In the US, the Federal Reserve left the target range for the federal funds rate at 2.25% to 2.50% during its first policy meeting of 2019. The Committee views sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee’s 2% objective as the most likely outcome. It reaffirmed its position to be patient regarding future policy firming in light of recent global economic and financial developments and muted inflation pressures. Elsewhere in the Eurozone, year-on-year CPI inflation stood at 1.4% in the month of January 2019 from the previous month’s figure of 1.6%. Considering demand conditions of inflation had the highest rate at 2.6% in the reference month. All charts & also showed a slightly higher rate at 1.8% from 1.7% in the previous month. The core inflation rate which excludes the prices of food items stood at 1.1% from 1% in the month of December. Heading over to the Asian continent, Japan’s unemployment rate slid to 2.4% in the month of December 2018 from 2.5% in the preceding month. The unemployment figure of 60,000 to 1.67 million in the aforementioned month due to an increase in the number of people detached from the labour force. However, the number of those employed dropped by 450,000 to 66.68 million. Youth employment rate (15-24years) declined to 3.3% in December from 3.5% in the previous month.

Domestic Economy

The Nigerian Stock Exchange (NSE) in its monthly Domestic & Foreign Portfolio Investment report for the month of December 2018, reported that the total capitalization of all listed companies on the exchange bourse fell by 15.93% to N125.86 billion from N149.72 billion recorded in November 2018. Total foreign transactions dropped by 28.78% to N60.08 billion from N84.36 billion the previous month. Meanwhile, total domestic transactions grew by 0.64% to N65.78 billion from N65.36 billion in November. A breakdown of foreign transactions showed that there was a decrease in foreign inflows in the month under review by 34.31% to N22.97 billion from N34.97 billion in the prior month. Foreign outflows also edged lower by 24.86% to N31.71 billion in December from N41.39 billion in the preceding month. The cumulative transactions from January 2018 to December 2018 declined by 5.44% to N2,404 trillion in 2018 compared to the same period in 2017 (N2,542 trillion). In a separate development, the Manufacturing Purchasing Managers’ Index (PMI) stood at 58.5 index points in January 2019. This indicates an expansion in the manufacturing sector for the twenty-second consecutive month. The index grew at a slower pace when compared to the previous month (61.1 point). This was shown in the latest PMI report by the Central Bank of Nigeria (CBN). A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. All the fourteen sub-sectors surveyed, recorded growth during the month.

Stock Market

Indicators at the local stock exchange were bearish as investors took profit in industrial, consumer goods and oil & gas sectors of the market. The NSE All-Share Index (ASI) contracted by 1.0% from 27,829.91 points the preceding week. This week, we observed a decrease in foreign inflows in the month under review by 34.31% to N22.97 billion from N34.97 billion in the prior month. Foreign outflows also edged lower by 24.86% to N31.71 billion in December from N41.39 billion in the preceding month. The cumulative transactions from January 2018 to December 2018 declined by 5.44% to N2,404 trillion in 2018 compared to the same period in 2017 (N2,542 trillion). In a separate development, the Manufacturing Purchasing Managers’ Index (PMI) stood at 58.5 index points in January 2019. This indicates an expansion in the manufacturing sector for the twenty-second consecutive month. The index grew at a slower pace when compared to the previous month (61.1 point). This was shown in the latest PMI report by the Central Bank of Nigeria (CBN). A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. All the fourteen sub-sectors surveyed, recorded growth during the month.

Markets


Market Analysis and Outlook: February 1st – February 8th, 2019

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