

## Teakwood Digest – Monday, August 19, 2019.

### FINANCIAL PLANNING

#### Strategic Educational Planning

##### The Concept of Educational Planning:

Educational planning basically entails designing an investment strategy that would specifically address educational needs. This has to do with forecast and estimates of educational needs in absolute figures that would be required to help create a plan to achieve that goal. It could be for a advanced studies, children or wards school fees from primary school to university level. It could also be for an individual personal development.

##### Why Educational Planning:

Looking at our country today, we see a large number of individuals and parents complain of the high cost of their children school fees even from primary school up to the university. This has led many parent to face a huge financial burden. On the flip side, if educational expenses can be properly planned, the burden of payment of school fees, other related costs, can be eased off through a proper education plan coupled with an investment strategy. Strategic educational planning also gives individuals the benefit of compounding their cash flow.

##### When should one Start an Educational Plan:

As soon as possible. For every strategic plan, starting early is always important, same in respect of financial planning. Though not starting early enough is not a reason not to start at all as it is better late than never. An early start for an education plan will reduce the initial funds required and also take advantage of the power of compounding.

##### Reappraising your Educational Planning:

Just like other strategic goals, implementing an education plan should not be fully rigid. Humans and the financial system are dynamic. Sometimes, cash inflow might not be consistent as earlier planned as a result of unforeseen contingency like a loss of job, illness, business downturn, etc. With these realities coming into play, it is necessary to re-strategize to take into cognizance of existing factors. In reappraising your education planning, there need to set a benchmark for appraisal. This benchmark could be the expected outcome, a market determined index or rate. Most importantly, a financial advisor would optimize the options required to meet your educational goals while deploying funds where it would be efficiently allocated.

### Global Economy

In the United States, a major trigger of a near term recession “the US yield curve inversion” occurred in the week as the yield on the U.S. treasury 10 year bond stiped below its equivalent 2 year bond yield. This increased uncertainty amongst global market players amid the United States inflation for July increasing to 2.2% .

GDP numbers from Europe biggest economy, Germany were down marginally by 0.1% in Q2 2019. Examining the numbers on a Year on Year basis, its GDP numbers stalled at its preceding numbers. For the Eurobloc members, its GDP grew 1.1% on a year on year basis while growing marginally by 0.2% on a quarter on quarter basis.

Global market players are still concerned on the trade tensions between the U.S. and China which account for over 45% of the global economy. In the latest news, President Trump who waved implementation of the 10% tariffs on some imported Chinese goods noted that talks are still on but with no plans to make a deal, the Chinese has also responded stating that delay of implementation of tariffs wouldn’t be enough to prevent the Chinese retaliatory measures against U.S. imports.

### Domestic Economy

Early in the week, July 2019 inflation report was published by the National Bureau of Statistics. On a year on year basis, the Consumer Price Index which measures inflation increased 11.08% though 0.14% points lower than June 2019 which were at 11.22%. This downtrend was majorly bolstered by a slowdown in the food index prices.

This week, on August 21, 2019, President Muhammadu Buhari would be inaugurating the ministers designate which was confirmed by the Nigerian Senate July 30, 2019. There have been growing concern for the implementation policy directives to trigger economic growth in the country.

### Stock Market

Trades on the Nigerian Stock Exchange in the week ending August 16, 2019, ended negative as the main benchmark index “NSEASI” lost 1.17%. Top tier Nigerian bank by market capitalization, Guaranty Trust bank released its half year audited financial statement for 2019 with its share price closing at a 52 weeks low of NGN26. Sector performance were in same loss trajectory as the main index aside Industrial sector which marginally inched up by 0.1% week on week.

For further enquires, you can reach us at [info@teakwoodadvisory.com](mailto:info@teakwoodadvisory.com)

#### Contact Details

-  FSH House, 28 Irewole Street, Off Osho Street, Opebi, Ikeja, Lagos.
-  +2348110667899
-  [www.teakwoodadvisory.com](http://www.teakwoodadvisory.com)
-  [teakwoodng](https://twitter.com/teakwoodng)
-  [teakwoodadvisory](https://www.instagram.com/teakwoodadvisory)

| 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)             | 11.08           | July 2019. Fell from 11.22% in June 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) | 44.425          | As at August 15, 2019. Fell from \$44.617bn in August 09, 2019 |
| Oil price Brent (US\$/Bbl)       | 58.64           | As at August 16, 2019.                                         |
| Oil production (mbpd)            | 1.86            | June 2019 figure. From 1.75mbpd in May 2019                    |

| NSE SNAPSHOT                |                |        |         |         |
|-----------------------------|----------------|--------|---------|---------|
| Indicator                   | Level          | WoW %  | MTD (%) | YTD (%) |
| NSEASI                      | 26,925.29      | -1.17% | -2.86%  | -14.33% |
| Volume Traded (Units)       | 258,290,159    |        |         |         |
| Value Traded (NGN)          | 3.531billion   |        |         |         |
| Number of Deals             | 4,662          |        |         |         |
| Equity Capitalization (NGN) | 13.121trillion |        |         |         |
| Bond Capitalization (NGN)   | 12.619trillion |        |         |         |

Trade as at August 16, 2019.

| NSE INDICES    |          |       |       |         |
|----------------|----------|-------|-------|---------|
|                | Index    | WTD   | MTD   | YTD (%) |
| NSE 30         | 1,060.38 | -3.6% | -6.9% | -25.2%  |
| PENSION 40     | 921.85   | -2.7% | -4.7% | -23.7%  |
| BANKING        | 304.69   | -1.1% | -8.5% | -23.6%  |
| CONSUMER GOODS | 509.27   | -6.6% | -7.2% | -32.0%  |
| OIL & GAS      | 222.72   | -0.1% | -1.4% | -26.3%  |
| INSURANCE      | 107.11   | -0.7% | -7.5% | -15.3%  |
| INDUSTRIALS    | 1,074.44 | -1.2% | 0.1%  | -13.2%  |

| YIELDS ON TREASURY BILLS |               |
|--------------------------|---------------|
|                          | Current Yield |
| 30 Days                  | 12.44%        |
| 61 Days                  | 14.28%        |
| 182 Days                 | 14.79%        |
| 273 Days                 | 14.09%        |
| 321 Days                 | 12.17%        |

| YIELDS ON FGN BONDS |               |
|---------------------|---------------|
|                     | Current Yield |
| 3 YEARS             | 14.50%        |
| 5 YEARS             | 14.48%        |
| 7 YEARS             | 14.08%        |
| 10 YEARS            | 14.27%        |
| 15 YEARS            | 14.92%        |

| HARD CURRENCY |           |            |
|---------------|-----------|------------|
|               | Buy (NGN) | Sell (NGN) |
| NGN/USD       | 357       | 360        |
| NGN/GBP       | 437       | 445        |
| NGN/EUR       | 391       | 396        |

| FORWARD FX |         |
|------------|---------|
|            | NGN/USD |
| 30 Days    | 367.16  |
| 60 Days    | 370.62  |
| 90 Days    | 373.81  |
| 180 Days   | 387.14  |
| 1 year     | 404.10  |

| MONEY MARKET |          |
|--------------|----------|
|              | Rate (%) |
| OBB          | 18.00%   |
| O/N          | 19.57%   |
| REPO         |          |
| Call         | 18.00%   |
| 1 month      | 15.63%   |
| 3 month      | 16.25%   |
| 6 month      | 18.00%   |

| SPOT FX         |         |
|-----------------|---------|
|                 | NGN/USD |
| CBN Official    | 306.90  |
| CBN SMIS Window | 357.96  |
| I&E FX Window   | 363.42  |

| EXCHANGE TRADED FUNDS |         |
|-----------------------|---------|
| ETF Underlying        | YTD (%) |
| Banking               | -23.33% |
| Consumer Goods        | -28.79% |
| Industrials           | -12.74% |
| NSE 30                | -18.76% |
| Pension 40            | -24.93% |

| MUTUAL FUNDS           |              |
|------------------------|--------------|
| Average Returns        | Yield/YTD(%) |
| Equity                 | -11.24%      |
| Fixed Income           | 11.82%       |
| As ast August 14, 2019 |              |

| COMMODITIES MARKET         |          |        |
|----------------------------|----------|--------|
| Indicators                 | Price    | YTD    |
| ENERGY                     |          |        |
| Crude Oil (Brent) US\$/bbl | 58.64    | 9.0%   |
| Natural Gas US\$ MMBtu     | 2.202    | -25.1% |
| METALS                     |          |        |
| Gold US\$/t oz             | 1,523.60 | 18.9%  |
| Silver US\$/t oz.          | 17.085   | 9.9%   |
| Copper (US\$/lb.)          | 258.7    | -1.7%  |
| AGRICULTURE                |          |        |
| Wheat (US\$/bu)            | 470.25   | -6.6%  |
| Coffee (US\$/lb)           | 96.25    | -5.3%  |
| Cotton (US\$/lb.)          | 60.12    | -16.8% |
| Cocoa (US\$/MT)            | 2196     | -9.2%  |
| Sugar (US\$/lb.)           | 11.63    | -3.9%  |

| GLOBAL STOCK MARKET                                                                                    |           |         |  |
|--------------------------------------------------------------------------------------------------------|-----------|---------|--|
| Stock Markets                                                                                          | Index     | YTD (%) |  |
| America                                                                                                |           |         |  |
|  DJIA             | 25,886.01 | 10.94%  |  |
|  S&P 500          | 2,888.68  | 15.12%  |  |
|  NASDAQ COMPOSITE | 7,895.99  | 18.56%  |  |
| Europe                                                                                                 |           |         |  |
|  FTSE 100         | 7,117.15  | 5.42%   |  |
|  DAX              | 11,562.74 | 9.22%   |  |
|  CAC 40           | 5,300.79  | 12.03%  |  |
| Asia                                                                                                   |           |         |  |
|  NIKKEI 225       | 20,418.81 | 2.02%   |  |
|  SHCOMP           | 2,823.82  | 13.23%  |  |
|  KOSPI            | 1,927.17  | -5.58%  |  |
| Africa                                                                                                 |           |         |  |
|  JSE FTSE         | 53,874.52 | 2.16%   |  |
|  GSE COMPOSITE    | 2,311.48  | -7.52%  |  |
|  EGX 30           | 14,405.23 | 10.51%  |  |

*Disclaimer: The information stated above are based on publicly available information collated from reliable source used by our analyst(s) to reach conclusions that are intended to inform users. We therefore indemnify ourselves from any action taken without appropriate guidance. Kindly note that the aforementioned numbers are estimates and are subject to change based on prevailing economic conditions.*