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A. ANALYIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 **IMF downgrades Nigeria growth forecast for 2017**: The International Monetary Fund (IMF), in its World Economic Outlook Report on Tuesday, 04 October, 2016, reduced the 2017 economic growth estimate for Nigeria to 0.6% from its earlier 1.1% forecast. This revision was based on low commodity prices, policy uncertainty, weak investor confidence, electricity shortages, foreign currency shortage and militant activities. IMF's forecasts also show that Nigeria's economy will contract by 1.7% in 2016. Meanwhile, the National Bureau of Statistics (NBS) on Wednesday, 05 October, 2016, equally revised its earlier forecast of 2016 growth of 3.8% downward to –1.3%.	*It is no more news that Nigeria's growth will possibly end this year in the negative. However, the good news is the likelihood of some recovery by 2017. One of the plans of the government may then be to implement policies and programmes that can make 2017 growth surpass IMF's projections; such that the economy gains what it loses in 2016 at the minimum. This will require that the current focus on capital projects is complemented with necessary short term measures since the benefits of the former will likely materialise over the medium- to long-term.*
 **CBN unveils guidelines for granting liquid asset status to Sukuk:** The Central Bank of Nigeria on Thursday, 6th October, 2016 released guidelines for granting liquid asset status to Sukuk instruments issued by State governments. This is targeted at diversifying the sources of funding at the sub-national level and fostering the financial and economic development of the country. The guidelines contain the eligibility criteria and benefits of liquid asset status, investment limits, ceiling on lending to sub-national governments and risk-weights for Sukuk that do not qualify as liquid assets.	*This is an enhancement to SEC's efforts at growing the Nigerian non-interest capital market as contained in the Capital Market Master Plan. The guidelines will encourage banks and other financial institutions invest in Sukuk instruments issued by sub-national governments. It is also expected to aid financial inclusion of investors who may not want to invest in conventional bonds for religious reasons. Therefore, other regulators and market participants may wish to review these guidelines to identify their responsibilities and needs for inputs.*
 **IMF presents zero percent concessional facilities to Nigeria and other member countries in need**: The Managing Director, IMF, Ms. Christine Lagarde, stated on Thursday, 06 October, 2016 at the IMF/World Bank 2016 General Meeting in Washington DC that Nigeria, alongside others with economic challenges, can access IMF's long time concessionary facilities at zero interest rate until 2018. It should be recalled that in her visit to Nigeria in January, 2016, the IMF boss stated that she was not in the country to negotiate IMF loan as she could not see Nigeria's need for any. Also, at the IMF/World Bank Spring meeting in April, 2016, the Nigerian Minister of Finance, Mrs Kemi Adeosun, argued that Nigeria could surmount the current economic challenges without taking any loan from the IMF.	*Nigeria appears not to support obtaining IMF's loan. However, the recent emphasis of the government to source loans with low interest rate and IMF's new proposal of zero interest rate may return IMF's loan as part of the consideration. Beyond the issue of low/no interest rate however, detailed analysis of the conditions under which loans are granted are crucial. Also of importance is the ability of the country to sustainably service its debts. The 2016 budget plans to use 38% of government revenue to service debts. This is quite high and will definitely rise in an environment of high domestic interest rate and weak currency.*

B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

For the week ended 7th October, 2016, the ASI stood at 27,835.20 implying a loss of 1.6% during the week. The index had also lost 2.8% and 7.7% from the beginning of the year and in the past one year respectively. The equities market capitalisation at the end of the week was N9.60trn, losing 1.5% from the beginning of the week, 3.4% year-to-date and 7.8% year-on-year. In the unlisted securities market, the index finished the week at 615.3 points, having lost 2.9% during the week and 19.3% in the past one year. However, the USI gained 5.6% from the beginning of the year. Available data also shows that the Net Asset Value of Collective Investment Schemes stood at N219.3bn at the end of the period; this represents a loss of 12% in the year as against a gain of 3.8% in the last one year.

In the money market, O/N and OBB closed the week higher at 16.2% and 15.7% respectively while FGN Bond yield closed the week flat at 15.2%. O/N gained 0.9% while OBB gained 1.5% from the beginning of the week.

Crude oil price sustained its gain for the third consecutive week having increased by 2.1% to close at $51.9pb during the week. It has also gained 4.4% from the start of this year but lost 1.4% in the past one year. The international prices of Gold, Cocoa, Wheat, Corn and Cotton all suffered reductions of 1.4%, 0.6%, 0.3%, 2.3% and 2.7% respectively during the week.

The interbank exchange rate closed the week at N306.8/US$ while the parallel rate closed at N473/US$; translating into a difference of 54.2% between the two rates. The interbank rate gained 4.2% during the week while the parallel rate gained 0.6% by the end of the week under review. From the beginning of this year however, Naira has lost 53.9% and 55.1% of its value in the interbank and the parallel markets respectively. Besides, in the past one year, Naira has lost 55.4% and 110.2% 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 $24.4bn. This means that the country's external reserves have shrunk by 16.1% and 19.2% from the start of the year and in the past one year respectively. Unlike the NSE ASI, the S&P500 index closed the week with a very slight gain of 0.2%. The index also gained 4.6% from the beginning of the year and 7.9% in the past one year.

Market	Indicator	Value* @ 07-Oct-16	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	27,835.2	(1.6)	(1.6)	(2.8)	(7.7)
	Market Capitalisation (N'tn)	9.6	(1.5)	(1.5)	(3.4)	(7.8)
Unlisted (NASD)	Unlisted Securities Index (USI)	615.3	(2.9)	(2.9)	5.6	(19.3)
	Market Capitalisation (N'bn)	408.9	(2.9)	(2.9)	-	-
Collective Investment	Net Asset Value (N'bn)	219.3	-	-	(12.0)	3.8
Money	O/N (%)	16.2	0.9	0.9	15.2	14.0
	OBB (%)	15.7	1.5	1.5	15.2	14.3
	FGN Bond Implied Yield (%)	15.2	-	-	4.1	0.6
Commodities	Crude Oil ($/b)	51.9	2.1	2.1	4.4	(1.4)
	Gold($/t oz)	1,251.9	(1.4)	(1.4)	16.4	8.3
	Cocoa($/mt)	2,785.0	(0.6)	(0.6)	(7.0)	(8.7)
	Wheat($/bu)	4.0	(0.3)	(0.3)	(16.6)	(33.4)
	Corn($/bu)	3.4	(2.3)	(2.3)	(17.8)	(11.2)
	Cotton($/lb)	67.0	(2.7)	(2.7)	10.8	8.7
External	Interbank Ex-rt (N/US$)	306.8	(4.2)	(4.2)	53.9	55.4
	Parallel Ex-rt (N/US$)	473.0	(0.6)	(0.6)	55.1	110.2
	External Reserves ($'bn)	24.4	0.1	0.1	(16.1)	(19.2)
	S&P 500	2,153.7	0.2	0.2	4.6	7.9

** 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