Global Economy

In the United States, the unemployment rate rose slightly to 4.4% in June 2017 from 4.3% in the previous month. The Bureau of Labour Statistics (BLS) figures revealed that the number of unemployed persons remained unchanged at 7 million and the labour force participation rate also remained unchanged at 62.8% in the month of June. In Europe, the United Kingdom reported that the unemployment rate rose to 4.5% from 4.4% in May 2017.

Market Outlook

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Bond Market

Bond yields on the average fell across most maturities last week. This was largely due to customer driven demand from asset managers and pension fund administrators (PFAs) in the market. Yields on the five-year, and ten-year debt paper declined by 16.12% and 16.49% from 16.34% and 16.56%. The Access Bank Bond Index climbed by 5.73 points to close at 2,122.24 points from 2,096.51 points the previous week, while market capitalization gained N13 billion to settle at N66.61 trillion. This week, we expect yields to remain around current levels.

Commodities Market

Oil prices remained stable last week as the market reflected less volatility. Brent crude oil (BDI) declined by 4.8% to $49.77 an ounce, while WTI oil gained slightly by 2.2% or $27.65 to $1,215.91 an ounce, silver also declined by 4.8% to $15.77 an ounce. This week, oil prices may trend southwards due to the pickup in US oil production as well as reports that the Bananas Europe Oil Importing Countries (OEPC) exports has hit a 2017 high.

OPEC Meeting Analyses

The OPEC meeting analaysis revealed that the group decided to extend the production cuts agreement by six months to the end of March 2018. OPEC countries agreed to cut their production by 2.1 million barrels per day (bdp) as compared to the 1.8 million barrels per day (bdp) cut agreed to at the last meeting in December. The decision to extend the cuts was due to the increase in oil prices over the past few weeks. However, the decision was met with mixed reviews as some OPEC members expressed concern about the impact of the cuts on the global economy. The decision to extend the cuts has been seen as a positive development for the oil market as it is expected to support oil prices in the short term.

Crude Oil Price

The WTI oil price increased by 1.3% or 61 cents to settle at $48.16 per barrel the previous week. In contrast, the prices of Brent crude, went up by 1.3% or 61 cents to settle at $52.81 per barrel the previous week. The increase in oil prices was mainly attributed to the decline in US oil production and theo reduction in global oil supplies.

Market Outlook

The oil market outlook is expected to remain positive in the short term as the OPEC meeting decision to extend the production cuts agreement is seen as a positive development for the oil market. However, the long-term outlook is uncertain as the global economy is facing challenges such as increased geopolitical tensions and the impact of the US-China trade war.

Domestic Economy

According to the Nigerian Stock Exchange, the total number of transactions at the market's bourse increased significantly in May to 271,551 from 175,682 the previous month. The increase in transactions was largely due to the increase in market liquidity as well as tightening of naira liquidity to curb pressure on the local currency.

Commodity Market

The commodities market outlook is expected to remain stable in the short term as the key drivers of demand and supply are expected to remain unchanged. However, the long-term outlook is uncertain as the global economy is facing challenges such as increased geopolitical tensions and the impact of the US-China trade war.

Foreign Exchange Market

The foreign exchange market outlook is expected to remain stable in the short term as the key drivers of demand and supply are expected to remain unchanged. However, the long-term outlook is uncertain as the global economy is facing challenges such as increased geopolitical tensions and the impact of the US-China trade war.

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