

MACRO ECONOMIC INDICES	
Inflation	12.26%
MPR	13.50%
Brent Crude	\$19.25bp
External Reserves	\$33.63bn
Foreign Exchange	N361.00

FOREIGN EXCHANGE MARKET		
Tenor	Current Rate (N/\$)	Previous Rate (N/\$)
CBN Official	361.00	361.00
CBN SMIS Window	380.69	380.69
I&E FX Window	386.25	383.00
Parallel Market (transfer)	N470.00	N450.00
Cash	N455.00	N435.00

Dollar scarcity stops capital repatriation by investors

Foreign investors that sold currency securities in the last one month have been unable to repatriate the proceeds to their countries due to persistent dollar scarcity, The Nation has learnt. Many of the investors cash are trapped in Nigeria's debt market as dollar liquidity dries up due to a lack of fresh inflows and persistent drop in crude oil prices. Crude oil revenue constitute over 90 per cent of foreign-exchange earnings for Nigeria. Value of dollar transactions in the Investors' and Exporters' (I&E) Forex Window where foreigners buy dollars has dipped from \$300 million per day two months ago to \$20 million.

NEWS HIGHLIGHT

CBN MOVES TO QUELL FX SPECULATION, DEBITS BANKS N1.47TRN

As part of effort to manage banking system liquidity and prevent speculation in foreign exchange (FX), the Central Bank of Nigeria (CBN) on Friday debited about 30 banks a total of N1.47 trillion as additional cash reserve requirement (CRR).

A source disclosed this to THISDAY at the weekend. But the amount would be refunded to the banks, this week. “The banks were debited on Friday to manage the amount of liquidity in the system.

BUDGET: FG TO RETAIN \$30 BENCHMARK DESPITE OIL PRICE FALL

The Federal Government is not considering tinkering with the \$30 per barrel oil price benchmark for the 2020 budget despite the drop in crude oil price, investigations have revealed. Crude oil prices had dropped from about \$46.64 per barrel in February to less than \$20 per barrel. The Federal Government had in the 2020 budget proposal revised downward the revenue projection for the 2020 fiscal period by N3.3tn from the initial approved amount of N8.41tn to N5.08tn. The reduction in revenue projection was due to the negative impact of the coronavirus pandemic.

CBN LIFTS SUSPENSION ON CHEQUE CLEARING

The Central Bank of Nigeria (CBN) has lifted suspension placed on cheque instruments in the Nigerian clearing system. Consequently, cheque instruments will be allowed to pass through the clearing system from today, April 28.

In a circular to banks and Nigeria Interbank Settlement system (NIBSS), CBN Director, Banking Services Department, Sam Okojere, said the bank lifted the temporary suspension of cheque clearing in Nigeria to make payment efficient for customers. He said the move was in furtherance of CBN’s effort in the development of a safe and efficient payment system in Nigeria. Okojere said the decision to lift the suspension was taken by the CBN in collaboration with relevant stakeholders after reviewing the need for cheque clearing to accommodate users of cheque as one of the payment instruments in Nigeria, despite some lockdown in some states and Federal Capital Territory (FCT). He urged Deposit Money Banks to advise their customers accordingly. The CBN had last month, suspended indefinitely the clearing of cheque instruments in the Nigerian clearing system. In a circular to all Deposit Money Banks and the Nigeria Interbank Settlement System (NIBSS), Okojere, said the directive became necessary due to the lockdown order issued by the President Muhammadu Buhari in Lagos, Ogun and the Federal Capital Territory.

The lockdown was to curtail the rise in the number of confirmed cases of the Coronavirus (COVID-19) pandemic in the country. The apex bank said in view of

the lockdown and in furtherance of its effort to ensure hitch-free clearing and settlement activities, there is need to suspend the clearing of cheques instruments. The circular with reference number BKS/DIR/GEN/CIR/O7/002 said the suspension would commence from March 31. By the release, no fresh cheque instrument will be allowed to pass through the clearing system from today, except returned cheque till further notice.

REVOLUTIONISING TAX FOR NIGERIA'S SUSTAINABLE GROWTH

The Federal Inland Revenue Service (FIRS) is currently implementing small businesses -friendly tax policy that temporarily exempts operators with an annual turnover of N25 million and below from charging Valued Added Tax while deploying technology to ensure continued quality service delivery to taxpayers across every segment of the economy. FIRS performance showed that tax revenue rose to N1.12 trillion in the first quarter of 2020, higher than N1.04 trillion received in the same period of 2019. Helen Oji examines the impact of the reforms instituted by the new leadership of the FIRS on revenue growth in Nigeria.

BLEAK ECONOMIC OUTLOOK FOR NIGERIA AFTER COVID-19 CRISIS EASES

Last week Tuesday, Nigeria's most tradable oil grade, Bonny Light, which sells higher than the benchmark Brent Crude, was selling lower at \$14.75, while Brent was still in the \$20 range. With oil prices slipping and Coronavirus taking its toll on Nigerians, the Nigerian economy has been squeezed into a dollar crunch. Experts have predicted a bleak future for the country's economy when the crisis eases. Last week Tuesday, Nigeria's most tradable oil grade, Bonny Light, which sells higher than the benchmark Brent Crude, was selling lower at \$14.75, while Brent was still in the \$20 range. On Wednesday, the Organisation of the Petroleum Exporting Countries' basket of 13 oil grades was at a low of \$12.27. The World Bank topped up the negative prospects on Wednesday, saying it expected remittances coming into low and middle-income countries like Nigeria to drop by historic deep of 19.7 per cent. The Head of Research at United Capital, Wale Olusi, told SaharaReporters that the free fall had plunged the Central Bank of Nigeria and by extension the Nigerian economy into a dollar crisis. He said, "There is already a dollar crisis in my opinion. The CBN stopped selling dollars to BDC's and they are forced to devalue the naira, now they are placing restrictions on what you can spend. It's clear there is a dollar crisis already. As of March 30, Nigeria's foreign reserve stood at \$35.26bn. Olusi estimates that 30 per cent of the total is Foreign Portfolio Investment – monies that belong to foreign investors who own Nigerian stocks and securities. This would imply that the CBN has just \$20bn to cover the country's importation bills, assuming trade

restrictions have not limited imports into the country. Here is a breakdown of how it will further impact the economy.

Shrinking revenue inflows

This depressing revenue reality will affect states, especially those whose internally generated earnings are less than half of their debt. At the end of the third quarter of 2019, only seven states had increased their internal earnings. The National Bureau of Statistics said that between January and September 2019, the 36 states of the federation earned N986.29bn in revenues.

This is more than N3trn less than the external debt the Debt Management Office said they had accumulated as of December 31 2019. Added to that is another N4.10trn worth of domestic debts. With dollar already scarce, these states will still have to part with monthly deductions from their already shrinking allocation from the Federal Allocation Accounts Committee to meet with their combined foreign borrowings of more than \$12bn.

SECURITIES MARKET UPDATE

TREASURY BILLS

The Nigerian treasury bills market closed on quiet note with average yields losing at at 2.71 %. We saw retail demand from investor ahead of the PMA auction scheduled to hold tomorrow. At the Primary Market Auction for April 29, the CBN will roll over treasury bills maturities of ₦131.53 billion for 91, 182 days and 364 days . Yields in the OMO bills market contracted to 9.89 %. Trading in the secondary market was bullish across short and medium maturities following demand for instruments MAY 2020 and DEC 2020 in the OMO segment of the market. We expect OMO Maturities of N30.66bn and coupon payment of N149.14bn to hit the banking system.

Previous OMO Primary Market Auction Results as at April 23, 2020

Tenor	offer(N)	Subscription(N)	sale(N)	Stop Rate
89 day	10bn	64.10bn	20.37bn	11.50%
180days	10bn	33.50bn	11.50bn	11.54%
341days	80bn	226.16bn	80.78bn	12.71%

PREVIOUS PRIMARY MARKET AUCTION (PMA) RESULT APRIL 15TH 2020

Tenor	Sale	Stop rate
91	N5.85bn	1.93%
182	N3.5bn	2.74%
364	N49.14bn	4.00%

FGN BOND

The FGN Bond secondary Market experienced a mixed session amid tight system liquidity. Buying interest was witnessed across short and medium tenor, yields expanded by 8bps on the average across the benchmark bond curve to close at 6.29%. Trading in the secondary market was bullish across benchmark bond for short and medium maturities following bargain hunt on maturities for JUL 2021 , JAN 2026 while investors show apathy for long maturities.

PREVIOUS FGN BONDS PRIMARY MARKET AUCTION RESULT FOR APRIL 22ND , 2020

Tenor	Offer	Current stop rate	Previous stop rate
Apr-23	N20bn	9%	10%
Mar-35	N20bn	12%	12.50%
Apr-50	N20bn	12.5%	12.98%

STOCK MARKET

BULLS & BEARS' BATTLE END IN A NEAR-STALEMATE AT THE NIGERIAN STOCK MARKET.

The Nigerian stock market opened the week on a mild note, with the All-Share Index gaining +0.07% to close Monday's session at 22,616.28 index points. The market capitalization also gained 0.07%, as it closed at N11.78 trillion.

Amid the mild gains recorded, activity level showed weak performance. Total volume and value traded depreciated by -48.91% and -40.35% to 108.12 million units and N1.33 billion, respectively.

Volume in the subsector was driven by activities in the shares of Guaranty Trust Bank and UBA (United Bank for Africa) Plc. Across sectors, two of the five indices under our coverage gained. Price appreciation in GUARANTY, UBN (Union Bank of Nigeria), and ZENITH BANK moved the NSE (Nigerian Stock Exchange) Banking index up by 1.12%, while the Oil & Gas followed to gain 0.39%. Conversely, the Consumer Goods index led the laggards with -1.90% depreciation on NB (-10.00%) sell-offs, while the insurance and industrial indices trailed distantly at -0.25% and -0.04% respectively.

Top gainers

OANDO closed at N2.39, GUARANTY closed at N20; UBN closed at N6.75, ZENITH BANK closed at N14.2, and MTNN closed at N104.9.

Top losers

NB down closed at N31.05, SKYAVN closed at N1.42, CILEASING closed at N5, ETI closed at N4.5 and GUINNESS closed at N18.55.

SOURCE: BLOOMBERG,FMDQ, CBN, NBS , NSE, REUTERS

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Best Regards

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