

Issue 6,
February 10, 2017

Portfolio Investment

Recently released report by the Nigerian Stock Exchange reveals that total equities transaction at the bourse declined significantly in 2016, relative to 2015. Specifically, total portfolio investments (equities) fell Year-on-Year by 39.6 percent to N1, 151.38 billion in 2016¹. Foreign portfolio investment (FPI) plunged significantly by 49.5 percent to N517.55 billion; also Domestic investment dropped by 28 percent to N633.82 billion. The waning performance of the economy in 2016 may have contributed to the declining investors' confidence and consequently the bearish performance of the stock market. Going forward, a strong and effective economic recovery plan, coupled with sound implementation strategies capable of steering the economy out of recession is critical to investors' confidence improvement in the near term.



Crude Oil Price

Crude oil price recorded a slight increase - International (Benchmark) Brent crude oil price increased from \$56.81 on February 3, 2017² to \$56.88 per barrel on February 10, 2017³. Oil price rose in response to OPEC's fulfilment of the pledged output cut – OPEC'S assessment shows 92 percent compliance from member countries, with Saudi Arabia particularly cutting production more than required⁴: OPEC oil supply currently stands at 32.06 million barrels/day, down by 1 million barrels/day⁵. OPEC's zeal to impact global crude oil prices in the intermediate term presents a positive outlook for Nigeria. In the absence of a cap for Nigeria's oil production and fresh attacks on domestic pipelines, a sustained increase in global crude oil prices would potentially improve Nigeria's current account position in the near term. There is, therefore, a need for the government to make concerted efforts to thwart planned attacks by militant groups in the Niger Delta in 2017.



Foreign Reserve

The nation's foreign reserves have been on a steady rise. In the review week, reserves increased by \$415.2 million from \$28.3 billion on February 3, 2017 to \$28.8 billion on February 10, 2017⁶. The increase is likely the reflection of a sustained crude oil revenue complemented by moderating global crude oil price and increasing domestic production. This should help strengthen the ability of the CBN to foster forex liquidity, and thus help maintain stability in the domestic forex market. If sustained, it should also help improve the value of the naira overtime. Hence, the government should implement proactive and effective policy strategies to, not only, sustain improvements in oil revenue but also boost non-oil revenue.



Stock Market

All-share index and Market capitalization declined by 1.79 percent and 1.37 percent respectively to 25,340.02 and N8.77 trillion on February 10, 2017⁷. The bearish trend is occasioned by waning investors' confidence following poor quarterly performance reports released by listed companies, and concerns over a similar performance in 2016 full year reports yet to be released⁸. Investors engaged in sell-offs in the review week – 22 percent buying volume of total transactions and selling position of 78 percent. Uncertainty about the direction of the economy needs to be addressed through a clear economic recovery plan. This will provide avenue for investors to make informed decisions concerning their investment activities.



Compiled by the Information and Data Management (IDM) Unit, CSEA

ECONOMIC INDICATORS

QUARTERLY ECONOMIC INDICATORS	2016Q1	2016Q2	2016Q3
GDP Growth Rate (%)	-0.36	-2.06	-2.24
Oil GDP (%)	-1.89	-17.48	-22.01
Non-Oil GDP (%)	-0.18	-0.38	0.03
Unemployment Rate (%)	12.10	13.10	13.9
Underemployment Rate (%)	19.10	19.30	19.7
Foreign Direct Investment (US \$'Million)	174.46	184.29	340.64
Portfolio Investment (US \$'Million)	271.04	337.31	920.32
Other Investments (US \$'Million)	265.47	520.57	561.16
Total Revenue (FG) (N' Billion)	535.96	977.82	1,185.52
Total Expenditure (FG) (N' Billion)	1,082.44	1,407.38	1,344.71
FG Fiscal (Deficit)/Surplus (N' Billion)	-546.49	-429.56	-159.19
MONTHLY ECONOMIC INDICATORS	Oct-2016	Nov-2016	Dec-2016
Headline Inflation (%)	18.3	18.5	18.6
Food Sub-Index (%)	17.1	17.2	17.4
Core Sub-Index (%)	18.1	18.2	18.1
External Reserve (US\$ Million)	23,689.87	25,081.22	26,990.58
All Share Index (Points)	27,663.26	25,333.39	26,874.62
Market Capitalization (N' Billion)	9,501.79	8,720.80	9,246.92
Exchange Rate (BDC - N/US\$)	462.03	415.36	455.26
Official Rate (N/US\$)	305.21	305.18	305.22
Manufacturing PMI	44.1	46.00	52.00
Non-Manufacturing PMI	43.4	42.80	47.10
Crude Oil Price(US\$/Barrel)	51	45.25	53.48
Petrol (PMS - N/litre)	145.9	146.7	146.7
Diesel (AGO - N/litre)	187.25	195.67	196.25
Kerosene (NHK - N/litre)	292.73	282.86	231.85
MPR (%)	14	14	14
Private Sector CRR (%)	22.5	22.5	22.5
Public Sector CRR (%)	22.5	22.5	22.5
91 Day T-Bill Rate (%)	13.96	13.99	13.96
Savings Deposit (%)	4.08	4.28	4.18
Prime Lending (%)	17.1	17.06	17.09
Maximum Lending (%)	27.69	28.53	28.55
Exports (FOB) (US\$ Million)	2,663.21	2,871.23	2,880.83*
Imports (CIF) (US\$ Million)	2,696.53	3,134.96	2,695.10*
Imports (FOB) (US\$ Million)	2,527.49	2,937.15	2,539.91*
Total Trade (US\$ Million)	5,359.75	6,006.19	5,575.94*
Balance of Trade (US\$ Million)	-33.32	-263.72	185.73*
Currency in Circulation (N'Billion)	1,825.66	1,907.86	2,179.17
FAAC (N' Billion)	420*	386*	400*
Crude Oil Production			

*Provisional Figures (Subject to change)

- ¹ Nigeria Stock Exchange (2017). “Domestic and FPI Report December 2016”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/FPI%20Report/Domestic%20and%20FPI%20Report%20December%202016.pdf
- ² Reuters (2017). “Oil pushes higher on Iran sanctions, jobs data”. Accessed February 13, 2017. <http://www.reuters.com/article/us-global-oil-idUSKBN15I03P>
- ³ Reuters (2017). “Oil up on widespread OPEC deal compliance, U.S. rig count rises”. Accessed February 13, 2017. <http://www.reuters.com/article/us-global-oil-idUSKBN15P05I>
- ⁴ Reuters (2017). “Oil up on widespread OPEC deal compliance, U.S. rig count rises”. Accessed February 13, 2017. <http://www.reuters.com/article/us-global-oil-idUSKBN15P05I>
- ⁵ IEA (2017). “Oil Market Report”. Accessed February 13, 2017. <https://www.iea.org/OILMARKETREPORT/OMRPUBLIC/>
- ⁶ cbn.gov.ng. Movement in Foreign Reserves. Accessed February 13, 2017. <http://www.cbn.gov.ng/IntOps/Reserve.asp?MoveDate=2/13/2017%201:42:00%20AM>
- ⁷ NSE (2017). “Weekly Market Report February 10, 2017”. Retrieved from, http://www.nse.com.ng/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2010-02-2017.pdf
- ⁸ Trwstockbrokers (2017). “Market Update for week ended Feb 10 and Outlook for Feb 13 2017”. Accessed February 13, 2017. <https://trwstockbrokers.wordpress.com/2017/02/13/market-update-for-week-ended-feb-10-and-outlook-for-feb-13-2017/>