



January 3rd 2020.

Global Economy –Rundown:

The United State and China phase 1 trade resolution is expected to be signed in the coming weeks, while the trade path is said to be at the translation stage, while prominent area of the trade dispute that focus on Intellectual Property, Technology transfers and Perceived Currency Manipulation, were covered in the Phase 1 of trade resolution expected to be ratified. Given the level of optimism of trade resolution was responsible for the Northward trend of global stocks.

The European Union is posed for a reset into the EU/US trade relations, as the union representative is set to meet with its United State counterpart, the focus of the reset will cover issues like; tariffs on steel and aluminum and the United State retaliatory tariffs in response to the European Digital Tax.

Based on the level of positivity anticipated from the trade dispute resolution between China and United States alongside possible Middle East unrest, arising from the recent US strike in Iran, both have propelled some positive swing to crude Oil price at the global market, while crude price closed the week on its highest bandwidth in recent months as the West Texas Intermediate (WTI) - was at a peak of \$63.05 and Brent Crude stood at a peak of \$68.60. However it is believed that crude inventory still remained as possible threat to sustaining the upward swing of the commodity and compliance level to the OPEC and OPEC plus supply cut for the first quarter of years is anticipated to be low, which is also an additional impediment to sustaining crude price at a high bandwidth.

Domestic Economy –Rundown:

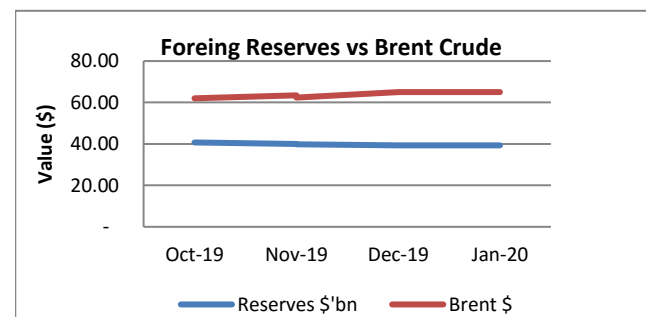
The Nation's foreign reserves as at 31st December, 2019 stood at \$38.60Bn, which represent a 10.40% decline, compared to the value of the reserve as at 1st January, 2019 that stood at \$43.08Bn. The downward slide was blamed on the Mono Revenue structure of the Nation's Economy, as Crude Oil contribute over 60% to the Government Fiscal Revenue and maintaining over 90% of forex inflow of the country, as such the country is not immune from any unfavourable fluctuation in crude price.

MACRO-ECONOMIC INDICATORS

As at Jan 3rd, 2020

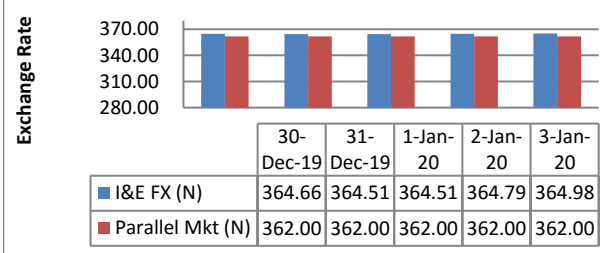
Monetary Policy Rate (MPR)	13.50%
Inflation Rate–November, 2019	11.85%
GDP Growth Rate Q2-2019	2.28%
Foreign Reserves at (3rd Jan-20)	\$38.49B
Exchange Rate (N/\$)CBN	
Official	307.00
I&E FX	364.98
Parallel	362.00
WTI Light Crude	\$63.05
London Brent Crude	\$68.60

Source: CBN, NBS, Bloomberg & FCSL Research



Source: CBN, Bloomberg & FCSL Research

I&E FX vs Parallel Mkt Naira to Dollar Rates



Source: CBN & FCSL Research

STOCK MARKET STATISTICS

Metrics	27-Dec-19	3-Jan-20	% CHANGE
All-Share Index	26,416.48	26,968.79	2.091
MktCapt. (N'tr)	12,752.92	13,019.55	2.091
Volume (bn)	735.702	2,309	213.90
Value (N'bn)	7.132	21.674	203.90
Deals	7,138	14,906	108.83

Source: FCSL RESEARCH & NSE



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According to a report credited to Fitch credit rating agency, which reported that the Country's debts to Revenue ratio for year 2020, is anticipated to be about 400% against the current ratio of 333%. The country's public debt profile as at 30th June, 2019 stood at \$83.88Bn, while Public debt to GDP ratio stood at 18.77%, for a GDP size of \$447Bn, the forecasted ratio for the year is anticipated to exceed 30%, a projection that was based on the low Fiscal revenue of the country and inefficiency in Public Finance Management. Hence the Agency reviewed downwards the outlook for Nation's Economy, from stable to Negative, as the country is adjudged not to be immune from both Domestic and Global shocks, giving the rate of rising Inflation and declining Revenue level.

Further to the upward review of the LDR ratio from 60% to 65% with a compliance deadline of 31st December, 2019, Banks that failed to meet up with LDR of 65% are expected to be sanctioned as they were previously fined, when it was reviewed upwards to 60%, such sanction serve as a punitive measures, which was to the tune of N499.1 Billion for defaulting Banks. The Apex Bank explained that the penalty for failing to adhere to the minimum loan to deposit ratio of 65 percent by the specified date, implies that a levy of additional Cash Reserve Requirement equal to 50 percent of the lending shortfall of the target LDR. However this does not lead to permanent forfeiture of any monies fined rather the penalty represent forfeiture of any interest the affected Banks would have earned on their respective Cash Reserve deposits with the Apex Bank, while according to a grapevine, the sum of N600.00Billion is the anticipated penalty to be levied on Banks that did not comply with the 65% LDR as at 31st December, 2019, an official disclosure is still expected from the Apex Bank.

TOP FIVE % GAINERS		TOP FIVE % LOSERS	
Symbol	% Change WTD	Symbol	% Change WTD
CORNERSTONE INSURANCE PLC	39.47	FIDSON HEALTHCARE PLC	(12.90)
ETERNA PLC	20.00	UNION BANK NIG.PLC	(11.76)
ROYAL EXCHANGE PLC	17.86	DEAP CAPITAL MANAGEMENT & TRUST PLC	(10.00)
VITAFOAM NIG PLC.	17.50	OMATEK VENTURES PLC	(10.00)
AXAMANSARD INSURANCE PLC	11.11	LEARN AFRICA PLC	(9.60)

Source: FCSL RESEARCH & NSE

ALL SHARE INDEX MOVEMENT		
Date	NSE ASI	% Change
27-Dec-19	26,416.48	1.248
30-Dec-19	26,609.34	0.730
31-Dec-19	26,842.07	0.875
2-Jan-20	26,867.79	0.096
3-Jan-20	26,968.79	0.376

Source: FCSL RESEARCH & NSE

GLOBAL MARKETS			
Index	27-DEC-19	3-Jan-20	% CHANGE
DOW JONES	28,645.26	28,634.88	-0.04
S & P 500	3,240.02	3,234.85	-0.16
NASDAQ	9,006.62	9,020.77	0.16
FTSE 100	7,644.90	7,622.40	-0.29
DAX	13,337.11	13,219.14	-0.88
NIKKEI 225	23,837.72	23,837.72	0.00
JSE	57,430.70	57,810.00	0.66
EGX 30	13,812.98	13,283.66	-3.83

Source: FCSL RESEARCH & Bloomberg



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Equities: The Nigerian Equities market on a week on week growth basis recorded a positive up swings of 0.73% for the outgoing week, while the year on year NSE index growth sit at a **0.47%**. The top performing stock for the week was **CORNERSTONE INSURANCE PLC**, as the stock appreciated by 39.47%, while the worse performing stock for the week was **FIDSON HEALTHCARE PLC** as the stock declined by 12.90%.

Foreign Exchange: Dollar to Naira at parallel market rate remained flat at N362/\$1, the NGN/USD exchange rate decline for the week to N364.98 at the I&EFX Window and the CBN Official Rate remain stable at N307.00 for the week.

Fixed Income:

According to the first Treasury auction for the year, the stop rate decline to a new low of 3.5%, 4.90% and 5.20% for respective maturity of 91-days, 182-days and 364-days. At the auction date of 2nd January, 2020 the aggregate Treasury Bills sold was N75Billion.

MONEY MARKET RATES

NIBOR RATES (%)	
Tenor	3-Jan-2020
30-Day	10.77
90-Day	10.67
180-Day	10.95

Primary Market Rate

TREASURY BILLS	
Tenor	Yield
91-Day	3.50
182-Day	4.90
364-Day	5.20

FGN BONDS	
Tenor	Rate
5-Year	11.00
10-Year	12.00
30-Year	13.39

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