





A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENT

News/Development	Relevance/Implications
 <p style="text-align: center;">Debt Stock Rises</p> <p>The Debt Management Office on Wednesday released Nigeria's total public debt stock as of June 30, 2020. It put the country's total debt at N31.01trn (\$81.22bn), indicating an increase of N2.38trn (\$6.24bn) within three months. The debt office explained that the increase in the debt stock was accounted for by the \$3.36bn budget support loan from the International Monetary Fund and new domestic borrowing to finance the revised 2020 Appropriation Act.</p>	<p>Debt financing provides fiscal space to governments, enabling them to pay for their expenditures without raising taxes. However, increase in debt means the interest payments on the debt will also rise, affecting future revenue available for other public activities. Nigeria's debt to GDP ratio was 29% in 2019, but the IMF predicts it will rise to 36.5% in 2020. The debt level is still sustainable as long as it is below the average for emerging and developing countries, which the IMF put at 50% of GDP. The problem envisaged for Nigeria however pertains to its debt servicing capacity given its low revenue generation. The total debt service to revenue in 2019 stood at 51.2%, and with revenue affected by the pandemic and falling oil prices, the figure is expected to deteriorate. Policymakers have to therefore come up with ways of diversifying the economy to improve revenue generation.</p>
 <p style="text-align: center;">ValuAlliance Value Fund plans to delist</p> <p>The Fund Manager and Trustee of ValuAlliance Value Fund, ValuAlliance Asset Management Ltd and Leadway Capital and Trusts Ltd, have announced that they will implement a restructuring of the Fund from a listed closed-end fund to an unlisted closed-end fund. This is subject to obtaining regulatory approvals and the approval of unitholders. ValuAlliance Value Fund is a closed-end unit trust scheme listed on the floors of the Nigerian Stock Exchange.</p>	<p>If the Fund Manager and Trustee of the Fund go ahead with the restructuring, this means that the units of ValuAlliance Value Fund will be delisted and can no longer be traded on the floor of the NSE. The delisting may not have significant impact on unitholders, however, the announcement may drive unit price down and there is also the possibility of a decline in liquidity. For the Exchange, this will reduce the number of products offered, leading to a slight decline in the capitalisation of the segment where the Fund is currently listed.</p>

Do you know?

Mutual Funds came into limelight in Nigeria in the early 1990's but had limited impact on the capital market prior to the banking consolidation exercise. ARM Discovery Fund established in 1995 was among the forerunners of mutual funds in Nigeria.



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 25,591.95 points; increasing by 0.04% and 0.70% on a week-to-date and month-to-date basis but decreased by 4.66% and 5.75% year-to-date and year-on-year respectively. Similarly, market capitalization closed at ₦13.35 trillion; increasing by 0.04%, 0.70%, 3.03% and 1.07% WTD, MTD, YTD and YOY respectively.

In the Unlisted Securities Market, the index finished the week at 712.54 points, losing 1.79% from the beginning of the week. The market grew by 0.44%, and 2.15% from the beginning of the month and the beginning of the year respectively but lost 0.95% from the previous year. Accordingly, the USI Market Capitalization at the end of the trading concluded the week at ₦523.42 billion, rising by 0.44%, 4.44% and 1.28% MTD, YTD and YOY respectively and fell by 1.79% WTD.

Available data showed that the net asset value of collective investment schemes stood at ₦1.34 trillion at the end of the period under review, it grew by 32.80% year-to-date and 63.90% year-on-year.

In the money market, Over Night (ON) rate completed the week at 16.50%, 2.00% points higher WTD whereas Open Buy Back (OBB) rate completed the week 13.12% higher WTD at 14.50%.

In the commodities market, Brent crude price fell by 5.19% to close at \$39.83/barrel at the end of the week. It declined by 39.65% from the start of the year and 34.50% in the last one year. In the last one week, gold, corn and cotton rose by 0.24%, 1.87% and 1.23% respectively; while cocoa and wheat fell by 0.27% and 0.41% respectively.

The interbank exchange rate ended the week at ₦380/US\$, depreciating by 19.21% and 19.25% from the beginning of the year and in the last one year respectively. While the parallel market concluded the week at ₦455/US\$, depreciating by 2.20%, 3.30%, 20.44% and 20.88% WTD, MTD, YTD and YOY respectively. Available data also shows that the country's external reserves increased by 0.01% finishing the week at \$35.77 billion, it fell by 7.35% from the beginning of the year and by 16.63% in the last one year. The S & P 500 index finished the week at 3,340.97 points. The index increased by 0.27% week-to-date and 11.33% on a year-to-date basis.

Market	Indicator	Value* @ 11 - Sep-20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	25,591.95	0.04	0.70	-4.66	-5.75
	Market Capitalisation (₦'tn)	13.35	0.04	0.70	3.03	1.07
Unlisted (NASD)	Unlisted Securities Index (USI)	712.54	-1.79	0.44	2.15	-0.95
	Market Capitalisation (₦'bn)	523.41	-1.79	0.44	4.44	1.28
Collective Investment (@04/09/20)	Net Asset Value (₦'bn)	1,335.42	0.20	0.98	32.80	63.90
Money	O/N (%)	16.50	2.00	10.12	13.17	-3.00
	OBB (%)	14.50	13.12	8.75	12.00	1.96
Commodities	Brent Crude Oil (\$/b)	39.83	-5.19	-12.62	-39.65	-34.50
	Gold(\$/t oz)	1,947.90	0.24	-1.57	27.89	29.58
	Cocoa(\$/mt)	2,548.00	-0.27	-4.43	0.31	10.59
	Wheat(\$/bu)	5.42	-0.41	-3.90	-3.00	13.51
	Corn(\$/bu)	3.69	1.87	2.93	-4.96	2.36
	Cotton(\$/lb)	64.81	1.23	-0.90	-6.14	9.16
External	Interbank Ex-rt (₦/US\$)	380.00	0.00	0.00	-19.21	-19.25
	Parallel Ex-rt (₦/US\$)	455.00	-2.20	-3.30	-20.44	-20.88
	External Reserves (\$'bn)	35.77	0.01	0.28	-7.32	-16.63
	S&P 500	3,340.97	0.27	-5.27	3.41	11.33

* 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 11th**

September, 2020

CAPITAL MARKET	MACROECONOMY
<ul style="list-style-type: none"> AllCO Insurance PLC seeks to raise N3.49 billion from its shareholders through a rights issue. The company is offering 4.36 billion ordinary shares of 50 kobo each at 80 kobo per share. The rights issue has been pre-allotted on the basis of five new ordinary shares of 50 kobo each for every 13 ordinary shares of 50 kobo each held by shareholders as at the close of business on June 15, 2020. 	<ul style="list-style-type: none"> As part of its efforts to enhance the accessibility to foreign exchange, the Central Bank of Nigeria (CBN) will on Monday, 7th September, 2020, resume the sale of foreign exchange to Bureau De Change (BDC) operators. The resumption of forex sales will strengthen the exchange rate of the naira to the US dollar according to the operators.
<ul style="list-style-type: none"> SM&P Advisory Services, a company incorporated in Mauritius, has bought 55.1 million units of shares of UAC of Nigeria PLC. The shares are valued at N312.97 million at an average price of N5.68 per unit. The company has an indirect relationship with the Group Managing Director of UAC of Nigeria PLC. 	<ul style="list-style-type: none"> The Central Bank of Nigeria's 'Credit Condition Survey' report has shown that availability of credit to the Corporate sector increased in Q2 2020 and is expected to increase in Q3 2020, due to changing sector specific risk. Corporate loan performance improved across all sizes of firms except for small business and medium PNFCS in Q2 2020.
<ul style="list-style-type: none"> Fidelity Bank PLC plans to issue up to N50 billion in bonds in the fourth quarter of 2020 to refinance existing debts as yields fall. The new issue would be made to redeem an existing N30 billion bond issued at 16.48%. The bank has recorded a decline in income in the second quarter of 2020 due to a downward review of lending rates on loans and economic slowdown. 	<ul style="list-style-type: none"> The Economic Community of West African States (ECOWAS) has postponed the planned launch of its single currency, the Eco. The body agreed to maintain a gradual approach for the launching of the currency. ECOWAS explained that a new date for the launch would be announced later.
<ul style="list-style-type: none"> The Nigerian stock market sustained a negative momentum following record dip in prices of some blue-chip stocks for the third time this week. Some of the companies that experienced decrease in prices include Unilever Nigeria PLC, Zenith Bank PLC, The Okumo Oil Palm Co. PLC and UACN PLC. 	<ul style="list-style-type: none"> The Federal Government will no longer release guiding price bands for the sale of petrol at filling stations. The Petroleum Products Pricing Regulatory Agency (PPPRA) declared that full deregulation was now in force and fuel marketers are therefore free to fix their prices.
<ul style="list-style-type: none"> Continental Reinsurance PLC has acquired additional 40% equity stake in Continental Reinsurance Ltd (Botswana) through its holding company CRe African Investments Ltd. The acquisition has raised the insurance company's stake in Continental Reinsurance Ltd (Botswana) to 100%. 	<ul style="list-style-type: none"> The Federal Government of Nigeria on Thursday flagged off two schemes to provide financial support of N75bn to micro, small and medium enterprises (MSMEs) across the country President Muhammadu Buhari directed the Central Bank of Nigeria to stop issuing foreign exchange for food and fertiliser imports, according to a statement issued by his Senior Special Assistant.

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