





A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENT

News/Development	Relevance/Implications
 <p>N1.2 trillion for 2020 capital projects released</p> <p>The federal government has released a total of N1.2 trillion for capital projects, and N2.14 trillion for debt service obligations provided in the Revised 2020 Budget. The Minister of Finance, Budget and National Planning, provided the details, at the public presentation and breakdown of the 2021 budget proposals. She disclosed that as at end of August 2020, federal government's revenue available for budget funding was N2.52 trillion, representing 71per cent of the target for the first 8 months of the year. In the revised 2020 budget, the federal government plans to spend a total of N10.81trillion with N2.95 trillion for debt service and N4.94trillion for capital projects; while the sum of N5.37trillion is projected as government retained revenue.</p>	<p>The release of N1.2 trillion capital budget is so far about 25% of estimated total capital budget for the entire 2020. The government would be challenged with achieving its target due to dwindling revenue. Government may therefore borrow additional funds to cover the deficit or revise its capital projects for the year. However, the negative impact of Covid-19 requires increased government spending to provide the economy with a boost. With a proposed budget deficit of N5.2 trillion for 2021 budget, the need for increased capital expenditure may signal continued patronage of debt markets to bridge funding gap. Debt issuance by the FG have surpassed N1 trillion since 2016 with the highest figure recorded in 2019 at N1.7 trillion. It remains probable the FGN could repeat the same figures or higher in recent times.</p>
 <p>Stripe acquires Paystack</p> <p>Stripe, an American financial services and software company, recently acquired Nigeria's Paystack for more than \$200 Million. Paystack currently has around 60,000 customers, including small businesses, larger corporates, fintechs, educational institutions, and online betting companies. CEO of Stripe indicated the deal with PayStack is an enormous opportunity, as African e-commerce grows by 30% every year, which would give Stripe an early footing in the region.</p>	<p>The acquisition of Paystack Nigeria is a welcome development for start-up and Fintech companies. Stripe justified its acquisition on growth of e-commerce with Nigeria's current e-commerce spending at about \$12 billion in 2020, and projected to \$75 billion in 2025 by U.S. Department of Commerce. Furthermore, acquisition value of \$200 million, equivalent to about N90 billion makes Paystack more valuable than three listed Banks (FCMB, Unity Bank and WEMA) combined at N75 billion. The acquisition implies there are opportunities for Nigerian fintech companies and the capital market is an avenue to raise additional funds by listing on an Exchange. Furthermore, Nigerian PE and VC firms should seize the opportunity to invest in start-ups with potential.</p>

Do you know?

On the 21-September-1992, the NSE All-Share Index reached the 1000 mark



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 28,659.45 points; increasing by 1.13% and 6.20%, 6.77% and 8.26% on a week-to-date, month-to-date, year-to-date and year-on-year respectively. Similarly, market capitalization closed at ₦14.97 trillion; increasing by 1.13%, 6.20% and 15.60% and 16.15, WTD, MTD, YTD and YOY respectively.

In the Unlisted Securities Market, the Unlisted Securities index finished the week at 720.02 points, losing 1.32% and 2.38% from the beginning of the week and MTD respectively while it increased 2.78% and 2.66% YTD and YOY respectively. Accordingly, the USI Market Capitalization at the end of the trading concluded the week at ₦528.90 billion, declining also by 1.32% and 2.38% WTD and MTD while increasing by 5.19% and 4.97% YTD and YOY.

Available data showed that the net asset value of collective investment schemes stood at ₦1.40 trillion at the end of the period under review, it grew by 34.98% year-to-date and 61.03% year-on-year.

In the money market, Over Night (ON) rate completed the week at 2.00%, lower by 42.86% WTD whereas Open Buy Back (OBB) rate completed the week 1.17% lower WTD at 53.20%.

In the commodities market, Brent crude price slid by 0.09% to close at \$42.81/barrel at the end of the week. It declined by 35.14% from the start of the year and 27.75% in the last one year. In the last one week, cocoa, wheat, corn and cotton rose by 3.33%, 5.61%, 1.70% and 3.11 respectively; while gold fell by 1.21%.

The interbank exchange rate ended the week at ₦380/US\$, depreciating by 23.78% and 23.82% 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 1.09%, 26.74% and 27.09%, MTD, YTD and YOY respectively. Available data also shows that the country's external reserves increased by 0.30% finishing the week at \$35.81 billion, it fell by 7.09% from the beginning of the year and by 12.75% in the last one year. The S & P 500 index finished the week at 3,483.81 points. The index decreased by 1.43% week-to-date and increased 6.94% on a year-to-date basis.

Market	Indicator	Value* @ 16-Oct-20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	28,659.45	1.13	6.20	6.77	8.26
	Market Capitalisation (₦'tn)	14,979.83	1.13	6.20	15.60	16.15
Unlisted (NASD)	Unlisted Securities Index (USI)	720.02	-1.32	-2.38	2.78	2.66
	Market Capitalisation (₦'bn)	528.90	-1.32	-2.38	5.09	4.97
Collective Investment (@11/09/20)	Net Asset Value (₦'bn)	1,407.75	2.31	2.31	34.98	61.03
Money	O/N (%)	2.00	-42.86	26.58	-28.32	-58.25
	OBB (%)	1.17	-53.20	17.00	-45.33	-70.75
Commodities	Brent Crude Oil (\$/b)	42.81	-0.09	-0.79	-35.14	-27.75
	Gold(\$/t oz)	1,902.80	-1.21	-3.02	22.71	27.60
	Cocoa(\$/mt)	2,641.00	3.33	-0.94	3.98	-6.12
	Wheat(\$/bu)	626.12	5.61	8.49	11.93	21.99
	Corn(\$/bu)	402.62	1.70	6.37	3.83	2.62
	Cotton(\$/lb)	69.99	3.11	6.66	1.46	8.44
External	Interbank Ex-rt (₦/US\$)	380.00	0.00	0.00	-23.78	-23.82
	Parallel Ex-rt (₦/US\$)	455.00	0.00	-1.09	-26.74	-27.09
	External Reserves (\$'bn)	35.81	0.30	0.16	-7.09	-12.75
	S&P 500	3,483.81	-1.43	3.05	6.94	16.53

* 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 ERP Research Division; underlying data from NSE, NASD, SEC, FMDQ, Bloomberg, CBN and FRED



C. NEWS HIGHLIGHTS FOR THE WEEK ENDED 16th October, 2020

CAPITAL MARKET	MACROECONOMY
<ul style="list-style-type: none"> Union Bank has noted it received a \$40 million facility from the International Finance Corporation (IFC), a member of the World Bank Group, to boost access to finance for local business, increase international trade and help protect the country's economy from the impact of the COVID-19 pandemic. The facility, under IFC's Global Trade Finance Program (GTFP), will support Union Bank to establish working partnership with nearly 300 major international banks within the GTFP network, thereby broadening access to finance and reducing cash collateral requirements for Nigerian businesses. 	<ul style="list-style-type: none"> The total banking industry credit to customers in Nigeria rose to N18.90 trillion in the second quarter of the year (Q2 2020), compared to N18.56 trillion in Q1 2020 a rise of 1.83% and N15.44 trillion in Q2 2019 an increase of 22.4% as stated by the National Bureau of Statistics (NBS). Quarterly Geographical Distribution of Credit by State indicated Lagos State recorded the highest credit by geographical distribution with N14.92 trillion or 78.94 per cent of total credit, while Yobe State recorded the least credit facility with N13.8 billion, accounting for 0.07 per cent in Q2 2020.
<ul style="list-style-type: none"> Redstar Express Plc, a logistics solutions company posted a turnover of N10.5 billion for the year ended March 31, 2020. This represents a five percent increase over the preceding year figure of N10.067 billion that was recorded in 2019, prompting the board of directors to recommend the payment of 35 kobo per share as dividend. Furthermore, while profit after tax (PAT) printed at N468.989 million, up from N466.248 million. In addition, its balance sheet size improved by N1.8 billion with total assets and shareholders' funds closing at N7.3 billion from N5.5 billion. 	<ul style="list-style-type: none"> OPEC recently released 2020 World Oil Outlook, estimated that refining capacity additions between 2020 and 2025 at around 5.2 mbpd based on review of announced and planned refinery projects. According to the report, the additions expected in Africa total around 0.8 million bpd or 15 per cent of the global volume with the largest project, Dangote refinery expected to come online in 2022. The report projected that the new refining capacities, which are expected in the medium to long-term, may increase pressure on existing plants with two ways out – either closure or refurbishment.
<ul style="list-style-type: none"> . 	<ul style="list-style-type: none"> The Nigerian National Petroleum Corporation says it has achieved 99.7 per cent reduction in its loss profile from N803bn in 2018 to N1.7bn in 2019. A Spokesperson for the NNPC further disclosed that the 2019 Audited Financial Statement would soon be published on the corporation's website. Providing further insight into the 2019 audit report general administrative expenses witnessed a 22 per cent dip from N894bn in 2018 to N696bn in 2019. Majority of the subsidiaries also posted improved performance.

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