Global Economy

In the United States, the gross domestic product (GDP) accelerated by 2.6% in Q2 2017, an improvement over the 1.2% recorded in Q1 2017. The growth was driven by strong consumer spending and a rebound in government consumption. The Bureau of Economic Analysis (BEA) revealed that personal consumption expenditure (PCE) grew by 2.8% in Q2 2017 compared to 1.9% in Q1 2017. Government expenditure and investment rose modestly, while exports slightly declined or increased in previous quarters. In Q2 2017, there was an increase of 1.1% from Q1 2017. The market considered these elements as a result of the slowdown in government consumption and investment, the Bureau of Economic Analysis (BEA) revealed that personal consumption expenditure (PCE) grew by 2.8% in Q2 2017 compared to 1.9% in Q1 2017. Government expenditure and investment rose modestly, while exports slightly declined or increased in previous quarters. In Q2 2017, there was an increase of 1.1% from Q1 2017. It was all in the green thanks to the consumer goods, industrial goods and agricultural sectors. This week, the upward trend may be sustained as investors wait on corporate earnings release.

Money Market

The direction of money market rates was mixed last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (ON) rates declined to 5% and 5.83% from 14% and 14.92% respectively the previous week, reflecting a higher closing rate at which the apex bank sold the sum of $500 million to the greenback to commercial banks. Meanwhile, the naira appreciated slightly at the parallel market segment to N565.75 from the previous week's rate of N565.75, reflecting improved supply of greenback at the FMEX market. This week, we envisage the naira hovering around current levels.

Bond Market

The aggregate bond yields at the fixed income market rose across most maturities last week due to sell-offs by participants in the space. Yields on the five-, seven-, and ten-year debt paper rose by 0.3%, 0.5% and 0.7% respectively. The Access Bond Bank index rose marginally by 1.42 points to close at 2,321.64 points from 2,321.22 points in the previous week. Prices of precious metals staged the same path as oil prices stemming from the statement of the Federal Reserve that it would begin to reduce its massive holdings of bonds. Gold touched its highest price in six weeks as it rose by 0.9% or $11.69 to close at $1,262.47 an ounce, silver also gained 1.2% or 20 cents to close at $16.65 an ounce. This week, we envisage the naira hovering around current levels.

Commodities Market

Oil prices edged higher last week, reaching fresh two-month highs as investors observed signs of easing oversupply. A report by the Energy Information Administration (EIA) revealed that U.S. crude stocks fell sharply by 7.2 million barrels last week due to strong refining activity. Bonny light, the Nigerian benchmark crude, gained 3% or $1.45 to settle at $49.84 per barrel last week from $48.39 per barrel the previous week. Prices of precious metals tracked the same path as oil prices stemming from the statement of the Federal Reserve that it would begin to reduce its massive holdings of bonds. Gold touched its highest price in six weeks as it rose by 0.9% or $11.69 to close at $1,262.47 an ounce, silver also gained 1.2% or 20 cents to settle at $16.65 an ounce. This week, oil prices are expected to decline due to improved liquidity.

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