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A. ANALYSIS OF RECENT ECONOMIC/FINANCIAL DEVELOPMENTS

News/Development	Relevance/Implications
 **Nigeria emerges from Recession in Q2, 2017** The National Bureau of Statistics (NBS), on Tuesday, 5th September 2017, announced that the Nigerian Economy is out of recession. According to the Nigerian GDP report of Q2 2017, the country's real GDP grew by 0.55% (year-on-year) in the second quarter of 2017, showing the economy is out of recession after five consecutive quarters of contraction since Q1 2016. The 0.55% growth is 2.04 percentage points higher than the rate of -1.49% recorded in Q2 2016 and 1.46 percentage points higher than the revised rate of -0.91% recorded in Q1 2017 (previously -0.52%). Quarter on quarter, real GDP growth was 3.23%. Real growth of the oil sector was 1.64% (year-on-year), revealing a rise of 13.26% relative to the rate in Q2 2016 and 17.24% in Q1 2017. The non-oil sector grew by 0.45% in real terms in Q2 2017, 0.83 percentage points higher than the rate in Q2 2016 and 0.28 percentage points lower than the rate in Q1 2017. The major drivers of growth in the Non-oil sector were the Agricultural sector (crop production), finance & insurance, electricity, gas, steam, air conditioning supply and other services.	*The exit of Nigeria's economy from recession is an indication that the various policies being implemented by the Nigerian government are having their desired effect. With the economy out of recession, it is expected that the tightened financial conditions in the economy will ease off thereby raising average income, increasing investment and employment rates as well as enhancing profitability of firms. These should translate into higher government earnings in the form of tax, larger foreign reserves, growing capital market as well as a stronger Naira. A major source of concern, however, is that growth remains weak and susceptible to exogenous shocks and policy slippages. It is essential to intensify efforts, going forward, to implement the ERGP to achieve desired outcome, including sustained inclusive growth, further diversification of the economy, job creation and improved business conditions.*
 **Capital Imported into Nigeria Grows by 95.02% in Q2 2017** The Nigerian Capital Importation report for Q2 2017 was released on Tuesday the 22nd August 2017 by the National Bureau of Statistics (NBS). The report showed that the total value of Nigeria's Capital imports in the second quarter of 2017 was estimated to be $1,792.3 million, a whopping $884.1 million and 95.02% increase from Q1 2017. Quarter-on-quarter, capital imports increased by 43.6% from the $1,042.2 million recorded in Q2 2016. During the quarter, portfolio investments accounted for $770.5 million or 43% of the total capital imports. Other investments accounted for $747.5 million or 41.7% while Foreign Direct Investments accounted for $274.4 million or 15.3% of the total capital imports. Year-on-year, there was a rise by 128.4% from $337.3 million, 43.6% from $520.6 million and 48.9% from $184.3 million in portfolio investment, other investments and foreign direct investments respectively.	*The massive rise in capital imported into Nigeria is an indicator of foreign confidence in Nigeria's economy especially in the Nigerian equities market. This is seen in the superb performance of Equities as they contributed $614.05 million or 79.7% of the total capital imports. This reflects the great impact the CBN's investors' and exporters' FX window (IEFW) has had on capital imported into Nigeria in the second quarter of 2017. Given the gradual improvement in macroeconomic indicators like inflation and output, cheap Nigerian equity relative to comparable peers as well as attractive interest rate environment, the current improvements in capital importation is expected to be sustained for the second half of the year.*

Do you know?
A bonus issue, also called a scrip issue or a capitalization issue, is an offer of free additional shares to existing shareholders. Companies that need funds, rather than issue cash dividends, issue bonus shares to provide income to shareholders. For example, a company may offer one bonus share for every five shares owned. Bonus issues increase the issued share capital of the company thereby making the company more attractive as investors perceive it to be bigger than it really is. Also, raising the number of shares reduces the stock price, causing the stock to be more affordable to retail investors.

B. PERFORMANCE OF SELECTED ECONOMIC INDICATORS

For the week ended 8th September 2017, the All Share Index (ASI) stood at 35,957.2 indicating a gain of 1.56% from the start of the week, 1.6% from the start of the month, 33.8% from the start of the year and 30.4% in the past one year. The equities market capitalization at the end of the week was N12.4trn, rising by 1.56% week-to-date and month to date, 35.3% year-to-date as well as 30.7% year-on-year.

In the Unlisted Securities market, the index finished the week at 595.1points while the unlisted securities market capitalization closed the week at N402.7bn. Both the USI and market capitalization increased by 0.2% week-to-date and month-to-date. The USI lost 3.8% year-to-date and 3.57% year-on-year, while the unlisted securities market capitalization lost 3.84% year-to-date and 1.8% year-on-year. Available data on the net asset value of Collective Investment Schemes stood at N335.6bn at the end of the period under review, gaining 53% in the last one year.

The Overnight and the Open Buy Back rates, in the money market, both closed the week higher at 30.9% and 29.2% respectively. This could be linked to the upcoming CBN treasury bills auction this week. The ON gained 18.3 percentage points while the OBB gained 17.0 percentage points from the beginning of the week.

In the commodities market, crude oil rose by 0.7% at the end of the week to close at $53.8. This could be attributed to aftermath of Hurricane Harvey in the U.S. which reduced its oil refining capacity. The black gold also gained 2% from the start of the month as well as 13.7% in the last one year, but it lost 3% from the start of the year. Gold also ended the week higher by 0.5%. On the other hand cocoa, wheat, corn and cotton closed the week lower by 0.7%, 1.2%, 0.5% and 0.4% respectively.

The interbank exchange rate closed the week at N305.95/US$ while the parallel exchange rate closed at N365/US$. Week-to-date, the interbank rate lost 0.02% while the parallel rate remained unchanged. The interbank rate also lost 0.02% month-to-date and 0.31% year to date, but it gained 0.7% year-on-year. In the parallel market, the Naira remained unchanged month-to-date, but gained 34.2% year-to-date and 15.9% year-on-year. Available data released by the Central Bank of Nigeria put the country's external reserves at $31.8bn. This indicates that external reserves have risen by 26.5% year-on-year. The S&P500 index ended the week higher at 2,461.4 increasing by 0.1%.

Market	Indicator	Value* @ 08-Sep-17	WTD (%)	MTD (%)	YTD (%)	YoY (%)
Equities (NSE)	All Share Index (ASI)	35,957.2	1.563	1.6	33.8	30.4
	Market Capitalisation (N'tn)	12.4	1.56	1.56	35.3	30.7
Unlisted (NASD)	Unlisted Securities Index (USI)	595.1	0.2	0.2	-3.8	-3.57
	Market Capitalisation (N'bn)	402.7	0.2	0.2	-3.84	-1.8
Collective Investment	Net Asset Value (N'bn)	335.6	-	2.4	50.1	53.0
Money	Overnight (O/N) (%)	30.9	18.3	18.3	22.2	12.3
	Open Buy Back (OBB) (%)	29.2	17.0	17.0	20.9	12.2
Commodities	Crude Oil ($/b)	53.8	0.7	2.0	-3.0	13.7
	Gold($/t oz)	1,351.2	0.50	1.6	16.3	1.5
	Cocoa($/mt)	1933.0	-0.7	-0.7	-10.8	-30.2
	Wheat($/bu)	4.4	-1.2	-0.2	7.6	7.6
	Corn($/bu)	3.6	-0.5	0.4	0.2	5.9
	Cotton($/lb)	74.6	-0.4	3.8	3.9	11.4
External	Interbank Ex-rt (N/US$)	305.95	-0.02	-0.02	-0.31	0.7
	Parallel Ex-rt (N/US$)	365	-	-	34.2	15.9
	External Reserves ($'bn)	31.8	0.03	3.0	21.9	26.5
	S&P 500	2,461.4	0.1	-0.61	9.0	12.8

** 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