



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>VAT collection rises by 8.45%</p> <p>According to data released by the National Bureau of Statistics (NBS), the Government generated N651.8bn as Value Added Tax (VAT) from 28 sectors of the economy in the first half of the year. This represents a 9.0% growth year-on-year from N600.9bn generated in the first half of 2019. The report further shows that Professional Services contributed the highest while the lowest VAT generated was in the Mining industry.</p>	<p>VAT is one of the sources of government revenue, but Nigeria is seen as one of the countries with lowest VAT revenue relative to the size of its GDP. This partly explains why the VAT rate was recently raised from 5% to 7.5% in the new Finance Act. VAT revenue is shared among the three tiers of government after necessary deduction in the ratio 15% for Federal, 50% for States and 35% for Local Governments. Effective collection of VAT will generate stable revenue for the government, enabling it to reduce its fiscal deficit and borrowings. Thus, the increase in VAT collection is beneficial to the government, especially at the sub-national levels. Meanwhile, a VAT that increases revenue could potentially reduce real consumption and the profitability of future investments. But it is expected that if revenue collected are effectively utilised, certain constraints in the economy can be relaxed thereby aiding production and general economic growth.</p>
 <p>Capital Market Committee supports fight against COVID</p> <p>The Capital Market Support Committee, led by the Securities and Exchange Commission (SEC), as part of its assistance in the fight against COVID-19 donated an ambulance to the Lagos state government during the week. The Committee had also made similar donations to the FCT, Kano State and the Presidential Task Force on Covid-19, amidst other donations comprising face masks and other medical items. Plans are also on-going to make donations and interventions of different forms in other parts of the country.</p>	<p>The nature of Covid-19 pandemic and its effects calls for a concerted effort at addressing them. Thus, this initiative of the Nigerian capital market is a right step in this direction as it complements government's efforts at fighting the pandemic and ameliorating its impact. Donation of ambulance, face masks and other medical items also shows the sensitivities of the Nigerian capital market community to the prevailing global and local environments. Working towards improving Nigeria's healthcare sector and delivery, especially at this time, will ultimately be beneficial to every sector of the country's economy.</p>

Do you know?

'Bourse' is another name for a stock exchange. Its origin goes back to a house owned by a Belgian textile merchant, Robert Van der Burse, where wealthy men gathered to trade with one another in the 13th Century. Although it is used for other exchanges, it is more commonly associated with the Paris Stock Exchange.



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All-Share Index ended the week at 24,693.73 points; decreasing by 0.36%, 8.00% and 11.65% on a week-to-date, year-to-date and year-on-year respectively, but increased by 0.4% on month-to-date basis. Similarly, market capitalization closed at ₦12.88 trillion; decreasing by 0.36%, 0.59% and 5.43% on a WTD, YTD and YOY basis respectively, while increasing by 0.4% on MTD basis.

In the Unlisted Securities Market, the index finished the week lower at 0.27% decrease, concluding the week at 700.82 points. The market shrunk by 1.19% and 3.54% from the beginning of the month and from the previous year respectively, and grew by 0.47% from the beginning of the year. Accordingly, the USI Market Capitalization at the end of the trading week stood lower at 0.27% decline, concluding the week at ₦514.80billion, falling by 1.19% and 0.95% MTD and YOY respectively, while rising 2.73% YTD.

Available data showed that the net asset value of collective investment schemes stood at ₦1.31 trillion at the end of the period under review, it grew by 25.6% year-to-date and 65.09% year-on-year.

In the money market, Over Night (ON) rate completed the week at 2.10%, 0.7% points higher WTD whereas Open Buy Back (OBB) rate completed the week at 1.40%, increasing by 0.27% WTD.

In the commodities market, Brent crude price fell by 0.25% to close at \$43.30/barrel at the end of the week. It declined by 34.4% from the start of the year and 32.04% in the last one year, but increased by 3.02% from the beginning of the month. In the last one week, gold, cocoa and corn grew by 1.56%, 0.28% and 0.07% respectively; while wheat and cotton fell by 1.9% and 0.48% respectively.

The interbank exchange rate ended the week at ₦361/US\$ remaining unchanged from the beginning of the week and the beginning of the month, but depreciated by 14.96% and 15.0% from the beginning of the year and in the last one year respectively. While the parallel market concluded the week at ₦475/US\$ depreciating 0.63%, 2.74% and 23.79% MTD, YTD and YOY respectively. Available data also shows that the country's external reserves decreased by 0.04% finishing the week at \$35.9 billion, it also fell by 0.74% from the beginning of the month and by 20.12% in the last one year. The S & P 500 index finished the week at 3,271.12 points. The index increased by 0.98% and 0.41% on a week-to-date and year-to-date basis respectively.

Market	Indicator	Value* @ 29 - July-20	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	24,693.73	-0.36	0.40	-8.00	-11.65
	Market Capitalisation (₦'tn)	12.88	-0.36	0.40	-0.59	-5.43
Unlisted (NASD)	Unlisted Securities Index (USI)	700.82	-0.27	-1.19	0.47	-3.54
	Market Capitalisation (₦'bn)	514.80	-0.27	-1.19	2.73	-0.95
Collective Investment (@17/07/20)	Net Asset Value (₦'bn)	1,310.22	-0.68	0.58	25.63	65.09
Money	O/N (%)	2.10	0.70	-10.80	-0.69	-12.19
	OBB (%)	1.40	0.27	-10.40	-0.74	-11.74
Commodities	Brent Crude Oil (\$/b)	43.30	-0.25	3.02	-34.38	-32.04
	Gold(\$/t oz)	1,985.90	1.56	11.57	29.96	38.55
	Cocoa(\$/mt)	2,886.00	0.28	33.06	13.98	21.11
	Wheat(\$/bu)	5.42	-1.90	8.57	-3.35	7.55
	Corn(\$/bu)	3.82	0.07	8.99	-2.43	-10.54
	Cotton(\$/lb)	68.41	-0.48	9.00	-1.24	6.54
External	Interbank Ex-rt (₦/US\$)	361	0.00	0.00	-14.96	-15.00
	Parallel Ex-rt (₦/US\$)	475	0.00	-0.63	-2.74	-23.79
	External Reserves (\$'bn)	35.90	-0.04	-0.74	-6.84	-20.12
	S&P 500	3,271.12	0.98	4.98	0.41	8.28

* 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 29th July 2020

CAPITAL MARKET	MACROECONOMY
<p>The latest set of financial statements released is that of Tripple Gee & Company PLC for the quarter ended 30 June 2020. The company's gross profit fell by 83% when compared to the quarter ended 30 June 2019, from N67.9mn to N11.35mn. It recorded a loss for the period of N59.8mn.</p> <p>Dangote Cement PLC's consolidated financial statements for the quarter ended 30 June 2020 shows that the group had made a profit of N65.5bn during the period, an increase of 11.13% when compared to N58.98bn made in the corresponding quarter of 2019.</p>	<p>The Central Bank of Nigeria in its first quarter economic report titled 'Non-oil export earnings by exporters', disclosed that non-oil export earnings through banks rose to US\$1.21bn in the first quarter of 2020. This represents an increase of 27% compared to the preceding quarter and a decrease of 78% compared to the corresponding quarter of 2019.</p>
<p>The Okomu Oil Palm Company PLC has released its interim reports for the quarter ended 30 June 2020. The company recorded a profit after tax (PAT) of N1.98bn, a 30% rise from the PAT of N1.52bn recorded in the corresponding period of 2019.</p>	<p>Banks' non-performing loans was N1.2trn as at the end of June according to figures released by the Central Bank of Nigeria (CBN) on Monday. This amounted to about 6.4% of the gross credit of the banks to the economy which stood at N18.9trn</p>
<p>Seplat Petroleum Development PLC has released its results for the six months ended 30 June 2020. The company reported a 34.2% fall in revenue due to lower oil prices and demand. It recorded an operating loss of \$112.9mn during the period compared to operating profit of \$139mn for the period ended 30 June 2019.</p>	<p>The African Development Bank (AfDB) has approved about US\$27.4m in grants to boost the African Union's (AU) efforts to mobilize a response to curb the COVID-19 pandemic across the continent.</p> <p>The Nigerian National Petroleum Corporation (NNPC) has signed a US\$1.5bn prepayment deal with oil traders on Tuesday. The deal, it is said, will provide Nigeria with much-needed cash after its finances were hit by the oil price crash in April as COVID-19 lockdowns erased nearly one third of global oil demand.</p>

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