Foreign Trade
Recent data from the National Bureau of Statistics (NBS) shows that Nigeria's Foreign Trade declined by 37.99 percent (Year-on-Year) to N2.72 trillion in 2016 Q1. Specifically, merchandise exports declined by 52.36 percent to N1.27 trillion, while merchandise imports declined by 15.84 percent to N1.45 trillion. This translates to a negative balance of trade (-N184.09 billion) – the first in seven years. Given the dominance of crude oil in merchandise exports (64.7 percent), the trade deficit was largely driven by the plunge in global crude oil prices, as well as domestic production shocks within the period. Thus while the recent increase in crude oil prices is expected to increase the value of exports, the surge in pipeline vandalism, which has significantly reduced production levels is likely to deepen the trade deficit in subsequent quarters. Thus the government needs to intensify efforts towards mitigating security challenges in crude oil production in order to reap the benefits of the recent rise in oil prices.

Purchasing Managers Index (PMI)
PMI, which measures business performance, shows an improvement in manufacturing sector activities (by 2.1 index points) while performance in the non-manufacturing sector remained unchanged in May, relative to the preceding month. The slight improvement in Manufacturing PMI can be attributed to the increase in FOREX allocations to manufacturers by the CBN in April. Nevertheless, PMI for both Manufacturing (at 45.8) and Non-manufacturing (at 44.3) sectors continued to read below average in the period under review. Persisting FOREX challenges resulting in the rising cost of imports have continued to adversely affect business performance, particularly non-manufacturing activities. Ongoing discussions by the Manufacturing Association of Nigeria (MAN) and Raw Material Research and Development Council (RMRDC) on initiatives to leverage on abundant raw materials in Nigeria to pursue Resource-based industrialization should be fast-tracked to improve manufacturing sector performance. The implementation of the proposed FOREX policy guidelines which would ease restrictions on access to FOREX, is likely to improve overall business performance. The policy is also expected to boost investors' confidence and would likely raise investment across sectors of the economy.

Crude Oil Price
Crude oil price continued to increase in the period under review, reaching its 2016 peak at $50.30 on June 2, 2016. Specifically, OPEC weekly basket price increased by 1.43 percent from $44.65 on May 27, 2016 to $45.29 on June 3, 2016. Brent was sold for $49.96 on June 3, 2016. The present rise in crude oil price can be attributed to oil production shocks in several oil-exporting countries, and the general expectation of a further cut in output following the OPEC meeting in Vienna on June 2, 2016. However, the OPEC meeting ended with no agreement on production quotas. In Nigeria, oil production level increased in the period under review, following repairs on some of the damaged oil and gas facilities. Precisely, Nigeria's output increased by 200,000 barrels on June 3, 2016 to 1.6 million barrels. In the absence of a consensus by OPEC members on output levels, the recent rise in crude oil price could fuel increase in supply and in turn exert downward pressure on oil price. Given that the recent rise in oil price seems unsustainable, addressing persistent constraints to oil production presents an optimal short-term strategy for increasing domestic revenue.

Stock Market
All-Share Index (ASI) and Market Capitalization both depreciated (week-on-week) by 4.4 percent from May 27, 2016 to June 3, 2016. ASI depreciated from 28,902.25 points to 27,634.42 points, while Market Capitalization decreased from N9.93 trillion to close the week at N9.49 trillion. Despite a slight recovery at the start of the week, all market indices recorded huge loses and closed lower than the preceding week. The fall in stock market indices is attributable to profit taking and the delay in the implementation of proposed FOREX policy. Also, the proposed injection of N6.5 billion into the capital market by the government could help avert currency crisis and stimulate investors' optimism.
9 Profit-taking refers to a situation in which a large number of investors sells their stocks due to a rise in stock price, which results in subsequent fall in stock price.