

| Economic Indicators | Mexico | Indonesia | Nigeria | Turkey |
|------------------------|-------------|--------------|--------------|--------------|
| Inflation Rate (%) | 2.15 | 2.67 | 12.34 | 10.94 |
| GDP Growth Rate (%) | 1.7 {Q4 19} | 2.97 {Q1 20} | 1.87 {Q1 20} | 0.97 {Q4 19} |
| Per Capita Income (\$) | 10,118 | 4,193 | 2,222 | 8,957 |
| MPR (%) | 5.75 | 4.50 | 12.50 | 8.25 |
| Exchange Rate (Per \$) | Mex\$22.18 | Rp14,733 | ₦360 | ₺6.82 |
| Foreign Reserves (bn) | \$184.17 | \$127.90 | \$36.48 | \$85.83 |

Headlines

- The number of confirmed Covid-19 cases rose to 16,085 as the Nigeria Center for Disease Control (NCDC) reports 403 new cases in Nigeria. Global confirmed cases also surged to 7.9 million.
- Rates closed lower for short and mid-dated bills at the Treasury Bills Primary Market Auction;(PMA) stop rates closed lower on the 91 days and 182 days by an average of c.49bps while 364 days barely changed at 4.02%.
- Nigeria records debt service to revenue ratio of 99% in first quarter of 2020 in the Medium-Term Expenditure Framework and Fiscal Strategy (MTEF/FSP) report released.
- Investors scramble for the third Sovereign Sukuk Bond with a subscription value of ₦669.124 billion out of the ₦150 billion offered by the Debt Management Office (DMO) representing a subscription level of 446%
- The Central Bank of Nigeria (CBN) to fund 1.6 million cotton farmers under its 10 Focal Commodities Intervention Programme in the 2020 wet season.
- African Development Bank (AfDB) discloses emergency funds given to Nigeria, others to curb COVID-19; it has given Nigeria about € 288.5 million, Senegal – € 88 million, Cote d'Ivoire – € 75 million, Carbo Verde – € 30 million, ECOWAS - \$22 million.

Equity Market

Market Performance

| | 05-June-20 | 11-June-20 | % WTD | % YTD |
|--------------------|------------|------------|-------|--------|
| NSE ASI | 25,016.30 | 25,182.67 | +0.67 | -6.18 |
| NSE - 30 | 1,086.24 | 1,094.50 | +0.76 | -7.07 |
| NSE ASeM | 762.45 | 762.45 | 0.00 | +3.74 |
| NSE Consumer Goods | 426.07 | 425.20 | -0.20 | -28.28 |
| NSE Banking | 298.62 | 300.00 | +0.46 | -15.93 |
| NSE Insurance | 130.93 | 135.76 | +3.69 | +7.90 |
| NSE Oil and Gas | 225.22 | 219.31 | -2.62 | -16.47 |
| NSE Pension | 1,005.15 | 1,009.65 | +0.45 | -4.21 |

Bonds and Treasury Bills

Trading in the FGN Secondary bond market closed bearish after several weeks of closing bullish as average yields expanded by 6bps to 10.08% from 10.02% last week. Most of the bullish sentiments were seen in the April-29 (+34bps), November-28 (+33bps) and January-246 (+33bps) bonds.

The Treasury Bill secondary market closed bullish during the week as the average yield declined by 7bps to close the week at 4.52% from 4.59% it closed previously.

In the Nigerian Treasury Bills (NTB) segment, average yield expanded by 1bps to 3.40% from 3.39% it closed at the previous week. At the PMA, the CBN fully allotted ₦90.94 billion worth of bills - ₦4.41 billion of the 91-day, ₦7.82 billion of the 182-day and ₦78.71 billion of the 364-day - at respective stop rates of 2.00% (previously 2.45%), 2.20% (previously 2.72%), and 4.02% (previously 4.02%).

Consequently, in the Open Market Operation (OMO) secondary market segment, average yield declined by 10bps as it closed the week at 4.98% from 5.08% it closed at the previous week.

Primary Market Auction Result

NTB – 10 JUNE 2020

| Tenor | Rate (%) | Offer (₦'bn) | Sub (₦'bn) | Sales (₦'bn) |
|----------|----------|--------------|------------|--------------|
| 91-Days | 2.00 | 1.80 | 21.68 | 4.41 |
| 182-Days | 2.20 | 4.50 | 40.29 | 7.82 |
| 364-Days | 4.02 | 84.64 | 114.97 | 78.71 |

FGN BOND – 20 MAY 2020

| Tenor | Rate (%) | Offer (₦'bn) | Sub (₦'bn) | Sales (₦'bn) |
|--------|----------|--------------|------------|--------------|
| Apr-23 | 9.02 | 20.00 | 81.89 | 87.37 |
| Mar-35 | 11.70 | 20.00 | 154.10 | 143.23 |
| Mar-50 | 12.60 | 20.00 | 189.19 | 160.10 |

OMO RESULT – 04 JUNE 2020

| Tenor | Rate (%) | Offer (₦'bn) | Sub (₦'bn) | Sales (₦'bn) |
|---------|----------|--------------|------------|--------------|
| 82-Day | 4.95 | 20.00 | 46.00 | 20.00 |
| 173-Day | 7.79 | 20.00 | 51.70 | 20.00 |
| 341-Day | 8.99 | 30.00 | 200.96 | 30.00 |

Oil Price

Brent crude and U.S crude oil futures settled at \$38.73 a barrel and \$36.26 a barrel respectively last Friday. The recent dip is as a result of fears that a second wave of the coronavirus pandemic will disrupt the market once again.

West Texas Intermediate settled 8 cents lower at \$36.26 per barrel, while Brent Crude gained 18 cents to settle at \$38.73.

Major oil producers slashed output by 9.7 million barrels per day, about 10% of normal oil demand, and agreed to extend oil output cut last week.

Top Three Gainers

| Company | Open | Close | Gain (₦) | % Change |
|--|------|-------|----------|----------|
| Neimeth International Pharmaceuticals Plc. | 1.77 | 2.57 | 0.80 | ↑45.20 |
| Royal Exchange Plc. | 0.20 | 0.24 | 0.04 | ↑20.00 |
| Associated Bus Company Plc. | 0.41 | 0.49 | 0.08 | ↑19.51 |

Top Three Losers

| Company | Open | Close | Loss (₦) | % Change |
|-------------------------------------|--------|--------|----------|----------|
| Japaul Oil & Maritime Services Plc. | 0.30 | 0.25 | -0.05 | ↓16.67 |
| Red Star Express Plc. | 3.81 | 3.30 | -0.51 | ↓13.39 |
| 11 Plc. | 213.90 | 192.60 | -21.30 | ↓9.96 |

FGN Bonds

| Description | Yield (%) | Yield (%) | Change |
|-------------------|------------|------------|--------|
| | 05-06-2020 | 11-06-2020 | |
| 14.50 15-Jul-2021 | 5.26 | 4.90 | -0.36 |
| 12.75 27-Apr-2023 | 8.47 | 8.52 | +0.05 |
| 12.50 22-Jan-2026 | 9.45 | 9.78 | +0.33 |
| 16.28 17-Mar-2027 | 10.11 | 10.41 | +0.30 |
| 13.98 23-Feb-2028 | 10.34 | 10.65 | +0.32 |
| 15.00 28-Nov-2028 | 10.52 | 10.85 | +0.33 |
| 8.50 20-Nov-2029 | 10.80 | 10.97 | +0.18 |
| 12.50 27-Mar-2035 | 11.30 | 11.30 | 0.00 |
| 12.98 27-Mar-2050 | 12.27 | 12.30 | +0.03 |

Nigerian Treasury Bills

| DTM | Maturity Date | Yield (%) | Yield (%) | Change |
|-----|---------------|------------|------------|--------|
| | | 05-06-2020 | 11-06-2020 | |
| 21 | 02-Jul-2020 | 3.02 | 3.02 | 0.00 |
| 112 | 01-Oct-2020 | 3.79 | 3.79 | 0.00 |
| 126 | 15-Oct-2020 | 3.43 | 3.43 | 0.00 |
| 154 | 12-Nov-2020 | 2.69 | 2.69 | 0.00 |
| 245 | 11-Feb-2021 | 3.06 | 3.06 | 0.00 |

FX Market

| | Previous (₦/\$) | Current (₦/\$) |
|-----------------|-----------------|----------------|
| CBN Spot | 361.00 | 361.00 |
| I&E FX Window | 386.50 | 385.75 |
| CBN SMIS Window | 380.69 | 380.69 |

Commodities

| Instrument | 05-06-2020 | 11-06-2020 | Change |
|---------------------|------------|------------|--------|
| Brent Crude | \$42.30 | \$38.73 | -3.57 |
| WTI Crude | \$39.55 | \$36.26 | -3.29 |
| Nigeria Bonny Light | \$41.17 | \$37.87 | -3.30 |
| Gold | \$1,683.65 | \$1730.80 | +47.15 |

CORPORATE ROUNDUP

- Nine out of the twelve firms who declared their results last week declared growth in revenue. Berger Paints Plc recorded 35% growth in earnings from ₦797.6 million to ₦1.1 billion in its Q1'2020 Unaudited accounts to emerge as the firm with the highest growth in revenue for the week while Aluminium Extrusion Industries Plc recorded 27.52% loss in earnings from ₦756.56 million to ₦548.39 million in its Q1'2020 Financial Statements to emerge as the firm with the lowest growth rate amongst the twelve companies.
- The FG through the Nigerian Investment Promotion Commission (NIPC) in its Q1'20 report shows that 18 applications were received for Pioneer Status Incentive (PSI); Honeywell, and seven others were granted tax incentives while application forms were rejected from Flour Mills of Nigeria, Kuber Development Ltd and Friesland Campina WAMICO Nigeria Plc.

GLOBAL ECONOMY UPDATE

For the week, Dow and S&P lost 5.55% and 4.67% respectively in its worst weekly performance since March 20.

OUTLOOK

We expect investors' focus to shift to next week's FGN Bond PMA, wherein the DMO will offer ₦150 billion across three instruments to investors through re-opening the - 12.75% APR-2023, 12.50% MAR-2035, and 12.98% MAR-2050 bonds.

We at Kairos Capital cannot overemphasize the benefits of observing laid down safety precautions this period. Don't forget to #WashYourHands #WearNoseMasks #MaintainSocialDistancing #ObeyTheGuidelines #StayatHome #StaySafe

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