

April 1, 2016

Purchasing Managers' Index (PMI)

PMI which measures business performance in the Manufacturing and Non-Manufacturing sector of the economy improved slightly, although it underperformed (below 50 percent) for the third consecutive month. The composite PMI for the Manufacturing sector rose by 0.4 percentage points from 45.5 percent to 45.9 percent while the composite index for the Non-Manufacturing sector increased by 1.1 percentage points from 44.3 percent to 45.4 percent¹ between February and March 2016 respectively. 12 indices out of the total 16 manufacturing sub sectors declined, and 16 out of the total 18 Non-Manufacturing sub sector also declined. The underperformance of the composite PMI of both sectors reflects the general slowdown in the economic activities within the period. This reinforces the urgent need to boost economic activities in the country and intensify efforts towards industrialization.



Crude oil price

Nigeria's Bonny light price declined by 7.1 percent from \$40.19 per barrel on March 24, 2016 to \$37.32 per barrel on April 1, 2016². OPEC weekly basket price also decreased by 3 percent from \$35.81 per barrel to \$34.74 per barrel within the same period³. The remerged downward trend in crude oil price is traceable to concerns over the likely failure of the oil production freeze deal between Saudi Arabia and Iran⁴. The outcome of the oil production freeze meeting which is scheduled to hold on April 17, 2016, will give further direction for oil supply regulation.



Stock Market and Investment

The All-Share Index (ASI) and Market Capitalization depreciated by 1.52 percent between March 24, 2016 and April 1, 2016. ASI depreciated from 25,899.91 points to 25,507.09 and the Market Capitalization decreased from N8.91 trillion to N8.77 trillion within the period⁵. Despite the decline, recent data on the performance of Nigeria's Capital Market by the Nigeria Stock Exchange (NSE) showed that the total value of transactions on the Exchange increased by 39.44 per cent from N84.10 billion to N117.27 billion between January 2016 and February 2016. Furthermore, the Domestic Investment outperformed Foreign Investment by 27.04 percentage points⁶ owing to 15.09 percentage fall in foreign investment. The fall in foreign investment reinforces the urgent need to improve on the investment climate.



Forex Exchange and Foreign Reserve

At the Bureau de Change (BDC) market segment, the naira/dollar exchange rate was relatively stable at the average rate of N323/ \$ between March 24, 2016 and April 1, 2016⁷. The relative stability of the forex could be linked to the decline in speculative activities. Foreign reserves also declined slightly by 0.1 percent (approximately \$14 million) between March 24, 2016 and April 1, 2016⁸, which reflects the corresponding fall in crude oil price over the period.



¹CBN Purchasing Managers' Index: March 2016 Report

²Cbn.gov.ng

³OPEC Weekly Oil Price. Accessed April 4, 2016. http://www.opec.org/opec_web/en/data_graphs/40.htm

⁴The week. April 4, 2016. "Oil price falls again as supply meeting begins to look pointless".

Accessed April 4, 2016. <http://www.theweek.co.uk/oil-price/60838/oil-price-may-be-stuck-for-the-rest-of-the-year>

⁵NSE (2016) Weekly Market Report. Accessed February 8, 2016. <http://www.nse.com.ng/>

⁶NSE (2016). Domestic & Foreign Portfolio Participation in Equity Trading February 2016. Accessed April 4, 2016. <http://www.nse.com.ng/>

⁷Lagos Black Market Rates. Abokifx2016. Accessed April 4, 2016. <http://abokifx.com/>

⁸CBN Statistical database 2015. Accessed April 5, 2016. <http://cbn.gov.ng/IntOps/Reserve.asp>

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