



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENT

News/Development	Relevance/Implications
 <p>Nigerian Economy Contracts by 6.1% and Foreign Capital Inflows fall by 78%</p> <p>The Nigerian Gross Domestic Product (GDP) decreased by 6.10% in Q2 2020, according to the latest report released by the National Bureau of Statistics (NBS). This represents a drop of -8.22% when compared to Q2 2019 and -7.97% lower than Q1 2020 growth rate. The NBS attributed the negative growth to the low levels of domestic and international activity during the quarter, resulting from nationwide shutdown efforts aimed at containing the COVID-19 pandemic. In a related development, the total value of capital importation fell to \$1.29 billion, a decrease of 78.6% compared to Q2 2019 and 77.88% from Q1 2020. Portfolio Investment accounted for 29.76%, while Foreign Direct Investment accounted for 11.47% of total capital imported in Q2 2020.</p>	<p>The growth contraction is considered as the worst in a decade, ending the trend of low but positive growth of thirteen quarters. The negative growth, coupled with the negative effects of COVID-19, has implications for the level of economic activities, high rate of unemployment, consumption and investment. With the expectation of entering a recession in Q3 2020, Nigeria will have to deal with weak economic environment and recovery. Policy makers therefore have to take drastic steps to address the multiple problems of negative growth, increasing unemployment, rising prices, external sector weaknesses and low government revenue. While investment outlay may be lean, investors will constantly seek avenues that yield relatively high returns. It is therefore important that investor education efforts be stepped up during this period to avoid investors falling victim of illegal investment schemes.</p>
 <p>NSE upgrades whistleblowing platform</p> <p>The Nigerian Stock Exchange (NSE) upgraded 'X-Whistle', its whistle-blower platform. X-Whistle is a web-based whistleblowing portal that empowers a whistle-blower to report possible violations of the rules and regulations of the Exchange, the securities law and fraud related to activity within the capital market. Some new features of the platform include a single repository for complaints, tips and referrals and the ability to generate detailed and varied reports with analytics for proper tracking.</p>	<p>Studies have shown that legal/regulatory frameworks and strong institutions are very important for capital market development as they provide for efficient information dissemination and investor protection. Investors are more likely to patronise markets that are open and are seen to punish violations. Whistle-blowing is therefore an important feature of the capital market as it assures investors of their protection and integrity of the market. This upgrade from the NSE, which complements the existing Whistle Blowing policy in the Nigerian capital market, is therefore expected to make the market more efficient and boost investors' confidence.</p>
<p>Do you know?</p> <p>Par Value – this is also known as the face value of a bond. It is the amount that is returned to an investor at maturity of the bond. For example, if an investor bought a bond at N1,000 par value, the investor will get back N1,000 at maturity of the bond, plus any coupon payment.</p>	



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 25,309.37 points; increasing by 0.32% and 2.19% on a week-to-date and month-to-date basis but decreased by 5.71% and 8.32% year-to-date and year-on-year respectively. Similarly, market capitalization closed at ₦13.20 trillion; increasing by 0.32%, 2.14% and 1.89% WTD, MTD and YTD respectively while decreasing by 1.69% on YOY basis.

In the Unlisted Securities Market, the index finished the week at 709.17 points. The market grew by 1.69% and 1.95% from the beginning of the month and the year respectively, and shrank by 1.09% from the previous year. Accordingly, the USI Market Capitalization at the end of the trading concluded the week at ₦522.39 billion, rising by 1.69%, 4.24% and 1.13% MTD, YTD and YOY respectively.

Available data showed that the net asset value of collective investment schemes stood at ₦1.33 trillion at the end of the period under review, it grew by 32.05% year-to-date and 65.67% year-on-year.

In the money market, Over Night (ON) rate completed the week at 14.90%, 1.00% points higher WTD whereas Open Buy Back (OBB) rate completed the week at 13.90%, rising by 11.9% WTD.

In the commodities market, Brent crude price fell by 0.18% to close at \$45.05/barrel at the end of the week. It declined by 31.74% from the start of the year and 25.52% in the last one year. In the last one week, gold, cocoa, wheat and corn grew by 1.84%, 6.67%, 3.98 and 4.13% respectively; while cotton decreased by 1.12%.

The interbank exchange rate ended the week at ₦380/US\$, depreciated by 5.0% from the beginning of the month, and also depreciated by 19.21% from the beginning of the year and in the last one year respectively. While the parallel market concluded the week at ₦477/US\$ depreciating by 0.84%, 24.11% and 24.53% MTD, YTD and YOY respectively, but remaining the same WTD. Available data also shows that the country's external reserves decreased by 0.05% finishing the week at \$35.66 billion, it also fell by 7.60% from the beginning of the year and by 18.45% in the last one year. The S & P 500 index finished the week at 3,508.01 points. The index increased by 2.24% and 8.58% on a week-to-date and year-to-date basis respectively.

Market	Indicator	Value* @ 28 - Aug-20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	25,309.37	0.32	2.19	-5.71	-8.32
	Market Capitalisation (₦'tn)	13.20	0.32	2.13	1.89	-1.69
Unlisted (NASD)	Unlisted Securities Index (USI)	711.15	0.00	1.69	1.95	-1.09
	Market Capitalisation (₦'bn)	522.39	0.00	1.69	4.24	1.13
Collective Investment (@21/08/20)	Net Asset Value (₦'bn)	1,327.83	0.24	0.41	32.05	65.67
Money	O/N (%)	14.90	1.00	0.57	11.57	2.11
	OBB (%)	13.90	11.90	0.57	11.40	2.04
Commodities	Brent Crude Oil (\$/b)	45.05	-0.18	2.04	-31.74	-25.52
	Gold(\$/t oz)	1,974.90	1.84	-0.57	29.66	27.49
	Cocoa(\$/mt)	2,623.00	6.67	6.58	3.27	16.94
	Wheat(\$/bu)	5.49	3.98	5.33	-1.79	15.47
	Corn(\$/bu)	3.59	4.13	9.36	-7.35	-3.17
	Cotton(\$/lb)	65.08	-1.12	1.89	-5.75	10.81
External	Interbank Ex-rt (₦/US\$)	380.00	0.00	-5.00	-19.21	-19.21
	Parallel Ex-rt (₦/US\$)	477.00	0.00	-0.84	-24.11	-24.53
	External Reserves (\$'bn)	35.66	0.05	-0.28	-7.60	-18.45
	S&P 500	3,508.01	2.24	6.48	8.58	21.47

* 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 HIGHLIGHTS FOR THE WEEK ENDED 28th August, 2020

CAPITAL MARKET	MACROECONOMY
<p>BUA Foods, the agribusiness and food processing division of BUA Group, sealed an agreement with Milleral of Turkey to build a flour milling plant in Nigeria with a total milling capacity of 2,400tonnes per day. BUA currently operates an installed flour milling capacity of 1,600 tons per day and five lines of pasta of 720 tonnes per day. The new mill will bring BUA's total installed flour milling capacity to 4000tons per day.</p> <p>Infinity Mortgage Bank PLC was recently on- boarded as a participating Financial Institution by the Development Bank of Nigeria (DBN) to access up to N2.7 billion for on lending to its customers. This is in line with the Bank's vision of deepening mortgage penetration and inclusion in the country.</p>	<p>The Nigerian National Petroleum Corporation (NNPC) recorded a total crude oil and gas export receipt of \$378.42 million in June 2020. This is a marked improvement from May export receipts of \$133.16 million. In another development, NNPC, Akwa Ibom State Government and an American private equity investor, the Black Rhino Group, have secured investment commitments worth more than \$10 billion with the potential to create more than 7,000 long-term jobs, in a new oil and gas free zone approved in the state by President Muhammadu Buhari.</p>
<p>Greif Nigeria PLC, Royal Exchange PLC and John Holt PLC released their financial statements yesterday. All the companies recorded losses for the period reported. On the other hand, the equities market has sustained its positive growth momentum from the previous week. The positive streak is attributed to sustained investor confidence as well as bargain hunting.</p>	<p>The Federal Government said it has so far secured a cumulative sum of US\$6.15bn for the funding of various capital projects in the power sector.</p> <p>In an effort to put a stop to estimated and arbitrary billing of electricity, President, Muhammadu Buhari has ordered operators in the power sector to carry out mass metering of unmetered customers nationwide.</p>
<p>Nestlé S. A, a Swiss multinational food and drink company, has acquired additional equity stake in Nestlé Nigeria PLC valued at N747.54 million. Nestlé S.A has a majority shareholding in Nestlé Nigeria PLC and this transaction has increased its stake by 0.08%.</p>	<p>The Nigerian central bank plans to restart dollar sales to retail currency bureaux on 31 August, ahead of resumption of international flights</p> <p>Facebook has announced a N500m (US\$1.29m) grant to support 781 small and micro businesses in Nigeria, as part of its US\$100m Global Grants Programme which aims to support 30,000 SMBs in over 30 countries.</p>
<p>Heineken Brouwerijen B. V, one of the largest brewers in the world, has acquired 53,272 units additional equity stake in Nigerian Breweries PLC. Heineken Brouwerijen B. V is a substantial shareholder of Nigerian Breweries PLC.</p> <p>The 25-year FGN bond issued in July 2020 (9.80% FGN Jul 2045 Bond), was on Thursday 27th August listed on the Nigeria Stock Exchange (NSE). The issue listed is valued at N75 billion.</p>	

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