





A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>Purchasing Managers' Index</p> <p>The CBN manufacturing Purchasing Managers' Index (PMI) rose from 41.1 points in June to 44.9 points in July, indicating a contraction in the manufacturing sector for the third consecutive month albeit at a slower rate. In contrast, the FBN PMI declined from 53.9 to 52.8 points in July indicating a slowdown of expansion in the manufacturing sector. One explanation for the FBN PMI reading is that the Nigerian manufacturing industry, dominated by consumer goods firms, produces largely for the domestic market and is therefore not affected much by the fall in external demand.</p>	<p>The PMI is a leading economic indicator which provides insight into growth or otherwise of the manufacturing sector and the economy in general. The current PMI reading resulted from the partial reopening of more businesses which boosted economic activities during the period. Going by the PMI, economic growth for the quarter will be lacklustre, which is not surprising going by the current economic reality, a consequence of Covid -19. Some analysts are of the opinion that the Q2 GDP figures could be lower than expected. As the capital market mirrors the economy, the PMI can inform market sentiment and provide the basis for trading decisions. The PMI is however expected to inch upwards as more businesses resume operations.</p>
 <p>Custodian PLC to acquire UPDC</p> <p>Custodian Investment PLC has signed a binding agreement with UAC of Nigeria PLC for Custodian to purchase 51% equity interest in UACN Property Development Company PLC (UPDC) from UAC. UAC will sell 9.5 billion units ordinary shares, representing 51% of UPDC's issued share capital. The sale will be carried out in two tranches and is subject to approval of the relevant regulatory agencies.</p>	<p>Generally, mergers and acquisitions are believed to create value for a company, expands its customer base and reduces competition in some cases. For Custodian Investment PLC, this acquisition will create value and enable the company tap into opportunities in the real estate sector. If properly leveraged, this acquisition can pose a positive development for the company the capital market and the country's real estate sector.</p>
<p>Do you know?</p> <p><i>Bid-ask-spread refers to the difference between the amount for which buyers are willing to pay for shares and the amount at which the seller is willing to sell the share for. Trade happens when the trade is resolved.</i></p>	



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 25,041.89 points; increasing by 1.11% on a week-to-date and month-to-date basis but decreased by 6.71% and 8.65 year-to-date and year-on-year respectively. Similarly, market capitalization closed at ₦13.06 trillion; increasing by 1.04 WTD and MTD and 0.81% YTD while decreasing by 2.21% on YOY basis.

In the Unlisted Securities Market, the index finished the week higher at 0.97% increase, concluding the week at 706.07 points. The market grew by 0.97% from the beginning of the week and month, 1.22% from the beginning of the year and shrank by 2.14% from the previous year. Accordingly, the USI Market Capitalization at the end of the trading week stood higher at 0.97% increase, concluding the week at ₦518.65billion, rising by 0.97% WTD and MTD, also increasing by 3.49% and 0.06% YTD and YOY respectively.

Available data showed that the net asset value of collective investment schemes stood at ₦1.31 trillion at the end of the period under review, it grew by 25.63% year-to-date and 65.09% year-on-year.

In the money market, Over Night (ON) rate completed the week at 7.17%, 0.84% points higher WTD whereas Open Buy Back (OBB) rate completed the week at 6.33%, decreasing by 7.00% WTD.

In the commodities market, Brent crude price rose by 0.57% to close at \$44.40/barrel at the end of the week. It declined by 32.72% from the start of the year and 21.04% in the last one year. In the last one week, gold and cocoa grew by 2.10%, and 2.52% respectively; while wheat, corn and cotton fell by 4.89% and 2.36% respectively.

The interbank exchange rate ended the week at ₦380/US\$ depreciated by 0.42% from the beginning of the week and the beginning of the month, and also depreciated by 19.21% and 19.24% from the beginning of the year and in the last one year respectively. While the parallel market concluded the week at ₦475/US\$ depreciating by 0.42% WTD and MTD, also depreciating by 23.79% and 24.21% YTD and YOY respectively. Available data also shows that the country's external reserves decreased by 0.24% finishing the week at \$35.68 billion, it also fell by 7.41% from the beginning of the year and by 20.17% in the last one year. The S & P 500 index finished the week at 3,351.28 points. The index increased by 1.72% and 2.87% on a week-to-date and year-to-date basis respectively.

Market	Indicator	Value* @ 7-Aug-20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	25,041.89	1.11	1.11	-6.71	-8.65
	Market Capitalisation (₦'tn)	13.06	1.04	1.04	0.81	-2.21
Unlisted (NASD)	Unlisted Securities Index (USI)	706.07	0.97	0.97	1.22	-2.14
	Market Capitalisation (₦'bn)	518.65	0.97	0.97	3.49	0.06
Collective Investment (@17/07/20)	Net Asset Value (₦'bn)	1,310.22	-0.68	0.58	25.63	65.09
Money	O/N (%)	7.17	0.84	-7.16	4.38	-2.62
	OBB (%)	6.33	-7.00	-7.00	4.19	-2.67
Commodities	Brent Crude Oil (\$/b)	44.40	0.57	0.57	-32.72	-21.04
	Gold(\$/t oz)	2,028.00	2.10	2.10	32.71	33.46
	Cocoa(\$/mt)	2,523.00	2.52	2.52	-0.36	11.34
	Wheat(\$/bu)	4.96	-4.89	-4.89	-11.56	1.48
	Corn(\$/bu)	3.21	-2.36	-2.36	-18.07	-22.52
	Cotton(\$/lb)	62.36	-2.36	-2.36	-9.98	6.00
External	Interbank Ex-rt (₦/US\$)	380.00	-5.00	-5.00	-19.21	-19.24
	Parallel Ex-rt (₦/US\$)	475.00	-0.42	-0.42	-23.79	-24.21
	External Reserves (\$'bn)	35.68	-0.24	-0.24	-7.41	-20.17
	S&P 500	3,351.28	1.72	1.72	2.87	16.20

* When value of the relevant day is not available, the price of the nearest day is taken.

WTD: week-to-date; MTD: month-to-date; YTD: year-to-date; YoY: year-on-year

Source: Computed by the SEC ERPM Research Division; underlying data from NSE, NASD, SEC, FMDQ, Bloomberg, CBN and FRED



**C. NEWS
FOR THE WEEK**

**HIGHLIGHTS
ENDED**

7th August, 2020

CAPITAL MARKET	MACROECONOMY
<p>Guinea Insurance PLC has released its results for the period ended 30 June 2020. The company reported a loss after tax of N106.7mn during the period. This is however an improvement over the period ended 30 June 2019, where a loss of N549.5mn was recorded.</p>	<p>The Central Bank of Nigeria has disbursed N152.9bn for 61 manufacturing projects as part of its intervention funds. The Central Bank Governor, disclosed this in a report on his communicate at the last Monetary Policy Committee meeting.</p>
	<p>The Central Bank of Nigeria has disbursed N539.8m loans to farmers between January and March 2020. It disclosed this in its third quarter economic report titled 'Agricultural credit guarantee scheme'. This represents a decrease of 34.8% when compared to the corresponding period of 2019, and 53.9% lower than the previous quarter.</p>
<p>Pension Funds Administrators have invested N55.25bn under the contributory pension scheme in infrastructure as at the end of May 2020. This is based on data from the National Pension Commission. Total assets under management during the period was N10.79trn.</p> <p>Eterna PLC has released its financial statements for the half year ended 30 June 2020. The company recorded a loss of N66.58mn during the period in contrast to a profit of N112.23mn recorded for the period ended 30 June 2019.</p>	<p>Nigeria is one of 12 countries across Europe, Middle East and Africa (EMEA) to receive a share of a 3M grant totalling US\$1.87m. The grant is directed at projects supporting nutrition, mental and physical health, education and COVID-19 awareness, according to the most pressing local needs and country status of the pandemic</p>
<p>Airtel Africa PLC has announced that it will not complete the merger transaction between its subsidiary Airtel Kenya Networks Ltd and Telkom Kenya Ltd, which was entered into on the 8th of February, 2019. This is due to the parties' inability to reach a successful closure.</p> <p>Presco PLC has proposed a dividend of 200 kobo per 50 kobo ordinary share to its shareholders, subject to the applicable withholding tax. The dividends will be paid electronically on the 4th of September, 2020. The company in its interim financial statements for the six months ended 30 June, 2020, reported a profit of N4.39bn.</p>	<p>The refining capacity of Nigeria has increased by 3.8% from 445,000 bpd to 462,000 bpd, as private investors complete the construction of three new refineries.</p> <p>Total loans to businesses increased to N18.9trn in one year. Total gross credit for various transactions in Nigeria rose by N3.33trn from N15.56trn at end-May 2019 to N18.90trn in 2020.</p>
<p>Access Bank PLC announces that its subsidiary, Access Bank Zambia Ltd (ABZ), has entered into an agreement with Cavmont Capital Holdings Zambia PLC (CCHZ) on the proposed acquisition and subsequent merger of Cavmont Bank Ltd, a subsidiary of CCHZ into ABZ. Under the terms of the agreement, ABZ will acquire the entire issued share capital, assets and liabilities of Cavmont Bank. The proposed transaction is subject to shareholder and regulatory approvals.</p> <p>MTN Group plans to exit Middle East in the medium term by selling its 75% stake in MTN Syria to TeleInvest which holds 25% of the business. The planned exit is so that the company can focus on its core African market.</p> <p>FBN Holdings PLC (FBNH) announced the injection of N25bn equity capital into its subsidiary, First Bank of Nigeria Ltd. The capital was part of the proceeds of FBNH's divestment from FBN Insurance Ltd. The injection increased the Bank's capital adequacy ratio (CAR) by 16.53% as at June 2020.</p>	<p>The Debt Management Office (DMO) resumes Federal Government Savings Bond offer (suspended in April) in August 2020. The DMO, in a statement released on Thursday, said it will open subscription for the bond on the 10th of August 2020.</p> <p>According to Central Bank of Nigeria (CBN) statistics, currency in circulation rose by 4.37% to N2.39trn in July from N2,29trn in June. On a quarterly basis, currency in circulation declined by 6% in Q1 2020.</p>

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