



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>NSE Introduces New Rules on Par Value and Pricing Methodology.</p> <p>The Nigerian Stock Exchange (NSE) commenced the implementation of the amended rules on par value and pricing on 29 January, 2018. The new rules specify the revised minimum par value, share price bands, price movements, tick sizes and price limits. According to the NSE, the new rules aim at improving liquidity, narrowing spreads and ensuring that price movements are material leading to a more efficient market.</p> <p>Based on the new minimum par value, a stock can now trade at a minimum price of 1 kobo per share as against 50 kobo hitherto. This is expected to create liquidity on stocks that have stayed on 50 kobo per share for a long time but may have willing buyer at a lower price. The revised price band classifies shares into 3 groups (A, B, C). Group A consists of equities priced at N100 or above and a minimum of 10,000 units exchanged is required to move the price by 10kobo. Group B consists of equities priced in the range of N5.00 and below N100 and a minimum of 50,000 units exchanged is required to move the price by 5kobo. Group C consists of equities priced in the range of N0.01 and N5.00 and a minimum of 100,000 units exchanged is required to move price by 1 kobo. The price limit of +/-10% is however maintained for the 3 groups under the newly amended rules.</p>	<p>The new rules are expected to increase liquidity and enhance market efficiency. Going forward, it is important that both the regulator and the Exchange continuously monitor the impact of this new rule. Areas of interest will include;</p> <ol style="list-style-type: none"> The extent to which stocks that were formerly traded at 50 kobo are now being traded. The degree to which price of such stocks may drop. Whether such price drop will have any significant impact on market capitalization. The extent to which likely drop in prices will encourage or discourage other companies to list in the capital market. Impact on valuation of companies that may suffer price drops. Whether a company will suffer takeover due to low valuation. Whether the new rules will lead to price appreciation in certain stocks and aid market transactions. Emerging opportunities for existing shareholders to increase their shareholdings and whether this may cause violation of certain rules on free float.
 <p>F.G Raises N196.3m from Savings Bond in January</p> <p>The Federal Government of Nigeria, through the Debt Management Office (DMO), raised N196.3m from the sale of saving bond in January 2018.</p> <p>The saving bond is a debt instrument usually offered by the FG with the aim of mobilising resources from the public, particularly individuals and low savers. Recall that the FG commenced the saving bond programme in May, 2017 when it allotted N790.85 for the tenor of 2-3 years. Subsequent issues have been made in each of the months after that up to the moment.</p>	<p>Savings Bonds could serve as a catalyst towards national savings culture and help diversify funding sources for the government. The bond serves as investment opportunities for retail and institutional investors; It accommodate investment sizes starting from low as N5,000, and maximum of N50m; It is also a new opportunity for Capital Market Operators to participate in bond trading. It is however interesting to monitor how its growth affect the participation of retail investors in the equities segment of the capital market.</p>
<p>Do you know?</p> <p><i>In 1992, the first Administrative Hearing Committee was established to adjudicate on infringements of capital markets rules and regulations by operators, on a quasi-judicial basis. The AHC later transformed into the Administrative Proceedings Committee in accordance with the provisions of the Investment and Securities Act, 1999.</i></p>	



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

In the Equities market, the NSE All Share Index closed the week at 44,640.0 gaining 0.8% from the beginning of the week. The ASI also gained 0.4% from the beginning of the month, 16.7% from the beginning of the year and 72.1% in the last one year. Likewise, the equities market capitalization finished the week higher at 16 trillion naira increasing by 0.9 per cent Week-to-Date, 0.4% month-to-date, 17.8% year-to-date and 79% year-on-year.

The Unlisted Securities Index rose by 3.4% from the start of the week, finishing the week at 630.2 points. It further grew by 4.2% from the start of the year and 1.4% in the last one year but went flat from the start of the month. The USI market capitalization stood at N426.5b at the end of the week, increasing by 3.4% week-to-date, 4.2% year-to-date and 1.4% year-on-year but grew marginally month-to-date. Available data on the Net Asset Value (NAV) of Collective Investment Schemes stood at N418.8bn at the end of the period under review, having increased

In the money market, Over Night and Open Buy Back rates both ended the week higher at 12.2% and 11.6% growing by 5.6 and 5.8 percentage points respectively.

In the commodities market, Brent crude declined by 1.3% over the week at \$68.6. The black gold also decreased by 1.5% month-to-date but grew by 3% year-to-date and 21.3% year-on-year. Gold, Wheat, Corn and Cotton from the beginning of the month ended lower by 0.8%, 0.6%, 0.1%, and 1.4% respectively but Cocoa ended the month higher by 1.1%.

The parallel exchange rate ended the week at N363/US\$ while the interbank rate finished at N305/US\$. In the parallel market, the naira appreciates by 0.3% WTD and MTD, 37.2% YoY and marginally YTD. Whereas on the interbank market, the naira fell by 0.2% YoY growing marginally WTD, MTD and YTD. Recent data released by the Central Bank of Nigeria indicated that the country's external reserves stood at \$40.8bn growing by 4.9% YTD and 44.2% YoY. The S & P Index stood at 2,762.1 at the end of the week falling by 3.2% WTD and 2.1% MTD.

Market	Indicator	Value* @ 2-Feb-18	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	44,640.0	0.8	0.4	16.7	72.1
	Market Capitalisation (N'tn)	16.0	0.9	0.4	17.8	79.0
Unlisted (NASD)	Unlisted Securities Index (USI)	630.2	3.4	0.0	4.2	1.4
	Market Capitalisation (N'bn)	426.5	3.4	0.0	4.2	1.4
Collective Investment	Net Asset Value (N'bn)	418.8	5.0	3.3	4.1	94.7
Money	O/N (%)	12.2	5.6	7.5	6.7	6.4
	OBB (%)	11.6	5.8	7.3	6.5	6.2
Commodities	Crude Oil (\$/b)	68.6	-1.3	-1.5	3.0	21.3
	Gold(\$/t oz)	1,337.3	-0.6	-0.8	1.6	9.7
	Cocoa(\$/mt)	2017.0	3.6	1.1	4.2	-3.2
	Wheat(\$/bu)	4.5	-0.6	-0.6	3.1	2.8
	Corn(\$/bu)	3.6	0.8	-0.1	2.4	-1.6
	Cotton(\$/lb)	77.3	-1.4	-1.4	-0.3	0.5
External	Interbank Ex-rt (N/US\$)	305.75	0.0	0.0	0.1	-0.2
	Parallel Ex-rt (N/US\$)	363	0.3	0.3	0.0	37.2
	External Reserves (\$'bn)	40.8	0.6	0.1	4.9	44.2
	S&P 500	2,762.1	-3.2	-2.1	2.5	21.1

* 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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