



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

| News/Development | Relevance/Implications |
|---|--|
|  <p>Federal Government releases Economic Recovery and Growth Plans as Inflation slowed to 17.78% year-on-year</p> <p>The Federal Government on Tuesday, 7th March, 2017 released the Economic Recovery and Growth Plan (ERGP) which unveils a road-map for Nigeria's economic recovery, growth and sustainable development. The core vision of the Plan is to sustain inclusive growth aimed at increasing national productivity and achieving sustainable diversification of production, growing the economy and promoting maximum welfare for the citizens especially in the area of food and energy security. Overall, the Plan is expected to deliver on 5 key broad outcomes, namely: a stable macroeconomic environment, agricultural transformation and food security, sufficiency in energy (power and petroleum products), improved transportation infrastructure as well as industrialization, focusing on small and medium scale enterprises. This is coming at a time when the National Bureau of Statistics released the Consumer Price Index (CPI) Report for the month of February, 2017 on Tuesday, 14th March, 2017. Although Inflation remained high at 17.78, it recorded a straight fall of 0.94 percentage point compared to the level for the previous month. This represents the first time in 15 months that the headline CPI has declined on year on year basis. Food price inflation however rose by 0.71 percentage points to settle at 18.53%.</p> | <p>The Economic Recovery Plan seeks to eliminate the bottlenecks that impede innovations. It also seeks to strengthen market-based solutions and recognizes the need to leverage Science, Technology and Innovation (STI) in order to build a knowledge-based economy consistent with the aspirations of the U.N.'s Sustainable Development Goals (SDGs). As the plan is further complemented with specific projects and actions, a sustainable decline in inflation rate and FX market alignment pose a favourable outlook on the economy. The Monetary Policy Committee is to meet on March 20-21 to decide the course of monetary policy. It is expected that the GDP numbers, which were recently published, and the inflation rate will be major considerations at the meeting.</p> |
|  <p>House of Representatives pass federal competition commission bill</p> <p>The House of Representatives on Thursday, 9th March, 2017 passed a bill that seeks to establish the Competition and Consumer Protection Tribunal. This is to ease the Nigerian business environment for investors. It is intended to repeal the Consumer Protection Act and established the Federal Competition and Consumer Protection Commission and Consumer Protection Tribunal. The promulgation of the Act and establishment of the Commission when approved by both the senate and the presidency are expected to develop business; promote fair, efficient and competitive markets in the Nigerian economy, facilitate access to safe products, and secure the protection of rights for consumers in Nigeria.</p> | <p>Competition policy seeks to encourage and improve the competitive process, and ensure consumers derive value for their money. With the passage of the Federal Competition Commission Bill, it is expected that most, if not all the business combination functions of the Commission will be ceded to the Competition Commission. There may therefore, be the need to repeal the sections of the ISA that give the Commission the powers to review, approve and regulate all mergers, acquisitions, takeovers and other forms of business combinations.</p> |

Do you know?

In 1982, the Commission approved first application for merger between two private companies (United Nigeria Insurance Company and Unity Life Insurance Company) by exchange of shares. However, these companies with alien interest never consummated the merger. In 1983, the Commission handled its first successful merger between two public companies - A.G. Leventis and Leventis Stores by Exchange of Shares. Between 1983 and 2016, the Commission has handled more than 340 cases of Business Combinations.



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

For the week ended 10th March, 2017, the NSE All Share Index closed at 25,238, gaining 2.67% from the beginning of the week and 0.2% from the beginning of the month. The ASI declined by 5.2% and 2.6% year-to-date and year-on-year respectively. Subsequently, the equities market capitalisation ended the week at N8.7trn, showing a rise of 2.77% week-to-date and 0.3% month-to-date. The market capitalization, however, fell by 4.5% from the beginning of the year and 2% in the past 12 months.

In the Unlisted Securities market, the index finished the week at 611.4 points, losing 0.2% week-to-date, 0.01% month-to-date and 1.2% year-to-date. But, the USI increased by 5.26% in the last one year. Accordingly, the USI market capitalisation finished the week at N413.8b, rising by 0.01% in the last one week but falling by the same proportion in the last one month. Given the data available, the net asset value of Collective Investment Schemes stood at N242.7bn at the end of the period under review. The Net Asset Value however declined by 17.2% year-on-year.

In the money market, the Overnight and the Open Buy Back rates both finished the week lower at 15.3% and 14.5% respectively, each declining by 0.8%.

In the commodities market, Brent crude fell by 8.3% ending the week at \$51.4, at three-month low owing to a steady rise in United States crude inventories. The black gold also decreased by 8.9% month-to-date and 7.4% year-to-date but increased by 27.2% year-on-year. Cocoa, gold and wheat fell by 0.1%, 2.0% and 3.9% respectively week-to-date. Cotton and corn, likewise, declined at the end of the week by 2.3% and 3.8% in that order.

The parallel exchange rate finished the week at N463/US\$ while the interbank rate closed at N305.8/US\$. On the parallel market, the naira strengthened, gaining 0.6% against dollar due largely to active CBN intervention in the FX market, whilst the interbank rate fell by 0.1%. From the start of the year, the Naira increased by 5.8% in the parallel market and decreased by 0.3% in the interbank market. However, year-on-year, Naira has lost 35.1% and 30.5% of its value in the interbank and parallel market in that order. Data released by Central Bank of Nigeria showed the country's external reserves stood at \$30bn, the highest in 13 months, increasing by 0.4% week-to-date, 1.2% month-to-date, 15.1% year-to-date and 7.7% year-on-year. The S&P500 index concluded the week at 2,372.6, falling by 0.1% from the beginning of the week.

| Market | Indicator | Value* @ 10-March-17 | WTD (%) | MTD (%) | YTD (%) | YoY (%) |
|-----------------------|---------------------------------|----------------------|---------|---------|---------|---------|
| Equities (NSE) | All Share Index (ASI) | 25,238.0 | 2.67 | 0.2 | (5.2) | (2.6) |
| | Market Capitalisation (N'tn) | 8.7 | 2.77 | 0.3 | (4.5) | (2.0) |
| Unlisted (NASD) | Unlisted Securities Index (USI) | 611.4 | (0.2) | (0.01) | (1.2) | 5.26 |
| | Market Capitalisation (N'bn) | 413.8 | 0.01 | (0.01) | | |
| Collective Investment | Net Asset Value (N'bn) | 242.7 | - | - | 11.8 | (17.2) |
| Money | Overnight (O/N) (%) | 15.3 | (0.8) | 2.8 | 6.5 | 9.8 |
| | Open Buy Back (OBB) (%) | 14.5 | (0.8) | 2.8 | 6.3 | 9.5 |
| Commodities | Crude Oil (\$/b) | 51.4 | (8.3) | (8.9) | (7.4) | 27.2 |
| | Gold (\$/t oz) | 1,201.4 | (2.0) | (3.9) | 3.4 | (4.6) |
| | Cocoa (\$/mt) | 1934.0 | (0.1) | 2.0 | (10.7) | (36.8) |
| | Wheat (\$/bu) | 4.4 | (3.9) | (3.6) | 8.2 | (7.4) |
| | Corn (\$/bu) | 3.6 | (3.8) | (4.6) | 2.3 | (0.2) |
| | Cotton (\$/lb) | 77.3 | (2.3) | (0.7) | 7.7 | 35.2 |
| External | Interbank Ex-rt (N/US\$) | 305.8 | (0.1) | (0.2) | (0.3) | (35.1) |
| | Parallel Ex-rt (N/US\$) | 463.0 | (0.6) | (1.7) | 5.8 | (30.5) |
| | External Reserves (\$'bn) | 30.0 | 0.4 | 1.2 | 15.1 | 7.7 |
| | S&P 500 | 2,372.6 | (0.1) | (1.0) | 5.1 | 19.3 |

* 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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