Global Economy

In the U.S, the gross domestic product (GDP) growth rate came in at a revised 2.1% year-on-year in Q3 2019, following a 2% expansion in the previous quarter. Private inventories were revised higher and business investment fell. According to the Bureau of Economic Analysis (BEA), consumer spending growth was unchanged as net exports fell. Personal consumption expenditure contributed the most to growth, boosted by spending on goods and services. Net external demand weighed on growth for the second straight quarter even as exports rose by 0.9% and imports increased by 1.5%. Elsewhere, Europe inflation accelerated to 1.1% in November from a near three-year low of 0.7% in October. Prices increased at a faster pace for all services and products in the retail market, which inflation, which excludes the volatile prices of food rose to 1.3% from 1.1% the previous month.

Domestic Economy

In the third quarter of 2019, the total value of capital importation into the country stood at $5.73 billion, a decrease of 7.7% compared to the previous quarter. The largest amount of capital importation by type was received through Portfolio Investment (55.88%), followed closely by Other Investment which accounted for 40.59% and Foreign Direct Investment (FDI) accounting for 3.71% of the total capital importation into the nation in Q3 2019. The United Kingdom emerged as the top source of capital investment during the period, accounting for 37.47% ($2.01 billion) of the total capital inflows to Nigeria in Q3 2019. It is projected that the current account deficit may deteriorate and the annual growth rate of imports into the country has worsened, given surfeit liquidity in the system.

Bond Market

The local bonds market witnessed modest decline in average yields across tenors last week as market participants anticipated the outcome of the Monetary Policy Committee (MPC) meeting and the Treasury Bills Primary Market Auction. The benchmark all-share index (ASI) added a marginal gain of 0.04% on improved foreign inflows and information and communications technology (ICT) sector defensive buying. The Stock Exchange (NSE) also gained 0.04% on new listings and expected dividend payments. The All Share Index (ASI) added a marginal gain of 0.04% to end at 30,412.15 points from 30,319.06 points in the preceding week. The all-share index traded in the mosaic of gains and losses, enjoying an average of 119,596 shares and 491 numbers, compared to 1,114,133 shares and 483 types in the previous week. The Naira exchange rate maintained stability, remaining in the single digit range due to the expected retail SMS auction during the week.

Commodities

Crude oil prices rose marginally on concerns that arose from U.S. President Donald Trump signing into law a bill backing protests in Hong Kong, fueling tensions in China. Brent light, Nigeria's benchmark crude gained 0.23% or 0.15 cents to close the week at $64.05 per barrel. For precious metals, optimism about a deal between Beijing and Washington dampened demand. Consequently, gold slid 0.89% to $1,457.27 per ounce, silver dropped by 1.40% to $16.93 per ounce and platinum lost 2.5% to $961.16 per ounce. This week, oil prices may soar on expectations of the December meeting by the OPEC+ (Organization of the Petroleum Exporting Countries and Russia). Hopes for an interim U.S.-China trade deal may still cater for precious metals in the new week.

Market Analysis and Outlook: November 29 – December 06, 2019

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