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## NIGERIAN TREASURY BILLS ISSUANCE UPDATE

### CBN to Auction NGN822 Billion Treasury Bills in Q3, 2020

The Central Bank of Nigeria (CBN) plans to raise NGN822 billion via Nigerian Treasury Bills (NTBs) between June 2020 and August 2020, according to Q3, 2020 issuance schedule released by the apex bank. The schedule shows that a total of NGN109.65 billion 91-days bills will be auctioned during the period, together with 182-days bills worth NGN149.44 billion and 364-days instrument worth NGN562.71 billion. Further breakdown revealed that for June 2020, a total of NGN105.55 billion worth of NTBs will be issued, NGN461.86 billion will be issued in July, while NGN254.4 billion worth of NTBs will be auctioned in August. The planned NTBs auction will be issued as roll-over of maturing bills of the same amount (NGN822 billion). However, the issuance schedule is subject to change at short notice by the CBN.

### Short-Term Vs Long-Term Debt Instrument

The proposed Q3, 2020 NTBs issuance is, however, NGN309.22 billion higher than the NGN512.78 billion worth of NTBs auctioned in Q2, 2020. According to the Domestic Debt Management Strategy 2018-2022, Nigeria plans to reduce the stock of short-term debt (NTBs) by refinancing maturing NTBs with external financing and FGN Bonds to reduce the cost of borrowing and lengthen the maturity of the debt stock. The DMO plans to achieve a domestic debt mix of 75:25 for long-term and short-term debt, respectively. As at December 2019, NTBs constituted 18.58 per cent of the Nigeria's domestic debt stock, lower than 19.07 per cent recorded in September 2019 and 19.77 percent it accounted for as at June 2019.

### NIGERIAN TREASURY BILLS ISSUE PROGRAMME THIRD QUARTER 2020

Value Date	Maturing Bills			Issue Bills		
	91-day	182-day	364-day	91-day	182-day	364-day
11/05/20	1,800,000	4,500,000	84,640,724	1,800,000	4,500,000	84,640,724
18/05/20	2,000,000	2,000,000	10,614,105	2,000,000	2,000,000	10,614,105
25/05/20						
02/07/20	10,000,000	20,000,000	58,857,012	10,000,000	20,000,000	58,857,012
09/07/20						
16/07/20	5,849,034	26,600,000	74,598,126	5,849,034	26,600,000	74,598,126
23/07/20						
30/07/20	49,839,651	54,592,585	161,522,566	49,839,651	54,592,585	161,522,566
06/08/20						
13/08/20	19,783,588	10,000,000	27,000,000	19,783,588	10,000,000	27,000,000
20/08/20						
27/08/20	20,372,790	31,751,846	145,475,021	20,372,790	31,751,846	145,475,021
<b>TOTAL</b>	<b>109,645,063</b>	<b>149,444,431</b>	<b>562,707,554</b>	<b>109,645,063</b>	<b>149,444,431</b>	<b>562,707,554</b>

NOTES: Subject to change at short notice, 1 unit of NTB = ₦ 1,000

Source: Central Bank of Nigeria (CBN).

## CBN to Auction NGN822 Billion Treasury Bills in Q3, 2020

### Outlook

Given the policy decision by the Federal Government to reduce the issuance of short-term domestic instruments, the volume of NTBs issuance is expected to decline in the short to medium term. However, the need to sell NTBs to help government fund its budget deficit, as well as part of monetary control measures to manage banking industry liquidity and control the money supply may prompt the issuance of more bills in the medium to long term.

FEDERAL GOVERNMENT DOMESTIC DEBT STOCK BY INSTRUMENT AS AT DECEMBER 31st, 2019		
INSTRUMENT	AMOUNTS IN NAIRA	% PROPORTION
FGN Bonds	10,524,157,315,592.00	73.74
Nigerian Treasury Bills	2,651,514,042,000.00	18.58
Nigerian Treasury Bonds	125,988,000,000.00	0.88
FGN Savings Bond	12,672,051,000.00	0.09
FGN Sukuk	200,000,000,000.00	1.40
Green Bond	25,690,000,000.00	0.18
Promissory Notes *	732,623,384,508.00	5.13
TOTAL	14,272,644,793,100.00	100.00

## REVENUE ALLOCATION UPDATE






### FG, States, LGs Share NGN780Billion in April 2020

The Federation Account Allocation Committee (FAAC) disbursed the sum of NGN780.93 billion to the three tiers of government - Federal, States, and Local Governments - as revenue allocation for April 2020. The disbursement is about 34 per cent higher when compared with the NGN581.57billion distributed for March 2020. The disbursement was from the revenue generated in the previous month which comprised NGN478.18billion from the Statutory Account, NGN119.50billion from Excess Crude Oil Revenue, NGN120.27billion from Valued Added Tax (VAT) and NGN62.98billion from Exchange Gain Differences.

A breakdown of the disbursement showed that the Federal Government received a total of NGN264.33 billion, while the 36 States of the federation shared a total of NGN181.49 billion. The 774 Local Governments shared a total of NGN135.95 billion, while NGN54.29 billion was distributed among the oil producing states as 13 per cent derivation fund. Revenue generating agencies, namely the Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received NGN6.09 billion, NGN10.20 billion and NGN5.74 billion, respectively as cost of revenue collections.

### Outlook

Disbursement for April 2020 showed a significant increase despite dwindling government revenue owing to the economic consequences of the coronavirus (COVID-19) pandemic. The increase is part of the fiscal measures announced by the Federal Government to create fiscal cushion for all tiers of government in the face of the pandemic. Specifically, the government plans to withdraw about \$150 million from the Nigeria Sovereign Investment Authority (NSIA) Stabilization Fund to support FAAC disbursements. This trend might likely continue in the short to medium term.

TOTAL(ALL BENEFICIARIES)		
STATUTORY		N478,175,742,863.51
EXCHANGE GAIN DIFFERENCE		N62,983,314,219.42
OIL EXCESS		N119,500,000,000.00
VAT		N120,268,598,275.73
TOTAL		N780,927,655,358.66

Source: National Bureau of Statistics (NBS)

## FISCAL POLICY UPDATE

### Senate Approves \$5.5billion Loan To Finance Revised 2020 Budget

The upper chamber of the National Assembly, the Senate, has approved a \$5.513billion external loan request by the executive arm of government. The new borrowings will enable the government to fund the revised 2020 budget as well as execute some critical projects. The loan will be sourced from multilateral institutions on concessionary terms: \$3.4billion at one per cent interest rate from the International Monetary Fund (IMF) for Rapid Financing Instrument to finance the 2020 proposed revised budget and other projects, \$1.5billion at 2.38 per cent interest rate from the World Bank, \$500million at 1.315 per cent interest rate from the African Development Bank (AfDB) and \$133 million at 0.4 per cent interest rate from the Islamic Development Bank (IsDB).

In addition to the external loan approval, the senate approved the revised 2020-2022 Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP), with an upward review of the oil price benchmark from \$25 to \$28. However, the upper chamber reviewed crude oil production downward, from 1.9million barrel per day to 1.8million barrels per day. The senate maintained projected government revenue

at NGN5.09 trillion and expenditure at NGN10 .51 trillion, in addition to key economic parameters such as exchange rate (NGN360/\$). The federal government had amended the 2020 Appropriation Act, as well as revised the MTEF, due to the effect of the Coronavirus (COVID-19) pandemic and the resultant drop in crude oil prices and government revenues.

#### Outlook

Indeed, the current global economic disruptions have impacted government revenue and slowed the pace of the 2020 budget implementation. Thus, the \$5.513billion external loan will support in financing the revised 2020 budget and priority projects of the federal government. Nevertheless, there are concerns about Nigeria's high and rising public debt profile. According to the Debt Management Office (DMO), the country's debt stock stood at \$84.05 billion (about NGN27.40 trillion) as at December 2020. More borrowing borrowings, therefore, raise concerns about the country's debt sustainability.

#### NIGERIA'S TOTAL PUBLIC DEBT PORTFOLIO AS AT DECEMBER 31, 2019

	Debt Category	Amount Outstanding (US\$'M)	Amount Outstanding	% of Total
<b>A.</b>	<b>Total External Debt</b>	<b>27,676.14</b>	<b>9,022,421.64</b>	<b>32.93%</b>
	FGN Only	23,111.27	7,534,274.02	27.50%
	States & FCT	4,564.87	1,488,147.62	5.43%
<b>B.</b>	<b>Total Domestic Debt</b>	<b>56,377.18</b>	<b>18,378,959.65</b>	<b>67.07%</b>
	FGN Only	43,781.12	14,272,644.79	52.09%
	States & FCT	12,596.06	4,106,314.86	14.99%
<b>C.</b>	<b>Total Public Debt(A+B)</b>	<b>84,053.32</b>	<b>27,401,381.29</b>	<b>100%</b>

#### Notes:

- Domestic Debt Stock for Thirty-Three (33) States, (Abia, Adamawa, Anambra, Akwa-Ibom, Bauchi, Bayelsa, Benue, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kaduna, Kano, Kebbi, Kogi, Kwara, Lagos, Nassarawa, Niger, Ogun, Ondo, Osun, Oyo, Plateau, Sokoto, Taraba, Yobe, Zamfara and FCT) are as at December 31, 2019, while, Domestic Debt Stock Figures for Borno State was as at September 30, 2019, Katsina State was at June 30, 2019, and for Rivers State was at December 31, 2018.
- CBN Official Exchange Rate of US\$1 to NGN326 as at December 31, 2019 was used in converting the Domestic Debts to USD.

Source: Debt Management Office of Nigeria

## DEVELOPMENT POLICY UPDATE

### AfDB Approves New Five-year Strategy Paper for Nigeria



The African Development Bank (AfDB) has approved Nigeria's Country Strategy Paper (CSP) for the period 2020-2024. The CSP focuses on two priority areas: Supporting Infrastructure Development and Promoting Social Inclusion through Agribusiness and Skills Development. The new CSP follows from the success and challenges of the 2013-2019 edition, while taking into cognizance current developmental realities and opportunities within Nigeria's socioeconomic space. The CSP is underpinned by Nigeria's Vision 20:2020 and the Economic Recovery and Growth Plan (ERGP) 2017-2020, etc.

The overarching objective of the CSP is to promote structural transformation and inclusive growth. To achieve this objective, interventions during implementation of the CSP will aim to support creation of a competitive enabling business environment to catalyze private investment and open-up Nigeria to regional, continental and global markets. According to AfDB, the CSP objectives will be achieved by deploying a raft of financing instruments such as co-financing, climate financing, especially for development of green infrastructure and agriculture, tapping innovative non-sovereign guarantee loans, etc.

Under the first priority area, supporting infrastructure development, the main objective of the Bank's is to effective-

ly provide least cost, reliable and resilient infrastructure to boost private sector activities and structural transformation. It will focus on investments in clean power supply (particularly hydro power, solar and other renewable energy), development of transmission and distribution networks, multi-modal transport systems (notably roads and railways); and water and sanitation services as well as health infrastructure. The Bank's support in promoting social inclusion through agribusiness and skills development, the second focus area of the CSP, will be to improve social inclusion, employment and the quality of life of Nigerians. AfDB will also target Special Agro-Industrial Processing Zones (SAPZs) infrastructure to strengthen agri-business and drive development of industrial value chains, and support Small and Medium Enterprise (SMEs), especially those engaged in value chains development.

#### AfDB's Portfolio in Nigeria

Data from the AfDB reveal that as at the end of December 2019, the Bank's active portfolio in Nigeria, comprising 61 active operations, amounted to about \$4.9 billion. It also leveraged about \$1.603 billion from other sources to supplement resources for project financing. Of the 61 operations, 29 were in the public sector, while 39 operations were non-sovereign.



## AfDB Approves New Five-year Strategy Paper for Nigeria

Sectorial distribution of the projects shows that the financial sector accounted for 40 per cent, followed by power (12 per cent), water supply and sanitation (11 per cent), industry (10 per cent), agriculture (9 per cent) and transport (9 per cent). Others include social and human capital development (7 per cent), environment (1 per cent) and governance and multi-sector (1 per cent).

### Outlook

Nigeria richly endowed with natural and human resources, which if effectively exploited, can transform the lives of the Nigerian people. However, the country faces various chal-

lenges including low domestic revenue base, infrastructure bottlenecks, etc. It is in this context that the AfDB proposed the two priority areas for the new CSP in order to support the government efforts in confronting the challenges and harness the opportunities to foster long-term development, and social inclusion in Nigeria. Thus, while the onus for socio-economic growth rests upon the Federal Government of Nigeria, AfDB's commitment will provide the much-needed support and financing in repositioning Africa's key economy and help translate the nation's potentials into realities.

## INSURANCE INDUSTRY UPDATE

### NAICOM Revises Recapitalization Guidelines

The National Insurance Commission (NAICOM) has revised the insurance industry recapitalization guidelines and also extended the deadline of the exercise. The revision and extension of the the deadline for the exercise are imperative measures to protect insurance companies against the likely

negative effects of the Coronavirus (Covid-19) pandemic. According to the new guidelines, the recapitalization process will be carried out in two phases. The first phase requires insurance companies to have 50 per cent minimum paid-up capital and reinsurance companies hold 60 per cent mini-

#### NAICOM's Recapitalization Guidelines

S/N	Class of Business	Existing Minimum Paid-Up Capital	Minimum Paid-Up Capital by 31st Dec. 2020 (1st Phase)	Minimum Paid-Up Capital by 30th Sept. 2021 (2nd Phase)
i.	Life	₦2 billion	₦4 billion	₦8 billion
ii.	General	₦3 billion	₦5 billion	₦10 billion
iii.	Composite	₦5 billion	₦9 billion	₦18 billion
iv.	Reinsurance	₦10 billion	₦12 billion	₦20 billion

Source: NAICOM

## NAICOM Revises Recapitalization Guidelines

minimum paid-up capital on or before 31st December 2020. The second phase requires all insurance and reinsurance companies to ensure 100 per cent compliance with the new minimum capital requirement on or before 30th September 2021. The revised guidelines require Life insurance providers to have a minimum capital of NGN4 billion, as against existing NGN2 billion, by 31st December 2020 and a paid-up capital of NGN8 billion by 30th September 2021. General insurers are required to also have a minimum paid-up capital of NGN5 billion, as against the existing minimum of NGN3 billion, by 31st December 2020 and a paid-up capital of NGN10 billion by 30th September 2021. Composite insurers are also expected to have a minimum paid up capital of NGN9 billion,

as against existing minimum of NGN5 billion by 31st December 2020 and NGN18 billion by 30th September 2021. Reinsurers are expected to meet NGN12 billion minimum paid-up capital by 31st December 2020 and NGN20 billion by 30th September 2021.

### Outlook

The review of the guidelines is coming few weeks before 30th June 2020 deadline stated for the previous guidelines. With the new guidelines, NAICOM aims to build a robust insurance industry with strong capital base. However, mergers and acquisitions may likely occur in the industry as companies could struggle to meet the new capital requirement.

## CAPITAL MARKET WEEKLY UPDATE

### Equities Market Update

In the outgone week, the local bourse posted a bearish performance as the All Share Index (ASI) depreciated by 1 per cent to close at 25,016.30, from the opening figure of 25,267.82. This is coming on the back of two consecutive weeks of continuous appreciation of the index. The decrease in the ASI is largely attributed to the Industrial Goods Index losing 3.14 percent. Four other indices depreciated, while one index appreciated in the outgone week, bringing the year to date depreciation to 6.80 per cent. Specifically, the Industrial Goods Index, Banking Index, Oil and Gas Index and the Insurance Index all depreciated by 3.14 per cent, 1.81 per cent, 1.35 per cent and 0.67 per cent respectively, while the Consumer Goods Index appreciated by 0.26 per cent.

Investors lost NGN118 billion as market capitalization depreciated by 0.90 per cent to NGN13.050 trillion from NGN13.168 trillion. In the outgone trading week, a total turnover of 1.469 billion shares worth NGN23.553 billion in 22,911 deals were

traded by investors on the floor of the Exchange in contrast to a total of 1.255 billion shares valued at NGN13.501 billion that exchanged hands last week in 20,554 deals. Trading in the top three equities namely – FBN Holdings Plc, Guaranty Trust Bank Plc and Zenith Bank Plc accounted for 456.576 million shares worth NGN6.940 billion in 5,921 deals, contributing 31.08 per cent and 29.47 per cent to the total equity turnover in volume and value, respectively.

### Fixed Income Securities Update (FG Bonds)

There was a decrease in the volume and value of Federal Government Bonds traded this week as a total of 2,785 units of Federal Government Bonds valued at NGN3.116 million were traded this week in 6 deals compared with a total of 5,225 units valued at NGN5.875 million transacted last week in 3 deals.

## Equities Market Update

### FG BONDS

Rank	Security	Deals	Volume	Value
1	FGSUK2024S1	2	2,010	2,230,147
2	FGS202251	2	500	559,271
3	FG112024S1	1	192	228,686
4	FG132026S1	1	83	98,338
	<b>TOTAL</b>	<b>6</b>	<b>2,785</b>	<b>3,116,440.93</b>

Source: NSE

### Recent Developments: Equity

- UACN Property Development Company Plc: Listing of Additional Shares (Rights Issue of 15,961,574,145 Ordinary Shares of 50 Kobo Each at N1.00 Per Share)**  
 15,961,574,145 ordinary shares of UACN Property Development Company Plc (UPDC) was listed on the Daily Official List of the Nigerian Stock Exchange on Tuesday 2nd June 2020. The additional shares listed on the NSE arose from the Company's Rights Issue of 15,961,574,145 ordinary shares of 50 kobo each at N1.00 per share on the basis of 43 new ordinary shares for every 7 ordinary shares held as at 30 September 2019. The Rights Issue was 100 per cent subscribed.
- Dangote Sugar Refinery Plc**  
 Dangote Sugar Refinery Plc announced the closure of its register for the year ended 31st December 2019 with a proposed dividend of NGN1.10, with the qualification date and closure date set at 19th June 2020, and 22th June 2020, respectively. While the AGM date and payment date are yet to be set.
- Nigerian Aviation Handling Company Plc**  
 Nigerian Aviation Handling Company Plc announced the closure of its register for the year ended 31st December, 2019 with a proposed dividend of NGN0.30, with the qualification date, closure date, AGM date and payment

date set at 30th June, 2020, 1st to 3rd July, 2020, 16th July, 2020 and 16th July, 2020 respectively. The AGM date and venue are yet to be announced.

- Skyway Aviation Handling Company Plc**  
 Skyway Aviation Handling Company Plc announced the closure of its register for the year ended 31st December, 2019 with a proposed dividend of NGN0.0165 per 50 Kobo ordinary shares, with the qualification date, closure date, AGM date, and payment date set at 16th June, 2020, 17th June, 2020, 30th June, 2020, and 30th June, 2020 respectively. While the AGM venue is SAHCO Complex, Cargo Terminal, Murtala Muhammed International Airport, Ikeja, Lagos.
- Presco Plc**  
 Presco Plc has announced the closure of its register for the year ended 31st December, 2019 with a proposed dividend of NNGN2.00 with the qualification date and closure date set at 17th July, 2020, and 20th to 22th July, 2020 respectively. While the AGM date and payment date are set at 5th August, 2020 and 7th August, 2020 respectively. The AGM venue is The Dura Club, Obaretin Estate, Km. 22, Benin Sapele Road, Ikpoba Okha LGA, Edo State, Nigeria
- Trans-Nationwide Express Plc**  
 Trans-Nationwide Express Plc has announced the closure

## Equities Market Update

### SECTOR INDICES

	05-Jun-20	WTD	YTD
NSE 30	1,086.24	-0.92%	-7.78%
Consumer goods	426.07	0.26%	-28.13%
Oil & Gas	225.22	-0.34%	-14.21%
Banking	298.62	-1.81%	-16.32%
Industrial	1,166.83	-3.14%	8.48%
Insurance	130.93	-0.67%	4.06%

Source: NSE

### TOP FIVE GAINERS AND LOSERS

Gainers	Price (NGN)	WoW	Losers	Price (NGN)	WoW
NEIMETH	1.77	56.64%	AFROMEDIA	0.20	-23.08%
SKYAVN	2.73	50.83%	JBERGER	21.25	-22.73%
JAPAUOIL	0.30	50.00%	UACN	7.75	-13.89%
UAC-PROP	0.96	20.00%	FIDSON	2.96	-12.94%
ABCTrans	0.41	17.14%	PZ	4.80	12.73%

Source: NSE

of its register for the year ended 31st December, 2019 with a proposed dividend of NGN0.03 per 50 Kobo ordinary shares, with the qualification date and closure date set at 3rd July, 2020, and 6th to 10th July, 2020 respectively. While the AGM date and payment date are both set at 16th July, 2020 and 20th July, 2020 respectively. While AGM venue is yet to be announced.

- Prestige Assurance Plc**

Prestige Assurance Plc has announced the closure of its register for the year ended 31st December, 2019 with a proposed bonus of two new share for every eleven existing shares held, with the qualification date and clo-

sure date set at 19th June, 2020, and 22nd June to 26th June, 2020 respectively. While the AGM date is set at 30th June, 2020. The AGM is set to hold at Foyer of Agip Recital Hall, Muson Centre, Lagos.

### Outlook

The Nigerian equities market witnessed a decline in the out-gone week after appreciating for two consecutive weeks. This depreciation is mostly triggered by profit taking activities by investors amidst a rising bearish sentiment in the market. In trading sessions ahead, profit taking activities are expected to continue.



## WEEKLY OIL & GAS MARKET REVIEW

### Oil Market Weekly Review (June 1st – 5th, 2020)

At the close of trading on Friday, June 5th, oil prices rose after an unexpected fall in the May U.S. jobless rate and OPEC's decision to bring forward to Saturday discussions on whether to extend record production cuts. Brent crude futures settled up \$2.31, at \$42.30 a barrel, surging 19.2 per cent on the week. U.S. West Texas Intermediate (WTI) crude futures rose \$2.14, to \$39.55 a barrel, rising 10.7 per cent on the week. Earlier in the beginning of the week on Monday, June 1st, oil futures steadied as rising U.S.-China tensions weighed on sentiment, but prices drew support from reports that OPEC and Russia were close to a deal extending output cuts. Brent futures rose 48 cents, to settle at \$38.32 a barrel. U.S. crude fell 5 cents, to settle at \$35.44 a barrel.

On Tuesday, June 2nd, oil prices climbed by more than \$1 a barrel on hopes that major crude producers will agree to extend output cuts during a video conference expected to be held this week and as countries and U.S. states begin to reopen after coronavirus lockdowns. Brent crude settled at \$39.57 a barrel, rising \$1.25. U.S. WTI settled at \$36.81 a barrel, jumping \$1.37. Both benchmarks neared three-week highs.

During midweek trading on Wednesday June 3rd, oil ended slightly higher but remained below the session's early highs above \$40 a barrel, the highest since March, retreating as doubts emerged about the timing and scale of a potential extension to the pact between OPEC and its allies to cut crude supplies. The oil prices were supported by a drawdown in U.S. crude inventories in the latest week but came under pressure as U.S. refined product inventories surged on tepid demand. Brent crude futures settled up 22 cents, at \$39.79 a barrel. The session high of \$40.53 was the highest since March 6. WTI crude rose 48 cents, to \$37.29 a barrel.

On Thursday, June 4th, oil prices were little changed in choppy trade as investors awaited a decision from top crude producers on whether to extend record output cuts. The Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia, a group known as OPEC+, are debating when to hold ministerial talks to discuss a possible extension of the existing cuts. Brent crude futures ended the session 20 cents, higher, at \$39.99 a barrel after a volatile session. U.S. WTI crude futures rose 12 cents to \$37.41.

### Oil & Gas Price Movement: June 01 – June 05, 2020

Date	01/06/2020	02/06/2020	03/06/2020	04/06/2020	05/06/2020
WTI Crude (\$)	35.44 ↓	36.81 ↑	37.29 ↑	37.41 ↑	39.55 ↑
Brent Crude (\$)	35.29 –	39.57 ↑	39.79 ↑	39.99 ↑	42.30 ↑
Natural Gas (\$)	1.774 ↓	1.777 ↑	1.821 ↓	1.822 ↑	1.782 ↓

Source: New York Mercantile Exchange. ↑ indicates an increase in price. ↓ indicates a price reduction – indicates no change \* indicates intraday price

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