Global Economy

In the US, manufacturing Purchasing Managers’ Index (PMI) declined to 50.6 in May 2019 from 52.6 in April according to HS Markit. The latest reading pointed to the weakest pace of expansion in the manufacturing sector since September 2009. This came on the back of broad-based slowdown in the rates of expansion for output, employment and production inputs, while new orders declined for the first time since August 2009. Elsewhere in the UK, consumer prices rose to 2.1% year-on-year in April from 1.9% in March according to the Office for National Statistics. It is the highest inflation rate in four months, spurred by a rise in energy costs as Britain’s energy regulator raised a price cap on energy providers by 10%. The annual core inflation rate, which excludes prices of food, alcohol and tobacco, advanced by 1.8%, the same as in March and slightly below market forecasts of 1.9%. In a separate development, China inflation rate advanced to 2.5% year-on-year in April from 2.3% reported in the previous month. The National Bureau of Statistics China said it is the highest rate since October last year with food cost rising the most in three years as an outbreak of African swine fever sent pork prices soaring further. Annual core inflation, which strips out volatile food and energy prices, notched down to 1.7% in April, the lowest in seven months from 1.8% in March. China’s producer price index also decreased by 0.9% from a year earlier in April, from a 0.4% rise in the previous month.

Domestic Economy

The Nigerian economy expanded to 2.01% year-on-year (y-o-y) in Q1 2019, higher than 1.89% recorded in the corresponding quarter of 2018, but lower than 2.35% recorded in Q4 2018. The non-oil sector was largely responsible for the growth seen in the economy as it advanced 2.47% in the quarter, 1.72% higher when compared to the rate reported in Q1 2018. It was mainly driven by the renewal of information and communication technology (9.48%). Agriculture (3.17%), Transportation and Storage (19.50%) and Trade (0.85%) and construction (3.18%). The economy growth was impacted by the decline in the oil sector as it contracted further to -2.4% in Q1 2019 from 14.02% recorded in the corresponding quarter of 2018, and -1.62% in Q4 2018. The latest reading pointed to the weakest pace of expansion in the manufacturing sector since September 2009. This came on the back of broad-based slowdown in the rates of expansion for output, employment and production inputs, while new orders declined for the first time since August 2009. Elsewhere in the UK, consumer prices rose to 2.1% year-on-year in April from 1.9% in March according to the Office for National Statistics. It is the highest inflation rate in four months, spurred by a rise in energy costs as Britain’s energy regulator raised a price cap on energy providers by 10%. The annual core inflation rate, which excludes prices of food, alcohol and tobacco, advanced by 1.8%, the same as in March and slightly below market forecasts of 1.9%. In a separate development, China inflation rate advanced to 2.5% year-on-year in April from 2.3% reported in the previous month. The National Bureau of Statistics China said it is the highest rate since October last year with food cost rising the most in three years as an outbreak of African swine fever sent pork prices soaring further. Annual core inflation, which strips out volatile food and energy prices, notched down to 1.7% in April, the lowest in seven months from 1.8% in March. China’s producer price index also decreased by 0.9% from a year earlier in April, from a 0.4% rise in the previous month.

Market Analysis and Outlook: May 24th–31st, 2019

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