### Global Economy

In the US, industrial production declined by 0.2% in August, on a month-on-month (m-o-m) basis. Importing and manufacturing output faltered particularly poorly. In the case of mining, Hurricane Barry saw oil extraction in the Gulf of Mexico decrease in July. Manufacturing production was down 0.4% m-o-m with the biggest fall recorded in the durable goods category. Output for utilities was sharply up. In a separate development, the trade surplus increased by $27.4bn a year ago. Exports rebounded from a 1.3% contraction in June and reached a record 18.2% rate of expansion at August, with a 1.9% increase in China's trade surplus with the US declined to $27.9bn, from $29.9bn in June. From January to July, the surplus was up by the amount of $168.5bn. Elsewhere in the Eurozone, the HICP inflation rate was unchanged compared to August in from 0.1%. In July, the survey revealed a widespread divergence in performance between the manufacturing and service sectors. The services Purchasing Managers' Index modestly improved to 53.4 vs 52.1 m-o-m. At the same time, the manufacturing sector remained in the negative territory in August. The indicator fell to 47.0 vs 46.5 in July.

### Market Analysis and Outlook: August 23– August 30, 2019

#### Inflation

The monetary policy after minutes of the US central banks. Investors are looking for clarity on monetary policy.

#### Oil Prices

For the week, we envisage that the OPEC+ cuts, the worsening supply outlook, and hurricane-induced production cuts will lead to a further tightening in the oil market. The combination of the three factors led to a further tightening in the oil market in August. The indicator fell to 47.0 vs 46.5 in July.

#### Corporate Earnings

The Nigerian Stock Exchange (NSE) published its monthly Domestic & Foreign Portfolio report for July 2019. The report revealed that the total transactions at the market closed in the positive. This upturn in the Equity segment was attributed to the inflow of institutional investors. The total domestic transactions which is split into institutional and retail investors revealed that institutional investors outperformed transactions executed by domestic investors by 2%. Total domestic transactions declined significantly by 7.22% to N55.69 billion from N59.01 billion in July 2019. Likewise, total foreign transactions declined by 40.27% from N96.74 billion in June 2019 to N57.78 billion between June and July 2019. Total domestic transactions which is split into institutional and retail investors revealed that institutional investors outperformed transactions executed by domestic investors by 2%. Total domestic transactions declined significantly by 7.22% to N55.69 billion from N59.01 billion in July 2019. Likewise, total foreign transactions declined by 40.27% from N96.74 billion in June 2019 to N57.78 billion between June and July 2019.

#### Commodity Market

The Bond Market Bond Index increased by 18.31 points from 2992.54 points in July 2019 and the Nigerian Interbank Treasury Bills True Yields increased by 14.29% and 14.50% from 14.31% and 14.55% in July 2019. In the same light, total retail transactions dipped by 53.29% to N52.43 billion in June 2019. The local unit witnessed mixed performance data, the Central Bank’s sustained supply of liquidity to the market.

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#### Macroeconomic Indicators

Oil prices soared last week as the combination of the OPEC+ cuts, the worsening supply disruptions in Iran and Venezuela, and a slowdown in U.S. shale has led to the jump in oil prices. Nigeria’s crude oil benchmark, Bonny light, edged up, recording a 6.35% increase to $60.53 per barrel compared to $56.73 the previous week. In contrast, precious metals prices dipped on account of profit booking. Investors are looking for clarity on monetary policy after minutes of the US central banks. July meeting tempered hopes of aggressive rate cuts. Gold declined by 1.21%, settling at $1,495.15 per ounce, while silver ended up 0.58% lower at $17.07 per ounce. This week, we expect the naira to hover around prevailing levels at the various windows, boosted by the Central Bank’s sustained supply of liquidity to the market.