

**PURPLE
WEEKLY**



**GLOBAL
NATIONAL &
MARKET REVIEW**

February 17, 2017

GLOBAL ECONOMY

The week under review was characterized by continued volatility in oil prices stemming from an over supplied oil market (shale oil producers & increasing U.S inventories) which has prompted expectations that OPEC might be extending production cuts beyond May, 2017. Brent was trading at \$55.55/bbl. down \$0.10 while WTI was trading at \$53.27, down \$0.09 as at the time of writing this report.

Chart 1: Brent crude price (Jan – Feb 17, 2017)



Source: Bloomberg

Early economic data from China and expectations on Japan was positive. Export and import data from China showed export rose by 15.9% (y/y) while import also rose by 25.2% (y/y). Japan's export is expected to rise 4.7% (y/y) in January, supported by global economic recovery and a soft Yen. It is expected that trade deficit in Japan will decline to ¥636.8 billion (\$5.62 billion), the first shortfall in 5 months.

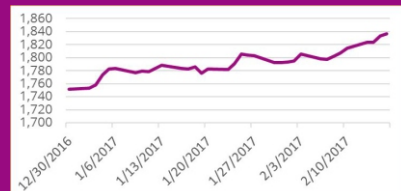
Chart 2: Chinese export activity (%)



Source: Bloomberg

Positive economic data from Asia (exports), U.S (retail & inflation) and Europe (unemployment) coupled with anticipation of fiscal stimulus and tax cuts from the U.S, the World Stock Index (MSCI's All Country World Index) recorded an all-time high, increasing by 1.20% from 1,871.71points (Feb. 10, 2017) to 1,836.56 points (Feb. 16, 2017)

Chart 3: MSCI World Stock Index



Source: Bloomberg

Trade remained on the minds of world leaders despite the rising nationalist movement. The free trade deal between Canada and the E.U received the European Parliament's approval, allowing the pact to enter into force provisionally.

DOMESTIC ENVIRONMENT

On the domestic scene, we witnessed the following;

- The \$1 billion Eurobond issued by the FGN was 8x oversubscribed (\$7.8 billion). Coupon rate was reported at 7.87% to be repaid after 15 years (2032).
- Inflation continued its unabated upward movement, as prices across all sectors rose. Inflation rose in Jan'17 to 18.72% (y/y) from 18.55% (Dec'16). Month-on month (m/m) inflation rose at a slower rate (1.01%) compared to 1.07% (Dec'15).
- The Naira continued its free fall at the parallel market declining by 1.96% from NGN506/\$1 (Feb. 10, 2017) to NGN516/\$1 (Feb. 17, 2017).
- Oil supplies to India declined 54% to 271,500bpd (y/y; Jan 2017) owing to continued militant attacks, as India were sought supplies from Angola.
- The Government is set to issue a 2-3 year Savings Bond. This encourages a savings culture, deepens the financial market while increasing the financial base of the government.
- The NNPC reported a loss of NGN197 billion in 2016 with the bulk of the losses coming from the refineries. Reported income from the refineries was NGN1.11 billion while expenditure was set at NGN78.95 billion.
- Nigeria's debt profile for 2016 was reported at NGN17.36 trillion, up from NGN10.71 trillion (Dec. 2015)

EQUITIES MARKET

The Nigerian All-Share Index (ASI) recorded a lackluster performance this week, given the continued uncertainty in the economy. Year to date (YTD) ended, the market has declined 6.36% having opened the year at **26,874.62** points and closed at **25,164.91** points (February 17, 2016).

In addition, market capitalization has declined by 5.63% YTD from N9.23 trillion to N8.71 trillion.

The decline is reflective of the uncertainty and weak macro-economic environment which continues to characterize the Nigerian economy.

Chart 4: NSE ASI (Jan. – Feb. 17, 2017)



Source: Bloomberg

The Banking Index during the week increased by 0.44% from 277.38 points (February 10, 2017) to 276.15 points (February 17, 2017). Year-to-Date (YTD), the index has increased 0.67% from 274.32 points (Jan, 2017). During the week, Wema Bank share price remained unchanged at N0.50/share. A total of **0.97 million** shares was traded during the week ended 17th February 2017.

WEMA IN THE NEWS

Fitch Ratings, a global leader in credit ratings and research has affirmed the Long-term National Rating of Wema Bank at (BBB-). This is reflective of the Bank's stable outlook and viability, in spite of the continued headwinds facing the country.

Wema Bank Plc. is promoting financial inclusion with its Purple Savings Account which targets the youths, especially new students from many of the higher institutions across the country. The Bank was at Lagos State University (LASU) and Federal Polytechnic, Ado Ekiti last week.



Wema Bank at Federal Polytechnic, Ado Ekiti

WEMA BANK MEDIA HIGHLIGHTS

Bloomberg – February 17, 2017

[African slump not grounds for 'excessive pessimism', Lagarde says](#)

The student is halfway through her question to Christine Lagarde when the power cuts -- a reminder of the obstacles facing Africa's poorest nations

The head of the International Monetary Fund doesn't miss a beat.

"As you can see, building better infrastructure -- roads, the Internet, electricity -- is important," she tells the university students who came to hear her speak in a sweltering classroom in Bangui, capital of the Central African Republic. Save for a few flickers, the rest of the event, also attended by President Faustin-Archange Touadera, proceeds in darkness".

Bloomberg – February 16, 2017

[Iraq's February oil sales accelerates despite OPEC effort to cut](#)

Iraqi crude shipments rose 3 percent in the first half of February even after OPEC's second-biggest producer agreed to participate in global output cuts to mop up a glut that has put pressure on oil prices.

Exports increased to 3.93 million barrels a day in the first 15 days of the month, 122,000 barrels a day more than the average for all of January, according to port-agent reports and ship-tracking data compiled by Bloomberg. Shipments from the southern Iraqi port of Basra grew by 10 percent, while sales by the Kurdish Regional Government in the north of the country were up 13 percent, the data show.

Reuters – February 15, 2017

[BOJ's Kuroda warns low interest rate may sow seeds of new financial crisis](#)

Bank of Japan Governor Haruhiko Kuroda said low profitability at financial institutions could sow the seeds of a new financial crisis, offering his strongest warning to date of

the demerits of aggressive monetary easing pursued by major central banks.

Mergers and consolidation may be among options for financial institutions to boost profitability, Kuroda said in an unusually frank call for bolder steps to deal with Japan's over-crowded regional banking sector.

Bloomberg – February 15, 2017

[Foreign Investment in Ethiopia slumps after Business attacks](#)

Foreign direct investment in Ethiopia dropped by a fifth in the first half of the country's fiscal year after violent anti-government protests in which foreign-owned businesses were targeted.

The country attracted \$1.2 billion in the six months through the end of December, compared with \$1.5 billion in the same period a year earlier, Fitsum Arega, commissioner of the Ethiopian Investment Commission, said in a phone interview Monday from the capital, Addis Ababa. He said the government may miss its annual target of \$3.5 billion, with \$3.2 billion more likely to be attainable.

Bloomberg – February 14, 2017

[Oil producers promised output cuts, Here's the reality](#)

For more than two years, a worldwide oil glut has depressed prices, bedeviled producers and roiled the economies of some nations dependent on crude sales. On Nov. 30, OPEC sought to stop the volatility by agreeing to trim output by a collective 1.2 million barrels a day for at least the first half of the year. Eleven non-OPEC nations led by Russia and Mexico pledged to cut production by an additional 558,000 barrels a day. January output numbers provide a first look at how far the two groups have to go to reach their goal.

Bloomberg – February 13, 2017

[Nigeria plans to generate \\$16.4 billion through asset sales](#)

Nigeria plans to generate as much as \$16.4 billion through asset sales in the next four years to reduce the burden on the public budget, a Budget Ministry document showed.

The sales will help to tackle inefficiencies and stem "corruption in public enterprises," according to the document obtained by Bloomberg, which outlines the West African nation's plans for economic recovery from 2017 to 2020. President Muhammadu Buhari will introduce the proposal on an unspecified date this month. It didn't name the assets it may sell.

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