WEEKLY ECONOMIC AND FINANCIAL HIGHLIGHTS

NEWSLETTER

15TH-19TH JUNE, 2020.

Highlights:

- Investors Scramble for Third Sovereign Sukuk
- Oil Market has finally found stability
- Nigeria Needs to Spend 18% GDP on infrastructure- IMF
- Nigeria loses 29billion annually to power sector failure
- Nigeria's Collective Investment Funds Rise to N1.32trillion
- Nigeria's Oil Export to fall by 50% This Year – Fitch Ratings

Global Economy:

The International Monetary Fund will likely forecast a worse contraction in the global economy than previously estimated for 2020 and sees "profound uncertainty" about the path of recovery, IMF chief economist Gita Gopinath said in a new blog.

The economic crisis triggered by the novel coronavirus pandemic was more global and playing out differently than past crises, with the services sector hit harder than manufacturing in both advanced and emerging market economies.

RATE MONITOR

90 days Treasury Bill	2.3%
GDP	3.4%
Inflation Rate	12.40%
MPR	12.5%

Domestic Economy:

The Debt Management Office (DMO), Abuja recently announced the result of the third sovereign Sukuk for which it offered N150billion to investors which attracted a very high level of subscription from investors with total subscription of N669.124billion. The proceeds of the issuance will be used to finance 44 critical Road Projects. The benefits of using Sukuk to finance road projects are improved job creation and increased level of activity for service providers.

Oil initially sank on Monday on fears of a second wave of coronavirus, but rebounded after the Federal Reserve promised to begin buying corporate bonds. Rystad Energy Consultant/Analyst says that oil might be moving into a more stable trading range between $35 and $40.

The International Monetary Fund has estimated additional spending of 18 percentage points of Gross Domestic Product by 2030 for Nigeria to achieve Sustainable Development Goals. It stated that Nigeria is Africa's most populous country and its largest economy, adding that its population was projected to grow by 30 per cent—about 60 million people—between now and 2030.
In order to raise living standards, reduce poverty, and provide better opportunities for the growing youth, Nigeria needs to invest more on its people, education and health, and its infrastructure roads, electricity, and water and sanitation.

Total net asset of collective investment schemes and funds in Nigeria has risen to N1.322 trillion, according to latest records provided by Nigeria's apex capital market regulator, Securities and Exchange Commission (SEC).

Latest reports on collective investment schemes (CIS) obtained at the weekend by *The Nation* indicated that the net asset value (NAV) of registered professionally-managed CIS rose by N539 billion or 68.8 per cent from N782.64 billion on May 31, 2019 to N1.322 trillion by May 31, 2020.

Fitch Ratings, world's leading risk analysts, has said that Nigeria's oil export will record a 50 percent decline by end of this year due to the impact of the Coronavirus (COVID-19) pandemic on the economy. Mahmoud Harb, Director, Fixed Sovereign Team, Fitch Ratings, stated this in a webinar on Sovereign Risk in Nigeria, saying that Nigeria's oil revenue will, consequently, fall by the same magnitude at the end of the year.
The drop in oil, revenue will lead the Federal Government to record a deficit of six percent of GDP in 2020 and 5.4 percent of GDP in 2021. "In addition to the financing needs from the budget deficit, Nigeria faces around 0.3 percent of GDP in maturities coming due on external debts per year in 2020 and 2021
" To cover the funding gaps, Mahmoud Harb, Director, Fixed Sovereign Team, Fitch Ratings, said, "The government plans to borrow, around 1.4 percent of GDP from multilateral donors, which will cover around 20 percent of the Federal Government's deficit in 2020 on the average forecast, but additional multilateral loans remain possible."

NIGERIA'S EUROBONDS AND DIASPORA BOND

CLOSING PRICES AND YIELDS

AS AT MONDAY, JUNE 15, 2020

Bond Name	6.75% US$500M JAN 2021 Eurobond	5.625% US$300M JUN 2022 Diaspora Bond	6.375% US$500M JUL 2023 Eurobond	7.625% US$1.118BN NOV 2025 Eurobond	6.500% US$1.5BN NOV 2027 Eurobond	7.143% US$1.25BN FEB 2030 Eurobond	8.747% US$1.0BN JAN 2031 Eurobond	7.875% US$1.5BN FEB 2032 Eurobond	7.696% US$1.25BN FEB 2038 Eurobond	7.625% US$1.5BN NOV 2047 Eurobond	9.248% US$750M JAN 2049 Eurobond
Price (US$)	101.038	100.834	100.788	100.175	92.603	91.292	97.508	92.455	88.992	87.244	98.586
Yield (%)	5.000	5.185	6.088	7.583	7.829	8.477	9.117	8.927	8.945	8.871	9.389
Yield at Issue (%)	7.000	5.625	6.625	7.625	6.500	7.143	8.747	7.875	7.696	7.625	9.248

Source: Bloomberg

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