

Economic Indicators	Mexico	Indonesia	Nigeria	Turkey
Inflation Rate (%)	3.62	1.54	12.82	11.76
GDP Growth Rate (%)	-18.9 {Q2'20}	-5.32{Q2'20}	-6.10 {Q2'20}	4.5{Q1'20}
Per Capita Income (\$)	10,118	4,193	2,222	8,957
MPR (%)	4.50	4.00	12.50	8.25
Exchange Rate (Per \$)	Mex\$21.86	Rp14,702	₦379	₺7.31
Foreign Reserves (bn)	\$188	\$135.08	\$35.66	\$85.83

Headlines

- The number of confirmed Covid-19 cases rose to 53,865 as the Nigeria Center for Disease Control (NCDC) reported 138 new cases in Nigeria. Global confirmed cases now stand at 25.39 million.
- In the latest Gross Domestic Product (GDP) report released by the National Bureau of Statistics (NBS), Nigeria's GDP decreased by 6.10% (year-on-year) in Q2 2020 dipping by -8.22%; nominal GDP stood at ₦34.02 trillion while real GDP was ₦15.90 trillion.
- The Nigerian Senate is set to advise the Federal Ministry of Finance, Budget and National Planning to exclude 60 federal agencies from getting allocation from the national budget, starting from next year.
- The latest report on capital importation by NBS reveals that the total capital importation into Nigeria in Q2 2020 stood at \$1,294.94 million which represented a decrease of -77.88% compared to Q1 2020 and -78.60% in Q2 2019.
- The Central Bank of Nigeria (CBN) granted final approvals to three new Payment Service Banks (PSBs). This is in support of the CBN's drive to utilize mobile and digital channels to enhance financial inclusion and stimulate economic activities at the grassroots. According to the CBN, Manufacturing PMI for the month of August rose to 48.5 points (July: 44.9 points) while the non-Manufacturing PMI rose to 44.7 points (July: 43.3 points).
- Exchange rate sustains gain at the Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) window as the CBN orders Bureau De Changes (BDCs) to sell at N386/\$1.
- The Federation Account Allocation Committee (FAAC) disbursed the sum of ₦606.2 billion to the three tiers of government in May 2020 from the revenue generated in April 2020, this represented a decline of 22.4% to ₦780.9 billion disbursed in April 2020.

Equity Market

Market Performance

	21-Aug-20	28-Aug-20	% WTD	% YTD
Market Capitalization	13.158T	13.203T	+0.35	-5.71
NSE ASI	25,221.87	25,309.37	+0.35	-5.71
NSE - 30	1,069.73	1,074.57	+0.45	-8.77
NSE ASeM	740.58	740.58	0.00	+0.76
NSE Consumer Goods	422.28	426.99	+1.12	-27.98
NSE Banking	294.64	293.97	-0.23	-17.62
NSE Insurance	128.80	132.41	+2.80	+5.24
NSE Oil and Gas	187.36	187.36	0.00	-28.64
NSE Pension	973.23	973.72	+0.05	-7.62

Bonds and Treasury Bills Market Roundup

FGN Bonds Secondary Market: The week ended bullish as investors shifted focus to the reinvesting yields, thus the average yield contracted by 2bps from 7.99% it traded the previous week to 7.97%. The highest yield decline was witnessed in the March-2036 bond which declined by 56bps to close at 9.05% compared to 9.63% the previous week while the highest yield increase was seen in the March-2027 bond which increased by 32bps to close at 8.11% compared to 7.79% the previous week.

Treasury Bills Market: The week closed bearish as the average yield expanded by 48bps from 1.54% to close the week at 2.02%. At the PMA auction, the Debt Management Office (DMO) offered instruments worth ₦197.60 to investors across three tenors at respective stop rates of 1.15% (previously, 1.20%), 1.80% (previously, 1.39%) and 3.34% (previously, 3.20%). Despite total subscription of ₦221.92 billion, the DMO eventually allotted instruments ₦197.60 billion resulting to an oversubscription of 112.31%.

Open Market Operations (OMO): The week closed bullish as average yield contracted by 47bps to close the week at 3.12% from 3.59%.

Primary Market Auction Result

NTB – 26 AUGUST 2020

Tenor	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sales (₦'bn)
91-Days	1.15	20.37	31.18	20.37
182-Days	1.80	31.75	56.37	55.85
364-Days	3.34	145.48	134.37	121.38

FGN BOND – 19 AUGUST 2020

Tenor	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sales (₦'bn)
Jan-26	6.70	25.00	32.68	25.42
Mar-35	9.35	40.00	48.82	21.45
Jul-45	9.75	45.00	46.44	16.09
Mar-50	9.90	40.00	114.29	53.69

OMO RESULT – 13 AUGUST 2020

Tenor	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sales (₦'bn)
103-Day	4.90	10.00	5.56	5.56
173-Day	7.71	10.00	9.80	9.80
362-Dav	8.94	30.00	79.08	30.00

Oil Price

Oil prices retreated in the wake of Hurricane Laura mostly in Louisiana and Texas in the USA, which led to much less destruction than the market had anticipated. This left the dynamics of oil price slightly changed from the past two months. WTI and Brent were stuck in familiar territory between \$42 and \$45.

Brent crude futures for October, 2020 which expired last Friday, were up by 0.46% to \$45.81 from \$45.60 a barrel on Thursday.

West Texas Intermediate (WTI) crude settled 0.26%, lower at \$42.93 per barrel from \$43.04 per barrel.

Top Three Gainers

Company	Open	Close	Gain (₦)	% Change
University Press Plc	1.24	1.63	0.39	↑31.45
FTN Cocoa Processors Plc	0.20	0.24	0.04	↑20.00
Champion Brew. Plc	0.78	0.93	0.15	↑19.23

Top Three Losers

Company	Open	Close	Loss (₦)	% Change
Beta Glass Plc	61.55	55.40	-6.15	↓-9.99
Arbico Plc	1.26	1.14	-0.12	↓-9.52
C & I Leasing Plc	4.40	4.00	-0.40	↓-9.09

FGN Bonds

Description	Yield (%) 21-08-2020	Yield (%) 28-08-2020	Change
14.50 15-Jul-2021	2.85	2.99	+0.14
12.75 27-Apr-2023	5.63	5.29	-0.34
12.50 22-Jan-2026	6.66	6.64	-0.02
16.28 17-Mar-2027	7.79	8.11	+0.32
13.98 23-Feb-2028	8.14	8.39	+0.25
15.00 28-Nov-2028	8.42	8.40	-0.02
8.50 20-Nov-2029	8.66	8.68	+0.02
12.50 27-Mar-2035	9.48	9.41	-0.07

Nigerian Treasury Bills

DTM	Maturity Date	Yield (%) 21-08-2020	Yield (%) 28-08-2020	Change
34	01-Oct-2020	1.30	1.30	0.00
48	15-Oct-2020	1.35	1.35	0.00
76	12-Nov-2020	1.61	1.25	-0.36
167	11-Feb-2021	1.31	1.31	0.00
286	10-Jun-2021	2.34	2.34	0.00

FX Market

	Previous (₦/\$)	Current (₦/\$)
CBN Spot	381.00	379.00
I&E FX Window	386.00	385.67
CBN SMIS Window	380.69	380.69
Parallel Market	477.00	477.00

Commodities

Instrument	21-08-2020	28-08-2020	Change
Brent Crude	\$44.35	\$45.81	+1.46
WTI Crude	\$42.34	\$42.93	+0.59
Nigeria Bonny Light	\$43.12	\$44.15	+1.03
Gold	\$1,940.23	\$1,964.95	+24.72

CORPORATE ROUNDUP

- Five Companies released their results last week; as Royal Exchange Plc emerged as the firm with the highest growth in revenue for the week with a 10% growth in revenue from ₦10.26 billion to ₦11.29 billion in its half year unaudited results for the period ended June 30, 2020. On the other hand, Guinness Nigeria Plc and John Holt Plc recorded the least growth with a 21.0% decline in revenue from ₦131.50 billion and ₦1.51 billion to ₦104.38 billion and ₦1.20 billion respectively as detailed in their unaudited account for the period ended 30th June 2020.
- The Nigerian Stock Exchange (NSE) announced the listing of the Federal Government of Nigeria's 9.80% FGN JUL 2045 Bonds issued in July 2020. The NSE also announced the appointment of its cycle two Product Advisory Committees across different product lines – Equities, Fixed Income, Exchange Traded Funds (ETFs) and Derivatives. Members of the Product Advisory Committees will serve for a two-year tenor

GLOBAL ECONOMY UPDATE

Global equities were mostly positive this week on improved prospects of a global economic recovery. US (DJIA: +2.0%; S&P: +2.6%) stocks were set for a fourth consecutive weekly gain as investors weighed healthy earnings results, positive economic data, and falling daily COVID-19 infections.

OUTLOOK

We expect a pick-up in demand for FGN bonds next week, as maturities are re-invested in the space.

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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