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A. ANALYIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 **Nigeria is off the hook again as OPEC extends oil output cut by nine months** The Organisation of Petroleum Exporting Countries (OPEC), on Thursday, 25th May 2017 held its 172nd meeting in Vienna. The meeting had in attendance 13 OPEC and Non-OPEC countries. At the end of the meeting, they decided to extend cuts in oil output by nine months until March 2018 but exempted Nigeria from this output cut. It could be recalled that Nigeria and Liberia were exempted when more than 20 OPEC and non-OPEC countries, in November 2016, agreed to jointly cut production by 1.8mbp (1.2mbp for OPEC countries and 600,000 barrels per day for non-OPEC countries). The two countries were exempted because they had domestic challenges which were restricting them from producing at maximum level and were still far below the expected output quota. The reason for the cut in oil output is to push oil price up and stabilize the oil market in the interest of oil producers.	*OPEC's plan to extend production cut is expected to sustain recent increase in oil price and raise oil receipt for Nigeria as the country is exempted from the production cut. There is therefore the need to ensure that vandalism and destruction of oil facilities are discouraged while also ensuring that improved oil receipt is quickly channelled to diversify the economy so as to reduce the continuous reliance on the oil sector. Nigeria is also expected to see a rise in FAAC allocations to federating units, especially when the country is able to achieve stable level of oil production. The implication of this on the capital market is the expected rise in the stock prices of upstream oil companies on the NSE. Also, improved inflow of foreign exchange will continue to assist the CBN defend the Naira and sustain the current confidence of investors.*
 **Foreign Investment into Nigeria stays low at $908m in Q1 2017** The National Beureau of Statistics (NBS), on Wednesday, 24th May 2017, reported that the total capital imported into Nigeria was estimated at $908.27 million for the first quarter of 2017. While this signified a 27.75% increase year-on-year, it revealed a 41.36% decrease compared to the preceding quarter. This record of foreign investment is the second lowest value since 2007. Although Other investment was the largest component of imported capital in Q1 2017 at $383.28 million, contributing 42.20% of the total. It, lost a whooping 58.34% compared to the previous quarter. The second largest component was Portfolio Investment, accounting for 34.53% of total capital importation. The Foreign Direct Investment was the smallest component, accounting for 23.27% of the total capital importation.	*Foreign investment is expected to bring development benefits to the host country through the transfer of new technologies, wider global markets, increased competition, increased liquidity among others. Fall in foreign investment could be attributed to the current economic challenges the country is witnessing including foreign exchange challenges. The report generally is an indication of the need to grow confidence in the Nigerian economy. Policies to attract and retain more foreign capital inflows are necessary to aid the growth of the Nigerian economy and ease the current foreign exchange challenges.*

Do you know?

In 1984, SEC organized a sensitization seminar on the role and importance of unit trust scheme in Nigeria which led to the drafting of the Unit Trust Act which was, however, not enacted as separate law but as Chapter 17, Section 575-589, Part XVII of the Company and Allied Matters Act No. 1 of 1990. The Collective Investment Scheme comprises the Unit trust scheme which includes Open ended and close ended schemes. Some of the key parties of unit trust scheme include Trustees, Fund managers, Custodians and Registrars. As at 19th May, 2017, the net asset value of Collective Investment Schemes in Nigeria stood at N282.5 billion.

B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

In the Equities market, the All Share Index closed the week at 29,064.5, gaining 3.51 per cent from the beginning of the week. The ASI also gained 11.9 per cent from the beginning of the month, 9.2 per cent from the beginning of the year and 0.6 per cent in the last one year. Likewise, the equities market capitalisation concluded the week higher at N10.0trn, increasing by 3.51 per cent week-to-date, 11.95 per cent month-to-date, 9.7 per cent year-to-date and 1.2 per cent year-on-year.

The Unlisted Securities Index rose by 1.4% from the start of the week, finishing the week at 580.6 points. But from the start of the month, the start of the year and in the last one year, the index fell by 1.6%, 6.2% and 11.24% respectively. The USI market capitalisation stood at N392.9b at the end of the week, increasing by 1.4% week-to-date and reducing by 1.6% month-to-date, 6.19% year-to-date and 8.8% year-on-year. Available data on the net asset value of Collective Investment Schemes stood at N251.9bn at the end of the period under review.

In the money market, the Overnight and the Open Buy Back rates both ended the week lower at 12.4% and 11.7% falling by 10.4 and 0.8 percentage points respectively.

In the commodities market, Brent crude ended the week lower at $52.2 billion losing 3.2% week-to-date and 6.0% year-to-date. The black gold, however, gained 3.3% month-to-date and 6.5% year-on-year. Cocoa, corn and cotton also closed the week lower by 6.1%, 0.2% and 0.3% respectively. Further, gold and wheat closed the week higher by 0.79% and 0.9% respectively.

The parallel exchange rate finished the week at N382/US$ while the interbank rate closed at N305.35/US$. In the parallel market, the Naira weakened, losing 0.26% against the Dollar. Whereas, on the interbank market, the naira strengthened marginally by 0.033%. Year-to-date, the Naira strengthened by 28.3% in the parallel market and weakened by 0.11% in the interbank market. However, year-on-year, Naira has lost 34.8% and 8.4% of its value in the interbank and parallel market respectively. Recent data released by Central Bank of Nigeria indicated that the country's external reserves stood at $30.5 bn, reducing by 0.3% from the beginning of the week and 1.5% from the beginning of the month. The reserves, on the other hand, increased by 16.8% from the beginning of the year and 15.3% in the last one year. The S&P500 index stood at 2,415.1 at the end of the week rising by 0.9%.

Market	Indicator	Value* @ 26-May-17	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	29,064.5	3.51	11.9	9.2	0.6
	Market Capitalisation (N'tn)	10.0	3.51	11.95	9.7	1.2
Unlisted (NASD)	Unlisted Securities Index (USI)	580.6	1.4	(1.6)	(6.2)	(11.24)
	Market Capitalisation (N'bn)	392.9	1.4	(1.6)	(6.19)	(8.8)
Collective Investment	Net Asset Value (N'bn)	251.9	-	-	16.1	(13.3)
Money	Overnight (O/N) (%)	12.4	(10.4)	8.0	3.7	4.6
	Open Buy Back (OBB) (%)	11.7	(0.8)	7.8	3.4	4.2
Commodities	Crude Oil ($/b)	52.2	(3.2)	3.3	(6.0)	6.5
	Gold($/t oz)	1,271.4	0.79	1.1	9.4	5.3
	Cocoa($/mt)	1,911.0	(6.1)	5.9	(11.8)	(36.4)
	Wheat($/bu)	4.4	0.9	(3.5)	7.7	(9.0)
	Corn($/bu)	3.7	(0.2)	0.5	5.1	(9.3)
	Cotton($/lb)	72.8	(0.3)	(8.3)	1.4	13.2
External	Interbank Ex-rt (N/US$)	305.35	0.033	0.147	(0.11)	(34.8)
	Parallel Ex-rt (N/US$)	382	(0.26)	2.36	28.3	(8.4)
	External Reserves ($'bn)	30.5	(0.3)	(1.5)	16.8	15.3
	S&P 500	2,415.1	0.9	1.0	7.0	15.5

** 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