



A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 <p>Inflation slowed further to 16.25% year-on-year as the call for interest rate cut rises</p> <p>The National Bureau of Statistics (NBS) on Thursday, 15th June, 2017 released the Consumer Price Index (CPI) Report for the month of May, 2017. The report indicated that consumer prices increased by 16.25 percent (year-on-year) in May 2017. This was 0.99 percent points lower than the rate recorded in April (17.24 percent). Accordingly, this represents the fourth consecutive decline in the rate of inflation since January 2017. Food price inflation however rose by 19.27 percent (year-on-year) in May 2017, down by 0.03 percent points from the rate recorded in April (19.30 percent) indicating continued pressure in food prices. On a month-on-month basis, the Food sub-index increased by 2.54 percent in May, up by 0.50 percent points from 2.04 percent recorded in April. Meanwhile, there are recent calls by many Nigerians, particularly the National Assembly, for the review of interest rates charged by Banks in the country. The CBN has always cited rising inflation as a major reason for its decision to keep the MPR at the high level of 14 percent.</p>	<p><i>Inflation remains high at 16.25%, but the observed declining trend appears positive. If this trend is sustained, especially with the relative stability in the forex market, the possibility of achieving a lower interest rate becomes closer and more realisable. With lower interest rate, firms' costs of borrowing are expected to fall and the equities market will likely enjoy increased demand coming from some level of shifts in the preference for fixed income instruments. Lower inflation also implies improvement in citizens' purchasing power and their capacity to invest, including investment in the capital market.</i></p>
 <p>Unemployment rate rose to 14.2% as Under-employment increased to 21% in Q4 2016</p> <p>The National Bureau of Statistics on Tuesday, 13th June, 2017 released the Q4 2016 Unemployment/Under-employment report. The report showed that in Q4 2016, the labour force population increased to 81.15 million from 80.67 million in Q3 2016, representing an increase of 0.6% during the quarter. In addition, the number of underemployed in the labour force increased by 1,109,551 or 7.0%, resulting in an increase in the underemployment rate from 19.7% (15.9 million persons) in Q3 2016 to 21.0% (17.03million persons) in Q4 2016. During the period also, the number of unemployed in the labour force increased by 351,015 persons, resulting in an increase in the national unemployment rate to 14.2% in Q4 2016, slightly up from 13.9% in Q3, 2016. Accordingly, there were a total of 28.58million persons in the Nigerian labour force in Q4 2016, that were either unemployed or underemployed compared to 27.12million in Q3, 2016.</p>	<p><i>Rising unemployment/ under-employment connotes fall in or no household income, declining living standards, low or no savings and investment. At an unemployment/ underemployment rate of 35.2%, Nigeria requires policies and programmes that directly address this problem. It is expected that with the signing of the 2017 budget, many economic activities will be created especially through capital spending. This may result in job creation and consequent fall in the unemployment rate. The government already disclosed its plan to release the sum of N350 billion in the first tranche of funds for the execution of capital projects in order to expedite action.</i></p>

Do you know?

M-NET Super sport of South Africa was the first foreign stock listed on the Nigerian Stock Exchange (NSE) in 1999. The stock was delisted in 2005 from trading on the NSE and Johannesburg Stock Exchange following the acquisition of some of its shares by Naspers Limited. Currently, the only foreign stock listed on the NSE is Ecobank Transnational Incorporated (ETI).



B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

The NSE All Share Index closed the week ended 16th June, 2017 at 33,598.2 points, rising by 1.09% week-to-date, 10.8% month-to-date, 26.2% year-to-date and 17.9% year-on-year. Accordingly, the equities market capitalisation ended the week at N11.6trn, indicating an increase of 1.12% from the beginning of the week, 10.74% from the beginning of the month, 26.8% from the beginning of the year and 18.6% in the last one year.

In the Unlisted Securities market, the index ended the week at 643.3 points, gaining 4.3% week-to-date, 4.8% month-to-date, 3.9% year-to-date and 1.44% year-on-year. Consequently, the USI market capitalisation closed the week at N435.3b, increasing by 4.3% from the beginning of the week, 4.8% from the beginning of the month, 3.95% from the beginning of the year and 4.2% in the last one year. Available data indicated that the net asset value of Collective Investment Schemes stood at N282.5bn at the end of the period under review. The Net Asset Value increased by 30.2% and 4.3% year-to-date and year-on-year respectively.

In the money market, the Overnight and the Open Buy Back rates both ended the week lower at 15.7% and 15.2% respectively, declining by 101% and 111.5% respectively.

In the commodities market, Brent crude declined by 1.9% ending the week at \$47.4. The black gold also decreased by 6.4% from the beginning of the month, 14.6% from the beginning of the year and 5.2% in the last one year. This could be attributed to increased oil output from Libya and Nigeria putting pressure on prices. Gold, cocoa and cotton decreased by 0.98%, 2.9% and 4.3% respectively week-to-date. On the other hand, Wheat and corn increased at the end of the week by 11% and 4% respectively.

The parallel exchange rate finished the week at N370/US\$ while the interbank rate closed at N305.75/US\$. In both segments of the market, the naira weakened, losing 0.81% and 0.03% against dollar in the parallel and interbank markets respectively. Year-to-date, the Naira increased by 32.4% in the parallel market and decreased by 0.25% in the interbank market. However, year-on-year, Naira has lost 35.4% and 1.4% of its value in the interbank and parallel market respectively. Data released by Central Bank of Nigeria showed the country's external reserves stood at a three-month low of \$30.2bn, signifying a fall of 0.1% and 0.3% from the beginning of the week and from the beginning of the month respectively. Declining reserves may be attributed to the recent downward trend in the oil price. However, reserves have increased 15.7% and 14.3% year-to-date and year-on-year respectively. The S&P500 index finished the week at 2,433.2, rising by 0.2% from the beginning of the week.

Market	Indicator	Value* @ 16-June-17	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	33,598.2	1.09	10.8	26.2	17.9
	Market Capitalisation (N'tn)	11.6	1.12	10.74	26.8	18.6
Unlisted (NASD)	Unlisted Securities Index (USI)	643.3	4.3	4.8	3.9	1.44
	Market Capitalisation (N'bn)	435.3	4.3	4.8	3.95	4.2
Collective Investment	Net Asset Value (N'bn)	282.5	-	-	30.2	4.3
Money	Overnight (O/N) (%)	15.7	(101)	6.3	6.9	13.8
	Open Buy Back (OBB) (%)	15.2	(111.5)	6.5	6.9	13.9
Commodities	Crude Oil (\$/b)	47.4	(1.9)	(6.4)	(14.6)	(5.2)
	Gold(\$/t oz)	1,256.5	(0.98)	(1.1)	8.1	(2.5)
	Cocoa(\$/mt)	2,028.0	(2.9)	0.2	(6.4)	(33.9)
	Wheat(\$/bu)	4.8	11.0	12.4	18.4	0.7
	Corn(\$/bu)	3.9	4.0	5.7	10.1	(10.1)
	Cotton(\$/lb)	69.4	(4.3)	(5.6)	(3.4)	4.3
External	Interbank Ex-rt (N/US\$)	305.75	(0.03)	(0.09)	(0.25)	(35.4)
	Parallel Ex-rt (N/US\$)	370.	(0.81)	1.08	32.4	(1.4)
	External Reserves (\$'bn)	30.2	(0.1)	(0.3)	15.7	14.3
	S&P 500	2,433.2	0.2	0.1	7.8	17.1

* 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

Important Disclaimer

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