Cost of borrowing: Access Bank Plc

Cost of borrowing across short dated placements last week due to Retail Secondary Market Intervention Sales (RSMIS), Primary Market Auction and Open Market Operations (OMO) liquidity off the market. Short-dated placements such as Open Buy Back (OBB) and Call (O/N) rates rose to 16.67% and 17.67% from 9.6% and 9.58% respectively the previous week. However, the call, 30-day and 91-day OMMs closed lower at 5.50, 15.63% and 14.71% from 10.28, 14.67% and 16.22% respectively.

Domestic Economy

The Consumer Price Index (CPI) which measures inflation rose by 15.37% year-on-year in the month of December 2017 which is 0.53 points lower than the 15.90% recorded in November. This represents the eleventh consecutive month of decline in the rate of inflation since January 2017. The food index increased by 15.47% (year-on-year) in December, slightly lower than 20.22% recorded in November, thus indicating a further deceleration in the price of food items.

The core sub-index, which excludes prices of farm produce fell to 12.10% year-on-year in December which is 0.11% higher than 12.21% recorded in November. In a separate development, the Nigerian Stock Exchange published the Domestic & Foreign Portfolio indices report for the month of November. The report revealed that the total of transactions on the nation’s bourse increased significantly in the month of November by 117.86% to N76.49 billion from N27.82 billion recorded in October. Foreign transactions also increased by 113.34% to N126.38 billion from N58.16 billion in October although 7.8% lower than the figure for foreign transactions. An increase of 129.93% in monthly foreign inflows was recorded at N90.96 billion from N39.56 billion in October. Foreign outflows also climbed by 110.61% to N55.14 billion in November from N26.08 billion in the previous month. Total foreign portfolio investments (FPI) transactions from January to November 2017 rose by 95.45% to N20.62 trillion from N10.55 trillion in the same period of 2016. Market activities has picked up in recent weeks as the CBN announces bond auctions for expected dividends amidst positive macro-economic fundamentals.

Global Economy

In China, the economy grew by 6.8% year-on-year in the final quarter of 2017, unchanged from the figure reported in the previous quarter. According to the National Bureau of Statistics, China’s Domestic Product for the year 2017 expanded 6.9%, higher than the 6.7% recorded in 2016. This expansion was driven by growth in the industry, exports and property market. In a separate development, Eurozone consumer price declined to 1.4% year-on-year in December 2017, lower by 0.1% recorded in the month of November. The All Share Index (ASI) gained 2193.93 points to close at 45,092.83 points from 42,898.90 points in the previous month. Total foreign portfolio investments (FPI) transactions from January to November 2017 rose by 95.45% to N20.62 trillion from N10.55 trillion in the same period of 2016. Market activities has picked up in recent weeks as the CBN announces bond auctions for expected dividends amidst positive macro-economic fundamentals.

Commodities Market

Gold appreciated by 4.98% to close at $1,334.80 an ounce. Silver however depreciated by 3.1% to $1,334.80 per ounce and 6.3% respectively this week. Bonny light, Nigeria’s benchmark crude climbed to $69.74 per barrel from $68.65 per barrel the previous week. The prices of gold ascended last week due to the depreciating U.S. dollar and worries about the U.S. government shutting down late this week due to budget disagreements among Republicans and Democrats. Gold appreciated by 5.1% to $1,354.80 per ounce. Silver however depreciated slightly by 0.4% to $17.08 per ounce due to lower demand for the metal from the pharmaceutical market. This week, crude oil prices are likely to sustain their current trend as global economic fundamentals are expected to remain strong in recent weeks. The metal is expected to maintain its current trend as gold prices are likely to remain strong due to the anticipated bond auctions.