





A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENT

News/Development	Relevance/Implications
 <p>CBN's Private Sector-led Agricultural Development Scheme</p> <p>The Central Bank of Nigeria (CBN) has issued guidelines for the operation of Private Sector-led Accelerated Agriculture Development Scheme (P-AADS), which aims at facilitating increased private sector involvement in agricultural production of staple food and industrial raw materials to support food security, job creation and economic diversification. Private sector firms can access up to N2bn at 5% interest rate under the scheme. The CBN stated that the scheme will be funded from the Anchor Borrowers' Programme (ABP). Eligible firms are processors of agricultural commodities with backward integration policy, prime anchors and commodity associations registered with ABP as well as other companies and individuals with evidence of ownership of contiguous land for farming.</p>	<p>The scheme is a necessary step towards enhancing growth in the Agricultural sector. Africa, and Nigeria in particular, is facing a food crisis as a result of conflicts, bad weather, political instability as well as effects of the pandemic. The World Health Organisation projected that about 73 million Africans are suffering from food insecurity. The scheme is expected to not only increase food production but also aid the Government's diversification plans. However, it is not enough to increase agricultural production, the agricultural value chain has to be developed to harness gains from the scheme. Nigeria has high agricultural potential with about 82 million hectares of arable land. Therefore, for the country to achieve food sufficiency and diversification, there is a need to increase value addition across the agricultural value chain. This will ensure poverty reduction as well as provide an avenue for job creation. Efforts should also be directed at mechanised farming so as to increase productivity and release labour for other sectors of the economy in the long run.</p>
 <p>NSE Triggers Circuit Breaker</p> <p>The Nigerian Stock Exchange's (NSE) market-wide circuit breaker protocol kicked in for the first time since its introduction in 2016 on Thursday, 12th November 2020. The protocol was triggered when the NSE All-Share Index (ASI) rose above 5% threshold, an increase from 33,268.36 to 34,959.39, activating a 30-minute trading halt in all stocks. No order could be placed during the halt until trading resumed; although existing orders could be withdrawn or cancelled, but could not be modified. The halt did not affect the clearing, settlement, and depository operations for matched trades, as these functioned as normal. All existing orders keyed in prior to the trading halt were re-activated and were matched upon resumption of trading.</p>	<p>A circuit breaker is a measure used to halt trading temporarily on an exchange in the event of excessive movement in price, either up or down. The NSE introduced an Index circuit breaker rule in 2016 to complement the price limits on individual stocks already in place. The purpose of the Index circuit breaker is to protect the market against sharp fluctuations during continuous trading sessions. The threshold was set at 5% rise or decline in the value of the ASI for the first trigger and a further 5% for the second trigger in the same direction. So far, the Nigerian stock market has done close to 32% year-to-date, making it one of the best performing in the world this year. One of the drivers of this recent performance is the fall in the money market rates and increased liquidity in the system.</p>

Do you know?

The FMDQ was first registered by the SEC as an OTC securities exchange and self-regulatory organisation in 2012, converted to a Securities Exchange in 2019, and subsequently reorganised into a holding company (FMDQ Holdings Plc).



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 35,342.46 points; rising by 9.61%, 15.96%, 31.67% and 34.18% on a week-to-date, month-to-date, year-to-date and year-on-year basis respectively. Similarly, market capitalization closed at ₦18.31 trillion; increasing by 8.67%, 14.92, 41.28% and 42.79% WTD, MTD, YTD and YOY respectively.

In the Unlisted Securities Market, the index ended the week at 726.04 points, gaining 0.94%, 4.09% and 1.66% 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 ₦533.33 billion, also gaining 0.94%, 6.42% and 3.94% WTD, YTD and YOY respectively.

Available data showed that the net asset value of collective investment schemes stood at ₦1.49 trillion at the end of the period under review, it grew by 42.51% year-to-date and 63.88% year-on-year.

In the money market, Over Night (ON) rate completed the week at 0.63%, increasing by 0.13% WTD whereas Open Buy Back (OBB) rate completed the week at 0.50% falling by 1.48% WTD.

In the commodities market, Brent crude price rose by 0.90% to close at \$42.78/barrel at the end of the week. It declined by 35.17% from the start of the year and 31.60% in the last one year. In the last one week, gold and corn rose by 1.71%, and 0.74%, while cocoa, wheat and cotton fell by 1.05%, 0.61% and 2.35% respectively.

The interbank exchange rate closed the week at ₦380/US\$, depreciating by 19.21% from the beginning of the year and 19.24% in the last one year. While the parallel market concluded the week at ₦470/US\$, depreciating by 1.06% WTD and by 22.98% YTD. Available data also shows that the country's external reserves closed the week at \$35.61 billion, it depreciated by 0.07% and 0.14 from the beginning of the week and the beginning of the month respectively. The S & P 500 index finished the week at 3,585.15 points. The index rose by 0.98% week-to-date and also rose by 10.05% on a year-to-date basis.

Market	Indicator	Value* @ 13 - Nov -2020	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	35,342.46	9.61	15.96	31.67	34.18
	Market Capitalisation (₦'tn)	18.31	8.67	14.92	41.28	42.79
Unlisted (NASD)	Unlisted Securities Index (USI)	726.04	0.94	1.04	4.09	1.66
	Market Capitalisation (₦'bn)	533.33	0.94	1.04	6.42	3.94
Collective Investment (@30/10/20)	Net Asset Value (₦'bn)	1,486.28	0.32	7.98	42.51	63.88
Money	O/N (%)	0.63	0.13	-0.37	-2.16	-8.37
	OBB (%)	0.50	-1.48	-0.25	-1.64	-7.64
Commodities	Brent Crude Oil (\$/b)	42.78	0.90	9.78	-35.17	-31.60
	Gold(\$/t oz)	1,886.20	1.71	-0.33	23.43	28.95
	Cocoa(\$/mt)	2,365.00	-1.05	4.79	-6.60	-10.92
	Wheat(\$/bu)	592.88	-0.61	-2.45	5.82	15.40
	Corn(\$/bu)	410.50	0.74	3.27	4.85	9.39
	Cotton(\$/lb)	68.42	-2.35	-0.48	-1.23	3.59
External	Interbank Ex-rt (₦/US\$)	380.00	0.00	0.00	-19.21	-19.24
	Parallel Ex-rt (₦/US\$)	470.00	-1.06	-1.49	-22.98	-23.40
	External Reserves (\$'bn)	35.61	-0.07	-0.14	-7.58	-11.15
	S&P 500	3,585.15	0.98	8.30	10.05	15.87

* 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 13th November, 2020

CAPITAL MARKET	MACROECONOMY
<ul style="list-style-type: none"> The Central Bank of Nigeria (CBN) disclosed that daily patronage of the Standing Deposit Facility (SDF) by commercial and merchant banks has dropped to N48.32 billion. The CBN's industry report released at the weekend, showed that SDF decreased to an average daily amount of N48.32 billion in 251 transaction days, from N84.27 billion in 246 transaction days in the last one year. Also, the average daily request for Standing Lending Facility (SLF) was N81.06 billion in 238 transaction days, of which Intraday Liquidity Facility (ILF) conversion averaged N30.76 billion or 37.94 per cent of average daily requests. 	<ul style="list-style-type: none"> The hotel and hospitality industry in Nigeria have suffered losses in the first nine months of 2020. Three companies, Transcorp Hotels Plc, Ikeja Hotel Plc and Capital Hotel Plc made a combined loss of N7.3bn during the period, this is in contrast to a combined profit of N1.3bn recorded in the first nine months of 2019. Transcorp Hotel reported the highest loss of N5.6bn in 2020 from a profit of N683.8m in the corresponding period of 2019. Ikeja Hotel followed with a loss of N1.4bn while Capital Hotel lost N256.5m in the first nine months of 2020.
<ul style="list-style-type: none"> Oil prices rose by over 7% after Pfizer announced promising results for its COVID-19 vaccine. Pfizer and BioNTech had said yesterday that a vaccine they jointly developed is 90% effective in preventing COVID-19 infections in ongoing phase 3 trials. An effective vaccine will ensure no future lockdowns are needed, allowing resumption of full economic activities. The Organisation of Oil Exporting Countries and other producers (OPEC+) have indicated that oil output cuts could be adjusted as a result of this development, if there was consensus among members of the group. 	<ul style="list-style-type: none"> The Federal Government of Nigeria (FGN) has authorised Dangote Cement to resume exports to Niger and Togo after almost a year-long blockade. The exemption to Dangote Cement is seen as a softening of the government's position on a border closure that started in August last year, and could open the way for other businesses to fully resume exports across the country's land barriers.
<ul style="list-style-type: none"> According to a study by International Finance Corporation and Google, the internet economy has the potential to contribute \$180bn to the economies of Nigeria and other African countries by 2025. The report further stated that African Internet Gross Domestic Product (GDP) might grow to \$712bn by 2050. The growth would be driven largely by private consumption, strong developer talent, public and private investment, investments in digital infrastructure, and new government policies and regulations. The study also found that digital start-ups in Africa are driving innovation in fast growing sectors like fintech, healthtech, e-commerce, e-logistics amongst others, contributing to Africa's growing internet GDP. 	<ul style="list-style-type: none"> NSE Equities Market Capitalisation yesterday crossed N17 trillion after rallying N211 billion in net capital gains as investors continued to place premium on most stocks. All sectoral indices closed positive, showing the widespread bargain-hunting across the sectors and stock categories. The NSE Insurance Index rose by 3.3%, Oil & Gas Index appreciated by 1.3%, Banking Index rose by 0.9%, Consumer Goods Index rallied by 0.8% while the NSE Industrial Goods Index inched up by 0.2%.
<ul style="list-style-type: none"> The Central Bank of Nigeria's (CBN) intervention in Foreign Exchange market increased by 25% from \$1.5bn in September to \$1.9bn in October 2020. The CBN sold \$540mn to SMEs, invisibles and SMS segments in October compared to \$400mn sold in September 2020, according to a report by FSDH research. The CBN remained a net supplier of foreign exchange to the tune of \$259mn in the Investors & Exporters window following an increase in outflows of 22% to \$896mn. 	<ul style="list-style-type: none"> The Nigerian Investment Promotion Commission (NIPC) in its third quarter 2020 report on Pioneer Status Incentive (PSI) applications stated that about thirty-seven (37) companies are currently benefitting from the incentive. The PSI grants Companies Income Tax (CIT) relief for up to five (5) years, to companies carrying out approved activities. The tax holiday is usually granted for a period of three (3) years in the first instance, after which it can be renewed up to two (2) additional years. Some companies granted the PSI include Lafarge Africa Plc, Honeywell Flour Mills Nigeria Plc, Dangote Sinotrucks West Africa amongst others.

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