



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENT

News/Development	Relevance/Implications
 <p>Value Added Tax increased in Q3 2020</p> <p>The National Bureau of Statistics (NBS) in its report on Sectoral Distribution of Value Added Tax (VAT), showed that N427.71bn in VAT was generated in Q3 2020. This represents a 29.8% increase from the N327.20bn generated in Q2 2020 and 54.37% higher than VAT of N275.12bn collected in Q3 2019. Other Manufacturing sector generated the highest VAT (N47.07bn) growing by 55.57% quarter-on-quarter and 55.51% year-on-year, followed closely by Professional Services (N44.01) which grew by 16.96% quarter-on-quarter and 37.17% year-on-year.</p>	<p>This improvement in VAT collection in Q3 2020 can be attributed to resumption of most economic activities after the Covid-19 restrictions. The sectors that drove the rise in collection, for example Services sector, were among the hardest hit by the imposed restrictions, hence the sharp increase. The year-on-year improvement in VAT collection can also be explained by the increase in VAT rate from 5% to 7.5% in February 2020. Increase in VAT collection is good for the government as it can be used to finance its deficit. However, the level of economic activities as well as aggregate spending remains weak. Policymakers therefore have to proffer solutions that will encourage increased economic activities thereby raising VAT collection.</p>
 <p>Guaranty Trust Bank's Proposed Restructuring</p> <p>Guaranty Trust Bank PLC disclosed that it has obtained an approval-in-principle from the Central Bank of Nigeria (CBN) to commence the formal process of restructuring the Bank to a financial holding company through a scheme of arrangement between the Bank and its shareholders. The proposal under the restructuring is that issued shares of the Bank will be exchanged on a one-for-one basis for the shares of the financial holding company. The Bank's existing Global Depository Receipts (GDRs) will also be exchanged one-for-one for new GDRs issued by the financial holding company.</p>	<p>Restructuring into holding companies seems to be a new trend in the Nigerian banking sector as two other banks also have plans of adopting the Financial Holding Company structure. This is all in a bid to diversify their business activities and revenue base to enhance earning growth as well as maintain a competitive edge in the industry. GT Bank is considering diversifying into Pensions, Aseet Management and Payments. The Bank will delist its shares from the floors of the Nigerian Stock Exchange and the London Stock Exchange. However, this may not have much of an impact on the exchanges as the shares of the Financial Holding Company will be listed concurrently with the delisting. In the medium to long term, the new company may have to issue new shares thereby contributing to the growth of the market.</p>

Do you know?

Over 50% of Nigeria's total population is of working age, but only 26% are financially literate and only 20% have BVN. 2.5% invest in the Capital Market.



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 31,016.17 points; rising by 1.76%, 15.55% and 18.28% on a week-to-date/month-to-date, year-to-date and year-on-year basis respectively. Similarly, market capitalization closed at ₦16.21 trillion; increasing by 1.73%, 25.07% and 26.96% WTD/MTD, YTD and YOY respectively.

In the Unlisted Securities Market, the index finished the week at 719.31 points, gaining 0.10%, 3.12% and 2.30% from the beginning of the week, the beginning of the year and from the previous year respectively. Accordingly, the USI Market Capitalization concluded the week at ₦528.38 billion, also gaining 0.10%, 5.44% and 4.60% WTD/MTD, YTD and YOY respectively.

Available data showed that the net asset value of collective investment schemes stood at ₦1.48 trillion at the end of the period under review, it grew by 42.06% year-to-date and 68.16% year-on-year.

In the money market, Over Night (ON) rate completed the week at 6.40%, higher by 0.70% WTD whereas Open Buy Back (OBB) rate completed the week 5.70% rising by 4.95% WTD.

In the commodities market, Brent crude price rose by 1.23% to close at \$39.45/barrel at the end of the week. It declined by 40.22% from the start of the year and 36.10% in the last one year. In the last one week, gold, cocoa and corn rose by 3.13%, 3.37% and 2.33%, while wheat and cotton fell by 0.97% and 0.28% respectively.

The interbank exchange rate closed the week at ₦380/US\$, depreciating by 19.21% from the beginning of the year and 19.22% in the last one year. While the parallel market concluded the week at ₦464/US\$, depreciating by 0.22% WTD and MTD, while it depreciated by 7.49% YTD. Available data also shows that the country's external reserves closed the week at \$35.65 billion, it depreciated by 0.04% from the beginning of the week and the beginning of the month. The S & P 500 index finished the week at 3,509.44 points. The index rose by 6.02% week-to-date and also rose by 7.72% on a year-to-date basis.

Market	Indicator	Value* @ 06 - Nov -2020	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	31,016.17	1.76	1.76	15.55	18.28
	Market Capitalisation (₦'tn)	16.21	1.73	1.73	25.07	26.96
Unlisted (NASD)	Unlisted Securities Index (USI)	719.31	0.10	0.10	3.12	2.30
	Market Capitalisation (₦'bn)	528.38	0.10	0.10	5.44	4.60
Collective Investment (@30/10/20)	Net Asset Value (₦'bn)	1,481.56	1.91	7.64	42.06	68.16
Money	O/N (%)	6.40	0.70	5.40	3.61	0.90
	OBB (%)	5.70	4.95	4.95	3.56	1.20
Commodities	Brent Crude Oil (\$/b)	39.45	1.23	1.23	-40.22	-36.10
	Gold(\$/t oz)	1,951.70	3.13	3.13	27.72	30.71
	Cocoa(\$/mt)	2,333.00	3.37	3.37	-7.86	-5.62
	Wheat(\$/bu)	601.88	-0.97	-0.97	7.43	16.47
	Corn(\$/bu)	406.75	2.33	2.33	3.90	7.39
	Cotton(\$/lb)	68.56	-0.28	-0.28	-1.02	7.65
External	Interbank Ex-rt (₦/US\$)	380.00	0.00	0.00	-19.21	-19.22
	Parallel Ex-rt (₦/US\$)	464.00	-0.22	-0.22	-21.98	-22.41
	External Reserves (\$'bn)	35.65	-0.04	-0.04	-7.49	-11.39
	S&P 500	3,509.44	6.02	6.02	7.72	14.06

* 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 6th November, 2020

CAPITAL MARKET	MACROECONOMY
<ul style="list-style-type: none"> The NSE's latest Foreign Portfolio Investment Report showed that total foreign portfolio transactions dropped by 25.93% from N688.91bn in the third quarter of 2019 to N510.25bn in Q3 2020. Foreign portfolio outflows stood at N334.94bn while inflows were N175.31bn during the period. Outflows and inflows in Q3 2020 stood at N362.91bn and N326.0bn respectively. 	<ul style="list-style-type: none"> Consumer confidence in the economy dropped in the third quarter of the year, according to a survey by the Central Bank of Nigeria. The index, at -21.2 points, was 25.0 points lower than the index in the corresponding period of 2019. The FBN Manufacturing Purchasing Managers' Index (PMI) fell to 51.3 points in October from 54.8 points in September. The decline was attributed to the protests across major cities of the country, blockage of roads and the related curfews and other restrictions imposed in response to the situation.
<ul style="list-style-type: none"> The Nigerian Communications Commission (NCC), yesterday granted MTN Nigeria and 9Mobile approval to carry out a trial on the workability of embedded Subscriber Identification Modules (e-SIM) Service in Nigeria. According to the Executive Vice Chairman of NCC, the e-SIMs is a technology that will eliminate the need for SIM cards on mobile devices. He further stated that the primary objective of the e-SIM trial is to assess its technical performance on telecoms service providers' network towards eventual rollout. The trial will run for a period of one year and will be subject to compliance with some regulatory conditions. 	<ul style="list-style-type: none"> The Federal Government of Nigeria recorded a fiscal deficit of N409.39bn in August, although the total federally collected revenue rose by 2.7% to N767.55bn. The revenue generated in August was 9.4% below the budget benchmark of N846.84bn. The CBN said in its latest economic report that the increase in revenue was attributable to improved receipts from oil revenue sources.
<ul style="list-style-type: none"> Ikeja Hotels PLC reported a loss after tax of N1.4bn in the third quarter ended September 30, 2020. The company explained that the loss was due to the sustained effect of Covid-19 on the hospitality sector and will likely affect declaration of dividend for the year ended December 31, 2020. The company also disclosed that Lagos State Government has revoked the right of occupancy on its land located at Opebi George, Ikeja, Lagos. Legal action to contest the revocation has started, but there is a potential impairment loss of N4.63bn if the company loses. 	<ul style="list-style-type: none"> The Minister of Finance, Budget and National Planning, Zainab Ahmed, disclosed that the Federal Government has sent a request to the National Assembly to approve a US\$1.2bn loan from the Brazilian government to address issues in the agriculture value chain of Nigeria. The Minister also stated that total public debt stock of the federal and state governments which stood at N31.01trn in June 2020, is projected to rise to N32.51trn by the end of December 2020 and to N38.68trn by December 2021.
	<ul style="list-style-type: none"> According to the United States Energy Information Administration (EIA), Nigeria and other members of the Organisation of the Petroleum Exporting Countries will see their combined net oil export revenue fall this year to its lowest level since 2002. The EIA, in its latest forecast, said members of OPEC would earn about US\$323bn in net oil export revenues in 2020, while earnings were estimated at US\$595bn in 2019.
<ul style="list-style-type: none"> Transcorp Corporation of Nigeria PLC yesterday signed a share sale and purchase agreement with the Federal Government for the acquisition of 966MW installed capacity Afam Power PLC and Afam Three Fast Power Ltd. The agreement is for the acquisition of 100% of the entities, jointly referred as Afam Genco, at a cost of N105.3bn 	<ul style="list-style-type: none"> About 10,000 barrels per day of oil production are threatened due to an explosion at Oil Mining Lease (OML) 40 operated by the Nigerian Petroleum Development Company (NPDC), an upstream subsidiary of the corporation. The Nigerian National Petroleum Corporation, NNPC, which confirmed the incident said the explosion occurred while carrying out production evacuation at Gbetiokun early production facility (EPF).

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