**Market Access and Outlook: January 12 — January 19, 2018**

**Global Economy**
- In the United Kingdom, the trade deficit jumped by 16.9% to GBP 2.9 billion in November from revised GBP 2.7 billion in November 2017. The Office of National Statistics reported that it is the largest trade deficit since June 2017. Imports of goods and services to the UK increased by 1.6% to GBP 15.4 billion from GBP 14.8 billion in October. Imports from non-EU countries climbed 6.7%, while purchases from the EU dropped by 1.9%. Exports of goods to the EU grew by 2.6% while exports to non-EU countries decreased 0.6% and from Hong Kong declined 8.5%.
- In a parallel development, Brazil’s inflation rate rose by 2.95% year-on-year in December 2017, lower than the 3.5% reported in November. Prices of non-food items increased while food prices fell. Month-on-month consumer price growth rose by 0.5% from the previous month. However, the local currency remained unchanged at N145.00/1.00. The dollar liquidity is expected to be boosted as foreign investors have resumed trading the greenback after the year-end festivities.

**Domestic Economy**
- The Federation Accounts Allocation Committee (FAAC) disbursed the sum of N60.96 billion among the Federal, State and Local Governments in December 2017 from the revenue generated in November 2017. The amount distributed was based on the statutory account and value added tax (VAT) only. The share for the Nigerian National Petroleum Corporation (NNPC) was N45.13 billion respectively. A breakdown of the sum of N60.96 billion distributed among the three tiers, revealed that the Federal Government received N29.41 billion, states received N16.51 billion and the local governments received N3.44 billion. The total oil producing states received N45.13 billion as the 13% derivation fund. Revenue generated agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N74.17 billion, N75.88 billion and 55.96 billion respectively as cost of revenue collections. In another development, the Central bank in a recent circular, instructed other Financial Institutions (OFIs) to place accounts of customers without a BVN on a "post no debit (PNAD)" status. The banks are however to allow credit transactions and permitted transfers to such accounts. BVN enrolment of customers of such accounts is required to continue, and the PHD status removed only when a BVN has been provided by the customer or the customer is enrolled by the institution. This directive is to take place immediately after the expiration of the extended deadline of December 2017, set by the CBN, operators of the National Payments System such as banks and e-payment service providers were informed that they shall be seen-on-served in December 2017, higher than any other year, due to its strength as infrastructure. The infractions are: a) failure to report for renewal of an operating licence 3 months prior to the date of the expiration, b) to regularize and respond to investigations/exceptions linked to a course of processing an application for the renewal of an operating licence and c) for 60 days. The circular will become effective from 1st April 2018.

**Money Market**
- Global oil prices were bolstered by a fall in U.S. crude oil output. According to the U.S. Energy Administration (EIA), crude inventories fell by almost 5 million barrels in the last week of December 2017. Crude oil production also declined by 291,000 barrels per day to 9.5 million barrels per day. Organization of Petroleum Exporting Countries (OPEC) crude oil gained $1.25 to settle at $69.38 per barrel, the highest level in four months as the dollar fell due to high demand from both local and international investors spurred on by speculations that the longer dated instrument may not be offered in the first quarter of the year. Yields on 10-year U.S. Treasury notes dropped 0.17% to 2.85% per annum. The 30-year Treasury bond yield fell by 0.12% to 2.56% per annum. The Federal Reserve lowered the federal funds rate by 0.25% to 2.25% per annum for the seventh time in 2017. The Fed also forecasted one more rate cut this year and three hikes in 2019.

**Foreign Exchange Market**
- The naira depreciation against the dollar at the interbank market by 635 kobo in the week ended January 12, 2018 to settle at N331.165/1.00 the previous week. In contrast, the naira appreciated slightly at the official window by 0.01% to close at N364.95/1.00 from N364.98/1.00 the previous week. However, the local currency remained unchanged at N145.00/1.00. The dollar liquidity is expected to be boosted as foreign investors have resumed trading the greenback after the year-end festivities.

**Bond Market**
- Bond yields moderated across most maturities for the week ended January 12, 2018. Yields declined due to high demand from both local and international investors spurred on by speculations that the longer dated instrument may not be offered in the first quarter of the year. Yields on 10-year U.S. Treasury notes dropped 0.17% to 2.85% per annum. The 30-year Treasury bond yield fell by 0.12% to 2.56% per annum. The Federal Reserve lowered the federal funds rate by 0.25% to 2.25% per annum for the seventh time in 2017. The Fed also forecasted one more rate cut this year and three hikes in 2019. The dollar liquidity is expected to be boosted as foreign investors have resumed trading the greenback after the year-end festivities.

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