Inflation Rate (%) 11.22 Decreased to 11.40% in June 2019 from 11.48% in May 2019

External Reserves (US$ million) 44.62 July 20, 2019 figure — a decrease of 0.71% from July start

Oil Price (US$/Barrel/OPEC) 68.54 August 2, 2019 figure — a decrease of 1.36% from the previous week

Oil Production Index (OPEC) 1.86 June 2019 figure — an increase of 7.67% from May 2019 figure

The Nigerian equities market continued its bearish streak last week on the back of price depreciation in bellwether carriers. Specifically, investors lost N14 billion in the week as the NSE market capitalization decreased by N13.46 trillion from N13.60 trillion it closed the previous week. The benchmark All Share Index also declined by 1.03% week-on-week to close at 27,635.45 points. This week, we ensnare the bearish trend of the market will settle as corporate scorecards are being released and the market prices are seen to be attracting bearish hunting activities on attractively priced counters.

Money Market
Cost of borrowing at the money market crashed as funds from the Federal Government Access Bank Committee (FAC) of N55 billion hit the system. Consequently, short-dated Open Buy Back (OBB) and Overnight (ON) rates dipped to 5.64% and 6.54% from 21.86% and 25.21% respectively last week. The 90-day NBOR also closed lower to 21.17% from the previous week. This week, we expect rates to further trend lower due to expected DMO maturity of N11 billion.

Foreign Exchange Market
The naira remained majorly stable across most markets except at the NAFEX window where it witnessed a slight depreciation of N12/kilo to close at N362.23/$. The official window witnessed a slight appreciation as it ended N358.85/$, a 5 kobo gain from the prior week. The parallel market also strengthened against the dollar by N1 to settle at N358.92/$.

Commodity Market
Oil prices crushed further in deleterious in U.S.-China trade relations clouded the outlook for global economic growth and oil demand. The US President announced the US would hit $300bn of Chinese goods with 10% per cent tariff starting on September 1, significantly increasing the amount of imports subject to levies. OPEC basket price settled at $53.54 per barrel last week, 1.56% lower than the previous week.

Global Economy
In the US, the Federal Reserve cut interest rates for the first time in more than a decade, effectively putting monetary policy into reverse after raising interest rates four times in 2018. The move, which cuts rates to within a 2%-2.25% range, was largely expected. Eight of 10 Fed officials voted in favour of the decision and the more dovish rate cut underscores a key shift from 2% and 2.5% policy path voiced previously toward a neutral rate.

In Europe, the European Central Bank (ECB) is looking for just 1.2% bond yields. Both the Bundesbank and the Bank of England have raised benchmark rates.

The latest PMI report by the Central Bank of Nigeria (CBN) in a recent press release clarified that the corporate policy on purchasing restriction to milk importers. It reiterated a planned restriction of access to the Nigerian Foreign Exchange market by importers of milk with the objectives of ensuring foreign savings, job creation and investments in the local production of milk.

Inflation rate (%) (y-o-y) 11.22 Decreased to 11.27% from 11.96% the previous week. The naira remained majorly stable across most markets except at the NAFEX window where it witnessed a slight depreciation of N12/kilo to close at N362.23/$. The official window witnessed a slight appreciation as it ended N358.85/$, a 5 kobo gain from the prior week. The parallel market also strengthened against the dollar by N1 to settle at N358.92/$.