Global Economy

In the US, the number of Americans filing for unemployment benefits decreased by 10,000 to 265,000 in the week ended December 24th from the previous week’s level of 275,000. According to the Department of Labor (DOL), the 4-week moving average was 263,000, a decrease of 750 from the previous week’s unrevised average of 263,750. The advance seasonally adjusted unemployment rate was 3.7% in December. Elsewhere, in Brazil, the jobless rate rose to 11.9% in December from 11.8% in the previous period. Compared with the June-August period, the number of unemployed fell by 10.9 million, down from 12.1 million in July. Employment edged up at a steeper 0.1% to 153.6 million despite the most in agriculture followed by construction; domestic services and public administration, defence and social security. In contrast, other services, accommodation and food and transport witnessed the biggest payroll gains. A year earlier, unemployment was lower at 9.6%. In a second development in Africa, Japan rose to 3.1% in November from 3.0% in the previous month. According to the statistics office of Japan, the jobless rate increased by 1.4% from 1.4%. Compared with the previous month, there were 3.05 million unemployed persons, higher by 1.7% in October; employment declined by 11,000 to 64.4 million and unemployment rate also fell by 1,000 to 65.1 million. A year earlier, unemployment was higher at 5.5%.

Domestic Economy

The nation’s foreign exchange (forex) reserves rose by $693.4 million to $40.12 billion after a four-week period consistent and gradual gain despite pressure at both the interbank and parallel markets. This is on account of the stock of gold by N16.22 billion, up from N12.49 billion in the corresponding period of last month, an increase of 4.15%. Forex reserves are secure or other assets held by a central bank or other monetary authority, which can be used to pay for a country’s liabilities. In another development, Federation Accounts Allocation Committee (FAAC) shared the sum of N384.68 billion among Federal, States and Local Governments as revenue for November 2016. According to figures released by the National Bureau of Statistics, the gross statutory revenue of N287.31 billion received for the month was lower than the N297.40 billion received in October by N10.09 billion. A breakdown of the revenue among the three tiers, shows that the Federal government received N191.44 billion, representing 46.51%; states N161.65 billion, representing 30.33%, the local governments received N97.86 billion, amounting to 22.78%; while the oil producing states received N51.96 billion as 13% derivation fund.

Stock Market

The Nigerian equities market closed on a positive note as market indices experienced gains across most key sectors such as the financial sector. The Nigerian Stock Exchange All Share Index (NSE ASI) rose by 388.60 points to close at 26,875.00, representing 30.33%, the local governments received N97.86 billion, amounting to 22.78%; while the oil producing states received N51.96 billion as 13% derivation fund.

Commodities Market

This week, we anticipate a slight uptick in yields on government securities at both the interbank and parallel markets. The huge drop in the Naira stemmed from the liberalization of the FX market. In the same light, at the parallel market exchange rate, we see logged a slight gain, closing at N19.34/$1.

Money Market

Cost of borrowing at the money market eased across all placement tenors last week. The overnight and Open Buy Back rates fell to 9.8% and 8.83% respectively from 20.81% and 19.27% in that order driven largely by inflows of N16.46bn from T-bills maturing which outweighed outflows of N76.7bn in Open market or swap (OMO) sales. In contrast, the 30-day tenor rate inch up by 0.08% from the previous week’s figure.

Foreign Exchange Market

The Naira rose to N20.75/$1, an appreciation of 0.08% from the previous week at the interbank FX market. In the same light, at the parallel market segment, the value of the Naira appreciated slightly to trade at N490/$1, up 0.21% from the previous week’s figure.

Commodities Market

Crude oil prices continued to climb last week in anticipation of tighter crude supply in 2017. OPEC and other producers led by Russia will begin to implement the output cuts almost 1.2 million per day in oil production from January. The pick-up in demand ahead and labor force. For precious metals, we see prices firming up further as the production cuts come into effect. Silver ($/t oz.) 15.38 16.23 2.85 17.02

Bonds Market

Last week, bond yields descended across major maturities, on the back of renewed interest from local investors as traded volumes increased, with a new high of N384.68 billion among Federal, States and Local Governments as revenue for November 2016.

MONTHLY MACRO-ECONOMIC FORECASTS

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123  rotimi.peters@accessbankplc.com

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