



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>Oil Price Hits \$69.85pb as Production Rises to 2.25mbd amidst growing interest from oil Firms.</p> <p>Oil price has recently touched \$70pb in the global market which is the highest level since December, 2015. The rise in the oil price is supported by the growth in the global economy and the ongoing output cuts led by OPEC and Russia, despite a rise in U.S and Canadian drilling activity that points to higher future output in North America.</p> <p>Also, Nigeria's daily crude oil production and condensates as at 02 January, 2018 increased to 2.25 million barrels per day (mbd), with crude oil production standing at 1.8mbd and condensates 450,000 bpd according to NNPC. This is also happening at the time when 254 oil trading firms, refineries and other national oil companies put in their contract applications to lift and sell Nigeria's crude oil blends for the period 2018/2019.</p>	<p>Crude oil price at \$69.85 is in excess of the \$45 per barrel benchmark price of the 2018 budget and this is a good step towards funding the budget and building fiscal buffers. These developments have positive implications for exchange rate stability, government revenue and the availability of foreign exchange. Such factors equally represent good news for the capital market as investors and companies' access to foreign exchange is eased.</p> <p>Increased oil price also implies that some of the abandoned investment in the oil sector will likely be revisited as they will now become more profitable and attractive. Government therefore, must continue to maintain peace in the Niger Delta region and implement adequate policies to aid investment and transparency in the oil sector</p>
 <p>Nigerian Stocks Rise by 12% in the 1st 12 Days of 2018 and Still Rising.</p> <p>The Nigerian stocks rose to a more than six months high on Friday, 15 January, 2018 lifted by gains in the banking, cement and oil sectors as dollar liquidity continued to improve in the currency market. The market still continues on its growth trend as the index closed at 43,119.00 points and market capitalization at N15,46trn as at 15, January, 2018, a level last seen in 2013.</p> <p>Several factors have been seen as responsible for the current growth. These include the stability in exchange rate, expectation of positive earnings from companies, preference for Nigerian stocks by foreign investors following the positive returns of last year, speculation on positive outlook for the economy, expectation of lower interest and inflation rates and the general January effect</p>	<p>Continuation of the growth of last year is positive for the capital market given that the market has lost a substantial part of its value and activities in the last two years before May, 2017. This development is also likely to increase economic activities as firms perceive the cost of equity capital to be low and therefore come forward to issue new shares. Also, it can lead to increased spending on consumer goods as households' perceive a rise in their financial and non-financial wealth.</p> <p>As long as the macroeconomic environment continues to improve, one will expect the sharp growth and recovery of the market to stabilize at a point and continue to move more gently in tandem with economic fundamentals.</p>

Do you know?

In 1961, "the National Provident Fund was established as a contributory savings scheme aimed at providing some protection to contributors at old age, invalidity or temporary loss of employment". The Act required the fund to invest its surplus funds only in securities in Nigeria authorized by the Trustees Investment Acts of 1957 and 1962 and restricted to securities created or issued by or on behalf of the Government of the Federation (SEC, 1999:49).



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

In the Equities market, the All Share Index closed the week at 42,898.9 points, growing by 7.7% Week-to-Date. It further grew by 12.1% Month-to-Date and Year-to-Date and 62.9% Year-on-Year. Similarly, the equities market capitalization ended the week at 15.4 trillion naira gaining 8.3% Week-to-Date, Month-to-Date and Year-to-Date it gained 13.0% and 69.7% Year-on-Year.

The Unlisted Securities Index grew marginally concluding the week at 599.4 points. But the index lost 0.9% Month-to-Date, Year-to-Date and 3.7% Year-on-Year. Accordingly, the USI market capitalization stood at N405.6bn down by 0.9% Week-to-Date, Month-to-Date and Year-to-Date. It was also down by 3.7% Year-on-Year.

Accessible data showed the Net Asset Value of Collective Investment Schemes stood at N401.8bn at the end of the period under review gaining 78.4% Year-on-Year.

In the money market, Over Night (ON) and Open Buy Back (OBB) rates both completed the week with a lower margin at 9.6% and 9% accordingly with ON falling by 9.3% and OBB by 9%.

In the commodities market, Brent crude ended the week higher at \$69.9 billion gaining 2.4% from the start of the week, 4.9% from the start of the month and from the start of the year and 24.7% in the last one year. Gold and cotton grew by 11.9% and 12.9% respectively but cocoa, wheat and corn fell by 14.2%, 1.3% and 3.8% accordingly in the last one year.

The parallel exchange rate finished the week at a constant value of N363/US\$ while the interbank closed at 305.8/US\$. The latter grew marginally by 0.1% MTD and YTD. Available data also shows that the country's external reserves stood at \$39.5bn rising by 1.4% YTD and 46.9% YoY. The S & P index was valued at 2,786.2 at the end of the week rising by 1.4%.

Market	Indicator	Value* @ 12-Jan-18	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	42,898.9	7.7	12.1	12.1	62.9
	Market Capitalisation (N'tn)	15.4	8.3	13.0	13.0	69.7
Unlisted (NASD)	Unlisted Securities Index (USI)	599.4	0.0	-0.9	-0.9	-3.7
	Market Capitalisation (N'bn)	405.6	-0.9	-0.9	-0.9	-3.7
Collective Investment	Net Asset Value (N'bn)	401.8	-0.9	-0.2	-0.2	78.4
Money	O/N (%)	9.6	-9.3	4.1	4.1	0.6
	OBB (%)	9.0	-9.0	4.3	4.3	0.8
Commodities	Crude Oil (\$/b)	69.9	2.4	4.9	4.9	24.7
	Gold(\$/t oz)	1,342.8	1.8	2.0	2.0	11.9
	Cocoa(\$/mt)	1,914.0	0.0	-1.1	-1.1	-14.2
	Wheat(\$/bu)	4.2	-1.6	-3.0	-3.0	-1.3
	Corn(\$/bu)	3.5	-0.5	-1.9	-1.9	-3.8
	Cotton(\$/lb)	81.7	4.1	5.4	5.4	12.9
External	Interbank Ex-rt (N/US\$)	305.8	0.0	0.1	0.1	-0.3
	Parallel Ex-rt (N/US\$)	363	0.0	0.0	0.0	36.4
	External Reserves (\$'bn)	39.5	0.4	1.4	1.4	46.9
	S&P 500	2,786.2	1.4	3.4	3.4	22.7

Important Disclaimer

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