



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

| | News/Development | Relevance/Implications |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>SEC Commences Phasing out of Companies' Annual Reports Printing</p> <p>The Securities and Exchange Commission, SEC, has made known its plan to end the printing of Annual Reports by Nigerian companies. The Director General of SEC, Mr. Mounir Gwarzo, disclosed that besides institutional investors, majority of shareholders do not get their Annual Reports before Annual General Meetings thereby hampering their participation at such meetings. He therefore noted that electronic distribution of Annual Reports to shareholders will significantly address this problem and save the companies some costs. These reports will also be available on the companies' and their registrars' websites for downloads. The DG however added that some hardcopies will be made available at the offices of SEC-registered Shareholders Association and at the AGM venues. The outcome of this initiative will be reviewed at the Capital Market Committee Meeting in March, 2018.</p> | <p>Electronic distribution of annual reports will further contribute to the development of the Nigerian capital market by making information available in a timely and cost-effective manner. The problem of shareholders not getting the annual reports before AGMs will be eradicated and the companies will save some money which can be used to increase dividends paid to shareholders and/or re-invested in the companies towards future growth. The ultimate effect is improved disclosure, informed decision-making, efficient capital market, enhanced investor protection, confidence and attraction.</p> |
|  | <p>Inflation Slowed Marginally to 16.05 Percent in July, the Sixth Consecutive Decline.</p> <p>The National Bureau of Statistics on Monday, 28th August 2017, released the Consumer Price Index (CPI) Report for the month of July 2017. The report revealed that consumer prices rose by 16.05 percent (year-on-year) in July 2017. This signified a 0.05 percentage points decline compared to the rate recorded in June 2017 (16.10 percent), making it the sixth consecutive decline in the rate of year on year headline inflation since January 2017. On a month-on-month basis, the Headline index increased by 1.21 percent in July 2017, 0.37 percentage points higher than the rate of 1.58 percent recorded in June. The food index increased by 20.28 percent (year-on-year) in July 2017, rising by 0.37 percentage points from the rate recorded in June (19.91 percent). This represents the highest year-on-year increase in food inflation since the beginning of the new series in 2009. The rise in the index was as a result of increases in prices of bread and cereals, meat, fish, oils and fats, coffee, tea and cocoa, potatoes, yam, other tubers and vegetables.</p> | <p>The six months consecutive decline in headline inflation indicates gradual reduction in the rate at which the prices of consumer goods are rising. Although only a marginal decline in the headline inflation is observed in July, it is expected that as constraints to productivity are removed through consistent infrastructure spending and proper planning, the current high inflation rate will finally ease. Lower inflation promises well for the economy generally and the capital market specifically as companies will be able to borrow at lower rates and investors/consumers witness less inflation-risk.</p> |

Do you know?

Nigeria became a member of the International Organization of Securities Commissions (IOSCO) in June 1985 at its 10th Annual Meeting in Cartagena, Columbia. In 2002, Mallam Suleiman Ndanusa was elected Chairman of the Africa Middle East Regional Committee (AMERC) of the IOSCO at its 27th Annual Conference and was re-elected in 2004 at its 29th Annual Conference in Amman, Jordan. In 2005, Musa Al-faki was elected as the Chairman of IOSCO/AMERC. Arunma Oteh was the Chairperson from 2010 to 2014. The current Director General of SEC, Mr. Mounir Gwarzo is the present Chairman of the AMERC/IOSCO from February 2015 till date.



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

In the equities market, the All Share Index (ASI) closed the week at 36,646.5 points rising by 0.17% from the beginning of the week, 36.4% from the beginning of the year and 33.8% in the last one year. The ASI, however, fell by 0.2% from the beginning of the month. Similarly, the equities market capitalisation ended the week at N12.7trn gaining 0.75% week-to-date, 0.92% month-to-date, 38.9% year-to-date and 35.2% year-on-year.

The Unlisted Securities Index declined by 2.1% concluding the week at 595.6 points. The Index also lost 2.0% month-to-date, 3.8% year-to-date and 8.34% year-on-year. Accordingly, the USI market capitalisation stood at N403 billion at the end of the week, down by 2.1% week-to-date, 2.1% month-to-date, 3.77% year-to-date and 6.6% year-on-year. Accessible data showed the net asset value of Collective Investment Schemes stood at N335.6bn at the end of the period under review, gaining 48% in the last one year.

In the money market, the Overnight and the Open Buy Back rates both ended the week lower at 12.6% and 12% respectively, with both rates falling by 6.0 percentage point week-to-date.

In the commodities market, Brent crude ended the week higher at \$52.4 billion gaining 1.5% from the start of the week, 1.2% from the start of the month and 5.8% in the last one year. But the black gold lost 5.5% from the start of the year. Gold, cocoa and cotton also closed the week higher by 0.09%, 0.2% and 0.9% respectively. Whereas, wheat and corn closed the week lower by 0.4% and 2.6% respectively.

The parallel exchange rate finished the week at N370/US\$ while the interbank rate closed at N305.8/US\$. Week-to-date, the value of the Naira remained unchanged in the parallel market while the Naira weakened in the interbank market, losing 0.03% against the Dollar. Year-to-date, the Naira increased by 32.4% in the parallel market and decreased by 0.26% in the interbank market. While, year-on-year, the Naira has gained 10% and 3.6% of its value in the parallel and interbank market respectively. Available data revealed that the country's external reserves stood at \$31.6bn, rising by 21.1% from the beginning of the year and 23.5% in the last one year. The S&P500 index was valued at 2,443.1 at the end of the week rising by 0.6%.

| Market | Indicator | Value* @ 25-Aug-17 | WTD (%) | MTD (%) | YTD (%) | YoY (%) |
|-----------------------|---------------------------------|-----------------------|------------|------------|------------|---------|
| Equities (NSE) | All Share Index (ASI) | 36,646.5 | 0.17 | -0.2 | 36.4 | 33.8 |
| | Market Capitalisation (N'tn) | 12.7 | 0.75 | 0.92 | 38.9 | 35.2 |
| Unlisted (NASD) | Unlisted Securities Index (USI) | 595.6 | -2.1 | -2.0 | -3.8 | -8.34 |
| | Market Capitalisation (N'bn) | 403.0 | -2.1 | -2.1 | -3.77 | -6.6 |
| Collective Investment | Net Asset Value (N'bn) | 335.6 | - | 2.4 | 50.1 | 48.0 |
| Money | Overnight (O/N) (%) | 12.6 | -6.0 | 7.1 | -4.3 | -5.3 |
| | Open Buy Back (OBB) (%) | 12.0 | -6.0 | 7.0 | 3.8 | -9.2 |
| Commodities | Crude Oil (\$/b) | 52.4 | 1.5 | 1.2 | -5.5 | 5.8 |
| | Gold(\$/t oz) | 1,297.9 | 0.09 | 1.4 | 11.7 | -1.9 |
| | Cocoa(\$/mt) | 1,895.0 | 0.2 | -6.3 | -12.5 | -35.2 |
| | Wheat(\$/bu) | 4.4 | -0.4 | -5.6 | 6.9 | 9.2 |
| | Corn(\$/bu) | 3.5 | -2.6 | -6.1 | -0.7 | 10.6 |
| | Cotton(\$/lb) | 68.2 | 0.9 | -1.7 | -5.1 | 2.0 |
| External | Interbank Ex-rf (N/US\$) | 305.8 | -0.03 | -0.07 | -0.26 | 3.6 |
| | Parallel Ex-rf (N/US\$) | 370 | - | -1.89 | 32.4 | 10.0 |
| | External Reserves (\$bn) | 31.6 | 0.4 | 2.3 | 21.1 | 23.5 |
| | S&P 500 | 2,443.1 | 0.6 | -1.3 | 8.2 | 12.7 |

* 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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