Global Economy

In Europe, the UK economy expanded 0.5% in the third quarter of 2016, slowing from a growth of 0.8% in the previous quarter. The annual growth rate was 2.0%, matching the preliminary estimate. The new real GDP growth number represents the first GDP expansion covering a full quarter following the European Union (EU) referendum, indicating growth continues to be broadly unaffected with a strong performance in the services industries offsetting falls in other industrial groups. The services in industry rose by 0.8%, contributing 0.64% to GDP growth, compared with an increase of 0.6% in Q2. In contrast, industrial production shrank 0.4%, contributing negatively to the expansion (-0.05%), mainly due to a large decline in the production of iron, steel, and metal. In separate development, in Asia, inflation rate in Japan remained unchanged in September, unchanged from the reading posted in August. This was contained in the latest inflation report by the Japanese Ministry of Internal Affairs & Communications. The new rate marks the seventh straight month of deflation, as cost of housing and transport fell while food inflation was stable. Core consumer prices fell 0.5% year-on-year in September, similar to August’s figure. The seven consecutive month of decline while food inflation rose by 0.8%, remaining 0.6% posted in August. Elsewhere, in South America, the unemployment rate in Brazil rose to 11.8% in the third quarter of 2016, up 50bps from the same quarter recorded in the previous quarter. In Brazil, the Brazilian Statistical Office showed. A further analysis of the report shows that the number of unemployed persons rose by 3.8% to 12 million while the number of people attached to the labour force, that is, either employed or unemployed but actively seeking for job decreased by 0.5% to 101.8 million.

Foreign Exchange Market

The local tender appreciated slightly by 0.08% at the interbank FX market to close at N343.50/$1 compared to N343.51/$1 the previous week. In contrast, at the parallel market segment, the currency depreciated 3.30% to close at N457.00/$1 comparing to N441.00/$1 a rate of N458.91/$1 quoted the prior week. Global foreign exchange dealer “Traders” seem to have kept buying up pressure from the parallel market traders at the parallel market to a new rate of N459.70/$1. The parallel market traders seem to have lost interest in the Naira as the State Bank is expected to mop up systemic liquidity in line with the Central Bank’s commitment to support a stable exchange rate.

Money Market

Cost of borrowing at the money market eased across all placement tenors last week. The overnight and Open Bank Borrow rates declined to 9.95% and 9.95% respectively the week before. The 30-day NIBOR edge down to 17.97% from 19.80% the previous week while the 90-day NIBOR decreased to 19.94% from 20.27% the prior week. The decline in money market rate was fueled by evidence about N331bn majority from refund of unsuccessful bids for foreign exchange forwards contracts and securities maturing. In the week, there were outflows of OMO sales of N81.4bn coupled with about N115bn for FX purchases. This week, interbank sending rates may likely trend upwards as the Central Bank is expected to mop up systemic liquidity in line with the Central Bank’s commitment to support a stable exchange rate.

Commodities Market

Oil prices retreated slightly last week as doubts lingered about OPEC’s ability to coordinate its production cut. Bonny light, Nigeria’s benchmark crude fell by 0.5% to $49.05 per barrel. In contrast, precious metals prices firmed higher led by weak-rated, U.S. economic data. Gold added $3 to close at $1,268.93 per ounce while silver finished higher with a gain of 9 cents at $17.61 per ounce. Next week, we see demand due to strong prices on the back of escalating supply in OPEC member state, Libya. Gold could unwind affect on the country’s oil output. For precious metals, prospects for higher U.S. interest rates will likely depress prices marginally.


1.10% to end at N38.31 billion from N29.48 billion the week before. The Q3/2016 financial results for six listed companies have been released with mixed feelings by market participants, excluding the banking sector financial results of companies in other sectors such as pharmaceuticals and oil and gas have been less impressive. This week, the market may remain bearish as investors look to the market in pursuit of alternative investments with higher returns.