



ECONOMIC UPDATE

A Weekly Bulletin of the Economic Research and Policy Management Division

Vol. 2, No. 2

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Week ended: 27 Jan., 2017

A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>AFC Issues \$150 Million Maiden Sukuk</p> <p>The Africa Finance Corporation (AFC), one of the leading pan-African multilateral development finance institutions on Tuesday, 24th January, 2017 issued its maiden Sukuk which has been described as the highest-rated ever Sukuk issuance from an African institution. Andrew Alli, President and CEO of AFC stated in Lagos, Nigeria that, the privately placed 100 per cent Murabaha Sukuk, which has been awarded an A3 senior unsecured rating by Moody's Investors Service, has a three- year tenor, maturing on 24 January 2020. Due to the high levels of investor interest, the initial target of US\$100 million was more than twice oversubscribed, resulting in the transaction being upsized to US\$150 million and a final order book of approximately US\$230 million. In addition to being the first transaction of 2017, it was also the first Sukuk to be issued by an African supranational entity.</p>	<p><i>This is an international boost to SEC's efforts at growing the Nigerian non-interest capital market as contained in the Capital Market Master Plan. The development will encourage banks and other financial institutions to invest in Sukuk instruments issued by supranational, national and sub-national governments. It will also aid financial inclusion of investors who may not want to invest in conventional bonds for religious reasons. The Federal Government's plan to issue a sukuk bond in 2017 is also expected to boost the attractiveness of this instrument in Nigeria.</i></p>
 <p>NSE lists N14.6bn Med-View Airline shares</p> <p>MED-View Airline Plc, on Tuesday, 31st January, 2017 was listed on the Nigerian Stock Exchange after admitting its 9,750,649,400 ordinary shares of 50 kobo each at N1.50 each, totalling N14.6 billion on the Daily Official List. This brings the number of listed firms to 176. Med-View is the first airline to list its shares on the capital market in the last decade. In a related development, the NSE has also admitted SIAML Pension ETF 40 to its Daily Official List, bringing the number of listed ETFs to nine. ETFs currently listed and traded on the Exchange are Newgold ETF, Vetiva Griffin 30 ETF, StanbicIBTC ETF 30, Lotus Halal Equity ETF, Vetiva Sector Series ETFs- Banking, Consumer Goods and Industrial, and Vetiva S&P Nigerian Sovereign Bond ETF.</p>	<p><i>This is excellent news for the Nigerian Capital Market given the recent dearth of new listing and some delisting recorded. This listing has added N14.65b to the market capitalization of the NSE, further deepening the Nigerian capital market. It will also increase the visibility of Med-View Airline Plc and make it an airline with high corporate governance standards. It is also expected that other airlines will toe the same path and list on the NSE. Few companies that have listed on the NSE in recent times include Transcorp Hotels (January 2015), Omoluabi Savings and Loans Plc (November 2014), Seplat (April 2014), Caverton (May 2014) and The Initiate (October 2016).The listing of Medview Plc may be a signal that other companies with similar characteristics are on their way to the Nigeria's capital market. Thus, SEC and the NSE should continue in their effort to encourage more companies in need of capital to list on the exchange.</i></p>
 <p>Guinness, NASD to raise funds via rights issue</p> <p>Guinness Nigeria Plc is set to raise N40bn rights issue as part of plans to optimise its balance sheet and improve its financial flexibility. Guinness Nigeria last year became the first total beverage company when it acquired rights to distribute international premium spirits like Johnnie Walker and Baileys in Nigeria in January 2016 and later commissioned a spirits line for locally manufactured spirits at its Benin plant in November. Also, NASD OTC Securities Exchange Plc has disclosed plans to raise N1.4 billion through Rights Issues during the course of the year. The Managing Director/CEO, NASD, Mr. Bola Ajomale, disclosed this at the first quarter NASD interactive session with CEOs of participating dealing member firms in Lagos. He stated that the Exchange would offer 111.05 million units of shares at the ratio of one new share for every three ordinary shares previously held at N1.49 per share.</p>	<p><i>At a time of almost nonexistent primary market activity in the Nigerian capital market, fund raising through rights issue by listed companies will surely serve as a shot in the arm for the primary segment of the market. Finance experts predict that this will affect the market capitalization positively, prompting the need for the SEC and NSE to scale-up their advocacy in the areas of new listings and capital raising through the primary market.</i></p>



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

For the week ended 20th January, 2017, the NSE All Share Index stood at 26,223.50, a decline of 0.6% week-to-date. The index also lost 1.5% month-to-date, 1.5% year-to-date but gained 12.4% year-on-year. On the other hand, the equities market capitalisation at the end of the week stood at N9.0trn, losing 0.5% week-to-date, 1.5% month-to-date, 1.5% year-to-date. However, the market capitalization increased by 12.3% year-on-year.

In the Unlisted Securities Market, the index finished the week at 626.80 points, gaining 0.8% week-to-date, 1.3% month-to-date and 1.3% year-to-date. However, it lost 2.1% in the last one year. Accordingly, market capitalization for the Unlisted Securities Market ended the week at N424.2bn rising by 0.8% week-to-date and 1.3% month-to-date. Available data shows that the net asset value of Collective Investment Schemes finished the week at N217.0bn; closing the week flat but with a reduction of 22.1% year-on-year.

In the money market, O/N finished the week lower at 11.5% and OBB closed flat at 10.7%. The FGN Bond yield ended on a positive note at 16.6%, increasing by 0.2% week-to-date.

In the commodities market, Brent crude dropped 0.7% to close at \$55.5 by the end of the week but finished flat month-to-date and year-to-date. On a positive note however, the black gold gained 72.4% in the last one year. Other commodities like gold, cocoa and wheat all finished the week lower by 0.6%, 2.4% and 1.4% respectively while corn gained 2.2% and cotton 0.3%.

The interbank exchange rate closed the week at N305.5/US\$ while the parallel rate finished at N498.0/US\$. The interbank rate rose by 0.08% while the parallel rate gained 0.20%. Year-to-date, the naira lost 0.16% and 1.61% of its value against the greenback in the interbank and parallel markets respectively. Year-on-year however, the Nigerian currency lost 34.8% and 39.8% of its value in the interbank and the parallel markets respectively. Most recent data released by the Central Bank of Nigeria put the country's external reserves at \$27.9bn, gaining 2.6% week-to-date, 7.0% month-to-date and also 7.0% year-to-date. Reserves have however decreased by 3.2% year-on-year. The S&P500 index ended the week higher at 2,294.69, increasing by 1.2% week to date.

Market	Indicator	Value* @ 27-Jan-17	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	26,223.5	(0.6)	(1.5)	(1.5)	12.4
	Market Capitalisation (N'tn)	9.0	(0.5)	(1.5)	(1.5)	(2.1)
Unlisted (NASD)	Unlisted Securities Index (USI)	626.8	0.8	1.3	1.3	2.0
	Market Capitalisation (N'bn)	424.2	0.8	1.3	-	-
Collective Investment	Net Asset Value (N'bn)	217.0	-	-	-	(22.1)
Money	Overnight (O/N) (%)	11.5	(0.3)	2.8	2.8	8.4
	Open Buy Back (OBB) (%)	10.7	-	2.4	2.4	8.0
	FGN Bond Implied Yield (%)	16.6	0.2	0.6	0.6	4.5
Commodities	Crude Oil (\$/b)	55.5	(0.7)	0.0	0.0	72.4
	Gold (\$/t oz)	1,204.9	(0.6)	3.7	3.7	9.9
	Cocoa (\$/mt)	2,140.0	(2.4)	(1.2)	(1.2)	(25.5)
	Wheat (\$/bu)	4.3	(1.4)	5.2	5.2	(10.1)
	Corn (\$/bu)	3.7	2.2	3.9	3.9	-
	Cotton (\$/lb)	73.0	0.3	1.8	1.8	17.0
External	Interbank Ex-rt (N/US\$)	305.5	(0.08)	(0.16)	(0.16)	(34.8)
	Parallel Ex-rt (N/US\$)	498.0	(0.20)	(1.61)	(1.61)	(39.8)
	External Reserves (\$'bn)	27.9	2.6	7.0	7.0	(3.2)
	S&P 500	2,294.69	1.2	1.6	1.6	23.4

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

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