



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

News/Development	Relevance/Implications
 <p><b>N392bn Infrastructure Project Debt</b></p> <p>The Minister of Works and Housing, Babatunde Fashola, on Wednesday, informed the Senate that the Federal Government owes construction firms handling 711 road projects across the country N392bn, which is higher than the N276bn proposed as budgetary allocation for road projects in 2021. In the light of this, the Chairman of the Senate Committee on works suggested that pension funds be utilized for some of the road projects.</p>	<p>The development highlights the infrastructure funding challenge faced by policy makers. It is important to therefore find innovative methods of financing infrastructure so as to free resources for other sectors of the economy such as Agriculture, Education and Health. The financing can be through securitisation or some form of PPP arrangement, the Pension funds can effectively be tapped through those ways. The bulk of pension funds, about 66%, have been invested in Federal Government securities already. Collective Investment Schemes can also target infrastructure so long as appropriate framework is put in place.</p>
 <p><b>Nigerian Breweries PLC issues Commercial Paper</b></p> <p>The Nigerian Breweries PLC announced the continuation of its Commercial Paper (CP) programme with the launch of series 9 and 10 programmes opening on October 23rd, 2020. The series 9 programme will have a tenor of 180 days while the series 10 will have a tenor of 270 days. The purpose of the programme is for the company to raise N20bn to support its short-term funding needs.</p>	<p>The Nigerian debt market is becoming vibrant. NSE debt market capitalisation now at N17.03trn, higher than equity capitalisation of N14.74trn. This trend is likely to be sustained in the foreseeable future, indicating that companies are more willing to borrow than offer ownership through equity. Another development is the proliferation of CP issuance with 19 quoted on FMDQ, while about 13 corporate bonds were issued in 2019 with about total value of N170bn. The total corporate bond capitalisation on the FMDQ currently stands at N750.18bn while that of CP stands at N522.65bn. This shows companies' increasing preference for short-term instruments rather than long-term bonds. Innovative ways of easing the bond issuance process and costs should be implemented to encourage more corporate issuances as the CP market is competing.</p>

#### Do you know?

**There are about 41.54 million MSME businesses operating in Nigeria, employing 76.5% of workforce, contributing 49.8% to GDP, and 7.64% to exports. 99.8% are Micro, 0.2% Small and 0.004% Medium. (SMEDAN/NBS survey 2017)**



## B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 28,697.06 points; increasing by 0.14%, 6.34%, 6.91% and 8.71% on a week-to-date, month-to-date, year-to-date and year-on-year basis respectively. Similarly, market capitalization closed at ₦15.00 trillion; increasing by 0.14%, 6.34%, 15.75% and 16.72% WTD, MTD YTD and YOY respectively.

In the Unlisted Securities Market, the index finished the week at 721.19 points, gaining 0.62% from the beginning of the week. The market grew by 3.39% and 4.17% from the beginning of the year and the previous year respectively but lost 1.80% from the beginning of the month. Accordingly, the USI Market Capitalization concluded the week at ₦529.76 billion, rising by 0.63%, 5.71% and 6.51% WTD, YTD and YOY respectively while it lost 1.80% MTD.

Available data showed that the net asset value of collective investment schemes stood at ₦1.45 trillion at the end of the period under review, it grew by 43.83% year-to-date and 66.10% year-on-year.

In the money market, Over Night (ON) rate completed the week at 9.75%, higher by 0.75% WTD whereas Open Buy Back (OBB) rate completed the week 9.00% also higher WTD at 8.00%.

In the commodities market, Brent crude price fell by 0.49% to close at \$42.41/barrel at the end of the week. It declined by 35.74% from the start of the year and 30.67% in the last one year. In the last one week, cocoa, wheat, corn and cotton rose by 2.44%, 0.92%, 3.64% and 0.18% respectively; while gold fell by 0.34%.

The interbank exchange rate closed 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 ₦463/US\$, depreciating by 0.22%, 21.81% and 22.25% WTD, YTD and YOY respectively, while it appreciated by 0.43% MTD. Available data also shows that the country's external reserves closed the week at \$35.67 billion, it fell by 7.58% from the beginning of the year and by 8.10% in the last one year. The S & P 500 index finished the week at 3,465.39 points. The index increased by 1.12% week-to-date and 7.26% on a year-to-date basis.

Market	Indicator	Value* @ 23 - Oct -20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
<b>Equities (NSE)</b>	All Share Index (ASI)	28,697.06	0.14	6.34	6.91	8.71
	Market Capitalisation (₦'tn)	15.00	0.14	6.34	15.75	16.72
<b>Unlisted (NASD)</b>	Unlisted Securities Index (USI)	721.19	0.62	-1.80	3.39	4.17
	Market Capitalisation (₦'bn)	529.76	0.62	-1.80	5.71	6.51
<b>Collective Investment (@16/10/20)</b>	Net Asset Value (₦'bn)	1,446.30	2.74	5.08	43.83	66.10
<b>Money</b>	O/N (%)	9.75	0.75	8.17	6.42	5.39
	OBB (%)	9.00	8.00	8.00	6.50	5.50
<b>Commodities</b>	Brent Crude Oil (\$/b)	42.41	-0.49	8.00	-35.74	-30.67
	Gold(\$/t oz)	1,905.20	-0.34	-0.34	25.09	27.38
	Cocoa(\$/mt)	2,479.00	2.44	-0.12	-2.40	-0.64
	Wheat(\$/bu)	6.33	0.92	10.40	13.24	21.51
	Corn(\$/bu)	4.20	3.64	10.60	8.32	8.32
	Cotton(\$/lb)	71.29	0.18	8.31	3.24	9.76
<b>External</b>	Interbank Ex-rt (₦/US\$)	380.00	0.00	0.00	-19.21	-19.22
	Parallel Ex-rt (₦/US\$)	463.00	-0.22	0.43	-21.81	-22.25
	External Reserves (\$'bn)	35.67	0.00	-0.22	-7.58	-8.10
	S&P 500	3,465.39	1.12	3.49	7.26	15.34

\* 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 23<sup>rd</sup> October, 2020

CAPITAL MARKET	MACROECONOMY
<ul style="list-style-type: none"> <li>The most traded stocks on the floor of the NSE last week were United Bank for Africa Plc, Guaranty Trust Bank Plc and Zenith Bank Plc by volume accounting for shares worth N15.88bn in 6,308 deals. These stocks contributed 45.30 per cent and 69.11 per cent to the total equity turnover volume and value, respectively. In addition, the financial services industry led the activity chart with 1.65bn shares valued at N18.82bn traded in 13,050 deals; thus contributing 84.29 per cent and 81.92 per cent to the total equity turnover volume and value, respectively.</li> </ul>	<ul style="list-style-type: none"> <li>According to latest figures from the National Bureau of Statistics, banks gave out N77.61bn mortgage loans in three years while non-performing loans in the banking sector amounted to N1.05tn as of December 2019. Furthermore, gross loans in the banking sector amounted to N17.56tn during the period. In terms of volume of transactions, 893.68 million transactions valued at N48.54tn were recorded in the fourth quarter of 2019 with NIBSS Instant Payments transactions dominating the volume at 342.63 million valued at N29.69tn.</li> </ul>
<ul style="list-style-type: none"> <li>Shareholders of Sunu Assurances Nigeria Plc voted in favour of the Company's proposal to carry out a share capital reconstruction at the Extra-Ordinary General Meeting held in March 2020. The company has submitted an application for the share capital reconstruction to The Nigerian Stock Exchange through its stockbroker, FSDH Securities Limited. The share capital reconstruction will result in the cancellation of four (4) existing ordinary shares out of every five (5) ordinary shares of Sunu Assurances Nigeria Plc held by its existing shareholders.</li> </ul>	<p>Commencing this week, the Federal Government will pay grants to Micro, Small and Medium Enterprises that are successful to partake in the N75bn COVID-19 support schemes. The Government inaugurated two schemes, the National MSMEs Survival Fund and Guaranteed Off-Take Stimulus to financially support about 1.7 million MSMEs across the country with N75bn in September 2020. Payments to beneficiaries of the schemes would commence in batches of 12 states to be able to monitor the scheme. The payroll support, which is part of the survival fund, targets businesses that employ between 10 and 50 people with beneficiaries receiving support ranging from N30,000 to N50,000.</p>
<ul style="list-style-type: none"> <li>Africa Prudential PLC, has released its unaudited Financial Statements for the period ended September 30th, 2020. The company reported a profit after tax of N1.41bn, a decline of 6% compared to N1.5bn reported in September 2019. The decline in profit was as a result of reduction in revenue as well as increase in personnel expenses, amongst others.</li> </ul>	<ul style="list-style-type: none"> <li>The Federal Government on Tuesday declared that contracts below N5bn will no longer be awarded to any foreign firms in the country. The decision was part of the plan to support indigenous firms, in line with the planned local content laws in the country.</li> <li>The Petroleum Industry Bill (PIB) has passed through second reading at the Senate plenary yesterday. The bill has been referred to the three joint committees of the Senate, Petroleum Downstream, Petroleum Upstream and Gas, who are to report back to the Senate plenary within eight weeks.</li> </ul>
<ul style="list-style-type: none"> <li>Neoma Africa Fund LLC plans to acquire majority equity stake in C &amp; I Leasing PLC after the conversion of the Fund's \$10 million convertible loan stock into equities in C &amp; I Leasing. Under the arrangement, C &amp; I Leasing will issue 987.5 million ordinary shares of 50 kobo each to Neoma Africa Fund LLC, in exchange for its \$10 million unsecured variable coupon redeemable convertible loan stock in registered units of N4.75 or the United States Dollars equivalent unit. C &amp; I Leasing currently has outstanding shares of 781.65 million ordinary shares of 50 kobo each.</li> </ul>	<ul style="list-style-type: none"> <li>Total assets under the Contributory Pension Scheme rose to N11.35trn as of the end of August 2020, latest figures from the National Pension Commission revealed on Wednesday. According to the data, the funds rose from N11.08trn in June to N11.3trn in July 2020. 66.3% of the funds were invested in Federal Government securities.</li> </ul>

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