Global Economy

In Europe, current account surplus expanded to EUR 16.4 billion in November of 2019 from EUR 31.8 billion in the corresponding month of the prior year. According to the European Central Bank, the services surplus rose to EUR 6.6 billion from EUR 4.4 billion a year earlier and the primary income surplus fell to EUR 9.5 billion from EUR 13.9 billion. On the other hand, the goods surplus declined to EUR 28.5 billion from EUR 29.0 billion a year earlier and the primary income surplus fell to EUR 11.0 billion from EUR 12.2 billion. Elsewhere in India, foreign reserves increased for the 17th consecutive week to an all-time high of $401.21 billion in the week ended January 10, 2020. According to the Reserve Bank of India, gold reserves increased by $28.49 million from $28.06 billion in the previous week while foreign currency assets went down to $427.58 billion from $427.95 billion.

Domestic Economy

Data from the National Bureau of Statistics reported that inflation rate for December 2019 printed at 11.98% year-on-year from 11.85% in November 2019. Prices rose for both food and core inflation. Core inflation jumped 9.33% in December, up by 0.34% when compared with 8.99% recorded in November. Highest increases were recorded in prices of hospital services, hosiery, tailor-made garments, personal care, clothing materials, other articles of clothing and other clothing accessories, footwear, appliances and products for personal care, clothing materials, other articles of clothing and other clothing accessories, and repair and cleaning, and repair of clothing.

Inflation rose 14.67% in December from 14.48% in the previous month. In a separate development, available data from the Central Bank of Nigeria (CBN) showed that Nigeria spent $1.31 billion to service external debt obligations between January and November last year. According to CBN, the external debt service payment stood at $1.31 billion at the end of November last year. External debt service payment between January and October stood at $1.31 billion. Nigeria’s total external debt stock stood at N25.7 trillion. This means external debt service payment alone stood at N8.32 trillion. Nigeria’s total public debt stock stood at N8.32 trillion. Nigeria’s total external debt service payment stood at N8.32 trillion. The country’s total debt stock constitutes both external and domestic debts. As at June last year, the country’s total external debt stood at N8.32 trillion. Nigeria’s total public debt stood at N8.32 trillion. This means external debt service payment alone rose by 245.9% between 2015 and 2019 while an accumulated N3.50 billion was paid between the periods.

Stock Market

The stock market extended its upward trend for the third straight week, as increased demand for high cap stocks that made the benchmark index to soar higher. Consequently, the All Share Index (ASI) rose 0.69% to end at 36,156.52 points from 35,422.02 points the prior week. This week, we expect investors to take advantage of low prices and positive macroeconomic indices to support the market.

Money Market

Cost of borrowing declined as January 2020 Federation Accounts Allocation Committee (FAAC) allocation hit the market. Short-dated placements such as Open Buy Back (OBB) and Over Night (ON) rates closed lower at 9.71% and 9.10% in the week ended January 10, 2020. The 3-day and 90-day Nigeria Interbank (NIBOR) rate also declined to 8.73% and 8.72% from 9.63% and 9.67% the prior week. This week, we envisage that rates will remain at single digit levels due to high liquidity in the system and Open Market Operation (OMO) maturity of N43.3 billion.

Bond Market

Activities at the bond market was bearish due to persistent sell-off due to build-up in safe-haven demand. The price of oil went southwards as oil prices are likely to rise due to a build-up in the U.S. crude inventories. Precious metal prices are also declining due to expected upbeat U.S. economic data dulls safe-haven demand.