

Teakwood Digest – Monday, August 26, 2019.

FINANCIAL PLANNING

BUSINESS AS A GOING CONCERN

Every business should be assumed to be a going concern in the foreseeable future apart from the main objective of setting up that business. In the African context, most businesses concentrate ownership with management, the business enterprise is only assumed a going concern subject to the ability of the owners to continue the business. To achieve this, the following steps should be promoted:

- Establish an optimal business structure:** Adopt the business structure that conforms with your business objectives and needs. The various structures such as sole ownership, partnership, incorporated trustees, equity investors and others will determine the longevity and sustainability of your business in terms of capital raising, growth and management. Explore efficient business process via account segregation, proper record keep, democratizing business operations and others.
- Business registration:** The registration of your business with the Corporate Affairs Commission (CAC) and having all the incorporation documents is paramount. This would strengthen your business position in the industry.
- Business Profile:** The role of building a clear and relatable business profile cannot be overemphasized. This will strengthen branding, marketing and directly increase revenue.
- Delegation of Tasks:** Day to day operations should be undertaken by competent staff to improve the efficiency. Good to note that empowering your personnel via training and welfare packages drive growth, efficiency and improve productivity.
- Succession Planning:** The success of every enterprise is continuity. It is expedient to have a good succession plan in place so as to facilitate a smooth transition if required going forward without hampering business operations.

Global Economy

In the United States, the Commerce Department published the United States Durable goods orders which rose 2.1% for July 2019 bolstered by demand for transportation aircraft which rose 47.8%. Amid the Chinese economic slowdown as a result of a tit for tat trade war with the Unites States, the Apex Chinese Bank, PBoC has introduced reforms to lower interest rates to support the economy. Also, China had announced tariffs on \$75billion worth of United States import, adding tariffs on U.S. automobiles and crude. With this, President of the United States, Donald Trump has retaliated to this new tariffs by the Chinese government, increasing tariffs from existing 25% to 30% on \$250billion worth of Chinese goods and also increased another set of tariffs from existing 10% to 15% on additional \$300billion worth. In Ghana, its Apex bank has revoked the operating license of low level financial institutions. This is in line with the regulatory body to clean up banks operating below regulatory threshold which has been receiving support from the government for its liquidity. This action is said to have created potential loss of jobs of individuals.

Domestic Economy

President Muhammadu Buhari, accompanied by some state governors has departed for Yokohama, Japan for the 7th Tokyo International conference on Africa. Elsewhere on the prospects of Naira stability, examining the Nigeria FX reserves, we have witnessed a backdrop its in value, triggered by low oil price in the international market and dwindling yields on government securities, the Foreign Reserves has lost \$812million from \$44.88billion in the beginning of the month. Also in the week, the central bank of Nigeria, (CBN) disclosed interventions worth \$297.92million and CNY21.2million to the Currency secondary market with the U.S. dollars meeting agricultural and raw materials sectors while the Chinese Yuan were for Letters of Credit.

Stock Market

Trades on the Nigerian Stock Exchange in the week ending August 23, 2019, took a new turn to end positive amid boost in the share price of the Telco giant, MTN Nigeria and high cap bank stocks. The main benchmark index, “NSEASI” gained 3.35% in the week to close at 27800.17 index points. On a sector analysis, all sector closed positive for the week except the insurance and oil and gas sector which maintained a bearish trajectory. Also in the week, biggest Nigerian bank by Market Capitalization, Guaranty Trust Bank has published its half year financial scorecard recording a net profit of N99billion.

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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)	11.08	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)	44.067	As at August 22, 2019. Fell from \$44.425bn in August 15, 2019
Oil price Brent (US\$/Bbl)	59.34	As at August 23, 2019.
Oil production (mbpd)	1.86	June 2019 figure. From 1.75mbpd in May 2019

NSE SNAPSHOT				
Indicator	Level	WoW %	MTD (%)	YTD (%)
NSEASI	27,800.17	3.25%	0.30%	-11.55%
Volume Traded (Units)	1,239,617,115			
Value Traded (NGN)	3.292billion			
Number of Deals	3,644			
Equity Capitalization (NGN)	13,524trillion			
Bond Capitalization (NGN)	12.607trillion			
Trade as at August 23, 2019.				

NSE INDICES				
	Index	WTD	MTD	YTD (%)
NSE 30	1,112.65	4.9%	-2.3%	-21.5%
PENSION 40	951.55	3.2%	-1.7%	-21.2%
BANKING	322.7	5.9%	-3.1%	-19.1%
CONSUMER GOODS	529.47	4.0%	-3.5%	-29.3%
OIL & GAS	222.34	-0.2%	-1.6%	-26.4%
INSURANCE	105.63	-1.4%	-8.7%	-16.5%
INDUSTRIALS	1,087.44	1.2%	1.3%	-12.2%

YIELDS ON TREASURY BILLS	
	Current Yield
30 Days	14.09%
61 Days	15.16%
182 Days	15.15%
273 Days	15.83%
356 Days	14.26%

HARD CURRENCY		
	Buy (NGN)	Sell (NGN)
NGN/USD	358	360
NGN/GBP	440	444
NGN/EUR	392	397

MONEY MARKET	
	Rate (%)
OBB	17.71%
O/N	18.79%
REPO	
Call	15.50%
1 month	15.50%
3 month	17.63%
6 month	20.88%

EXCHANGE TRADED FUNDS	
ETF Underlying	YTD (%)
Banking	-19.45%
Consumer Goods	-31.61%
Industrials	-12.96%
NSE 30	-18.74%
Pension 40	-25.37%

COMMODITIES MARKET		
Indicators	Price	YTD
ENERGY		
Crude Oil (Brent) US\$/bbl	59.34	10.3%
Natural Gas US\$ MMBtu	2.157	-26.6%
METALS		
Gold US\$/t oz	1,536.90	19.9%
Silver US\$/t oz.	17.39	11.9%
Copper (US\$/lb.)	252.7	-4.0%
AGRICULTURE		
Wheat (US\$/bu)	477	-5.2%
Coffee (US\$/lb)	95.15	-6.3%
Cotton (US\$/lb.)	58.18	-19.5%
Cocoa (US\$/MT)	2,228.00	-7.9%
Sugar (US\$/lb.)	11.47	-5.2%

YIELDS ON FGN BONDS	
	Current Yield
3 YEARS	14.61%
5 YEARS	14.33%
7 YEARS	14.11%
10 YEARS	14.25%
15 YEARS	14.66%

FORWARD FX	
	NGN/USD
30 Days	367.07
60 Days	370.83
90 Days	374.47
180 Days	388.23
1 year	408.36

SPOT FX	
	NGN/USD
CBN Official	306.95
CBN SMIS Window	357.96
I&E FX Window	363.14

MUTUAL FUNDS	
Average Returns	Yield/YTD(%)
Equity	-13.62%
Fixed Income	11.91%
As at August 23, 2019	

GLOBAL STOCK MARKET			
Stock Markets	Index	YTD (%)	
America			
 DJIA	25,628.90	9.84%	
 S&P 500	2,847.11	13.47%	
 NASDAQ COMPOSITE	7,751.77	16.39%	
Europe			
 FTSE 100	7,094.98	5.09%	
 DAX	11,611.51	9.68%	
 CAC 40	5,326.87	12.59%	
Asia			
 NIKKEI 225	20,710.91	3.48%	
 SHCOMP	2,897.43	16.18%	
 KOSPI	1,948.30	-4.54%	
Africa			
 JSE FTSE	53,995.82	2.39%	
 GSE COMPOSITE	2,269.79	-9.18%	
 EGX 30	14,333.16	9.95%	