

# Teakwood Digest – Monday, June 17, 2019.

## Financial Planning

### Benefits of Health Care Insurance

Wikipedia defined a health insurance as an insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. In the world now, the number and rate of increase in terminal diseases are skyrocketing, ranging from diabetes to cancer and even hepatitis etc. Though to an extent, these illnesses can be prevented but one cannot just say for a certain.

In the Nigerian perspective, our working population force are skewed towards working for a number of hours to get paid. That also means that if they are not able to get to work due to health reasons, they are most unlikely to work and earn money. Therefore, our bodies must be properly taken care of so as to enable us work and gain income in the future. Next big thing to good health is a good health insurance plan. Considering the price of medical treatment which has risen dramatically over the past few years, its quite obvious that a serious illness would not only cause physical pain but would also cause financial pain. The introduction of the National Health Insurance Scheme (NHIS) enables individuals to access good health care through the Health Maintenance Organizations (HMO). With a health insurance plan, you could be able to settle both routine and major medical care.

What should your heath insurance cover?

- a. **Hospitalization fees:** This cater for the time spent for being hospitalized on the sick bed
- b. **Surgical Expense:** Associated with cost of minor or major surgical operation
- c. **Physician Expense:** Costs related to consulting a physician
- d. **Prescriptive and preventive drugs:** Caters for the cost of drugs administered

## Global Economy

Amid the escalating U.S. - China trade tension and the geopolitical concerns around the middle east which is threatening to weaken the already fragile global growth, global investors have tuned to the perspective of central banks and their monetary authorities. The Federal Open Market Committee would be meeting this week to discus its stance on the latest monetary policies amid reports of the slow down U.S. job reports and the downtrend in inflation from 2% to 1.8%.

Still out of the U.S., more than 600 countries have urged President Trump to reach a trade deal with China to bring an end to the ongoing trade war amid the G20 summit expected to hold in the week.

In the eurozone, production fell month on month 0.5% in April with Germany having the largest year on year fall by 3.4% followed by the Netherlands which were down 2.7%.

Out of China, the Chinese statistics office, revealed that its industrial output slowed to a 17 year low of 5%. While investment in fixed assets also slumped, retail sales rebounded to a growth of 8.6%. With the dependency of the Chinese industrial sector, this is like to have a ripple effect on other countries industrial output.

## Domestic Economy

The Debt Management Office (DMO) press release, which announced the result of the N15bn sovereign green bond offer that was made public from June 03 through June 10, 2019 showed that the total value of subscriptions received totaled N32bn, a 220% oversubscription, allocating only for a 7 year tenure at a coupon rate of 14.5% per annum.

The National Bureau of Statistics published the “Pension Assets and Members Data Q1 2019” which revealed that total pension assets as at Q1 2019 stood at N9.03trn as compared to N8.63trn in Q4 2018. Total number of workers in the scheme as at Q1 2019 were 8,569,037 as compared to 8,410,184 in Q4 2018. Pension fund assets are still heavily invested in government securities with 21.44% invested in treasury bills while 49.37% in FGN bonds. Investment in local money market securities were 9.68%.

The CBN has debunked claims that it has changed from its CBN fixed exchange rate to one that is market determined. The Apex bank stated that it has not and have no plans to tilt towards a market determined exchange rate policy.

## Money Market

In the week ending June 14, 2019, The Central Bank of Nigeria (CBN) conducted its bi monthly market auction selling almost a N130bn for a tenure of 91 day, 182 day and 364 day at a stop rate of 10%, 11.95%, 12.34% though this was not able to tighten the liquidity in system.

Data from the FMDQ revealed that the Open buyback and Overnight rate (OVN) rate closed the week at 5.29% and 5.79% respectively. Call rates were down to a single digit of 5.5%. The longer tenure rates also went up as one month, three months and six months rate were 7.75%, 8.25% and 8.63% respectively.

## Stock Market

Trading on the Nigerian Stock Exchange in the week ending June 14, 2019 continued its bearish trajectory as investors lost the sum of N169billion dragging down the market capitalization down to N13.233 trillion.

On the index side, the NSEASI shed 385.43 index points to close at 30,046.70 index points from 30,432.13 index points at the beginning of the week. Though investment valuations based on price multiples are still low, investors still await positive triggers that would transform the performance of the underlying sector. With the capital base increment of insurance companies, there are likely to be some amount of equity capital inflow to these insurance firms.

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| NIGERIA MACRO FUNDAMENTALS       |                 |  |
|----------------------------------|-----------------|--|
| Indicators                       | Current Figures | Note   |
| GDP Growth (%) (Q-Q)             | 2.01            | As at Q1 2019. From 2.38% in Q4 2018                       |
| Inflation % (Y to Y)             | 11.4            | May 2019. Rose from 11.37% in April 2019                   |
| Monetary Policy Rate (%)         | 13.5            | As at March 26, 2019. From 14% since July 2016.            |
| Assymetric Corridor (%)          | 13.5 (+2/-5)    | Lending rate 15.5%, Deposit rate 8.5%                      |
| External Reserves (US\$ Billion) | 45.162          | As at June 13, 2019. Rose from \$45.109bn in June 05, 2019 |
| Oil price Brent (US\$/Bbl)       | 62.01           | As at June 14, 2019.                                       |
| Oil production (mbpd)            | 1.95            | April 2019 figure. From 1.738mbpd in March 2019            |

| NSE SNAPSHOT                |                |         |        |         |
|-----------------------------|----------------|---------|--------|---------|
| Indicator                   | Level          | 1 Day % | MTD    | YTD (%) |
| NSEASI                      | 30,046.70      | 0.06%   | -3.29% | -4.40%  |
| Volume Traded (Units)       | 145,277,282    |         |        |         |
| Value Traded (NGN)          | 2.831billion   |         |        |         |
| Number of Deals             | 2,445          |         |        |         |
| Equity Capitalization (NGN) | 13.233trillion |         |        |         |
| Bond Capitalization (NGN)   | 12.584trillion |         |        |         |
| Trade as at June 14, 2019.  |                |         |        |         |

| NSE INDICES    |          |       |       |         |
|----------------|----------|-------|-------|---------|
|                | Index    | WTD   | MTD   | YTD (%) |
| NSE 30         | 1,242.32 | -1.2% | -3.4% | -12.3%  |
| PENSION 40     | 1,043.96 | -1.1% | -2.1% | -13.5%  |
| BANKING        | 356.98   | 0.0%  | -1.3% | -10.5%  |
| CONSUMER GOODS | 612.95   | -1.7% | -2.8% | -18.1%  |
| OIL & GAS      | 249.76   | 0.3%  | -4.9% | -17.4%  |
| INSURANCE      | 115.98   | 0.9%  | -3.2% | -8.3%   |
| INDUSTRIALS    | 1,054.80 | -4.2% | -6.9% | -14.8%  |

| YIELDS ON TREASURY BILLS |               |
|--------------------------|---------------|
|                          | Current Yield |
| 30 Days                  | 11.09%        |
| 61 Days                  | 11.30%        |
| 182 Days                 | 11.50%        |
| 273 Days                 | 12.22%        |
| 349 Days                 | 13.72%        |

| YIELDS ON FGN BONDS |               |
|---------------------|---------------|
|                     | Current Yield |
| 3 YEARS             | 14.49%        |
| 5 YEARS             | 14.63%        |
| 7 YEARS             | 14.73%        |
| 10 YEARS            | 14.68%        |
| 15 YEARS            | 14.76%        |

| HARD CURRENCY |           |            |
|---------------|-----------|------------|
|               | Buy (NGN) | Sell (NGN) |
| NGN/USD       | 359       | 361        |
| NGN/GBP       | 458       | 462        |
| NGN/EUR       | 398       | 403        |

| FORWARD FX |         |
|------------|---------|
|            | NGN/USD |
| 30 Days    | 363.41  |
| 60 Days    | 366.48  |
| 90 Days    | 369.73  |
| 180 Days   | 380.45  |
| 1 year     | 406.76  |

| MONEY MARKET |          |
|--------------|----------|
|              | Rate (%) |
| OBB          | 5.29%    |
| O/N          | 5.71%    |
| REPO         |          |
| Call         | 5.50%    |
| 1 month      | 7.75%    |
| 3 month      | 8.25%    |
| 6 month      | 8.63%    |

| SPOT FX         |         |
|-----------------|---------|
|                 | NGN/USD |
| CBN Official    | 307.00  |
| CBN SMIS Window | 356.92  |
| I&E FX Window   | 360.51  |

| EXCHANGE TRADED FUNDS |         |
|-----------------------|---------|
| ETF Underlying        | YTD (%) |
| Banking               | -11.48% |
| Consumer Goods        | -19.15% |
| Industrials           | -14.69% |
| NSE 30                | -10.70% |
| Pension 40            | -17.22% |

| MUTUAL FUNDS    |              |
|-----------------|--------------|
| Average Returns | Yield/YTD(%) |
| Equity          | -4.30%       |
| Fixed Income    | 12.42%       |

| COMMODITIES MARKET         |          |        |
|----------------------------|----------|--------|
| Indicators                 | Price    | YTD    |
| ENERGY                     |          |        |
| Crude Oil (Brent) US\$/bbl | 62.01    | 15.3%  |
| Natural Gas US\$ MMBtu     | 2.388    | -18.8% |
| METALS                     |          |        |
| Gold US\$/t oz             | 1,345.30 | 5.0%   |
| Silver US\$/t oz.          | 14.85    | -4.4%  |
| Copper (US\$/lb.)          | 262.85   | -0.1%  |
| AGRICULTURE                |          |        |
| Wheat (US\$/bu)            | 593.5    | 17.9%  |
| Coffee (US\$/lb)           | 98.35    | -3.2%  |
| Cotton (US\$/lb.)          | 66.01    | -8.7%  |
| Cocoa (US\$/MT)            | 2496     | 3.2%   |
| Sugar (US\$/lb.)           | 12.92    | 6.8%   |

| GLOBAL STOCK MARKET |           |         |  |
|---------------------|-----------|---------|--|
| Stock Markets       | Index     | YTD (%) |  |
| America             |           |         |  |
| 🇺🇸 DJIA             | 26,089.61 | 11.81%  |  |
| 🇺🇸 S&P 500          | 2,886.98  | 15.05%  |  |
| 🇺🇸 NASDAQ COMPOSITE | 7,796.66  | 17.07%  |  |
| Europe              |           |         |  |
| 🇬🇧 FTSE 100         | 7,345.78  | 8.82%   |  |
| 🇩🇪 DAX              | 12,096.40 | 14.26%  |  |
| 🇫🇷 CAC 40           | 5,367.62  | 13.45%  |  |
| Asia                |           |         |  |
| 🇯🇵 NIKKEI 225       | 21,116.89 | 5.51%   |  |
| 🇨🇳 SHCOMP           | 2,881.97  | 15.56%  |  |
| 🇰🇷 KOSPI            | 2,095.41  | 2.66%   |  |
| Africa              |           |         |  |
| 🇳🇬 JSE FTSE         | 58,193.78 | 10.35%  |  |
| 🇳🇬 GSE COMPOSITE    | 2,401.96  | -3.90%  |  |
| 🇸🇩 EGX 30           | 14,180.53 | 8.78%   |  |