Global Economy
In the US, unemployment rate remained unchanged at 3.5% in December, the lowest level since 1969. Data from the Bureau of Labor Statistics revealed that the number of unemployed people decreased by 58,400 to 5.75 million while employment rose by 267,000 to 158.80 million. Nonfarm payrolls increased by 145,000 jobs last month, with manufacturing shedding jobs after billions of dollars in aid from the new stimulus package.

Money Market
Short term rates climbed higher in the week ended January 10th, 2020 due to outflow about N100 billion from banks position for FX auctions. Short-dated placements such as Open Buy Back (OBB) and Over Night (ON) rates crossed bottom at 7.91% and 10.71% respectively. The parallel market remained unchanged over the week. We expect investors to drop in anticipation of Primary Market Auction (PMA) maturity of N152 billion and NAFEX Market (OMO) maturity of N454 billion.

Foreign Exchange Market
The local currency firmed up across most market segments last week. The official rate marginally strengthened ending at N306.95/$, a 5 kobo gain from the prior week whilst the Nigerian Autonomous Foreign Exchange Rates (NAFEX) rate closed at N352.22/$US from N354.64/$US the previous week. The parallel market remained unchanged on week-on-week basis at N352.22/$US. The appreciation recorded in the official and NAFEX Market (OMO) segments may be attributed to the apex bank’s regular interventions. This week, we envisage the stability in the market shall continue due to constant FX liquidity injections by the CBN.

Bond Market
Average bond yields declined in the week ended January 10th, 2020 due to strong demand on the 2025, 2026 and 2027 maturities. Overall yields on the seven-, ten- and thirty-year bonds fell at 10.02%, 10.40% and 13.32% respectively. The weekly report showed that the demand was up to N2.36% in the official and NAFEX market segments by the foreign investors and 10.76%, 11.72% and 12.77% in the parallel market. Consequently, the 30-day and 90 days, the Nigerian Interbank Treasury Bond Index (NITBI) and the Nigerian Interbank Bond Index (NIBI) declined by 27.92% and 37.40% respectively.

Commodities Market
Oil prices plummeted last week after the US president said that Iran is standing down in the Middle East and that Washington will impose new sanctions on the nation instead of retaliating with military force. Energy prices, Nigeria’s benchmark, crumbled last 7.15% to $1.5 cents to close the week at $61.21 per barrel. Precious metal prices went in varying directions as gold prices rose while silver fell. Gold price came on the back of a rise in demand amid weak equities and bullish global trends. Consequently, gold gained 2.18% to $1,545.00 per ounce while silver fell by 1.27% to $17.92 per ounce. This week oil prices will likely remain in the same state while the world waits for China to extend any further repressive attacks by the Iranian government. Pressure mounted on the metal due to profit booking as investors take advantage of low prices and positive trends. Consequently, the price levels for the week are expected to remain relatively flat.

Stock Market
Indicators at the local stock exchange continued their bullrun trend for the second consecutive week. The NSE bullish sentiment continued to be buoyed by the high dividend and positive earnings reported by a number of companies. The throng for undervalued equities and the changing trading pattern supported by the influx of funds as institutional investors repostulated their portfolio ahead of the coming earnings season. Commodity prices waned as the US dollar index (DXY) surged to 97.00 to 97.45, close to 28,415.39 points from 26,968.79 points the previous week. Similarly, market capitalization rose by 16.55% to N151.86 billion from N123.02 billion the prior week. We expect investors to take advantage of low prices and positive macroeconomic indicators to support the market.