD). This can be compared with NGX All Share Index which closed at 36.95% in previous week , appreciated during the first week of the year and closed at +39.65% {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, DANGSUGAR, and NASCON 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)

Geregu in, FBN Holdings Out as 12 Listed Companies Hit N1trn Market CAP as of January 18th 2024

Based on data available on the Nigerian Exchange, about twelve (12) quoted companies have now hit the N1trn Market Capitalisation mark as of January 18th 2024. Dangote Cement Plc topped the list with N9.25trn Market CAP, followed by Airtel Africa and MTN Nigeria with N7.52trn and N6.05trn, respectively. Others on the list are BUA Cement Plc (N4.57trn); BUA Foods Plc (N4.32trn); Zenith Bank (N1.39trn); Seplat (N1.36trn); GTCO (N1.34trn); Geregu Plc (N1.17trn) UBA Plc (N1.06trn); Access Holdings Plc (N1.05trn) and Transcorp Hotels Plc (N1.02trn). Four companies from the Financial Services sector dominated the list as two from Industrial Goods and ICT sectors also make it into the list. Other sectors represented are Consumer Goods, Services, Oil & Gas, and Utilities, all have (1) each. Geregu and Transcorp Hotels Plc were both in the list of companies near the N1trn Market CAP while FBN Holdings Plc that has now dropped off the N1trn Market CAP list has a Market CAP N1.03trn as of January 9th 2024. It is important to note and watch out for the following four (4) companies as they near the N1 trn Market CAP mark. Top among the four companies is FBN Holdings Plc with N967.38bn Market CAP, followed closely by Nestle Nigeria Plc, Dangote Sugar Refinery Plc and Stanbic IBTC Holdings Plc with N948.02bn, N929.24bn and N842.20bn respectively..

INVESTMENT BASICS

Investment in Bonds

What is a bond?

A bond is a loan and the investor or holder of the bond is the lender. When you purchase a bond, you are lending money to a government, local government council, state government, federal agency or a corporation, known as the issuer.

What is the difference between a bond and a stock?

The key difference between stocks and bond is that stocks make no promise about dividends or returns, but when the Government Issue a bond, it guarantees to pay back your principal (the face value) plus interest. If you buy the bond and hold it to maturity, you know exactly how much you are going to get back. That is why bonds are also known as 'fixed-income' investment – you are sure of a steady payback or yearly income.

The buyer of stocks or shares in a company has purchased part of the equity and becomes part –owner. He is only entitled to dividend declared by the company when it makes profit. What are the types of Bonds?

Sovereign Bond(such as FGN Bond) When you buy FGN bonds you are lending funds to the federal government for a specified period of time.

State and Local Government Council Bonds When you purchase state and local government council bonds you are lending to the issuers who promise to pay you a specified amount of interest (usually semi - annually) and return the principal to you on a specific maturity date.

Government Sponsored Enterprise Bond These are bonds that help support project relevant to public policies, such as helping certain groups, such as farmers, homeowners, students, etc to raise money for financing specific projects. **Corporate Bond** Corporate bond are debt obligation issued by private or public corporations. Are there Risk and Reward in investing in bond?

Any time you lend money you run the risk that it will not be paid back – credit risk. Another source of risk for certain bonds (bond with call option) is that your loan may be paid back early, or 'called' this is known as prepayment risk. When you buy a bond, the prospectus will indicate whether a bond is callable and give you a 'yield-to-call' figure. The greatest danger for a buy –and–hold bond to an investor is rising inflation rate – inflation risk. A rise in inflation makes prices fall and yields-or interest rates-rise. However, inflation risk, credit risk and prepayment risk are all figured into the pricing of bonds. The more the risk the higher the yield. Investors demand higher yields for longer maturities, as the longer you tie your money up in a bond the more at-risk.

Why should I invest in FGN bond?

Retirement, Starting or expanding a business, Settlement after apprenticeship, Pay children school fees in future(e.g for University education), Building a house, Future projects by town unions, associations, student union, To fund future social events such as Marriages and weddings, etc, Settlement of pension insurance obligation(for Corporate Fund Managers), etc What is the attractiveness/benefits of FGN Bonds to the investors?

It serves as risk-free investment, It is income is tax exempt, It provides relatively high and stable returns

The principal element (collected at maturity) can be used as collateral for securing credit facilities from banks, Bondholders that want cash can trade the bonds on the floor of Nigeria Stock Exchange(NSE) for immediate cash before maturity, It qualifies as liquid assets for banks from two years to maturity,

What are the benefits of FGN bonds to the Economy?

It fosters economic development by promoting the use of long-term funds for long-term investment in the economy, It serves as an efficient way of mobilizing domestic financial resources for productive investment in a non-inflationary manner, It allows self reliance of the country by reducing over reliance on short-term borrowing from CBN & commercial banks, It provides a basic infrastructure for the development of the financial system and the overall economy, It serves as a diversified portfolio investment outlet to corporate and individual investors

What are the benefits of FGN bonds to the Government? It helps government funds its deficits in a non-inflationary manner, It provides benchmark yield-curve for pricing other securities/bonds, It engenders rational management of Government's fiscal and monetary operations, It provides the basic infrastructure for the development of the financial system and the overall economy, It strengthens the implementation of monetary policy by the Central Bank of Nigeria, It introduces transparency, discipline and stability in the financial system How to invest in FGN Bond Forms can be obtained from any of the authorized dealers. Complete the application forms and submit through any of the dealers Common- price auction system is normally employed as opposed to multiple price auctions Payments for the allotment are payable in full on application Minimum of N10,000.00 and multiple of N1,000 thereafter. Investors can also access the FGN bonds after the auction through the secondary market. FGN bonds purchase is confirmed by registration in the depository (CSCS) or by issue of certificates. Interest is paid semi-annually until the maturity date when the principal amount is repaid. Payment of interest is through issue of interest warrant(cheque) or direct transfer to current or savings bank accounts. Bondholders who do not want to hold the bonds until maturity date can sell them at any time on the floors of Nigerian Stock Exchange or Over the Counter (OTC), through, any of the dealers.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

During the week, the OMO and Bond auction mopped up system liquidity, nudging the interbank rates higher. As expected, the Open repo rate (OPR) and Overnight rate (O/N) increased week-on-week by 14.90% and 12.59% to settle at 20.20bps and 21.20bps respectively.

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 365-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).

FMDQ's revision of the FX market rate pricing methodology drove the naira to an all-time low at the office window, outrunning the parallel market rate. Hence, the naira depreciated by 37.87% week-on-week to N1,435.53/US\$ at NAFEM compared to N891.90/US\$ in the previous week.

OIL PRICE.

The Nigeria's oil price (WTI) depreciated during the week under review. According to the latest data, the oil price closed at \$72.32 per barrel during the week, compared with \$77.58 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

	26-Jan-24	2-Feb-24	W-o-W % Change
OPR (%)	17.58	20.2	+14.90%
O/N (%)	18.83	21.2	+12.59%

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

	26-Jan-24	2-Feb-24	W-o-W% Change
NAFEM	891.90	1,435.53	37.87%

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.

This report is provided solely for the information of clients of RAML who are expected to make their own investment decisions. Regency Assets Management Limited accepts neither responsibility nor liability whatsoever for any loss arising from the use of this report. All opinions on this report constitute the authors best estimate judgment as of this date and are subject to change without notice. This report is for private circulation only. The report may not be reproduced distributed or published by any recipient for any