

## A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p><b>Federal Government to revamp Commodity Exchange</b></p> <p>The Federal Government is determined to turn-around the Nigeria Commodity Exchange (NCX). Dr Vincent Akpotaire, Acting Director-General, Bureau of Public Enterprises (BPE), announced this on Thursday, 2<sup>nd</sup> March, 2017 in Abuja at the opening of financial proposals submitted by the prospective advisers on the strategic equity investment. The strategic equity investment is a restructuring and strategic programme being carried out by the National Sovereign Investment Authority (NSIA). It is expected that this development will allow for competitive and more profitable trade and exchange. It could be recalled that the Nigeria Commodity Exchange (NCX), formerly known as Abuja Securities and Commodity Exchange (ASCE) was incorporated as a public Limited Liability Company in 1998 and commissioned in 1999. In 2011, it was converted to a commodity exchange, but is yet to fully realise its potentials.</p>	<p>A developed commodity exchange could serve as a catalyst for enhancing the effective marketing, distribution and standardization of agricultural commodities and other produce. The NCX could also play a critical role in revamping of the Nigerian economy through its diversification and promotion of non-oil export sector. There is the potential that this will further deepen Nigeria's capital market through the provision of alternative financial investment opportunities like derivatives products.</p>
 <p><b>NSE lists Nigeria's first FX denominated bonds</b></p> <p>The Debt Management Office (DMO) last Thursday, 2<sup>nd</sup> March, 2017 listed the \$1 billion (FGN) Eurobond on the floor of The Nigerian Stock Exchange. The Director-General of the DMO, Dr. Abraham Nwankwo stated that it was in line with federal government's commitment to the development of the domestic capital market. He noted that the listing of domestic Sovereign Eurobond on the local bourse reinforces FGN's commitment to deepen and grow the Nigerian capital market, adding that developing the domestic market can help bridge the infrastructure deficit constraining economic growth. This listing brings to five the number of listings on the Exchange in 2017. The Exchange admitted Forte Oil's Bond, Exchange Traded Fund (ETF) and Real Estate Investment Trust (REITs) whilst welcoming Medview Airline and Jaiz Bank to its Main Board via Listing by Introduction. The Euro Bond has also been listed on the FMDQ.</p>	<p>The domestic listing of the Eurobond is expected to help diversify the domestic investors' base by giving Nigerian institutional investors access to the bond, boost price discovery and help attract foreign currency into the domestic financial market. It would also set the foundation for raising and listing more foreign denominated securities in Nigeria which will open up additional capital raising options for issuers and portfolio diversification opportunities to investors. It is therefore hoped that the current easing of foreign exchange challenge will support the trading of this instrument.</p>

### Do you know?

The NSE All-Share Index was formulated on 3<sup>rd</sup> January, 1984 with a base value of 100. The Index includes only common stocks, value-weighted and computed on a daily basis. It tracks the general market movement of all listed equities on the Exchange, including those listed on the Alternative Securities Market (ASeM). In May 2001, the NSE ASI crossed the 10,000 threshold to end the month at 10,153.8 points. On 5<sup>th</sup> March, 2008, the index attained its highest value of 66,371.2 points. As at Friday, 3<sup>rd</sup> March, 2017, the ASI stood at 25,012.1 points. Other indices tracking performance on the NSE include the NSE Insurance, NSE Consumer Goods, NSE Banking, NSE Industrial and NSE Oil & Gas launched in July 2008; NSE 30 launched in February 2009; NSE Lotus II launched in 2012 and NSE Pension launched in 2013.



## B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All Share Index closed the week at 25,012.1, losing 1.42% week-to-date. The ASI also recorded a decrease of 0.7% and 6.0% month-to-date and year-to-date respectively. Consequently, the equities market capitalisation stood at N8.7trn at the end of the week, indicating a fall of 1.41% week-to-date. The market capitalization fell by 0.7% month-to-date, 5.5% year-to-date and 2.6% year-on-year respectively.

The Unlisted Securities Index ended the week at 612.5 points, signifying an increase of 0.2 % from the beginning of the week and 0.2% from the beginning of the month. The USI also fell by 1.0% from the beginning of the year but rose to 3.79% in the past 12 months. However, the USI market capitalisation ended the week at N414.5b, gaining 0.2 % week-to-date and 0.2% month-to-date. Available data indicates that the net asset value of Collective Investment Schemes stood at N227.1bn at the end of the period under review. The Net Asset Value however declined by 21.2% year-on-year.

In the money market, the Overnight and the Open Buy Back rates both rose to 17.3% and 16.7% respectively at the end of the week, increasing by 4.1% and 4.0% respectively. These increases could be attributed to the sale of treasury bills by the CBN of about N310 billion on Wednesday, 1<sup>st</sup> March, 2017.

In the commodities market, Brent crude ended the week at \$55.9, falling by 0.1% at the beginning of the week and decreasing by 0.8 % month-to-date. There was, however, an increase of 0.8 % year-to-date and a 55.6% year-on-year. Cocoa and Gold ended the week lower, falling by 2.6% and 1.4% respectively. Cotton, wheat and corn on the other hand, gained 2.5%, 3.4% and 3.5% respectively from the beginning of the week.

The parallel and interbank exchange rates both concluded the week at N465/US\$ and N305.25/US\$ respectively. The interbank rate closed flat while the parallel rate gained 13% week-to-date. The gain in exchange value of the naira against other currencies could be linked to the CBN's intervention in the foreign exchange market reflected by the injection of dollars into the market. The interbank rate lost 0.16% from the beginning of the year and 35.5% in the last one year. Meanwhile, the parallel rate gained 6.5% from the beginning of the year and lost 37% in the last one year. Available data released by Central Bank of Nigeria revealed that Nigeria's external reserves stood at \$29.8bn increasing by 0.6% week-to-date, 0.3% month-to-date, 14.1% year-to-date and 7.1% year-on-year. The S&P500 index completed the week with a gain of 2,383.1, increasing by 0.6% from the beginning of the week.

Market	Indicator	Value* @ 3-March-17	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	25,012.1	(1.42)	(0.7)	(6.0)	(3.1)
	Market Capitalisation (N'tn)	8.7	(1.41)	(0.7)	(5.5)	(2.6)
Unlisted (NASD)	Unlisted Securities Index (USI)	612.5	0.2	0.2	(1.0)	3.79
	Market Capitalisation (N'bn)	414.5	0.2	0.2		
Collective Investment	Net Asset Value (N'bn)	227.1	-	-	4.6	(21.2)
Money	Overnight (O/N) (%)	17.3	4.1	4.8	8.6	14.7
	Open Buy Back (OBB) (%)	16.7	4.0	5.0	8.4	14.3
Commodities	Crude Oil (\$/b)	55.9	(0.1)	(0.8)	0.8	55.6
	Gold(\$/t oz)	1,226.5	(2.6)	(1.9)	5.6	(3.5)
	Cocoa(\$/mt)	1,995.0	(1.4)	3.1	(9.7)	(35.0)
	Wheat(\$/bu)	4.5	3.4	(0.7)	11.5	(1.5)
	Corn(\$/bu)	3.8	3.5	(0.3)	7.0	6.4
	Cotton(\$/lb)	78.0	2.5	0.2	8.7	36.6
External	Interbank Ex-rt (N/US\$)	305.25	0.08	-	(0.16)	(35.5)
	Parallel Ex-rt (N/US\$)	465	13.0	8.3	6.5	(37.0)
	External Reserves (\$'bn)	29.8	0.6	0.3	14.1	7.1
	S&P 500	2,383.1	0.6	(0.5)	5.5	19.6

\* 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 ERPM Research Division; underlying data from NSE, NASD, SEC, FMDQ, Bloomberg CBN and FRED

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