





### A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENT

News/Development	Relevance/Implications
 <p><b>Value of Trade in Goods Declines</b></p> <p>The National Bureau of Statistics (NBS), in its latest report on trade in foreign goods, showed that the total value of trade declined by 27% in Q2 2020 compared with Q1. Total export value decreased by 46% q/q to N2.22trn, and the import value declined by 11% q/q to N4.02trn. Deficit in Nigeria's trade balance worsened in Q2 2020, rising to N1.8 trillion from N421.3 billion in Q1 2020 and N579.1 billion in Q4 2019. This represents the third consecutive quarterly rise in trade deficit.</p>	<p>The fall in the value of trade is expected given the restrictions on international trade, tourism and travels as a result of COVID-19 pandemic. It is believed that trade deficit will have a negative impact on growth and employment and also result in currency depreciation. A large portion of Nigeria's exports is raw materials, particularly crude oil; with only a small fraction of goods going through industrial processing before export. Policymakers therefore need to design structural reforms to revive Nigeria's productive industry and increase its industrial self-reliance. This will make local industries more competitive, raise exports and at the same time strengthen economic growth.</p>
 <p><b>Savings Rate Reviewed Downwards</b></p> <p>The Central Bank of Nigeria (CBN), in a circular addressed to all Deposit Money Banks (DMBs), directed them to review interest rates on savings accounts to a minimum of 10% of the Monetary Policy Rate effective from September 1, 2020. This would amount to 1.25% at the current MPR of 12.5%.</p>	<p>Generally, low interest rates discourage savings as reward for savings is diminished. In this case, consumers are likely going to substitute savings for more spending or look for other forms of savings and investments. The effect of this directive on DMBs will be a reduction in their cost of funds. Real interest on savings account deposits is already negative as a result of high inflation. The directive will widen the negative interest earned by savers and will encourage them to search for alternative forms of savings and investments, perhaps in the capital market, thereby widening investor base which may be positive for the market.</p>

**Do you know?**

**Blue Chip Stocks** – are shares of large and well-established companies with a history of sound financial performance. The phrase was first coined in 1923 by Oliver Gingold who was working at the Dow Jones.



## B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 25,605.64 points; increasing by 1.10% and 0.75% on a week-to-date and month-to-date basis but decreased by 4.61% and 6.27% year-to-date and year-on-year respectively. Similarly, market capitalization closed at ₦13.36 trillion; increasing by 1.10%, 0.75%, 3.08% and 0.51% WTD, MTD, YTD and YOY respectively.

In the Unlisted Securities Market, the index finished the week at 714.21 points, growing by 0.43% from the beginning of the week. The market grew by 0.67%, 2.39% and 0.01% from the beginning of the month, the beginning of the year and from the previous year respectively. Accordingly, the USI Market Capitalization at the end of the trading concluded the week at ₦524.64 billion, rising by 0.43%, 0.67%, 4.69% and 2.25% WTD, 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 32.54% year-to-date and 64.83% year-on-year.

In the money market, Over Night (ON) rate completed the week at 2.25%, 0.62% points higher WTD whereas Open Buy Back (OBB) rate completed the week at 1.63%, 7.47% lower WTD.

In the commodities market, Brent crude price fell by 5.79% to close at \$42.66/barrel at the end of the week. It declined by 33.36% from the start of the year and 29.72% in the last one year. In the last one week, gold, cocoa, wheat and cotton decreased by 2.24%, 2.22%, 0.36% and 0.26% respectively; while corn grew by 0.07%.

The interbank exchange rate ended the week at ₦380/US\$, depreciating by 19.21% and 19.22% from the beginning of the year and in the last one year respectively. While the parallel market concluded the week at ₦477/US\$, appreciating by 5.68% WTD and depreciating by 17.73% and 18.18% YTD and YOY respectively. Available data also shows that the country's external reserves increased by 0.03% finishing the week at \$35.68 billion, it fell by 7.55% from the beginning of the year and by 17.38% in the last one year. The S & P 500 index finished the week at 3,426.96 points. The index decreased by 2.10% week-to-date and increased by 6.07% on a year-to-date basis.

Market	Indicator	Value* @ 04 - Sep-20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
<b>Equities (NSE)</b>	All Share Index (ASI)	25,605.64	1.10	0.75	-4.61	-6.27
	Market Capitalisation (₦'tn)	13.36	1.10	0.75	3.08	0.51
<b>Unlisted (NASD)</b>	Unlisted Securities Index (USI)	714.21	0.43	0.67	2.39	0.01
	Market Capitalisation (₦'bn)	524.64	0.43	0.67	4.69	2.25
<b>Collective Investment (@28/08/20)</b>	Net Asset Value (₦'bn)	1,332.77	0.37	0.78	32.54	64.83
<b>Money</b>	O/N (%)	2.25	0.62	-4.13	-1.08	-7.25
	OBB (%)	1.63	-7.47	-4.12	-0.87	-7.01
<b>Commodities</b>	Brent Crude Oil (\$/b)	42.66	-5.79	-6.41	-35.36	-29.72
	Gold(\$/t oz)	1,934.30	-2.24	-2.25	27.00	23.96
	Cocoa(\$/mt)	2,595.00	-2.22	-2.66	2.17	14.37
	Wheat(\$/bu)	5.50	-0.36	-2.44	-1.52	19.42
	Corn(\$/bu)	3.58	0.07	0.00	-7.67	-0.14
	Cotton(\$/lb)	64.99	-0.26	-0.63	-5.88	10.66
<b>External</b>	Interbank Ex-rt (₦/US\$)	380.00	0.00	0.00	-19.21	-19.22
	Parallel Ex-rt (₦/US\$)	440.00	5.68	0.00	-17.73	-18.18
	External Reserves (\$'bn)	35.68	0.03	0.03	-7.55	-17.38
	S&P 500	3,426.96	-2.10	-2.83	6.07	16.65

\* 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



**September, 2020**

CAPITAL MARKET	MACROECONOMY
<ul style="list-style-type: none"> <li>Ellah Lakes PLC, a listed palm oil producing company, is planning to raise \$40 million from investors to expand its operations. The company is raising \$35 million through debt instruments and an additional \$5.4 million in equities to fund oil palm plantations, seedlings and fertilizer. Ellah Lakes is increasing production to meet the rising demand for palm oil due to government restrictions on import.</li> </ul>	<ul style="list-style-type: none"> <li>The Federal Government would inject over N600bn as stimulus response into Nigeria's agricultural sector, according to the Minister of Agriculture and Rural Development. The fund will target small scale farmers to ensure food security and sustainability.</li> </ul>
<ul style="list-style-type: none"> <li>Cardinal Stone Partners Limited, a multi-asset investment management firm, successfully completed its debut Commercial Paper issuance with a subscription of 148%. The company had set out to raise N5 billion in the first tranche under its N10 billion Commercial Paper Programme but received subscriptions totalling N7.1 billion from investors. The Series I 270-day Commercial Paper was issued at an effective yield of 7.0%.</li> </ul>	<ul style="list-style-type: none"> <li>The Central Bank of Nigeria's Manufacturing Purchasing Managers' Index (PMI) for August stood at 48.5 points, indicating contraction in the manufacturing sector for the fourth consecutive months. FBN PMI for August on the hand declined to 52.3 points from 52.8 points in July, indicating an expansion in manufacturing sector.</li> <li>The Central Bank of Nigeria has ordered all Deposit Money Banks to review interest rates on savings accounts to a minimum of 10% of the Monetary Policy Rate effective from September 1, 2020. This would amount to 1.25% at the current MPR of 12.5%.</li> </ul>
<ul style="list-style-type: none"> <li>Bua Group PLC has selected a French company, Axens, for a multibillion-dollar 200,000 barrel per day refinery and petrochemicals plant in Nigeria. Axens, which manufactures systems that convert oil and biomass to cleaner fuels, would provide technology for the greenfield project designed to produce Euro-V fuels and polypropylene targeted at domestic and regional markets. The project will help in reducing Nigeria's dependence on imported fuels and petrochemicals.</li> <li>The Nigerian Stock Exchange (NSE) has suspended six companies for non-filing of their annual reports. The NSE suspended trading on the shares of the companies with effect from Tuesday September 1, 2020. The suspended companies are FTN Cocoa Processors Plc, Medview Airline Plc, Niger Insurance Plc, R.T. Briscoe (Nigeria) Plc, Union Dicon Salt Plc and Capital Oil Plc.</li> </ul>	<ul style="list-style-type: none"> <li>OPEC oil output has risen by about 1 million barrels per day (bpd) in August, a Reuters survey found, as the group and allies eased record oil supply curbs. Iraq and Nigeria, laggards in previous months of the OPEC+ deal, both reduced outputs, the survey found, with Iraq reaching its highest compliance in recent years</li> <li>The Central Bank of Nigeria will grant more licences for payment service banks but set a minimum capital base of US\$13m, which could deter telecoms firms and some other potential new entrants to the digital financial services sector.</li> </ul>
<ul style="list-style-type: none"> <li>Stanbic IBTC Holdings PLC released its interim report for the period ended 30 June 2020. The group recorded a profit after tax of N45.20 billion, 24.72% higher than the profit recorded for the period ended 30 June 2019. The company also announced the payment of an interim dividend of 40 kobo per ordinary share of 50 kobo each, amounting to about N4.2 billion.</li> <li>Guarantee Trust Bank PLC announced an interim dividend of 30 kobo per ordinary share of 50 kobo. The Bank recorded a profit of N94.27 billion for the period ended 30 June 2020. Total dividend to equity holders amounts to N73.64 billion.</li> </ul>	<ul style="list-style-type: none"> <li>The Central Bank of Nigeria sold around US\$50m to foreign investors on the spot and forward markets, in what it called a test trade to gauge the level of US dollar demand on the currency market, traders said on Wednesday.</li> </ul>
<ul style="list-style-type: none"> <li>Zenith Bank Plc released its Q2 2020 Unaudited results for the period ended June 30th, 2020. Gross Earnings grew by 4.4% to N346 billion from N332 billion in the previous quarter. Profit before tax grew by 2.2% to N114 billion.</li> </ul>	<ul style="list-style-type: none"> <li>In line with its earlier promise to foreign portfolio investors (FPIs), the Central Bank of Nigeria (CBN) has started the sale of foreign exchange to banks to clear the backlog of demand in the market, which currently stands at US\$2bn.</li> <li>Fuel marketers across the country raised their petrol pump prices to between N158 – N162 per litre following the increase of ex-depot price of motor spirit by the Nigerian National Petroleum Corporation (NNPC). A further increase in global oil would push the pump price of petrol higher according to the report.</li> </ul>

**Important Disclaimer**

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