



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>Federal Government clears N54 billion pension arrears The Federal Government on Wednesday, 5th April, 2017 disclosed that it had cleared the inherited arrears of accrued pension benefits for the years 2014 to 2016 by releasing N41.5bn and N12.5bn for the first quarter of 2017 to the National Pension Commission for onward payment to retirees. The Minister of Finance, Mrs. Kemi Adeosun, confirmed this development through a statement signed by the Director of Information in the ministry. According to the Minister, this was done despite conflicting demands for available funds. To avoid future accumulation of pension arrears, the minister stated that henceforth, the monthly allocation to PenCom based on the 2017 appropriation would regularly be paid along with the monthly salaries of the Ministries, Departments and Agencies of the Federal Government.</p>	<p>The settlement of outstanding pension benefits will bring succour to thousands of Nigerians who have served their country. It is expected that the amount paid will enable pension administrators to pay retirees who retired as far back as 2013 but had been unable to access pension under the contributory scheme due to non-payment. This payment is also significant as it will serve as a stimulus to a recessed economy in dire need of recovery and growth. Capital market activities could also benefit from this payment as pension funds are invested both by the administrators and individual pensioners.</p>
 <p>IMF releases Report on Article IV Consultation with Nigera, advocates for the removal of FX restrictions The International Monetary Fund (IMF) on Wednesday, 5th April, 2017 released the 2017 Report on Article IV consultation with Nigeria. The report noted that although foreign exchange regime was liberalized in 2016, FX restrictions remained in place and the market continued to be characterized by significant distortions that have contributed to a 50 percent parallel market premium. The Fund however observed that this was halved following recent increases in central bank interventions and the removal of prioritized allocation of foreign exchange. The IMF believes that a continued policy of prioritizing exchange rate stability would lead to an increasingly overvalued exchange rate, leading to deterioration in the non-oil trade balance and push foreign reserves below adequate levels. The IMF welcomed Nigeria's Economic Recovery and Growth Plan (ERGP), which focuses on economic diversification and government initiatives to strengthen infrastructure but cautioned that without stronger macroeconomic policies, notably higher non-oil tax collections and a more transparent foreign exchange regime, the plan will not meet the objectives of fostering higher growth and employment. Consequently, the IMF recommended policies to rebuild confidence in the near term and foster economic recovery over the medium term.</p>	<p>In past few weeks, the CBN has been intervening vigorously in the forex market by increasing the quantity of FX allocations. This is aimed at reducing the Naira/Dollar exchange rate and narrowing the gap between the official and parallel exchange rates. If this is sustained, cost of input and inflation can be controlled with the attendant improvements to macroeconomic stability. It will also be important for the government to consider the relevant recommendations from the IMF which will assist in achieving economic recovery and growth.</p>

Do you know?

The Second-Tier Securities Market (SSM) of the Nigerian Stock Exchange was established on April 15, 1985 to cater for the capital requirements of small and medium scale enterprises. It basically relaxed the listing requirements of this category of companies to encourage them to seek quotation and thereby further broaden and deepen the market. The Second-Tier Securities Market was renamed Alternative Securities Market (ASeM). Currently, there are 10 companies listed on the ASeM and the NSE ASeM Index tracks price movements of all equities listed on the Alternative Securities Market.



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All Share Index closed the week ended 7th April, 2017 at 25,746.5, rising by 1.9% week-to-date, 1.9% month-to-date and 1.5% year-on-year. However, the index lost 3.3% year-to-date. Consequently, the equities market capitalisation ended the week at N8.9trn, gaining 1.9% from the beginning of the week, 1.9% from the beginning of the month and 2% in the last one year. Equities capitalization however, declined by 2.8% from the beginning of the year.

In the Unlisted Securities market, the index ended the week at 660 points, gaining 4.3% from the beginning of the week, 4.3% from the beginning of the month, 6.7% from the beginning of the year and 9.47% in the last one year. Thus, the USI market capitalisation finished the week at N446.7b, increasing by 4.3% both at the end of the week and the month. Available data on the net asset value of Collective Investment Schemes stood at N251.9bn at the end of the period under review. The Net Asset Value increased by 16.1% from the beginning of the year but decreased by 13.3% in the last one year.

In the money market, the Overnight and the Open Buy Back rates both ended the week and the month higher at 15.3% and 14.7% respectively, rising by 3.8% and 4% respectively

In the commodities market, Brent crude rose by 4% ending the week at \$55.2. The black gold also increased by 4% from the beginning of the month and 31.7% in the last one year. It however decreased by 0.4% from the beginning of the year. With the exception of gold which rose by 0.3% at the end of the week, all other commodities finished the week lower.

The parallel exchange rate finished the week at N405/US\$ while the interbank rate closed at N305.8/US\$. On the parallel market, the naira strengthened, gaining 2.5% against dollar due largely to continuous CBN intervention in the FX market, whilst the interbank rate closed flat. Year-to-date, the Naira increased by 6.5% in the parallel market and decreased by 0.16% in the interbank market. However, year-on-year, Naira has lost 35.5% and 37% of its value in the interbank and parallel market respectively. Latest data released by Central Bank of Nigeria indicated that the country's external reserves stood at \$30.3bn, increasing by 0.1% from the beginning of the week and month, 16.2% from the beginning of the year and 9.6% in the last one year. The S&P500 index stood at 2,355.5 at the end of the week falling by 0.1%.

Market	Indicator	Value* @ 07-April-17	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	25,746.5	1.9	1.9	(3.3)	1.5
	Market Capitalisation (N'tn)	8.9	1.9	1.9	(2.8)	(2.0)
Unlisted (NASD)	Unlisted Securities Index (USI)	660.0	4.3	4.3	6.7	9.47
	Market Capitalisation (N'bn)	446.7	4.3	4.3		
Collective Investment	Net Asset Value (N'bn)	251.9	-	-	16.1	(13.3)
Money	Overnight (O/N) (%)	15.3	3.8	3.8	6.5	11.0
	Open Buy Back (OBB) (%)	14.7	4.0	4.0	6.4	10.9
Commodities	Crude Oil (\$/b)	55.2	4.0	4.0	(0.4)	31.7
	Gold (\$/t oz)	1,257.3	0.3	0.3	8.2	1.1
	Cocoa (\$/mt)	2,007.0	(4.7)	(4.7)	(7.3)	(30.6)
	Wheat (\$/bu)	4.2	(0.9)	(0.9)	4.2	(7.8)
	Corn (\$/bu)	3.6	(2.4)	(2.4)	0.8	(1.6)
	Cotton (\$/lb)	73.5	(2.7)	(2.7)	2.3	23.3
External	Interbank Ex-rt (N/US\$)	306.15	0.05	0.05	(0.16)	(35.5)
	Parallel Ex-rt (N/US\$)	405	2.5	2.5	6.5	(37.0)
	External Reserves (\$'bn)	30.3	0.1	0.1	16.2	9.6
	S&P 500	2,355.5	(0.1)	(1.0)	4.3	15.4

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

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