



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

| News/Development | Relevance/Implications |
|---|---|
|  <p>OPEC's decision to cut Crude Oil Production spurs 10% gain in Crude Oil Price</p> <p>OPEC had on Wednesday, 30th November, 2016 agreed to its first production cuts in eight years. The cartel's decision to cut production came amidst concern over rising oil inventories, bringing to a halt disagreements among the group's three largest producers -- Saudi Arabia, Iran and Iraq. Interestingly, Russia, a non-OPEC member, also agreed to cut its own output. OPEC will reduce output by about 1.2 million barrels a day by January, following its earlier agreement in Algiers in September to cut its production to 32.5 million barrels. The agreement exempted Nigeria and Libya, but gave Iraq its first quotas since the 1990s. Following this decision, oil price gained as much as 10 percent and the share prices of energy companies around the world rose alongside the currencies of large exporters on Thursday, 1st December, 2016.</p> | <p>The impact of this on oil producing countries including Nigeria will be increase oil revenue. It is heart warming that Nigeria is exempted from the oil production cut. Nigeria is also expected to see a rise in December 2016 FAAC allocation to federating units, especially when the country is able to achieve stable level of oil production. It is equally expected that the stock prices of upstream oil companies on the NSE will rise. Therefore, government needs to end insurgency in the Niger-Delta so as to be able to overcome production disruptions. However, whether the OPEC deal is sustained will depend on how strictly member-countries stick to the agreement, something they have not always done in the past. Any uncertainty in the market could once again pressure prices.</p> |
|  <p>NSE delists six firms from the Daily Official Lists</p> <p>The Nigerian Stock Exchange (NSE) Thursday, 1st December, 2016 delisted six companies from its official list due to their inability to comply with the listing rules and regulations guiding quoted companies, regular periodic submission of performance and financial reports, corporate governance and accountability. The affected companies include Lennards (Nig) Plc, P.S. Mandrides Nigeria Plc, Premier Breweries Plc, Costain (W.A) Plc, Nigeria Ropes Plc and Navitus Energy Plc. The Exchange in a notice noted that these stocks had been delisted from the official list of the Nigeria Stock Exchange effective December 1, 2016. It could be recalled that, the NSE had in May this year delisted eight companies from the daily official list over persistent failures of the companies to meet best corporate governance practices as enshrined in the listing rules. There are now 175 companies listed on the NSE.</p> | <p>This development is coming at a time of dearth in new listings on the NSE. Only five companies listed on the NSE between 2014 and 2015. The impact of delisting these companies implies an estimated N5.89billion will be reduced from the Market Capitalization. Although there should not be any excuse for not complying with post-listing and corporate governance requirements by companies, the SEC and the NSE should continue in their efforts to encourage companies to voluntarily comply with listing rules and regulations. It may also be desirable to engage these companies more and understand how their operating environments affect their decisions to list or delist. More companies should also be encouraged to list on the exchange in order to replace the delisted ones.</p> |



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All Share Index closed the week ended 02nd December, 2016, at 25,740.80, gaining 1.7% from the beginning of the week. The Index also gained 1.9% month-to-date but lost 10.1% and 5.7% year-to-date and year-on-year respectively. The equities market capitalisation at the end of the week stood at N8.9trn, gaining 1.6% week-to-date and 2.0% month-to-date. However, the market capitalization declined by 10.5% and 5.6% year-to-date and year-on-year respectively.

In the Unlisted Securities Market, the index finished the week at 604.0 points, losing 1.3% week-to-date. The USI also lost 5.6% month-to-date and 6.9% year-on-year. However, the Index gained 3.6% from year-to-date. Consequently, Market Capitalization for the Unlisted Securities Market ended the week at N408.8bn falling by 1.3% from the beginning of the week and flat from the beginning of the month. Available data shows that the Net Asset Value of Collective Investment Schemes finished the week at N215.90bn; indicating that the NAV closed the week flat but with a reduction of 13.4% and 13.7% from the beginning of the year and in the last one year respectively.

In the money market, O/N and OBB ended the week higher at 10.5% and 10.0% respectively, rising by 1.0% and 1.3% respectively from the beginning of the week under review. The FGN Bond yield ended the week on a positive note at 16.1%, increasing by 0.1% from the beginning of the week.

In the commodities segment of the market, Brent Crude ended the week higher at \$54.5 resulting from the OPEC production cut successful deal, gaining a remarkable 12.9%. The black gold also gained 1.0%, 9.5% and 26.7% month-to-date, year-to-date and year-on-year respectively. However, all other commodities closed the week lower.

The interbank exchange rate ended the week at N305.3/US\$ while the parallel rate finished at N484.0/US\$. The interbank rate gained 1.58% week-to-date and the parallel rate lost 1.86%. Year-to-date, Naira has lost 34.64% and 36.98% of its value against the Dollar in the interbank and the parallel markets respectively. Year-on-year however, Naira has lost 34.70% and 46.63% of its value in the interbank and the parallel markets respectively. Most recent data released by the Central Bank of Nigeria put the country's external reserves at \$24.8bn. This indicates that Nigeria's external reserves have increased for the fourth consecutive week by 0.5% week-to-date. Although there has been no change in the external reserves month-to-date, reserves have however decreased by 14.7% and 16.8% year-to-date and year-on-year respectively. The S&P500 index finished the week on a negative note at 2,192.0 points signifying a decrease of 0.4% from the beginning of the week.

| Market | Indicator | Value* @ 02-Dec-16 | WTD (%) | MTD (%) | YTD (%) | YoY (%) |
|-----------------------|---------------------------------|-----------------------|------------|------------|------------|---------|
| Equities (NSE) | All Share Index (ASI) | 25,740.8 | 1.7 | 1.9 | (10.1) | (5.7) |
| | Market Capitalisation (N'tn) | 8.9 | 1.6 | 2.0 | (10.5) | (5.6) |
| Unlisted (NASD) | Unlisted Securities Index (USI) | 604.0 | (1.3) | (5.6) | 3.6 | (6.9) |
| | Market Capitalisation (N'bn) | 408.8 | (1.3) | - | - | - |
| Collective Investment | Net Asset Value (N'bn) | 215.9 | - | - | (13.4) | (13.7) |
| Money | Overnight (O/N) (%) | 10.5 | 1.0 | (0.7) | 9.5 | 9.5 |
| | Open Buy Back (OBB) (%) | 10.0 | 1.3 | - | 9.5 | 9.3 |
| | FGN Bond Implied Yield (%) | 16.1 | 0.1 | 0.0 | 5.1 | 4.4 |
| Commodities | Crude Oil (\$/b) | 54.5 | 12.9 | 1.0 | 9.5 | 26.7 |
| | Gold(\$/t oz) | 1,177.8 | (1.3) | 0.7 | 9.5 | 8.6 |
| | Cocoa(\$/mt) | 2,395.0 | (0.3) | (0.5) | (20.0) | (29.4) |
| | Wheat(\$/bu) | 4.0 | (3.1) | 2.3 | (14.7) | (16.7) |
| | Corn(\$/bu) | 3.5 | (3.1) | 1.2 | (16.1) | (9.2) |
| | Cotton(\$/lb) | 71.0 | (1.4) | 0.2 | 17.5 | 9.8 |
| External | Interbank Ex-rt (N/US\$) | 305.0 | 1.58 | - | (34.64) | (34.70) |
| | Parallel Ex-rt (N/US\$) | 484.0 | (1.86) | (0.41) | (36.98) | (46.63) |
| | External Reserves (\$'bn) | 24.8 | 0.5 | - | (14.7) | (16.8) |
| | S&P 500 | 2,192.0 | (0.4) | 0.0 | 6.5 | 5.4 |

* When value of the relevant day is not available, the price of the nearest day is taken.

WTD: week-to-date; MTD: month-to-date; YTD: year-to-date; YoY: year-on-year

Source: Computed by the SEC ERP Research Division; underlying data from NSE, NASD, SEC, FMDQ, Bloomberg CBN and FRED

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