

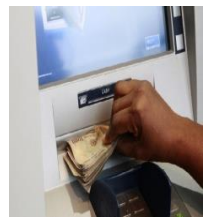
Crude Oil and Gas

OPEC weekly basket price decreased by 7.4 percent from \$29.20 per barrel on February 5th to \$27.04 per barrel on February 12, 2016¹. The drop can be attributed to the increasing doubts on the proposed cut in crude oil supply among OPEC member countries. The week witnessed positive prospects for Nigeria's Liquefied Natural Gas (LNG) market, with Germany's indication of interest in Nigeria's gas². This may increase the supply of gas and revenue in the near term, and thus fairly offset the declining revenue from crude oil.



Financial Inclusion

Recent data on financial inclusion rate shows very marginal increase from 60.3 percent in 2012 to 60.5 percent in 2016³. This implies that about 40 million adults are still financially excluded, despite the efforts from both government and non-governmental actors to increase access to basic financial services. This poses doubts to the likelihood of achieving the targeted 80 percent financial inclusion rate by 2020 set by the Central Bank of Nigeria (CBN). To tackle the persistent high incidence of poverty in Nigeria, the government needs to explore innovative approaches to increase the rates of financial inclusion, especially in rural areas.



Exchange rate

The naira depreciated by 8.2 percent from N305/\$ on February 5th, to N330/\$ on February 12th 2016⁴. The apex body identified the increased domestic demand for forex to pay for foreign medical treatments and schools fees (15 percent of total demand)⁵ as the main drivers. As a result, the apex bank is considering to discontinue the provision of forex for payment of medical bills and school fees abroad and to re-channel the forex towards the manufacturing sector of the economy. With the continuous depreciation of the naira, and the CBN's resistance from calls to devalue the currency, the options for alternatives measures seem to be diminishing.



Stock Market

The All Share Index (ASI) and market capitalization grew by 5.05% at the end of the trading session on February 12, 2016 from the previous week⁶. The ASI grew from 23,501.87 points to 24,689.69 points, while the Market capitalization increased from N8.08 trillion to N8.49 trillion. While the considerable rise could reflect a boost in investors' confidence, the continued volatility in exchange rates and crude oil prices raises doubts on the sustainability of the positive signals in the stock market.



- ¹OPEC Weekly Oil Price. Accessed January 28, 2016. http://www.opec.org/opec_web/en/data_graphs/40.htm
- ²PM News. "Germany signals interest in Nigeria Liquefied Natural Gas". PM News, February 11, 2016. Accessed February 12, 2016 <http://www.pmnewsnigeria.com/2016/02/11/germany-signals-interest-in-nigeria-liquefied-natural-gas/>
- ³CBN. Governor Emeziele Calls For Sustained Commitment To The Objectives Of The National Financial Inclusion Strategy. Accessed February 15, 2016 <http://cbn.gov.ng/FeaturedArticles/2016/articles/EmefieleCommitmentToNFIS.asp>
- ⁴Lagos Black Market Rates. Abokifx2016. Accessed February 1, 2016. <http://abokifx.com/>
- ⁵Ugwanyi Sylvester. "CBN To Stop Releasing Forex For Medical Bills, Schooling" Daily Post, February 12, 2016. Accessed February 12, 2016 <http://dailypost.ng/2016/02/12/cbn-to-stop-releasing-forex-for-medicals-bills-schooling/>
- ⁶NSE (2016) Weekly Market Report. Accessed February 1, 2016. <http://www.nse.com.ng/>

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